



REPUBLIC OF ZAMBIA

REPORT

of the

AUDITOR GENERAL

ON THE ACCOUNTS OF THE REPUBLIC

for the

Financial Year Ended 31st December 2020

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.

GOAL: To give assurance that at least 80% of public resources are applied towards developmental outcomes.

CORE VALUES: Integrity
Professionalism
Objectivity
Teamwork
Confidentiality
Excellence
Innovation
Respect

PREFACE

It is my honour to submit the Report of the Auditor General on the Accounts of the Republic of Zambia for the financial year ended 31st December 2020 in accordance with Article 212 of the Constitution (Amendment) Act No. 2 of 2016, the Public Audit Act No.13 of 1994 and the Public Finance Management Act No.1 of 2018.

The main function of my Office is to audit the accounts of Ministries, Provinces and Agencies (MPAs) and other institutions financed from public funds. In this regard, this report covers MPAs that appeared in the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020. I conducted audits on the institutions to examine whether the funds appropriated by Parliament or raised by Government and disbursed had been accounted for.

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.

The audit findings mentioned in this Report are those which were not resolved during the audit process and those which were highlighted in the previous reports but had not been resolved at the time of producing this report.

I wish to take this opportunity to thank the Controlling Officers and staff in the audited entities for the support rendered to my office during the audits.



Dr. Dick Chellah Sichembe

AUDITOR GENERAL

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1.0 Executive Summary

This Report has been produced in accordance with Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, Public Audit Act No. 13 of 1994 and Public Finance Management Act No.1 of 2018.

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 audit findings mentioned in this Report are those which were not resolved during the audit of accounts for the financial year ended 31st December 2020 and outstanding matters as reported in the Treasury Minute (Action Taken Report) for the period 2012 to 2019 from the Ministry of Finance.

In addition, the Report contains audit recommendations which are aimed at addressing various findings observed during the audit process.

Some of the findings raised in this Report are:

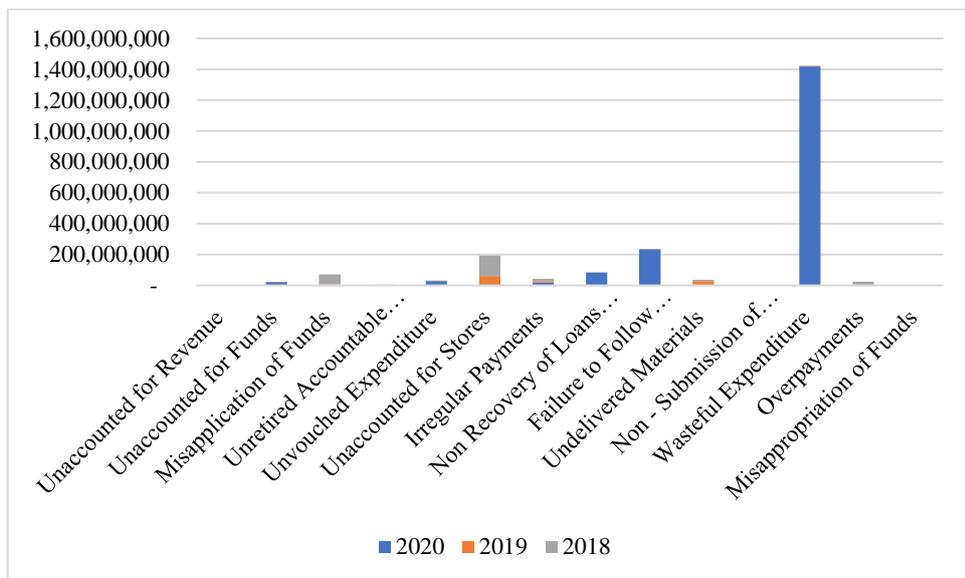
- i. Weaknesses in the implementation of Information and Communications Technology (ICT) systems,
- ii. Failure and delays in the collection of Government revenue,
- iii. Failure to maintain books of accounts and accounting records,
- iv. Weaknesses in procurement and contract management,
- v. Failure to update and reconcile the Establishment Register and the Staff Assignment,
- vi. Failure to deduct and remit statutory contributions,
- vii. Failure to secure properties with title deeds,
- viii. Weaknesses in payroll management, and
- ix. Failure to insure Government assets.

Table 1 below shows a comparative summary of other audit findings contained in the report.

Table 1: Summary of the Audit Findings

No.	Details	2020 K	2019 K	2018 K
1	Unaccounted for Revenue	971,488	528,431	143,179
2	Unaccounted for Funds	21,146,508	183,886	26,000
3	Misapplication of Funds	531,047	7,455,275	62,432,136
4	Unretired Accountable Imprest	2,031,431	480,660	667,703
5	Unvouched Expenditure	28,331,334	1,539,431	1,033,754
6	Unaccounted for Stores	4,190,203	56,220,368	133,815,072
7	Irregular Payments	19,991,742	8,952,156	12,767,837
8	Non Recovery of Loans and Advances	84,196,274	-	201,572
9	Failure to Follow Procurement Procedures	234,070,294	504,500	879,000
10	Undelivered Materials	3,553,820	23,510,118	9,195,241
11	Non - Submission of Expenditure Returns	1,149,432	502,250	301,830
12	Wasteful Expenditure	1,417,521,900	3,730,864	222,534
13	Overpayments	6,693,986	1,109,176	15,824,166
14	Misappropriation of Funds	-	-	61,354

Chart 1: Summary of the Audit Findings



PART I

PREAMBLE

2.0 Introduction

This Report has been produced in accordance with Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, Public Audit Act No. 13 of 1994 and Public Finance Management Act No. 1 of 2018.

Article 212 of the Constitution 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.

Article 250 (1) (a) to (d) mandates me to audit;

- 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;
 - had 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.

3.0 Scope of Audit

The audit scope covered the accounts and records of Ministries, Provinces and Agencies (MPAs) and other institutions financed from public funds for the financial year ended 31st December 2020. Although the Report is for the financial year ended 31st December 2020, in some cases observations that required updating were reported as at 30th September 2021.

4.0 Audit Methodology

In the execution of the audit, programmes were designed to give reasonable assurance on the utilisation and management of public resources.

The programmes included test checks, inspections and examination of accounting and other records maintained by the public officers entrusted with management of public resources.

To ensure optimal utilisation of resources at my disposal, a risk-based audit approach was used.

5.0 Constraints

i. 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.

As at 31st December 2020, the Office had an establishment of 780 positions of which 644 were available while the balance of 136 were frozen. Out of the available positions, 620 were filled while 24 were vacant.

ii. Transport

The Office has presence in all the ten (10) provinces in the country and the nature of the operations require travelling to all districts in the country including far flung areas with bad terrains.

During the period under review, the Office faced a challenge of inadequate and aging fleet of motor vehicles required for use in executing our mandate as most of the vehicles were procured during the period from 2007 to 2015. Consequently, this has continued to negatively impact the targeted time of completing the audit activities. Although the Office received support from Government and Cooperating Partners to procure motor vehicles, the gap still exists.

iii. Information and Communications Technology Equipment

During the period from 2017 to 2020, the number of staff increased from 524 to 620. This resulted in the need to provide Information and Communications Technology (ICT) equipment for the new staff. Although the Office received support from Government and Cooperating Partners in ICT, the gap still exists.

iv. Coronavirus Disease 2019 (COVID-19)

The audits of accounts for the financial year ended 31st December 2020 conducted in 2021 were adversely affected by the COVID-19 pandemic.

This resulted in suspension or scaling down on the scope of the audits to adhere to the public health guidelines issued by the Ministry of Health. In addition, the provision of audit information was delayed because of the absence of key personnel in the client offices.

6.0 Audit and Reporting Process

The reporting process involves three (3) major stages. The first stage is where a preliminary query is issued to the Controlling Officer and is required to respond within ten (10) days. The second stage is the interim management letter where the controlling officer is given fifteen (15) days to respond. The third stage is the final management letter (Draft Annual Report Paragraph (DARP)) where the Controlling Officer is given three (3) days to confirm the correctness of the facts presented in the management letter.

At every stage where responses received are satisfactory, amendments are made accordingly.

Where the findings have not been resolved, the DARPs are consolidated in the Auditor General's Annual Report on the Accounts of the Republic for the year under review.

7.0 Governance

Cabinet is the supreme policy and strategic decision-making body of Government. It comprises the Republican President, Vice President and Cabinet Ministers who are appointed by the President.

The decisions of Cabinet are implemented through various portfolio ministries and provincial administrations which are headed by Ministers.

8.0 Management

The operations of the Ministries, Provinces and Agencies is the responsibility of a Permanent Secretary who is appointed by the President. A Ministry also oversees the operations of various Government Agencies that operate within the preserve of its mandate.

9.0 Information and Communications Technology

The Government operated various ICT systems to improve service delivery. The following were the major systems operated by MPAs:

Some of the ICT Systems in Use

No.	Institution	Name of System	Description/Purpose
1	Ministry of Finance	Integrated Financial Management Information Systems (IFMIS)	This is an Integrated Financial Management Information System which is used for administration of financial transactions in the MPAs.
		Payroll Management and Establishment Control System (PMEC)	The system is used for Payroll Management and Establishment Control.
		Debt Management and Financial Analysis System (DMFAS)	The system is used for debt management and is installed at the Central Bank and Ministry of Finance.
2	Ministry of Agriculture	Zambia Integrated Agriculture Management Information System (ZIAMIS)	The system is a web-based application used for the administration of the Farmer Input Support (FISP) activities.
3	Ministry of Lands	Zambia Integrated Land Management Information System (ZILMIS)	The system is used for administration of land, billing of properties for ground rent and receipting of revenue among others.

No.	Institution	Name of System	Description/Purpose
4	Ministry of Home Affairs-Passport Office	Personalised Passport System (PPS)	This is an application that is used in the production of ordinary and diplomatic passports. The application runs on Oracle database.
5	Ministry of Home Affairs-Department of Immigration	Zambia Immigration Management System (ZIMS)	The system is used for the management of immigration processes such as the facilitation of entry and exit and processing of visas.
6	Road Transport and Safety Agency	e-ZamTIS	The system is used to collect, receipt and record revenue.
7	Zambia Revenue Authority	Tax Online System	This system is used for administration of domestic taxes.
		ASYCUDA World	This system is used for administration of customs duties and taxes.
8	National Road Fund Agency	Yascn Toll Management System (Cash Management Systems)	This system is used for administration and collection of inland tolls.
		Necor Toll Management System (Cash Management Systems)	This system is used for administration and collection of inland tolls.
		Efkon Toll Management System (Cash Management Systems)	This system is used for administration and collection of inland tolls.

No.	Institution	Name of System	Description/Purpose
		e-Toll Management Information System	This is an electronic payment system used for collection of tolls.
		WBX and Axle Loop	These systems are used in the administration of toll and weighbridge fines.

PART II
PARAGRAPHS

REVENUE

1 Head: 37 Ministry of Finance - Zambia Revenue Authority

Tax Revenue

1.1 Mandate

The Zambia Revenue Authority (ZRA) is mandated with the responsibility of enforcing tax compliance and collecting taxes, related fines and penalties on behalf of Government in accordance with Section 11 of the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia.

1.2 Audit Findings

An examination of accounting and other records maintained at the ZRA Headquarters and selected stations revealed the following:

a. Budget against Actual Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a revenue provision of K59,037,518,424 was made against which amounts totalling K57,716,716,413 were collected resulting in an under collection of K1,320,802,011. See table 1.1 below.

Table 1.1: Budget against Actual Revenue Collections

No.	Tax Description	Provision K	Collection K	Variance K
1	Company Tax	7,903,927,230	9,512,555,519	1,608,628,289
2	Individuals (Self Employed)	161,867,811	150,870,036	(10,997,775)
3	Advance Income Tax	248,382,077	17,583,314	(230,798,763)
4	Pay As You Earn	12,331,422,697	14,229,158,795	1,897,736,098
5	Withholding Tax (Rent, Interest and Royalties)	3,998,684,191	4,505,233,730	506,549,539
6	Withholding Tax (Dividends)	397,547,004	276,680,406	(120,866,598)
7	Withholding Tax (Lump Sum Payment)	11,918,995	217,201	(11,701,794)
8	Withholding Tax (Contractors)	90,698,529	206,720,236	116,021,707
9	Property Transfer Tax	468,067,104	336,968,753	(131,098,351)
10	Mineral Royalty Tax	4,819,615,666	5,348,162,031	528,546,365
11	Customs Duty	3,692,968,452	3,140,314,951	(552,653,501)
12	Excise Duty - Motor Vehicles	393,069,011	275,577,374	(117,491,637)
13	Excise Duty - Soft Drinks	5,135,420	607,207	(4,528,213)
14	Non-Alcoholic Beverages	20,122,208	14,955,639	(5,166,569)
15	Excise Duty - Cigarettes	294,423,265	113,118,784	(181,304,481)
16	Excise Duty - Carbon	67,864,577	67,577,383	(287,194)
17	Carbon Emission Surtax collected by RTSA	-	51,572,872	51,572,872
18	Excise Duty - Opaque Beer	40,598,348	20,235,570	(20,362,778)
19	Excise Duty - Clear Beer	1,153,285,525	742,158,684	(411,126,841)
20	Excise Duty - Hydro-Carbon Oils	752,814,177	521,648,174	(231,166,003)
21	Excise Duty - Spirits	341,662,245	155,221,977	(186,440,268)
22	Excise Duty - Wine	36,842,214	91,428,959	54,586,745
23	Excise Duty - Cosmetics	53,229,528	46,289,915	(6,939,613)
24	Excise Duty - Airtime	960,437,006	835,070,392	(125,366,614)
25	Export Duty - Timber	12,697,051	17,083,624	4,386,573
26	Export Duty - Scrap metal	56,007	32,198	(23,809)
27	Export Duty Maize	-	-	-
28	Rummage Sales	11,034,468	5,135,885	(5,898,583)
29	Export Duty on Copper Concentrate	32,701,730	38,324,826	5,623,096
30	Fines	35,098,625	42,954,479	7,855,854
31	Excise Duty-Plastics	20,995,651	17,159,325	(3,836,326)
32	Excise Duty-Gases	128	2,047,056	2,046,928
33	Excise Duty - Juices	-	1,690,252	1,690,252
34	Warehouse Rent	657,003	994,065	337,062
35	Surtax on Selected Goods	404,513,270	265,552,909	(138,960,361)
36	Accounting Fees	1,261,294	3,117,163	1,855,869
37	Excise Duty - Cement	146,988,868	78,059,934	(68,928,934)
38	Licence Fees	7,425,828	6,939,117	(486,711)
39	Excise Duty - Electricity	166,339,781	458,706,099	292,366,318
40	Fuel Levy	367,589,700	1,158,761,108	791,171,408
41	Export Duty- Precious minerals & Anodic Slimes	129,841,277	74,106,748	(55,734,529)
42	Licence - Motor Vehicles	146,818,021	21,710,893	(125,107,128)
43	Motor Vehicle Surtax	56,713,077	41,581,305	(15,131,772)
44	Excise Duty - Water	416,278	517,895	101,617
45	Export Duty- Hides	5,701,372	3,016,014	(2,685,358)
46	Tourism Levy	17,021,011	10,484,031	(6,536,980)
47	Insurance Premium Levy	106,205,950	107,356,132	1,150,182
48	Skills Development Levy	179,181,956	168,778,608	(10,403,348)
49	Other Revenue	865,644	1,082,995	217,351
50	Domestic VAT	6,773,438,166	3,422,771,111	(3,350,667,055)
51	Import VAT	12,169,372,988	11,108,824,739	(1,060,548,249)
	Total	59,037,518,424	57,716,716,413	(1,320,802,011)

In response to the under collection noted above, management stated that on 14th July 2020 Government through a Ministerial Statement to Parliament reduced the revenue target for the year under review from K59 billion to K53.9 billion due to scaling down of economic activities as a result of Covid-19 pandemic.

b. Escalation of Tax Arrears

In Paragraph 10 of the Report of the Auditor General for the audit of Accounts for the financial year ended 31st December 2018, mention was made of the failure by the Authority in pursuing tax debtors which resulted in domestic tax arrears increasing from K31,144,696,256 in 2017 to K42,858,779,785 in 2018.

A review of the matter in July 2021, revealed that the situation had not changed as the arrears had increased from K47,804,762,120 in 2019 to K59,659,000,000 in 2020 despite debt collection measures such as demand notices, garnishee orders and charges on land.

Out of the outstanding arrears, 54% of the debt stock relates to principal obligations while 46% relates to penalties and interest. See table 1.2 below.

Table 1.2: 2020 Domestic Tax Arrears by Sector (Amounts in millions)

Tax Type	Principal (million)	Interest (million)	Penalty (million)	Total (million)
Private (K)	20,807	2,315	16,100	39,221
Government (K)	11,441	1,139	7,858	20,438
Grand Total (K)	32,248	3,454	23,957	59,659
% of Total Domestic Debt	54.10%	5.80%	40.20%	100.0%

c. Failure to Collect withheld Value Added Tax (VAT)

According to the Value Added Tax General (Amendment) Rules, 2018 as prescribed in Government Gazette Notice No. 935 of 2016 6B (1) which states that except as otherwise allowed or directed by the Commissioner-General, an agent appointed in accordance with subsection 8A of Section 8 of the Value Added Tax Act shall withhold output tax on all the supplies of goods and services received in a particular month and remit the output tax to the Commissioner General within sixteen days following the end of the month in which the output tax is withheld.

A review of withholding VAT (WVAT) returns on Tax Online II revealed that amounts totalling K5,668,787,597 were withheld by six (6) institutions out of which K3,728,375,925 was remitted to ZRA leaving a balance of K1,940,411,672 outstanding as at 31st August 2021.

d. Unaccounted for Removals in Transit

In paragraph 1 of the Report of the Auditor General on the Accounts of the Republic for the financial year ended 31st December 2019, mention was made of 802 Removals in Transit (RIT) with guaranteed amounts totalling K57,734,261 which had entered the country but had not exited and were not accounted for.

In their Report for the Fifth Session of the Twelfth National Assembly, the Public Accounts Committee expressed displeasure that ZRA only took action after the audit process, which brought to question the effectiveness of the internal audit unit system at the Authority. The Committee was also displeased that the Authority was still reviewing the documents relating to the outstanding removals in transit long after the audit process. In this regard, the Committee urged the Secretary to the Treasury to put measures in place to enhance the internal audit structures at the Authority. The Committee also urged the Secretary to the Treasury to expedite the bond redemption process and the review of the outstanding removals in transit.

A review of the matter in July 2021, revealed that the practice had continued in that 173 RITs with guaranteed amounts totalling K25,289,698 that entered the country through nine (9) ports during the period under review had not exited the country as at 31st August 2021. Further, there was no evidence that ZRA had redeemed the bonds. See table 1.3 below.

Table 1.3: Unaccounted for RITs

No.	Station	No. of Transaction	Guaranteed Amount K
1	Chirundu	48	5,858,293
2	Kazungula	1	48,361
3	Chanida	1	588,174
4	Nakonde	11	1,954,267
5	Nchelenge	9	2,384,625
6	Kashiba	26	995,869
7	Ndola	1	62,723
8	Kasumbalesa	75	13,272,300
9	Kipushi	1	125,086
	Total	173	25,289,698

e. Expired Customs 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 for three (3) stations revealed that during the period under review, 312 CIPs with Value for Duty Purposes (VDP) in amounts totalling K62,075,781 had expired and had not exited the country as at 31st August 2021. See table 1.4 below.

Table 1.4: Expired CIPs

No.	Station	No. of Transactions	Amount K
1	Chirundu	237	45,811,149
2	Livingstone	1	2,256
3	Kazungula	74	16,262,376
	Total	312	62,075,781

f. Failure to Collect Tax on Assessed Imports

Customs and Excise Act Cap 322 requires that all entries submitted for registration through ASYCUDA World should be assessed and payments made within five (5) days.

During the period under review, import tax for 117 entries assessed at five (5) Border Posts in amounts totalling K12,732,003 for various imported goods had not been paid as at 31st August 2021. See table 1.5 below.

Table 1.5: Uncollected Import Tax

No.	Station	No. of Transactions	Amount K
1	Chirundu	58	6,737,518
2	Kazungula	6	708,849
3	Katima Mulilo	1	354,905
4	Chanida	52	4,930,730
	Total	117	12,732,003

2 Head: 15 Ministry of Home Affairs

Non-Tax Revenues – Department of Immigration

2.1 Mandate

The Zambia Department of Immigration is mandated to effectively and efficiently facilitate and regulate the entry and exit of persons and control the stay of immigrants and visitors in the country in order to contribute to internal security and sustainable socio-economic development.

2.2 Audit Findings

An examination of financial and other records maintained at Headquarters and visits to selected stations revealed the following:

a. Budget against Actual Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a revenue provision of K394,414,467 was made against which amounts totalling K351,380,843 were collected resulting in an under collection of K43,033,624.

b. Unaccounted for Revenue

Section 28 of the Public Financial Management Act No. 1 of 2018 stipulates that a controlling Officer or an office holder who without reasonable cause fails to deposit public monies received as provided commits financial misconduct.

Contrary to the Act, amounts totalling K1,100,050 were collected in respect of permits and fees out of which amounts totalling K357,550 were banked leaving a balance of K742,500 unaccounted for in that cash was neither banked nor found at hand.

In addition, eight (8) cheque receipts in amounts totalling K36,500 in respect of permit fees which were appearing on the deposit slips could not be traced on the bank statements for the institution.

c. Unclaimed Interest on Delayed Transfer of Revenue to Control 99

The Service Level Agreement (SLA) stipulates that funds in the Revenue Transit Account held at commercial banks should be transferred to Control 99 on Tuesdays, Fridays and the last working day of each month and that any delays shall attract a penalty of 10% simple interest, calculated on the overnight balance remaining on the account.

Contrary to the SLA, there were delays in remittance of revenue in amounts totalling K6,394,270 from the commercial banks Revenue Transit Accounts to Control 99 Account maintained at the Bank of Zambia for periods ranging from two (2) to thirteen (13) days during the period under review.

However, interest on delayed transfer of funds in amounts totalling K639,427 had not been claimed from the commercial banks as at 31st July 2021.

d. Information and Communication Technology System

During the period under review the Department of Immigration operated the following Information Communication and Technology (ICT) systems:

- Zambia Immigration Management System (ZIMS) – this is a web-based application that is used in the management of immigration processes such as the facilitation of entry and exit and processing of visas among other processes.
- Personal Identification Security Comparison and Evaluation System (PISCES), is a border management tool which helps to fight the global war against terrorism. This data base system is based on biometrics supported by the United States Department of State Terrorist Interdiction Program.

A review of the Immigration System and other records maintained at Department of Immigration Headquarters and selected stations revealed the following:

i. Shared Permit Case Numbers

A case number is a system generated unique number which is issued each time a transaction is processed on the ZIMS. The system is designed to issue case numbers sequentially and the numbers form a point of reference for both the Department and clients.

However, the system allowed duplication of case numbers thereby compromising data integrity. In particular sixty two (62) Case Numbers were shared by 127 clients.

ii. Awarding of Employment Permits to Foreigners for Skillsets Locally Available

However an analysis of Permits issued by the Department during the period under review across the Country, revealed that the Department considered and approved

application for employment permits for 17,004 foreigners and renewed permits for 9,242 others whose skills should be transferable. See table 2.1 below.

Table 2.1: Employment Permit

No.	Permit Type	Number of Permits
1	Employment Permit	5,652
2	Employment Permit - Change of Employer	1,435
3	Employment Permit - Change of Nationality/Name	17
4	Employment Permit - Change of Occupation	400
5	Employment Permit - Duplicate / Replacement	258
6	Employment Permit - Extension / Renewal	9,242
Total		17,004

iii. Duplicated Receipt Numbers

The ZIMS is designed to issue an electronic receipt each time a client transacts with the Department. Among the features on the receipt are the receipt number, names of the client, date of payment and amount paid.

A review of receipts generated by the system for Permits and Visa applications revealed that the integrity of receipt numbering was compromised in that same receipt numbers were allocated to different transactions. In particular, it was observed that forty five (45) receipt numbers amounting to K225,906 in respect of permits (K167,840) and visas (K58,066) were allocated to ninety two (92) transactions.

iv. Lack of interface between Point of Sale Machine and ZIMS

During the period under review, the Department had three (3) methods by which a client could pay for a Visa, namely; Cash, Point of Sale and e-Payments through a bank platform offered by one of the commercial banks. Point of Sale and e-Payment transactions should be referenced for purposes of confirmation of settlement of payments.

However, the Point of Sale and e-Payment were not interfaced with the system. In particular, it was observed that 607 point of sale transactions in amounts totalling K1,504,700 did not have reference numbers on the system.

In this regard, the completeness and accuracy of revenue collected and reported could not be ascertained.

3 Head: 15 Ministry of Home Affairs - National Registration, Passport and Citizenship

3.1 Mandate

The Department of National Registration, Passport and Citizenship falls under the Ministry of Home Affairs and is mandated to conduct national and civil registration, issue travel documents and facilitate acquisition of citizenship.

3.2 Audit Findings

An examination of accounting and other records maintained at the Passport and Citizenship Office headquarters and selected stations for the period under review revealed the following:

a. Budget against Actual Revenue Collections

In the Estimates of Revenue and Expenditure for the Financial Year ended 31st December 2020, a revenue provision of K35,446,701 was made against which amounts totalling K25,174,110 were collected resulting in an under collection of K10,272,591.

b. Deposits not Reflected on the Bank Statements - Solwezi

Public Finance Management (General) Regulations 134 (1) of 2020 stipulates that an office holder who collects revenue is required to bring to account on a daily basis the total collections received.

It was however observed that during the period under review passport fees in amounts totalling K313,570 collected at the Solwezi Passports and Citizenship office that were purported to have been banked could not be traced to the bank statements.

c. Delayed Banking – Solwezi and Mansa Passport Offices

The Financial Regulation No.121 (1) of 2006 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 Solwezi and Mansa Passport offices in amounts totalling K125,960 for periods ranging from three (3) to 133 days for the year under review. The days over which the banking was delayed did not include weekends. See table 3.1 below.

Table 3.1: Delayed Banking

No.	Station	Revenue Type	Amount K	Delay in Days	Distance to Bank
1	Solwezi Passport Office	Passport fees	122,060	3 to 133	3 km
2	Mansa Passport Office	Passport fees	3,900	3 to 8	0.5 km
	Total		125,960		

4 Head: 51 Ministry of Transport and Communication

Zambia Information and Communications Technology Authority

Non Tax Revenue

4.1 Mandate

The Zambia Information and Communications Technology Authority (ZICTA) is mandated to supervise and promote the provision of telecommunication services throughout Zambia.

4.2 Audit Findings

An examination of financial and other records maintained at Headquarters revealed the following:

a. Budget against Actual Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a revenue provision of K339,471,695 was made against which amounts totalling K431,547,434 were collected resulting in an over collection of K92,075,739.

b. Outstanding License Fees

Regulation 6 (4) of 2015 stipulates that a Licensee should settle an invoice in full and payment be made to the Authority within thirty (30) days from date of the invoice issued by the Authority. The regulation further requires that a person who contravenes a provision of the regulation for which no penalty is provided commits an offence and is liable upon conviction, to a fine not exceeding 2,500 penalty units and in case of a continuing offence, to an additional penalty of twenty five (25) penalty units for each day that the offence continues.

A review of the licensing and compliance records for the period under review revealed that amounts totalling K102,998,644 were owed to the Authority as at 31st August 2021. See table 4.1 below.

Table 4.1: Outstanding licence fees

No.	Type of fees	Amount K
1	Mobile Network Operator- Annual Operating Fees	79,522,581
2	ISPS-Annual operating fees	1,501,211
3	Spectrum-Radio licence fees	20,649,142
4	Postal fees	1,265,709
5	Penalties	60,000
	Total	102,998,644

c. Administration and Management of Universal Access Service Fund (UASF)

Section 70 of the (ICT) Act No.15 of 2009, and Statutory Instrument No. 38 of 2012 (Universal Access Regulations) establishes a universal access fund. The purpose of the fund is to promote the widespread availability and usage of electronic communications networks and services throughout Zambia by encouraging the installation of electronic communications networks and the provision of electronic communications services in un-served or under-served areas and communities.

The Fund is meant to enable government through ZICTA to finance and facilitate universal services that is, making electronic communications services available to any person at domestic level regardless of their geographical or physical location.

The Fund received amounts totalling K68,925,846 in 2019 and K74,230,414 in 2020 from Annual Operating fees collected by the Authority from the mobile service providers.

However, the following were observed:

i. Failure to Reimburse Funds Borrowed from Universal Access Service Fund (UASF) – Telecommunication Traffic Monitoring System (TTMS) Project

A review of records at ZICTA revealed that the Ministry of Transport and Communication borrowed funds from the UASF in amounts totalling US\$7,337,165 for the purpose of settling part of the outstanding arrears in respect of a contractor for the supply, delivery, installation and commissioning of a Telecommunications Traffic Monitoring System (TTMS) project.

However, as at 31st August 2021, only US\$1,766,089 (K19,508,823) had been reimbursed leaving a balance of US\$5,571,076 (K61,540,018).

ii. Failure to Reimburse Funds Borrowed from Universal Access Service Funds – Purchase of Former Canadian Embassy Building

A scrutiny of documentation revealed that on 11th October 2019, the Ministry of Transport and Communication borrowed an amount of US\$700,000 from Universal Access Service Fund account (UASF) for the purchase of former Canadian Embassy Building Stand No. 5199 situated in Lusaka.

However, as at 31st August 2021, the funds had not been reimbursed.

5 Head: 68 Ministry of Tourism and Arts

Licences

5.1 Mandate

The Ministry of Tourism and Arts (MOTA) is mandated to provide sustainable development of the tourism industry in the country. In respect of revenue collections, the Ministry draws its mandate from National Arts Council of Zambia Act No. 31 of 1994, Zambia Wildlife Act No. 14 of 2015 and the Tourism and Hospitality Act No. 13 of 2015.

5.2 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and at selected stations for the period under review revealed the following:

a. Budget against Actual Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a revenue provision of K163,477,318 was made against which amounts totalling K97,543,058 were collected resulting in an under collection of K65,934,260. See table 5.1 below.

Table 5.1: Budget against Actual Collections

No.	Description	Estimates K	Actual Collection K	Variance K
1	Casino fees	1,000,000	909,576	(90,424)
2	Tourism enterprise fees	5,301,500	1,563,075	(3,738,425)
3	Hunting and parking fees	155,263,033	94,118,723	(61,144,310)
4	Hotel Manager registration fees	1,835,617	616,750	(1,218,867)
5	Miscellaneous	77,168	334,934	257,766
	Total	163,477,318	97,543,058	(65,934,260)

b. Unaccounted for Revenue

Financial Regulation No. 129 (1) of 2006 states that the collectors of revenue are required to bring to account daily the whole amount of their collections.

Contrary to the regulation, during the period under review, amounts totalling K1,173,049 were collected out of which amounts totalling K1,037,162 were banked leaving a balance of K135,888 unaccounted for in that the money was neither banked nor was no cash found on hand.

As at 31st July 2021, the funds had not been accounted for. See table 5.2 below.

Table 5.2: Unaccounted for Revenue

No.	Station	Type of Revenue	Amount Collected K	Amount Banked K	Unaccounted For Revenue K
1	MOTA Headquarters	Casino retention and renewal fees	912,576	867,876	44,700
2	Kafue - AMU	Concession and other fees	260,474	169,286	91,188
	Total		1,173,049	1,037,162	135,888

c. Unpresented General Receipt Book

Section 73(1) of the Public Finance Management Act No.1 of 2018 stipulates that, the Auditor General and an office holder, agent or specialist consultant authorised by the Auditor General, shall in the performance of duties under the Constitution, the Public Audit Act No. 13 of 1994, or any other law-

- i. have access to all the books, records, returns, reports other documents and financial management systems, in electronic or in any other form, relating to the accounts of public bodies as the Auditor-General considers necessary;

- ii. have access to all information, communication technology systems used in the management of public monies.

Contrary to the Act, Mosi-o-Tunya Area Management Unit did not present for audit one (1) General receipt book with serial numbers ranging from 6876351- 6876400.

Further, a review of the revenue returns availed by Department of National Parks and Wildlife (DNPW) Headquarters revealed that revenue in amounts totalling K17,545 was collected as rental income from operators within the botanical garden premises during the period under review.

However, management failed to avail for audit, accounting documents such as general revenue cashbook (Accounts form 47B), Register of accountable documents (Accounts form 103B), General receipt books (Accounts form 40A), deposit slips, Operators account ledgers and signed contracts as at 31st July 2021.

In this regard, amounts collected on the receipts could not be ascertained.

d. Delayed Banking of Revenue

The Financial Regulation No.121 (2) of 2006 requires that where no banking facilities exist, the Accounting Officer shall bring to account all revenues collected and deposit at least twice every month.

It was however observed that during the period under review, there were delays in banking of revenue in amounts totalling K4,910 and US\$11,915 collected at three (3) stations for periods ranging from two (2) to forty five (45) days. The days over which the banking was delayed did not include weekends and public holidays. See table 5.3 below.

Table 5.3: Delayed Banking of Revenue

No.	Station	Amount		Delay in Days	Distance to the Bank
		K	US\$		
1	Lower Zambezi-AMU	-	610	2 to 6	1 km
2	South Luangwa-AMU	-	11,305	2 to 18	30 km
3	Kafue National Park	4,910	-	4 to 45	45 km
	Total	4,910	11,915		

e. Failure to Collect Revenue

During the period under review, the Ministry failed to collect revenue from casinos and hunters, among others. In particular, the following were observed:

i Tourism Development Credit Facility (TDCF) Loans

The Tourism Development Credit Facility (TDCF) was setup in 2003, as a revolving fund under the Department of Tourism to provide three (3) types of Loan facilities (micro, small and medium scale) meant to enhance and increase involvement of local entrepreneurs in tourism development in Zambia through easy access of Start-up Capital, Working capital and procurement of Operation Materials such as Equipment, vehicles and machinery.

Upon the creation of Citizens Economic Empowerment Commission (CEEC) in 2007 which took over most citizen empowerment financing programmes under various government departments, the Department of Tourism was tasked with the responsibility of collecting all outstanding loan amounts for onward depositing to Ministry of Finance through Control 99.

It was however observed that out of a total amount of K13,823,366 owed to the Ministry by ninety six (96) institutions that benefited from the TDCF facility, amounts totalling K3,479,573 were collected leaving a balance of K10,343,793 as at 31st July 2021.

Further, it was observed that the amounts had been outstanding for periods ranging from eight (8) to sixteen (16) years from the contractual due dates.

ii Hotel Manager Registration Fees

Section 59 of the Tourism and Hospitality Act No. 13 of 2015 requires a registered Hotel Manager to obtain a certificate of registration, practising certificate or certificate of exemption at a prescribed fee.

It was however observed that 594 accommodation establishments were operated by Managers who did not have practicing or exemption certificates resulting in revenue loss in amounts totalling K1,157,700.

As at 31st August 2021, no action had been taken by the Ministry against the defaulters.

iii Tourism and Hunting Concession Fees

A review of tourism and hunting concessions agreements that were in force during the period under review and payments of land-user-rights fees, outfitters and animals' fees revealed that amounts totalling K317,863 and US\$855,956 were outstanding from various hunting outfitters and tour operators as at 31st August 2021. See table 5.4 below.

Table 5.4: Uncollected Tourism and Hunting Concession fees

No.	Station	Amount Outstanding	
		K	US\$
1	Mosi-O-Tunya AMU	36,450	516,520
2	Lower Zambezi AMU	214,053	152,663
3	South Luangwa AMU	67,360	150,847
4	Kafue National Park	-	35,926
	Total	317,863	855,956

6 Head: 85 Ministry of Lands and Natural Resources

Fees and Fines

6.1 Mandate

The Ministry is mandated to administer land and manage natural resources by promoting sustainable land use and climate resilient low emission systems.

6.2 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and selected District Offices for the financial year ended 31st December 2020, revealed the following.

a. Budget against Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a revenue provision of K506,018,261 was made against which amounts totalling K269,492,893 were collected resulting in an under collection of K236,525,368. See table 6.1 below.

Table 6.1: Budget against Collections

No.	Types of Revenue	Estimates K	Actual K	Variance K
1	Preparation fees	1,566,199	1,747,984	181,785
2	Consideration fees	290,535,968	62,896,710	(227,639,258)
3	Consent fees	3,297,330	2,825,769	(471,561)
4	Survey fees	10,871,682	9,468,644	(1,403,038)
5	Forestry Revenue	58,607,401	72,107,685	13,500,284
6	Registration and Document fees	38,428,102	40,922,014	2,493,912
7	Interest on Late Payments	2,882,650	8,994,182	6,111,532
8	Ground Rent	99,828,929	70,529,905	(29,299,025)
	Total	506,018,261	269,492,893	(236,525,368)

b. Lack of Safes

During the period under review, it was observed that Lukulu, Mushindamo, Kalumbila, Kabompo and Solwezi Lands and Forestry District offices did not have safes for keeping revenues and accountable documents.

In this regard, revenues collected in amounts totalling K9,442,748 and accountable documents sent to these districts were not secured during the period under review. See table 6.2 below.

Table 6.2: Revenue Collections not Secured

No.	Station	No. of Days before Banking	Amount K
1	Lukulu	1 to 2	3,969,614
2	Mushindamo	14 to 30	30,573
3	Solwezi	1 to 2	90,621
4	Kalumbila	14 to 30	5,115,575
5	Kabompo	1 to 2	236,364
	Total		9,442,748

c. Outstanding Ground Rent from Councils

Chapter 184 of the Lands Act, Clause 5, requires that a person holding land on leasehold after the conversion of such land from customary tenure should be liable to pay such annual ground rent in respect of that land as the Commissioner of Lands may prescribe.

Local Authorities across the country act on behalf of the Ministry of Lands to collect Ground Rent for properties which the councils own and statutory housing and improvement areas under their domain. The councils are required to remit the ground rent collected to the Ministry of Lands.

However, a review of the Zambia Integrated Lands Management Information System (ZILMIS) revealed that an amount of K173,863,189 was outstanding in unpaid ground rent collectable by fifty eight (58) Councils as at 31st August 2021.

d. Weaknesses in the Management of Information Systems (MIS)

During the period under review, the Ministry operated the Zambia Integrated Lands Management Information System (ZILMIS) which was used for land and property administration. The system was also used for billing and receipting revenue collected from survey fees and land registration fees.

As at 31st March 2021, out of the 918,823 properties in the system, 241,609 representing 26% had been issued with title deeds.

The following were observed:

i. Failure to Configure Properties

According to Statutory Instrument No.110 of 2009, computation of Ground Rent is based on three (3) parameters namely land size, land location and land type.

A review of the ZILMIS Property database revealed that, 2,769 properties on the system had missing information on the land size and location.

ii. Missing Land Owners' Identification Numbers

According to Ministry of Lands procedures, land on the system is applied for by a person or company who eventually become land owners and the system sequentially issues them with a land owner identification number.

A review of the sequentially generated land owner identification numbers on ZILMIS revealed that 288,439 identification numbers were missing.

Further, a scrutiny of the audit log revealed that 578 identification numbers from the 288,439 missing records had processes such as discharge of mortgages and change of ownership made against them.

In this regard, it was not possible to ascertain the owners of the missing identification numbers.

iii. Missing Land ID/Certificate of Title Deeds issued on Uncreated Properties

According to the Ministry of Lands procedures, for one to apply for Land, the Land must first exist and be created on the system. Land on the system is identified through a unique number which is system sequentially generated.

A review of the system revealed that 457,634 land identification numbers were missing. Included in the missing identification numbers were three (3) certificate of title deeds which were issued on three (3) missing land identification numbers.

However, it was not clear as to how the Ministry had issued certificate of title deeds on a piece of land which was not created on the system.

iv. Deletions of Object IDs without Supporting Documentation

Actions of activities on the ZILMIS database are object oriented and a unique system sequentially generated identification number called Object IDs is assigned to them. The Object ID identifies actions taken in various tables in the database.

Best practices require that all Object IDs deleted are approved and supported with relevant supporting documentation.

However, the following were observed:

- 84,246 objects ID were deleted from database log in the system without supporting documentation. A scrutiny of the deleted objects revealed that 19,267 object IDs had actions on them while 63,956 had no actions on them. The deleted object IDs affected records in processing of applications, deeds, certificate of titles and offer letters among others.

It was further observed 35,893 activities on the log were deleted by anonymous users.

- 2,618,864 object IDs were irregularly missing on the ZILMIS. Included in the 2,618,864 were 1,285,822 missing objects traced on system log with various actions such as deletion insertion, modification and updating. See table 6.3 below.

Table 6.3: Missing Objects in Database

No.	Action Taken	No. of Objects
1	Delete	58,118
2	Insert	752,566
3	Modify	120,438
4	Update	354,700
	Total	1,285,822

As at 31st July 2021, the Ministry had not provided supporting documentation for missing object IDs which related to applications, certificates of titles, deeds and receipts among others.

**7 Head: 86 Ministry of Fisheries and Livestock
Licences**

7.1 Mandate

The Ministry of Fisheries and Livestock (MFL) is mandated to formulate policies and oversee the development of fisheries and livestock sectors in the country.

7.2 Management

The day to day operations of the Ministry are a responsibility of the Permanent Secretary as an administrative head of the Ministry and Controlling Officer. The Permanent Secretary is assisted by seven (7) directors in charge of fisheries and livestock marketing, human resources and administration, finance, livestock development, policy, planning and information; and veterinary services respectively.

7.3 Audit Findings

An examination of accounting and other records maintained at the Ministry of Fisheries and Livestock Headquarters and selected stations for the period under review revealed the following:

a. Budget against Actual Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a revenue provision of K21,927,632 was made against which amounts totalling

K15,742,936 were collected resulting in an under collection of K6,184,696. See table 7.1 below.

Table 7.1: Budget against Actual Collections

No.	Description	Approved Estimates K	Actual Collections K	Variance K
1	Fish Licences	7,234,696	6,625,981	(608,715)
2	Import & Export Permits	3,500,000	1,971,062	(1,528,938)
3	Registration Fees	460,800	388,650	(72,150)
4	Veterinary Fees	6,896,177	4,481,271	(2,414,906)
5	Inspection Fees	3,376,772	2,085,884	(1,290,888)
6	Proceeds from Sale of Fish	407,583	50	(407,533)
7	Proceeds from Sale of Produce and Livestock	1,604	-	(1,604)
8	Miscellaneous	50,000	190,038	140,038
	Total	21,927,632	15,742,936	(6,184,696)

b. Accounting Irregularities

i. Failure to Collect Revenue

Section 29 (2) (b) of the Public Finance Management Act No. 1 of 2018 requires that every Controlling Officer, subject to subsection (1) should attain revenue targets as provided for in the annual estimates of revenues and expenditures.

However, an analysis carried out on revenue collections on two (2) revenue streams revealed failure to collect revenue amounting to K409,137 during the period under review. See table 7.2 below.

Table 7.2: Failure to Collect Revenue

No.	Description	Approved Estimates K	Actual Collections K	Uncollected Revenue K
1	Proceeds from Sale of Produce and Livestock	1,604	-	1,604
2	Proceeds from Sale of Fish	407,583	50	407,533
	Total	409,187	50	409,137

c. Failure to avail Records – Luangwa District Office

Financial Regulation No. 8 of 2006 requires Controlling Officers to submit returns and reports, as may be required by the Secretary to the Treasury, revenue collected by them or funds expended under the head for which they are responsible.

Further, Financial Regulation Nos. 10 (d) and (k) of 2006 give the accounting officer the responsibility among others to:

- bring to account promptly under the correct Head & Sub Head all public monies which the accounting officer collects or is paid to the Accounting Officer; and
- to prepare and dispatch promptly all financial statements and returns in the prescribed format.

However, a scrutiny of accounting and other records revealed that the accuracy and completeness of revenue collected by Luangwa District Fisheries and Livestock office in respect of fishing licenses and stock movement permits amounting to K602,453 for the period 1st April to 31st December 2020 could not be ascertained in that the source documents such as deposit slips, general receipt books (Accounts Form 40) and permits issued, were not availed for audit.

In this regard, the completeness and accuracy of the amounts reported in the revenue returns could not be ascertained.

d. Missing Stock Movement Permits – Luangwa and Sesheke Districts Offices

Section 73(1) of the Public Finance Management Act No.1 of 2018 requires that the Auditor General and an office holder, agent or specialist consultant authorised by the Auditor General, should in the performance of duties under the Constitution, the Public Audit Act No. 13 of 1994, or any other law have access to all the books, records, returns, reports other documents and financial management systems, in electronic or in any other form, relating to the accounts of public bodies as the Auditor-General considers necessary. Further, Financial Regulation No. 10 (n) of 2006 stipulates that an accounting officer should produce all books and records or accounting documents in the accounting officer`s charge when required to do so by the Secretary to the Treasury, the Controlling Officer or the Auditor-General.

Contrary to the Act and Regulations, two (2) stock movement permit books at Luangwa office were not availed for audit. See table 7.3 below.

Table 7.3: Missing Stock Movement permits

No	District	Receipt Type	Receipt range	Number of Books
1	Luangwa	Stock Movement	62551 - 62600	1
			62601 - 62650	1
			Total	2

e. Delayed Banking of Revenue - Sesheke and Mongu District Offices

The Financial Regulation No. 121 (1) of 2006 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 Sesheke and Mongu District Offices in amounts totalling K43,096 for periods ranging from two (2) to one hundred and seventy four (174) days for the period under review. The days over which the banking were delayed did not include the weekends. See table 7.4 below.

Table 7.4: Delayed Banking of Revenue

No.	District Office	Department	Estimated Distance to the Bank	Permit Type	Amount K	Days Delayed
1	Sesheke	Fisheries	3 - 5 Km	Certificate of Origin	2,015	3 to 174
2	Mongu	Veterinary	1 - 3 Km	Stock Movement	31,880	2 to 60
		Fisheries	1 - 3 Km	Certificate of Origin	9,201	2 to 21
				Total	43,096	

f. Lack of Safe Facilities – Sesheke and Luangwa District Offices

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

Contrary to the regulation, it was observed that there were no safe facilities at Sesheke and Luangwa District Fisheries and Livestock Offices and that receipt books and revenue collected were kept in drawers that were not lockable rendering revenue and accountable documents vulnerable to thefts.

g. Breeding Centres

The Ministry of Fisheries and Livestock has established nineteen (19) Livestock Breeding Centres (LBC) and Livestock Multiplication Centres (LMC) in all the ten (10) Provinces of the Country in an effort to make a readily available source of quality breeding stock, closer to livestock farmers.

A scrutiny of records availed for audit revealed that, two (2) Centres established during the period under review were reported to be non-functional, while the other seventeen (17) which were established as far back as 1970 had not been operating at their full capacity.

In this regard, the Ministry of Fisheries and Livestock was granted Treasury Authority by the Secretary to the Treasury in a letter dated 17th February 2017, allowing the Ministry to

sale Livestock to Farmers, Institutions, Women, differently abled persons and Youths selected by Livestock Sales Committees set up at Various Breeding Centres. Further, the Breeding Centres were allowed to retain 100% of the proceeds thereof, in an effort to improve operations at the Centres.

In the Estimates of Revenue and Expenditure for the period under review, a provision of K1,604 from sale of Produce and Livestock in the Breeding Centres was made under the Ministry of Fisheries and Livestock.

A review of records availed for audit revealed the following:

i. Failure to Prepare and Submit Revenue Returns

Contrary to Financial Regulation No. 8 which requires Controlling Officers to submit returns and reports, as may be required by the Secretary to the Treasury, revenue returns were not availed for audit, therefore it was not possible to ascertain the actual revenue collected for the period under review.

ii. Failure to avail Minutes of the Livestock Sales Committees

Treasury Authority (MF/3/2/1) dated 17th February 2017 requires setting up livestock sales committees at each breeding centre for the purpose of transparency in livestock sales. Contrary to the treasury authority, neither minutes nor composition of such committees during the period under review were availed for audit, therefore it was not possible to ascertain or confirm their existence.

h. Lack of a Formal Agreement with Zambeef Limited - Mongu Provincial Veterinary Office

According to Statutory Instrument No. 105 of 2016, the Ministry is mandated to collect meat inspection revenue fees for every animal inspected within the Republic.

In this regard, Mongu Provincial Veterinary Office had engaged Zambeef Ltd to collect meat inspection revenue fees on its behalf from farmers, and amounts totalling K600,240 were collected by way of deduction from amounts due to farmers, during the year under review.

Although revenue was collected and deposited into the Government revenue transit account held at Zanaco bank, there was no formal agreement signed between the Government and

Zambeef Limited to collect revenue on its behalf therefore, it was not possible to establish the terms and conditions of the arrangement made.

EXPENDITURE

8 Head: 04 Ministry of Gender

8.1 Mandate

The Ministry of Gender is mandated to protect and promote women’s rights, curbing gender-based violence and reducing gender inequalities.

8.2 Audit Findings

An examination of accounting and other records maintained at the Ministry headquarters and selected districts for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K27,528,106 was made to cater for operations of the Ministry against which amounts totalling K25,101,298 were released resulting in underfunding of K2,426,808. See table 8.1 below.

Table 8.1: Budget, Funding and Expenditure

No.	Details	Total Authorised Budget K	Funding K	Expenditure K
1	GRZ	20,998,593	18,571,785	18,553,355
2	Cooperating Partners	6,529,513	6,529,513	6,285,102
	Total	27,528,106	25,101,298	24,838,458

Although the Ministry was under funded, amounts totalling K24,838,458 were spent leaving a balance of K262,840 as at 31st December 2020.

b. Failure to Utilise Procured and Distributed Farming Equipment

During the period from 2016 to 2019, the Ministry procured forty (40) tillers at a total cost of K978,248 for distribution to various chiefdoms.

A review of records and physical inspections conducted in June 2021, revealed that only ten (10) tillers were in use while twenty eight (28) were found parked and unutilised in twenty eight (28) chiefdoms more than forty eight (48) months after procurement, while two (2) were parked at the Ministry.

c. Agricultural Development and Value Chain Enhancement Project

In September 2015, the Ministry designed the Agricultural Development and Value Chain Enhancement (ADVANCE) project. The Project aimed to reduce hunger and rural poverty in the disadvantaged rural communities particularly among the women and youths in all the 288 chiefdoms across the country.

During the year under review, amounts totalling K4,590,247 were spent on the purchase of various equipment such as double deck beehives, honey press, pumps and incubators for distribution to farmer groups and cooperatives under the project.

However, the following were observed:

i. Physical Inspection of Selected Cooperatives and Farmer Groups

A physical verification of selected cooperatives and farmer groups conducted in June 2021 revealed the following:

• Nchembwe Women Co-operative - Kapiri-Mposhi District

The Cooperative received a hammer mill, maize dehuller and maize sheller as shown in table 8.2 below.

Table 8.2: Delivered Equipment

No.	Item	Amount K
1	Hammer Mill	36,000
2	Maize Dehuller	36,000
3	Maize Sheller	17,000
	Total Cost	89,000

The following were observed:

- **Hammer Mill - Unbanked Revenue**

The club started operations of the hammer mill on 6th April 2021. A scrutiny of a cashbook revealed that actual revenues raised amounted to K4,753 covering the period 6th April to 9th June 2020. However, collected revenues were not banked.

- **Maize Dehuller – Failure to Avail Funds Raised**

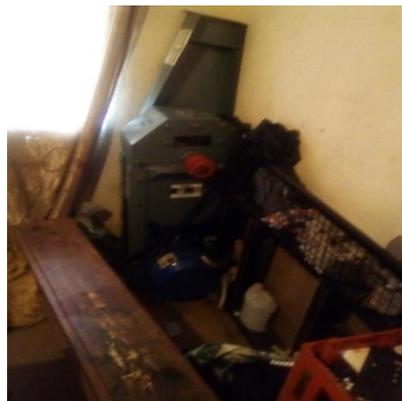
A physical inspection of the maize dehuller at Nchembwe Primary School revealed that it was operational and in use but the details of the revenues raised were not availed for audit.

- **Kalulushi District**

- **Kalulushi Youth Club and Ifiweme Multi-purpose Co-operative**

On 4th February 2021, an electric hammer mill costing K33,500 was delivered for use by two (2) clubs namely Kalulushi youth club and Ifiweme multi-purpose co-operative .

A site visit carried out on 10th June 2021 revealed that the hammer mill was not installed and was kept at a private house. In addition, no training was conducted for the beneficiaries on how to operate the hammer mill. *See picture below.*



Electrical hammer mill kept at a private house

- **Kameme Women Farmers**

In February 2021, the Ministry delivered a solar incubator and accessories costing K44,650 to Kalulushi District Commissioner's office which was later delivered to Kameme women farmers club in May 2021.

As at 30th June 2021, the incubator and accessories had not been assembled as the club had no capacity to assemble or operate it and there was no programme by the Ministry to train the beneficiaries.

- **Lukoshi, Choobe, Hamambo and Lesa Afwa Aba Yafwa Women's Clubs**

A Solar Irrigation system costing K59,448 was delivered in February 2021 to be used by four (4) clubs namely Lukoshi, Choobe, Hamambo and Lesa Afwa aba Yafwa women clubs.

However, as at 10th June 2021, the solar irrigation system had not been installed and was kept at private house.

- **Nsabo Women Club - Kasempa District**

In February 2021, a solar egg incubator and accessories costing K44,650 were delivered to Nsabo Women Club in Kasempa District.

However, as at 31st August 2021, the incubator had not been assembled and the shelter to house the incubator had not been constructed.

- **Women in Development Club - Kabompo District**

In February 2021, the Ministry delivered a solar egg incubator and accessories costing K44,650 and eight (8) solar panels to Kabompo District Commissioners Office.

However, the equipment was only handed over to the Women in Development Club on 22nd May 2021, four (4) months after it was delivered to the Commissioner's office.

A physical inspection carried out in June 2021 revealed that only six (6) panels were delivered to the Club leaving two (2) unaccounted for and the solar egg incubator had not been installed.

- **Nyimba District**

- **Pashane and Nyanje Women's Clubs**

In December 2020, two (2) treadle pumps costing K15,000 were delivered to two (2) women's clubs in Nyimba District namely Pashane and Nyanje.

As at 30th June 2021, the pumps had not been put to use as the club members had not been trained on how to use them.

- **Chanda, Tilimbike and Mapalo Women's Club**

In December 2020, a solar incubator costing K44,650 was delivered to be operated by three (3) women clubs namely Chanda, Tilimbike and Mapalo women club.

As at 30th June 2021, the incubator had not been installed.

- **Petauke District - Delivery of 1,000 Day Old Chicks**

In March 2021, the Ministry delivered 1,000 day old chicks and accompanying accessories namely grower feed, starter feed, antibiotics, PVC big feeders, PVC drinkers and feeding trays costing K38,470 to Petauke District Commissioner's Office for distribution to women clubs. However, there were no records of beneficiaries maintained by the Ministry.

Inquires made at the District Commissioner's Office revealed that ten (10) women clubs benefited 100 day old chicks per club, of the ten (10) clubs, four (4) were identified and located while the remaining six (6) clubs which received 600 chicks could not be located.

Further, there was no evidence of monitoring or training of the clubs and consequently the clubs recorded fatalities of 360 out of the 400 chicks allocated representing 90% mortality. See table 8.3 below.

Table 8.3: Distribution and Fatalities of Day Old Chicks

No.	Club Name	Receipts	Fatalities
1	Wazinga	100	99
2	Kakuyu	100	83
3	Kwaza	100	90
4	Chiwamila	100	88
	Totals	400	360

8.3 Girl’s Education and Women’s Empowerment Livelihood (GEWEL) Project

8.3.1 Background

On 6th January 2016, the Government signed a Credit Financing agreement with the International Development Association (IDA) of US\$65,000,000 for the Girls’ Education and Women’s Empowerment and Livelihood Project with an implementation period of five (5) years ending on 5th January, 2021.

On 30th June 2020, the project was extended to 30th April 2024 with additional financing of US\$74,304,000 (SDR103,200,000).

The Project’s objective was to support the Government increase access to livelihood support for women and access to secondary education for disadvantaged adolescent girls in extremely poor households in selected districts.

The GEWEL Project was being implemented by three (3) Ministries, namely Gender, General Education and Community Development and Social Services under the following three (3) components:

- i. Component 1: Supporting Women’s Livelihoods (US\$36 million);
- ii. Component 2: Keeping Girls in School (US\$25.78 million equivalent); and
- iii. Component 3: Institutional Strengthening and Systems Building (US\$3.22 million).

8.3.2 Governance – Project Steering Committee (PSC)

The GEWEL Project was coordinated by a Project Steering Committee (PSC) comprising:

- The Secretary to the Cabinet, who was the Chair;
- The Permanent Secretary- Ministry of Gender;

- The Permanent Secretary- Ministry of Community Development and Social Services;
- The Permanent Secretary- Ministry of General Education;
- The Permanent Secretary – Ministry of Finance;
- The Permanent Secretary – Ministry of National Planning; and
- The Project Coordinator – Secretary.

The PSC focuses on oversight of the project, policy and coordination with other Ministries, including Ministry of Agriculture and Ministry of Chiefs and Traditional Affairs.

The PSC was supported by a National Secretariat, housed at the Ministry of Gender, with the Head of Planning and Information serving as the overall National Project Coordinator.

8.3.3 Audit Findings

An examination of accounting and other records maintained at the three (3) Ministries Headquarters and in selected districts carried out for the period under review revealed the following:

8.3.3.1 Ministry of Community Development and Social Services - GEWEL

a. Budget, Funding and Expenditure

During the period under review, the Ministry had an annual budget for the GEWEL of K191,123,322 out of which amounts totalling K163,400,000 were funded.

In addition, there was a balance of K44,629,042 brought forward from 2019 bringing the total funds available to K208,029,042.

As at 31st December 2020 amounts totalling K190,196,592 had been spent leaving a balance of K17,832,449.

b. Management of Service Providers

Part A.2 of the Financing Agreement of GEWEL required that payments of Productivity Grants were to be made through independent Payment Service Providers. The Productivity Grant was a one-off payment of K2,700 to each beneficiary. In this regard, during the period under review, the Ministry signed contracts with ZOONA, MTN, Airtel, Zamtel, UBA and Natsave to execute payment of grants to beneficiaries

The following were observed:

i. Failure to Avail Memorandum of Understanding

The Ministry did not provide the Memorandum of Understanding with ZOONA and MTN for audit scrutiny. Therefore, the terms and conditions of the agreement could not be ascertained.

ii. Unclaimed Beneficiary Funds

Section No. 3.1.13 of the Memoranda of Understanding (MoU) required that the payment service providers were obligated to return to the Ministry the funds that remained unspent upon written instruction by the Ministry.

Contrary to the MoUs, as at 28th February 2021, the Ministry had not issued instructions to six (6) payment service providers to return amounts totalling K38,344,619 that had not been claimed by the beneficiaries, some of which had been unclaimed for up to three (3) years. See table 8.4 below.

Table 8.4: Unclaimed Funds

No.	Payment Service Provider	Amount K
1	Airtel Money	18,519,300
2	MTN Mobile Money	2,857,500
3	Natsave Bank	71,360
4	United Bank Africa	11,653,589
5	Zamtel Mobile Money	28,350
6	ZOONA Zambia	5,214,520
	Total	38,344,619

c. Disbursements of Grants to Non-Vulnerable Women

According to Annex 2 of the GEWEL Project Appraisal Document on beneficiary selection, women selected to receive grants should be identified as poor and vulnerable.

However, a scrutiny of beneficiaries paid between January 2017 and December 2020 revealed that 124 civil servants who were ineligible were paid grants in amounts totalling K325,000.

d. Overpayment of Productivity Grant

Section No. 7.8.1 of the Project Implementation Manual states that the supporting Women's Livelihood activities will include provision of a cash grant of K1,500 to each eligible

beneficiary. The grant was progressively revised to K2,500 and K2,700 during the project course as per Aide Memoire issued by World Bank.

A review of payment records revealed that 228 beneficiaries were overpaid by amounts totalling K268,350. As at 30th June 2021, the funds had not been recovered.

e. Failure to Pay Productivity Grant to Eligible Beneficiaries

A review of records and inquiries made with District Social Welfare Officers (DSWO) in selected districts revealed that 456 beneficiaries were either partially or not paid their productivity grants in amounts totalling K936,400 for various reasons such as beneficiaries not having National Registration Cards, not having phones due to losses, inactive sim cards among others. See table 8.5 below.

Table 8.5: Grants not Paid to Beneficiaries

No.	Province	No. of Beneficiaries	Amount K
1	Lusaka	15	36,450
2	Eastern	194	460,450
3	North Western	13	35,100
4	Southern	194	295,950
5	Luapula	24	64,800
6	Western	16	43,650
	Total	456	936,400

f. Questionable Procurements – Grievances Redress Manuals

According to the World Bank - Zambia Country thresholds for procurement approaches and methods require that goods below US\$100,000 are procured through Request for Quotation (RfQ) while goods more than US\$100,000 but less than US\$2,000,000 are procured through Open National Bidding.

On 30th December 2019, the Ministry direct bid and signed a contract with Chisa Enterprises Ltd for the supply of 670 Grievances Redress Mechanism Manuals, 5,000 Complaint forms and 10,000 posters at a cost of K1,921,360 which was equivalent to US\$132,507.59 (BoZ rate US\$1 – K14.50) and therefore required Open National Bidding.

Further, there was no evidence that a No Objection had been obtained from the World Bank to direct bid the supplier.

8.3.3.2 Ministry of General Education - GEWEL

a. Budget, Funding and Expenditure

During the period under review, the Ministry had a provision of US\$8,573,611 (K164,062,937) for GEWEL activities against which amounts totalling US\$7,069,345 (K142,983,344) were funded.

In addition, the Ministry had an opening bank balance of US\$807,375 (K11,130,388) bringing the total funds available to US\$8,573,611 (K164,012,937). As at 31st December 2020 a total of US\$3,865,992 (K65,533,906) had been spent leaving a balance of US\$4,707,619 (K98,479,031).

b. Low Absorption of Committed Funds

According to the Project Appraisal Document dated 22nd May 2015, the Ministry should have consumed US\$25.78 million as at 30th September 2020 which was the date of the initial project closure.

However, as at 31st December 2020, three (3) months after the planned initial closure, the Project had received amounts totalling US\$17,751,819 leaving a balance of US\$8,028,1810 undisbursed. Out of US\$17,751,819 received by the Project, US\$13,760,204 had been spent leaving a balance of US\$3,991,615.

Further, although the Ministry planned to keep 29,002 girls in school, as at 31st December 2020, only 13,514 girls were kept in school.

c. Late Disbursement of School Fees

Section 1.3 of the Project Implementation Manual requires that payments are made to Keeping Girls in School (KGS) on or before 31st March of each year.

However, amounts totalling K10,090,983 were delayed by the Project for periods ranging from one (1) to eight (8) months. See table 8.6 below.

Table 8.6: Late Disbursement of School Fees

No.	Date of Payment	Details	Amount K	Delayed
1	4/27/2020	Phase 2 -2020	8,595,736	1 months
2	5/4/2020	Phase 3 – 2020	473,982	2 months
3	6/15/2020	Phase 4 -2020	708,108	3 months
4	10/30/2020	Phase 5 – 2020	199,780	7 months
5	11/24/2020	Phase 6 – 2020	113,377	8 months
Total			10,090,983	

d. Procurement Matters

i. Development of Monitoring and Evaluation Framework and Design of Data Collection Tools

On 16th January 2018, Ministry of General Education engaged Rural Net Associates Limited for the design and development of a monitoring and evaluation framework and data collection tools for KGS at a contract sum of K324,510 inclusive of VAT at 16% with a commencement date of 29th January 2018 and an initial completion date of 30th April 2018.

As at 26th May 2020, the consultant had been paid in full. However, the product delivered by the consultant was not satisfactory to both the Ministry and the World Bank in that the developed Key Performance Indicators (KPIs) could not be analysed against KPIs uploaded in the Management Information System (MIS).

ii. Contract with Soft Clan Technologies.

On 13th June 2019, Ministry of General Education engaged Soft Clan Technologies for the Enhancement of KGS Management Information System (MIS) by designing a monitoring and evaluation framework for KGS at a contract sum of US\$213,376 (K2,941,580) exclusive of local and indirect taxes with a commencement date of 8th August 2019 and an initial completion period of 270 calendar days ending 13th February 2020 which was later extended to 20th April 2021.

Although the consultant had been paid in full, as at 31st August 2021, the enhancement of the monitoring and evaluation framework system had not been completed.

e. Unaccounted for Stores – Ministry Headquarters.

Public Stores Regulation No.16 states that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain records of the receipt and issue of such public stores.

Contrary to the regulation, seventy five (75) tonner cartridges costing K242,615 procured during the period under review were not accounted for in that there were no receipt and disposal details.

f. Wasteful Expenditure - Delayed Remittance of Pension Contributions

The Project was charged and paid penalties in amounts totalling K196,815 due to delays in remitting pension contributions to National Pension Scheme Authority (NAPSA) in amounts totalling K50,589 which had been delayed for over thirty six (36) months resulting in wasteful expenditure.

g. Low Enrolment Rate

Section 2.A of the Project Implementation Manual (Enhancing Access to Education) states that the project objectives were to allow younger girls who are entering grade eight (8) each year to benefit from the bursary support and for girls who have dropped out of school to re-join.

During the period under review, the project targeted to enrol and pay school fees for 29,002 girls captured across twenty nine (29) KGS districts located across ten (10) provinces.

However, a scrutiny of consolidated management information system statistics on the number on enrolled, completed and dropout girls in school availed for audit revealed that only 13,514 girls were enrolled and paid for the academic year 2020 representing an enrolment rate of 47%. See table 8.7 below.

Table 8.7: Analysis on number of Enrolment, Dropout and Girls who Completed

No.	PROVINCENCE	HOMEDISTRICT	DISTRICT TARGET	ENROLLED & PAID FOR	DROPOUT RATE (2020)	GRADE 12 COMPLETED	RESPONSE RATE	COMPLETION RATE
1	CENTRAL	Chisamba	274	128	29%	14	47%	11%
		Itezhi-Tezhi	1,351	456	25%	118	34%	26%
		Shibuyunji	518	230	42%	25	44%	11%
2	COPPERBELT	Lufwanyama	1,811	853	23%	258	47%	30%
		Masaiti	439	164	33%	17	37%	10%
3	EASTERN	Chadiza	200	180	17%	11	90%	6%
		Nyimba	275	141	26%	12	51%	9%
		Lusangazi	254	87	33%	13	34%	15%
		Petauke	1,137	461	33%	92	41%	20%
4	LUAPULA	Lunga	563	198	47%	46	35%	23%
		Chifunabuli	1,216	533	0%	98	44%	18%
		Samfya	1,469	743	22%	194	51%	26%
5	LUSAKA	Luangwa	1,042	653	15%	130	63%	20%
6	MUCHINGA	Shiwangandu	1,563	607	27%	127	39%	21%
		Mafinga	1,357	469	39%	94	35%	20%
7	NORTHWESTERN	Chavuma	1,239	812	14%	189	66%	23%
		Mufumbwe	1,352	521	30%	178	39%	34%
		Mwinilunga	377	217	20%	36	58%	17%
8	NORTHERN	Chilubi	1,195	996	12%	99	83%	10%
		Kasama	249	156	22%	21	63%	14%
		Mungwi	2,897	1,164	26%	278	40%	24%
9	SOUTHERN	Gwembe	1,099	555	29%	48	51%	9%
		Kalomo	932	564	27%	53	61%	9%
		Zimba	516	378	13%	43	73%	11%
		Siavonga	135	71	27%	6	53%	9%
10	WESTERN	Lukulu	1,919	603	27%	235	31%	39%
		Mitete	1,224	730	19%	150	60%	21%
		Nalolo	2,079	650	39%	183	31%	28%
		Sesheke	320	194	18%	24	61%	12%
OVERALL			29,002	13,514	25%	2,792	47%	21%

Source Data: Management Information System

An analysis of the management information system (MIS) data in table 4 above on the number of girls enrolled, drop out and those who completed school revealed that the target of 29,002 girls was not achieved in that only 13,514 girls representing 47% were kept in school. Most girls did not attend school for reasons such as Covid-19, pregnancy, maternity, no interest in school, economic reasons and other girls could not be traced during distribution of admission offer letters.

In particular, the following were observed:

i. Non School Going Girls Paid for and Maintained on KGS Database

Section 1.3 (6) of the Project Implementation Manual of 2015 requires that funds are transferred to participating secondary schools on confirmation that beneficiary girls remain enrolled and were attending school.

Contrary to the guideline, amounts totalling K13,985 were paid for twenty-four (24) girls that had dropped out of school for various reasons such as pregnancies, death and marriage. As at 31st August 2021, the girls were still maintained on the District Databases as enrolled students. See table 8.8 below.

Table 8.8: Girls Drop Out

No.	District	No of Girls	Amount K
1	Shiwangandu	15	8,420
2	Mafinga	8	5,110
3	Chilubi	1	455
	Total	24	13,985

ii. Unknown KGS Beneficiaries

Section 2.3.2 (3b) of the Project Implementation Manual of 2015 states that at the beginning of each term, the school management was required to submit confirmation to the District Education Officer certifying that the girls attended the previous school term and were enrolled in the new term.

Contrary to the guideline, amounts totalling K69,247 were paid for ninety eight (98) girls that were not known by the schools. See table 8.9 below.

Table 8.9: Unknown KGS beneficiaries

No.	District	No. of Girls	Amount K
1	Shiwangandu	55	37,175
2	Mafinga	10	9,097
3	Chilubi	27	19,015
4	Mungwi	6	3,960
	Total	98	69,247

As at 31st August 2021, the funds had not been refunded by the schools to the Project.

iii. Un-receipted School Fees

Financial Regulation No. 45 (2) and (3) requires that all payments by cheque or cash be supported by cash sale receipt and that cash sale receipts as any document which are acquitted, approved and certified by a responsible officer.

Contrary to the regulation, three (3) girls school fees paid in amounts totalling K20,357 had not been receipted and acquitted as proof of payment. See table 8.10 below.

Table 8.10: Unreceipted for School Fees

No	District	No of Girls	Amount K
1	Mafinga	1	16,247
2	Shiwangandu	2	4,110
	Total	3	20,357

iv. Underpayment of School Fees - Samfya Secondary School – Samfya District

During the period under review, the Ministry sponsored 197 girls at Samfya Secondary School of which an amount of K514,223 was invoiced for school and examinations fees.

However, the Ministry only paid K464,101 leaving a balance of K50,122 which had been outstanding for over seventeen (17) months as at 31st August 2021.

v. Poor Weekly Boarding Facilities

Section 3.1 and 3.2 of the KGS Boarding Facility Guidelines require the DEBS to improve boarding facilities and to visit all schools managed weekly boarding facilities to verify whether they meet the minimum safety and security standards and are certified as meeting the minimum safety criteria i.e. presence of a matron, oversight by school management, lockable doors and windows, presence of toilet facilities and running water. The rehabilitation works were being supervised by the Building Officers from District Education Boards Level and Parents and Teachers Associations (PTA) in various schools.

During the period under review, the Ministry disbursed amounts totalling K2,091,790 to ten (10) provinces for improvement of weekly boarding facilities in selected schools as shown in table 8.11 below.

Table 8.11: Disbursed Funds

No.	Province	No. of Schools	Amount K
1	Central	7	176,175
2	Copperbelt	8	42,412
3	Eastern	42	517,034
4	Luapula	11	201,200
5	Lusaka	10	173,813
6	Muchinga	26	285,719
7	North Western	9	82,975
8	Northern	19	115,125
9	Southern	20	289,174
10	Western	12	208,163
	Total	164	2,091,790

However, a review of the weekly boarding facility reports and physical verifications in selected schools conducted in March 2021, revealed that eleven (11) boarding facilities were in a poor state in that they lacked adequate ventilation, toilets, bathrooms, cooking shelter and clean water points.

In addition, ten (10) boarding facilities that had been rehabilitated were found to be in use without certification contrary to the provisions section 3.1 and 3.2 of the KGS Boarding Facility Guidelines. See the pictures below.



KGS boarding facilities at Katantha Primary School – Chadiza

8.3.3.3 Ministry of Gender

a. Project Budget, Funding and Expenditure

During the period under review, the Project had an annual budget of US\$260,059.94 (K5,000,000) out of which amounts totalling US\$260,059.94 (K5,000,000) were funded.

In addition, the Project had an opening bank balance of US\$3,503.11 (K42,010) bringing the total funds available to US\$263,563.05 (K5,042,010) out of which a total of US\$265,621.75 (K4,755,590) was spent leaving a balance of US\$12,035.69 (K286,420) unspent.

b. Delay in the Recruitment of a Project Coordinator

On 28th September 2020, the World Bank granted the Ministry authority to recruit a Project Coordinator to coordinate, monitor and oversee the project implementation as well as provide overall supervision in the implementation process of the programme.

However, as at 31st August 2021, eleven (11) months after the authority was granted, the Project Coordinator had not been engaged by the Ministry.

c. Failure to Avail Activity Reports

During the period under review, imprest in amounts totalling K243,493 involving fifteen (15) transactions were paid to ten (10) officers to undertake various activities such as gender-based violence reference system and mapping among others.

However, no activity reports were availed for audit as at 31st August 2021.

d. Mapping of Gender Based Violence Referral Pathways in Keeping Girls in School and Supporting Women's Livelihoods

During the year under review, amounts totalling K807,516 were spent on mapping of gender based violence and referral pathways in twelve (12) Keeping Girls in School (KGS) districts and twenty eight (28) Supporting Women's Livelihood (SWL) districts. See table 8.12 below.

Table 8.12: Mapping of GBV Activities

No.	Activity	Amount K
1	12 New KGS Districts	256,228
2	28 SWL Districts	551,288
	Total	807,516

A review of records and physical verification in various districts revealed that the activities were finalised in December 2020 by the District Sub-Committees and report data was submitted to the Ministry Headquarters.

However, as at 30th April 2021, the service directories had not been distributed to the communities by the Ministry, four (4) months after finalisation.

9 Head: 11 Zambia Police Service - Ministry of Home Affairs

9.1 Mandate

The Zambia Police Service is charged with the responsibility of providing and maintaining internal security in order to promote sustainable, social economic development in the Country.

9.2 Audit Findings

An examination of accounting and other records maintained at Zambia Police Headquarters and selected stations for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a total provision of K1,955,783,214 was made to cater for various activities against which amounts totalling K1,387,595,521 were released resulting in an under funding of K568,187,963.

Although, the Service was underfunded as at 31st December 2020, amounts totalling K1,385,946,677 had been spent leaving a balance of K1,648,844.

b. Accounting Irregularities

i. Unretired Accountable Imprest

Financial Regulation No. 96(1) requires that special and accountable imprests should be retired immediately the purpose for which they are issued has been fulfilled.

Contrary to the regulation, accountable imprest in amounts totalling K1,957,263 issued to various officers during the period under review had not been retired as at 31st August 2021.

In addition, Financial Regulation No.93 requires, that a record of the issue and retirement of all imprests should be kept in a Register of Imprests (Accounts Form 17).

However, imprest in amounts totalling K124,152 involving six (6) transactions was not recorded in the imprest register.

ii. Irregular Cash Withdrawals

Ministry of Finance Treasury and Finance Management Circular No. 1 of 2020 guided Controlling officers that no cash shall be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary's account.

Contrary to the circular, the Ministry paid amounts totalling K35,464,789 involving 568 as imprest to cater for payment of daily subsistence allowance and fuel allowances for various activities.

In addition, the imprest drawn lacked details such as date of withdrawal, beneficiary details, acquittals and activity reports.

iii. Unsupported Payments for Tuition

During the period under review, amounts totalling K116,500 were paid to twenty two (22) officers as tuition, examination fees, book and meal allowances and tuition refunds.

However, the payments were not supported by documentation such as training plan, approval for sponsorship and recoveries of the tuition advances.

c. Procurement Matters

i. Failure to Complete Projects within Contract Periods

During the period under review, the Zambia Police had five (5) on-going projects that commenced between August 2012 and December 2015.

A review of documentation availed for audit revealed that the projects had gone beyond their extended expected dates of completion which ranged from April 2020 to March 2021. Further, there was no evidence to show that the completion dates had

been extended beyond March 2021 although the projects had not been completed. See table 9.1 below.

Table 9.1: Projects not Completed within Contract Periods

No.	Contactor	Project	Year Contract awarded	New Extended Period	Contract Price K	Amount Paid K	Initial Completion Period	Amount Outstanding K
1	JM & J Traders Limited	Muyombe Police Post	13.8.2013	N/A	2,094,201	1,852,856	12.7.2015	241,345
2	Datong Construction Limited	Police Housing and Police station Serenje	28.5.2013	19/03/21	35,315,814	8,357,927	27.11.2019	26,957,887
3	Waltech Enterprise Limited	Police Housing Serenje	20.2.2014	19/03/2021	36,223,224	13,913,990	19.8.2020	22,309,234
4	Edmas General Dealers	Housing and Latrine toilets in Mongu	29.4.2014	15/12/2020	334,215	232,250	28.7.2014	101,965
5	Eldamans Business Solutions	Police Post in Lealui	25.5.2015	15/12/2020	1,110,252	450,661	24.11.2015	659,591
		Total			75,077,706	24,807,684		50,270,022

It was further observed that although the contracts had been repeatedly extended for periods of over nine (9) years, no works had been done during the periods of extensions.

ii. Construction of Palisade Fence - Failure to Claim Refund of Advance Payment

On 27th September 2013, Zambia Police Service entered into a contract with Integrity Trading Limited for the construction of a palisade fence and two (2) guard houses at Sikanze Clinic at a contract sum of K2,825,295 with a completion period of twelve (12) weeks.

In 2013, the Zambia Police Service paid an advance payment of K138,351.

However, on 18th November 2019, the contractor terminated the contract citing failure to perform his obligations under the contract. At the time of termination the project was at 40% complete. As at 31st July 2021, the final account had not been prepared and therefore it was not possible to determine if the contractor or Ministry was owed.

iii. Construction of Police Academy

On 3rd March 2014, the Ministry of Home Affairs entered into a contract with Floyven Investments Limited for the construction of the Police Academy in Luanshya at a cost of K5,709,981 with a completion period of eight (8) months.

In July 2016, the contractor claimed an amount of K1,459,374 against which Zambia Police Service paid an amount of K700,000 on 8th May 2018 leaving a balance of K845,487 unpaid.

However, as at 30th June 2021, the final account had not been prepared twenty seven (27) months after the expiry of the contract.

iv. Failure to Provide Information for Audit

Section 73 (1) of the Public Finance Management Act No. 1 of 2018 requires that the Auditor General and an Office holder, agent or specialist consultant authorised by the Auditor General, shall in the performance of duties under the Constitution or any other law have 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 the Auditor General considers necessary.

Contrary to the Act, the underlisted information that was required for the purposes of the audit in relation to the contracts in table 9.2 below were not availed as at 31st July 2021.

- Progress reports and minutes of the extensions/authorities,
- Variations –addendums for the extension
- Interim Payment Certificates (IPC).

Table 9.2: Failure to Provide Information on Contracts

No.	Project	Contractor	Year of Contract	Total Contract Sum K	Amount Paid Todate K	Amount Outstanding K	Initial Contract Completion date	Revised Completion Date
1	Liteta Police Post	Mwamona Engineering & Technical Services Ltd	2014	5,337,126	4,814,002	523,124	May 2015	10.9.2021
2	Milenge Police Post	Messrs Lamusa Company Ltd	2015	3,779,080	1,383,101	2,395,979	August 2016	31.12.2021
3	Chibombo Police Station	Zamchin Construction company Ltd	2013	115,142,940	112,106,594	3,036,346	January 2015	10.09.2020
4	Lealui Police Post	Eldermain business solutions	2014	1,110,252	965,250	145,002	March 2016	15.06.2021
5	Mununga Police Post	Reakas investments Ltd	2016	3,850,632	1,182,431	2,668,202	July 2016	31.12.2021
6	Serenje Housing Units	Walltech Enterprises Limited	2013	36,223,224	14,907,192	21,316,032	December 2015	19.03.2021
	Total			165,443,254	135,358,569	30,084,685		

v. Failure to Pay Contractors

As at 31st December 2020, amounts totalling K32,991,076 had been certified out of which amounts totalling K23,829,087 had been paid to various contractors leaving a balance of K9,161,988 which had been outstanding for periods of over eighty four (84) months as at 31st July 2021.

Consequently, a total of thirteen (13) projects had either stalled or were abandoned due to non-payments.

10 Head: 13 Ministry of Chiefs and Traditional Affairs

10.1 Mandate

The Ministry of Chiefs and Traditional Affairs is mandated to formulate policy and implement programmes on administration of chiefs' affairs, folklore and preservation of oral traditions, indigenous knowledge, promotion of traditional crafts, registration of villages, research in culture and traditional ceremonies in the country.

10.2 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and selected District Offices for the financial year ended 31st December 2020, revealed the following.

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a total provision of K127,770,185 was made to cater for various activities against which amounts totalling K123,058,320 were released, resulting in an underfunding of K4,711,855.

In addition, the Ministry had balance brought forward of K774,110 bringing the total available funds to K123,832,430 during the period under review.

Although the Ministry was underfunded, as at 31st December 2020 amounts totalling K112,558,320 had been spent leaving a balance of K11,274,110.

b. Undelivered Topographic Maps

On 2nd November 2020, the Ministry engaged Ministry of Lands and Natural Resources to print 1,504 copies of the 1958 Chiefdom Boundary and Topographic Maps at a cost of K837,487 with a delivery date of 11th November 2020.

As at 30th June 2021, the Ministry had paid the whole amount of K837,487.

However, as at 6th September 2021, only 720 chiefdom boundary maps costing K394,149 had been delivered leaving a balance of 784 chiefdom boundary maps valued at K443,338 not printed and delivered, forty four (44) weeks after the expected delivery date. See table 10.1 below.

Table 10.1: Undelivered Maps

No.	Type of Map	Quantity Ordered	Unit Price K	Quantity Received	Balance	Cost of Undelivered K
1	Map without Topographic Background	752	547	717	35	19,157
2	Map with Topographic Background	752	566	3	749	424,181
	Total	1504		720	784	443,338

c. Construction of Chiefs' Palaces

In 2014, the Government embarked on a programme to construct palaces for chiefs in order to provide decent accommodation. These palaces were meant to be institutional houses to be occupied by successive chiefs and would act as administrative centres of the chiefdoms.

Further, they were to be built alongside the palace a community museum which would serve as a depository and reference centre of each chiefdom's traditional and historical legacy.

In this regard, the Ministry through Provincial Administrations Offices awarded thirty three (33) contracts at total contract sum of K32,071,036 to several contractors for the construction of Chiefs' Palaces.

The following were observed:

i. Delayed Completion of Palaces

During the period under review, the Ministry had thirty three (33) Palaces under construction of which only fourteen (14) had been completed leaving a balance of nineteen (19) which had been delayed for periods ranging from two (2) to five (5)

years. As at 30th June 2021, the contractors were owed amounts totalling K10,666,633. See table 10.2 below.

Table 10.2: Status of Uncompleted Palaces

No.	Palace	Contractor	Contract Sum K	Amount Paid K	Amount Owed K	Expected Completion Date	Percentage Completion	Comments
1	Chief Kucheka	Bridetech Commercial Services	1,980,627	396,125	1,584,502	22.10.2018	20%	Abandoned and delayed by 2 years
2	Chief Mukupa Kaoma	Jonko Contractors & Gene	1,043,329	437,313	606,017	01.01.2018	35%	Abandoned and delayed by 3 years
3	Chief Inshindi	Terotech Construction Limited	686,393	361,154	325,239	13/03/2018	45%	Abandoned and delayed by 3 years
4	Chieftainess Mwenda	Nambala Construction & Hardware	345,001	110,634	234,366	13/07/16	50%	Abandoned and delayed by 4 years
5	Chief lukama's Palace	Nakasinde General Dealers	1,573,372	418,168	1,155,204	24/02/2019	50%	Abandoned and delayed by 2 years
6	Chieftainess Ik lengi	Rads Engeering Limited	1,574,585	314,917	1,259,668	14/04/2018	50%	Abandoned and delayed by 3 years
7	Chieftainess Kanyembo's Palace	Munick Investments Limited	2,040,155	975,358	1,064,798	2018	80%	Abandoned and delayed by 3 years
8	Chief Mukuni Ngombe	Trans Atlantic Trading Co. Limited	927,542	424,725	502,817	6/6/2018	80%	Abandoned and delayed by 3 years
9	Chief Kambo's Palace	Insoke Construction	889,125	367,691	521,434	23/10/2017	80%	Abandoned and delayed by 4 years
10	Chief Mwinuna	EL Mech Engineering (Z) Limited	993,309	669,217	324,093	23/12/2017	80%	Abandoned and delayed by 4 years
11	Chieftainess Shimukunami	Chisomark Investments Ltd	993,755	430,004	563,751	20/07/2018	80%	Abandoned and delayed by 3 years
12	Chief Mununga's Palace	Pamensa Investments Limited	1,547,056	770,782	776,274	2018	82%	Abandoned and delayed by 3 years
13	Chief Munkanta's Palace	Lamusa Enterprises	1,110,072	451,018	659,054	2018	85%	Abandoned and delayed by 3 years
14	Chief Kahare's Palace	Litec Construction Company	750,765	665,773	84,992	15.03.2017	90%	Abandoned and delayed by 5 years
15	Chief Kandala's Palace	Brother Paul Chilemu	960,567	361,068	599,499	24.10.2018	90%	Abandoned and delayed by 3 years
16	Chief Katyetye	Vichili Vikwiza Trading Limited	680,882	500,420	180,462	31.12.2017	90%	Abandoned and delayed by 5 years
17	Chief Chona's Palace	Hansen Construction	365,999	218,799	147,200	13.07.2016	95%	Abandoned and delayed by 5 years
18	Chieftainess Nkomesha's Palace	Uwabu Enterprises	615,000	556,881	58,119	18.04.2016	98%	Abandoned and delayed by 5 years
19	Chief Kambombo	MC Chew Building & General Contractors	765,835	746,690	19,145	31.12.2017	98%	Abandoned and delayed by 4 years
	Total		19,843,368	9,176,735	10,666,633			

ii. Construction of Chief Moono’s Palace – Mumbwa District

On 7th February 2018, the Provincial Administration, Central Province engaged JBD Greentech Zambia Limited for the completion of the construction of Chief Moono’s Palace of Mumbwa district at a contract price of K962,118 with a completion period of twenty (20) weeks commencing on 7th February 2018 and ending on 10th July 2018.

The scope of works included brickwork and blockwork, roofing, plumbing installation, electrical installation, and water reticulation.

The terms of the contract included the following:

- The Advance Payment (GCC 48.1) of 20% of contract price was to be paid to the Contractor no later than 28 days after the issuance of advance payment certificate;
- The Performance Security (GCC 49.1) of 30% of the contract price. A Bank Guarantee of 10% and Performance Bond of 10%; and
- Liquidated Damages (GCC 46.1) for the whole of works was to be 8% of the final contract price per day.

As at 30th June 2021, amounts totalling K370,147 had been paid to the contractor.

The following were observed:

• **Failure to Provide Performance Security**

Clause 49.1 of the General Conditions of Contract required that, a performance security be provided to the employer not later than 14 days as specified in the letter of acceptance and that it be valid until a date 28 days from the date of issue of the certificate of completion in a case of a bank guarantee, and until a year from the date of issue of the completion certificate in the case of a Performance Bond.

Contrary to the clause, the contractor did not provide the performance security as at 30th June 2021.

- **Interest on Delayed Payment – Wasteful Expenditure**

Clause 40.1 of the General Contract Conditions requires that, the Employer shall pay the Contractor the amounts certified by the Project Manager within 28 days of the date of each certificate. If the employer makes a late payment, the contractor shall be paid interest.

A review of records revealed that payment for Interim Payment Certificate No. 2 dated 1st November 2018, was delayed for a period of 595 days. Consequently, the contractor claimed interest in amounts totalling K55,304.

As at 30th June 2021, the interest component had not been paid which may result into additional interest claims.

- **Delayed Completion**

A review of records and physical verification conducted in June 2021, revealed that the construction of the palace had not been completed 156 weeks after the expected completion date. The outstanding works included window and door fittings, flooring, ceiling, electrical fittings, plumbing works and sewer system. See pictures below.



Incomplete Palace



Incomplete Sewer System

Further, as at 30th June 2021, the project had been abandoned and the contractor was not on site.

iii. Construction of Senior Chief Kopa`s Palace – Mpika District

On 8th September 2017, the Provincial Administration, Muchinga Province engaged Double Favours Contractors and General Dealers Limited to construct Senior Chief

Kopa's Palace in Mpika District at a contract price of K572,337 with a completion period of twenty two (22) weeks commencing on 15th September 2017 with a completion date of 25th February 2018.

The scope of works included brickwork and blockwork, roofing, plumbing and electrical installation and water reticulation.

The terms of the contract included the following:

- The Advance Payment (GCC 48.1) of 20% of contract price was to be paid to the Contractor no later than 28 days after the issuance of advance payment certificate;
- The Performance Security (GCC 49.1) of 30% of the contract price. A Bank Guarantee of 10% and Performance Bond of 10%; and
- Liquidated Damages (GCC 46.1) for the whole of works was to be 8% of the final contract price per day.

As at 30th June 2021, amounts totalling K481,577 had been paid to the contractor.

The following were observed;

- **Failure to Provide Securities**

Clause 49.1 the General Conditions of Contract required that, a performance security was provided to the employer no later than fourteen (14) days as specified in the letter of acceptance and that it be valid until a date twenty eight (28) days from the date of issue of the certificate of completion in a case of a bank guarantee, and until a year from the date of issue of the completion certificate in the case of a Performance Bond.

Contrary to the clause, the contractor did not provide the Performance Security as at 30th June 2021.

- **Delayed Completion**

A review of records and physical verification conducted in June 2021, revealed that the construction of the palace had not been completed 176 weeks after the expected completion date.

On 31st August 2020, the Chief's Palace was gutted by fire and was extensively damaged at which time it was at 80% complete.

According to the police report dated 2nd September 2020 from Mpika Police Station, the cause of the fire was not known. See pictures below.



Front view of burnt palace



Inside view of burnt palace

As at 30th June 2021, the cost of the damage to the house had not been estimated and the project had been abandoned by the contractor.

- **Failure to Insure the Building**

Clause 13.1 of the General Conditions of Contract required the contractor to provide, in the joint names of the employer and the contractor, insurance cover from the start date to the end date of the defects liability period.

Contrary to the clause, the building had not been insured as at the time of the accident.

- iv. **Failure to Make Budget Provision**

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, the Ministry did not make budgetary provision for the construction of thirty three (33) Chiefs' Palaces, despite the Ministry having running contracts.

- v. **Failure to Maintain Expenditure Ledgers**

Section 3(f)(g) of the Public Procurement Regulations of 2011, required that all contract management records maintained contain among others copies of all invoices for goods, works and services, including copies of cumulative payment worksheets evidencing management of all payments made.

Contrary to the regulation, the Ministry did not maintain cumulative payment worksheets (ledgers).

d. Management of the Grant Account - Payment of Personal Emolument without Approved Terms and Conditions

The Ministry maintained a Grant account whose purpose was for processing payments related to chiefs' welfare such as subsidies, retainers' wages and other related payments.

During the period under review, the account was funded K24,896,744 and had an opening balance of K774,110 bringing the total funds available to K25,670,854. As at 31st December 2020 amounts totalling K15,014,134 had been spent leaving a balance of K10,656,720.

During the year under review, a total of K597,578 was paid as long service bonus, leave travel benefits, terminal benefits to various chiefs' retainers.

However, the payments were irregular in that there were no approved terms and conditions of service stating the chiefs retainers entitlement.

11 Head: 14 Ministry of Mines and Minerals Development

11.1 Mandate

The Ministry of Mines and Minerals Development is responsible for the development and management of mineral resources in a sustainable manner for the benefit of the people of Zambia.

11.2 Audit Findings

An examination of financial and other records maintained at the Ministry headquarters for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K213,768,663 was made to cater for the operations of the Ministry against which amounts totalling K97,888,283 were released resulting in an underfunding of K115,880,380.

Although the Ministry was underfunded, as at 31st December 2020, amounts totalling K97,567,812 had been spent leaving a balance of K320,469.

b. Operational Matters

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

Section 77 (1) (2) of the Mines and Minerals Development Act No. 11 of 2015 provides that a holder of a mining right or mineral processing license should pay to the Republic an annual area charge of such amount as may be prescribed, or as may be calculated in the manner prescribed by the Minister. The annual area charge referred to in subsection (1) should be payable on the grant of the mining or mineral processing license, and thereafter annually on the anniversary thereof until the termination of the mining right or mineral processing license.

As at 31st December 2020, 688 mining right holders owed the Ministry amounts totalling K20,675,454 in respect of annual area charges.

However, it was observed that as at 31st August 2021, the Ministry had only collected amounts totalling K13,138,140 leaving a balance of K7,537,314.

Further, the Ministry did not maintain a debtors age analysis.

ii. Non Existence of Mining Appeals Tribunal

Section 98 (i) of the Mines and Minerals Development Act No. 11 of 2015 requires the Ministry to establish a Mining Appeals Tribunal. The Tribunal has jurisdiction among others to inquire into and make awards and decisions in any dispute relating to exploration, gold panning and mining.

However, as 30th June 2021, the Ministry had not established the Mining Appeals Tribunal.

c. Accounting Irregularities

i. Irregular Payment of Sitting Allowance

Section 6 of the Mining and Minerals Act No. 11 of 2015 provides for the creation of a Mining Licensing Committee whose members are appointed by the Minister.

During the period under review, amounts totalling K211,200 were paid to twenty five (25) officers as sitting allowances for the Mining Licensing Committee meetings.

However, the payment of sitting allowances to the officers was irregular as they did not have appointment letters from the Minister.

ii. Failure to withhold Value Added Tax (VAT)

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

Contrary to the circular, the Ministry did not withhold VAT in amounts totalling K19,442 on a payment made for the procurement of conference services.

d. Management of Liabilities – Failure to settle Outstanding Commitments

As at 31st December 2020, the Ministry owed amounts of K495,913 and €55,000 in respect of Recurrent Departmental Charges and advertising. The debt had accumulated from as far back as 2014. See table 11.1 below.

Table 11.1: Failure to Settle Outstanding Commitments

No.	Details	Outstanding Amounts K	Outstanding Amounts €
1	In Focus - Advertising	-	55,000
2	Recurrent Departmental Charges	495,913	
	Total	495,913	55,000

There was no clear explanation from management on how they would settle the outstanding arrears.

12 Head 14: Ministry of Mines and Minerals Development

The Zambia Mining Environmental Remediation and Improvement Project

12.1 Establishment

The Zambia Mining Environmental Remediation and Improvement Project (ZMERIP) was established on 30th November 2017 following the signing of a US\$65.6 million Loan Agreement between the Government and the International Development Association (IDA) on 29th May 2017. The duration of the project was five (5) years ending on 30th June 2022 and was implemented by the Ministry of Mines and Minerals Development.

The Project objective was to reduce environmental health risks in local populations associated with the mining sector in critically polluted areas of Chingola, Kitwe, Mufulira and Kabwe and improve capacity of key institutions for risk management.

The project was composed of four (4) components as follows:

- i. Component 1: Remediation of Contaminated Hotspots and Improvement of Environmental Infrastructure (US\$29.6 million) – Kabwe and Copperbelt Areas;
- ii. Component 2: Enhancing Institutional Capacity to Strengthen Environmental Governance and Compliance (US\$13.5 million);
- iii. Component 3: Reducing Environmental Health Risks through Localized Interventions (US\$18.5 million); and
- iv. Component 4: Project Management, Monitoring and Evaluation (US\$4 million).

a. Governance

A Project Steering Committee (PSC) comprising the following members coordinated the ZMERIP Project:

- i. The Permanent Secretary- Ministry of Mines and Minerals Development (Chairperson);
- ii. The Permanent Secretary- Ministry of Finance - Economic Management and Finance;
- iii. The Permanent Secretary- Ministry of Health -Technical Services;
- iv. The Permanent Secretary- Ministry of Local Government;
- v. The Permanent Secretary- Ministry of Tourism and Arts;

- vi. The Permanent Secretary- Ministry of Water Development, Sanitation and Environmental Protection;
- vii. The Director General- Zambia Environmental Management Agency (ZEMA);
- viii. The Chief Executive Officer- Zambia Consolidated Copper Mines Investment Holdings (ZCCM-IH); and
- ix. The Town Clerk- Kabwe Municipal Council.

b. Management

The administration of the Project was the responsibility of the Project Coordinator who heads the Project Coordinating Unit (PCU) established under the Ministry of Mines and Mineral Development. The Project Coordinator who was assisted by supporting staff that include the Project Accountant, Procurement Specialist, Environmental and Social Safeguards Specialists and Project Management Specialist. The PCU team was appointed by the Permanent Secretary under the Ministry of Mines and Mineral Development on two (2) years renewable contracts.

c. Source of Funds

The project was financed by a loan of US\$65.6 million obtained from the International Development Association (IDA).

12.2 Audit Findings

An examination of accounting and other records at the Project Coordination Unit and Project Implementation Units and physical verifications of selected project sites revealed the following.

a. Budget, Funding and Expenditure

A provision of US\$17,019,513 (K293,450,805) was made to cater for the operations of the Project in the financial year ended 31st December 2020 against which amounts totalling US\$9,710,738 (K157,866,366) were funded resulting in an underfunding of US\$7,308,775 (K135,584,439) as shown in table 12.1 below.

Table 12.1: Budget, Funding and Expenditure

No.	Implementing Unit	Amount Budgeted		Amount Released		Underfunding	
		K	US\$	K	US\$	K	US\$
1	Project Coordinating Unit	127,805,953	7,721,036	104,445,196	6,309,762	(23,360,757)	(1,411,274)
2	Zambia Environmental Management Agency	48,827,154	3,133,920	28,011,067	1,797,862	(20,816,087)	(1,336,058)
3	Kabwe Municipal Council	116,817,698	6,164,557	25,410,103	1,603,114	(91,407,595)	(4,561,443)
	Total	293,450,805	17,019,513	157,866,366	9,710,738	(135,584,439)	(7,308,775)

As at 31st December 2020, amounts totalling K81,153,956 (US\$5,359,419.55) had been spent.

b. Weaknesses in Managing Contracts - Construction of Solar Powered Boreholes - Failure to Recover the Advance Payments

On 20th January 2020, ZMERIP through Kabwe Municipal Council (KMC) engaged SMR Construction Limited for purposes of siting, drilling and installation of thirteen (13) solar powered system boreholes at selected hotspot schools in Kabwe District at a contract sum of K2,762,962,954 inclusive of WHT and VAT. The duration of the contract was nine (9) weeks commencing on 11th February 2020 on which date the advance payment of K690,738 was made for mobilisation upon submission of the Advance Payment Bond that was to expire on 27th December 2020.

Due to delays in submitting a satisfactory Environmental and Social Management Plan (ESMP) by the contractor, the contract duration expired on 20th March 2020 before works could commence. As such, the contractor was required to pay back the advance payment.

However, as at 30th June 2021 only K174,438 had been recovered leaving a balance of K516,300. Furthermore, the payment bond had expired.

c. Accounting Irregularities

i. Unsupported Payments

Financial Regulation Nos. 45 and 52 require that all payments by cheque or cash for goods, services and works should be supported by cash sale receipts and that

vouchers relating to purchases be supported by an official order and the supplier's invoices.

Contrary to the regulations, five (5) payments in amounts totalling K33,062 processed during the period under review were not supported with documentation such as receipts, reports and fuel statements. See table 12.2 below.

Table 12.2: Unsupported Payments

No.	Implementing Agency	No. of Transactions	Amount K
1	Project Coordinating Unit	1	2,947
2	Kabwe Municipal Council	4	30,115
		5	33,062

ii. Failure to Remit Taxes

Tax in amounts totalling US\$11,121.88 deducted from two (2) consultants (SMEC International PTY Limited and Mine Reclamation Corporation) had not been remitted to ZRA as at 30th June 2021.

d. Weaknesses in Managing Project Assets - Failure to avail Assets for Verification

Clause 4.3.1.4 of the Project Implementation Manual requires that a register for fixed assets be maintained by accounts officers for the purpose of accountability of assets. The asset register particulars should include dates of asset purchase and disposal, description, purchase price, location, user, and code/serial number which should be inscribed on the asset for identification purposes.

Two (2) desktop computers and three (3) power backup system batteries costing K166,894 procured in April 2020 were not availed for audit.

13 Head: 17 Ministry of Foreign Affairs

13.1 Mandate

The Ministry of Foreign Affairs is mandated to formulate and administer Zambia's Foreign Policy.

13.2 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimate of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K1,543,874,531 was made to cater for the operations of the Ministry against which amounts totalling K1,263,275,368 were released resulting in an underfunding of K280,599,163.

Although the Ministry was underfunded, as at 31st December 2020, amounts totalling K1,211,721,125 had been spent leaving a balance of K51,554,243.

b. Payroll and Staff Related Matters

i. Failure to Redeploy Recalled Diplomats

During the period under review, eight (8) diplomats who had been recalled from various missions had not been redeployed.

As at 31st August 2021, the recalled diplomats had received salaries in amounts totalling K706,921.

ii. Lack of Authorities for Starters and Leavers

Financial Regulation No. 77 provides that where an employee is transferred and the transfer involves change of pay office, the employee's pay record should be made up to date and transferred to the employee's new pay office.

A review of the payroll revealed that an officer who had been paid amounts totalling K315,158 left the Ministry over a period of twelve (12) months.

However although, it was established that the officer was erroneously put on the Ministry's payroll by PSMD and was subsequently removed from the payroll on 31st

October 2020, there was no letter of transfer availed for the removal of the officer on the payroll.

iii. Irregular Payment of Housing Allowance

Foreign Service Regulations and Conditions of Service No. 51 (i) states that officers other than the Head of Mission/Station, shall be provided with unfurnished Government or rented accommodation.

An appointment letter to the officers sent to the foreign missions states that an Officer will continue to receive a home salary which will be subject to taxation at the rate current in Zambia.

Contrary to the regulation, nine (9) officers based in nine (9) missions were irregularly paid housing allowances in Zambia in amounts totalling K69,352 as at 30th June 2021, despite the Ministry paying for their accommodation in the respective missions.

c. Infrastructure Development

i. Mortgage Finance Lease – Delayed Completion of Works

In Paragraph 18 of the Report of the Auditor General on the Accounts of the Republic for the financial year ended 31st December 2019, mention was made on the delayed commencement of projects in that only seven (7) missions had formally signed contracts for the acquisition or rehabilitation of mission properties, while four (4) missions were still addressing tender procedures as at 31st August 2020, which was twenty (20) months after the Ministry had disbursed a sum of US\$16,488,967.

In the report of the Public Accounts Committee on the Report of the Auditor General on the accounts of the Republic for the financial year ended 31st December 2019, the Committee expressed displeasure at the inordinate delay in the construction, rehabilitation and procurement of properties in various Zambian Missions Abroad. The Committee was particularly unhappy that, for a long time, the state of infrastructure in Missions Abroad has been very poor. It was, therefore, surprising that the implementation of the projects had been delayed, when a mortgage financing facility had been secured for that purpose. In this regard, the Committee urged the Controlling Officer to ensure that robust mechanisms were put in place to ensure full implementation of all the

infrastructure projects as planned. The Committee would await for a progress report on the matter.

A review of the Project Status Report dated 3rd June 2021 revealed that the situation had not changed as indicated in table 13.1 below.

Table 13.1: Project Status

No.	Mission	Project	Contractor	Date Of Signing	Duration	Expected Date of Completion	Contract Sum US\$	Status
1	Harare	Rehabilitation works on the Chancery	Reliance Construction	19.02.2020	20 Weeks	19.07.2020	477,673	Works are in progress waiting for certification
2	Harare	Rehabilitation works of four (4) residential houses	Reliance Construction	19.02.2020	24 Weeks	19.07.2020	872,240	Works are in progress waiting for certification
3	Maputo	Rehabilitation works on the Chancery and associated external works	Edma Construcoes	12.04.2019	6 months	01.06.2020	659,799	70% works done, yet to be certified
4	Windhoek	Rehabilitation works on the Chancery building	Sanli Construction	02.07.2020	6 months	01.08.2020	534,369	Works not certified/rehabilitation works are in progress
5	Windhoek	Rehabilitation works on three (3) staff houses	Sanli Construction	02.07.2020	6 months	01.08.2020	480,093	Works not certified/rehabilitation works are in progress
6	Addis Ababa	Construction of Chancery building	TNT Construction and Trading	12.11.2020	18 Months	01.06.2022	5,211,753	27.55% Done
7	Abuja	Rehabilitation of the four storey chancery and associated works	Seth James	20.06.2019	1 month and 2 weeks	01.08.2019	660,842	There was no report indicating the completion stage and the total payments to date made to the contractor..
8	Washington	Rehabilitation of Chancery	Shal Builders	15.08.2019	12 months	01.09.2020	2,547,629	Works done are standing at 18.62%
9	Geneva	Procurement of Chancery	Bagnoud Delatena Notaires	19.12.19	N/A	N/A	2,746,694	Outright purchase and Ambassador has taken residence
10	New York	Rehabilitation of the Chancery						No information such as tender documents or contract were availed for audit.
11	New Delhi	Consultancy work for demolition and preparation of designs, BoQs, bidding documents and supervision of construction	Aadharshila Dessigns Pvt Ltd	28.12.2020	7 days	05.01.2021	189,526	Although Designs had been completed, the construction works had not commenced thirty (30) months after the funds had been disbursed.

ii. Over Commitment of Funds

During the period under review, six (6) foreign missions entered into contracts with total sums of US\$11,408,397 against which the Ministry disbursed amounts totalling

US\$6,470,511 resulting in over commitment of US\$4,937,886 as shown in table 13.2 below.

Table 13.2: Contracts above Disbursed Amounts

No.	Mission	Contract Sum US\$	Amount Allocated and Disbursed US\$	Shortfall US\$	Date Disbursed	Date Contract Signed
1	Washington	2,547,629	1,333,306	- 1,214,323	03.01.19	15.08.19
2	Addis Ababa	5,211,753	2,471,026	- 2,740,726	03.01.19	11.12.20
3	Harare	1,304,913	468,943	- 835,970	04.01.19	19.02.20
4	Abuja	660,842	618,268	- 42,573	04.01.19	20.06.19
5	Maputo	659,799	618,268	- 41,531	04.01.19	04.12.19
6	Windhoek	1,023,462	960,698	- 62,764	04.01.19	10.02.20
	Total	11,408,397	6,470,511	- 4,937,886		

iii. Proposed Construction of the Conference Hall

In Paragraph 18 of the Report of the Auditor General on the Accounts of the Republic for the financial year ended 31st December 2019, mention was made of the Chinese Government donation to the Ministry of Foreign Affairs for the construction of a conference hall, of which an amount of K2,598,418 (two million RMB) was received from the Chinese Government and the balance of K1,180,207 was to be funded by the Government of the Republic of Zambia.

In their Report for the Fifth Session of the Twelfth National Assembly, the Public Accounts Committee expressed extreme disappointment that a project which was to be implemented with donor funds could not be implemented urgently. The Committee also expressed concern that this undue delay had a potential to undermine donor confidence in the country. Therefore, the Committee urged the Controlling Officer to ensure that the contractor was re-engaged and have the project implemented without delay.

A review of the situation on 19th January 2021 revealed that the contractor had requested for a payment of K588,098 for the design, clearance, fencing and ground breaking ceremony. However, although the contractor was demanding for the claim there was no final account availed for audit to determine the basis of the claim.

As at 30th June 2021, the contract had expired and no new contractor had been engaged three (3) years after receiving the funds from China.

d. Failure to Settle Obligations

As at 31st August 2021, the Ministry owed amounts totalling K1,293,843 in respect of staff obligations, capital obligations and suppliers of goods and services some of which had been outstanding for over two years. See table 13.3 below.

Table 13.3: Outstanding Bills

No.	Details	Outstanding Amounts K
1	Personal Emoluments	755,837
2	Capital Projects	12,332
3	Other RDCs	525,674
	Total	1,293,843

14 Head: 19 Disaster Management and Mitigation Unit

14.1 Mandate

The Disaster Management and Mitigation Unit (DMMU) is mandated to implement all disaster management programs and activities in the Country.

14.2 Audit Findings

An examination of accounting and other records maintained at the Unit's Headquarters and selected stations for the period under review revealed the following.

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a total provision of K480,064,845 was made (including a supplementary provision of K450,000,000) to cater for operations of the Unit, against which amounts totalling K326,773,285 were released resulting in underfunding of K153,291,560.

As at 31st December 2020, amounts totalling K326,773,285 had been spent.

b. Maize Uplifts, Processing and Relief Mealie Meal Distribution - Pembe Millers Limited - Failure to Deliver Mealie Meal

During 2019 and 2020, the Unit entered into four (4) contracts with millers for the milling, packing and branding of relief maize and ancillary services.

The conditions of the contracts included:

- The DMMU should avail maize to the Miller in units of 100 Metric tonnes (MT) of white maize Grade 'A';
- The miller should mill/grind 70% or 70MT of each 100MT consignment, the produce of which was to be availed to DMMU;
- The output of mealie meal should be at the rate of not less than 4,480 x 12.5 kg bags of super meal or which is of the quality which is better than roller meal but not too fine as breakfast;
- The miller should retain 30% or 30MT of each 100MT availed to it. This should constitute payment for milling, packaging, branding and transportation;
- The maize bran which is a second product extracted from the maize was to be availed to DMMU; and
- Maize bran was agreed to be extracted at the rate of 20% thereby producing at least 560 x 25kg per 70MT.

On 30th August 2019, DMMU and Pembe Millers Limited signed a contract for the milling, packing and branding of relief maize and ancillary services with a delivery period of eight (8) months. Pembe Milling received 26,900 MT of maize of which it was expected to deliver a total of 1,276,598 x12.5kg bags of mealie meal to eight (8) provinces.

A scrutiny of records maintained at the Provincial DMMU offices revealed that out of 1,276,598 x12.5kg bags of mealie meal, 1,273,678 x 12.5kgs bags had been delivered by the miller leaving a balance of 2,920 x 12.5kg bags undelivered as at 31st August 2021, which was sixteen (16) months after the expiry of the contract.

c. Unaccounted for Materials – Lunga District- Northern Province

Public Stores Regulation No. 16 requires that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain record of the receipt and issues of such public stores.

Contrary to the regulation, various relief materials costing K518,202 were unaccounted for in that there were no receipt and disposal details.

d. Construction of the Infectious Disease Quarantine, Control and Treatment Centre

In December 2014, the DMMU engaged the Ministry of Home Affairs on a labour-based contract to construct a Centre for Infectious Disease Quarantine, Control and Treatment at an estimated cost of K24,347,000. The works commenced on 12th December 2014 and were expected to be completed within ninety (90) days.

However, as at 30th June 2021, six (6) years after the expected completion date, the project had not been completed and was at 85% completion.

Further, as at 30th June 2021, amounts totalling K27,847,000 had been spent which were above the estimated cost by K3,500,000 due to price escalation as a result of delay in completion.

At the time of the audit in June 2021, the project had stalled and there was no estimated cost to completion.

e. Project Implementing Partners (PIPs) – Failure to Pay for Relief Materials

The distribution of relief food to beneficiaries was done through project implementing partners (PIPs) engaged by the respective DMMU Provincial Offices.

However, a review of records in selected provinces revealed that DMMU was owing Project Implementing Partners amounts totalling K1,400,140 for the distribution of relief materials as at 31st December 2020. The amounts had not been paid and had been outstanding for periods of over thirteen (13) months. See table 14.1 below.

Table 14.1: Outstanding Arrears

No.	Details	Details	Amounts K
1	PIP's for Southern	Distribution of Reliefs	578,400
2	PIP's for Eastern	Distribution of Reliefs	145,600
3	PIP's for Western	Distribution of Reliefs	456,040
4	PIP's for North Western	Distribution of Reliefs	220,100
	Total		1,400,140

15 Head: 21 Loans and Investments - Ministry of Finance

15.1 Mandate

The Ministry of Finance (MoF) derives its mandate from Part X of the Constitution of Zambia and is charged with the responsibility of economic management to foster sustainable national development. It is also guided by statutory and portfolio functions as stipulated in the Government Gazette Notice No. 836 of 2016.

15.2 Audit Findings

An examination of accounting and other records for the financial year ended 31st December 2020 at the Ministry of Finance (Loans and Investments) revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a total provision of K20,077,316,892 was made to cater for programmes under Ministry of Finance (Loans and Investments) against which amounts totalling K12,295,427,131 were released resulting in an under funding of K7,781,889,761.

As at 31st December 2020, amounts totalling K12,295,427,131 had been spent.

b. Failure to Pay Subscriptions and Contributions to International Organisations

During the period under review, the Ministry was supposed to pay subscriptions in amounts totalling K289,252,676 to thirty one (31) international organisations. However, the Ministry only paid thirteen (13) organisations amounts totalling K259,038,706 leaving a balance of

K30,213,970 for eighteen (18) international organisations outstanding as at 31st December 2020.

Some of the organisations not paid included Common Market for East and Southern Africa (K13,380,435), United Nation Children Emergency Fund (K848,724), and Africa Technical and Capacity Building (K1,312,500).

c. Unsupported Payments – Dismantling of Arrears

Financial Regulation Nos. 45 and 52 require that all payments by cheque or cash for goods, services and works should be supported by cash sale receipts and that vouchers relating to purchases be supported by an official order and the supplier’s invoices.

Contrary to the regulations, payments relating to dismantling of arrears in amounts totalling K25,000,000 involving two (2) transactions processed by the Ministry during the period under review were not supported with documents such as contracts, interim payment certificates, invoices, statements of account, delivery notes and goods received vouchers.

d. Wasteful Expenditure - Contract between Food Reserve Agency and Advanced African Solutions ADAS

On 18th May 2018, the Food Reserve Agency (FRA) and Advanced African Solutions (ADAS), a company incorporated in the Republic of Mauritius, entered into a contract for the designing, building and rehabilitation of ninety eight (98) grain storage sheds at a contract price of US\$73,000,000.

Terms and conditions of the contract included upfront payment of 25% (US\$18,250,000) of the Contract price payable as follows:

- US\$7,000,000 payable on or before 30th June 2018 on providing of a payment security
- The balance of the upfront payment (US\$11,250,000) and the further payment of US\$3,165,642 pursuant to variation Order No 1, were to be paid from a supplementary budget that was to be procured by the Ministry of Agriculture during the 2018 fiscal year.

Clause 22.4 of the contract stipulates that if the contracting authority fails to comply with clause 20 (Payments) causing a late or partial payment to the contractor which persists for a continuous period of not less than four (4) weeks, the contracting authority shall be liable to pay a penalty until such time that full payment is made, which penalty shall not be capped.

Further, the contract required interest to be payable on the advance payment of US\$18,250,000 and the variation order No.1 amounting to US\$3,165,642.

However, the Government failed to pay the advance payment by 30th June 2018 as required by the contract. As a result, between 1st August 2018 and 30th June 2020, the Ministry of Finance through FRA incurred a total of US\$115,498,000 in penalties.

On 30th December 2020, the parties settled for a negotiated penalty sum of US\$52,000,000 (K1,123,200,000). The negotiated penalties plus advance payments and variations translated into US\$73,415,624 (K1,537,694,738) as at 15th February 2021.

As at 28th May 2021, the contractor had been paid amounts totalling US\$41,424,365 (K856,500,000) leaving a balance of US\$41,423,365 (K681,194,739).

In this regard, the payment of interest and penalties on the advance payment was wasteful.

e. Wasteful expenditure – Curzon Global Limited

On 2nd March 2017, the High Court awarded Curzon Global Limited a default judgment of US\$4,602,792.58 against the Attorney General. This was in a matter in which Curzon Global Limited sued the Ministry of Defence through the Attorney General, for outstanding debt the Ministry owed the company pertaining to the supply of various clothing and equipment.

In this regard, the Treasury settled the debt in eight (8) instalments between 6th March 2020 and 19th June 2021.

However, due to delay in paying the adjudged amount of US\$4,602,792.58, the Attorney General incurred interest in amounts totalling US\$1,430,215.31 between 2nd March 2017 and 19th June 2021 out of which US\$500,650.46 had been paid leaving a balance of US\$929,564.85.

In this regard, the payment of interest was wasteful.

16 Head: 30 Zambia Correctional Service
Prisons and Reformatory Unit

16.1 Mandate

The Zambia Correctional Service is mandated to manage, regulate and ensure the security of Prisons and Correctional Facilities and inmates.

16.2 Audit Findings

An examination of accounting and other records for the Zambia Correctional Service (the Service) carried out at the Headquarters, Regional Offices and selected Correctional Facilities revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the year ended 31st December 2020, a provision of K63,962,883 was made to cater for operations of the Service against which amounts totalling K57,353,520 were released resulting in an under funding of K6,609,363.

As at 31st December 2020, amounts totalling K57,156,094 had been spent leaving a balance of K197,426.

b. Management of Assets

i. Failure to Secure Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018, requires Controlling Officers to ensure that all public properties under their charge are secured with title deeds.

Contrary to the Act, title deeds for parcels of land on which thirty five (35) office buildings and farms were located had not been secured as at 31st August 2021.

ii. Failure to Maintain Government Property – Nyimba Correctional Facility

A physical inspection of the office block for Nyimba Correctional Facility carried out in April 2021 revealed that the offices were in a dilapidated state. The roof of the office block was not properly secured and as a result objects were placed on top of the roof to prevent iron sheets from being blown off by wind. Further, the ceiling board had also fallen off. See pictures below.



Heavy Objects on Top of the Roof



Office with a fallen ceiling board

iii. Unpaid Insurance Claim- Headquarters

In 2019 and 2020, three (3) motor vehicles (Reg. Nos. PS 2013B – K80,000, PS 2022B – K105,000 and PS 2138B – K442,321) were involved in road traffic accidents. See pictures below.



Vehicle Reg. No. PS2013B



Vehicle Reg. - PS 2022B



Vehicle Reg. No. PS 2138B

The vehicles were comprehensively insured at the time of accidents. In this regard, between October 2019 and December 2020, the Service claimed for compensation from an insurance company.

However, as at 31st August 2021, the Service had not been compensated.

c. Management of Liabilities - Outstanding Bills - Copperbelt Province

A review of records revealed that the Regional Office and Correctional Facilities in the province accrued debts in amounts totalling K10,903,183 in respect of utility bills, postal services, food rations and allowances, some dating as far back as 2011.

17 Head: 30 Zambia Correctional Service

Prisons and Reformatory Unit

Animal Husbandry and Management

Industrial Workshops

17.1 Mandate

The Zambia Correctional Service is mandated to manage, regulate and ensure the security of Prisons and Correctional Facilities and inmates.

17.2 Audit Findings

An examination of accounting and other records for the Zambia Correctional Service (the Service) carried out at the Headquarters, Regional Offices and selected Correctional Facilities revealed the following:

a. Income and Expenditure

During the period under review, income in amounts totalling K18,803,125 was generated from Prisons Industrial Revolving Fund (PIRF) activities such as sale of farm produce, animals and furniture.

In addition, amounts totalling K806,540 were brought forward from the previous year bringing the total funds available to K19,609,665. As at 31st December 2020, amounts totalling K16,944,326 had been spent leaving a balance of K2,665,339. See table 17.1 below.

Table 17.1: Income and Expenditure

No.	Region	Opening Balance K	Income K	Total K	Expenditure K	Closing Balance K
1	Central	77,265	4,996,124	5,073,388	5,031,359	42,029
2	Copperbelt	30,410	4,438,607	4,469,018	2,334,559	2,134,459
3	Eastern	32,453	2,847,878	2,880,331	2,862,818	17,512
4	Luapula	6,321	1,199,361	1,205,682	1,183,135	22,547
5	Lusaka	96,443	936,474	1,032,917	892,218	140,699
6	Muchinga	374,800	1,338,567	1,713,367	1,662,622	50,745
7	Northern	36,765	1,176,231	1,212,996	1,159,160	53,836
8	North Western	43,099	930,406	973,505	939,759	33,746
9	Southern	69,637	468,518	538,156	415,550	122,605
10	Western	39,346	470,960	510,306	463,147	47,159
	Total	806,540	18,803,125	19,609,665	16,944,326	2,665,339

b. Failure to withhold Value Added Tax – Kalonga Milling

The Value Added Tax (VAT) Amendment Act No. 12 of 2017 and Treasury and Financial Management Circular No. 6 of 2017, directed all institutions which were appointed as tax agents to withhold and remit VAT from payments to suppliers of goods and services to the Zambia Revenue Authority (ZRA).

Contrary to the Act and Circular, the Zambia Correctional Service paid various suppliers without withholding VAT in amounts totalling K6,926. See table 17.2 below.

Table 17.2: Failure to Withhold VAT

No.	Province	Station	No. of Trans	Amount K
1	Central	Mwembeshi Maximum	18	5,059
		Mwembeshi Open Air	2	469
2	Lusaka	Lusaka Central	6	1,398
	Total		26	6,926

18 Head: 33 Ministry of Commerce, Trade and Industry

18.1 Mandate

The Ministry is responsible for formulating and administering policies as well as regulating activities in the trade and industrial sectors in order to enhance the sector's contribution to sustainable social economic growth and development for the benefit of the people of Zambia.

18.2 Audit Findings

An examination of accounting and other records at the Ministry of Commerce, Trade and Industry Headquarters revealed the following:

a. Budget, Funding and Expenditure

In the Estimate of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K1,270,856,739 was made to cater for operations at the Ministry against which amounts totalling K479,531,422 were released resulting in underfunding of K791,325,317. See table 18.1 below.

Table 18.1: Budget, Funding and Expenditure

No.	Funder	Approved Estimates K	Amounts Funded K	Total Expenditure K	Under Funding K	Unutilised Funds K
1	GRZ	810,131,363	379,242,407	377,817,354	430,888,956	1,425,053
2	Projects and Donor	460,725,376	100,289,015	100,264,846	360,436,361	24,169
Total		1,270,856,739	479,531,422	478,082,200	791,325,317	1,449,222

Although the Ministry was underfunded, as at 31st December 2020, amounts totalling K478,082,200 had been spent leaving a balance of K1,449,222.

b. Accounting Irregularity - Questionable Claims of Subsistence Allowances

During the period under review, amounts totalling K73,166 were paid to eight (8) officers as refunds for using their personal money on payment of visas and subsistence allowances for travelling abroad.

However, the payments were questionable in that the copies of the authority to travel abroad availed for audit were dated as far back as 2014 in respect of six (6) officers while authority for two (2) officers were not availed. In addition, the claim forms submitted for payment were prepared in 2020 which was over six (6) years after the purported travels.

Further, there was no authority from the Controlling Officer to authorise the use of personal funds.

c. Fleet Management – Unaccounted for Usage of Motor Vehicle – GRZ 679CE

The Ministry owned a Land Cruiser motor vehicle registration No. GRZ 679CE. A review of records revealed that on 11th July 2018, the motor vehicle was involved in an accident of which a claim was made with ZSIC General Insurance.

In a letter dated 8th July 2019, ZSIC General Insurance informed the Permanent Secretary that quotations that the vehicle was beyond economic repair were only availed in February 2020, nineteen (19) months after the accident and ZSIC stated that the claim could not be processed as twelve (12) months had elapsed. Further, ZSIC indicated that attempts were made to inspect the vehicle but the location was not availed.

A review of correspondence and request to inspect the motor vehicle during the audit in June 2020 and July 2021, revealed that the motor vehicle was missing as there was no record of its whereabouts.

On 9th July 2020 and 22nd December 2020, the Permanent Secretary, wrote to the transport officer to furnish his office on the whereabouts of the vehicle of which there was no response.

Following the issuance of the Interim Management Letter dated 22nd July 2021, the Controller of Government Transport in a letter dated 25th August 2021, indicated that GRZ 679CE Toyota Landcruiser was finally handed over to the Ministry. In another letter dated 27th August 2021, the Controller of Government Transport indicated that the vehicle was collected from the Ministry in 2019, to repair and allocate to emergency state duties under the Ministry of works and supply.

However, the action was questionable in that the Ministry was not aware that Controller of Government Transport had collected the vehicle and also the fact the Ministry had made claims that the vehicle was not economically repairable. Further, Controller of Government Transport did not avail the log books to show the usage of the vehicle and how the vehicle was repaired.

d. Management of Payroll and Staff related Matters - Outstanding Staff Debt

During the period under review, the Ministry owed staff amounts totalling K499,558 in respect of terminal benefits, repatriation allowances and leave travel benefits some of which had been outstanding from as far back as 2017. See table 18.2 below.

Table 18.2: Outstanding Staff Debt

No.	Details	No. of cases	Amount Outstanding K
1	Terminal Leave Benefits	8	247,158
2	Repatriation Allowances	14	78,400
3	Leave Travel Benefits	56	174,000
	Total	78	499,558

e. Delayed Removal of Separated Officer from the Payroll

Public Service Management Division (PSMD) Circular No. B1 of 2019 stipulates 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.

However, an officer who resigned from the public service on 22nd June 2020 was not removed from the payroll and was subsequently paid K13,096 before being removed from the payroll. As at 31st July 2021, the salaries had not been recovered.

f. Misplacement of Officers on the Payroll

Cabinet Office Circular No. 13 of 2019, stipulates that Controlling Officers should ensure that all employees under their respective Ministries, Provinces and Agencies are placed in their designated duty stations as directed by a Service Commission or a responsible officer by 30th September 2019.

However, a review of the Ministry payroll and staff returns revealed that ten (10) officers who were not serving at the Ministry drew salaries in amounts totalling K655,529 during the period under review. As at 31st August 2021, the officers were still appearing on the Ministry's payroll.

19 Head 37: Ministry of Finance – Integrated Financial Management Information System and Treasury Single Account

19.1 Mandate

The Ministry of Finance is charged with the responsibility of economic management to foster sustainable national development.

19.2 Background

a. Integrated Financial Management Information Systems

This is an Integrated Financial Management Information System (IFMIS) which was used for administration of financial transactions in the Ministries Provinces and Agencies. The system had twelve (12) modules which included:

- i. General Ledger;
- ii. Accounts Payable;
- iii. Accounts Receivable;
- iv. Cash Management;
- v. Material Management;
- vi. Funds Management;
- vii. Asset Accounting;
- viii. Fleet Management;
- ix. Project Accounting;
- x. Loan Management;
- xi. Audit; and
- xii. Business Planning and Consolidation.

As at 31st July 2021, the system had been rolled out to fifty nine (59) Ministries Provinces and Agencies (MPAs) out of sixty two (62) MPAs in the Country.

b. Treasury Single Account (TSA)

Treasury Single Account (TSA) was a business solution that was used for facilitating of payments on IFMIS. It was a unified structure of bank accounts that gave a consolidated position of cash resources. The solution was implemented in January 2015 in order to ensure that there was efficiency and effectiveness in the processing of GRZ transactions.

c. Management

IFMIS administration and operations were divided into the business and technical side. The business side was managed through the IFMIS Business Unit under the Office of the Accountant General. The Unit was headed by Director Financial Reporting and Information Systems.

The technical side was managed through the ICT directorate at Ministry of Finance as well as Smart Zambia Institute.

19.3 Audit Findings

A review of the IFMIS system and other records maintained at Ministry of Finance for the financial years ended 31st December 2017 to 2020 revealed the following:

a. Failure to Fully Implement the Treasury Single Account (TSA)

According to Treasury Management Circular No 5 of 2015 (2.1) the implementation of Treasury Single Account was supposed to be concluded and rolled out to all MPAs by 30th December 2015.

However, as at 31st July 2021, the Ministry had three (3) sites where TSA had not been implemented out of the 62 sites. Consequently, funding to the three (3) institutions as well as processing of payments were done manually.

b. Failure to Configure Interface between IFMIS and RTGS

International Business Machines Message Queuing (IBM MQ) client is middleware that allows an application running on a system to issue Message Queue Interface (MQI) that allows two systems to interface.

The Zambian Interbank Payment and Settlement System (ZIPSS) is also known as the Real-time Gross Settlement (RTGS) system. ZIPSS is managed and operated by Bank of Zambia in its capacity as settlement provider. TSA uses IBM MQ to queue messages from the IFMIS system to ZIPSS system at the Bank of Zambia.

However, from February 2018 when the IFMIS crashed, the IBM MQ system has not been operational as such IFMIS was communicating with ZIPSS through a shared gateway folder on the TSA Server.

In this regard, it was not possible to have automated reconciliations of settled transactions and further, there was no feedback to MPAs through IFMIS on all payments that had cleared at Bank of Zambia.

c. Non-Functional SMS Notification System

On 13th November 2017, the Ministry of Finance engaged Probase Solutions to supply and implement a short message service (SMS) gateway for the Treasury Single Account (TSA) at a contract sum of K71,804. The short messaging solution was meant to inform beneficiaries on IFMIS of the settlement of transactions.

On 18th September 2018, the Ministry had paid the supplier the full contract sum of K71,804. However, as at 31st July 2021, the solution had not been operationalised as no SMS notifications were being sent to beneficiaries.

d. Unauthorised Excess Expenditure - Ministry of Chiefs and Traditional Affairs

The IFMIS System used the Funds Management (FM) module for budget planning, execution and monitoring the availability of funds. Funding for budget execution was made against specific budgets lines against which payments were made, this control was to ensure that payments did not exceed budgeted and funded amounts.

For payments such as advances which were not part of the appropriated budget for a given period, the system used non-fund items to effect the payments.

It was however observed that, amounts totalling K610,916 in respect of the Ministry of Chiefs and Traditional Affairs for the period January to December 2019 were made in excess of the authorised and funded amount of K61,431,860. The payments were made using non fund items thereby circumventing the budget commitment controls in IFMIS.

e. Weaknesses in the Implementation of IFMIS

• Failure to Utilise Fleet Management Module

As at 31st July 2021, of the twelve (12) implemented and configured modules, the MPAs were not utilising the fleet management module.

In this regard, the Government continued implementing manual process in fleet management.

- **Implementation of the Funds Management Module - Budgets Prepared Outside IFMIS**

The Funds Management module in SAP comprised budget planning and budget execution processes. The budget planning process covered annual budgeting, Medium Term Expenditure Framework (MTEF) and funding profiling while the budget execution process covered budget release, budget control and accounting.

A review of the budgeting process revealed that the Ministry of Finance prepared budgets outside IFMIS using Microsoft Access and manually uploaded them in IFMIS for onward execution. This exposed the budgeted figures in the yellow book to manipulation and error.

In particular, a comparison of the Appropriation Act No 18 of 2019 and uploaded budget in IFMIS showed some discrepancies as shown in table 19.1 below.

Table 19.1: Variance between Appropriation Act and IFMIS

Head	Institution	Appropriation Act K	IFMIS K	Variance K
65	Ministry of Higher Education			
	University Education	2,029,110,450	2,029,111,450	(1,000)
	Skills Development	244,054,264	244,053,264	1,000
	Science, Technology and Innovation	95,254,429	95,254,250	179
	Management and Support Services	38,870,257	38,870,436	(179)
80	Ministry of General Education			
	Early Childhood Education	11,189,445	12,187,031	(997,586)
	Primary Education	6,997,985,538	6,998,176,760	(191,222)
	Secondary Education	2,239,700,565	2,233,181,353	6,519,212
	Youth and Adult Literacy	583,286	663,194	(79,908)
	Management and Support Services	853,531,393	858,781,895	(5,250,502)

As a result, it was not possible to implement system controls to ensure accountability and integrity of the budget execution process.

f. IFMIS Enhancements and Interfaces

On 26th October 2017, the Ministry of Finance engaged a Joint Venture between NOVABASE Business Solutions, Smart Networks and Seidor (Joint Venture) to migrate and

interface IFMIS and P MEC, enhance the functionalities and interface IFMIS with external systems such as Electronic Government Procurement System (e-GP) and Tax On Line. The contract sum was US\$1,622,157 excluding VAT with an expected completion period of nine (9) months.

As at 31st July 2021, the consultant had been paid a total of US\$1,139,575 (K13,651,381) representing 70% of the contract sum.

However, as at 31st August 2021, the interfaces between IFMIS, P MEC and e-GP had not been implemented and the contract had expired on 26th July 2018.

g. Procurement and Implementation of the e-GP System

On 22nd May 2015, the Ministry of Finance engaged a Joint Venture between European Dynamics Luxembourg SA and European Dynamics UK Limited to supply, deliver and implement an e-Government Procurement (e-GP) system with associated hardware and enhance the Zambia Public Procurement Authority website at a contract sum of US\$2,269,856.61.

The scope of works was as shown in the table 19.2 below.

Table 19.2: Scope of Works

a. Design and Develop an e-Procurement System with the following functions:
- Centralised Registration
- E-Bidding
- Framework Agreements
- Contract Management
b. Interface with following systems
- IFMIS
- e-Pacra
- Tax Online
c. Construction of Data Centre
- Supply of Cooling Systems
- Supply of Servers and Associated Software
- Supply of Biometric Access Controls
- Supply of CCTV Systems

As at 31st July 2021, the contractor had been paid a total amount of US\$2,120,977.62 (K21,768,742) leaving a balance of US\$148,878.99 representing 93.44 % of the contract sum.

The following were however observed:

- **Failure to Utilise e-GP System**

A review of the system revealed that out of the sixty three (63) MPAs on the system, twenty one (21) were not using the system twenty four (24) months after being added on the system.

- **Failure to Integrate IFMIS with e-GP**

According to clause 1.1.1.15 of Appendix 1 of the Technical requirements of the contract, the e-Procurement System should be able to integrate/interface with the IFMIS (Integrated Financial Management System).

However, a review of the system revealed that the consultant delivered the system which was not able to interface with the IFMIS. As a result, the e-GP system was unable to confirm budgetary commitments and was unable to raise a single Local Purchase Orders (LPOs) without generating a similar order in IFMIS.

- **Failure to Provide for Business Continuity**

According to COBIT DSS04, Manage Continuity, an organisation should establish, maintain a plan to enable the business and Information Communication Technology (ICT) to respond to incidents and disruptions. This is in order to continue operation of critical business processes and required IT services and maintain availability of information at a level acceptable to the enterprise.

However, a review of e-GP infrastructure revealed that there was no infrastructure to provide for business continuity in the event of disruption of the e-GP system.

In addition, a review of the Disaster Recovery and Business Continuity Plan (DRBCP) for IFMIS, PMEC and TSA revealed that the plan had not been reviewed to reflect the current business processes.

h. Lack of Offsite Backup

According to COBIT DSS04.07 - Manage Backup Arrangements, an institution should define requirements for onsite and offsite storage of backup data that meet the business requirements.

A review of the backup arrangements at Ministry of Finance revealed that the Ministry had an Avamu data domain system as a backup solution for IFMIS and PMEC to backup both the databases and the applications.

However, the Ministry did not have an offsite backup. In this regard, in the event of a disaster such as a fire at the data centre, the situation could result in a complete loss of the backup solution.

i. Lack of Insurance Cover for PMEC and IFMIS Hardware Equipment

Best practice requires that an organization obtains insurance cover for its valuable assets. The Ministry of Finance had not insured the PMEC and IFMIS equipment as at 31st August 2021.

20 Head: 45 Ministry of Community Development and Social Services

20.1 Mandate

The Ministry of Community Development and Social Services is mandated to provide and facilitate for the provision of equitable social protection services to communities in order to contribute to sustainable human development.

20.2 Audit Findings

An examination of accounting and other records at the Ministry Headquarters and selected stations for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a total provision of K1,859,753,476 was made to cater for the operations of the Ministry against which amounts totalling K1,209,849,346 were released resulting in underfunding of K649,904,130.

As at 31st December 2020, the Ministry had spent amounts totalling K1,209,849,346.

b. Food Security Pack

The Food Security Pack (FSP) Programme targets the vulnerable but viable farming households and provides them with inputs to ensure household food security and nutrition at household and community level.

The beneficiaries are required to pay back 10% of their produce in kind which promotes communities' food security grain banks. Once collected the district offices are empowered to sell and deposit the funds in the recovery accounts and the funds are applied on empowering vulnerable households

In this regard, in the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a total provision of K160,483,000 was made to cater for Food Security Pack (FSP) activities against which amounts totalling K150,000,000 were released resulting in underfunding of K10,483,000.

As at 31st December 2020, the Ministry had spent the whole amount on FSP inputs K144,593,500 and administration K5,406,082.

The following were observed.

i. Failure to Fully Implement the Food Security Pack

The Food Security Pack programme consists of three (3) major components namely; Wetland Cropping, Rain Fed Cropping and Alternative Livelihood Interventions (ALI).

However, as at 31st August 2021, the Ministry had not fully implemented the programme in that Wetland Cropping and Alternative Livelihood Interventions (ALI) were last allocated funds in the year 2014.

ii. FSP – Supply of Inputs in 2020/2021 Farming Season

During the 2020/2021 farming season, the Ministry entered into five (5) contracts for the supply and delivery of farming inputs to one hundred and sixteen (116) districts at a total contract sum of K117,028,510. See table 20.1 below.

Table 20.1: Contract with Suppliers

No.	Contractor / Supplier	Contract Date	Details	Contract Sum K	Amount Invoiced K	Amount Paid K
1	Zambezi Ranching & Cropping Limited	16.08.2020	White Maize	11,438,000	11,438,000	11,438,000
2	Zambezi Ranching & Cropping Limited	11.08.2020	Beans and groundnuts	5,942,350	5,942,350	5,942,350
3	Stewards Globe Ltd	11.08.2020	Cowpeas seed	416,956	416,956	416,956
4	Nyimba Investments Ltd	11.08.2020	Fertiliser	98,703,954	98,703,954	98,703,954
5	ZAMSEED	11.08.2020	Sorghum Seed	527,250	527,250	527,250
	Total			117,028,510	117,028,510	117,028,510

The Ministry used limited bidding in the engagement of suppliers citing reasons such as the commodity was of a specialised nature, limited suppliers on the market and the sourcing inputs within the shortest possible period of time.

In particular, the following were observed.

- **Undelivered Farming Inputs - Zambezi Ranching and Cropping Limited**

As at 31st August 2021, inputs costing K19,627 comprising maize and groundnuts seeds had not been delivered to two (2) districts by Zambezi Ranching and Cropping and no action had been taken against the supplier. See table 20.2 below.

Table 20.2: Undelivered Farming Inputs

No.	District	Undelivered Farming Inputs	Amount K	Period Delayed
1	Shan'gombo	10 X 5kg Maize	2,127	10 months
2	Mbala	100 X 5kgs Beans	17,500	10 months
		Total (K)	19,627	

- **Late Delivery of Farming Inputs**

The Contracts required the supplier to deliver farming inputs to the districts within four (4) to six (6) weeks.

However, a review of the delivery notes revealed that farming inputs costing K4,039,835 were delivered to thirty four (34) districts between 17th September 2020 and 3rd December 2020 resulting in late delivery of periods ranging from two (2) to eight (8) weeks. See table 20.3 below.

Table 20.3: Late Delivery of Inputs

No.	Contractor / Supplier	Details	Cost of Delayed Inputs K	Contract Date	Period Delayed
1	Zambezi Ranching & Cropping Limited	White Maize seed	2,073,240	16.08.2020	2 - 5 weeks
2	Zambezi Ranching & Cropping Limited	Beans and Groundnuts seed	1,249,250	11.08.2020	2 - 5 weeks
3	Stewards Globe Ltd	Cowpeas seed	318,845	11.08.2020	3 - 5 weeks
4	Zambia Seed Company	Sorghum seed	166,500	11.08.2020	2 - 8 weeks
5	Zambia Seed Company	Maize seed	232,000	11.08.2020	2 - 8 weeks
	Total		4,039,835		

- **Delivery of Damaged Fertilizer – Nyimba Investments Limited**

A review of the records revealed that forty two (42) bags of fertilisers costing K40,573 delivered at three (3) districts were damaged. As at 31st August 2021, the bags had not been replaced by the supplier. See table 20.4 below.

Table 20.4: Damaged Fertilisers

No.	Date	Type	Quantity	Unit Price K	Amount K	District
1	25/08/2020	Urea	9x50Kg	967.29	8,706	Lunga
2	25/08/2020	D-Compound	3X50Kg	967.29	2,902	Lunga
3	25/09/2020	Urea	22x 50Kg	960.34	21,127	Mpika
4	-	D-Compound	7x50Kg	979.65	6,858	Kasempa
5	-	Urea	1x50Kg	979.65	980	Kasempa
		Total			40,573	

- **Supply of Seeds- Solwezi District**

An examination of records and physical verification of five (5) Community Welfare Assistant Committees (CWACs) revealed that 200 x 5 kg bags of beans seed costing K35,000 and 100 x 5 kg bags of groundnuts seed costing K17,500 distributed to beneficiaries in Solwezi district did not germinate.

As at 30th June 2021, there was no report indicating the cause of the non germination and no action had been taken against the supplier.

iii. Inspections of Food Security Pack Programme in the Districts

An examination of records and physical verifications conducted in selected districts revealed the following:

- **Irregular Collection of Recoveries - Nchelenge District**

FSP Guidelines (2019) states that beneficiaries are obliged to contribute part of their harvest or equivalent to the Satellite Committees or CWACs who are

supervised by the Area Food Security Committees as a way of promoting and encouraging food banks development and market at community level. Paybacks were to be collected after beneficiary farmers had harvested, starting from May to October.

Contrary to the guidelines, 386 beneficiaries were made to pay K250 each as advance recovery of the ten (10) percent before collecting of their inputs. In this regard, a total amount of K96,500 was collected by Nchelenge DCDO.

In addition, the basis of the payment of K250 was questionable in that the beneficiaries are required to pay back 10% of their produce or cash equivalent.

- **Unaccounted for Funds - Nchelenge DCDO**

Financial Regulation No. 129 (1) states that collectors of revenue are required to bring to account daily the whole amount of their collection.

Contrary to the regulation, amounts totalling K42,500 were unaccounted for in that, the funds were neither deposited in the bank nor was cash found at hand.

In addition, on 19th March 2020, an amount of K12,480 was withdrawn from Mungwi Food Security Pack Recoveries account without an approved project proposal. As at 31st July 2021, neither the proposal nor the expenditure records had been submitted for audit.

- **Delayed Banking - Nchelenge District**

Financial Regulation No. 121(1) requires that all Government revenues collected be deposited by the following working day.

It was however, observed that during the period under review there were delays in banking of revenue in amounts totalling K54,000 for a period of over six (6) months.

- **Under Collection of Agricultural Produce**

Section No. 2.2.2 of the Food Security Pack (FSP) Guidelines (2019) stipulates that benefitting farmers are expected to pay back part or 10 percent equivalent of their produce to be deposited in a community storage facility. This is in line with the consideration that inputs initially given to farmers are a conditional grant and

the conditions need to be adhered to. The paybacks or recoveries can also be received in the form of cash or produce.

A review of the 2019/2020 Farming Season Recovery Reports revealed that 4,002 beneficiaries from various sub centres in thirteen (13) stations with expected recovery amount of K950,870 paid back K519,849 leaving a balance of K431,022 unrecovered as at 30th June 2021. See table 20.5 below.

Table 20.5: Under Collection of Agricultural Produce

No.	Station	No. of Beneficiaries	Expected Amount to be Recovered K	Amount Recovered K	Uncollected Balance K
1	Mpongwe DCDO	300	85,100	26,743	58,357
2	Masaiti DCDO	300	83,000	40,480	42,520
3	Mwense DCDO	300	89,500	47,744	41,756
4	Chienge DCDO	300	81,000	76,750	4,250
5	Samfya DCDO	300	79,500	4,400	75,100
6	Kawambwa DCDO	365	96,120	57,504	38,617
7	Luanshya DCDO	310	86,800	63,704	23,096
8	Mufulira DCDO	310	68,200	62,100	6,100
9	Kitwe DCDO	310	62,000	53,800	8,200
10	Lusaka DCDO	297	90,150	35,200	54,950
11	Chirundu DCDO	300	60,000	15,730	44,270
12	Kafue DCDO	300	54,000	24,094	29,906
13	Kalomo DCDO	310	15,500	11,600	3,900
	Total	4,002	950,870	519,849	431,022

In addition, Chinsali, Mafinga and Kanchibiya Districts did not collect the 10% agricultural produce recovery from the beneficiaries who had received farming inputs in amounts totalling K3,130,241.

Further, the Food Security Pack Guideline No. 3.1.1. requires that the funds in the Food Security Pack Account should strictly be used by the satellites or CWACs for food security enhancing activities or equivalent (such as rearing of small livestock, draft power, bee keeping, fish farming, gardening or horticulture, shops for agriculture input supply or for out grower schemes, among other things).

Contrary to the guideline, the recovered funds were not reinvested in the programme.

- **Unacquitted for Inputs**

A review of the beneficiary register at four (4) stations revealed that, farming inputs costing K1,949,838 were issued to three hundred and five (305) beneficiaries.

However, the inputs had not been acquitted for by the beneficiaries. See table 20.6 below.

Table 20.6: Unacquitted for Inputs

No.	Station	No. of Beneficiaries	Total Value K
1	Mufulira DCDO	10	21,661
2	Chirundu DCDO	221	501,626
3	Masaiti	23	1,273,404
4	Kanchibiya	51	174,808
	Total	305	1,949,838

- **Unaccounted for Inputs**

Public Stores Regulation No.16 requires that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain record of the receipt and issue of such public stores.

Contrary to the regulation, 23,965 kg of inputs costing K491,805 were unaccounted for at seven (7) stations as they were neither distributed nor found in the warehouse as at 31st August 2021. See table 20.7 below.

Table 20.7: Unaccounted for Input

No.	District	Description of Input	Unit Weight Kg	Quantity	Total Kg	Total Cost K
1	Nakonde	Maize seed	10	95	950	34,200
		Groundnut seed	5	58	290	10,150
		Kabulangeti Beans	5	74	370	12,950
		Compound D	50	190	9,500	191,615
		Urea	50	95	4,750	95,808
2	Solwezi	Compound D	50	2	100	1,910
		Urea	50	1	50	955
		Maize Seed	10	1	10	360
		Beans	5	1	5	175
		Groundnuts	5	1	5	175
3	Kasama	Compound D	50	4	200	4,000
		Urea	50	2	100	2,000
		Maize Seed	10	50	500	14,040
		Beans	5	11	55	1,925
		Groundnuts	5	40	200	7,000
4	Mporokoso	Compound D	50	40	2,000	26,935
		Urea	50	40	2,000	26,935
		Groundnuts	5	20	100	3,500
		Maize Seed	10	20	200	7,200
		Groundnuts	5	20	100	3,500
5	Mungwi	Compound D	50	14	700	9,244
		Urea	50	7	350	9,244
		Groundnuts	5	7	35	1,225
		Maize Seed	10	7	70	2,520
6	Nsama	Compound D	50	15	750	15,135
		Urea	50	7	350	1,450
		Beans	5	40	200	7,000
7	Sinda	Cowpeas	5	5	25	654
	Total				23,965	491,805

- **Unapproved Beneficiaries**

A scrutiny of food security pack beneficiary register revealed that forty two (42) recipients who acquitted for farming inputs costing K181,456 were not on the approved list of beneficiaries for the 2020/2021 farming season.

As at 31st August 2021, the inputs had not been recovered from the individuals. See table 20.8 below.

Table 20.8: Unapproved Beneficiaries

No.	District	No. of Individuals	Amount K
1	Mbala	14	62,784
2	Kitwe	28	118,671
	Total	42	181,456

- **Inputs Collected Twice by Same Beneficiary – Chinsali District**

During the period under review, inputs costing K3,484 were irregularly issued to a beneficiary who had already received a similar pack. As at 31st August 2021, the packs had not been recovered.

- **Beneficiaries with Duplicate National Registration Cards – Chinsali District**

During the period under review, inputs costing K6,969 were issued to two (2) beneficiaries who had the same National Registration Card number.

c. Accounting Irregularities

i. Missing Payment Vouchers – Nakonde District

Financial Regulation No. 65 (1) states that payment vouchers with supporting documents, and any other forms which support a charge entered in the accounts, should be filed, secured against loss, and be readily available for audit.

Contrary to the regulation, two (2) payment vouchers in amounts totalling K20,980 were not availed for audit.

ii. Irregular Use of Accountable Imprest – Nakonde District

Financial Regulation No. 86 (c) defines accountable imprest as imprest 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 K31,819 were issued to two (2) officers to procure goods and services whose values could be ascertained and procured directly from suppliers.

iii. Failure to Follow Procurement Procedures – Chadiza District

Section 108 (2) of the Public Procurement Act No. 12 of 2008 states that the Procurement Unit should include sufficient bidders in a short lists of bidders to ensure efficient competition, but in any case should obtain no less than three quotations.

Contrary to the Act, the Department of Social Welfare engaged two (2) transporters to ferry farming inputs to various sub centres within the district at a cost of K28,008 without obtaining three (3) quotations. See table 20.9 below.

Table 20.9: Failure to Follow Tender Procedures

No.	Date	Payee	Amount K
1	30.01.2020	El-Shaddai Groceries & General Dealers	6,000
2	15.09.2020	El-Shaddai Groceries & General Dealers	6,947
3	02.12.2020	Chiosi Contractors	15,062
		Total	28,009

d. Recurrent Departmental Charges

i. Outstanding Bills

A review of records maintained at the Ministry revealed that as at 31st August 2021 the Ministry had accrued bills amounting to K101,761 in respect of waste disposal, newspapers, telephone handset among others which had been outstanding for periods of over thirteen (13) months.

Included in the outstanding bills was an amount of K10,000 which was owed to Golden vocals (Choir) which had been outstanding since 2018 and had no supporting evidence of provision of services to the Ministry.

ii. Lack of Title Deed

Public Finance Management Act No. 1 of 2018 (4) states 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 Ministry had not secured title deeds for parcels of land on which the headquarter office block was located as at 30th June 2021.

e. Staff Related Matters - Unauthorized Staff on Payroll

A comparison of payroll from PMEC and the 2020 Establishment Register at the Ministry Headquarters revealed that the Ministry had an establishment of 248 positions while filled up positions on the payroll ranged from 288 to 294 during the period under review resulting into excess staff on the payroll who were paid amounts totalling K3,050,235.

f. Self Help Initiative Program

The main objective of the Community Self Help Program was to promote and facilitate effective implementation of Livelihood and Empowerment services through delivery of community initiated projects.

During the period under review, the Ministry had a provision of K903,000 out of which amounts totalling K902,996 were released to cater for Self Help activities. As at 31st December 2020 the whole amount had been spent.

In this regard, four (4) community Self Help projects were funded and the following were observed.

i. Failure to Provide Expenditure Returns for the Project

Although the Ministry disbursed a total of K675,732 to three (3) projects under Self Help Initiative, no expenditure returns in respect of amounts totalling K542,880 were availed for audit. See table 20.10 below.

Table 20.10: Stations that did not Submit Expenditure Returns

No.	District	Name of Project	Type of Project	Funds Released K	Expenditure Returns K	Expenditure Without Returns K
1	Lunga	Unga Community Lodge	Construction of Community Managed Lodge	352,997	-	352,997
2	Kafue	Chifwema Group Housing Project	Construction of 12 Housing Units	212,735	51,000	79,883
3	Nalolo	Muoyo Community Hall	Construction of Multipurpose / Community Hall	110,000	-	110,000
Total				675,732		542,880

ii. Lack of Self Help Initiative Guidelines

An enquiry made regarding guidelines for Self Help Initiative revealed that the Ministry did not have approved guidelines in place. Therefore, it was not possible to establish the ownership of the assets developed and how the implementation of the projects would be conducted.

21 Head: 45 Ministry of Community Development and Social Services

Social Cash Transfer

21.1 Background

The Government through the Ministry of Community Development and Social Services has been implementing the Social Cash Transfer Scheme (SCT) in all the districts across the country with the objective of reducing extreme poverty and vulnerability at household level.

According to Chapter 1.2.1 of the social cash transfer guidelines, the major objective of the programme was to contribute towards reduction in extreme poverty and the intergenerational transfer of poverty. Further, the programme aimed to contribute towards the increase in the number of households having a second meal per day and promote household food security.

The beneficiaries were in two (2) categories namely; the vulnerable and the disabled who received K180 or K360 per payment cycle respectively.

In this regard, the beneficiaries were entitled to social cash payments every two (2) months to assist in poverty alleviation

During the year under review, the Ministry had a total of 616,464 (able bodies - 554,753 and disabled – 61,711) Social Cash Transfer beneficiaries.

21.2 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and selected districts for the financial year ended 31st December 2020, revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a total provision of K1,601,833,065 was made to cater for implementation of Social Cash Transfer Programmes against which amounts totalling K849,641,252 were released resulting in an underfunding of K752,191,813.

In addition, a balance of K10,958,151 was brought forward from 2019 bringing the total available funds to K860,599,403. See table 21.1 below.

Table 21.1: Budget, Funding and Expenditure

No.	Details	Approved Estimates K	Supplementary K	Total Provision K	Release K
1	Social Cash Transfer (GRZ)	699,494,400	320,000,000	1,019,494,400	267,302,587
2	Social Cash Transfer (Donor)	582,338,665	-	582,338,665	582,338,665
3	Balance B/F @ 1st January 2020	-	-	-	10,958,151
Total		1,281,833,065	320,000,000	1,601,833,065	860,599,403

Although the Ministry was underfunded, as at 31st December 2020 amounts totalling K729,694,008 had been spent leaving a balance of K130,905,395 (GRZ – K11,250,763 and Donors - K119,654,632).

As at 31st July 2021, no satisfactory explanation was provided in respect of the failure to fully disburse the funds.

b. Information and Communication Technology Systems- Failure to Disburse due to System Failure

In August 2020, the Management Information System for Nkeyema District Social Welfare Office crashed and data for 1,139 beneficiaries was lost. Consequently, as at 31st July 2021, nine (9) months after the system crashed the affected beneficiaries had not received their benefits.

In this regard, K437,760 was still in the transfer account maintained at the district.

c. Failure to Disburse Programme Funds

During the year under review, out of the 616,464 beneficiaries 251,478 were not paid their full entitlements in amounts totalling K86,151,000 as the Ministry did not disburse the funds despite the funds being available. See table 21.2 below.

Table 21.2: Unpaid Social Cash Transfer Beneficiaries

No.	Province	No. of Beneficiaries	No. of Unpaid Beneficiaries	Amount K
1	Copperbelt	47,265	31,197	11,352,300
2	Lusaka	43,675	27,888	10,155,600
3	Muchinga	36,054	17,369	5,772,000
4	Northern	61,451	11,995	3,883,800
5	Eastern	84,187	32,697	10,747,800
6	North Western	42,323	14,912	4,928,400
7	Central	44,686	20,031	6,829,200
8	Luapula	93,613	26,384	9,097,800
9	Western	80,709	40,050	13,986,900
10	Southern	82,501	28,955	9,397,200
	Total	616,464	251,478	86,151,000

d. Accounting Irregularities

i. Delayed Banking

Section 5.4 (h) and (i) of the Social Cash Transfer Guidelines of 2018 requires that all uncollected transfers should be deposited back into the transfers account at the bank and that the Pay Point Managers (PPMs) should retire the cash within a period of one month.

There were delays in banking of cash in amounts totalling K17,060 for periods ranging from 1 to 360 days contrary to the guidelines. See table 21.3 below.

Table 21.3: Delayed Banking

No.	Station	Amount K	Delay (Days)
1	Kawambwa DSWO	7,740	1 to 360
2	Mongu DSWO	900	1 to 262
3	Kaoma DSWO	900	1 to 230
4	Senanga DSWO	7,340	1 to 217
5	Nkeyema DSWO	180	1 to 166
	Total	17,060	

ii. Unaccounted for Remittances

Financial Regulation No. 65 (1) requires that payment vouchers with supporting documents and any other forms which support a charge entered in the accounts should be filed, secured against loss and be readily available for audit.

A review of records at the Ministry Headquarters revealed that amounts totalling K34,214,901 were disbursed to ten (10) stations.

However, an examination of bank statements at the ten (10) stations revealed that amounts totalling K23,971,247 were received resulting in unaccounted for remittances of K10,243,654. See table 21.4 below.

Table 21.4: Unaccounted for Remittances

No.	Station	Amount as per Funding Details from HQ K	Amounts Received K	Unaccounted for Remittances K
1	Mongu DSWO	6,361,780	3,545,380	2,816,400
2	Mwandi DSWO	2,408,732	814,420	1,594,312
3	Sioma DSWO	3,393,750	2,225,970	1,167,780
4	Senanga DSWO	5,254,028	3,093,442	2,160,586
5	Kaoma DSWO	3,854,783	2,627,686	1,227,097
6	Nkeyema DSWO	3,250,145	2,042,424	1,207,721
7	Lusaka PSWO	209,400	194,400	15,000
8	Lusaka DSWO	5,888,900	5,873,900	15,000
9	Chirundu DSWO	1,980,414	1,955,664	24,750
10	Kafue DSWO	1,612,969	1,597,961	15,009
	Totals	34,214,901	23,971,247	10,243,654

iii. Unacquitted Funds

Section 5.4 of the Social Cash Transfer Guidelines of June 2018 stipulates that funds are expected to be retired to the DSWO by submitting the signed acquittal sheets and bank deposit slips for any funds that were uncollected by the beneficiaries.

Contrary to the guideline, amounts totalling K193,274 meant to pay beneficiaries were unacquitted and neither cash was found on hand nor deposit slips availed for audit as at 31st August 2021. See table 21.5 below.

Table 21.5: Unacquitted Funds

No.	Station	Funds Unacquitted K
1	Mufumbwe DSWO	5,400
2	Kasempa DSWO	80,894
3	Nchelenge DSWO	900
4	Namwala DSWO	3,300
5	Kawambwa-DSWO	99,720
6	Mungwi DSWO	3,060
	Total	193,274

iv. Irregular Withdraw of Cash

Ministry of Finance Treasury and Finance Management Circular No. 1 of 2020 guided Controlling Officers that no cash should be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary's account.

Contrary to the circular, amounts totalling K534,844 were paid to sixteen (16) officers as imprest to cater for payment of daily subsistence allowance and fuel for various activities. See table 21.6 below.

Table 21.6: Cash Irregularly Withdrawn

No.	Station	No. of Officers	Amount K
1	Nkeyema DSWO	3	87,750
2	Kaoma DSWO	4	93,200
3	Kasama DSWO	6	77,540
4	Mbala DSWO	3	276,354
	Total	16	534,844

v. Failure to Disburse Funds to Beneficiaries – Kalumbila

A scrutiny of records revealed that amounts totalling K2,010,600 were received by Kalumbila DSWO in North Western Province out of which amounts totalling K1,822,040 were paid out leaving a balance K188,560 meant for 1,094 beneficiaries undisbursed as at 31st August 2021.

vi. Duplicate Payment of Transfer Amounts- Mazabuka

Section 6.3.3.1 of the Social Cash Transfer Implementation Guideline requires that if a beneficiary shares the same National Registration Card (NRC) numbers with another beneficiary, such a matter should be reported to the DSWO for verification to identify legitimate beneficiaries and remove those that are not eligible for the programme. Further, such names of beneficiaries who are ineligible should be submitted to the Ministry Headquarters for archiving.

Contrary to the guideline, three (3) beneficiaries who were entitled to be paid amounts totalling K3,960 were instead paid K7,920 due to duplication of names and National Registration Card (NRC) numbers, resulting in an overpayment of K3,960.

As at 31st August 2021, the anomalies had not been corrected.

vii. Payment to Beneficiaries without NRCs

Section B of Chapter 3 of the Social Cash Transfer guidelines requires that when a household member does not possess a NRC he/she should have a sworn affidavit as long as their deputy recipient has the NRC in order to be eligible for SCT programme.

Contrary to the guidelines, amounts totalling K20,160 were paid to fifty four (54) beneficiaries who did not have NRCs of either the beneficiary or their deputies. See table 21.7 below.

Table 21.7: Payment to Beneficiaries without NRCs

No	Station	No. of Beneficiaries	Amount K
1	Mongu -DSWO	15	4,860
2	Kaoma - DSWO	9	4,680
3	Lusaka DSWO	30	10,620
	Total	54	20,160

In addition, amounts totalling K42,240 were paid to seventeen (17) beneficiaries in Choma District whose NRCs were not valid as they did not exist in the National Registration System.

As at 31st August 2021, no action had been taken to rectify the anomaly.

viii. Disbursements Acquitted by Persons not on the Payment List

Section 6.4.3 of Social Cash Transfer Guideline of 2018 states that the payment list is a schedule of verified beneficiaries with amounts due to them and a provision for the household head, deputy or main recipient to sign upon receiving the payment. The list serves as an instruction to the Pay Point Manager to pay the beneficiaries on the list.

Contrary to the guideline, payments to 242 beneficiaries in amounts totalling K49,780 were acquitted by persons who were not on the payment list. See table 21.8 below.

Table 21.8: Payments Acquitted by Persons not on the Payment List

No.	Station	No. of Transactions	Amount K
1	Choma DSWO	16	3,240
2	Namwala DWSO	11	2,160
3	Kasama DSWO	61	11,800
4	Mporokoso DSWO	18	5,760
5	Lusaka DSWO	21	4,680
6	Chirundu DSWO	91	16,560
7	Kafue DSWO	24	5,580
	Total	242	49,780

ix. Payments Not Supported by Disability Cards or Certificates – Nakonde District

Section A of Chapter 4, Paragraph 1 of the Guidelines states that those households expected to receive under the component of disability should be able to produce a

disability card from Zambia Agency for Persons with Disabilities (ZAPD) or a medical certificate to verify their disability.

Contrary to the Guidelines, amounts totalling K1,033,560 paid to 1,474 beneficiaries under the disability component who did not have disability cards from ZAPD or medical certificates. See table 21.9 below.

Table 21.9: Payment to Beneficiaries without Disability/ Medical Certificate

No	Station	No. of Beneficiaries	Amount K
1	Mansa DSWO	12	2,520
2	Mongu -DSWO	15	4,860
3	Senanga - DSWO	1,397	1,005,840
4	Nkeyema - DSWO	11	5,040
5	Kaoma - DSWO	9	4,680
6	Lusaka DSWO	30	10,620
	Total	1,474	1,033,560

x. Unaccounted for Funds - Nsama District

During the period under review, amounts totalling K102,060 were drawn by two (2) officers at Nsama District Social Welfare Office.

However, the purpose of the funds drawn was not known in that there were no payment vouchers and the withdrawals were not recorded in the cash book. As at 31st July 2021, the funds had not been accounted for.

xi. Unretired Accountable Imprest

Financial Regulation No. 96 (1) requires that special and accountable imprest should be retired immediately the purpose for which they are issued has been fulfilled.

Contrary to the regulation, accountable imprest in amounts totalling K24,484 issued to ten (10) officers for payment of subsistence allowance and fuel had not been retired as at 31st July 2021. See table 21.10 below.

Table 21.10: Unretired Accountable Imprest

No.	Station	No. of Officers	No. of Transactions	Amount K
1	Mwandi DSWO	6	6	15,660
2	North Western PSWO	4	5	8,824
	Total	10	11	24,484

As at 31st August 2021, no recoveries had been effected from the officers.

xii. Unsupported Payments

Financial Regulations No. 45(2) and 52(1) require that all payments by cheque or cash for goods, services and works should be supported by cash sale receipts, official orders and suppliers' invoice.

Contrary to the regulations, payments in amounts totalling K1,101,052 processed at seven (7) stations were not supported with appropriate documentation. See table 21.11 below.

Table 21.11: Unsupported Payments

No.	Station	No. of Transactions	Amount K
1	Luapula Provincial SWO	4	34,560
2	Kabwe DSWO	8	28,419
3	Mporokoso DSWO	3	26,589
4	Nsama DSWO	8	51,430
5	Mufumbwe DSWO	74	284,479
6	Muchinga Provincial SWO	12	303,336
7	Mafinga DSWO	3	372,240
	Total	112	1,101,052

xiii. Unaccounted for Stores

Public Stores Regulation No. 16 requires that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain record of the receipt and issue of such public stores.

Contrary to the regulation, stores items costing K157,921 procured at six (6) stations were not accounted for in that there were no receipt and disposal details. See table 21.12 below.

Table 21.12: Unaccounted for Stores

No.	Station	General Stores K	Fuel K	Total K
1	Solwezi Provincial SWO	9,555	2,300	11,855
2	Mufumbwe DSWO	49,955	7,900	57,855
3	Lusaka DSWO	-	32,250	32,250
4	Kasama DSWO	-	34,520	34,520
5	Mungwi DSWO	-	16,506	16,506
6	Chinsali DSWO	4,935	-	4,935
	Total	64,445	93,476	157,921

As at 31st August 2021, the procured stores were unaccounted for.

xiv. Failure to Distribute Goods to Beneficiaries

An examination of stores and other records maintained by the Ministry revealed that between August and November 2020, the Ministry procured goods costing K933,779 comprising batteries, face masks, hand sanitizer and liquid soap to be distributed to the districts.

However, as at 31st July 2021, eight (8) months after delivery by the supplier, goods costing K741,779 had not been distributed to the intended beneficiaries and were kept at the Ministry stores.

e. Weaknesses in Management of Liabilities - Failure to Withhold Value Added Tax (VAT)

The Value Added Tax Amendment Act No.12 of 2017 read together with the Treasury and Financial Management Circular No. 6 of 2017 directed all institutions which were appointed as tax agents to withhold and remit VAT from payments to suppliers of goods and services to the Zambia Revenue Authority (ZRA).

Contrary to the Act and Circular, the Ministry did not deduct VAT in amounts totalling K50,346 from payments to suppliers during the period under review. See table 21.13 below.

Table 21.13: Failure to Withhold and Remit VAT

No.	Station	No. of Transactions	VAT Amount not withheld K
1	Luapula Provincial SWO	2	4,468
2	Mansa DSWO	1	2,647
3	Kawambwa DSWO	2	1,410
4	Nchelenge DSWO	2	4,106
5	Muchinga Provincial SWO	1	3,883
6	Chinsali DSWO	2	3,687
7	Choma DSWO	5	6,126
8	Monze DSWO	15	14,875
9	Namwala DSWO	8	3,558
10	Mwandi DSWO	3	5,588
	Total	41	50,346

22 Head: 46 Ministry of Health

22.1 Mandate

The Ministry of Health is mandated to provide effective, quality healthcare services to the citizens.

22.2 Audit Findings

An examination of accounting and other records for the financial year ended 31st December 2020 maintained at the Ministry Headquarters, Provincial Health Offices (PHOs) and selected District Health Offices (DHOs) revealed the following:

a. Budget, Funding and Expenditure

In the Estimate of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K9,713,645,083 was made to cater for various activities against which amounts totalling K7,143,035,786 were released resulting in underfunding of K2,570,609,297. See table 22.1 below.

Table 22.1: Budget, Funding and Expenditure

No.	Details	Approved Estimate K	Amounts Funded K	Total Expenditure K	Underfunding K
1	GRZ	6,804,165,389	6,130,137,280	6,128,831,792	674,028,109
2	Projects and Donor	2,132,180,547	359,343,006	334,223,323	1,772,837,541
3	Grants to Institutions	777,299,147	653,555,500	653,555,495	123,743,647
TOTAL		9,713,645,083	7,143,035,786	7,116,610,610	2,570,609,297

Although the Ministry was underfunded, as at 31st December 2020, amounts totalling K7,116,610,610 had been spent leaving a balance of K26,425,176.

b. Operational Matters

i. Questionable Outstanding Amounts

A review of the creditors list revealed that the Ministry owed sixty three (63) suppliers of medical equipment and medical supplies amounts totalling K2,241,319,119 as at 31st December 2020.

However, the accuracy and completeness of the outstanding amounts could not be validated due to the lack of supporting records such as creditors' ledgers, statements and reconciliations.

ii. Overpayment to Supplier

Due to the non maintenance of the records during the period under review, Nsochita General Dealers was paid a sum of K10,900,500 against a contract sum of K9,344,400 resulting in an over payment of K1,556,100.

iii. Expired Drugs

A review of selected reports on the disposal of expired drugs and medical supplies for the year under review and an inspection of medical storage facilities carried out in April 2021 revealed that various drugs such as Anti-Retroviral (ARVs), Tuberculosis (TB) and Malaria drugs and laboratory reagents costing K533,818 had expired. See table 22.2 below.

Table 22.2: Stations with Expired Drugs

No.	Institution	Cost K
1	Kabwe PHO	22,085
2	Kabwe DHO	35,908
3	Ndola DHO	13,577
4	Ndola Teaching Hospital	46,748
5	Kitwe Central Hospital	14,572
6	Solwezi DHO	197,200
7	Kabompo DHO	137,564
8	Kabompo Hospital	66,164
	TOTAL	533,818

The expiry of the drugs was mainly attributed to, among other factors, delayed distribution of drugs to the facilities, procurement of drugs with short expiry periods, delivery of drugs not ordered, incomplete cocktails supplied that could not be used individually and over procurements.

iv. Missing Tricycle Ambulances

A review of correspondence dated 22nd June 2020, revealed that Barakatel Investments Ltd donated twenty nine (29) Tricycle Ambulances to the Ministry of Health to assist in health service provision. On 1st July 2020, K14,500 was paid to the Ministry of Works and Supply to register the tricycles as GRZ property.

However, as at 31st August 2021, the donated ambulances could not be physically accounted for in that the whereabouts of the ambulances were not known.

v. Irregularities in the Procurement of 1,500 Tricycle Ambulances

In July 2020, the Ministry of Health requested the Zambia Public Procurement Authority (ZPPA) for a “No Objection” to direct bid Barakatel Investments Ltd for the supply of 1,500 Tricycle Ambulances at a cost of US\$8,100,000. In September 2020, the ZPPA rejected the Ministry’s request on the grounds that there were no compelling justifications.

However, in October 2020, the Ministry of Health resubmitted the application to ZPPA with a revised estimated cost of US\$6,150,000 to which ZPPA granted a No Objection.

In this regard, on 11th November 2020, the Ministry engaged Barakatel Investments Ltd for the supply and delivery of 1,500 tricycle ambulances at a contract price of K180,000,000 with a delivery period of 2 to 8 weeks ex-stock basis or two (2) weeks after the contract date.

As at 30th June 2021, the supplier had invoiced the Ministry K133,680,000.

The following observations were made:

- **Questionable Contract Price**

A scrutiny of the negotiation report signed on 4th November 2020 revealed that the supplier quoted the cost of one (1) tricycle ambulance at K120,000 and the exchange rate used in the negotiation was K21.10 to a US\$1.

In the second request to ZPPA, the Ministry of Health indicated that the price had been revised downwards to K129,765,000 (US\$6,150,000). However, the Ministry signed a contract of K180,000,000 (US\$8,530,806) which was K50,235,000 (US\$2,380,806) in excess of what was submitted to ZPPA to obtain the No Objection.

- **Failure to Deliver Tricycle Ambulances as Per Contract**

In a letter dated 9th November 2020, Barakatel Investments Ltd confirmed to the Ministry that they had 2,000 tricycle ambulances ex-stock and were able to deliver the 1,500 Tricycle Ambulances within a period of 2 to 8 weeks.

As at 30th June 2021, only 1,114 tricycle ambulances had been delivered leaving a balance of 386 undelivered. See table 22.3 below.

Table 22.3: Delivery Schedule for Tricycle Ambulances

No.	Station	No. Tricycle Ambulances Delivered	Period of Delivery
1	Northern Province Provincial Health Office	254	Between 25 th December 2020 and 18 th January 2021
2	Luapula Province Provincial Health Office	256	14 th December 2020
3	Eastern Province Provincial Health Office	604	14 th December 2020
	Total	1,114	

- **Failure to Encash the Performance Bond**

Clause 8.1 of the contract states that the procuring entity shall, within fourteen (14) days of signing of the contract, provide a security for the performance which shall be an amount equal to ten (10) percent of the contract price.

On 11th December 2020, Barakatel Investments Ltd provided a Performance Bond in the amount of K18,000,000 being 10 percent of the contract price. However, despite failure by the supplier to fully perform, the Ministry had not encashed the performance bond. The performance bond expired on 5th March 2021.

- **Failure to Meet Contract Specifications**

The tricycle ambulances delivered were not in conformity with all the specifications set out in the contract as shown in table 22.4 below.

Table 22.4: Contract Specifications Vs Actual Specifications

No.	Description	Specifications in the Contract	Actual Specifications Delivered
1	Suspension Front Brakes	Hydraulic, single disc, twin piston	Break Shoes with wheel drums and break cables
2	Body – Cargo Box	Width 2.5-3.5m	Width 1.3m

- **Undelivered Tricycle Ambulance Equipment and Accessories**

As at 31st August 2021, equipment and accessories such as stretchers, front and rear luggage racks, on board spares kits and mattresses for the 1,114 tricycles had not been delivered.

- **Failure to Distribute Tricycle Ambulances**

As at 31st August 2021, the ambulances had not been distributed to the health facilities eight (8) months after delivery.

- **Poor Storage of the Tricycle Ambulances**

As at 31st August 2021, one (1) engine and fourteen (14) batteries had been reported stolen and no recoveries had been made.

Further, the tricycles ambulances were exposed to adverse weather conditions. As a result, the ropes attaching the ambulance tents to the cargo box base were worn out. See pictures below.



Tricycle Ambulances parked in the open at Northern Province PHO overgrown with vegetation

c. Accounting Irregularity - Irregular Cash Withdrawals

Ministry of Finance Treasury and Finance Management Circular No. 1 of 2020 guided Controlling Officers that no cash should be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary's account.

Contrary to the circular, the Ministry paid amounts totalling K5,065,105 to eighteen (18) officers as imprest to cater for payment of Daily Subsistence Allowance (DSA) and fuel allowances for various activities. See table 22.5 below.

Table 22.5: Irregular of Cash Withdrawals

No.	Account Name	No. of Transactions	Amount K
1	Recurrent Departmental Charges	12	845,244
2	Infrastructure	8	1,193,126
3	Third Party	20	3,026,735
	Total	40	5,065,105

23 Head: 46 Ministry of Health

23.1 Mandate

The Ministry of Health is mandated to provide effective quality healthcare services to the citizens.

23.2 Audit Findings

An examination of accounting and other records for the financial year ended 31st December 2020 carried out at the Provincial Health Offices (PHOs), selected District Health Offices (DHOs), Hospitals, Schools of Nursing and Midwifery and physical verifications of projects revealed the following:

a. Budget, Funding and Expenditure

In the Estimate of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K1,800,454,916 was made to cater for general administration, personal emoluments and infrastructure development against which amounts totalling K1,627,842,426 were released resulting in an under funding of K172,612,490.

As at 31st December 2020, amounts totalling K1,627,842,426 had been spent. See table 23.1 below.

Table 23.1: Budget, Funding and Expenditure

No.	Details	Provision K	Released K	Under Funding K	Expenditure K
1	Personal Emoluments	1,514,624,380	1,423,541,830	91,082,550	1,423,541,830
2	General Administration	189,192,503	158,800,596	30,391,907	158,800,596
3	Infrastructure	96,638,033	45,500,000	51,138,033	45,500,000
	Total	1,800,454,916	1,627,842,426	172,612,490	1,627,842,426

In addition, user fees in amounts totalling K68,599,848 were collected.

b. Operational Matters – Delivery of Substandard Drugs

During the period under review, Medical Stores Limited delivered drugs and medical supplies costing K988,856 to three (3) institutions.

However, the drugs and medical supplies delivered were rejected by the institutions due to short shelf life and others were recalled by Zambia Medicine Regulation Authority (ZAMRA) due to non-compliance with the required standard. See table 23.2 below.

Table 23.2: Delivery of Substandard Drugs

No.	Province	Institution	Amount K
1	Eastern	PHO	695,163
2	Lusaka	Chongwe DHO	245,722
3	Western	Lewanika General Hospital	47,971
		Total	988,856

As at 31st August 2021, the rejected and recalled drugs and medical supplies had not been replaced by Medical Stores Limited thereby depriving the institutions of the required drugs and medical supplies.

c. Management of Payroll and Staff Related Matters

i. Misplacement of Officers on the Payroll

Cabinet Office Circular No.13 of 2019 stipulates that Controlling Officers should ensure that all employees under respective Ministries, Provinces or Spending Agencies are placed in their designated duty stations.

Contrary to the circular, 509 officers at twenty four (24) stations drew salaries in amounts totalling K41,002,989 from pay points that were different from their physical stations. See table 23.3 below.

Table 23.3: Misplacement of Officers on the Payroll

No.	Province	Institution	No. of Officers	Amount K
1	Copperbelt	Ndola DHO	46	3,642,223
		Luanshya DHO	2	201,820
		Mufulira DHO	3	278,466
		Kitwe Teaching Hospital	13	1,902,656
2	Luapula	Luapula PHO	5	1,052,783
		Samfya DHO	4	299,244
		Mwense DHO	5	693,156
		Kawambwa DHO	3	229,444
3	Lusaka	Levy Mwanawasa Hospital	44	3,239,506
4	Muchinga	Mafinga DHO	5	188,276
		Chinsali DHO	2	162,692
		Nakonde DHO	14	1,298,250
5	North Western	Chavuma DHO	8	921,210
		Zambezi DHO	148	8,447,820
6	Southern	Southern PHO	1	124,714
		Choma DHO	4	265,686
		Choma General Hospital	12	1,791,441
		Namwala DHO	1	74,687
7	Western	Western PHO	9	476,629
		Mongu DHO	103	8,913,224
		Sioma DHO	8	602,041
		Sikongo DHO	5	411,549
		Limulunga DHO	13	1,169,293
		Lewanika General Hospital	51	4,616,179
	Total		509	41,002,989

As at 31st August 2021, the situation had not been normalised.

ii. Frozen Key Position - Solwezi General Hospital – North Western Province

A review of the staff establishment, payroll and other related records at Solwezi General Hospital revealed that the position of Medical Superintendent was frozen in 2016. Consequently, an officer was appointed in 2019 to act for administrative convenience.

As at 31st August 2021, more than four (4) years after the position was frozen, the situation had not been normalised with the Public Service Management Division (PSMD).

d. Accounting Irregularities - Failure to Collect User Fees

During the period under review, seven (7) institutions were expected to collect user fees in amounts totalling K37,832,991. However, amounts totalling K26,077,662 were collected leaving a balance of K11,755,329 uncollected as at 31st July 2021. See table 23.4 below.

Table 23.4: Uncollected Revenue

No.	Province	Institution	Expected Revenue K	Actual Revenue K	Uncollected Revenue K
1	Central	Kabwe College of Nursing and Midwifery	9,338,950	7,937,005	1,401,945
		Chitambo College of Nursing and Midwifery	1,961,250	1,779,915	181,335
2	Copperbelt	Ndola College of Biomedical Sciences	3,063,966	2,828,480	235,486
		Kitwe Teaching Hospital	10,315,578	3,684,855	6,630,723
		Arthur Davison Children Hospital	4,793,497	4,633,551	159,946
3	Southern	Choma College of Nursing and Midwifery	2,057,000	1,757,604	299,396
4	Western	Lewanika College of Nursing and Midwifery	6,302,750	3,456,252	2,846,498
	Total		37,832,991	26,077,662	11,755,329

e. Infrastructure Development

A physical verification of selected projects carried out from April to August 2021 revealed that there were delays in completing the works, poor workmanship and in some cases projects being stalled.

In particular, the following were observed:

i. Stalled Projects

The following projects in selected provinces had delayed being completed and some of them had been abandoned for various reasons as detailed in table 23.5 below.

Table 23.5: Delayed Completion of Infrastructure Projects

Province	District	Project	Contractor	Contract Date/Period	Contract Sum K	Total Amount Paid to the Contractor	Scope of Works	Observation	Period of delay in Weeks
Central	Luano	Construction of Tumbwe Health Post	Zone six Enterprises Limited	04/09/2019 to 04/01/2020 four (04) Months	1,232,484	334,104	The scope of works included construction of <ul style="list-style-type: none"> • A Health Post • 1No. Staff House • 3No. V.I.P Toilets 	A physical inspection carried out in August 2021 revealed that the project had stalled and the contractor abandoned the site after completing the substructures for the staff house and health post with the rest of the works outstanding.	76
		Construction of Katetaule Health Post	Praise Comfort Limited	04/09/2019 to 04/12/2019 Twelve (12) weeks	1,208,297	744,336	The scope of works included construction of <ul style="list-style-type: none"> • A Health Post 	A physical inspection of the project carried out in August 2021 revealed that the project stalled at	84

Province	District	Project	Contractor	Contract Date/Period	Contract Sum K	Total Amount Paid to the Contractor	Scope of Works	Observation	Period of delay in Weeks
Copperbelt	Ndola	Installation of new Elevators – Ndola Teaching Hospital	Shangai Engineering Ltd	Initial 18 weeks + extended 40 weeks (17.10.19 to 17.11.20)	14,882,168	12,333,515	<ul style="list-style-type: none"> 1No. Staff House 3No. V.I.P Toilets <p>Supplying, installing, testing and commissioning of one (1) goods and seven (7) passenger lifts and bricklaying works in the lift compartments.</p>	<p>intel level and the contractor abandoned the site with the rest of the works outstanding.</p> <p>As at 31st August, 2021, works were in progress. 7 out of 8 elevators had been installed.</p>	34

Province	District	Project	Contractor	Contract Date/Period	Contract Sum K	Total Amount Paid to the Contractor	Scope of Works	Observation	Period of delay in Weeks
Luapula	Mansa	Construction of a Staff House at Mulonga Health Post	Inspired Civil and Suppliers	16 weeks (26.10.18 - 16.02.19) Contract Period extended to 30 th June 2021	450,234	212,559	Sub and super structure, roofing, carpentry, joinery & ironmongery, metal work, plumbing installation, electrical installation, finishing, glazing, painting and decorations and external work	As at 31 st August 2021, the house had been roofed, doors and window frames fitted. However, the contractor abandoned the site with the rest of the works outstanding.	8
	Mwense	Completion of Female Ward at Mwense District Hospital	Inspired Civil and Supplies	Sept 2020 To Nov 2020 8 Weeks	456,911	413,574	Carpentry, joinery and iron mongery, plumbing, electrical installation,	As at 31st August 2021, the ward had been painted and heavy duty Linoleum fitted. The contractor was on	28

Province	District	Project	Contractor	Contract Date/Period	Contract Sum K	Total Amount Paid to the Contractor	Scope of Works	Observation	Period of delay in Weeks
				Extended to 31.01.2021			flooring and wall finishing, glazing painting and decoration.	<p>site with the following works outstanding:</p> <ul style="list-style-type: none"> ▪ Flooring and wall finishing; ▪ Plumbing; ▪ Electrical Installation ▪ Painting and Decoration 	
	Kawambwa	Construction of Outpatient Department at Kamfukeshi	Elichil General Dealers	April 2019 to Aug 2019 12 weeks	480,000	247,500	OPD-Substructure, Super structure, Roofing, Carpentry, Joinery & Ironmongery, Metal Work, Plumbing	<p>As at 31st August 2021, the OPD had been roofed, doors and window frames fitted. However, the contractor abandoned the site with the rest of the works outstanding.</p>	104

Province	District	Project	Contractor	Contract Date/Period	Contract Sum K	Total Amount Paid to the Contractor	Scope of Works	Observation	Period of delay in Weeks
							Installation, Electrical Installation, Floor, Wall, and Ceiling finishing, Glazing, Drainage and Painting.		

ii. Delayed Completion of Gwembe District Hospital Phase II – Southern Province

In paragraph 37 (k) of the Auditor General’s Report on the audit of accounts for the Republic for the financial year ended 31st December 2017, mention was made on the engagement of Hua Chang Infrastructure Engineering (Z) LTD on 5th December 2014 by the Ministry of Health for the construction of Gwembe District Hospital Phase II at a contract sum of K20,873,265 with the completion period of twenty four (24) months commencing 19th January 2015 to 31st December 2016.

As at 30th June 2018, the contractor had been paid amounts totalling K5,905,782 for works done.

A review of the status of the project and a scrutiny of records revealed that as at 31st April 2021, the contractor had been paid an additional amount of K1,397,541 bringing the total amount paid to the contractor to K7,303,323 leaving a balance of K13,569,942.

A physical inspection of the project carried out in August 2021 revealed that four (4) staff houses, theatre, maternity and service blocks, mortuary and incinerator had been completed. The following works were still outstanding:

- Plumbing;
- Electrical fittings and installations;
- Supply and installation of fire extinguishers and air cooling units;
- Flooring and ceiling finishing;
- Glazing; and
- Painting and decorations.

As at 31st August 2021, the contractor was not on site and the project had delayed by six (6) years and seven (7) months. Inquiries made revealed that the contractor was last on site in August 2020.

f. Management of Liabilities - Failure to settle Outstanding Bills

As at 31st December 2020, nineteen (19) stations had outstanding bills in amounts totalling K71,016,099 owed to suppliers of goods and services, other personal emoluments and utility bills. See table 23.6 below.

Table 23.6: Outstanding Bills

No.	Province	Institution	Amount K
1	Central	PHO	9,466,237
			35,438,618
		Kabwe General Hospital	440,577
		Chisamba DHO	68,421
		Itezhi tezhi	52,331
2	Copperbelt	Ndola DHO	371,913
3	Luapula	Kawambwa DHO	230,274
4	Northern	Mbala DHO	73,543
		Mungwi DHO	267,453
		Luwingu DHO	3,647,323
5	North Western	Solwezi PHO	1,380,413
		Solwezi DHO	93,995
		Solwezi General Hospital	69,449
		Zambezi DHO	245,455
		Chavuma DHO	66,173
6	Western	Mongu DHO	5,436,782
			1,168,048
		Sioma DHO	24,517
		Sikongo DHO	577,050
		Limulunga DHO	623,747
		Lewanika General Hospital	9,686,191
	1,587,589		
Total			71,016,099

As at 31st August 2021, the outstanding amounts had not been settled.

24 Head: 51 Ministry of Transport and Communications

24.1 Mandate

The Ministry is mandated to formulate and administer policies in the transport, communications and meteorological sectors in order to enhance their contribution to sustained socio-economic development for the people of Zambia.

24.2 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K1,361,313,297 was made to cater for operations of the Ministry against which amounts totalling K383,917,211 were released resulting in an underfunding of K977,396,086.

Although the Ministry was underfunded, as at 31st December 2020, amounts totalling K383,792,971 had been spent leaving a balance of K124,240.

b. Management of Capital Projects

i. Contract for the Design, Supply, Delivery, Instalation and Commisioning of Communication Towers in Underserved Areas in the Republic of Zambia Phase II

On 12th August 2016, the Ministry engaged Huawei Technologies Company Limited for the design, supply, delivery, installation and commissioning of communication towers at a contract sum of US\$280,764,601.

The commencement date of the contract was seven (7) days after the occurrence of contract signing and financing agreement becoming effective. In this regard, the contract commenced on 24th November 2017 upon payment of an advance payment. A review of the Project Implementation Plan revealed that the project was for a duration of 926 days, ending May 2020 which was later revised to 30th June 2022 through a second extension.

The project was to be supervised by ZAMTEL Limited on behalf of the Government leveraging on their know-how in the Telecommunication industry.

The scope of works included:

- i. Supply and Construction of 469 towers (sites) for the GRZ Project; and
- ii. Supply and construction of five (5) transmission backbone towers to complete the transmission backbone rings for protection purposes;

As at 20th July 2021, the contractor had been paid amounts totalling US\$252,473,362 and the project was at 95.67% complete.

The following were observed:

- **Failure to Settle Interim Payment Certificates**

As at 31st August 2021, the contractor had invoiced a sum of US\$26,362,623 which had been outstanding for periods ranging from ten (10) to seventeen (17) months. See table 24.1 below.

Table 24.1: Outstanding IPC

No.	Batch No.	Invoice Date	Invoice Amount US\$	Period Outstanding (Months)
1	Progress Payment No. 15	18.03.2020	16,531,879	17
2	Progress Payment No. 16	01.06.2020	7,022,042	15
3	Progress Payment No. 17	29.10.2020	2,808,702	10
	Total		26,362,623	

- **Variations without Attorney General's Clearance**

Clause 58(1) of the Public Procurement Act No. 12 of 2008 states that all amendments to a contract should require the prior authorisation of the appropriate approvals authority and the Attorney-General.

During the period from January 2018 to December 2020, the Ministry had varied the project scope through the signing of three (3) addenda without approval from the Attorney General. See table 24.2 below.

Table 24.2: Addenda Issued

No.	Date	Description	Amount US\$
1	2018	Re-scoping	9,142,876.00
2	2018	Re-scoping	4,131,171.55
3	2019	Re-scoping	8,226,803.00
		Total	21,500,850.55

In addition, the variations involved the re-scoping of works by substituting items totalling US\$21,500,850.55 in the initial contract with new items.

Further, although the addenda were issued in 2018 and 2019, the Ministry only requested for the Attorney General's review and clearance on 19th August 2021, when the addenda had already been effected for over two (2) years.

- **Failure to Provide Information for Audit**

Section 73 (1) of the Public Finance Management Act No. 1 of 2018 requires that the Auditor General and an office holder, agent or specialist consultant authorised by the Auditor-General, should in the performance of duties under the Constitution, or any other law; have 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 the Auditor-General considers necessary.

Contrary to the Act, the under listed information that was required for audit and requested for through issuance of a query dated 6th August 2021 were not availed for audit as at 8th September 2021.

- Financing Agreement for the project;
- On-lending Agreement with ZAMTEL Ltd; and
- Repayment details on the loan.

In this regard, it was not possible to determine the loan terms.

ii. Construction of Kasama Aerodrome

In Paragraph 42 of the Report of the Auditor General on the accounts of the Republic for the financial year ended 31st December 2016, mention was made of the delayed completion of the project, among others.

In their Report for the Second Session of the Twelfth National Assembly, the Public Accounts Committee expressed concern that the Ministry kept signing contracts without securing necessary resources and directed the Controlling Officer to follow-up the release of funds for the Kasama Aerodrome Project with

the Treasury. Further, the committee urged the Controlling Officer to suspend the procurement of new projects until the existing ones were completed.

A review of the matter in July 2021, revealed that on 1st July 2020 the Ministry signed an addendum for the extension of the contract period for eight (8) additional months from 8th July 2020 to 31st March 2021. However, as at 31st August 2021, the works were at 86% complete and the contract had expired.

On 1st September 2021, the Ministry wrote to the Attorney General requesting for the contract to be extended to 31st December 2022, citing adverse weather conditions and the defect liability period.

However, there was no Attorney General's clearance for the addendum issued on 1st July 2020 and at the time of request on 1st September 2021, the contract had expired for a period of five (5) months.

iii. Kasaba Bay Runway – Wasteful Expenditure

In Paragraph 42 of the Auditor General's Report for the financial year ended 31st December 2016, mention was made of the termination of the contract with Ng'andu Consulting Limited, on the upgrading of Kasaba Bay Airport at a contract price of K63,425,412,512 (un-rebased).

In their Report for the Second Session of the Twelfth National Assembly, the Public Accounts Committee urged the Controlling Officer to engage the Secretary to the Treasury and ensure that the outstanding payments amounting to K157,404,833 were honoured without further delay as these would result in possible risk of incurring further interest charges and possible loss of colossal sums of public funds.

A review of the situation in June 2021 revealed that on 2nd February 2018, the Ministry entered into a Consent Settlement Agreement to pay the consultant a sum of K152,989,989 from the earlier negotiated sum of K157,404,833. See table 24.3 below.

Table 24.3: Consent Settlement Agreement Amount

Details	K	K
Negotiated Amount		157,404,832.62
Less: Interest (From Initial 28 days to 60 days)	471,081.00	
Less: Interest (From Fixed Rate of 21% to BOZ rate plus 2%)	<u>3,943,762.55</u>	
		<u>4,414,843.55</u>
Total to be Paid to Consultant		<u>152,989,989.07</u>

As at 30th June 2021, the Ministry had paid amounts totalling K50,750,000 against the consent settlement leaving a balance of K102,239,989.

As at 31st July 2021, more than six (6) years after termination, the contract had not been re-tendered. Further, the Government had incurred an amount of K152,989,989 against a project that had an initial contract price of K63,425,412 resulting in wasteful expenditure.

iv. Construction of Embankments and Landing Jetties - Luapula Province

On 8th January 2015, Ministry of Transport, Works, Supply and Communications engaged Messrs Angel Construction Limited to construct three (3) embankments and RC Landing Jetties in Luapula Province and the remedying of any defects at a contract sum of K60,303,155 VAT inclusive with a contract duration of twenty nine (29) months ending on 8th May 2017. The Embankments/landing jetties were to be constructed at Bangweulu, Mweru and Chilubi Island.

The terms of contract included the following:

- If the client made a late payment, the contractor should be paid interest on the late payment in the next payment.
- The client or the contractor may terminate the contract if the other party causes a fundamental breach of the contract.

As at 30th June 2021, the contractor had been paid amounts totalling K12,000,000.

The following were observed:

- **Delayed Payments–Interest Claims**

On 15th January 2016, the contractor made a claim of K8,132,186 on Interim Payment Certificate (IPC) No. 2. However, a review of the payments revealed that the payment of the claim was delayed for a period of over thirty four (34) months as at 31st March 2019 resulting in interest claim of K4,479,609.

- **Failure to Complete the Works**

A review of a progress report dated October 2020 revealed that the project status was at 19% complete and the contract had expired on 15th March 2019.

At the time of expiry of the contract, the contractor was owed K3,704,679 as shown in table 24.4 below.

Table 24.4: Amounts Owed to the Contractor

Details	Amount K
Value of works done	11,225,070
Less: Advance payment	(12,000,000)
Amount owed by Angel Construction	(774,930)
Add; Interest on late payments of IPC No. 02 for a period beyond 28 days @18% per annum	4,479,609
Final claim for Angel Construction Limited	3,704,679

c. Procurement of Goods and Services

i. Procurement of Bay Compactor

On 10th November 2020, the Ministry engaged Dynamic Office Solutions for the supply and delivery of a six-bay compactor at a sum of K74,950 VAT inclusive with a delivery period of ex-stock. The terms of payment were 100% upfront.

The decision by the Ministry to agree on 100% upfront payment without security was questionable.

On 23rd December 2020, the Ministry paid an amount of K46,000 to the supplier.

As at 31st August 2021, the supplier had not delivered the compactor.

ii. Contract for the Supply, Delivery, Commissioning and Testing of Five Dredging Machines – Wasteful Expenditure

In Paragraph 40 of the Auditor General’s Report for the financial year ended 31st December 2015, mention was made of the supplier’s failure to deliver three (3) out of the five (5) dredging machines which were procured at a cost of US\$7,560,000.

The remaining three (3) dredgers were delivered on 1st December 2016 which was twelve (12) months after the expected delivery period.

In their Report for the Fifth Session of the Eleventh National Assembly of 2015, the Public Accounts Committee urged the Controlling Officer to ensure that the contractor was paid in full using the 2017 budget under dismantling of arrears. Further, the Committee urged the Controlling Officer to ensure that adequate funds are available before embarking on such projects.

As at 13th July 2018, the Ministry had paid the supplier in full.

However, a review of the matter in June 2021 revealed that on 16th July 2018, Herpworth Supplies Limited issued a demand notice to the Ministry demanding for payment totalling US\$1,015,529.62 broken down as follows:

- US\$812,486.62 being interest cost due to late settlement of invoices by 1,187 days; and
- US\$203,042 being demurrage cost at the border due to the late payment.

On 22nd October 2018, the Ministry responded to the demand notice stating that the Ministry was not liable to demurrage cost on grounds that it was covered in the interest and further stated that after reconciliation the interest due was US\$703,729.60 for which the supplier accepted.

As at 30th June 2021, the Ministry had paid interest of US\$384,824 leaving a balance of US\$318,905.60 which had been outstanding for over thirty (30) months.

The payment of interest of US\$384,824 was wasteful.

25 Head: 52/01 Ministry of Water Development, Sanitation and Environmental Protection

25.1 Mandate

The Ministry of Water Development, Sanitation and Environmental Protection is mandated to provide policy direction on water resources management and development, water supply and sanitation as well as environmental management.

25.2 Audit Findings

An examination of accounting and other records maintained at the Ministry's Headquarters and visits to selected project sites for the financial year ended 31st December 2020, revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K3,091,495,376 was made to cater for operations against which amounts totalling K1,180,281,659 were released, resulting in an underfunding of K1,911,213,717. Included in the underfunding was an amount of K1,869,034,291 which had not been disbursed by the Cooperating partners.

Although the Ministry was underfunded, as at 31st December 2020, amounts totalling K1,180,117,605 had been spent leaving a balance of K164,054. See table 25.1 below.

Table 25.1: Budget, Funding and Expenditure

No.	Funder	Approved Estimate 2020 K	Amounts Funded K	Total Expenditure K	Under Funding K
1	GRZ	24,938,280	17,215,463	17,162,899	7,722,817
2	Projects and Donor	2,975,830,932	1,106,796,641	1,106,685,152	1,869,034,291
3	Grants to Institutions	90,726,164	56,269,555	56,269,555	34,456,609
	Total	3,091,495,376	1,180,281,659	1,180,117,605	1,911,213,717

b. Infrastructure Development

i. Rehabilitation of Water Supply and Sanitation Project - Kaputa District Wasteful Expenditure - Interest on Delayed Payments

On 6th May 2013, Chambeshi Water and Sewerage Company, on behalf of Ministry of Local Government and Housing awarded a contract to Tomorrow Investment Limited for the rehabilitation of water supply and sanitation systems

in Kaputa District in Northern Province at a contract sum of K27,648,979, which was later revised to K161,284,108, with a revised completion date of 30th July 2021.

As at 30th June 2021, a total amount of K137,235,259, had been paid towards the contract and works had reached 99% completion.

Clause 43.1, of the General Conditions of the Contract (GCC) provided that, if the client made a late payment, the contractor would be paid interest on the late payment in the next payment.

Due to delays in settling IPC's issued by the contractor for periods ranging from one (1) to nine (9) months, the Ministry accrued interest in amounts totalling K4,104,184. See table 25.2 below.

Table 25.2: Interest on Delayed Payments of IPCs

No.	Description/IPC No	Period Covered (Delayed)	Interest Amount K
1	Interim Payment Certificate No. 1	Nov 2013 to Feb 2014	65,292
2	Interim Payment Certificate No. 2	Jan 2014 to May 2014	100,789
3	Interim Payment Certificate No. 3	June 2014 to Oct 2014	132,275
4	Interim Payment Certificate No. 4	Sept 2014 to Oct 2014	13,147
5	Interim Payment Certificate No. 5	Feb 2015 to May 2015	56,276
6	Interim Payment Certificate No. 7	Oct 2015 to Nov 2015	68,314
7	Interim Payment Certificate No. 9	Mar 2016 to Dec 2016	867,621
8	Interim Payment Certificate No. 10	Apr 2016 to Dec 2016	610,034
9	Interim Payment Certificate No. 11	July 2016 to Dec 2016	398,386
10	Interim Payment Certificate No. 12	Sept 2017	17,651
11	Interim Payment Certificate No. 13	Nov 2018 to April 2019	1,774,388
	Total		4,104,174

In this regard, the payment of interest is wasteful.

ii. Borehole Siting, Drilling and Installation of 17 Hand Pumps – Chibombo District

On 6th June 2018, Chibombo Town Council, on behalf of the Ministry of Local Government and Housing awarded a contract to Mabkaps Enterprise for borehole siting, drilling and installation of seventeen (17) hand pumps under Lot 1 and 2 at a contract sum of K559,570, VAT inclusive with a completion period of twelve (12) weeks.

The payment terms included the following:

- The employer to pay the contractor the amounts certified by the project manager within twenty eight (28) days of the date of each certificate; and
- Performance security to be between 5% and 10%.

On 31st August 2020, the Ministry of Water Development, Sanitation and Environmental Protection paid the contractor an advance of K139,937.

The following were observed:

- **Delayed Completion - Failure to Drill and Equip fifteen (15) Boreholes**

Clause 1.1 of the contract stipulated that the completion period for the works was to be twelve (12) weeks.

Contrary to the clause, fifteen (15) boreholes had not been drilled and equipped as at 30th April 2021, thirty one (31) months after the expected completion date of 20th September 2018.

- **Failure to Equip Boreholes with Mark II Hand Pumps**

A physical verification carried out in April 2021 revealed that only two (2) out of the seventeen (17) boreholes were drilled, one (1) in Mungule ward and the other in Mwiinga Village in Chibombo (Muntemba B Village). However, the boreholes had not been equipped with the hand pumps.

iii. **Failure to Pay Advance Payments**

In 2018, the Ministry of Water Development, Sanitation and Environmental Protection awarded contracts to four (4) companies for the construction of earth dams and water supply and sanitation projects.

The contract terms required that advance payments of between 20% and 25 % were to be paid upon issuance of equivalent securities.

Contrary to the provisions of the contracts, the advance payments had not been paid for periods exceeding twenty eight (28) months as at 30th June 2021. Further, no works were done and there was no evidence that the contracts had been terminated. See table 25.3 below.

Table 25.3: Contracts with Advance Payments not Paid

No.	Date	Contractor	Scope	Contract Sum K	% of Advance payment
1	02.05.2018	Sawa Group Limited	Water supply and sanitation	37,072,939	25
2	13.11.2018	African Investment Limited	Construction of a dam	12,133,426	20
3	13.11.2018	Micas Investment Limited	Construction of a dam	10,320,251	20
4	13.11.2018	Sunshare Construction Limited	Construction of a dam	18,023,947	20

26 Head: 56 Ministry of Housing and Infrastructure Development

26.1 Mandate

The Ministry of Housing and Infrastructure Development is mandated to superintend over designing, procuring and constructing of all Public Infrastructure in order to improve planning, coordination, standardisation, quality and efficiency in the development of housing and infrastructure in the country.

26.2 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and selected Provincial and District Infrastructure Offices for the financial year ended 31st December 2020 revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K279,967,678 was made to cater for various activities against which amounts totalling K156,906,512 were released, resulting in an underfunding of K123,061,166

Although the Ministry was underfunded, as at 31st December 2020, amounts totalling K156,887,907 had been spent leaving a balance of K18,605.

b. Accounting Irregularity - Failure to Remit Pay As You Earn

The Income Tax Act Chapter 323 of Laws of Zambia requires that Pay As You Earn (PAYE) be deducted from officers' emoluments and remitted to the Zambia Revenue Authority (ZRA).

Contrary to the Act, PAYE relating to settling in allowance and commutation in amounts totalling K181,367 deducted from several officers in April, May and June 2020 had not been remitted to ZRA as at 30th June 2021.

c. Infrastructure Development

i. Purchase of Three (3) Storey Office Block

On 17th May 2017, the Ministry of Housing and Infrastructure Development entered into a contract with Zamworth Construction Limited for the purchase of a three (3) storey office block at stand No. 237, United Nations Avenue, Ridgeway, Lusaka at a cost of US\$5,350,000.

The terms of the contract included:

- Clause 10.1 of the Special Conditions of the Contract (SCC), and the terms of payment were:
 - The purchaser to pay the vendor 37% of the purchase price upon exchange of the contract;
 - The Purchaser to pay the vendor 58% after 90 days and inspection handover, and
 - The Purchaser to pay the vendor 5% after 12 months from the date of vacant possession.
 - Where the purchaser fails to make any payment provided for on due date, delayed payments should attract interest at the rate of 5% per month.

As at 31st August 2021, the Ministry had paid amounts totalling US\$5,350,000 (K61,565,386). See table 26.1 below.

Table 26.1: Payments to Zamworth Construction Limited

Date	Details	Amount		Rate Used
		US\$	K	K/US\$
30.05.2017	Purchase of office block	1,999,988	18,453,889	9.227
25.05.2018	Purchase of office block	973,710	10,000,000	10.27
03.09.2018	Purchase of office block	1,262,136	13,000,000	10.3
16.12.2019	Purchase of office block	206,540	3,000,000	14.525
03.08.2021	Purchase of office block	907,626	17,111,498	18.85
	Total	5,350,000	61,565,386	

Further, on 24th November 2020, the Ministry had paid an amount of K5,350,000 as property transfer tax to Zambia Revenue Authority.

The following were observed:

- **Wasteful Expenditure – Payment of Property Transfer Tax (PTT)**

The Property Transfer Tax Act Cap 340 of 1984 requires that whenever any property is transferred, there should be charged upon, and collected from, the person transferring such property pays a property transfer tax.

In a letter dated 24th April 2017, the Attorney General advised the Ministry that tax exemptions on Property Transfer Tax Act applies to Government institutions and not private entities, therefore if it is desired that this transaction be exempt from PTT, the parties should agree that the purchaser should pay the PTT.

In this regard, the Ministry agreed with the vendor to include a clause stating that the purchaser (Government) will pay Property Transfer Tax on behalf of the vendor.

On 25th November 2020, the Ministry paid K5,350,000 as property transfer tax on behalf of the vendor. The decision by the Ministry to pay property transfer tax on behalf of the vendor was not in the best interest of Government.

- **Failure to Adhere to Recommendation from Government Valuation Department**

A review of a minute dated 18th November 2016 and other records, revealed that Government Valuation Department recommended a market value of K19,327,000 (US\$1,958,156.03 @ K9.87 per dollar) at a valuation date of 18th November 2016. The value was premised on the 35% built up level of completion of the structure.

Further, on 21st December 2016, Government Valuation Department indicated that the final value of the property will be assessed upon completion by the contractor.

However, it was observed that at the time of purchase Government Valuation Department was not engaged and therefore no assessment was done to establish the final market value of the property. In this regard, the purchase price of US\$5,350,000 was questionable.

- **Failure to Adhere to Procurement Procedures**

The Public Procurement Regulation No. 31 (1) of 2011 states that a Procurement Unit should ensure that adequate funds are budgeted prior to initiating procurement proceedings taking into account all costs involved in the procurement.

A review of a letter dated 22nd November 2016 revealed that the Secretary to the Treasury informed the Ministry of the non-availability of any budgetary provision and hence the activity could not be funded and advised that variations within the approved estimates be proposed to accommodate the purchase. In addition, the Secretary to the Cabinet in a letter dated 30th January 2017 stated that the Ministry should identify the budget line that could facilitate the purchase of the building.

Contrary to the regulation, on 7th January 2017, the Ministry sought for a No Objection from the Zambia Public Procurement Authority to direct bid Zamworth Construction Limited for the purchase of a three (3) storey office block without confirming availability of funds.

Further, as at 30th June 2021, there was no evidence produced for audit to show that variations were made to accommodate the purchase of the building.

- **Accrued Interest – Wasteful Expenditure**

On 3rd August 2021, the Ministry paid Zamworth Construction Limited K17,111,498 which was the equivalent of US\$907,625.83 which was outstanding on the purchase price.

However, on 9th August 2021, Zamworth Construction Limited issued a claim of K357,300,674 (US\$18,561,074) in respect of accrued interest. The interest had accumulated over a period of fifty (50) months as at 8th July 2021.

- **Failure to Secure Title Deeds**

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states 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 Ministry had not secured title deeds for the acquired property as at 31st August 2021.

In addition, the Ministry did not provide evidence that it had insured the property.

ii. Contract for Sound Proofing of Offices - Failure to Execute Works

On 27th February 2018, the Ministry entered into a contract with Chikuz Construction Company Limited for Sound Proofing Works to the offices of the Minister and the Permanent Secretary at a contract sum of K273,123 with a completion period of fourteen (14) days from 27th February to 14th March 2018.

On 25th December 2020, the contractor was paid as an advance of K68,281 representing 25% of the contract sum.

As at 30th June 2021, no works had been done and the Ministry had not taken action to recover the advance payment.

d. Infrastructure Upgrade at Kenneth Kaunda (Lusaka), Simon Mwansa Kapwepwe (Ndola) and Mfuwe International Airports.

In 2012, the National Airports Corporation Limited (NACL) on behalf of the Government of the Republic of Zambia invited Expressions of Interest through open tendering from eligible local and international firms to finance the proposed upgrade of airport infrastructure using concessional financing as follows:

- i. Lot 1 – Kenneth Kaunda International Airport in Lusaka
- ii. Lot 2 – Simon Mwansa Kapwepwe International Airport in Ndola (Greenfield)
- iii. Lot 3 – Mfuwe International Airport.

The Central Tender Committee at its sitting held on 31st December 2012, approved and granted authority to award contracts for the financing, design and construction of airport infrastructure as follows:

- Lot 1: Kenneth Kaunda International Airport (Lusaka) to China Jiangxi Corporation for International Economic and Technical Cooperation at their corrected bid sum of US\$385,809,673

- Lot 2 Ndola Airport (Greenfield) to AVIC International Holding Corporation at their corrected bid sum of US\$584,348,592.30
- Lot 3 Mfuwe International Airport to AAE Systems Incorporated at their corrected bid sum of US\$472,244,646. However, the construction of Mfuwe International Airport was not funded.

In addition, the Central Tender Committee granted the Ministry authority to enter into negotiations on the final airport facilities design and loan repayment terms.

In particular the following were observed.

i. Contract for Designing and Construction of Airport Infrastructure Upgrade at Kenneth Kaunda International Airport.

On 3rd June 2013, the Government of the Republic of Zambia and China Jiangxi Corporation for International Economic and Cooperation signed a contract for the designing and construction of airport infrastructure upgrade at Kenneth Kaunda International Airport (KKIA) in Lusaka at a contract price of US\$385,000,000 excluding all duties and local taxes with a completion period of fifty four (54) months.

However, on 15th August 2013, the contractor requested the Ministry to revise the contract to US\$360,000,000 and present the contract into an Engineering Procurement and Construction Contract (EPC)/Turnkey Projects (Turnkey project is a contract under which a firm agrees to fully design, construct and equip a service facility and turn the project over to the purchaser when it is ready for operation).

On 5th September 2013, the contract that was signed in June was revised to US\$360,000,000 resulting in the reduction of the initial contract price by US\$25,809,673 and changed the contract from a Bill of Quantity (BoQ) Milestone Payment Schedule to an Engineering Procurement and Construction Contract (EPC)/Turnkey Project.

The contract came into effect on 10th March 2015 after the signing of the Concessional Loan Agreement (US\$360,000,000) for financing the project between Ministry of Finance and National Planning of the Republic of Zambia and EXIM Bank of China. In this regard, the effective contract start date was

21st April 2015 and end date was 20th October 2019. The completion date was later revised to 10th March 2022.

A review of records and physical verification of the project carried out in July 2021 revealed that the overall progress of the project and works was at 93% complete as at 30th April 2021.

As at 30th June 2021, amounts totalling US\$271,900,000 had been paid to the contractor representing 75.53% of the contract.

However, the following were observed:

- **Questionable Change in the Terms of the Contract**

The decision to convert the contract into a turnkey project and revising the contract price from US\$385,000,000 to US\$360,000,000 was questionable in that at the time of signing, the final design of the facility was not approved by the Government and therefore the contract price could not be justified. Further, there was no clearance from the Attorney General for change of the contract terms.

- **Questionable Variation**

On 26th May 2021, addendum No. 5 was issued in the sum of US\$9,235,359. See table 26.2 below.

Table 26.2: Variation Amount

No.	Description of Variation	Amount US\$
1	Changing of bullet-proofing at the Presidential Pavilion	3,508,371
2	Changing of Terminal Building name plate	93,043
3	The variation works for external works at the Presidential Pavilion	183,350
4	The variation works for the new Terminal Building because of the adjustment of VIP and First Class Lounges	150,989
5	The variation works for the Access Road from Hitachi to the Rescue and Fire Service Station	2,299,605
6	All the variations of Airfield Ground Lighting (AGL) system, including cable rerouting, AGL monitoring system rerouting and upgrading, installation of center lights, edge lights, stop lights and guard light, taxiway signage and apron guidance and marking and reconstruction of the existing taxiway shoulders	1,500,000
7	Sewer System	1,500,000
Total		9,235,359

However, the decision to increase the contract price by US\$9,235,359 was questionable in that the contract had been converted into a turnkey project and the contractor was responsible for the design.

In addition, the costing of the variation was questionable as there was no evidence that the Ministry had conducted a Price Reasonableness Analysis. Consequently, the contract sum increased to US\$369,235,359 of which the balance of US\$9,235,359 was to be paid by the Government.

- **Project Status**

As at 31st August 2021, the new terminal building had been handed over and commissioned. However, the following works were outstanding:

- Bullet-proofing and finishing on the presidential pavilion (89%);
- Steel structure installation on the corridor connecting the terminals (35%);
- Widening of the taxiway shoulder (98%);
- Rehabilitation of the existing terminal building (5%); and
- Rehabilitation of ZASTI (10%).



Hostel Block at ZASTI at excavation Level

- ii. **Contract for Designing and Construction of Airport Infrastructure (Green Field) in Ndola**

On 11th September 2013, Government of the Republic of Zambia and AVIC International Holding Corporation signed a contract for the designing and construction of airport infrastructure (Green Field) in Ndola at a contract price of US\$574,768,046 Duty and VAT exclusive with a contract completion period of three (3) years.

The contract came into full force after the signing of the Concessional Loan Agreement for financing the project between Ministry of Finance and National Planning of the Republic of Zambia and EXIM Bank of China. In this regard, the effective contract start date was 16th October 2017 and the planned end date was 20th October 2020 which was later revised to 31st January 2022.

In consideration of financing and budget issues, the Government and the contractor agreed that:

- The Project would be fulfilled in two (2) phases. Phase one should be a fully functional international airport with capacity of 1 million passengers per annum; and
- The scope of work of the contract should include phase one and exclude phase two. However, space and interconnections for phase two should be taken into consideration in the design and construction.

Scope of Work.

The general description of the project works is shown in the table 26.3 below.

Table 26.3: Scope of Work

Item	Scope of Work	Quantity	Amount US\$
1	Survey and design		19,145,741
2	Construction and Equipment		
2.1	New ultra-modern international passenger Terminal – Capacity 1 million passengers per annum With VIP Lounge inside	12,000 square metres	61,559,259
2.2	3.5km runway with associated taxiways with room for extension to 4km	3.5 km	126,887,215
2.3	Aircraft Apron with 8 parking bays with room for future expansion	8 Parking Bays	13,413,644

2.4	Standalone Control Tower with modern facilities	1,000 square metres	12,825,185
2.5	A new rescue and fire station with modern facilities (CAT 8 or better)	2,200 square metres	4,342,963
2.6	Car parks and Airport roads		
2.6.1	Car parks	13,000 square metres	1,588,889
2.6.2	Perimeter road	11,052 metres	4,502,667
2.6.3	Aerodrome service roads	45,000 metres	5,500,000
2.6.4	Access road	18 km	17,600,000
2.7	A modern fuel farm		9,663,704
2.8	A new air-freight (cargo) terminal area with modern facilities, cold rooms and warehouses	2,800 square metres	4,778,889
2.9	Aircraft maintenance hangar	3,500 square metres	4,440,741
2.10	Hotel facilities		7,202,963
2.11	Business Complex	1,800 square metres	2,786,667
2.12	Communication, navigation and surveillance facilities		12,222,222
2.13	Other Supportive facility		
2.13.1	Maintenance Engineering		774,074
2.13.2	Field works (Aerodrome maintenance office		529,630

2.13.3	Power Supply Project		8,005,556
2.13.4	Water Supply Project		6,681,481
2.13.5	Air Conditioning Engineering		4,562,963
2.13.6	Rain Sewage works		5,011,111
2.13.7	Sewerage works		1,466,667
2.13.8	Green Landscape		1,629,630
2.13.9	Special garage	1,500 square metres	1,527,778
2.13.10	Airport gate and terminal area enclosures airfield crossing		5,479,630
2.13.11	Environmental engineering		977,778
2.13.12	Special equipment on the ground	31 units	12,690,741
2.13.13	Police station	180 square metres	275,000
2.13.14	Staff houses		5,092,593
3	Trial Operation and Commissioning		4,613,967
	Total Amount without Contingency fee		367,779,346
	Contingency fee (8%)		29,422,348
	Total Amount with Contingency Fee		397,201,694

As at 30th April, 2021, the contractor had been paid US\$ 252,365,334.88 being 63.54% of the contract price leaving a balance of US\$ 144,836,359.

The following were observed:

- **Questionable Upward Price Adjustment**

On 25th August 2014, the contract price was adjusted downwards by US\$177,566,352 from US\$574,768,046 to US\$397,201,694 through Addendum No. 1 which reduced the size of the airport from 22,250 square meters with a capacity of two (2) million passengers per annum to 12,000 square meters with a capacity of one (1) million passengers per annum among others. However, the addendum on the reduction of the works revealed that although some original quantities were maintained as in the original contract, the prices were adjusted upwards. See table 26.4 below.

Table 26.4: Questionable Price Changes

No.	Scope of Work	Unit	Original Quantity	Revised Quantity	Original Price US\$	Revised Price US\$	Questionable Price Change US\$
1	Perimeter Road	m ²	11,052	11,052	4,420,800	4,502,667	81,867
2	Access Roads	Km	18	18	17,280,000	17,600,000	320,000
3	Hotel Facilities	m ²	6,000	-	7,200,000	7,202,963	2,963
4	Business Complex	m ²	2,000	1,800	2,560,000	2,786,667	226,667
5	Power Supply Project				7,860,000	8,005,556	145,556
6	Water Supply Project				6,240,000	6,681,481	441,481
7	Air Conditioning Engineering				4,280,000	4,562,963	282,963
8	Rain Sewerage Works				4,920,000	5,011,111	91,111
9	Police Station	m ²	180	180	270,000	275,000	5,000
10	Staff Houses				5,000,000	5,092,593	92,593
	Total				60,030,800	61,721,001	1,690,201

Further, the contract specifications on most items were not clearly stipulated in that for example:

- The 18 km access roads costing US\$17,600,000 did not have specifications such as type of surface course, base course, sub base, thickness of the road layers etc.
- Although, the contract included a price of US\$5,092,593 for construction of staff houses the number of houses, types and specifications were not stated.
- The contract sum included a contingency amount of US\$29,422,348 whose basis could not be justified as the contract was a design and build. This resulted in an additional cost to the Government.

- **Failure to Pay the Contractor**

According to Clause 43.1 on interest for delayed payment, if the client failed to make payment within the above stipulated time, the contractor was entitled to the payment of interest for the late payment which was to be calculated from the date by which the payment should have been made until the date on which payment was made by applying the interest rate as per local practice. If the payment was delayed for more than 56 days, the contractor would have the right to suspend the works or terminate the contract.

Contrary to the clause, the contractor had not been paid a total of US\$97,324,668 being outstanding interim payment certificates (IPCs) for a period of more than fourteen (14) months. In addition, there was no documentation availed for audit to indicate why despite the financing agreement being in force, the bank had not paid the contractor.

Further, on 5th April 2021, the contractor claimed interest on late payments on outstanding IPCs in amounts totalling US\$1,913,155. See table 26.5 below.

Table 26.5: Outstanding IPC's and Accrued Interest.

No.	IPC	Date IPC Certified	Amount Certified US\$	Due Payment date (21 days)	Days Overdue	Interest US\$
1	IPC 12	30.12.19	18,060,077	20.01.20	441	708,232
2	IPC 13	17.04.20	9,220,642	08.05.20	332	272,218
3	IPC 14	02.07.20	11,061,541	23.07.20	256	251,810
4	IPC 15	06.08.20	12,030,836	27.08.20	221	236,431
5	IPC 16	03.11.20	8,012,365	24.11.20	132	94,048
6	IPC 17	30.11.20	16,948,471	21.12.20	105	156,248
7	IPC 18	01.12.20	12,992,189	22.12.20	104	120,152
8	IPC 19	15.12.20	8,998,548	05.01.21	90	72,017
	Total		97,324,668			1,911,155

- **Project Status**

A physical inspection and review of the progress reports dated April 2021 revealed that the overall progress of the project was at 88.90%.

iii. Contract for Consultancy Services for Contract Management of the Design and Construction of New Airport Infrastructure (Green Field) in Ndola

On 5th February 2019, the Ministry of Housing and Infrastructure Development engaged Bari Zambia Limited in association with RN Architects and Dexterity Systems Solutions Ltd to carry out consultancy services for contract management of the design and construction of new airport infrastructure in Ndola at a contract price of K14,792,960 with a completion period of twenty two (22) months commencing on 1st March 2019.

The terms of the contract included:

- 1st Payment: Five (5) percent of the contract price to be paid as advance upon submission of a Guarantee.
- Subsequent payments to be paid on time basis according to the input from the various consultants trades.

As at 30th June 2021, amounts totalling K4,324,064 had been paid to the consultant.

The following were observed.

- **Late Engagement of Supervising Consultant**

The consultancy commenced on 1st March 2019 resulting in late engagement of the supervising consultant for a period of fourteen (14) months after the construction works had commenced.

- **Failure to Settle Fee Notes**

Clause 42.2.2 of the contract required that the client should pay the consultants invoices within 60 days after the receipt by the client of such itemised invoices with supporting documents.

Contrary to the clause, the Ministry did not pay certified fee notes in amounts totalling K2,700,037 which had been outstanding for more than thirty six (36) months as at 30th June 2021.

- **Non Renewal of Contract**

The consultancy contract expired on 31st October 2020. On 9th November 2020, the Ministry approved the extension of the contract to 31st May 2021, to be inline with the extended completion period of the construction works. The extension of the contract was approved on the basis that the consultant cuts the workforce.

However, in response the consultant declined to renew the offer as the two (2) parties failed to agree on the size and composition of the consultancy team.

As at 30th June 2021, the project had operated without a consultant or resident engineer for thirty six (36) months.

e. Construction of Office Blocks, Police Stations, Post Offices, Houses and associated external works in the newly created Districts

During the period under review, the Ministry of Housing and Infrastructure Development had 181 projects with a contract sum of K1,568,547,460 relating to construction of office blocks, police stations, post offices, houses and associated external works in districts that were created after 2011.

A sample of seventy eight (78) projects shown in table 26.6 below was selected for examination.

Table 26.6: Selected Projects

No.	Province	No. of Districts	No. of Projects	Total Contracts Sum K	Payments K
1	Central	2	12	95,246,464	43,696,554
2	Eastern	3	10	102,962,272	20,615,255
3	Luapula	3	18	149,597,159	71,109,296
5	North Western	2	8	84,518,152	10,327,007
6	Southern	2	12	95,803,625	56,946,603
7	Western	4	18	182,227,598	55,993,405
	Total	16	78	710,355,269	258,688,120

An examination of records and physical inspections of seventy eight (78) projects revealed the following:

i. Failure to Pay Contractors

As at 31st December 2020, amounts totalling K732,797,604 had been certified out of which amounts totalling K651,347,756 had been paid to various contractors leaving balances totalling K81,449,849. The balances had been outstanding for periods of over seventy seven (77) months as at 31st June 2021. Consequently, a total of sixty nine (69) projects with outstanding interim payments certificates and advance payments totalling K44,869,529 had either stalled or abandoned due to non payments for periods of over sixty (60) months.

ii. Delayed Completion of Works

An examination of the seventy eight (78) projects sampled revealed that the project completion dates ranged from four (4) to seventy two (72) weeks.

However, as at 31st June 2021, all the seventy eight (78) projects had not been completed and had their completion date extended to 31st December 2021 which was over 5 years past the initial completion date.

iii. Terminated Contracts

The Ministry terminated nineteen (19) contracts for various works costing K121,118,079 due to fundamental breach of contract by the contractors of which advance payments in amounts totalling K24,124,958 had been paid.

The following were observed:

- **Failure to issue Certificates for the Value of Work done on Terminated Contracts.**

General Conditions of Contract Clause 57.1 requires the Ministry to issue a certificate for the value of the work done and materials ordered less advance payments received up to the date of the issue of the certificate.

Contrary to the contract conditions, as at 31st June 2021, thirty nine (39) months after the nineteen (19) contracts were terminated, the Ministry had not issued certificates for the value of the works done.

- **Failure to Recover Advance payments from Terminated Contracts**

As at 30th June 2021, out of K24,124,958 paid to the (19) nineteen contractors amounts totalling K1,278,910 had been recovered leaving a balance of K22,846,048.

Further, there were no security bonds for the unrecovered amounts.

iv. Failure to Renew Security Bonds

The Special Contract Condition (SCC) No. 41, of the contracts states that the performance security should be valid until a date 28 days from the date of issue of the certificate of completion in a case of a bank guarantee, and until a year from the date of issue of the completion certificate in the case of a Performance Bond.’

Contrary to the clause, out of the seventy eight (78) contracts, twenty nine (29) active contracts had expired performance security bonds as at 30th June 2021.

v. Project Status

The table below shows the Project status on the seventy eight (78) contracts sampled as at 30th June 2021. See table 26.7 below.

Table 26.7: Project Status

No.	Contractor	Contract Details	Contract Sum K	Paid Amount To Date K	Amount Owed K	Start Date	Revised Completion Date	Status
	CHEMBE DISTRICT							
1	Belview Tools Limited	Construction of District Administration Office Block	4,661,411.70	3,615,526.34	1,045,885.36	01.12.2014	31.12.2021	Stalled
2	Chipando General Dealers	Construction of Post Office and Associated External Works in the new districts	4,801,942.96	960,388.59	3,841,554.37	27.07.2014	31.12.2021	Stalled
3	Techrim Enterprises Limited	Construction of District Council Office Block, 2 No. High Cost Houses Type 2 and Associated External Works	5,786,544.00	1,842,808.54	3,943,735.46	01.12.2014	31.12.2021	Stalled
4	Stone King Construction	Construction of 10 No. Medium Cost Houses	6,696,692.30	2,798,444.17	3,898,248.13	01.12.2014	31.12.2021	Stalled

		and Associated External Works										
5	Jemuro and Xtrade	Construction of 20 No. Low Cost Houses and Associated External Works in the	9,425,560.82	6,007,174.79	3,418,386.03	01.12.2014	31.12.2021		Stalled			
6	Elios Limited	Construction of police station, 2No. Medium Cost Houses, 8No. Low Cost Houses and associated external works	12,910,059.54	7,551,390.61	5,358,668.93	28.12.2014	31.12.2021		Stalled			
	CHIKANKATA DISTRICT											
7	Davisbet Enterprises Ltd	Construction of Post Office and Associated External Works	3,401,067.60	2,139,069.94	1,261,997.66	12.24.2014	31.12.2021		Stalled			
8	Royal Kent's General Dealers	Construction of District Administration Office Block	5,747,489.05	5,648,489.04	99,000.01	11.24.2014	31.12.2021		Stalled			

9	Lead Trading Limited	Construction of District Council Office Block, 2 No. High Cost Houses Type 2 and Associated External Works	5,820,264.85	3,596,996.91	2,223,267.94	11.13.2014	31.12.2021	Incomplete and Stalled
10	Shumpe Investments Limited	Construction of 10 No. Medium Cost Houses and Associated External Works	7,074,199.50	6,725,315.83	348,883.67	11.13.2014	31.12.2021	Stalled
11	Chusaka Construction Limited	Construction of 20 No. Low Cost Houses and Associated External Works in the	10,498,326.30	7,650,540.51	2,847,785.79	11.13.2014	31.12.2021	Stalled
12	Lamsa Enterprises Ltd	Construction of police station, 2No. Medium Cost Houses, 8No. Low Cost Houses and associated external works.	14,095,185.65	10,002,254.51	4,092,931.14	11.13.2014	31.12.2021	Stalled

	CHIPILI DISTRICT												
13	Lamusa Company Limited	Construction of Post Office and Associated External Works in the new districts	3,223,164.00	2,559,762.91	663,401.09	22.12.2014	31.12.2021	Stalled					
14	Woodrock Construction Limited	Construction of District Administration Office Block	6,491,081.02	3,941,290.24	2,549,790.78	01.12.2014	31.12.2021	Stalled					
15	Dove Engineering and Construction Limited	Construction of 10 No. Medium Cost Houses and Associated External Works	9,420,341.24	3,972,067.00	5,448,274.24	22.05.2017	31.12.2021	Stalled					
16	Divine Link Contractors	Construction of District Council Office Block, 2 No. High Cost Houses Type 2 and Associated External Works	10,686,932.68	0.00	10,686,932.68	16.05.2019	31.12.2021	Stalled					
17	African Contractors Limited	Construction of 20 No. Low Cost Houses and Associated External Works in the	11,632,264.24	4,083,221.12	7,549,043.12	01.12.2014	31.12.2021	Stalled					

18	Horizon Properties Limited	Construction of police station, 2No. Medium Cost Houses, 8No. Low Cost Houses and associated external works	13,496,299.33	5,875,869.08	7,620,430.25	01.12.2014	31.12.2021	Stalled
	CHISAMBA DISTRICT							
19	TI Enterprises	Construction of Post Office and Associated External Works in the new districts	2,131,891.52	785,065.04	1,346,826.48	20.02.2015	31.12.2021	Stalled
20	Mach-Tech Limited	Construction of 10 No. Medium Cost Houses and Associated External Works	5,576,861.84	2,134,887.32	3,441,974.52	27.02.2015	31.12.2021	Stalled
21	Portmore Contractors limited	Construction of District Administration Office Block	5,657,175.81	2,440,565.90	3,216,609.91	26.02.2015	31.12.2021	Stalled

22	Wichimba Contractors Limited	Construction of District Council Office Block,2 No. High Cost Houses Type 2 and Associated External Works	6,235,586.96	4,578,729.51	1,656,857.45	05.11.2015	31.12.2021	Stalled
23	Ngalitas Hardware and Electricals Limited	Construction of 20 No. Low Cost Houses and Associated External Works in the	8,714,164.17	7,907,037.34	807,126.83	26.02.2015	31.12.2021	Stalled
24	Horizon Properties Limited	Construction of police station,2No. Medium Cost Houses,8No.Low Cost Houses and associated external works	14,440,330.76	3981081.46	10,459,249.30	27.02.2015	31.12.2021	Stalled
	IKELANGE DISTRICT							
25	Chipando General Dealers	Construction of Post Office and Associated External Works in the new districts	4,802,452.36	0.00	4,802,452.36	07.21.2015	31.12.2021	Stalled

26	I & L Contractors Limited	Construction of District Council Office Block, 2 No. High Cost Houses Type 2 and Associated External Works	8,842,761.33	1,768,552.27	7,074,209.06	07.21.2015	31.12.2021	Stalled
27	Brickworld Zambia Limited	Construction of 10 No. Medium Cost Houses and Associated External Works	8,998,792.28	2,795,559.06	6,203,233.22	12.12.2014	31.12.2021	Stalled
28	Raymond Construction Limited	Construction of District Administration Office Block	11,071,297.70	0.00	11,071,297.70	10.04.2017	31.12.2021	Stalled
29	Matty Construction Limited	Construction of police station, 2 No. Medium Cost Houses, 8 No. Low Cost Houses and associated external works.	18,612,803.90	0.00	18,612,803.90	10.17.2017	31.12.2021	Stalled

	LIMULUNGA DISTRICT											
30	Walltech Enterprises Limited	Construction of District Admin Office Block	7,360,850.10	7,113,348.60	247,501.50	02.28.2015	31.12.2021	Stalled				
31	Conquest	Construction of 20No. Low Cost Houses	10,410,362.0	-	10,410,362.00	04.28.2017	31.12.2021	Stalled				
32	Woodlock Limited	Construction of Council Admin Office Block and 2No. High Cost Houses	11,191,167.28	-	11,191,167.28	20.04.2020	31.12.2021	Stalled				
33	Walltech Enterprises Limited	Construction of 10No. Medium Cost Houses	14,221,767.60	2,844,353.52	11,377,414.08	28.04.2017	31.12.2021	Stalled				
	MANYINGA DISTRICT											
34	Simuliya Trading Limited	Construction of District Administration Office Block	6,958,656.02	2,411,085.93	4,547,570.09	12.19.2014	31.12.2021	Stalled				
35	PowerSurge Contractors Limited	Construction of 20 No. Low Cost Houses and	9,864,894.63	3,351,809.32	6,513,085.31	06.06.2015	31.12.2021	Stalled				

36	Rasing East Construction Limited	Associated External Works in the Construction of police station, 2No. Medium Cost Houses, 8No. Low Cost Houses and associated external works	15,366,493.59	0.00	15,366,493.59			10.10.2017	31.12.2021	Stalled
	MWANSABOMBWE DISTRICT									
37	Greevis Enterprises Limited	Construction of District Administration Office Block	4,120,150.77	2,450,306.54	1,669,844.23			02.12.2017	31.12.2021	Stalled
38	Chipando General Dealers	Construction of Post Office and Associated External Works in the new districts	4,975,768.96	1,348,498.25	3,627,270.71			26.06.2017	31.12.2021	Stalled
39	Swadocom Trading	Construction of District Council Office Block, 2 No. High Cost Houses Type 2 and Associated External Works	5,985,700.31	3,809,704.23	2,175,996.08			10.12.2014	31.12.2021	Stalled

40	Lawrence Harry Zambia Limited	Construction of 10 No. Medium Cost Houses and Associated External Works	8,026,816.04	5,529,991.70	2,496,824.34	02.12.2014	31.12.2021	Stalled
41	Refrigeration Agencies Limited	Construction of 20 No. Low Cost Houses and Associated External Works in the	12,161,006.98	7,000,610.70	5,160,396.28	24.02.2014	31.12.2021	Stalled
42	Chima Chama Investments Limited	Construction of police station, 2 No. Medium Cost Houses, 8 No. Low Cost Houses and associated external works	15,095,421.95	7,762,241.12	7,333,180.83	01.06.2014	31.12.2021	Stalled
	NALOLO DISTRICT							
43	Divine Link	Construction of Council Admin Office Block and 2 No. High Cost Houses	5,678,348.69	3,951,995.56	1,726,353.13	12.30.2014	31.12.2020	Stalled
44	Divine Link	Construction of 10 Medium Cost Houses	9,003,385.24	4,379,524.32	4,623,860.92	11.15.2016	31.12.2020	Stalled

45	Luntex construction ltd	Construction of 20No. Low Cost Houses	9,799,806.28	3,675,843.82	6,123,962.46	11.30.2016	31.12.2020	Stalled
46	Atlax Global	Construction of Police Station, 2No. Medium cost Houses and 8No. Low Cost Houses	15,725,193.00	6,690,086.67	9,035,106.33	02.24.2016	31.12.2020	Stalled
47	Divine Link	Construction of District Admin Office Block	18,617,275.10	5,318,745.62	13,298,529.48	11.30.2015	31.12.2021	Stalled
	NGABWE DISTRICT							
48	Stardy Contractors	Construction of District Administration Office Block	4,047,806.08	809,561.22	3,238,244.86	29.05.2015	31.12.2021	Stalled
49	Diamond Palace Construction Limited	Construction of Post Office and Associated External Works in the new districts	6,163,383.70	0.00	6,163,383.70	02.05.2019	31.12.2021	Stalled
50	Stardy Contractors	Construction of 10 No. Medium Cost Houses and Associated External Works	6,819,526.32	2,686,529.53	4,132,996.79	29.05.2015	31.12.2021	Stalled

51	VBS General Dealers Limited	Construction of District Council Office Block, 2 No. High Cost Houses Type 2 and Associated External Works	8,956,032.88	1,930,179.50	7,025,853.38	29.12.2018	31.12.2021	Stalled
52	Chusaka Construction Limited	Construction of 20 No. Low Cost Houses and Associated External Works in the	11,829,708.79	7,714,681.31	4,115,027.48	29.05.2015	31.12.2021	Stalled
53	Canbert Enterprises Limited	Construction of police station, 2 No. Medium Cost Houses, 8 No. Low Cost Houses and associated external works	14,673,995.30	8,728,236.00	5,945,759.30	29.05.2015	24.03.2021	Stalled
	NKEYEMA DISTRICT							
54	Tenacity	Construction of Post Office	3,393,004.60	1,675,599.83	1,717,404.77	02.28.2015	28.10.2020	Stalled
55	Tunta General Dealers	Construction of Council Admin Office Block	4,729,321.70	1,978,532.44	2,750,789.26	02.28.2015	28.10.2020	Stalled

		and 2No. High Cost Houses											
56	Tandem trailer Tech	Construction of 10No. Medium Cost Houses	8,703,048.00	3,860,027.21	4,843,020.79	02.28.2015	28.10.2020		28.10.2020	Stalled			
57	Triple v Properties	Construction of 20No. Low Cost Houses	12,722,437.85	4,652,336.62	8,070,101.23	02.28.2015	28.10.2020		28.10.2020	Stalled			
	NYIMBA DISTRICT												
58	Bruti - Engineering Limited	Construction of District Administration office Block and Associated External works.	5,927,409.76	2,163,777.00	3,763,632.76	09.10.2015	31.12.2021		31.12.2021	Stalled			
59	Jesmic Investments Limited	Construction of District Council Offices, 2no. High Cost Houses and Associated External Works	7,102,983.35	3,053,153.34	4,049,830.01	12.09.2014	31.12.2021		31.12.2021	Stalled			
60	Beacon Crest Limited	Construction of 20no. Low cost houses and associated external works	10,961,721.20	4,877,626.23	6,084,094.97	12.29.2014	31.12.2021		31.12.2021	Stalled			

66	Woodlock Ltd	Construction of police station, 2No. Medium Cost Houses, 8No. Low Cost Houses and associated external works	16,043,032.00	9,284,215.28	6,758,816.72	11.30.2014	31.12.2021	Stalled
	SINDA DISTRICT							
67	Olcint Proline Limited	Construction of District Council Offices, 2no. High Cost Houses and Associated External Works	5,455,537.25	3,141,043.18	2,314,494.07	12.29.2014	31.12.2021	Stalled
68	Pozolonna Engineers and Builders Limited	Construction of District Administration office Block and Associated External works.	6,340,717.75	2,746,149.70	3,594,568.05	02.25.2014	31.12.2021	Stalled
69	Translantic Ventures Limited	Construction of 10 no. Medium Cost Houses and Associated external works	7,727,335.75	2,601,750.43	5,125,585.32	10.30.2014	31.12.2021	Stalled

70	National Housing Authority	Construction of 20no. Low cost houses and associated external works	19,863,863.13	0.00	19,863,863.13	12.23.2018	31.12.2021	Stalled
	SIOMA DISTRICT							
71	Sakalimbwe Trading	Construction of Post Office	3,715,381.24	-	3,715,381.24	03.20.2017	31.12.2021	Stalled
72	Integrity Enterprises	Construction of 10No. Medium Cost Houses	8,096,002.75	4,509,546.88	3,586,455.87	02.15.2016	31.12.2021	Stalled
73	Kapeshi works and traders	Construction of 20No. Low Cost Houses	9,792,439.85	1,958,487.97	7,833,951.88	02.15.2015	31.12.2021	Stalled
74	Divine Link	Construction of District Admin Office Block	13,539,905.00	3,384,976.25	10,154,928.75	01.25.2018	31.12.2021	Stalled
75	Rising East Construction	Construction of Police Station, 2No. Medium Cost and 8No. Low Cost Houses	15,527,901.62	-	15,527,901.62	02.28.2015	31.12.2021	Stalled

	VUBWI DISTRICT																		
76	Bruti - Engineering Limited	Construction of District Council Offices, 2no. High Cost Houses and Associated External Works	6,045,837.65	2,031,755.25	4,014,082.40	12.04.2014	31.12.2021	Stalled											
77	JM & J Limited	Construction of 10 no. Medium Cost Houses and Associated external works	13,243,620.24	0.00	13,243,620.24	02.10.2015	31.12.2021	Stalled											
78	National Housing Authority	Construction of 20 no. low cost houses and associated external works	20,293,245.51	0.00	20,293,245.51	12.23.2018	31.12.2021	Stalled											

27 Head: 62 Ministry of Energy

27.1 Mandate

The Ministry of Energy is mandated to develop and manage the energy sector in relation to renewable energy sources, electricity, energy policy, nuclear energy policy, oil pipeline and refineries, petroleum and petroleum storage and pricing.

27.2 Audit Findings

An examination of financial and other records maintained at the Ministry of Energy Headquarters for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K1,496,859,922, was made to cater for the operations of the Ministry against which amounts totalling K373,627,488 were released resulting in under funding of K1,123,232,474.

Although the Ministry was underfunded, as at 31st December 2020, amounts totalling K373,550,203 had been spent leaving a balance of K77,285.

b. Operational Matters - Failure to Achieve Target Outputs

According to the Seventh National Development Plan, the Ministry falls under Pillars I and II and is supposed to contribute towards rural electrification and power generation. In order to achieve this, the Ministry implemented an Output Based Budget for the formulation and implementation of government policy.

A total budget provision of K1,410,650,446 was made to implement Petroleum Development and Management, Electricity Development and Electrification, and Renewable and Alternative Energy.

However, the Ministry was only funded K288,642,299 leaving a balance of K1,122,008,147 resulting in failure by the Ministry to improve access to petroleum products in rural areas, promoting the use of renewable and alternative energy sources, mitigating the effects of load shedding and increasing access to electricity, among others. See table 27.1 below.

Table 27.1: Targets Vs Actual Outputs

No.	Programme	Authorised Budget K	Funding K	Variance K
1	Petroleum Development and Management	3,823,601	3,596,789	226,812
2	Electricity Development and Electrification	1,388,072,204	281,076,544	1,106,995,660
3	Renewable and Alternative Energy	18,754,641	3,968,966	14,785,675
		1,410,650,446	288,642,299	1,122,008,147

c. Staff Related Matters**i. Failure to Pay NAPSA Contributions Timely**

Clause 14 (1) of the National Pension Scheme Authority (NAPSA) Act of 1996, states that a contributing employer shall pay to the Scheme a contribution in respect of an employee in his or her employment consisting of the employer's contribution and the employee's contribution at the prescribed percentage.

As at 31st December 2020, the Ministry owed NAPSA amounts totalling K592,035 in respect of penalties on delayed payment of pension contributions. The penalties had accumulated for periods of over thirty three (33) months.

d. Accounting Irregularities**i. Unretired Accountable Imprest**

Financial Regulations No. 96 (1) requires that accountable imprest should be retired immediately the purpose for which it was issued had been fulfilled.

Contrary to the regulation, accountable imprest in amounts totalling K25,009 involving eight (8) transactions had not been retired as at 31st July 2021.

ii. Failure to Avail Activity Reports

During the period under review, daily subsistence allowances and fuel imprest in amounts totalling K177,009 were paid to various officers to undertake the inspection of smuggling of fuel and the audit of procurement of petroleum products.

However, no activity reports were availed for audit as at 31st August 2021. As a result, it was not possible to ascertain whether the activities for which the funds were paid for were actually undertaken.

28 Head: 65 Ministry of Higher Education

28.1 Mandate

The Ministry is mandated to formulate policy and regulate university education and vocational education and training. The Ministry is also mandated with the promotion and application of science, technology and innovation for socio-economic development.

28.2 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and selected stations for the financial year ended 31st December 2020, revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K2,487,289,400 was made to cater for various activities against which amounts totalling K1,494,413,469 were released, resulting in an underfunding of K992,875,931.

Although the Ministry was underfunded, as at 31st December 2020, amounts totalling K1,494,354,304 had been spent leaving a balance of K59,165.

b. Operational Matter - Failure to Appoint a Special Committee of Survey on Separation

Part 81 (1) and (2) of the Public Finance Management Act No. 1 of 2018 requires that in the event of the dissolution of a Department, the Secretary to the Treasury shall appoint a special committee of survey to:

- Examine and value the assets and liabilities of the dissolved Department; and
- Recommend allocation or disposal of the assets and liabilities of the dissolved Department.

The Secretary to the Treasury may in consultation with the Ministry responsible for Works and Supply designate the assets referred in (a) and (b) to the Department.

In 2017, the Higher Loans Scholarships Board (HLSB) became operational following the enactment of the Higher Education Loans and Scholarship Act No. 31 of 2016 and thus replaced the Bursaries Committee.

Contrary to the requirements of the Act, there was no evidence that a special committee of survey was appointed to examine and value the asset and liabilities before the transfer of the department.

c. Irregular Transfer of Funds – Development of Higher Education Management Information System (HEMIS)

Section 32 (5) of the Public Finance Management Act No. 1 of 2018 states that a transfer of public money shall not be made between the same bank or different banks without written approval of the Secretary to the Treasury.

During the period under review, the Ministry embarked on the development of the Higher Education Management Information System (HEMIS) for which the Ministry was funded an amount of K1,364,616.

Contrary to the provisions of the Act, the Ministry transferred K1,364,616 to a commercial bank account without obtaining authority from the Secretary to the Treasury.

d. Procurement Matters

During the period under review, the Ministry had various contracts of which an examination of ten (10) selected contracts with a contract sum of US\$10,631,846 relating to the supply, delivery, installation, commissioning and training of key staff on the use of the equipment for eighteen (18) training institutions. See table 28.1 below.

Table 28.1: Contracts for Supply of Equipment

No.	Date Of Signing	Supplier	Details	Contract Sum US\$	Expected Delivery	Period of Delay in Months	Amount Paid US\$
1	29.01.2019	Fondga	Metal fabrication equipment	2,844,233	29.03.2019	17	2,561,320
2	28.01.2019	Fondga	Designing, cutting and tailoring equipment	902,937	28.03.2019	17	812,643
3	09.02.2019	GEM Forgings	Brick laying and Plastering	656,814	09.04.2019	17	591,139
4	09.02.2019	Classic Express	Cosmetology equipment	381,388	09.04.2019	17	343,249
5	25.01.2019	Elegant automobiles	Agriculture equipment	986,126	25.03.2019	17	887,532
6	28.01.2019	Divine Express	Carpentry and joinery equipment	980,760	29.03.2019	17	882,276
7	25.01.2019	Theotaka Laboratory	Automotive mechanic and automotive equipment	1,334,984	25.03.2019	17	1,267,431
8	28.01.2019	wongani Investment Ltd	Electrical equipment	676,489	28.03.2019	17	608,840
9	25.01.2019	Graidco BV	Food Production equipment	520,933	25.03.2019	17	468,840
10	25.01.2019	Graidco BV	Tannery and Taxidermy equipment	1,329,183	25.05.2019	16	1,197,154
			Total	10,613,846			9,620,423

The payment terms for the ten (10) contracts required that 10% is paid as advance while 80% is paid upon submission of delivery note, bill of lading, insurance

certificate issued, inspection certificate and the balance of 10% upon issuance of acceptance certificate.

In particular, the following were observed:

- i. Contrary to the payment conditions on shipment of 80%, the Ministry paid a sum of US\$9,620,423 against contract amounts of US\$10,613,846 resulting in delayed payments of US\$993,423 which had been outstanding for periods ranging from six (6) to eight (8) months as at 30th June 2021.
- ii. Although the suppliers had delivered various equipment worth US\$10,187,739 between July 2020 and October 2020 in Lusaka, equipment worth US\$4,895,288 from eight (8) suppliers had not been delivered to the eighteen (18) trade institutions. As a result, installation, commissioning and training of key staff had not been done as at 30th June 2021, over eight (8) months after delivery of the equipment.
- iii. The contract periods for all ten contracts had expired for periods of over twenty four (24) months as at 30th June 2021.
- iv. Contrary to the payment terms, the Ministry had paid Elegant Automobiles US\$887,513 which was 90% of the contract sum, despite the supplier not having delivered equipment valued at US\$106,500. Further, the supplier had not submitted all the required documentation to support the payment of 90%.
- v. On 25th January 2019, the Ministry signed a contract with Graidco BV at a contract sum of US\$1,329,182.74 VAT exclusive for the supply, delivery, installation and commissioning and training of staff on the use various tannery and taxidermy equipment for various training institutions with a delivery period of fourteen (14) to sixteen (16) weeks.

The contract No. 10 in table 1 above was amended on 29th October 2019 through an addendum which changed the contract from the supply of tannery and taxidermy equipment to supply of electrical equipment at the same total contract sum of US\$1,329,183

The decision of the Ministry to vary the items in the original contract at the same contract price was questionable in that the new items were not subjected

to price competition and there was no report to indicate that the Government has obtained value for money.

Further, the basis of Management coming up with the technical specifications which led to the award of the contract could not be determined and the change in the supply implied that the planned training in tannery and taxidermy equipment could not be achieved.

- vi. The supplier under contract No. 4 in the table 1 above was paid a total of US\$343,249 which was 90% of the contract sum. This was despite the Ministry having rejected equipment worth US\$305,043.
- vii. The supplier under contract No. 6 under table 1 above had been paid a total of US\$882,684 which was 90% of the contract sum, despite the supplier not having delivered equipment valued at US\$32,564. Further, the supplier had not submitted all the required documentation to support the payment of 90%.

e. Contract on Nuclear Energy Programme Implementing Organization (NEPIO) Office Rentals - Questionable Payment of Rentals in Dollars

On 4th July 2019, the Ministry signed a lease agreement with United Church of Zambia Synod for NEPIO's office accommodation at plot no. 895 Woodlands, Lusaka. The lease agreement was quoted at a monthly rental of US\$10,568.80 and was to expire on 30th April 2022.

The decision of the Ministry to enter into rental agreement in United States Dollars without currency hedging resulted in fluctuating monthly rental payment in Kwacha terms.

During the period of the tenancy agreement from 3rd September 2019 to 31st December 2020, the exchange rate varied between K13.20 and K22.64 per US\$. In this regard, quarterly rental fees paid by the Ministry varied from K424,368 to K717,728. See table 28.2 below.

Table 28.2: Payment of Quarterly Office Rentals

Date	Period	Rental Charge/ Quarter K	Unit price –monthly including service charge, VAT and electricity charge K	Total Charges per Quarter K
03.09.2019	Sept -Nov 19	385,737	114,576	500,313
12.12.2019	Jan - March 2020	446,561	128,736	575,297
06.04.2020	May -June 2020	59,205	17,013	76,218
10.07.2020	July -Sept 2020	484,752	141,595	626,347
20.05.2020	April - June 2020	557,521	160,207	717,728
21.10.2020	Oct - Dec 2020	366,708	57,660	424,368
Total		2,300,485	619,787	2,920,272

29 Head: 68 Ministry of Tourism and Arts**29.1 Mandate**

The mandate of the Ministry is to provide for sustainable development of the tourism industry through effective tourism planning, control and management promotion and coordination.

29.2 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and selected District Offices for the financial year ended 31st December 2020 revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K320,113,069 was made to cater for various activities against which amounts totalling K285,946,720 were released, resulting in an underfunding of K34,166,349.

Although the Ministry was underfunded, as at 31st December 2020 amounts totalling K284,857,290 had been spent leaving a balance of K1,089,430 in 2020. See table 29.1 below.

Table 29.1: Budget, Funding and Expenditure

Year	Approved Estimates K	Funding K	Actual Expenditure K	Under Funding K
2020	320,113,069	285,946,720	284,857,290	1,089,430
Total	320,113,069	285,946,720	284,857,290	1,089,430

b. Weaknesses in Managing Payroll and Staff Related Matters**i. Double Payment of Salaries**

In 2016, the Government made a decision to transfer all prosecutors in the public service to the National Prosecution Authority.

In this regard, fifty (50) prosecutors from the Ministry of Tourism and Arts (MoTA) were transferred to National Prosecution Authority (NPA). In January 2018, following the transfer, the officers were introduced on the payroll of NPA.

However, it was observed that some officers continued drawing salaries under the Ministry payroll as at 31st October 2020, resulting in irregular drawing of salaries in amounts totalling K2,706,005. During the same period the officers were also being paid salaries at NPA.

Despite the payslips indicating that all overpayments and non recovery of loans should be reported, the officers did not report the overpayments. The officers continued receiving double salaries for periods ranging from five (5) to forty one (41) months. See table 29.2 below.

Table 29.2: Double Salary Payments

No.	Year	Institution	No. of Officers	Amount K
1	2021	Ministry of Tourism & Arts	1	34,480
2	2020	Ministry of Tourism & Arts	6	187,948
3	2019	Ministry of Tourism & Arts	13	438,456
4	2018	Ministry of Tourism & Arts	50	2,045,121
		Total		2,706,005

Further, as at 30th June 2021, the irregular salaries had not been recovered and no disciplinary action had been undertaken against the officers.

ii. Failure to Recover Salary and Tuition Advances

The Terms and Conditions of Service for the Public Service No. 92, requires that an advance of salary is recovered within a reasonable period of time but not

exceeding six (6) months, while the Payroll Management and Establishment Control (PMEC) provides for the recovery of tuition advance within a period not exceeding thirty (30) months.

However, it was observed, that recoveries in respect of salary advances (K24,000) and tuition advances (K115,000) paid to seven (7) officers in the years ended 31st December 2019 and 2020 had not been effected as at 30th June 2021, resulting in a delay of over twenty eight (28) months.

c. Accounting Irregularities

i. Unsupported Payments

Financial Regulation Nos. 45 and 52 requires that all payments by cheque or cash for goods, services and works should be supported by cash sale receipts and that vouchers relating to purchases be supported by an official order and the supplier's invoices.

Contrary to the regulations, forty two (42) transactions in amounts totalling K343,297 for the years ended 31st December 2019 and 2020 were not supported with documentation such as invitation letters, receipts, expenditure returns and list of beneficiaries. See table 29.3 below.

Table 29.3: Unsupported Payments

No.	Unit	2019		2020		Total K
		No. of Transactions	Amount K	No. of Transactions	Amount K	
1	Ministry Head Quarters	28	244,538	4	39,881	284,419
2	Department of National Parks and Wildlife	9	52,113	-	-	52,113
3	Mundawanga Botanic Gardens	1	6,765	-	-	6,765
	Total	38	303,416	4	39,881	343,297

ii. Unretired Accountable Imprest

Financial Regulation No. 96 (1) requires that special and accountable imprest should be retired immediately the purpose for which they are issued has been fulfilled.

Contrary to the regulation, accountable imprest in amounts totalling K9,440 issued to an officer had not been retired and no recoveries had been effected as at 30th June 2021.

Further, in January 2020, the Ministry paid another officer K50,320 (K40,880 as per diem and K29,440 as accountable imprest) for a trip to Spain. However, the officer did not travel and had refunded K20,000 leaving a balance of K39,320 outstanding as at 30th June 2021.

iii. Failure to Avail Activity Reports

Imprest in amounts totalling K56,230 was issued to several officers to carry out activities such as revenue and routine monitoring and reconciliations. However, no activity reports were availed for audit and there was no evidence to show that officers travelled. See table 29.4 below.

Table 29.4: Imprest Issued with No Activity Reports

Dept/Area Mgt Unit	2019		2020		Total K
	No. of Transactions	Amount K	No. of Transactions	Amount K	
Ministry Headquarters	4	8,550	2	47,680	56,230

iv. Irregular Issuance of Imprest

Treasury and Financial Circular No. 01 of 2020 requires that payments relating to conditions of service such as subsistence and other allowances be paid directly into the beneficiaries' accounts.

Contrary to the circular, imprest in amounts totalling K116,250 was issued to eight (8) officers to facilitate payments of subsistence allowance to several officers instead of paying directly into the beneficiaries' bank accounts.

v. Fuel Drawn by Vehicles not Part of the Institutions Fleet of Vehicles

During the period under review, 3,278 litres of fuel costing K43,630 involving 139 transactions was irregularly drawn from the Department of National Parks and Wildlife pool fuel account by thirty two (32) motor vehicles not appearing on the department's motor vehicles fleet without authority.

vi. Unaccounted for Stores

Public Stores Regulation No.16 requires that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain record of the receipt and issue of such public stores.

Contrary to the regulation, stores items costing K219,711 comprising general stores (K43,922) and fuel (K175,788) procured at Headquarters were not accounted for in that there were no receipt and disposal details.

d. Infrastructure Development

i. Construction of Ablution Block at Mundawanga Zoo and Botanical Gardens in Chilanga District

On 26th July 2019, the Ministry awarded a contract to Siltekk Engineering Limited for the construction of three (3) ablution blocks at Munda Wanga Zoo and Botanical Gardens at a contract sum of K694,590. The contract was for a period of six (6) months ending in December 2019.

As at 30th June 2021, the Contractor had been paid a total amount of K498,272. See table 29.5 below.

Table 29.5: Payments for Ablution Construction

No.	Date	Details	Amount K
1	06.08.19	25% Advance Payment	173,647
2	23.12.19	1st certificate	324,625
		Total	498,272

The following were observed:

- **Failure to Submit Performance Guarantee/ Bond**

Clause 53.1 of the General Conditions of Contract provided for the provision of the performance guarantee of 10% of the contract price.

Contrary to the clause, as at 30th June 2021, the contractor had not availed the performance guarantee.

- **Questionable Variation**

On 4th September 2020, the Ministry issued a variation order to the contract to increase the number of toilets and urinals in order to cater for the physically challenged and provide for dressing rooms and closets for children at an additional cost of K168,926.

However, a variation order was issued nine (9) months after the expiry of the contract and was therefore questionable.

Further, it was observed that the variation order was issued without clearance from the Attorney General.

- **Delayed Completion of the Project**

On 2nd October 2020, the Ministry issued an order to the contractor for resumption of works and the completion date was extended for fifty six (56) days ending 3rd December 2020.

A review of records and physical verification conducted in June 2021 revealed that the works had not been completed twenty six (26) weeks after the expected completion date and the contractor was not on site.

e. Management of Liabilities – Failure to Settle Outstanding Commitments

A review of records revealed that the Ministry had accrued debts in amounts totalling K593,201,082 and US\$601,306 in respect of personal emoluments, subscriptions to local and international bodies and other recurrent departmental charges among others dating as far back as 2016.

As at 30th June 2021, the bills had not been settled.

f. Management of the Tourism Development Fund

The Tourism Development Fund was established under the Tourism and Hospitality Act No. 13 of 2015 for the purposes of tourism development, tourism infrastructure, tourism marketing, tourism training and research.

The following were observed:

i. Failure to Reimburse Borrowed Funds

On 15th November 2018, the Secretary to Treasury granted authority to the Permanent Secretary, Ministry of Tourism and Arts to utilise a sum of K1,101,111 from the Tourism Development Fund to execute the tender for the granting of safari hunting/photographic tourism concession in thirteen (13) hunting blocks in various game management areas. The amount was to be reimbursed once the contracts were awarded and concession fees paid.

As at 30th June 2021, the fund had not been reimbursed twenty nine (29) months after the borrowing.

ii. Failure to Produce the Annual Report

Section 66 (1) of the Tourism and Hospitality Act No. 13 of 2015 states that as soon practicable, but not later than ninety (90) days after the end of the financial year, the Ministry responsible for tourism should submit to the Minister for Finance a report concerning the activities relating to the Fund during the financial year.

The report should include information on the financial affairs of the Fund and should be appended to the report:

- an audited balance sheet;
- an audited statement of income and expenditure; and
- such other information as the Minister responsible for finance may require.

Contrary to the Act, as at 30th June 2021, the Ministry had not submitted the annual reports for the financial years ended 31st December 2016 to 2020.

30 Head: 76 Ministry of Youth Sport and Child Development

30.1 Mandate

The Ministry aims to effectively contribute to national development by promoting the implementation, coordination and monitoring of youth, sport and child development programmes.

30.2 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and selected stations for the financial year ended 31st December 2020 revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K527,273,927 was made to cater for various

activities against which amounts totalling K520,271,539 were released, resulting in an underfunding of K7,002,388.

Although the Ministry was underfunded, as at 31st December 2020, amounts totalling K232,197,887 had been spent leaving a balance of K288,073,651.

b. Operational Matters

i. Review of Youth Empowerment Schemes - Non Performing Loans

During the period from 2012 to 2020, the Ministry implemented various Youth Empowerment Programmes of which amounts totalling K88,916,306 had been spent for empowerment of over 12,836 youths. As at 31st December 2020, only amounts totalling K5,947,567 had been recovered leaving a balance of K82,968,739. See table 30.1 below.

Table 30.1: Summary of Name of Scheme, Loans Disbursed and Outstanding Recoveries

No.	Type of Scheme	Amount Spent K	Total Amount Collected as at 31st Dec 2020 K	Amount Outstanding as at 31st December 2020 K
1	Youth Development Fund	52,000,000	2,800,000	49,200,000
2	Higer Buses Empowerment -Phase one(1)	12,820,000	2,400,000	10,420,000
3	Youth Street Vendors	9,000,000	540,000	8,460,000
4	Motorized Cargo Tricycles	3,696,840	92,890	3,603,950
5	ICT Equipment Empowerment	5,124,000	114,677	5,009,323
6	Graduate Trainees Empowerment	6,165,000	-	6,165,000
7	Youth Resettlement	110,466	-	110,466
	Total	88,916,306	5,947,567	82,968,739

In particular, the following were observed:

- **The Youth Development Fund**

The fund aimed at providing capital to youth led micro, small and medium enterprises for wealth and employment creation. In 2012, 2013 and 2014 the Government disbursed a total of K52,000,000 in form of loans to 2,750 youth groups throughout the country. The loans ranged from K2,500 to K50,000 with a repayment period of five (5) years.

However, as at 31st December 2020 only K2,800,000 had been recovered leaving a balance of K49,200,000 representing a default rate of 95%. Consequently, the scheme was suspended in December 2018.

As at 31st July 2021, the balance of K49,200,000 had not been recovered and no action had been taken against the defaulters.

- **Higer Buses Empowerment Scheme - Phase One (1)**

On 1st March 2016, the Ministry of Youth, Sport and Child Development entered into a purchase agreement with the Public and Private Bus Drivers Association of Zambia (PPBDAZ) and Higer Bus Zambia Limited for the purchase of twenty five (25) buses at a cost of K55,000,000 (US\$5,272,000).

The terms of the agreement included the following:

- The Ministry as the underwriter, extended the loan of K22,000,000 (US\$2,000,000) to Public and Private Bus Drivers Association of Zambia that was paid directly to Higer Bus Zambia as 40% commitment fee;
- The loan of K22,000,000 to PPBDAZ was for a period of five (5) years and attracted an interest fee of 5%;
- The PPBDAZ was expected to be making monthly loan repayments of K467,669 to the Ministry; and
- PPBDAZ was expected to pay the balance of K33,000,000 (US\$3,272,200) to Higer Bus Zambia Ltd over a period 36 months and was responsible for the routine maintenance and insurance of the buses.

The project was intended to create 175 direct jobs in the transport sector for the youths.

According to the terms of the loan as at 31st December 2018, PPBDAZ was expected to have made repayments totalling K12,820,000 to the Ministry, however, only K2,400,000 had been repaid.

Consequently, on 31st December 2018, the Ministry on the recommendation of the Solicitor General seized the buses. At the time of seizure, the status of the buses was as follows:

- Two (2) buses which were not comprehensively insured had been completely written off after being involved in road traffic accidents;

- Eight (8) buses had been stripped of parts that included engines and as at 31st July 2021 the Ministry had not reported the matter to the police;
- Thirteen (13) buses were runners with minor mechanical problems; and
- Two (2) buses were missing and the matter had not been reported to the police as at 31st July 2021.

It addition, it was observed that at the time of seizure, PPBDAZ owed Higer Zambia Ltd K29,655,280 (US\$1,633,000) in outstanding loan repayments of which the Ministry as underwriter paid on 9th June 2020 rendering the expenditure wasteful.

As at 31st July 2021, no action had been taken against PPBDAZ.

Further, there were no records maintained to identify the youths that benefitted.

- **Higer Buses Empowerment Scheme – Phase Two (2)**

On 14th January 2019, following the repossession of the buses, the Ministry developed a concept note on the operations of the Higer Buses Project under phase two (2). In this regard, the Ministry allocated the buses to thirteen (13) beneficiary groups on the following terms:

- The beneficiaries were to fully service the loan at 4% interest rate for a period of 36 months;
- Payment of security deposit ranging from K100,000 to K150,000 depending on the value of the bus;
- Payment of minimum of K50,000 monthly installment towards the servicing of the loans; and
- Failure to service the loan in two (2) consecutive months would lead to forfeiture of the security deposit and seizure of the buses.

The following were observed:

- The loan agreement did not indicate the number of youths that were to benefit from each bus;

- As at 30th June 2021, out of the expected loan recoveries in amounts totalling K6,250,000 only K448,800 had been remitted to the Ministry leaving a balance of K5,801,200 outstanding for periods of over thirteen (13) months. Further, one (1) of the beneficiary groups had not made any repayment as at 31st July 2021; and
- Contrary to the loan agreements the Ministry had not enforced clause (h) which requires that failure to service the loan in two (2) consecutive months would lead to forfeiture of the security deposit and seizure of the buses. See table 30.2 below.

Table 30.2: Summary of Outstanding Loan recoveries

No.	Beneficiary	Loan Amount K	Repayment Period	No. of Months in Use	Expected Amount K	Amount Paid K
1	Ndola Central	1,600,000	36 months	16	800,000	66,000
2	Kawimbe	1,600,000	36 months	11	550,000	64,450
3	ZNUT	1,600,000	36 months	8	400,000	186,000
4	Bwaso	1,400,000	36 months	10	500,000	108,500
5	Umuntu Musepela	1,400,000	36 months	9	450,000	80,500
6	Pharez	1,600,000	36 months	9	450,000	10,000
7	Nkabila	1,600,000	36 months	9	450,000	12,500
8	Kalumbila	1,600,000	36 months	7	350,000	2,500
9	Copperbelt Clergy	1,600,000	36 months	11	550,000	2,500
10	Gishy	1,400,000	36 months	9	450,000	-
11	Chapamodzi	1,400,000	36 months	7	350,000	18,000
12	Benangandu	1,400,000	36 months	7	350,000	20,000
13	Arsenal	1,400,000	36 months	12	600,000	24,000
14	Total	19,600,000			6,250,000	448,800

- **The Youth Street Vendors Empowerment Scheme**

In June 2016, the Ministry launched the Youth Street Vendor's Empowerment Scheme in collaboration with the Street Vendors Foundation Cooperative Limited and Zambia Postal Services (Zampost). The scheme empowered street vendors with startup capital.

In this regard, a total amount of K9,000,000 was disbursed to 5,167 street vendors throughout the country in December 2019. The loan amounts ranged from K500 to K5,000 with a repayment period of five (5) years.

However, as at 31st December 2020, only K540,000 had been recovered leaving a balance of K8,460,000 representing a default rate of 94% resulting in the suspension of the scheme by the Ministry in December 2018.

As at 31st July 2021, the balance of K8,460,000 had not been recovered and no action had been taken against the defaulters.

- **Motorised Cargo Tricycles Empowerment Scheme**

The scheme aimed at empowering the youth with motorized cargo cycles to facilitate the modernisation and expansion of youth owned small scale cargo transportation business to enhance their contribution towards national development. In this regard, in September 2016, the Government procured 100 motorised cargo cycles at a cost of K4,437,000. The cycles were distributed to 100 cooperatives (benefiting 1,000 youths) which were supposed to pay an amount of K58,680 (principal K51,000 and interest K7,680) each over a period of 5 years.

However, as at 31st December 2020, only K92,890 had been recovered leaving a balance of K3,603,970 representing a default rate of 97%.

As at 31st July 2021, the balance of K3,603,970 had not been recovered and no action had been taken against the defaulters.

- **ICT Equipment Empowerment Scheme**

The scheme aimed at empowering the youth with establishment of ICT businesses.

In December 2017, the Ministry procured ICT equipment worth K2,193,373 (50 Photocopiers- K1,893,273 and K300,000 -start up kits) as a basic startup kit on loan basis to cater for sixty one (61) youth groups. The kit comprised five (5) desktop computers, a medium size printer, a multifunctional photocopier, a scanner and internet connecting equipment.

The equipment was distributed to sixty one (61) cooperatives which were supposed to pay back an amount of K84,000 (Principal K70,000 and Interest K14,000) each. In this regard, the cooperatives were required to pay back a total amount of K5,124,000 over a period of 5 years.

However, as at 31st December 2020, only K114,677 had been recovered leaving a balance of K5,009,323 representing a default rate of 98%.

As at 31st July 2021, the balance of K5,009,323 had not been recovered and no action had been taken against the defaulters.

- **The Graduates Trainee Empowerment Scheme**

The scheme aimed at providing capital equipment on a loans basis to graduates of youth resource centres to facilitate the establishment of business enterprises for employment and wealth creation. As of 31st July 2021, the Ministry had established twenty three (23) Youth Resource Centres across the Country.

During the period from 2018 to 2021, the Ministry, had trained and graduated 10,160 youths in various skills development programmes at twenty three (23) youth resource centres across the country. See table 30.3 below.

Table 30.3: Trained Youths

No.	Year	No. of Youths Trained
1	2018	3,283
2	2019	3,307
3	2020	1,888
4	2021	1,682
Total		10,160

In this regard, on 7th May 2019, the Ministry requested the Treasury to release an amount of K6,499,067 which was budgeted under the youth empowerment programme to facilitate the procurement of capital equipment (start-up Kits) for graduates from youth resource centres.

However, as at 31st August 2021, the Ministry had not implemented the scheme due to lack of funds and consequently, no graduate had been empowered.

- **Youth Resettlement Scheme**

The programme was intended to empower youths with land and start up kits to enable them engage in agriculture and agro related activities.

During the period under review, the Ministry's annual target was to resettle 600 youths at four (4) youth resettlement centres namely Mwanje in Mporokoso, Mufumbwe in Mufumbwe, Lukanga in Mpongwe and Mpika in Mpika at a cost of K5,000,000 by 31st December 2020.

A review of annual reports and accounting records revealed the following:

- As at 31st August 2021, only 159 youths out of the targeted 600 had been resettled (126 in Mwange and 23 in Lukanga).
- On 21st October 2020, the Ministry paid an amount of K110,466 to eight (8) officers that travelled for a fact finding tour of reported unrest and preparedness of the two (2) youth resettlement centres namely Mwange and Lukanga Youth Resettlement Centres.

However, a review of the field report dated November 2020, revealed that despite the youths having been resettled, the schemes lacked adequate water reticulation systems, had poor housing infrastructure and lacked transport among others.

ii. Other Empowerment Programmes

- **Delayed Operationalization of the Pave Zambia Empowerment Programme**

In 2012, the Government introduced the Pave Zambia 2000 project which embarked on paving of approximately 2,000 kilometers of urban roads in all ten (10) provinces. In this regard, the Government had procured paving machines which at the time were being managed by the Road Development Agency (RDA).

However in 2018, Government made a decision to transfer the equipment of the Pave Zambia project to the Youths Empowerment programme under the Ministry of Youth, Sports and Child Development in order to enhance the empowerment of the youths in the construction industry. The Pave Zambia equipment was handed over to the Ministry in December 2019.

On 6th February 2020, Roads Development Agency (RDA) was requested to dismantle and transport the equipment to youth resource centres in Lusaka, Kafue and Rufunsa Districts of which RDA issued a budget of K136,870.74 for the dismantling and reinstallation of the equipment at the Youth centres.

As at 31st July 2021, the programme had not commenced as the Ministry had not remitted the funds to RDA seventeen (17) months later.

- **Delayed Utilisation of Funds for the Construction and Operationalise of Fish Ponds at Kafue Resource Centre**

On 8th May 2019, the Ministry signed an agreement with African Asia Rural Development Organization (AARDO) for US\$16,000 for the construction of twenty (20) fish ponds which were to be stocked with 6,000 fingerlings at Kafue Youth Resource Centre. The project duration was twenty five (25) months commencing July 2019 and ending August 2021.

The project targeted fifty (50) youths with interest in fish farming. The project was supervised by the Fisheries Department in Kafue.

As at 31st July 2021, AARDO had released amounts totalling US\$16,000 (K336,000) of which amounts totalling US\$8,000 (K156,000) had been spent.

A review of the progress report dated May 2021 revealed that the Project had constructed twelve (12) fish ponds out of which only two (2) were stocked.

Although the Ministry received the final funding of US\$8,000 (K205,240) on 21st July 2020 from AARDO for the remaining eight (8) fish ponds to cater for twenty eight (28) beneficiaries, as at 31st August 2021, the Ministry had not remitted the funds to Kafue Resource Centre resulting in a delay of twelve (12) months.

- iii. **Consultancy Services on the Review of the Action Plan for Youth Empowerment and Employment (AYPEE) - Lack of Corrective Action on follow up recommendations for the Evaluation Report**

On 28th January 2020, the Ministry signed a contract with a consultant to undertake an evaluation of the Action Plan for youth empowerment and employment at a total cost of K292,240 with a completion date of 27th July 2020. The consultant was paid in full and the report had been issued which included the following recommendations:

- Integrate the APYEE into the National Youth Programme;
- Put in place a robust monitoring and evaluation system;
- Undertake a feasibility study to determine what would be best approach to APYEE;

- Introduce a youth business plan; and
- Proposal to actualize the resettlement schemes (Lukanga, Mwange and Mufumbwe youth resettlement schemes with business oriented plans.

As at 31st July 2021, the report from the consultant had not been adopted.

c. Accounting Irregularities

i. Wasteful Expenditure- Storage Charges

On 31st January 2018, the Ministry took a Toyota Hilux motor vehicle with registration number GRZ 858 CJ to a garage for repair. The motor vehicle was repaired at a cost of K62,640 in December 2018.

However, the vehicle was only collected sixteen (16) months it was repaired. Consequently, the Ministry was charged and paid an amount of K72,384 on 2nd November 2020 as storage charge resulting in wasteful expenditure.

ii. Asset Management - Questionable Expenditure on Repair of Bus

On 20th September 2019, a Scania Marcopolo bus with registration number GRZ 745 CB belonging to the Ministry was involved in an accident in Okahandja – Namibia while transporting the Zambia Deaf Sports Federation team for regional games in Windhoek- Namibia.

On 20th November 2020, the Ministry transferred amounts totalling K297,074 to the Zambian Embassy in Namibia for the repair (K183,666) and storage fees (K113,408). Although an amount of K183,667 was paid for repair, the Ministry on 3rd December 2020 paid an amount of K16,416 to three (3) officers that travelled to tow the bus to Lusaka.

A physical inspection conducted at the Ministry in July 2021, revealed that the bus was not operational.

31 Head: 77/01 Ministry of Defence - Headquarters

31.1 Mandate

The Ministry of Defence is mandated to preserve, protect and defend the sovereignty and territorial integrity of Zambia for the sole purpose of ensuring that the country, its citizens and residents are safeguarded from both internal and external aggression.

31.2 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and selected stations for the financial year ended 31st December 2020 revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K412,866,225 was made to cater for various activities against which amounts totalling K303,167,289 were released, resulting in an underfunding of K109,698,936.

Although the Ministry was underfunded, as at 31st December 2020 amounts totalling K258,780,365 had been spent leaving a balance of K44,386,924.

b. Weaknesses in Procurement Management

i. Awarding of Contracts without Confirmation of Availability of Funds

Section 54(2)(d) of the Public Procurement Act No. 12 of 2008 requires that no contract, purchase order, letter of bid acceptance or other communication in any form conveying acceptance of a bid or award of contract should be issued prior to among others confirmation that funding is available.

Further, Section 122 of the Public Procurement Regulations of 2011 requires that a procuring entity should, after a contract award decision by an approvals authority commit the required funds before proceeding to award the contract.

Contrary to the regulations, the Ministry awarded various contracts without confirmation of availability of funds and committing the required funds before proceeding to award the contracts. Consequently, the Ministry had accrued outstanding bills (debts) in amounts totalling K220,047,652 some of which had been outstanding from as far back as 2013.

ii. Supply and Delivery of Various Equipment for the Zambia Army

On 2nd August 2018, the Ministry of Defence engaged Sheniz Trading for the supply and delivery of various equipment for the Zambia Army at a contract sum of K116,154,051 (VAT inclusive) with a delivery period of five (5) to ten (10) weeks.

The terms of payment included:

- An advance payment of 25% within thirty (30) days of signing the contract against receipt of a bank guarantee;
- Fifty (50%) percent of the contract price to be paid on receipt of the goods; and
- Twenty five (25%) percent to be paid within sixty (60) days after the date of the acceptance certificate.

The following were observed:

- **Poor Contract Management**

Clause 16.1 of the Special Conditions of Contract (GCC) states that an advance payment of 25% of the contract price should be paid within thirty (30) days of signing of the contract against a receipt and bank guarantee for the equivalent amount and in the form provided in the bidding documents or another form acceptable to the Procuring Entity.

In this regard, the advance payment was K29,038,513 for which the supplier submitted an Advance Payment Bond dated 15th May 2020 with an expiry date of 14th May 2021. Contrary to this clause, the Advance Payment Bond which should have been submitted by 1st September 2018 was submitted nine (9) months late.

As at 30th June 2021, the Ministry had only paid an amount of K8,800,000 towards the advance payment leaving an outstanding balance of K20,238,513. See table 31.1 below.

Table 31.1: Part Advance Payments

No.	Date	Details	Amount K
1	11.09.2020	Part Payment	1,800,000
2	25.02.2021	Part Payment	7,000,000
	Total		8,800,000

Further, the goods had not been supplied as at 30th June 2021.

- **Questionable Extension of Contract**

Although the contract was signed on 2nd August 2018 and the delivery period was five (5) to ten (10) weeks, on 22nd June 2021, the Ministry informed the supplier that the contract would remain valid until the full 25% advance payment was made.

However, the decision to have an open ended contract was questionable in that there was no guidance sought from the Attorney General.

- iii. **Wasteful Expenditure – Payment of Interest**

Clause 43.1 of the contract states that if the client makes a late payment, the contractor shall be paid interest on the late payment in the next payment.

On 9th January 2014, the Ministry of Defence engaged Angel Construction Limited for the improvement of water supply at Zambia Air Force (Twin Palm Station) at a contract sum of K9,956,362 VAT inclusive with a completion period of twenty four (24) months.

As at 30th April 2020, the works were completed and the contractor was paid amounts totalling K9,901,667 based on seven (7) Interim Payment Certificates (IPCs).

However, on 17th April 2020, the Ministry paid interest amounting to K149,128 on Interim Payment Certificate (IPC) No. 7 which had been outstanding for over twelve (12) months, rendering the payment wasteful.

- iv. **Contract for the Restoration and Upgrading of the Production Line - Mupepetwe Engineering and Contracting Corporation (MECCO)**

In paragraph twenty four (24) of the Report of the Auditor General for the year ended 31st December 2019, mention was made on the contract between the

Ministry of Defence and China North Industries Corporation (NORINCO) for the restoration and upgrading of Mupepetwe Engineering and Contracting Corporation (MECCO) production line at a fixed contract sum of US\$19,524,913.

In their report for the Fifth Session of the Twelfth National Assembly, the Public Accounts Committee expressed concern that this contract dated back to 2013 and seven years later the contract had still not been performed. The Committee was further concerned that part of the equipment that had been delivered risked becoming obsolete and therefore, called upon the Secretary to the Treasury to provide the requisite funding to the Ministry of Defence and ensure that the contract was performed in full by both parties.

A review of the matter in June 2021, revealed that the contractor had been paid an additional amount of K131,416,667 (US\$7,123,405) bringing the total payments to K162,416,667 (US\$11,005,299). However, no deliveries had been made against the additional payments and the contract had been delayed by sixty two (62) months.

v. Contract for the Supply and Delivery of Specialised Marine Equipment

On 18th July 2018, the Ministry of Defence engaged Rene Enterprises Limited of Kenya for the supply of specialised marine equipment at a contract sum of US\$14,944,471 (VAT exclusive) with a delivery period of sixty (60) weeks.

The terms of contract included:

- An advance payment of 25% to be paid within thirty (30) days of signing of the contract against a receipt of bank guarantee;
- Fifty (50%) percent of the contract price to be paid on receipt of the goods; and
- Twenty five (25%) percent to be paid within sixty (60) days after the date of the acceptance certificate.

As at 30th June 2021, a total amount of US\$1,973,201 (K39,002,065) had been paid towards the 25% advance payment of US\$3,736,117.

The following were observed:

- **Poor Contract Management**

The advance payment was US\$3,736,117.79 for which the supplier submitted an advance payment bond dated 12th July 2020 with an expiry date of 12th July 2020. Contrary to this clause, the bond which should have been submitted by 17th August 2018 was only submitted twenty three (23) months late.

As at 30th June 2021, the Ministry had only paid an amount of US\$1,973,201 (K39,000,000) towards the advance payment leaving an outstanding balance of US\$1,762,916. See table 31.2 below.

Table 31.2: Part Advance Payments

No.	Date	Description	Amount K	Amount US\$
1	18.08.2020	Advance payment part payment	10,000,000	533,333
2	20.08.2020	Advance payment part payment	9,000,000	468,994
3	23.11.2020	Advance payment part payment	20,000,000	970,874
	Total		39,000,000	1,973,201

Further, the goods had not been supplied as at 30th June 2021.

- **Questionable Extension of Contract**

Although the contract was signed on 18th July 2018 and the delivery period was sixty (60) weeks ending on 17th October 2019, the Ministry informed the supplier that the contract would remain valid until the full 25% advance payment was made.

However, the decision to have an open ended contract was questionable in that there was no guidance sought from the Attorney General.

vi. Contract with Marvel Fairs Limited

During the period January 2020 to June 2021, the Ministry had made four (4) payments totalling £234,878 to Marvel Fairs Limited for the supply of assorted uniforms.

The following were observed:

- **Failure to Produce Records**

Section 3(a) of the Procurement Regulations of 2011, requires that all contract management records maintained should contain among others the signed contract document, including any signed contract amendments.

Contrary to the regulation, the Ministry was not in possession of the contract document. Although in his response dated 14th May 2021 the Controlling Officer indicated that the outstanding bill comprised accumulated transactions dating back to the 1990s when purchases of goods were done using overseas indents (an official order or requisition for goods), no documentation was availed for audit.

- **Inadequately Supported Payments**

Section 3(f) of the Public Procurement Act No. 12 of 2011 requires that all contract management records maintained should contain among others copies of all invoices for goods, works and services, including working papers verifying the accuracy of payments claimed and details of actual payments authorised by a contract manager.

Contrary to the regulation, the following were observed:

- During the period from December 1992 to June 2021, amounts totalling £9,355,641 were paid to the supplier. However, invoices for the period from 17th October 1994 to 12th April 2021 amounting to £5,768,889 were availed for audit leaving a balance of £3,586,752 unsupported.
- An examination of the statement of account revealed that Marvel Fairs Ltd had charged and was paid interest of £3,652,203 as at 12th April 2021 (charged at 2% per month on the outstanding amounts).

However, there was no documentation to support the interest amount paid.

- As at 30th June 2021, Marvel Fairs Ltd was owed £111,184.

vii. Construction of Chalala Barracks – Stalled Project

In Paragraph 24 of the Report of the Auditor General on the audit of accounts of the Republic for the financial year ended 31st December 2019, mention was made of the failure to provide information on the contract to finance, design and build the 6th Construction Engineer Regiment (also referred to as Buffalo Development Project – Chalala) at a contract sum of US\$201,391,650.69 exclusive of VAT.

A review of the matter in June 2021, revealed that the works were at 43% and the contractor had been paid amounts totalling US\$51,479,324.09.

Further, correspondence between the Ministry and the contractor revealed that the contractor abandoned the works in February 2021 due to non-payment of three (3) Interim Payment Certificates (IPC Nos. 5, 6 and 7) in amounts totalling US\$51,518,287.32. This was attributed to the non-release of funds by the Exim Bank of China.

However, the Government had continued to pay interest on the loan and as at 30th June 2021, amounts totalling US\$2,390,544 had been paid.

c. Accounting Irregularities

i. Unaccounted for Funds

Financial Regulation No. 65 (1) requires that payment vouchers with supporting documents, and any other forms which support a charge entered in the accounts, should be filed, secured against loss, and be readily available for audit.

During the period under review, amounts totalling K20,914,069 were sent to the Defence Attache in Dar es salaam for clearance and escort of various defence equipment.

Contrary to the regulation, amounts totalling K10,699,554 (US\$730,345) were unaccounted for in that there were no expenditure details such as payment vouchers, acquittals and receipts as at 30th June 2021.

ii. Mupepetwe Engineering and Contracting Company

• Failure to Settle Outstanding Bills

A review of records revealed that the company had accrued debts in amounts totalling K75,100,387 (K68,833,575 - statutory contributions and K6,271,812 - PAYE and utility bills among others).

As at 30th June 2021, the bills had not been settled. It was not possible to ascertain how long the bills were outstanding as no information in that respect was available.

• Failure to Collect Debt

During the period under review, it was observed that the company was owed amounts totalling K297,904 in respect of houses being rented out to thirty (30) tenants i.e. employees and former employees, carpentry jobs and other services provided by the company.

32 Head: 77/02 Ministry of Defence – Zambia Army

32.1 Mandate

The Zambia Army is mandated to defend the territorial integrity of Zambia from external and internal aggression.

32.2 Audit Findings

An examination of accounting and other records maintained at the Zambia Army Headquarters and selected stations for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K1,760,196,132 was made to cater for various programmes under the Zambia Army against which amounts totalling K1,754,431,976 were released resulting in an under funding of K5,764,160.

b. Contract Management - Irregular Splitting of Procurements

The Public Procurement Regulation No. 29 (3) of 2011 states that a procurement entity shall not divide requirement into lots for the sole purpose of avoiding thresholds or levels of authority.

In addition, the Second Schedule (Regulation 8) of the Public Procurement Regulations of 2011 requires that all procurements above K500,000 must be subjected to open bidding.

Contrary to the regulations, the Zambia Army did not subject two (2) procurements with contract amounts above K500,000 to open bidding but instead made split payments thereby circumventing procurement procedures. See table 32.1 below.

Table 32.1: Irregular Splitting of Contracts

No.	Date	Supplier	Description	LPO Amount K	Amount Paid K
1	19.11.20	Gourock Zambia Ltd	Purchase of 14 PVC tarpaulins	294,000	253,448
2	19.11.20	Gourock Zambia Ltd	Purchase of 14 PVC tarpaulins	294,000	253,448
	Sub-total			588,000	506,897
1	31.01.20	Sun Share Investments	Purchase of roofing sheets	390,832	390,832
2	31.01.20	Sun Share Investments	Purchase of roofing sheets	398,298	398,298
	Sub-total			789,129	789,129
	Total				1,296,026

c. Accounting Irregularities

i. Unaccounted for Fuel

Public Stores Regulation No. 16, requires that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain record of receipt and issue of such public stores.

Contrary to the regulation, fuel costing K190,070 procured during the period under review was not accounted for in that there were no receipt and disposal details.

ii. Outstanding Bills

As at 31st December 2020, the Zambia Army was owing amounts totalling K6,693,880,738 which had been outstanding for periods ranging for upto three (3) years.

33 Head: 77/03 Ministry of Defence – Zambia Air Force

33.1 Mandate

The Zambia Air Force (ZAF) is mandated to safeguard the sovereignty of the Country against all enemy air threats and renders support to land forces in defence of the country.

33.2 Audit Findings

An examination of accounting and other records maintained at Zambia Air Force Headquarters and selected stations for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K1,239,421,230 was made to cater for the operations of the Air Force against which amounts totalling K1,140,773,656 were released resulting in an underfunding of K98,647,574.

Although the Air Force was under funded, amounts totalling K1,120,374,601 had been spent as at 31st December 2020, leaving a balance of K20,399,055.

b. Procurement of Goods and Services

i. Consultancy Services for the Zambia Air Force History Book Project - Failure to Provide Performance Security

On 13th November 2017, Zambia Air Force engaged Mafinga Publishers Limited for Consultancy Services for the Zambia Air Force History Book Project at a contract sum of K269,352 with a delivery period of four (4) months commencing 13th November 2017 and ending on 13th March 2018.

The terms of the contract included the following:

- 25% advance payment within 30 days after the receipt of an advance bank guarantee by the client and upon submission of draft report; and
- 75% to be paid upon submission of final report.

The Public Procurement Regulations of 2011 require that a successful bidder provides a performance security within fourteen days of signing a contract or the date of the bid acceptance, whichever is earlier.

Contrary to the regulations, the performance security clause was not included in the contract and there was no evidence that the contract had been reviewed by the Attorney General.

ii. Supply and Delivery of 2021 Branded Zambia Air Force Diaries

On 15th June 2020, Zambia Air Force awarded a contract to Dasakoma Enterprise Limited for the supply and delivery of 2,021 branded Zambia Air Force diaries at a contract price of K411,250 with a delivery period of 8 to 12 weeks lead time from award and signing of the contract.

The terms of the contract included the following:

- Payment of 25% advance upon signing the contract;
- Payment of 75% within thirty (30) working days after supply and delivery of the goods to Central Equipment Depot; and
- The liquidated damages were to be charged at 0.10% per week up to a maximum amount of 10%.

As at 31st July 2021, the supplier had been paid a sum of K112,000.

The following were observed:

- **Failure to Deliver**

Clause 35.1(i) of the contract requires that the procuring entity, by written notice of default sent to the supplier, may terminate the contract in whole or in part if the supplier fails to deliver any or all of the goods within the period of 8 to 12 weeks lead time from award and signing of contract.

Contrary to the clause, the supplier failed to deliver the goods thirty eight (38) weeks after the expected delivery date.

In addition, as at 31st July 2021, Zambia Air Force had not terminated the contract despite failure by the supplier to deliver the diaries.

- **Failure to Recover Advance Payment**

Clause 16.1 of the General Condition of Contract (GCC) requires that the supplier furnish the procuring entity with bank issued performance security amounting to the advance payment. Further, Clause 18.2 of the GCC requires

that the proceeds of the advance payment should be payable to the procuring entity as compensation for any loss resulting from the supplier's failure to complete its obligation under the contract.

On 5th June 2021, the supplier gave Zambia Air Force a notice of termination citing failure by their agents to ship the consignment to the destination on time.

Contrary to the clause, Zambia Air Force did not encash the performance security and as at 31st July 2021 had not recovered the advance of K112,000 from the supplier.

- **Failure to Claim Liquidated Damages**

Although the contract provided for the charging of liquidated damages under Clause 27.1 of the GCC upon failure by the supplier to deliver branded diaries within 8 – 12 weeks, Zambia Air Force did not claim liquidated damages as provided for in the contract.

iii. Supply and delivery of Ten (10) Branded Buses

On 7th January 2019, Zambia Air Force awarded a contract to Hazida Motors Limited to supply and deliver ten (10) brand new sixty five (65) seater Scania, Marcopolo buses at a contract sum of K29,500,000 for a duration of six (6) to ten (10) weeks.

The terms of the contract included:

- 25% advance payment within thirty (30) days of signing of contract;
- 75% balance after date of delivery of goods and services by the supplier; and
- Performance security of 10% of the contract sum.

As at 30th June 2021, the supplier had been paid amounts totalling K3,369,541.

The following were observed:

- **Failure to Commit Funds**

Public Procurement Regulation No. 122 (1) of 2011 states that a procuring entity should, after a contract award decision by an approvals authority, commit the required funds before proceeding to award the contract.

Contrary to the regulation, the Zambia Air Force proceeded to award the contract without committing the funds.

- **Failure to Pay 25% Advance Payment**

Specific Condition of Contract required that 25% of the contract sum shall be paid to the supplier within 30 days of signing the contract.

Contrary to the clause, as at 30th June 2021, Zambia Air Force had only paid an amount of K3,369,541 which was 46% of the required advance payment of K7,375,000 leaving a balance of K4,005,459 and the supplier had only supplied two (2) buses.

c. Accounting Irregularities - Unaccounted for Fuel

Public Stores Regulation No. 16 requires that every stores officer or any other officer having in his charge any public stores or other articles of public property should keep and maintain record of the receipt and issue of such public stores.

Contrary to the regulation, fuel costing K165,261 procured during the period under review had no receipt and disposal details.

d. Failure to Secure Title Deeds

Public Finance Management Act No. 1 of 2018 (4) states 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, twelve (12) parcels of land had not been secured with title deeds as at 31st July 2021.

34 Head: 77/04 Ministry of Defence – Zambia National Service

34.1 Mandate

The Zambia National Service (ZNS) is a defence force wing whose mandate is to train citizens to serve the republic, develop infrastructure, enhance national food security and contribute to the social economic development.

34.2 Audit Findings

An examination of accounting and other records maintained at the Zambia National Service Headquarters carried out for the financial year ended 31st December 2020 revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K962,977,267 was made to cater for operations of ZNS against which amounts totalling K953,103,892 were released resulting in an underfunding of K9,873,375.

As at 31st December 2020, amounts totalling K953,103,891 had been spent.

b. Procurement of Goods and Services

i. Failure to Adhere to Procurement Regulations - Contract for Supply of Ambulances

Public Procurement Regulation No. 122 (1) of 2011 states that a procuring entity shall after a contract award decision by an approvals authority commit the required funds before proceeding to award the contract.

On 25th July 2018, the Ministry of Defence engaged AVIC International Limited for the supply and delivery of seven (7) brand new 4x4 ambulances for Zambia National Service at a total cost of US\$686,000 VAT Exclusive with a delivery period of eight (8) weeks.

The terms of the contract included:

- 25% of the contract price shall be paid as advance payment within thirty (30) days of signing the contract against receipt of a bank guarantee;

- 50% of the contract price shall be paid within sixty (60) days on receipt of the goods; and
- The remaining 25% of the contract price shall be paid to the supplier within sixty (60) days after the date of issuance of the acceptance certificate.

As at 31st July 2021, the supplier had been paid amounts totalling K9,059,715 (US\$556,777). See table 34.1 below.

Table 34.1: Payments to Supplier

No.	Date	Amount K
1	06.12.2019	2,059,715
2	04.12.2019	2,000,000
3	04.12.2019	1,000,000
4	25.11.2020	2,000,000
5	02.06.2021	2,000,000
	Total	9,059,715

Contrary to the regulation, the Zambia National Service proceeded to sign the contract without committing the funds. On 6th December 2019, ZNS paid an amount of K2,059,715 (US\$171,500) as advance payment which was sixty (60) weeks after signing the contract and fifty seven (57) weeks after expiry of the contract on 25th September 2018.

In addition, clause 16.3 of the General Conditions of Contract required payments to be made promptly by the procuring entity, but in any case not later than sixty (60) days after submission of an invoice or claim by the supplier.

However, as at 31st July 2021, ZNS owed the supplier amounts totalling US\$129,193 (K2,485,673) that had remained outstanding for periods of over two (2) years.

ii. Land Development Branch Projects

The Land Development Branch (LDB) provides services such as infrastructure development, transportation and bulk cargo haulage and land clearing.

During the period under review, the Land Development Branch had sixteen (16) road rehabilitation projects with a contract sum of K49,478,136 in various parts of the country out of which amounts totalling K17,388,782 had been received from four (4) clients leaving a balance of K32,089,354.

In particular, the following were observed:

- Ten (10) contracts had delayed for periods ranging from six (6) to twelve (12) months;
- Although, ZNS was paid 100% on five (5) road works, physical progress ranged between 5% and 75%; and
- ZNS was owed amounts totalling K9,989,000 in respect of six (6) road projects that had been completed. The amounts had been outstanding for periods ranging from six (6) to twelve (12) months. See table 34.2 below.

Table 34.2: Status of LDB Projects

No.	District	Project Name	Client	Nature of Works	Contract Sum K	Funds Received K	Amounts Owing K	Progress %
1	Kafue	Chanyanya road	Kafue Council	Road works	11,283,772	2,000,000	9,283,772	20
2	Lusaka	Kanyama DMMU drainage	DMMU	Drainage construction	6,009,195	-	6,009,195	77
3	Chongwe	Chongwe roads	Ministry of Lands	road works	3,020,802	3,020,802	-	10
4	Luano	Luano roads	Ministry of Lands	road works	3,221,335	1,600,000	1,621,335	60
5	Chitambo	Chitambo township roads	Ministry of Lands	road works	3,525,318	2,025,318	1,500,000	100
6	Chitambo	Chitambo Kabile roads	Ministry of Lands	Road works	2,462,430	2,462,430	-	5
7	Ikelenge	Ikelenge road		Road works	2,075,798	79,747	1,996,051	70
8	Mushindano	Mushindano road	Ministry of Lands	Road works	2,350,485	2,350,485	-	75
9	Kanchibiya	Mwinikashi Chibula road	Ministry of Lands	Road works	1,190,000	-	1,190,000	80
10	Senanga	Nalolo road	NRFA	Road works	3,500,000	3,500,000	-	25
11	Masaiti	Mukulungwe bridge	Ministry of Lands	Road works	350,000	350,000	-	100
12	Kalulushi	Kalulushi roads	Ministry of Lands	Road works	1,100,000	-	1,100,000	100
13	Ndola	Chifubu farm bolck roads	Ministry of Lands	Road works	999,000	-	999,000	100
14	Kitwe	New Kitwe resttlement	Ministry of Lands	Road works	890,000	-	890,000	100
15	Ndola	Kafulafuta roads	Ministry of Lands	Road works	5,500,000	-	5,500,000	100
16	Lunte	Mulenga Mapesa Mukupa road	Ministry of Lands	Road works	2,000,000	-	2,000,000	70
	Total				49,478,136	17,388,782	32,089,354	

c. Failure to Secure Title Deeds

Section 41(4) of the Public Finance Management Act No.1 of 2018, requires Controlling Officers to ensure that all public properties under their charge are secured with title deeds.

Contrary to the Act, ZNS had not secured title deeds for twenty seven (27) parcels of land as at 31st August 2021.

d. Failure to Settle Outstanding Bills

As at 31st December 2020, the Zambia National Service was owing amounts totalling K16,539,524 in respect of transport, maintenance and mechanical bills

among others some of which had been outstanding from as far back as 2017. See table 34.3 below.

Table 34.3: Outstanding Bills

No.	Type of Bill	Amount K
1	Transport	2,667,246
2	Mechancial	824,855
3	General Stores	755,452
4	Maintenance	3,721,187
5	Estates -Construction and Maintenance	8,570,784
	TOTAL	16,539,524

35 Head: 80 Ministry of General Education

35.1 Mandate

The Ministry of General Education (MoGE) is mandated to formulate and implement education and science policies, set and enforce standards and regulations, licence, supervise and provide education and skills development, as well as promote science, technology and innovation education.

35.2 Audit Findings

An examination of accounting and other records for the financial year ended 31st December 2020 maintained at the Ministry Headquarters and selected stations revealed the following:

a. Budget, Funding and Expenditure

In the Estimate of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K10,742,405,414 was made to cater for various activities against which amounts totalling K9,442,194,105 were released resulting in underfunding of K1,300,211,309. See table 35.1 below.

Table 35.1: Budget, Funding and Expenditure

No.	Activity	Source	Budget K	Funding K
1	GRZ Grants	Ministry of Finance	10,314,837,435	9,117,574,144
2	GEWEL Project	World Bank	81,000,000	55,444,373
3	ZEEP Project	World Bank	346,567,979	269,175,588
	Grand - Total		10,742,405,414	9,442,194,105

Although the Ministry was underfunded, as at 31st December 2020, amounts totalling K9,116,112,675 had been spent leaving a balance of K326,081,430.

b. Procurement of Goods and Services

i. Wasteful Expenditure on Interest Payment

Clause 45 of the Contract states that a one off penalty fee of 6.25 of the Contract price will be applied to the total amount due, in case of delay of settlement of the invoice issued by the subcontractor that is if payment is cleared any time after expiry of the agreed 120 days.

In November 2018, Ministry of General Education engaged Grey Matter (Zambia) Limited to print and supply 2,365,000 Grade 4 literacy books at a contract sum of K25,088,126.

The books were delivered in November 2018 and a part payment of K9,500,000 was made in June 2019, leaving a balance of K15,588,126 which was paid in January 2020, resulting in a delay of fourteen (14) months. In addition, the supplier was paid interest of K1,635,746 because of the delay resulting in wasteful expenditure.

ii. Wasteful Expenditure – Supply of Equipment

On 30th December 2014, the MOE engaged Muleka Investments Ltd to supply and delivery of musical instruments, uninterrupted power supply (UPS) and art equipment kits at a contract price of K84,300,300. Subsequently, the supplier delivered the equipment and the Ministry made various payments to the supplier. However, a dispute arose on the amount payable to the supplier due to delayed payments by the Ministry and the matter ended before the courts of law. A review of the consent judgement date 20th February 2021 revealed that the matter was settled in favour of the supplier and the Ministry agreed to pay the supplier K28,671,145 together with interest thereafter at 6% from the date of consent judgement to the date of final payment for the delayed payments under the contract.

In this regard, the Ministry paid a total of K114,980,300 on a contract of K84,300,300 resulting in wasteful expenditure of K30,680,000.

c. Unsupported Payments - Personal Emolument related Payments

Financial Regulation Nos. 45 and 52 require that all payments by cheque or cash for goods, services and works should be supported by cash sale receipts and that vouchers relating to purchases should be supported by an official order and the supplier's invoices.

During the period under review, the Ministry made payments in amounts totalling K139,434 involving five (5) transactions as leave terminal/leave travel benefits, settling in allowances, long service bonus, salary arrears and repatriation allowance.

However, the Ministry processed the payments without supporting documentation such as approved leave travel certificates, letters of transfer and first appointments, arrival advice form 81 and basis of computations.

d. Management of Payroll and Staff Related Matters

i. Unknown Officer Drawing Salary

During the period under review, salaries in amounts totalling K138,945 were paid to an officer who was not known by the Head of Station. As at 30th June 2021, the officer had not been removed from the payroll.

ii. Irregular Payment of Acting Allowance

Section 26 (b)(i) of the Terms and Conditions of Service for the Public Service, requires that officers selected for promotion should normally be appointed by the Civil Service Commission or the responsible officers to act for a period of not more than six (6) months with a view to establishing their suitability for substantive promotion.

However, amounts totalling K19,658 were paid as acting allowance to an officer in a non-existent higher position.

e. Infrastructure Development

During the period under review, the Ministry had 115 projects with contract sums of K4,866,770,592 relating to construction of secondary school infrastructure in various districts.

The Ministry received amounts totalling K39,200,000 from the Treasury for the completion of various secondary school infrastructure. In addition, the Ministry was

authorized to vary funds within budget lines amounting to K126,600,000 bringing the total available funds for infrastructure to K165,800,000.

As at 31st December 2020, amounts totalling K165,641,767 had been spent leaving a balance of K158,233.

An examination of records and physical inspections of selected projects revealed the following.

i. Delayed Completion of Works

An examination of the one hundred and fifteen (115) projects sampled revealed that the projects commenced between April 2008 and June 2017 and the completion periods ranged from twenty (20) to one hundred and sixty (160) weeks.

As at 30th June 2021, six (6) projects were at 100% complete though not commissioned while the balance of 109 projects had completion status of between 10% and 98% and in some cases the projects had either stalled or had been abandoned.

ii. Use of Incomplete Structures

Public Health Act Chapter 295 of the Laws of Zambia requires that where a Local Authority is satisfied that it is not unreasonable to occupy a portion of any building before the completion of the whole building, and, where available, a Medical Officer of Health agrees to such occupation, the Local Authority may authorise the granting of a certificate for the occupation of such portion only.

Contrary to the regulation, during the period under review forty nine (49) projects with a completion status ranging between 55% and 98% were in use before completion and commissioning without certification.

iii. Failure to Pay Contractors

As at 30th June 2021, amounts totalling K965,059,320 had been certified out of which amounts totalling K303,825,680 had been paid to various contractors leaving balances totalling K661,233,640 some of which had been outstanding for periods of over ninety five (95) months. See Pictures Below.



Incomplete Classroom block Hall at Ikelenge



Incomplete Assembly Hall at Ikelenge

• **Maako Boarding School – Kasempa:**



Incomplete Class Room Block



Incomplete Staff house



Incomplete Assembly hall

• **Muchinda Boarding Secondary School in Serenje:**



Staff house at gable level



Assembly Hall at Slab Level



Ablution block at gable level



Science Lab with fitting

• **Mumbi Boarding Secondary School in Petauke**



One of the staff houses



1*3 Classroom block



Administration block



Ablution Block

• **Sinda Day Secondary School in Sinda**



1*3 Classroom Block



1*2 Home Economics Block



Assembly Hall

Administration Block

36 Head: 80 Ministry of General Education

- **Provincial Education Offices**
- **District Education Offices**

36.1 Mandate

The Mandate of the Ministry of General Education (MoGE) is to formulate and implement education and science policies, set and enforce standards and regulations, license, supervise and provide education and skills development, as well as promote science, technology and innovation education.

36.2 Audit Findings

An examination of accounting and other records maintained at Provincial Education Offices (PEOs) and selected District Education Offices (DEOs) revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K10,742,405,414 was made to cater for operations at the Ministry against which amounts totalling K9,442,194,105 were released resulting in an underfunding of K1,300,211,309.

As at 31st December 2020, the Ministry had spent amounts totalling K9,116,112,675.

b. Management of Payroll and Staff Related Matters

i. Introductions on Payroll without Authority – Lusaka Province

Terms and Conditions of Service for the Public Service No. 4 (b) states that except where authority to make appointments has been delegated by the Service Commission, no appointment should be made without prior approval of the Service Commission.

Contrary to the Terms and Conditions of Service, sixty five (65) officers were introduced on the payroll without appointment letters and were subsequently paid salaries in amounts totalling K1,737,345. See table 36.1 below.

Table 36.1: Officers on Payroll without Authority

No.	Station	No. of officers	Amount K
1	Chongwe DEO	64	1,729,047
2	Chilanga DEO	1	8,298.50
	Total	65	1,737,345

As at 31st August 2021, the funds had not been recovered.

ii. Questionable Payment of Salaries

During the period under review, salaries totalling K13,429,447 were paid to 182 officers at ten (10) stations. However, a head count carried out in April 2021 revealed that the officers were not at the respective stations and were not known by the respective heads of stations. See table 36.2 below.

Table 36.2: Questionable Payment of Salaries

No.	Province	Station	No. of Officers	Amount K
1	Luapula	Mansa DEO	54	3,648,879
		Kawambwa DEO	5	443,771
2	North-Western	Solwezi DEO	1	77,176
3	Southern	Monze DEO	1	207,775
		L/Stone DEO	1	9,434
		Kazungula DEO	1	36,970
4	Muchinga	Nakonde DEO	43	3,377,441
		Isoka DEO	68	5,061,598
		Chinsali DEO	5	327,406
		Mafinga DEO	3	238,997
	Total		182	13,429,447

iii. Misplacement of Officers on the Payroll

Cabinet Office Circular No. 13 of 2019 stipulates that Controlling Officers should ensure that all employees under their respective Ministries, Provinces and Agencies are placed in their designated duty stations.

Contrary to the circular, there were 10,079 officers at thirty six (36) stations who were paid salaries in amounts totalling K674,680,385 from pay points that were different from their physical stations. See table 36.3 below.

Table 36.3: Misplacement of Officers on the Payroll

No.	Province	Station	No. of Officers	Amount K
1	Copperbelt	PEO	163	15,183,840
		Ndola DEO	371	28,323,289
		Luanshya DEO	252	17,963,956
		Mpongwe DEO	60	4,047,539
		Masaiti DEO	57	4,062,374
		Mufulira DEO	29	2,089,970
2	Eastern	Chipata DEO	866	67,374,150
		Petauke DEO	568	47,256,403
		Sinda DEO	364	30,930,462
		Katete DEO	733	60,272,144
3	North-Western	Zambezi DEO	103	7,695,152
4	Northern	PEO	31	2,120,820
		Kasama DEO	534	40,556,856
		Mbala DEO	489	40,685,309
		Luwingu DEO	482	42,081,925
		Mungwi DEO	204	17,973,845
		Mporokoso DEO	150	12,897,926
5	Western	PEO	4	534,966
		Mongu DEO	72	10,443,709
		Kalabo DEO	32	2,793,695
		Limulunga DEO	4	508,879
		Sioma DEO	13	1,170,474
		Sikongo DEO	53	4,332,479
6	Central	Kabwe DEO	1,821	10,083,195
7	Southern	PEO	733	57,818,662
		Kalomo DEO	537	41,623,417
		Livingstone DEO	617	45,391,877
		Mazabuka DEO	609	48,735,905
8	Luapula	PEO	8	652,218
		Mansa DEO	6	523,574
		Kawambwa DEO	38	2,962,818
		Samfya DEO	15	1,148,065
9	Muchinga	Nakonde DEO	13	766,058
		Chinsali DEO	19	1,500,250
		Isoka DEO	7	427,551
		Mafinga DEO	22	1,746,632
Totals			10,079	674,680,385

As at 31st August, 2021, the anomalies had not been corrected.

iv. Irregular Payment of Allowances

- **Housing Allowance – Muchinga Province**

The Public Service Management Division Circular (PSMD) No. B 24 of 2013 stipulates that housing allowance should be paid to officers not accommodated by Government in standard/pool houses through the payroll.

Contrary to the circular, sixty seven (67) officers who were accommodated in institutional houses at four (4) stations were irregularly paid housing allowances in amounts totalling K636,692. See table 36.4 below.

Table 36.4: Payment of Housing Allowance

No.	Station	No. of Officers	Amount K
1	Nakonde DEO	32	279,906
2	Isoka DEO	5	39,866
3	Chinsali DEO	5	57,357
4	Mafinga DEO	25	259,563
	Total	67	636,692

As at 31st August 2021, the anomaly had not been corrected and the funds had not been recovered.

- **Rural and Remote Hardship Allowances**

Terms and Conditions of Service for Public Service No. 166, read together with Public Service Management Division (PSMD) Circular No. B6 of 2010 require an officer serving in an area declared to be in a rural and remote area to be entitled to receive rural and remote hardship allowances at rates as maybe determined by Government from time to time.

Contrary to the Terms and Conditions of Service and the circular, allowances in amounts totalling K2,524,057 (Rural Hardship - K1,591,600 and Remote Hardship - K932,457) were paid to 208 officers who were not entitled to receive the allowances as their work stations did not qualify for payment of such allowances. See table 36.5 below.

Table 36.5: Payments of Hardship Allowances

No	Province	Station	No. of officers	Rural Hardship K	Remote Hardship K	Amount K
1	Northern	Mbala DEO	30	543,481	96,362	639,843
		PEO	2	10,436	-	10,436
		Nakonde DEO	30	288,715	-	288,715
2	Muchinga	Isoka DEO	46	372,377	134,897	507,274
		Chinsali DEO	29	120,971	175,447	296,418
		Mafinga DEO	71	255,620	525,751	781,371
	Total		208	1,591,600	932,457	2,524,057

Further, seventy seven (77) officers at five (5) stations who were entitled to rural hardship allowance in amounts totalling K1,075,247 were instead paid remote hardship allowance in amounts totalling K1,325,183 resulting in an overpayment of K249,937. See table 36.6 below.

Table 36.6: Overpayment of Rural Hardship Allowance

No.	Province	Station	No. of officers	Amount Paid K	Amount Entitled K	Overpayment K
1	Northern	Mbala DEO	10	430,055	344,477	85,579
		Chinasli DEO	11	147,334	121,975	25,359
2	Muchinga	Isoka DEO	2	26,078	20,862	5,216
		Mafinga DEO	52	694,746	566,357	128,389
		Nakonde DEO	2	26,970	21,576	5,394
	Total		77	1,325,183	1,075,247	249,937

As at 31st August 2021, the anomalies had not been corrected and the overpayments had not been recovered.

- **Acting Allowance - Mafinga DEO**

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 should be the date on which the officer commenced to act on the post. Officers selected for promotion should 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, amounts totalling K31,099 were paid to four (4) teachers as acting allowances without authority from the Teaching Service Commission. As at 31st August 2021, the anomaly had not been corrected and the funds had not been recovered.

- **Payment of Responsibility Allowances to Ineligible Officers - Muchinga Province**

Section 7 of the Public Service Management Division (PSMD) Circular No. B. 31 of 2017 states that the teachers eligible for payment of responsibility allowances should be:

- a. Degree holders teaching A level classes;
- b. Advanced diploma holders teaching either senior or ‘A’ level classes at a Secondary School;
- c. Diploma holders teaching senior classes; and
- d. Certificate holders teaching Upper Basic/Secondary School classes.

Contrary to the circular, responsibility allowances in amounts totalling K100,879 were irregularly paid to twelve (12) teachers who did not qualify to receive the allowances. See table 36.7 below.

Table 36.7: Responsibility Allowances Paid to Ineligible Officers

No.	Station	No. of Teachers	Amount K
1	Chinsali DEO	7	49,827
2	Isoka DEO	5	51,052
	Total	12	100,879

As at 31st August 2021, the anomaly had not been corrected and the funds had not been recovered.

- v. **Payment of Salaries to Seconded Officers**

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

Contrary to the Terms and Conditions of Service, amounts totalling K126,506 were paid as salaries to two (2) officers at two (2) stations who were on secondment during the period under review. See table 36.8 below.

Table 36.8: Salaries Paid to Officers on Secondment

No.	Province	Station	No. of Officers	Amount K
1	Eastern	Katete DEO	1	59,728
2	Luapula	Mansa DEO	1	66,778
	Total		2	126,506

As at 31st August 2021, the amounts had not been refunded.

vi. Over Payment of Salaries - Chongwe DEO

During the period from April 2017 to August 2021, an officer who was entitled to receive salaries in amounts totalling K275,286 was instead paid K414,885 due to being placed on a wrong salary scale resulting in an over payment of K139,599. See table 36.9 below.

Table 36.9: Over Payment of Salaries

No.	Period	Entitled Amount on Salary Scale (F) K	Amount Paid on Salary Scale (I) K	Variance K
1	April - Dec 17	40,274	64,429	24,155
2	Jan - Dec 18	62,238	94,016	31,778
3	Jan - Dec 19	62,238	96,824	34,586
4	Jan - Dec 20	64,728	99,046	34,318
5	Jan - Aug 21	45,808	60,570	14,762
	Total	275,286	414,885	139,599

As at 31st August 2021, the anomaly had not been corrected and the funds had not been recovered.

vii. Payment of Salaries to Officers Absent from Duty Without Leave

Terms and Conditions of Service for the Public Service No. 60 (a) and (b) requires that an officer who is absent from duty without leave for a continuous period of ten (10) or more working days, should be liable for dismissal and should not be paid a salary for the period he/she was absent from duty.

Contrary to the Terms and Conditions of Service, twenty one (21) officers at eight (8) stations who absconded from duty for periods ranging from eleven (11) to forty four (44) months had not been separated from the Service and were irregularly paid salaries in amounts totalling K1,322,280 during the period under review. See table 36.10 below.

Table 36.10: Salaries Paid to Absentee Officers

No.	Province	Station	No. of Officers	Amount K
1	Eastern	Chipata DEO	1	66,778
		Petauke DEO	1	80,910
		Sinda DEO	1	109,015
		Katete DEO	2	98,491
2	Western	Mongu DEO	9	513,358
		Kalabo DEO	1	65,558
3	Southern	Namwala DEO	2	89,649
4	Muchinga	Isoka DEO	4	298,520
	Total		21	1,322,280

In addition, three (3) officers who had been paid salaries in amounts totalling K396,782 were absent from work purportedly on medical grounds during the period from January 2016 to December 2020. However, there were no medical records to support their absence. See table 36.11 below.

Table 36.11: Salaries Paid to Officers Absent from Work

No.	Province	Station	No. of Officers	Days delayed	Amount K
1	Western	Mongu DEO	1	1,935	64,728
		Sikongo DEO	1	475	77,176
2	Muchinga	Chinsali DEO	1	1,917	254,878
	Total		3		396,782

As at 31st August 2021, the anomalies had not been corrected and the funds had not been recovered.

viii. Delays to Remove Separated Officers from Payroll

Public Service Management Division (PSMD) Circular No. B1 of 2019 (c) states that deceased employees who are not eligible for posthumous retirement should be deleted from the payroll with effect from the date of their demise and Clause (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, salaries in amounts totalling K1,014,950 were paid to seventeen (17) officers who were separated from the service through death, resignation and dismissal but remained on the payroll for periods ranging from six (6) to fifty four (54) months. See table 36.12 below.

Table 36.12: Separated Officers Still on Payroll

No.	Province	Station	No. of officers	Amount K
1	Eastern	Chipata DEO	2	197,613
2	Lusaka	Lusaka DEO	6	566,106
3	Western	Kaoma DEO	1	44,118
3	Luapula	Kawambwa DEO	1	83,808
4	Muchinga	PEO	1	16,968
		Chinsali DEO	4	54,636
		Nakonde DEO	2	51,701
Total			17	1,014,950

As at 31st August 2021, the anomaly had not been corrected and funds had not been recovered.

ix. Failure to Conclude Staff Disciplinary Cases

A review of staff personal files and minutes of the disciplinary committee at six (6) selected District Education Offices revealed that there were thirty four (34) officers who were placed on suspension during the period from January 2017 to April 2020 due to absence from duty and fraudulent cases among others.

As at 31st August 2021, the thirty four (34) officers' disciplinary cases had not been concluded and in this regard amounts totalling K2,012,695 had been paid as salaries to the officers during the period from January to December 2020. See table 36.13 below.

Table 36.13: Cases not Concluded

No.	Province	Station	No. of officers	Amount K
1	Eastern	Petauke DEO	1	64,728
		Sinda DEO	6	350,653
2	Lusaka	Lusaka DEO	16	887,394
		Chongwe DEO	5	299,816
3	Luapula	Kawambwa DEO	2	148,536
		Mansa DEO	4	261,568
Total			34	2,012,695

As at 31st August 2021, the position had not changed.

x. Casualisation of Workers

The Employment Act No. 3 of 2019 states that a body corporate that engages a casual employee for a job that is permanent in nature commits an offence and is liable upon conviction.

Contrary to the Act, two (2) stations employed eight (8) casual workers for jobs that were permanent in nature during the period under review. The workers were paid amounts totalling K131,118 for the period they were employed on a casual basis. See table 36.14 below.

Table 36.14: Casualisation of Workers

No.	Province	Station	No. of Workers	Amount K
1	Copperbelt	Kansenshi Sec. School	7	123,470
2	Luapula	Chibolya Sec. School	1	7,648
	Total		8	131,118

As at 31st August 2021, the position had not changed.

c. Accounting Irregularities

i. 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 in amounts totalling K46,727 collected at two (2) colleges for periods ranging from three (3) to twenty four (24) working days despite proximity to banking facilities. See table 36.15 below.

Table 36.15: Delayed Banking

No.	Province	Station	Amount K	Delay in Days
1	Western	Mongu College of Education	7,200	3 to 24
2	North Western	Solwezi College of Education	39,527	3 to 19
	Total		46,727	

ii. Misapplication of Funds

• Southern Province

Contrary to Appropriation Act No. 18 of 2019, amounts totalling K152,931 meant for revolving funds were applied on general administration and activities not related to the purpose for which the funds were appropriated.

- **School Grants**

Contrary to Appropriation Act No. 18 of 2019, two (2) stations applied funds in amounts totalling K275,063 meant for Early Childhood and Primary School Education Grants on activities not related to the purpose for which the funds were appropriated such as procurement of fuel and payment of subsistence allowances. See table 36.16 below.

Table 36.16: Station where Funds were Misapplied

No.	Province	Station	Amount K
1	Luapula	Kawambwa DEO	35,793
2	Southern	Mazabuka DEO	239,270
	Total		275,063

iii. Unauthorised Transfer of Funds between Accounts

Section (5) of the Public Finance Management Act No.1 of 2018 states that a transfer of public money should not be made between accounts at the same bank or different banks without the written approval of the Secretary to the Treasury.

Contrary to the Act, three (3) stations transferred amounts totalling K678,753 between accounts without prior authority from the Secretary to the Treasury. See table 36.17 below.

Table 36.17: Unauthorised Transfers

No.	Province	Stations	Amount K
1	Luapula	Kawambwa DEO	84,000
		Musonda Girls Sec. School	77,000
2	North Western	PEO	517,753
	Total		678,753

iv. Failure to Collect School Fees

During the period under review, school fees in amounts totalling K33,368,905 were expected to be collected by thirty (30) institutions. However, amounts totalling K23,602,759 had been collected, leaving a balance of K9,766,146 outstanding as at 31st December 2020. See table 36.18 below.

Table 36.18: Uncollected School Fees

No.	Province	No. of Institution	Expected Fees K	Collected Fees K	Uncollected Fees K
1	Copperbelt	13	8,074,440	3,809,599	4,264,841
2	Lusaka	3	4,038,775	2,680,516	1,358,259
3	Western	1	3,599,950	3,322,630	277,320
4	North Western	3	2,837,500	2,199,772	637,728
5	Muchinga	6	5,877,400	5,283,225	594,175
6	Northern	1	1,894,300	1,458,431	435,869
7	Central	3	7,046,540	4,848,586	2,197,954
	Total	30	33,368,905	23,602,759	9,766,146

As at 31st August 2021, the position had not changed.

v. Use of Revenue at Source – Kambule Secondary School – Western Province

Section 28 (2) of the Public Finance Management Act No. 1 of 2018, requires that all monies received by an accounting officer or any office holder responsible for the collection of money should be deposited not later than the next business day following the day of receipt, unless otherwise directed by the Secretary to the Treasury.

Contrary to the Act, amounts totalling K13,139 generated from Production Unit (PU) were not deposited with the bank but were instead utilised at source.

As at 31st August 2021, no action had been taken against the erring officer.

vi. Delayed Distribution of Education Materials – Chipata PEO

During the period from June to August 2020, the Provincial Education Office received 21,389 teaching and learning materials such as books, tools and balls for onward distribution to the districts and selected schools in the province.

However, as at 31st August 2021, only 7,019 items had been distributed leaving a balance of 14,370 not distributed thereby depriving learners' access to school materials. See table 36.19 below.

Table 36.19: Undistributed Materials

No.	Item Description	Qty Received at PEO	Qty Distributed	Qty Undistributed
1	Books	18,546	4,433	14,113
2	Music equipment	85	38	47
3	Sports equipment	2,399	2,293	106
4	Tools	162	135	27
5	Other Materials	197	120	77
	Total	21,389	7,019	14,370

vii. Unsupported Payments

Financial Regulation No. 45 and 52 requires that all payments by cheque or cash for goods, services and works should be supported by cash sale receipts and that vouchers relating to purchases should be supported by an official order and the supplier's invoices.

Contrary to the regulations, eighteen (18) payments totalling K69,656 processed at five (5) stations were not supported with documents such as leave forms, transfer letters, quotations, cash sale receipts and purchase orders. See table 36.20 below.

Table 36.20: Unsupported Payments

No.	Province	Station	No. of Trans	Amount K
1	Lusaka	Chunga Sec. School	6	12,513
2	Luapula	Kawambwa DEO	2	36,500
		Samfya DEO	3	7,162
		Mabumba Sec. School	4	4,900
		Chibolya Sec. School	3	8,581
	Total		18	69,656

viii. Unretired Accountable Imprest - Mushindamo Girls Technical School – North Western Province

Financial Regulation No. 96 (1) requires that accountable imprest should be retired immediately the purpose for which it was issued had been fulfilled.

Contrary to the regulation, accountable imprest of K15,235 issued to an Accounts Assistant on 12th May 2020 to enable him procure 153 washing stands and buckets for COVID-19 had not been retired and the items had not been delivered as at 31st August 2021.

ix. Wasteful Expenditure – Masaiti Boarding School – Copperbelt Province

During the period under review, the school incurred and paid NAPSA penalties in amounts totalling K20,000. The expenditure was wasteful in that the penalties arose due to failure to remit monthly statutory contributions on time.

x. Failure to Disburse Grants to Schools

During the period under review, grants in amounts totalling K863,700 were released by the Ministry to two (2) District Education Offices to cater for community and

primary schools. However, amounts totalling K712,048 were disbursed leaving a balance of K151,652 undisbursed. See table 36.21 below.

Table 36.21: Undisbursed School Grants

No.	Province	Station	Grants Received K	Grants Disbursed K	Undisbursed Grants K
1	Western	Limulunga DEO	361,488	259,599	101,889
2	Northern	Mbala DEO	502,212	452,449	49,763
	Total		863,700	712,048	151,652

xi. Closing of Bank Accounts without Authority - Mongu College of Education

Section 32(1) of the Public Finance Management Act No. 1 of 2018, requires that a person should not open or close an account in respect of public monies with any bank without the written approval of the Secretary to the Treasury.

Contrary to the Act, on 18th March 2020 the College closed three (3) bank accounts it operated with local banks without the written approval of the Secretary to the Treasury.

Further, on 20th March 2020 the balances in amounts totalling K7,109 were withdrawn by the College Principal and were only deposited on 25th September 2020, in the boarding account after 154 days.

xii. Failure to Submit Expenditure Returns - School Grants

Financial Regulation No. 8, requires that Controlling Officers should submit such returns and reports as may be required by the Secretary to the Treasury, of revenue collected by them or funds expended under the head for which they are responsible.

Contrary to the regulation, 372 schools which received grants from the District Education Offices in amounts totalling K606,552 had not submitted expenditure returns as at 31st August 2021. See table 36.22 below.

Table 36.22: Grants without Expenditure Returns

No.	Province	Station	No. of Schools	Amount K
1	Lusaka	Lusaka DEO	1	2,295
2	Western	Kalabo DEO	55	53,002
		Limulunga DEO	14	30,825
3	Muchinga	Isoka DEO	21	52,325
		Mafinga DEO	30	276,901
		Nakonde DEO	25	56,440
4	Northern	Kasama DEO	38	19,644
		Mbala DEO	144	86,556
5	Central	Chisamba DEO	44	28,563
	Total		372	606,552

d. Management of Stores - Unaccounted for Stores

Public Stores Regulation No. 16 requires that every stores officer or any other officer having in his charge any public stores or other articles of public property, should keep and maintain record of the receipt and issue of such public stores.

Contrary to the regulation, there were no receipt and disposal details in respect of stores items costing K15,520 procured at two (2) schools during the period under review. See table 36.23 below.

Table 36.23: Unaccounted for Stores

No.	Province	Station	Amount K
1	Luapula	Chibolya Secondary School	10,420
2	Muchinga	Kenneth Kaunda Secondary School	5,100
	Total		15,520

e. Management of Assets**i. Failure to Secure Title Deeds**

Section 41(4) of the Public Finance Management Act No. 1 of 2018, requires Controlling Officers to ensure that all public properties under their charge are secured with title deeds.

Contrary to the Act, the Ministry had not secured title deeds for several parcels of land at fifty four (54) stations located in seven (7) provinces as at 31st August 2021.

ii. Failure to Maintain Asset Register - Ndola Girls National Stem School – Copperbelt Province

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

Contrary to the regulation, the school did not maintain the asset register during the period under review.

As at 31st August 2021, the anomaly had not been corrected.

iii. Failure to Insure Motor Vehicles

Section 86 of the Road Traffic Act No. 11 of 2002 requires all users of motor vehicles or trailers to have at least third-party insurance.

Contrary to the Act, eleven (11) motor vehicles at five (5) stations, whose values could not be ascertained, had not been insured as at 31st December 2020. See table 36.24 below.

Table 36.24: Uninsured Motor Vehicles

No.	Province	Station	No. of Motor Vehicles
1	Luapula	PEO	2
2	Muchinga	Isoka DEO	3
		Nakonde DEO	3
		Mafinga DEO	1
		Kenneth Kaunda Sec. School	2
	Total		11

As at 31st August 2021, the vehicles were still uninsured.

iv. Failure to Inscribe Government Assets

Public Stores Regulation No. 154 requires that all furniture and equipment belonging to the Government should be clearly marked with distinguishing letters of GRZ in an inconspicuous part of the asset to identify it as a Government property.

Contrary to the regulation, assets such as computers, projectors, refrigerators and photocopiers costing K121,131 procured by six (6) stations had no identification marks as at 31st August 2021. See table 36.25 below.

Table 36.25: Uninscribed Assets

No.	Province	Station	No. of Trans	Amount K
1	Eastern	PEO	2	44,390
		Chipata DEO	2	12,750
		Petauke DEO	1	6,300
		Sinda DEO	1	4,800
		Katete Day Sec. School	1	3,000
2	Central	Itezhi tezhi DEO	66	49,891
	Total		73	121,131

f. Management of Liabilities

i. Failure to withhold Value Added Tax (VAT)

The Value Added Tax (VAT) Amendment Act No. 12 of 2017 and Treasury and Financial Management Circular No. 6 of 2017, directed all institutions which were appointed as tax agents to withhold and remit VAT from payments to suppliers of goods and services to the Zambia Revenue Authority (ZRA).

Contrary to the Act and Circular, the Ministry paid various suppliers without withholding VAT in amounts totalling K215,023. See table 36.26 below.

Table 36.26: VAT not withheld

Province	Station	Amount K
Eastern	PEO	42,517
	Chipata DEO	67,791
	Chipata College of Education	8,623
	Petauke Boarding Secondary School	51,042
Lusaka	PEO	8,592
	Lusaka DEO	15,607
	Kabulonga Girls Secondary	12,296
Luapula	Kawambwa DEO	1,148
	Samfya DEO	160
Southern	Mazabuka DEO	1,406
Central	Kabwe DEO	904
	Chisamba DEO	1,457
	St Paul's Boarding Sec. School	1,963
	Makululu STEM Day Sec. School	1,518
Total		215,023

ii. Failure to Settle Outstanding Bills

The Ministry had accrued debts in amounts totalling K535,479,576 in respect of personal emoluments, water and telephone bills, office and box rentals, motor vehicle servicing, insurance premiums and certified works some dating as far back as 1994. See table 36.27 below.

Table 36.27: Outstanding Bill

No.	Province	Amount K
1	Copperbelt	15,470,080
2	Lusaka	62,536,347
3	Luapula	12,831,104
4	Western	444,642,045
	Total	535,479,576

As at 31st August 2021, the bills had not been settled.

37 Head: 80 Ministry of General Education - Zambia Education Enhancement Project

37.1 Background

On 1st October 2017, the Government of the Republic of Zambia signed a Credit Financing agreement with the International Development Association (IDA) of US\$204,000,000 (US\$60,000,000 from IDA and US\$144,000,000 from the Government) for the Zambia Education Enhancement Project (ZEEP) with an implementation period of five (5) years ending on 31st October 2022.

The objective of the Project was to improve the quality of teaching and learning in Mathematics and Science and targeted 382 schools across the country. The project has three (3) components namely:

- **Component 1** - Improving the quality of teaching and learning through strengthening the teacher training system and improving text book availability.
- **Component 2** - Increasing equitable access to secondary education.
- **Component 3** - Enhancing planning, management, monitoring and evaluation capacity and project coordination.

a. Governance – Project Implementation Steering Committee

The Project is coordinated by a Steering Committee (PSC) comprising the following members:

- Permanent Secretary- Ministry of General Education;
- Permanent Secretary- Ministry of Higher Education;
- Permanent Secretary- Ministry of Finance;
- Permanent Secretary- Ministry of National Development and Planning;
- Permanent Secretary- Ministry of Local Government;
- Permanent Secretary- Ministry of Housing and Infrastructure Development;
- Directors and Heads of Units concerned;
- Representative of Provincial Education Offices involved in the project;
- Representative of District Education Boards involved in the project;
- Component Coordinators; and
- Project Coordinator – Secretary.

37.2 Audit Findings

An examination of accounting and other records maintained at Ministry Headquarters, Provincial Education Offices and selected District Education Offices for the financial year ended 31st December 2020 revealed the following:

a. Budget, Funding and Expenditure

During the period under review, the Project had a budget of K399,205,534 (US\$28,232,357) against which amounts totalling K220,583,359 (US\$11,976,754.02) were released by the IDA.

In addition, the Project had an opening balance of K50,874,869 (US\$3,628,285.31), bringing the total available funds to K271,458,228 (US\$15,605,039.33).

As at 31st December 2020, amounts totalling K159,994,168 (US\$9,555,835.09) had been spent leaving a balance of K112,975,408 (US\$6,049,204.24).

b. Procurement Matters - Manufacturing and Supply of School Furniture

On 12th December 2018, the Ministry engaged the Zambia Education Project Implementation Unit (ZEPIU) to manufacture and supply furniture at a contract sum of K22,560,980 to be delivered to eighty two (82) secondary schools that were to be constructed under the Zambia Education Enhancement Project (ZEEP). The expected delivery date was 31st December 2019.

However, due to delays in execution of the contract, on 27th May 2021, the contract sum was revised upwards to K29,361,120 due to price escalation and the supplier had been paid K21,560,980.

In addition, furniture costing K3,021,355 had not been delivered as at 31st August 2021, which was twenty one (21) months after the expected delivery period. See table 37.1 below.

Table 37.1: Undelivered Furniture – Phase I

No.	Description of Goods	Delivery Date	Unit Price	Undelivered Furniture under Phase I	Value of Furniture undelivered (K)
1	Single seater Desk and Chair	31-Dec-19	790	3,555	2,808,450
2	Teacher's Class Table and Chair	31-Dec-19	2,695	79	212,905
	Total				3,021,355

c. Accounting Irregularities

i. Unaccounted for Stores

Clause 2.3 (iii) of the ZEEP Financial Management Manual (FMM) requires that every stores officer or any other officer having in his charge any project stores or project property must keep and maintain records of the receipt and issue of such public stores.

Contrary to the clause, general stores costing K1,874,982 procured during the year under review were not accounted for in that there were no receipt and disposal details. See table 37.2 below.

Table 37.2: Unaccounted for Stores

No.	Province	Station	Total K
1	Eastern Province	Matemba Day Sec SCh	408,888
2	Lusaka Province	Chifwema Day Secondary	553,199
3	Lusaka Province	Lukwipa Secondary School	578,383
4	Central Province	Lusenga day School	14,616
5	Central Province	Kamena day School	106,586
6	Central Province	Milombwe day School	83,749
7	Central Province	Mukubwe day School	99,564
8	Southern Province	Kasenska Day Sec	29,997
		Total	1,874,982

ii. Failure to Sign Labour Contracts

Section 5.2.13 of the Project Implementation Manual provides that under guidance of the TS and PEO/DEBS the PIC should sign contracts with Building Gangs through the Lead Artisan. The Contract should spell out who the Lead Artisan, the other artisans and helpers and the amounts due to each one of them upon attaining an agreed milestone.

Contrary to the guideline, payments in respect of labour contracts in amounts totalling K76,867 involving thirty nine (39) transactions were paid to several contractors without signed contracts. See table 37.3 below.

Table 37.3: Labour Payments without signed Contracts

No.	Location	Centre	Number of Transactions	Amounts Involved K
1	Lusaka Province	Chifwema Day Secondary School	6	29,691
2	Lusaka Province	Kakaro Day Secondary School	33	47,176
	Total		39	76,867

iii. Unsupported Payments

Financial Regulation Nos. 45 and 52 state that all payments by cheque or cash for goods, services and works should be supported by cash sale receipts and that vouchers relating to purchases should be supported by official order and the supplier's invoices.

Contrary to the regulations, twenty six (26) payments in amounts totalling K108,782 were not supported with relevant documents such as quotations, certificate of stage completion and Local Purchase Orders (LPOs). See table 37.4 below.

Table 37.4: Unsupported Payments

No.	Location	Centre	Number of Transactions	Amounts K
1	Lusaka Province	Chifwema Secondary School	5	36,341
2	Lusaka Province	Kakaro Secondary School	4	11,920
3	Central Province	Lusenga day School	1	6,420
4	Central Province	Kamena day School	12	29,201
5	Central Province	Milombwe day School	1	3,200
6	Central Province	Mukubwe day School	3	21,700
		Total	26	108,782

iv. Failure to Withhold Value Added Tax

The Value Added Tax (VAT) Amendment Act No.12 of 2017 read together with the Treasury and Financial Management Circular No. 6 of 2017 requires all institutions which were appointed as tax agents to withhold and remit VAT from payments to suppliers of goods and services to the Zambia Revenue Authority (ZRA).

Contrary to the Act and circular, eleven (11) stations paid amounts totalling K1,415,535 to various suppliers without withholding VAT of K226,486 during the period under review. See table 37.5 below.

Table 37.5: Failure to Withhold VAT

No.	Province	Station	No. of Transaction	Transaction Amount K	VAT Amount K
1	Luapula Province	Kabange Day Sec Sch	1	38,037	6,086
2	Luapula Province	Loto Day Secondary Sch	1	62,400	9,984
3	Luapula Province	James Day Secondary School	2	99,237	15,878
4	Southern Province	Kasenka Sec School	1	34,085	5,454
5	Southern Province	Makomba Sec School	3	215,435	34,470
6	Southern Province	Luumbo Day Sec School	2	327,150	52,344
7	Muchinga Province	Nzoche Secondary School	3	80,538	12,886
8	Muchinga Province	Ntolondo Secondary School	3	361,656	57,865
9	Central Province	Lusenga day School	2	7,227	1,156
10	Central Province	Kamena day School	4	33,955	5,433
11	Central Province	Milombwe day School	5	155,816	24,931
		Total	27	1,415,535	226,486

v. Misapplication of Funds

During the period under review, two (2) stations misapplied funds in amounts totalling K73,235 meant for building materials and labour costs were applied on administrative activities. See table 37.6 below.

Table 37.6: Misapplication of Funds

No.	Province	Station	Amounts K
1	Northern Province	Kapepula Day Secondary School	56,167
2	Northern Province	Mumba Day Secondary School	17,068
		Total	73,235

vi. Unacquitted Payments – Central Province

Financial Regulation No. 45 (3) stipulates that any document which is acquitted, certified, and approved by a responsible officer should form part of cash sale receipts.

Contrary to the regulation, payments in respect of allowances in amounts totalling K50,843 were not acquitted by the beneficiaries and no cash was found hand. See table 37.7 below.

Table 37.7: Unacquitted Payments

No.	Station	Unacquitted Amount K
1	Milombwe Day Secondary School	2,150
2	Mukubwe Day Secondary School	48,693
	Total	50,843

vii. Unauthorised Transfer of Funds – Luapula Province

Section (5) of the Public Finance Management Act No.1 of 2018 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.

Contrary to the Act, amounts totalling K29,386 were transferred from ZEEP account to the Recurrent Departmental Charges Account at James Secondary School without authority from the Secretary to the Treasury.

viii. Undelivered Building Materials

On 20th May, 2020, various building materials costing K275,144 were procured by Gwembe DEBS for the construction of various infrastructure at Luumbo Secondary School.

However, it was observed that materials costing K23,500 had not been delivered as at 31st August 2021.

d. Infrastructure Development

In order to reduce the shortage of space for secondary education, the project embarked on the construction and expansion of eighty two (82) schools in unserved communities.

In addition, all the schools were to be supplied with furniture, laboratory benches, water and electricity.

The construction of eighty two (82) secondary schools was to be done in two (2) phases. See table 37.8 below.

Table 37.8: Scope of Works

No.	Phase	Scope of Works	Commencement Date	Expected Completion Date
1	1	<ul style="list-style-type: none">• 1x2 Classroom Block• 1x2 Home Economics and Science Laboratory• Ablution Block	January 2018	June 2019
2	2	<ul style="list-style-type: none">• 1x3 Classroom Block• 1 Administration Block• 2x2 Semi-detached Flats• 10 Dormitories• 1 Ablution Block	January 2019	December 2020

The project design was based on labour contracts while the schools were funded to procure materials.

The projects were supervised by engineers from ZEPIU at national level while at provincial and district level by buildings officers under the Ministry of Education. In addition, at school level, technical supervisors were engaged by the Project Implementation Committees.

During the period under review, ZEEP had a budget of K175,631,593 for construction of Phase I – K2,706,000 and Phase II – K172,925,593.

As at 31st August 2021, amounts totalling K98,504,353 (Phase I – K1,926,656 and Phase II – K96,577,696) had been spent.

An examination of records and physical inspections of selected projects carried out on from May to June 2021 revealed the following:

i. Phase I Project

• **Delayed Completion of Phase I of the project**

As at 31st August 2021, all the projects under Phase I had not been completed resulting in delays of over twenty five (25) months.

Some outstanding works under Phase I included:

Second fix electric works in the home economics room

Plumbing works and fitting of sinks, cupboards, bath tabs, wash hand basins, and toilet pans in the home economics rooms

Fitting working tables in the science laboratories

Painting internal walls of the home economics rooms

Glazing in the home economics room

Plumbing works and fitting of toilet pans in the boys toilets

Fitting tiles in the boys ablution blocks

Fitting of mortice locks on doors

In addition, the following were observed:

▪ **Collapsed Borehole - Chanida Day Secondary School – Chadiza District**

Although the borehole was sunk in Phase I at a total cost of K34,000, it was observed that the borehole had collapsed as at 30th June 2021.

▪ **Failure to Procure 10,000 litres Water Tank – Chanyalubwe Day Secondary School – Lumezi District**

During the period under review, the school was funded an amount of K13,500 for the procurement of a 10,000 litre water tank. However, as at 30th June 2021, the tank had not been procured.

ii. Implementation of Phase II Projects

- **Undisbursed Funds to Complete Schools**

As at 31st August 2021, the Ministry had eighty two (82) school projects that required funds for completion. However, only thirty one (31) school projects had been funded amounts totalling K51,049,766 leaving fifty one (51) school projects unfunded.

- **Delayed Completion of Works**

As at 31st August 2021, all the Projects under Phase II had not been completed resulting in delays ranging from eight (8) to twenty (20) months.

- **Physical Status**

A physical verification of selected projects conducted in June 2021 revealed the status as shown in table 37.9 below.

Table 37.9: Project Status

No.	District - School	Scope	Project Amount Disbursed K	Amount Spent K	Phase	Observations
1	Kang'omba Secondary School – Kabwe District	1*3 CRB financed upto completion, while other structures were financed up to gable level	644,997	644,997	II	<ul style="list-style-type: none"> • The Classroom block had been completed and was in use while the administration and ablution block had reached gable level. The flats were at slab level and the works had stalled • The Project had not been funded for completion

2	Meembe Secondary School – Kapiri Mposhi District	1*3 CRB financed upto completion, while other structures were financed up to gable level	689,257	689,257	II	<ul style="list-style-type: none"> • The Classroom block had been completed and was in use while the administration had reached gable level and ablution block had been roofed. Only the foundation had been dug for the flats and the works had stalled • The Project had not been funded for completion
3	Chinambi Secondary School – Nyimba District	1*3 CRB financed upto completion, while other structures were financed up to gable level	344,088	298,091	II	<ul style="list-style-type: none"> • The Classroom block had been completed and was in use while the administration, the flats had reached gable level and dormitory was at slab and the works had stalled.
4	Matemba Secondary School – Vubwi District	1*3 CRB financed upto completion, while other structures were financed up to gable level	334,088	334,088	II	<ul style="list-style-type: none"> • The Classroom block had been completed and was in use, while the Administration block was at ring beam level. One flat was at gable level, while the other one was at foundation level and the works had stalled. • The project had not been funded for completion.
5	Chalabesa Day Secondary School	1*3 CRB financed upto	727,057	727,057	II	<ul style="list-style-type: none"> • The Classroom block had been roofed, while

	– Kanchibiya District	completion, while other structures were financed up to gable level				<p>the administration block and the ablution block were at gable level and the flats were at window level.</p> <ul style="list-style-type: none"> • The Project had not been funded for completion.
	Kaseya Day Secondary School – Luwingu District	1*3 CRB financed upto completion, while other structures were financed up to gable level gab	781,357	781,357	II	<ul style="list-style-type: none"> • The Classroom block was at gable level, while the administration block was at window level, and the ablution block was at gable level, while the flats had been constructed upto slab level. • The Project had not been funded for completion.
7	Katanshya Secondary School – Samfya District	1*3 CRB financed upto completion, while other structures were financed up to gable level	618,909	618,909	II	<ul style="list-style-type: none"> • The Classroom block was roofed but not plastered, while the administration block was at lintel level, and the ablution block was at gable level, while the flats had been constructed upto lintel level. • The Project had not been funded for completion.

8	Kasensa Secondary School – Kazungula District	1*3 CRB financed upto completion, while other structures were financed up to gable level	446,397	446,397	II	<ul style="list-style-type: none"> • The Classroom block and the administration block were at gable level, while the ablution block was at slab level and the flats were at window level. • The Project had not been funded for completion.
9	Lukwipa Secondary School – Rufunsa District	1*3 CRB financed upto completion, while other structures were financed up to gable level	311,628	311,628	II	<ul style="list-style-type: none"> • The Classroom block, administration block and ablution block were at gable level , while the flats were at slab level. • The Project had not been funded for completion.
10	Chikani Secondary School- Chikankata District	1*3 CRB financed upto completion, while other structures were financed up to gable level	839,993	839,993	II	<ul style="list-style-type: none"> • The Classroom block was completed and was in use, the administration block and ablution block were at gable level , while 1 flat was at window level and the other one was at slab level. • The Project had not been funded for completion
11	Mumba Day Secondary School – Mungwi District	1*3 CRB financed upto completion,	781,357	751,357	II	<ul style="list-style-type: none"> • The Classroom block had been roofed and plastered, but not painted, the

		while other structures were financed up to gable level				administration block and ablution block were at gable level, while 1 flat was at lintel level and the other one was at box level. • The Project had not been funded for completion
12	Kakoma Day Secondary – Nsama District	1*3 CRB financed upto completion, while other structures were financed up to gable level	734,057	734,057	II	• The Classroom block had been roofed, but not plastered, while 1*2 flat was at foundation stage. • The Project had not been funded for completion
13	Chanida Day Secondary School – Chadiza	1*3 CRB financed upto completion, while other structures were financed up to gable level	993,561	993,561	II	• The Classroom block was roofed and partially plastered and painted and was in use, while one flat was at gable level and the other one at slab level. • The Project had not been funded for completion
14	Lupamazi Day Secondary School – Chasefu District	1*3 CRB financed upto completion, while other structures were financed up to gable level	1,014,561	1,014,561	II	• The Classroom block was at gable level with iron mongery done, the ablution block was at gable level, while one flat was at gable level and the other one was at sub structure level.

						<ul style="list-style-type: none"> • The Project had not been funded for completion
15	Chibondo Day Secondary School – Mwense District	1*3 CRB financed upto completion, while other structures were financed up to gable level	1,064,361	1,064,361	II	<ul style="list-style-type: none"> • The Classroom block had been roofed and plastered, but not painted and glazing not done, while the flats were at ring beam level. • The Project had not been funded for completion

See pictures of selected schools below.

▪ **Chinambi Secondary School – Nyimba District**



Dormitory at Slab level and Ablution block at foundation level

▪ **Chikani Secondary School – Chikankata District**



1 x 2 Semidetached flats at window level



One flat at Slab level

- **Kasenka Day Secondary School - Kazungula District**



1 x 3 Classroom Block at gable level



Ablution block at slab level

- **Chibondo Day Secondary School - Mwense District**



Front View of the 1 x 3 Classroom Block



Semi-detached house 1 at Ring beam level

- **Lusenga Secondary School**



1x3 CRB not painted



Flat one at setting stage

38 Head: 85 Ministry of Lands and Natural Resources

38.1 Mandate

The Ministry is mandated to administer land and manage natural resources by promoting sustainable land use and climate resilient low emission systems.

38.2 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and selected district offices for the financial year ended 31st December 2020 revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a total provision of K178,300,667 was made to cater for operations of the Ministry against which amounts totalling K89,693,871 were released, resulting in an underfunding of K88,606,796.

In addition, the Ministry had a balance brought forward figure of K9,318,820 and generated revenue in amounts totalling K17,582,994 from survey fees bringing the total available funds to K116,595,684.

As at 31st December 2020, amounts totalling K102,432,814 had been spent leaving a balance of K14,162,871.

b. Operational Matters

i. Contract for the Creation of Certificates of Title

On 18th August 2020, the Ministry engaged Medici Land Governance Limited (service provider) to finance and implement the contract for the creation of 4,000,000 certificates of title under the National Titling Programme.

The effective date of the contract was 31st August 2020, with the commencement date of services of 30th September 2020.

The terms of the contract included:

- The first 1,500,000 certificates of title to be issued within the first 3 years
- 2,500,000 certificates of title to be issued in the next 4 years

- Option to produce up to 3,500,000 additional titles for 3 years by 31st September 2030.
- The service provider agreed to finance the project in full using private capital amounting to US\$22,954,112 and would be paid from fees collected from the issuance of certificates of title under the project.
- The invoices for title to be issued at K1,000 for low cost areas, K1,308 for medium cost areas, K1,385 for high cost areas and K1,462 for commercial properties.
- In the first year of the contract, 500,000 titles were planned to be issued broken down into 325,000 low cost, 105,000 medium cost, 45,000 high cost and 25,000 commercial properties.
- The service provider would be entitled to submit invoices monthly beginning nine (9) months after starting date of the project. Thereafter, the service provider would invoice every thirty (30) days.

The following were observed:

- **Irregular signing of Memorandum of Understanding**

Section 4 (1) of the Public Procurement Act No. 12 of 2008 states that a procuring entity should before entering into any international agreement relating to procurement, obtain the approval of the Authority and the advice of the Attorney General.

Contrary to the Act, the Ministry signed a Memorandum of Understanding (MoU) with Medici Land Governance Limited on 27th July 2018 for the issuance of 50,000 certificates of title under a free pilot project without approval from Zambia Public Procurement Authority (ZPPA).

Further, it was questionable to how the service provider was identified to produce 50,000 certificates of title through a free pilot project.

- **Irregular Direct Bidding**

According to Section 32 (2) (a) of the Public Procurement Act No. 12 of 2008, direct bidding may be used where the goods, works, consulting or

non-consulting services are only available from a single source and no reasonable alternative or substitute exists.

In a letter dated 22nd October 2019, the Ministry provided justification for proposing to direct bid Medici Land Governance Limited stating that Medici Land Governance Limited had successfully completed a free pilot project through an MOU which necessitated the issuance of 50,000 Certificates of Title. However, there was no evidence availed to confirm the issuance of the 50,000 Certificates of Title from the free pilot project.

Although a ‘No Objection’ was obtained from Zambia Public Procurement Authority (ZPPA), there was no evidence that Medici Land Governance Limited was the only available company to provide non-consultant services for the creation of certificates of title. In this regard, the tender for the creation of certificates of title was not subjected to competitive bidding.

The Invitation For Bids (IFB) and the evaluation report was for the creation of 1,500,000 certificates of title. However, the contract was for 4,000,000 certificate of titles with an additional option of 3,500,000 bringing the total to 7,500,000 against an evaluation of 1,500,000 titles.

- **Contract Management on Proposed Investment**

According to the contract, Medici Land Governance Limited was to invest an initial US\$22,954,110 in software development, capital expenditure, salaries and overheads as shown in table 38.1 below.

Table 38.1: Break down of Proposed Investment

No.	Budget Line	Amount (US\$)
1	Software Development	15,000,000
2	Capital Expenditure	5,245,000
3	Salaries	1,519,210
4	Overheads	1,189,900
Total		22,954,110

However, there was no validation process by the Ministry to confirm the proposed investment amount.

- **Slow Rate of Issuance of Titles**

According to the contract in year 1 (year ending 30th September 2021) 500,000 titles were to be issued.

However, a review of the progress report dated 28th June 2021, revealed that the issuance of titles was slow as only 4,625 titles had been issued representing 0.9%, leaving a balance of 495,375 titles three (3) months before the expected completion date of phase 1 of 30th September 2021.

ii. Land Development Fund (LDF)

The Land Development Fund (LDF) is a fund that is meant to assist City, Municipal and District Councils to open up new areas for development and also contributes to infrastructure development such as roads, electricity, water and sanitation.

During the period under review, the LDF had available funds in amounts totalling K8,858,655 out of which amounts totalling K8,094,330 had been spent leaving a balance of K764,325.

The following were observed:

- **Construction of Roads – Kawambwa District**

On 20th December 2020, the Ministry paid an amount of K1,606,801 to Zambia National Service (ZNS) for the gravelling and compacting of 15 kilometers of road works in Kawambwa district.

The following were observed:

- Land Development Fund (LDF) Guideline No. 1.9 of September 2020, states that upon approval of the Council application, LDF funds shall be disbursed directly to the Service Provider after signing the MoU to carry out works on behalf of the successful Council

The MoU was signed by the Controlling Officer, Ministry of Lands on behalf of the Government on 27th April 2021, which was four (4) months after the Ministry had disbursed the funds to ZNS.

- As at 30th June 2021, the works had not commenced six (6) months after payment and there was no explanation for the delay.

c. Accounting Irregularities- Irregular Use of Letters of Transfer to Processing Payments

Ministry of Finance Treasury and Financial Management Circular No. 1 of 2020 requires payments to be made using cheques and Electronic Fund Transfer Advice (EFTA) forms.

Contrary to the circular, the Ministry processed payments in amounts totalling K1,328,554 involving forty nine (49) transactions using letters of transfer.

d. Staff Related Matters - Irregular Payment of Rural Hardship Allowances

Terms and Conditions of Service for the Public Service No. 166 read together with Public Service Management Division Circular No. B6 of 2010 requires an officer serving in an area declared to be in a rural and remote area to 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 K55,960 were paid as rural hardship allowance to ten (10) officers who were not eligible in that their work stations were not designated for payment of such an allowance.

39 Head: 86 Ministry of Fisheries and Livestock

39.1 Mandate

The Ministry of Fisheries and Livestock (MFL) is mandated to formulate policies and oversee the development of Fisheries and Livestock sectors in the country.

39.2 Audit Findings

An examination of financial and other records maintained at the Ministry Headquarters, Provincial Fisheries and Livestock Coordinating Offices (PFLCOs) and selected District Fisheries and Livestock Coordinating Offices (DFLCOs) revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K816,465,363 was made to cater for the operations of the Ministry against which amounts totalling K610,488,295 were released resulting in an underfunding of K205,977,068.

Although the Ministry was under funded, as at 31st December 2020, the Ministry had spent amounts totalling K598,809,886 leaving a balance of K11,678,409.

b. Procurement of Goods and Services

i. CK Scientific Group Zambia Ltd

In Paragraph 30 of the Report of the Auditor General on the audit of Accounts of the Republic of Zambia, for the financial year ended 31st December 2019, mention was made that on 15th June 2018, the Ministry engaged CK Scientific Group (Zambia) Limited, in a joint venture with Sandriver Crop Protection of South Africa to provide night time aerial spraying services to control tsetse flies (*Glossina Morsitans* and *G. Pallidipes*) on an area of 9,293km² covering parts of Rufunsa, Luano and Nyimba districts. The contract sum was US\$3,192,000, (K47,880,000) with a delivery period of three (3) months (from May to July).

In their Report for the Fifth Session of the Twelfth National Assembly, the Committee recommended that the Controlling Officer to prioritise this activity and ensure that it is completed in the 2021 financial year. The Committee also directed the Controlling Officer to seek authority for variation of funds to accommodate the aerial spraying activity.

As at 31st December, 2020, the contractor had been paid amounts totalling K8,602,522 (US\$546,879.31).

However, a review of the status in June 2021 revealed the following:

- **Failure to Pay 25% Advance Payment to CK Scientific Group**

Section 6.4 of the Special Conditions of Contract required that, twenty five (25) percent of the contract price should be paid on the commencement date against the submission of a bank guarantee.

Despite the contract completion date having been extended four (4) times from August 2018 to May 2022, the Ministry had only paid a total amount of K8,602,522 (K6,602,522 (US\$452,262) in 2019 and K2,000,000 in 2020) representing 18% against the K11,970,000 (US\$798,000) required as 25%.

Further, although the activity had been further rescheduled to May 2022, the advance guarantee was only valid till 30th August 2021.

- **Delayed Implementation of the Activity**

A review of documents and inquiries made with management revealed that the activity had been rescheduled three (3) times from 2018 to May 2021, resulting in a delay of thirty one (31) months from the initial expected completion date. See table 39.1 below.

Table 39.1: Rescheduled Activities

No.	Activity	Planned Start Date	Rescheduled Date	Cumulative Rescheduled Period
1	Night time aerial spraying services	1/05/2019 - 31/7/2019	1/05/2020 – 31/08/2020	One (1) year
2	Night time aerial spraying services	1/05/2020 – 31/08/2020	01/05/2021 – 31/07/2021	Two (2) years
3	Night time aerial spraying services	01/05/2021 – 31/07/2021	01/05/2022 – 31/07/2022	Three (3) years

This has been as a result of the delayed payments of the advance payment. As at 30th June 2021, the supplier had not performed any activity.

- ii. **Contract for the Supply of Vaccines with Botswana Vaccine Institute (BVI) – Accrued Interest**

In paragraph 30 of the Report of the Auditor General on accounts of the Republic for the financial year ended 31st December 2019, mention was made that the Ministry on 21st December 2018, engaged Botswana Vaccine Institute to supply and deliver Contagious Bovine Pleuropneumonia (CBPP) vaccine TI/14 Strain and Foot and Mouth Disease (FMD) vaccine on a three (3) year running contract from 21st December 2018 to 21st December 2021.

A review of the situation in June 2021, revealed that the Ministry was supplied with 1,775,450 vaccines (1,485,000 doses of FMD and 290,000 doses of CBPP) costing US\$472,460.25 and Euro1,707,571.44 against which amounts totalling US\$26,867.60 and Euro186,874.15 had been paid leaving a balance of US\$445,593 and Euro1,520,085, which had been outstanding for periods ranging from 6 to 28 months. See table 39.2 below.

Table 39.2: Outstanding Invoices

No.	Date of Invoice	Description	Amount US\$	Amount £
1	24.02.2019	100,000 DOSES FMD	255,476	
2	28.03.2019	64,950 DOSES FMD	166,087	
3	29.04.2019	400,000 DOSES FMD PURIFIED		774,669
4	02.12.2019	840,500 DOSES FMD PURIFIED		746,027
5	19.12.2019	100 DOSES CBPP & 100,00 DILUENT	13,120	
6	31.12.2020	64,500 DOSES	10,910	
		TOTAL	445,593	1,520,696

In a letter dated 3rd December 2020, the supplier indicated that due to the continued breach of contract, the provisions of the contract regarding penalty of interest applicable on overdue invoices would be invoked. As at 30th June 2021, the Ministry had not responded to the letter.

iii. Supply and Delivery of Deltamethrin by Share Mix Limited

In Paragraph 30 of the Report of the Auditor General on accounts of the Republic for the financial year ended 31st December 2019, mention was made that the Ministry on 27th July 2017, engaged Share Mix Limited and Avima Pty Limited of South Africa Joint Venture for the supply and delivery of 425,489 litres of Deltamethrin ULV Insecticide and oversee its application in an aerial spraying operation to control tsetse flies (*Glossina Morsitans* and *G. Pallidipes*) and trypanosomiasis (sleeping sickness) in livestock and humans in parts of Rufunsa, Luano and Nyimba districts at a contract sum of K14,420,627 (US\$1,621,114.80) with a delivery period of two (2) weeks from 1st August 2017 to 14th August 2017.

In their Report for the Fifth Session of the Twelfth National Assembly, the Committee recommended that the Controlling Officer to prioritise this activity and ensure that it is completed in the 2021 financial year. The Committee also directed the Controlling Officer to seek authority for variation of funds to accommodate the aerial spraying activity.

As at 30th June 2021, the supplier had been paid amounts totalling K8,633,902, for the delivery of the first consignment of 212,744.50 litres of deltamethrin, being 50% of the contracted quantity.

The following were observed:

- **Wasteful Expenditure on Storage Fees**

In a letter dated 20th October 2019, SHARE MIX Limited requested the Ministry to reimburse K885,000 for storage charges that it had incurred for the 212,745.49 litres of the insecticide stored in South Africa and Zambia for periods ranging from nine (9) to twenty six (26) months, following the instruction by the Ministry to temporarily discontinue the manufacturing and transportation of the insecticides.

In this regard, the Ministry in July 2020, paid SHARE MIX Limited amounts totalling K885,000 as storage charges. However, there was no evidence to indicate that Ministry verified the rates and the number of months that the supplier claimed.

On 26th June 2020 the contract was revised from K14,420,627 (US\$1,621,114.80) to K15,305,627 (US\$1,669,655.03) taking into account the storage charges. The decision to sign the addendum was questionable in that the K885,000 was incurred as a storage charges which were not part of the contract.

- **Wasteful Expenditure on Procured Deltamethrin**

In paragraph 30 of the Report of the Auditor General on accounts of the Republic for the financial year ended 31st December 2019, mention was made that 90,000 litres of insecticide had expired.

A physical verification and review of documents carried out in June 2021, revealed that, all the 212,745 litres of the insecticide from the first consignment that was in Lusaka and stored at Palabana Dairy Institute and Central Veterinary Research Institute (CVRI) expired as at 30th September 2019 thereby rendering the expenditure of K7,748,902 (US\$810,554.64) wasteful.

Further, in a letter dated 30th September 2019, the supplier SHARE MIX Limited advised the Ministry that since the chemicals had expired there was an option of the manufacturer rejuvenating the potency of the expired insecticide through the addition of the active ingredient at an additional cost of 10% of the manufacturing cost.

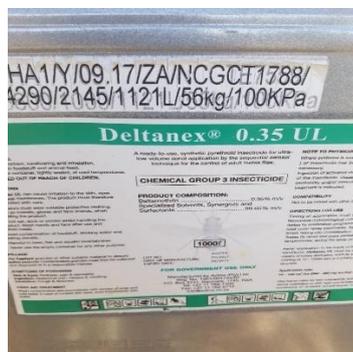
However, as at 30th June 2021, the insecticides had not been rejuvenated and there was no evidence that the Ministry had conducted a sample test to confirm that the insecticide would regain their initial potency after expiry for periods exceeding twenty one (21) months.

A physical inspection of the insecticides carried out in May 2021 revealed that one hundred and twenty three (123) containers of 1,000 litres each were stored at Palabana Dairy Institute in Chongwe while ninety (90) containers

of 1,000 litres each were stored at Central Veterinary Research Institute (CVRI) in Chilanga.

However, the following were observed.

- Two (2) of the containers stored at CVRI were leaking of which one (1) was almost half and the spillage had not been attended to at the time of the inspection.
- Some of the containers at CVRI were exposed to the sun which was against the instructions on the containers which stated that the insecticide should be kept in cool place.



Precautions on how to store the Insecticide



Insecticide at CVRI stored partly in the sun



Container at half its contents due to spillage



Leaking Insecticide

iv. Construction of a Nitrogen Plant - Delayed Completion of Works

On 26th December, 2017, Savenda Management Services Limited was awarded a contract for the supply, delivery, installation, commissioning and on site staff training for 150 litre per hour Industrial Liquid Nitrogen Plant in Mazabuka. The contract sum was K10,128,112 (USD3,192,000) with a delivery period of 8 to 12 weeks. On 26th September 2019 an addendum of K2,466,813 was made

to include civil works which the equipment to be procured would be housed bringing the total contract sum to K12,594,925.

On 4th August 2020, a second addendum was made which referred to the extension of the completion period to 31st December 2020 without cost from either party. The reason for the extension of the completion period was to allow the supplier to conclude the remaining works.

As at 30th June 2021, the contractor had been paid K346,011 towards the contract sum of K12,594,925.

A review of the status report as at 31st March 2021, revealed that the construction of the housing structure for the equipment had been completed and the remaining part was to install the Nitrogen Processing apparatus. As at 30th April 2021 the contractor had submitted the first IPC of K2,384,219.

Further, it was observed that the second addendum covered a period of 4th January 2020 to 31st December 2020. As at 30th June 2021 the works had not been completed and no new contract had been availed for audit.

40 Head: 86 Ministry of Fisheries and Livestock

Provincial Fisheries and Livestock Coordinating Offices

40.1 Mandate

The Mandate of the Ministry of Fisheries and Livestock is anchored on Government Gazette Notice No. 183 of 2012. It facilitates and supports the development of sustainable, diversified and competitive fisheries and livestock sectors that assure food and nutrition security, contribute to job creation and maximise profits and the sectors' contribution to Gross Domestic Product.

40.2 Audit Findings

An examination of financial and other records maintained at the Provincial Fisheries and Livestock Coordinating Offices (PFLCOs) and selected District Fisheries and Livestock Coordinating Offices (DFLCOs) for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K150,019,527 was made to cater for operations of the Provincial and District Fisheries and Livestock Offices out of which a total amount of K142,385,154 was released resulting in an underfunding of K7,634,373. As at 31st December 2020, amounts totalling K138,019,661 had been spent leaving a balance of K4,366,073.

b. Management of Payroll and Staff Related Matters

i. Irregular Payment of Rural and Remote Hardship Allowances

Terms and Conditions of Service for Public Service No. 166, read together with Public Service Management Division (PSMD) Circular No. B6 of 2010 require an officer serving in an area declared to be in a rural and remote area to be entitled to receive rural and remote hardship allowances at rates as maybe determined by Government from time to time.

Contrary to the Conditions of Service and the Circular, amounts totalling K77,100 in respect of Rural (K70,876) and Remote (K6,224) hardship allowances were paid to seven (7) officers at four (4) stations which were not eligible to receive the allowances in that their work stations were not designated for payment of such allowances. See table 40.1 below.

Table 40.1: Irregularly paid Allowances

No.	Province	Station	No. of Officers	Rural Paid K	Remote Paid K	Total K
2	Northern	Kasama PFLCO	1	-	6,224	6,224
3	Western	Mongu PFLCO	1	4,281	-	4,281
4	Eastern	Chipata PFLCO	1	19,187	-	19,187
5	Muchinga	Chinsali PFLCO	4	47,408	-	47,408
		Total	7	70,876	6,224	77,100

As at 31st August 2021, the funds had not been recovered.

ii. Irregular Payment of Housing Allowances

The Public Service Management Division Circular No. B 24 of 2013 stipulates that housing allowance should be paid to officers not accommodated by Government in standard/pool houses through the payroll.

Contrary to the circular, sixteen (16) officers who were accommodated in institutional houses at nine (9) stations were irregularly paid housing allowance in amounts totalling K159,978. See table 40.2 below.

Table 40.2: Payment of Housing Allowance

No.	Province	Station	No. of Officers	Amount K
1	Luapula	Mansa PFLCO	1	9,958
2	Western	Mongu PFLCO	3	22,406
3	Muchinga	Chinsali DFLCO	3	27,423
		Isoka DFLCO	3	27,385
		Shiwang'andu DFLCO	2	20,862
		Mafinga DFLCO	1	9,958
		Mpika DFLCO	1	9,128
		Lavushimanda DFLCO	1	8,337
4	Eastern	Chipata PFLCO	1	24,521
	Total		16	159,978

As at 31st August 2021, the funds had not been recovered.

iii. Misplacement of Officers on the Payroll

Cabinet Office Circular No.13 of 2019 stipulates that Controlling Officers should ensure that all employees under respective Ministries, Provinces or Spending Agencies are placed in their designated duty stations.

iv. Contrary to the circular, 256 officers at eighteen (18) stations drew salaries in amounts totalling K15,393,586 from pay points that were different from their physical stations. See table 40.3 below.

Table 40.3: Misplacement of Officers on the Payroll

No.	Province	Station	No. of Officers	Amount K
1	Muchinga	Shiwang'andu DFLCO	3	403,920
		Mafinga DFLCO	4	458,571
		Lavushimanda DFLCO	2	124,534
		Chama DFLCO	2	173,417
		Nakonde DFLCO	3	229,039
		Isoka DFLCO	6	430,634
		Chinsali DFLCO	25	1,766,560
2	Eastern	Chipata PFLCO	6	354,494
3	Southern	Choma PFLCO	46	222,977
		Mazabuka DFLCO	15	58,520
4	Luapula	Mansa PFLCO	4	462,580
5	North Western	Solwezi PFLCO	36	2,793,100
6	Copperbelt	Luanshya DFLCO	8	517,968
		Mpongwe DFLCO	3	217,581
		Mufulira DFLCO	3	164,720
7	Northern	Kasama PFLCO	67	4,698,464
8	Lusaka	Chilanga DFLCO	1	11,813
9	Western	Mongu PFLCO	22	2,304,694
	Total		256	15,393,586

As at 31st August 2021, the anomalies had not been corrected.

c. Accounting Irregularities

i. Delayed Banking - Choma PFLCO

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 in amounts totalling K33,280 collected at Vet Parlour Guest House for periods ranging from six (6) to forty-seven (47) working days despite proximity to banking facilities.

ii. Unaccounted for Funds – Southern Province

Financial Regulation No. 129 (1) states that collectors of revenue are required to bring to account daily the whole amount of their collections.

Contrary to the regulation, amounts totalling K58,740 collected at Ilobezi abattoir in Mazabuka (K17,790) and Vet Parlour Guest House in Choma (K40,950) in respect of meat inspections and accommodation had not been accounted in that the funds were neither banked nor was cash found on hand as at 31st August 2021.

iii. Failure to Report Damaged Receipt Books - Mazabuka DFLCO

Financial regulation No. 109 states that where a receipt form is lost or damaged, the holder should immediately report the loss or damage of the receipt form to the controlling officer and copies of the report shall be sent to the Auditor General and the Secretary to the Treasury.

Contrary to the regulation, thirteen (13) receipt books used for collection of revenue for meat inspections were soaked and damaged and as at 31st August 2021, the matter had not been reported to the Controlling Officer.

iv. Failure to Collect Revenue – Lusaka PFLCO

Statutory Instrument No. 105 of 2016 requires that an amount of K250 be paid per sanitary inspection certificates.

Contrary to the statutory instrument, eighty one (81) sanitary inspection certificates valued at K20,250 were issued to forty nine (49) clients between January and June 2020 without proof of payment.

As at 31st August 2021, the revenues had not been collected.

v. Unsupported Payments – Western Province

Financial Regulation Nos. 45 and 52 require that all payments by cheque or cash for goods, services and works should be supported by cash sale receipts and that vouchers relating to purchases should be supported by an official order and the supplier’s invoices among others.

Contrary to the regulations, nine (9) payments totalling K28,118 processed at three (3) stations were not supported with documents such as invitation letters, receipts, list of beneficiaries. See table 40.4 below.

Table 40.4: Unsupported Payments

Station	No. of Trans	Amount K
Mongu PFLCO	5	20,508
Kalabo DFLCO	1	3,950
Limulunga DFLCO	3	3,660
Total	9	28,118

vi. Irregular Use of Imprest – Mansa PLCO

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, imprest in amounts totalling K73,800 was issued to twelve (12) officers to procure goods and services whose values were obtainable on the market.

vii. Irregular Payment of Subsistence and Meal Allowances – Western Province

Cabinet Circular Minute No. 9 of 2015, dated 30th December 2015, on Implementation of Cost Saving Measures, defined work station as a place of work within the district boundary and prohibited payment of subsistence allowance within a work station,

Contrary to the circular, amounts totalling K32,720 in respect of subsistence allowances (K1,500) and meal allowances (K31,220) were paid to ten (10)

officers at three (3) stations for activities undertaken within the district boundaries. See table 40.5 below.

Table 40.5: Payment of Subsistence and Meal Allowances

No.	Station	No. of Officers	Subsistence Allowance K	Meal Allowances K	Total K
1	Kalabo DFLCO	3	-	15,320	15,320
2	Sikongo DFLCO	2	-	11,500	11,500
3	Sioma DFLCO	5	1,500	4,400	5,900
	Total	10	1,500	31,220	32,720

viii. Failure to Produce Activity Reports – Masaiti DFLCO

Imprest in amounts totalling K3,000 was issued to various officers to carry out activities such as monitoring, inspection of projects and assessments.

However, no activity reports had been availed for audit as at 31st August 2021, casting doubt as to whether the activities were undertaken.

d. Management of Assets

i. Failure to Secure Title Deeds

Section 41(4) of the Public Finance Management Act, No. 1 of 2018 requires Controlling Officers to ensure that all public properties under their charge are secured with title deeds.

Contrary to the Act, the Ministry did not secure title deeds for office blocks, staff houses and parcels of land among others at fourteen (14) stations located in seven (7) provinces as at 31st August 2021.

ii. Failure to Insure Motor Vehicles and Motor Bikes

Road Traffic Act No. 11 of 2002 Section 86, requires all users of motor vehicles or trailers to have at least third-party insurance.

Contrary to the Act, fifteen (15) motor vehicles and thirty-nine (39) motor bikes at ten (10) stations, whose values could not be ascertained, had not been insured as at 31st August 2021. See table 40.6 below.

Table 40.6: Uninsured Motor Vehicles and Motor Cycles

No.	Province	Station	No. of vehicles	No. of motor cycle	Total
1	Southern	Choma PFLCO	6	0	6
		Choma DFLCO	2	10	12
		Mazabuka DFLCO	2	8	10
2	North Western	Chavuma DFLCO	0	1	1
3	Western	Mongu PFLCO	2	0	2
		Kalabo DFLCO	1	6	7
		Sikongo DFLCIO	1	3	4
		Sioma DFLCO	0	5	5
		Limulunga DFLCO	1	5	6
4	Muchinga	Mafinga DFLCO	0	1	1
		Total	15	39	54

iii. Management of Breeding Centres

Public Finance Management Act No. 1 of 2018 Section 41(3) of the states that a controlling officer should cause the public assets and stores of a Head of expenditure to be inspected and prepare written reports on the general condition of those assets and stores and the storage facilities in which the assets and stores are kept.

A physical verification carried out in March 2021 at two (2) breeding centres namely Katopola and Chishinga revealed the following:

- **Katopola Breeding Centre – Chipata PFLCO**

The storage shed at the Centre was dilapidated in that the roof had collapsed on one side, doors had fallen off and the wall paint had been washed away by the rains resulting in the building being abandoned. See picture.



Dilapidated Storage Shed - Katopola Breeding Centre

- **Staff House - Chishinga Breeding Centre – Kawambwa District**

The staff house at Chishinga Breeding Centre was dilapidated in that the windows were broken, and the roof was damaged. See picture below



Staff House with broken windows and damaged roof

As at 31st August 2021, the house had not been rehabilitated.

- **Casualisation of Workers at Breeding Centres**

Section 3 of the Employment Act Cap 268 stipulates that a casual employee should be engaged for a period not more than six (6) months.

Contrary to the Act, twenty-three (23) casual workers at five (5) Breeding Centres who had worked for continuous periods ranging from six (6) to one hundred and six (106) months remained as casual workers as at 31st December 2020. See table 40.7 below.

Table 40.7: Casualised Workers at Breeding Centres

No.	Province	Station	No. of workers
1	Luapula	Chishinga Breeding Centre	6
2	Eastern	Katopola Breeding Centre	4
		Katete Breeding Centre	4
		Mwase Breeding Centre	6
3	Southern	Vet Parlour Breeding Centre	3
		Total	23

As at 31st August 2021, the position had not changed.

iv. Unaccounted for Fuel – Western Province

Public Stores Regulation No. 16 requires that every stores officer or any other officer having in his charge any public stores or other articles of public property should keep and maintain record of the receipt and issue of such public stores.

Contrary to the regulation, there were no receipt and disposal details in respect of fuel costing K81,450 procured at three (3) stations during the period under review. See table 40.8 below.

Table 40.8: Unaccounted for Fuel

No.	Station	Amount K
1	Mongu PFLCO	31,353
2	Sikongo DFLCO	29,711
3	Sioma DFLCO	20,386
	Total	81,450

41 Head: 86 Ministry of Fisheries and Livestock

Zambia Aquaculture Enterprise Development Project

41.1 Background

a. Establishment

On 17th February 2017, the Government of the Republic of Zambia signed a financing agreement with the African Development Bank (AfDB) of US\$50,891,780 comprising an AfDB loan of US\$45,395,470 and GRZ contribution of US\$5,496,310 to fund the Zambia Aquaculture Development Project. The project implementation period was five (5) years commencing on 17th February 2017 and ending 31st December 2021.

The project was being implemented in the following districts Kasama, Solwezi, Mansa, Chipata, Kaoma, Siavonga, Chipepo, Bangweulu, Kasempa, Rufunsa and Mungwi.

The Project was divided in three (3) main components as follows.

- i. Support to Aquaculture Entrepreneurs – US\$30,583,290
- ii. Support to growth Enabling Infrastructure – US\$ 15,192,840
- iii. Project Management and Institutional Capacity Building – US\$1,981,020

41.2 Audit Findings

An examination of accounting and other records maintained at the Project Headquarters and selected Project sites for the financial year ended 31st December 2020, revealed the following.

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the Financial year 31st December 2020, a total provision of K367,937,432 (US\$24,529,162) was made to cater for various activities against which amounts totalling K274,954,509 (US\$15,543,675) were released, resulting in an underfunding of K70,051,796 (US\$7,266,484).

Although the Project was underfunded, as at 31st December 2020 amounts totalling K270,437,676 (US\$15,432,814) had been spent leaving a balance of K4,516,833 (US\$110,861).

b. Operational Matters

i. Failure to Revise the Aquaculture Seed Fund Implementation Agreement Manual

In February 2019, the Project embarked on the review of the Aquaculture Seed Fund Implementation Agreement Manual of which amounts totalling K129,225 had been incurred.

However, as at 30th June 2021, the manual had not been revised.

ii. Aquaculture Seed Fund – Managed by CEEC

On 8th June 2018, the Ministry of Fisheries and Livestock signed an implementation agreement with the Citizens Economic Empowerment Commission (CEEC) to carry out client services such as:

- Creation of awareness, identification of beneficiaries and provision of technical and business development services leading to the disbursement of loan funds to beneficiaries and recovery of the same into the loan fund,
- Preparation of proposals in accordance with the annual work plan and budget.
- Submission of quarterly project reports on implementation and disbursement of funds.

While the Project Implementation Unit was to among other things;

- Provide funds for the approved activities,
- Provide funds for meeting operational costs, and
- Supervise construction and pond completion.

According to section 5 of the agreement, the total amounts to achieve the deliverable performance indicators and targets over a period of four (4) years was budgeted at an amount of US\$26,896,975 comprising US\$23,761,094 as loan funds and US\$3,135,881 as operational funds.

The following were observed:

- **Failure to Fully Disburse Loans**

A review of records revealed that in 2020 the CEEC approved 1,208 loans in the sum of K203,989,850 against which the Project released amounts totalling K181,375,810

As at 30th June 2021, a total of 1,135 loans valued at K119,954,927 had been disbursed against the funding of K181,375,810 leaving a balance of K61,420,883 undisbursed.

- **Slow Performing Loans - Hatcheries and Nurseries**

A review of records revealed that CEEC disbursed amounts totalling K13,958,454 to six (6) beneficiaries, as of December 2020, amounts totalling K2,986,872 were due for repayment against which the beneficiaries had only paid back K1,898,837 leaving a balance of K1,088,535 outstanding for periods ranging from 6 to 12 months. See table 41.1 below

Table 41.1: Loan Performance

S/N	District	Client Name	Loan Amount (K)	Amount Due (K)	Amount Paid(K)	Recovery Rate (%)
1	Kasama	Flowing Waters Fisheries Ltd	3,246,339.00	292,170.51	81,702.87	0.28
2	Chongwe	Kaka Procurement Ltd	1,509,643.61	381,113.55	-	-
3	Chinsali	Nampundu Fish Nursery	984,164.20	295,806.13	29,524.92	0.10
4	Kaoma	Leaky Mwiinde Farm	1,121,448.27	337,069.02	814,477.04	2.42
5	Chongwe	Palabana Enterprises Ltd	5,029,486.68	1,370,437.41	973,131.72	0.71
6	Nchelenge	Sigold General Dealers	2,067,373.58	310,275.65	-	-
	Total		13,958,455.34	2,986,872.27	1,898,836.55	0.64

- **Failure to Terminate Projects**

Clause 5.3 of the CEEC Seed Fund Manual states that the Citizens Economic Empowerment Commission may suspend and/or terminate the financing of a beneficiary, upon its sole discretion, in whole or in part, in the instance of a breach of any terms of the Loan Agreement, including but not limited to:

- Failure to provide pledged collateral within ninety (90) days of signing of the Loan Agreement.
- Failure to become operational within three (3) months of being fully funded
- Involvement by the beneficiary, using loan proceeds in illicit activities,

A review of Aquaculture Seed Fund Disbursement status report for March 2021, revealed that eleven (11) projects which had been funded amounts totalling K1,747,162 in September 2019 were not operational as they had either stalled or had been abandoned by the beneficiaries.

As at 30th June 2021, CEEC had not terminated the loans of these beneficiaries despite them not being operational and recoveries had not been made. See table 41.2 below.

Table 41.2: Stalled Projects

No.	Province	No. of Projects	Amount Disbursed (K)
1	Copperbelt	9	205,818.40
2	North-Western	1	521,605.00
3	Luapula	1	1,017,738.75
		11	1,745,162.15

- **Failure to Restock Fishponds**

Between 1st October 2020 and 20th February 2021, amounts totalling K1,039,700 were paid to twenty (20) suppliers for the procurement of 2,268,000 fingerlings in respect of restocking of fish ponds for 378 beneficiaries.

However, as at 30th June 2021, only 540,000 fingerlings had been supplied to ninety (90) fish ponds leaving a balance of 1,728,000 costing K792,152 fingerlings were not supplied.

- **Delays in producing Fingerlings - Chikunto Fish Hatchery and Farm Limited, Chipata District**

On 22nd September 2018, Chikunto Fish Hatchery and Farm Limited applied for a business loan under the Aquaculture Seed Fund for the establishment of an integrated commercial fish hatchery to produce *Oreochromis Andersonii* in Chipata District. On 8th February 2019, CEEC approved the loan valued at K1,018,281.47.

The following were the works to be carried out before production:

- Construction of a hatchery,
- Ablution block,
- Caretaker's house,
- Installation of water pumps and water purification system.

As at 30th November 2020, all works had been completed and the Hatchery was supposed to commence production by December 2020.

As at 30th March 2021, CEEC had disbursed the whole loan amount of K1,018,281.

However, the following were observed.

- **Project Status**

A physical verification of the hatchery revealed that no fingerlings had been stocked for commercial purpose resulting in a delay of six (6) months as at 30th June 2021.

- **Failure to comply with the Terms of the Loan**

According to the terms and conditions outlined in the ZAEDP application form, all new privately owned fish hatcheries are mandated to produce (*Oreochromis andersonli*) or Catfish (*Clarias garieoinus* and/or *C. ngamensis*) fingerlings.

However, inquiries made with the hatchery owner revealed that he had not stocked and started supplying fingerlings as he did not intend to adhere to the type of fish species approved in the loan agreement.

c. Infrastructure Development

i. Contract for the Rehabilitation of the Embankment of a Dam LOT 3 Misamfu Kasama - Delayed Completion of Works

On 24th July 2019, the Government of the Republic of Zambia acting through the Ministry of Fisheries and Livestock engaged SHARE MIX Limited to rehabilitate the embankment of the dam at Misamfu Aquaculture Research Centre in Kasama, Northern Province at a contract price of K3,415,723 with a completion period of sixteen (16) weeks commencing 7th August 2019 and ending 27th November 2019, which was later revised to 30th September 2020.

The scope of works to be done included;

- Concrete reinforcement and masonry works for open channel
- Plumbing works for closed Channel
- Concrete reinforcement and masonry and timber works

As of 31st March 2021, amounts totalling K2,994,562 had been paid to the contractor.

A review of records and a physical verification carried out in March 2021 revealed that six (6) months after the expected completion date of 30th September 2020, works had not been completed and the contractor was not on site.

Further, a review of the progress report of June 2021 revealed that there was some damage to the stone pitching on the embankment and the contractor had not worked on the defects. See pictures below.



Part of the embankment that was damaged

ii. Contract for the Rehabilitation and Alteration of Feed Workshop at Fiyongoli in Mansa

On 14th August 2019, the Government of the Republic of Zambia acting through the Ministry of Fisheries and Livestock engaged Chipando General Dealers for the rehabilitation and alteration of the feed workshop at Fiyongoli in Mansa district of Luapula province at a contract price of K800,148, with a completion period of fourteen (14) weeks commencing 14th August 2019 and ending 20th November 2019. The completion period was later revised to 30th September 2020.

The scope of works to be done included;

- Reinforced concrete
- Wall foundations
- Concrete block walls
- IBR roofing
- Electrical installation
- Soil drainage
- Road works
- Water reticulation
- Electrical reticulation
- Landscape

As of 31st March 2021, amounts totalling K754,856 had been paid to the contractor.

The following were observed:

- **Failure to Renew the Performance Bond**

Clause 47.1 of the Particular Condition of the Contract required that, the contractor should provide security to the employer no later than fourteen (14) days from the date of execution/signing of the contract and should be issued in an amount specified in the PCC, by a bank or surety acceptable to the Employer, and denominated in the types and proportions of the currencies in which the contract price is payable. The performance security should be valid until a date 28 days from the date of issue of the certificate of completion in the case of Bank Guarantee, and until one year from the date of issue of the completion date in the case of a performance Bond.

However, the performance bond availed for audit revealed that it had expired on 31st July 2020 and had not been renewed as at 30th June 2021.

- **Delayed Completion of Works**

A physical verification carried out in March 2021 revealed that six (6) months after the expected completion date of 30th September 2020, works had not been completed and the contractor was not on site. The following were the outstanding works.

- Steel roof was poorly done with dislocated steel roof members.
- Second quote paint was not done
- Block work for the machine stands was poorly done due to less cement used.
- Carpentry and joinery not completed
- Rain water installation not fitted
- Feed pillar installation not installed
- Marker post installation not casted.

42 Head: 86 Ministry of Fisheries and Livestock

Climate Resilient Livestock Management Project

42.1 Background

a. Establishment

On 28th November, 2017, the Government of the Republic of Zambia signed a grant financing agreement with the African Development Bank (AfDB) of US\$6,210,000 commencing on 1st January 2018 with a closing date of 30th June 2021.

The Project objectives were to strengthen the adaptive capacity of Zambia's Livestock farmers to the impacts of climate change and help increase resilience of the natural environment.

The Project was being implemented in Kasama, Mbala, Mporokoso, Mungwi, Chinsali, Mpika, Isoka, Nakonde and Mafinga Districts in Northern and Muchinga Provinces.

The project comprised of three (3) components namely;

- i. Promoting Climate Resilient Livestock investments and increasing climate change adaptive capacity of livestock farmers at a grant amount of \$4,665,000
- ii. Capacity Building on climate change Adaptation for stakeholders at a grant amount of \$1,000,000 and
- iii. Knowledge, Monitoring and Evaluation at a grant amount of \$250,000

42.2 Audit Findings

An examination of accounting and other records maintained at the Project Headquarters and selected Project sites for the financial year ended 31st December 2020, revealed the following:

a. Budget, Funding and Expenditure

According to the Annual Work Plan and Budgets for the financial year ended 31st December 2020, a total provision of K28,561,563 was made to cater for various activities against which amounts totalling K26,575,891 were disbursed, resulting in an underfunding of K1,985,672.

In addition, the project had a balance brought forward of K2,830,083 bringing the total available funds to K29,405,974.

Although the Project was underfunded, as at 31st December 2020, amounts totalling K29,285,146 had been spent leaving a balance of K120,828.

b. Infrastructure Development

i. Failure to Utilise Constructed Infrastructure and Equipment

Between July 2016 and June 2020, the project signed seven (7) contracts in the sum of K28,216,261 in relation to the construction of Milk Processing Centres, Livestock Market Centres, Veterinary Check Points and Quarantine Stations among others.

As at 30th June 2021, amounts totalling K28, 157,700 being 99.7% had been paid and the completion stage at the time of verification on 22nd April was at 100%.

However, a physical verification carried out in April 2021, revealed that despite the structures having been completed as far back as 2018, there were not in use. See table 42.1 below

Table 42.1: Unutilised Structures

No	Name of Project	Contract Sum K	Amounts Paid to date K	Completion Date	Project Status
1	Construction of Milk Collection Centre at Musa in Kasama District	989,223	989,210	24.05.2019	The facility was completed on 24 May 2019 and was not use as of June 2021.
2	Construction of a Quarantine Station and a Veterinary Check Point in Mbala District (Kaseshya Border Post)	9,132,346	9,132,277	16.04.2019	The facility was handed over on 09.05.2019 and was not in use as of June 2021.
3	Completion of the construction works at Regional Veterinary Laboratory in Kasama District	3,669,392	3,669,392	05.01.2018	The facility was completed on 5 January 2018 and was not in use as of June 2021.
4	Construction of a Veterinary Quarantine Station and a Veterinary Check Point in Nakonde and Mpika Districts	6,639,363	6,638,191	10.10.2019	The facility was completed on 10 October 2019 and was not in use as of as of June 2021.
5	Construction of Livestock Slaughter Facilities in Kasama and Nakonde Districts (Lot 1)	1,915,996	1,915,996	06.03.2020	The facility was completed on 6 March 2020 and was not in use as of June 2021.
6	Construction of Livestock Market Centre in Nakonde District	4,896,009	4,896,008	09.12.2019	The facility was handed over on 03.09.2019 and was not in use as of June 2021.
7	Construction of One (1no.) Milk Collection Centre at Malashi in Mpika District of Zambia	973,931	916,626	19.11.2018	The facility was handed over on 24.12.2018 and was not in use as of June 2021.
	Total	28,216,261	28,157,700		

In addition, between January 2017 and June 2018, the Project signed two (2) contracts for the Supply, Delivery and Installation of veterinary laboratory equipment and milk collection centre equipment at a cost of K1,336,000 and US\$551,646.31 respectively and the suppliers had been paid in full.

A physical verification conducted in March 2021 revealed the following:

- The veterinary laboratory equipment was delivered on 27th December 2019 and was stored at the main laboratory in Kasama. At the time of inspection the equipment was found unpacked in carton boxes fourteen (14) months after delivery. The reason for failure to utilise the equipment was due to lack of specialist staff who had not been deployed to Kasama at the time of verification.
- The milk processing equipment was delivered on 1st June 2018 and had been installed and tested. However, as at 30th June 2021, the equipment remained unutilised thirty six (36) months after installation. See pictures below.



Milk Processing Equipment



Milk processing centre in Mpika

ii. **Construction of Livestock Slaughter Facilities - Kasama**

On 20th September 2016, the Ministry of Fisheries and Livestock signed a contract with Lamasat International Limited for the construction of a Livestock Slaughter facility in Kasama District of Northern Province at a contract sum of K2,070,035 VAT exclusive with a delivery period of eighteen (18) weeks commencing 27th October 2016 to 15th March 2017.

The scope of works included construction of office block/store room, external drainage system, waste management area, separate hygienic slaughter facilities with amenities, hides and skins treatment, storage sheds, water supply (borehole & overhead tank), electricity, improved pit latrines, gravel access road, security fence, parking area and sewage reticulation and septic tank among others.

The terms of the contract included:

- Clause 8.7.1 Maximum amount of delay damages of 10% of the final contract price,
- Clause 4.2.1 the performance security will be in form of a demand guarantee in the amount(s) and percentage 10% of the accepted contract amounting to K207,003.50 and in the same currency as the accepted contract amount.

As at 30th June 2021, amounts totalling K1,631,884 representing 78.80% of the contract sum had been paid to the contractor.

The following were observed:

- **Delayed Completion of Works**

As at 30th June 2021, the works had not been completed, fifty five (55) months after the expected completion date. Further, there was no variation order or addendum to extend the contract.

- **Failure to Claim Delay Damages**

Clause 8.7.1 of the contract states that if the contractor fails to comply with the time of completion, the Contractor shall subject to notice under employers claim to pay delay damages to the employer for this default.

Contrary to the clause, the Project had not claimed delay damages as at 30th June 2021.

- **Failure to Renew the Performance Security**

Clause 4.2.3 of the General Conditions of Contract states that the contractor shall ensure that the Performance Security is valid and enforceable until the Contractor has executed and completed the works and remedied any defects.

Contrary to the clause, as at 30th June 2021, there was no valid performance security as it expired on 7th December 2020.

iii. Rehabilitation of a Milk Collection Centre – Failure to Complete Work

On 14th March 2018, the Project signed a contract with Kawanzane Enterprises Zambia Limited for the rehabilitation of a Milk Collection Centre in Mbala District of Northern Province at a contract sum of K784, 031 VAT

exclusive with a delivery period of sixteen (16) weeks commencing 4th May, 2018 to 4th September, 2018.

The scope of works included rehabilitation of a boundary wall, an ablution block, independent Generator Housing unit, a borehole fully equipped and an overhead tank among others.

The terms of the contract included:

- Clause 8.7.1 of the maximum amount of delay damages of 10% of the final contract price.
- Clause 18.3.2 of the maximum amount of third party insurance of other property of K20,000 and the minimum cover of other property of US\$500,000 per occurrence with a number of occurrences unlimited among others.

As at 31st March 2021, amounts totalling K557,066 representing 71% of the contract sum had been paid to the contractor.

As at 30th June 2021, the works had not been completed three (3) years after the expected completion date.

It was observed that management only terminated the contract on 16th April 2021. Consequently, on 29th April 2021, a demand letter was written to Ultimate Insurance Company Limited claiming a payment of K78,446 in favour of the project for the contractor's breach of contractual obligations and forfeiture of Performance Guarantee.

However, as at 30th June 2021, the claim had not been honoured and the project had not engaged a new contractor to complete the works.

43 Head: 88 Office of the President – Muchinga Province

43.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programs and policies at the provincial level.

43.2 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Headquarters and four (4) selected districts for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a total provision of K58,896,033 was made to cater for the operations of the Provincial Administration against which amounts totalling K46,990,407 were released by the Treasury resulting in an underfunding of K11,905,626.

As at 31st December 2020, amounts totalling K46,882,687 had been spent leaving a balance of K107,720.

b. Payroll Management and Staff Related Matters

i. Misplacement of Officers on the Payroll

Cabinet Office Circular No.13 of 2019 stipulates that Controlling Officers should ensure that all employees under respective Ministries, Provinces or Spending Agencies are placed in their designated duty stations.

Contrary to the Cabinet Circular, there were six (6) officers who drew salaries in amounts totalling K520,317 from pay points that were different from their physical stations.

As at 31st July 2021, the anomalies had not been corrected.

ii. Irregular Payment of Hardship Allowances

Terms and Conditions of Service for the Public Service No. 166 read together with Public Service Management Division (PSMD) Circular No. B6 of 2010 requires an officer serving in an area declared to be in a rural and remote area

to 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 and the PSMD Circular, amounts totalling K29,867 were paid as rural hardship allowances to eight (8) officers who were not entitled as the work stations where the officers operated from were not declared as rural or remote.

iii. Failure to Recover the Funds - Separated Officers from Payroll

Public Service Management Division (PSMD) Circular No. B1 of 2019 (d) provides 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, three (3) officers who were separated from the service through dismissal and desertion were retained on the payroll for periods ranging from three (3) to seven (7) months and the officers were irregularly paid salaries in amounts totalling K73,855.

As at 31st July 2021, the funds had not been recovered.

iv. Unknown Officer Drawing Salaries

During the period under review, salaries in amounts totalling K83,779 were paid to an officer who was under the Provincial Administration payroll.

However, a head count carried out in April 2021, revealed that the officer was not at the station. Further, inquiries made with management revealed that the officer was not known by the head of the station.

c. General Deposit Account – Failure to Distribute Agricultural Inputs

During the financial year ended 31st December 2020, amounts totalling K3,110, 000 were received in the General Deposit Account to cater for Youth Empowerment programmes such as gardening and agriculture activities and administration at both Provincial and District levels.

In this regard, in December 2020, Provincial Administration procured inputs costing K2,990,000 from various suppliers for onward distribution to 496 youth groups in the Province.

However, a scrutiny of records and physical inspection carried out, revealed that out of K2,990,000, inputs costing K2,970,540 had been distributed leaving a balance of K19,460 undistributed. See table 43.1 below.

Table 43.1: Undistributed Inputs

No.	District	Input type	Quantity (Units)	Cost per unit K	Total Cost K
1	Isoka	50kg Agricultural Lime	25	100	2,500
		100mls Nimbecidine Insecticide	8	80	640
		250g Inoculum	6	80	480
		500g Eureka 75WP Fungicide	10	400	4,000
		25g Onion Seed	83	80	6,640
		20kg Groundnut Seed	1	460	460
		25kg Soya Bean Seed	1	480	480
2	Nakonde	50kg Urea Fertiliser	5	580	2,900
		40kg Groundnut Seed	1	880	880
		500ml Rider Insecticide	2	200	400
		100ml Nimbedicine	1	80	80
Total					19,460

As at 31st July 2021, the inputs were still at Isoka and Nakonde District Agricultural Coordinator's Offices.

44 Head: 89 Ministry of Agriculture

44.1 Mandate

The Ministry of Agriculture is mandated to promote and strengthen efficient and effective management of agricultural production and productivity to ensure sustainable household and national food and nutrition security and increased incomes.

44.2 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters and selected stations revealed the following.

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K5,314,630,517 was made to cater for operations of the Ministry against which amounts totalling K2,951,304,707 were released resulting in an under funding of K2,363,352,810.

Although the Ministry was underfunded, as at 31st December 2020, amounts totalling K2,566,050,943 had been spent leaving a balance of K 385,253,764.

b. Farmer Input Support Programme

The Government through the Ministry of Agriculture introduced the Farmer Input Support Programme (FISP) in 2002 which was aimed at improving access of small-scale farmers to inputs and enhancing the participation and competitiveness of the private sector in the supply and timely distribution of agricultural inputs in adequate amounts.

The programme was implemented in two (2) modalities as follows:

- **Direct Input Supply (DIS)** – under this programme beneficiaries collected directly from warehouses the following:
 - Maize Pack (10Kg Maize seed, 150Kg D-Compound, 150Kg Urea); and
 - Complementary Packs (20Kg Groundnut seed + 50Kg D-Compound, 5Kg Sorghum + 100Kg D-Compound and 50Kg Urea, 50Kg Soya beans +100Kg D-Compound) were given to selected beneficiaries based on the recommendations of the District Agriculture Committees.

- **Electronic Voucher** (e-Voucher) – under this programme beneficiaries use their NRCs and e-Voucher codes to redeem any agriculture related inputs of their choice from approved Agro-dealers up to a maximum of K2,000.

During the 2020/2021 farming season, the Government targeted to support 1,024,414 beneficiaries, of which each was to contribute K400 (K300 for inputs and K100 for insurance).

The Direct Input Supply (DIS) was implemented in ninety (90) districts and was to support 857,653 beneficiaries while the e-Voucher was implemented in twenty six (26) districts and was to support 166,761 beneficiaries.

The following were observed:

i. Failure to Constitute a National Steering Committee

The 2020/2021 Agriculture season FISP Direct Input Implementation Manual, provides that the Permanent Secretary for the Ministry of Agriculture may call upon a National Steering Committee which should provide policy guidelines. The composition of the National Steering Committee included the following:

- Minister of Agriculture - Chairperson
- Ministry of Agriculture – Permanent Secretary
- Ministry of Fisheries and Livestock-Permanent Secretary
- Ministry of Finance- Budget and Economic Affairs
- Ministry of Community Development and Social Services- Permanent Secretary
- Ministry of Commerce, Trade and Industry-Permanent Secretary
- Bank of Zambia
- SMART Zambia Institute
- Food and Agriculture Organisation
- Agriculture Consultative Forum Chairperson
- Zambia National Farmers Union (ZNFU)
- Zambia Cooperative Federation (ZCF)

- National Union for Small Scale Farmers in Zambia (NUSFAZ)

The functions of the Committee as defined in the annex include the following:

- Supervise and provide policy guidelines to the programme;
- Promote coordination with other stakeholders at policy level;
- Mobilise resources for the programme;
- Monitor and oversee the overall programme; and
- Meet not less than twice in a year.

However, it was observed that the Permanent Secretary Ministry of Agriculture did not call for the National Steering Committee from as far back as 2016.

ii. Lack of Budget Provision - Direct Input Supply Modality

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K761,840,201 was made to cater for the Farmer Input Support Programme (FISP) Electronic Voucher.

Contrary to the Appropriation Act No 18 of 2019, the Ministry engaged fifteen (15) suppliers of fertiliser and seed at a contract sum of US\$430,336,620 under the Direct Input Supply which was not provided for in the budget.

iii. Questionable Implementation of Programme Modality

During the 2017/2018 farming season, Government directed that the Ministry implements 100% the Electronic Voucher (e-Voucher) modality which was much cheaper than the Direct Input Supply (DIS).

Contrary to the directive, the Ministry reduced the implementation of the e-Voucher modality from 100% in the 2017/2018 farming season to 16% in the 2020/2021 farming season. However, there was no satisfactory explanation availed for audit to justify the change from 100% to 16% e-Voucher. See table 44.1 below.

Table 44.1: Reduction of e-Voucher Beneficiaries

Farming Season	Percentage Allocation		Targeted Beneficiaries	
	E-voucher	DIS	E-voucher	DIS
2017/2018	100	0	1,000,000	-
2018/2019	60	40	612,777	411,657
2019/2020	36	64	382,455	688,931
2020/2021	16	84	166,761	857,653

iv. Questionable Selection of Fertiliser and Seed Suppliers

Section 39(4) of the Public Procurement Regulations of 2011 states that where an emergency situation affects the choice of procurement method, the procuring entity shall not automatically exclude competitive methods of procurement but shall obtain competition to the maximum extent practical in the circumstances.

On 2nd January 2020, the Permanent Secretary, Ministry of Agriculture wrote to the Zambia Public Procurement Authority (ZPPA) seeking a “No objection” to enter into two year rolling contracts of the identified six (6) fertiliser suppliers and ten (10) seed suppliers.

On 23rd January 2020, ZPPA granted Ministry of Agriculture two (2) years “No objection” authority for the supply of fertiliser and seed and advised the Ministry to consider other potential suppliers in the market capable of providing satisfactory services and not limit to the identified suppliers in the request.

Although the Ministry had obtained a no objection, it had been engaging the same suppliers of fertiliser and seeds from 2016/2017 to 2021/2022 farming seasons despite the No Objection advising not to exclude other competitors as per the requirement of the regulation. See table 44.2 below.

Table 44.2: Fertiliser and Seed Suppliers

No.	Supplier	Farming Seasons									
		2016/2017		2018/2019		2019/2020		202			
		Quantity (MT)	Contract Sum K	Quantity (MT)	Contract Sum (US\$)	Quantity (MT)	Contract Sum (US\$)	Quantity (MT)	Contract Sum (US\$)		
	Fertiliser Contracts										
	Neria Investment Limited	44,866.85	395,505,385.01	79,614.90	78,197,649.05	120,000.00	117,681,094.10	135,000.00			
	Nyimba Investment Limited	-	-	39,807.43	38,800,812.43	70,000.00	69,290,281.54	103,129.65			
1	Zambian Fertiliser Limited	11,251.40	101,130,365.20	19,903.71	21,290,964.34	35,000.00	38,292,753.16	55,000.00			
	Alpha Commodities	-	-	-	-	10,000.00	9,840,786.90	10,000.00			
	Nitrogen Chemicals of Zambia	96,092.55	821,467,634.37	-	-	15,000.00	13,500,000.00	10,000.00			
	Rockcliffe Trading FZC	-	-	19,903.71	22,040,663.67	15,000.00	16,661,870.00	15,525.00			
	Nyionbo Investments	21,042.35	290,776,355.02	-	-	-	-	-			
	Fertiliser Totals	173,253.15	1,608,879,739.60	159,229.75	160,330,089.49	265,000.00	265,266,785.70	328,654.65			
	Seed Contracts										
	Zambia Seed Company Limited	1,096.70	14,832,980.00	812.40	23,456,060.00	1,865.00	3,160,250.79	1,108.76			
	Seedco Limited	1,883.79	61,554,868.02	3,552.95	76,109,452.85	2,580.91	6,235,124.05	2,900.00			
	Pannar Seed (Zambia) Limited	1,504.81	54,835,523.48	791.10	33,767,536.26	1,525.83	7,465,811.43	2,300.00			
	Kamano Seed Company Limited	1,288.10	33,886,930.40	1,219.49	45,714,781.48	1,979.21	6,361,777.14	1,998.36			
2	Stewards Globe Limited	357.85	15,174,980.25	1,531.18	60,149,336.60	1,223.00	4,319,540.00	3,200.00			
	Klein Karoo Seed Zambia Limited	80.93	2,047,529.00	85.20	1,998,009.00	100.00	304,840.00	150.00			
	Syngenta Zambia Limited	1,165.48	33,579,886.88	1,579.00	44,026,515.00	1,330.56	6,436,077.00	1,700.00			
	Farmers Barn Limited	704.92	24,504,749.93	2,285.25	73,442,035.00	4,465.99	13,548,237.36	4,126.73			
	Zambezi Ranching and Cropping Limited	-	-	1,075.34	50,591,750.00	5,412.66	26,800,670.73	10,588.34			
	Pioneer Dupont	1,282.26	52,691,344.00	404.29	11,193,825.36	702.99	3,412,560.39	-			
	Mumbwa Farmers Ginning	60.00	960,000.00	-	-	-	-	-			
	Seed Totals	9,424.84	294,068,791.96	13,336.20	420,449,301.55	21,186.15	78,044,888.89	28,072.19			
	Grand Totals	182,677.99	1,902,948,531.56	172,565.95	580,779,391.04	286,186.15	343,311,674.59	356,726.84			

In addition, a review of the Minutes of the Procurement Committee Ref 0035/2020 revealed that the Ministry had been engaging the identified companies on the basis of satisfactory performance in Direct Input Supply in the past.

However, on 12th July 2019, the Ministry single sourced Alpha Commodities on a two (2) year running contract (2019/2020 and 2020/2021 farming seasons) for Direct Input Supply when the company did not meet the conditions advanced by the Ministry to obtain the No Objection to direct bid.

v. Farmers who Benefited More than Once in 2020/2021 Season

During the period under review, 2,240 farmers benefited more than once in the 2020/2021 farming season in that they had redeemed packs more than once resulting in an estimated minimum loss of K4,480,000 to the programme.

vi. Questionably Acquitted Authority To Collect – Petauke

According to the FISP Direct Input Supply Implementation Manual No. 4.4.3, all Acquitted Authority To Collect (ATC) issued to farmers should be signed for by the beneficiaries.

Contrary to the above, two (2) ATC in respect of farming inputs costing K458,535 were questionably acquitted in that the acquittals were signed by two (2) individuals who purportedly signed on behalf of sixty three (63) farmers without authority.

vii. Questionable Debt Swap

During the audit of the financial year ended 31st December 2019, a preliminary audit query dated 28th May 2020, was issued in which the Controlling Officer was requested to avail for audit among other things a list of debt swaps signed between 2017 and 2019 by the Ministry.

In his response dated 2nd June 2020 to the preliminary query the Controlling Officer indicated that the Ministry had only entered into two (2) debt swaps with Zambian Fertiliser Limited and Neria Investments Limited. However, a scrutiny of documents revealed that there was an additional debt swap with Nyiombo Investments Limited which was not disclosed by the Controlling Officer. In this regard, in a preliminary audit query dated 29th September 2020

the Controlling Officer was requested to explain why the information was not disclosed for audit of which there was no response.

Further inquiries and review of documents on the debt swaps revealed that Government through the Ministry of Agriculture procured 80,000 MT of Urea Fertilisers from Rockliffe Trading FZC at a total cost of US\$84,784,497 (K839,366,520 @ rate K9.9/US\$). Cabinet directed that the 80,000 metric tonnes of urea fertilizer be allocated to the conventional FISP districts and the balance of the urea fertilizer quantities be supplied to agro dealers in e-Voucher districts. Contrary to the directive, the Ministry of Agriculture entered into two (2) debt swap agreements as shown in table 44.3 below.

Table 44.3: Debt Swap

No.	Supplier	Urea Metric Tonnes	Inputs Value as Per Debt Swap Agreement	
			K	US\$
1	Neria Investments	48,000	96,000,000	9,696,970
2	Nyiombo Investments Ltd	32,000	64,000,000	6,464,646
	Total	80,000	160,000,000	16,161,616

**Rate US\$1 to K9.9*

Although the Ministry debt swapped 80,000 metric tonnes of urea fertilizer, there was no documentation and justification on the basis of how urea fertiliser procured at a cost of US\$84,784,496.96 (K839,366,519) by the Government was swapped for a total debt of US\$16,161,616 (K160,000,000).

viii. Management of Weather Insurance

In the 2018/2019 agricultural season, the Ministry introduced weather index insurance to mitigate the risk of bad weather affecting small scale farmers.

During the period 2018/2019 to 2020/2021 agriculture seasons, a total of K306,112,827 was collected from farmers as insurance premium out of which the Ministry paid K302,815,538 to the insurance companies leaving a balance of K3,297,289 unremitted from the collections from farmers as at 30th June 2021. See table 44.4 below.

Table 44.4: Insurance Premiums Collected

No.	Farming Season	Farmers Covered	Insurance Contributions K	Mayfair Insurance Premium K	PULA Consortium Premium K	Total Premiums Paid K	Unremitted Funds K
1	2018/2019	1,024,434	102,443,400	100,000,000	-	100,000,000	2,443,400
2	2019/2020	1,012,233	101,223,300	86,231,800	14,541,755	100,773,555	449,745
3	2020/2021	1,024,461	102,446,127	62,031,700	40,010,283	102,041,983	404,144
	Total		306,112,827	248,263,500	54,552,038	302,815,538	3,297,289

In particular the following were observed

- **Uncompetitive Engagement**

Section 39(4) of the Public Procurement Regulations of 2011 states that where an emergency situation affects the choice of procurement method, the procuring entity shall not automatically exclude competitive methods of procurement but shall obtain competition to the maximum extent practical in the circumstances.

Although a no objection was obtained from Zambia Public Procurement Authority, the engagement of both Mayfair and Pula insurance was uncompetitive in that both companies were single sourced.

- **Irregular Signing of Contract - Mayfair Insurance**

Public Procurement Act No. 12 of 2008 Section 58 (1) states that all amendments to a contract shall require the prior authorisation of the appropriate approvals authority and the Attorney General.

In addition, section 58 (3) states that any amendment to a contract purportedly effected without the approval of the Attorney General shall be void.

In a letter dated 22nd December 2020, the Ministry sought authority to sign an addendum to the three (3) year framework agreement for the provision of weather index insurance with Mayfair Insurance to revise downwards the number of beneficiaries and the contract sum.

On 4th February 2021, the Attorney General wrote to Ministry of Agriculture that the addendum was not approved and had to be redrafted and resubmitted.

The addendum was approved and cleared for execution by the Attorney General on 21st May 2021 following a resubmission by the Ministry on 14th May 2021.

However, a review of records revealed that the Ministry of Agriculture and Mayfair Insurance signed the Addendum on 4th February 2021 on which day it had been rejected by the Attorney General.

- **Undisbursed Payouts**

During the period 2018/2019 to 2020/2021, the Ministry had received amounts totalling K10,866,214 from the insurance companies as compensation for farmers who were affected by bad weather.

However, the Ministry had not disbursed the amount to several farmers for periods ranging from six (6) to twenty four (24) months as at 30th June 2021. See table 44.5 below.

Table 44.5: Undisbursed Pay-outs

Farming Season	Undisbursed Amounts		Total Undisbursed K	Periods of Delay (Months)
	Mayfair Insurance Premium K	PULA Consortium Premium K		
2018/2019	4,795,840.58	-	4,795,841	24
2019/2020	3,848,015.99	177,157.77	4,025,174	12
2020/2021	-	2,045,200.00	2,045,200	6
Total	8,643,857	2,222,358	10,866,214	

- **Questionable Allocation of Farmers – Insurance Providers**

During the period under review, the Ministry had split the farmers between Mayfair Insurance and Pula Consortium. See table 44.6 below.

Table 44.6: Allocation of Farmers

Farming Season	No. of Farmers Allocated		Premium Rate for Each Farmer (K)		Sum Insured (K)	
	Mayfair Insurance	PULA Consortium	Mayfair Insurance	PULA Consortium	Mayfair Insurance	PULA Consortium
2018/2019	998,406	-	100	-	1,700	-
2019/2020	874,519	149,914	100	97	1,700	2,000
2020/2021	620,317	404,126	100	99	2,000	2,000
Total	2,493,242	554,040				

As can be seen from the table above the beneficiaries under Mayfair had a sum insured of K1,700, while those under Pula Consortium had a sum insured of K2,000 for the farming seasons 2018/2019 and 2019/2020.

Although the sum insured was K1,700 and K2,000 the farmers were compensated amounts ranging from sixteen (16) ngwee and K2,380 in the periods 2019/2021. See table 44.7 below.

Table 44.7: Insurance Payouts

No.	Name of Insurer	2019/2020		2020/2021	
		Average Payout K	Average Payout K	Average Payout K	Average Payout K
1	Mayfair Insurance	0.16	2,380.00	109.11	1,077.48
2	PULA (ZSIC GI)	7.94	2,025.00	388.12	402.12

In addition, 145,895 (Mayfair-145,657 and PULA Consortium- 238) farmers received payments of less than their insurance contribution of K100 during the 2019/2020 farming season.

c. Staff Related Matters

i. Unknown Individual Drawing Salaries

During the period under review, salaries in amounts totalling K44,118 were paid to an individual who was not known at the Ministry. As at 30th June 2021, the funds had not been recovered.

ii. Irregular Payment of Salaries to Officer that Resigned from the Civil Service

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 on 25th July 2019 was maintained on the payroll for a period of nine (9) months. In this regard, the officer was irregularly paid salaries in amounts totalling K33,309.

Although an amount of K5,000 had been recovered, and a commitment letter indicating that K2,500 will be repaid monthly over a period of twelve (12) months commencing July 2021, there was no repayment for July 2021 and the officer only paid K1,000 in August 2021 leaving a balance of K27,309.

45 Head: 89 Ministry of Agriculture

Provincial Agriculture Coordinating Offices

45.1 Mandate

The Ministry of Agriculture is mandated among others to promote and strengthen efficient and effective management of agricultural production and productivity to ensure sustainable household and national food and nutrition security and increased incomes.

45.2 Audit Findings

An examination of accounting and other records maintained at the Provincial Agriculture Coordinating Offices, selected District Agriculture Coordinating Offices, Agriculture Training Institutions and physical inspections revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K394,220,901 was made to cater for operations of Provincial and Districts Agriculture Coordinating Offices out of which a total amount of K269,608,777 was released resulting in an underfunding of K124,612,124.

As at 31st December 2020, amounts totalling K269,532,083 were spent leaving a balance of K76,694.

b. Management of Payroll and Staff Related Matters

i. Misplacement of Officers on the Payroll

Cabinet Office Circular No.13 of 2019 stipulates that Controlling Officers should ensure that all employees under respective Ministries, Provinces or Spending Agencies are placed in their designated duty stations.

Contrary to the Circular, there were four (4) officers at two (2) stations who were paid salaries in amounts totalling K578,753 from pay points that were different from their physical stations. See table 45.1 below.

Table 45.1: Misplacement of Officers on the Payroll

No.	Province	Stations	No. of Officers	Amount K
1	Luapula	Mansa PACO	2	570,454
2	Southern	Choma PACO	2	8,299
	Total		4	578,753

As at 31st August 2021, the anomalies had not been corrected.

ii. Questionable Payment of Salaries - Muchinga

During the period under review, salaries in amounts totalling K68,463 were paid to an individual who was not an established officer at Muchinga Provincial Agriculture Coordinators Office as inquiries made with management revealed that the payee was not a known member of staff and did not actually work for provincial agriculture offices.

iii. Irregular Payment of Salaries to Employees on Unpaid Leave - Southern Province

Terms and Conditions of Service for the Public Service No. 136 (a) stipulates 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 officers at two stations had applied and were granted unpaid leave for periods ranging from five (5) to six (6) months. However, the officers were irregularly paid salaries in amounts totalling K46,953 for the period they were on unpaid leave.

As at 31st August 2021, the amounts had not been recovered.

c. Unaccounted for Stores – Lusaka PACO

Public Stores Regulation No. 16 requires that every stores officer or any other officer having in his charge any public stores or other articles of public property should keep and maintain record of the receipt and issue of such public stores.

Contrary to the regulation, there were no receipt and disposal details in respect of fuel costing K11,692 procured during the period under review.

d. Management of Assets

i. Failure to Insure Motor Vehicles – Southern Province

Road Traffic Act No. 11 of 2002 Section 86, requires all users of motor vehicles or trailers to have at least third-party insurance.

Contrary to the Act, three (3) motor vehicles and eleven (11) motor bike at two (2) stations, whose values could not be ascertained, were not insured as at 31st December 2020. See table 45.2 below.

Table 45.2: Un-Insured Motor Bikes and Vehicles

No.	Station	No. of Vehicles	No. of Motor Bikes
1	PACO	2	0
2	Mazabuka DACO	1	11
	Total	3	11

As at 31st August 2021, both the motor bikes and vehicles remained uninsured.

ii. Failure to Secure Title Deeds

Public Finance Management Act, No. 1 of 2018, Section 41(4) requires Controlling Officers to ensure that all public properties under their charge are secured with title deeds.

Contrary to the Act, the Ministry did not secure title deeds for 310 properties at twenty one (21) stations whose values could not be ascertained.

e. Management of Liabilities - Outstanding Obligations

Fifteen (15) stations accrued debts in amounts totalling K23,758,302 in respect of personnel emoluments, water and telephone bills, office and box rentals, motor vehicle servicing, insurance premiums some dating as far back as 2000. See table 45.3 below.

Table 45.3: Outstanding Obligations

No.	Province	Station	Amount K
1	Western	PACO	56,300
		Kalabo DACO	264,449
		Sikongo DACO	216,616
		Limulunga DACO	372,427
		Sioma DACO	17,735
		Mongu DACO	93,782
2	Lusaka	PACO	3,580,878
3	Southern	PACO	6,123,468
4	Eastern	PACO	7,223,236
5	Copperbelt	PACO	3,804,084
		Ndola DACO	212,508
		Luanshya DACO	263,545
		Masaiti DACO	408,208
		Mpongwe DACO	936,066
		Mufulira DACO	185,000
Total			23,758,302

f. Maintenance of Infrastructure - Poor Maintenance of Buildings

A physical inspection of buildings, plant and equipment carried out in selected District Agricultural Offices during the periods from March to May 2021 revealed that there was no regular maintenance of properties.

In particular, the following were observed:

i. Deplorable Camp Houses - Chongwe, Rufunsa and Luangwa DACOs

Three (3) camp houses occupied by officers in three (3) districts were in a deplorable state in that they had cracks and the roofs were not secured and falling off. See pictures below.



Hellensdale Camp House in Chongwe District

ii. Katete DACO Office Block

The ceiling board in the corridor was in a poor state in that some parts had fallen off due to leakages. See pictures below.



Traces and Ceiling Boards Damaged by Termites

46 Head: 90 Office of the President - Lusaka Province

46.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

46.2 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Headquarters and three (3) selected district offices for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a total provision of K78,264,724 was made to cater for operations of the Provincial Administration against which amounts totalling K65,089,133 were released by the Treasury resulting in an under funding of K13,175,591.

As at 31st December 2020, the Province had spent amounts totalling K65,064,978 leaving a balance of K24,155.

b. Misplacement of Officers on the Payroll

Cabinet Office Circular No.13 of 2019 stipulates that Controlling Officers should ensure that all employees under respective Ministries, Provinces or Spending Agencies are placed in their designated duty stations.

Contrary to the Cabinet Circular, there were fourteen (14) officers who drew salaries in amounts totalling K871,221 from pay points that were different from their physical stations.

As at 31st July 2021, the anomalies had not been corrected.

c. Employment of Officer with Questionable Qualification

On 28th February 2006, the Ministry of Community Development employed an Assistant Community Development Officer and deployed her to Lusaka District Community Development Office. In 2017, the officer was promoted to the position of District Administrative Officer and transferred to Shibuyunji District Administration Office.

A review of the officer's personal staff files at Provincial Administration revealed that on 27th February 2020 the Examination Council of Zambia found that the officer's Grade twelve Certificate was not genuine as it was forged. It was not possible to ascertain the total amounts that were paid to the officer during the period from February 2006 to August 2017 due to lack of records.

However, for the period from September 2017 to 31st December 2020, the officer was irregularly paid salaries in amounts totalling K611,475. Further, as at 31st August 2021, the officer had deserted employment and was no longer working at Shibuyunji District Administration Office.

47 Head: 91 Office of the President – Copperbelt Province

47.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

47.2 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Headquarters and four (4) selected districts for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a total provision of K81,003,391, which included a supplementary provision of K1,781,517, was made to cater for operations of the Provincial Administration against which amounts totalling K73,790,885 were released resulting in an under funding of K7,212,506.

As at 31st December 2020, the Province had spent amounts totalling K73,746,682 leaving a balance of K44,203.

b. Weaknesses in Managing Payroll and Staff Related Matters

i. Misplacement of Officers on the Payroll

Cabinet Office Circular No.13 of 2019 stipulates that Controlling Officers should ensure that all employees under respective Ministries, Provinces or Spending Agencies are placed in their designated duty stations.

Contrary to the circular, there were 139 officers who drew salaries in amounts totalling K9,759,174 from pay points that were different from their physical stations. See table 47.1 below.

Table 47.1: Misplaced Officers

No.	Station	No.of Officers	Amount K
1	Provincial Administration	78	5,185,103
2	Luanshya District Administration	23	1,533,021
3	Mpongwe District Administration	10	894,395
4	Masaiti District Administration	15	1,277,463
5	Mufulira District Administration	13	869,192
	Total	139	9,759,174

As at 31st August 2021, the anomalies had not been corrected.

ii. Payment of Salaries to Officers Absent from Duty

Terms and Conditions of Service for the Public Service No. 151, states that an officer other than the one on temporal agreement or part-time basis, may be absent from duty due to ill-health or injury, provided that the absence is covered by a medical certificate from a registered medical or dental practitioner for a period of not more than ninety (90) days on full pay with an additional period of ninety (90) days on half pay in any period of two years ending on the one hundred and eightieth (180th) day of such sickness or injury. The period may, on recommendation of the Medical Board appointed by the Permanent Secretary, Ministry of Health be extended to a maximum of 180 days on half pay.

Contrary to Terms and Condition of Service for the Public Service, amounts totalling K123,553 were irregularly paid as salaries to two (2) officers who had not reported for work due to alleged ill health during the period from January 2020 to April 2021.

Further, there were no medical certificates from registered medical or dental practitioners as at 31st July 2021.

c. Management of Assets

i. Department of Preventive Maintenance

The Provincial Administration through the Department of Preventive Maintenance had sixty-four (64) properties, eleven (11) in Luanshya and fifty-three (53) in Mufulira which are leased out to the public. A review of records and physical inspection of selected properties revealed the following:

- **Under Collection of Rental Income**

During the period under review, a total amount of K230,220 was expected to be collected in Luanshya and Mufulira from fifty-six (56) rented properties. However, only an amount of K9,000 representing 3.91% was collected during the period under review resulting in an under collection of K221,220. See table 47.2 below.

Table 47.2: Under Collected Rentals

No.	Station	No. of Properties	Expected Rentals K	Rentals Collected K	Uncollected Rentals K
1	Luanshya	11	37,800	1,800	36,000
2	Mufulira	45	192,420	7,200	185,220
	Total	56	230,220	9,000	221,220

As at 31st July 2021, no action had been taken to collect the rentals against the defaulting tenants.

- **Failure to Avail Lease Agreements - Mufulira**

Out of the fifty-three (53) properties leased out in Mufulira, there were no lease agreements in respect of eight (8) properties. Consequently, the amounts of expected income from the properties could not be ascertained as at 31st July 2021.

ii. Masala Cultural Village - Poor Maintenance of Office Building

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a total provision of K47,588 was made to cater for the maintenance of the Masala Cultural Village and no funds were released by the Treasury.

A physical inspection carried out at Masala Cultural Village in February 2021 revealed that the structures were in a deplorable state in that the roof was leaking and the main pillars to the theatre were eaten by termites. Further, the surroundings were poorly maintained in that they were unkempt. See pictures below.



Main pillars to the theatre eaten up by termites



Unkempt Surroundings

48 Head: 92 Office of the President – Central Province

48.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

48.2 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Headquarters and four (4) selected district offices revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K81,264,723 was made to cater for operations of the Provincial Administration against which amounts of K76,536,374 were released by the Treasury resulting in an under funding of K4,727,749.

As at 31st December 2020, amounts totalling K76,166,720 were spent leaving a balance K369,654.

b. Irregular Payment of Salaries to an Officer Absent from Duty Without Leave

Terms and Conditions of Service for the Public Service No. 60 (a) and (b) requires that an officer who is absent from duty without leave for a continuous period of ten (10) or more working days be liable for dismissal and should not be paid a salary for the period they were absent from duty.

Contrary to the Terms and Conditions of Service, a Clerical Officer at Provincial Administration who was absent from duty from April 2020 and subsequently resigned on 3rd August 2020, was irregularly paid salaries in amounts totalling K29,878 from April 2020 to October 2020, when he was removed from the payroll.

As at 31st July 2021, no recoveries had been made.

49 Head: 92 Office of the President – Central Province

Management of Youth Empowerment Program

49.1 Background

In August 2020, the Ministry of Youth, Sport and Child Development developed a multi-sectorial development strategy to empower the youth with various empowerment strategies in the agriculture sector.

The programme was aimed at providing agricultural input loans to targeted youths in rural areas with demonstrated capacity to engage in agricultural related activities for the 2020/2021 farming season. The targeted youths were those that did not benefit from the Food Security Pack Programme, the Farmer Input Support Programme (FISP) or any related Government support programme.

In this regard, the Ministry released a total amount of K3,262,550 to Provincial Administration through General Deposit Account for subsequent disbursement of farming input loans to youth groups in twelve (12) districts. See table 49.1 below.

Table 49.1: Funds for Youth Empowerment

No.	Institution	Empowerment Fund K	Administration Funds K	Total K
1	Provincial Administration	-	185,390	185,390
2	Chibombo	227,180	2,000	229,180
3	Chisamba	227,180	2,000	229,180
4	Chitambo	281,680	2,000	283,680
5	Itezhi-tezhi	227,180	2,000	229,180
6	Kabwe	281,680	2,000	283,680
7	Kapiri-Mposhi	227,180	2,000	229,180
8	Luano	281,680	2,000	283,680
9	Mkushi	281,680	2,000	283,680
10	Mumbwa	227,180	2,000	229,180
11	Ngabwe	281,680	2,000	283,680
12	Serenje	227,180	2,000	229,180
13	Shibuyunji	281,680	2,000	283,680
	Total	3,053,160	209,390	3,262,550

49.2 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Headquarters and selected district offices visited revealed the following:

a. Unaccounted for Inputs - Mumbwa District

Public Stores Regulation No. 16 requires that every stores officer or any other officer having in his charge any public stores or other articles of public property should keep and maintain record of the receipt and issue of such public stores.

Contrary to the regulation, out of the K229,180 allocated to Mumbwa district for the procurement and distribution of farming inputs to approved beneficiary youth groups, farming inputs costing K184,020 were not accounted for in that there were no receipt and disposal details. Consequently, it could not be established whether the intended beneficiaries received the inputs.

b. Failure to Distribute Farming Inputs - Serenje District

Out of farming inputs costing K217,770 that were procured by the district, inputs costing K8,166 had not been distributed to the intended beneficiaries as at 31st December 2020.

As at 31st August 2021, the inputs were still being kept at the District Administration Office.

c. Failure to Implement Funded Programmes – Shibuyunji District Administration

During the period under review, Shibuyunji District Administration (DA) office received amounts totalling K283,680 for the procurement and distribution of farming inputs to qualified youth groups under the Youth Empowerment Programme.

However, it was observed that as at 31st August 2021, the funded programmes had not been implemented and the funds had remained unutilised at the three (3) stations. See table 49.2 below.

Table 49.2: Unutilised Funds

No.	Station	Unspent Amount K
1	Chisamba DA	222,600
2	Luano DA	281,680
3	Shibuyunji DA	283,680
	Total	787,960

It was also observed that no Treasury authority was sought to carry forward the funds from 2020 to 2021.

50 Head: 93 Office of the President - Northern Province

50.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programs and policies at the provincial level.

50.2 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Headquarters and four (4) selected district offices for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a provision of K69,384,541 was made to cater for operations of

the Provincial Administration against which a total amount of K64,470,964 was released by the Treasury resulting in an under funding of K4,913,576.

As at 31st December 2020, amounts totalling K64,522,874 were spent leaving a balance of K51,910.

b. Payroll Management and Staff Related Matters

i. Misplacement of Officers on the Payroll

Cabinet Office Circular No.13 of 2019 stipulates that Controlling Officers should ensure that all employees under respective Ministries, Provinces or Spending Agencies are placed in their designated duty stations.

Contrary to the circular, there were ten (10) officers who drew salaries in amounts totalling K553,470 from pay points that were different from their physical stations.

As at 31st July 2021, the anomalies had not been corrected.

ii. Irregular Payment of Rural Hardship Allowances

Terms and Conditions of Service for the Public Service No. 166, stipulates that an officer serving in an area declared to be in a remote area should be entitled to receive 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 K9,701 were paid as rural hardship allowances to an officer who was not entitled in that the work station was not designated for the payment of such an allowance.

iii. Payment of Salary to an Absentee Officer

Terms and conditions of Service for the Public Service no. 60 (a) and (b) requires that an officer who is absent from duty without leave for a continuous period of ten (10) or more working days be liable for dismissal and should not be paid a salary for the period they were absent from duty.

Contrary to the Terms and Conditions of Service, a welder at Provincial Administration who was absent from duty from 2018 had not been separated from the Service and was irregularly paid salaries in amounts totalling K151,655 from January 2018 to May 2021.

As at 31st July 2021, the officer had not been removed from the payroll.

c. Accounting Irregularities

i. Irregular Use of Imprest

Financial Regulation No.86 (c), stipulates that accountable imprest is 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 K5,305 was issued to an officer to facilitate the payment of a conference facility in Mbala district whose value could be ascertained and procured directly from the supplier.

ii. Unaccounted for Stores – Provincial Administration

Public Stores Regulation No. 16 requires that every stores officer or any other officer having in his charge any public stores or other articles of public property should keep and maintain record of the receipt and issue of such public stores.

Contrary to the regulation, there were no receipt and disposal details in respect of stores items costing K12,679 comprising general stores (K5,920) and fuel (K6,759).

51 Head: 94 Office of the President - Western Province

51.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

51.2 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Headquarters and four (4) selected district offices for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a total provision of K87,114,960 was made to cater for operations of the Provincial Administration against which amounts totalling K79,397,291 were released by the Treasury resulting in an under funding of K7,717,669.

As at 31st December 2020, amounts totalling K79,274,106 were spent leaving a balance of K123,185.

b. Weaknesses in Managing Payroll and Staff Related Matters - Misplacement of Officers on the Payroll

Cabinet Office Circular No.13 of 2019 stipulates that Controlling Officers should ensure that all employees under respective Ministries, Provinces or Spending Agencies are placed in their designated duty stations.

Contrary to the circular, there were three (3) officers who drew salaries in amounts totalling K331,968 from pay points that were different from their physical stations.

As at 31st August 2021, the anomalies had not been corrected.

c. Management of Liabilities - Failure to Settle Outstanding Bills

A review of records revealed that Provincial Administration had accrued debts in amounts totalling K3,690,494 in respect of personnel emoluments, water and telephone bills, office and postal box rentals, motor vehicle servicing, insurance premiums and certified works dating as far back as 2015.

As at 31st August 2021, the bills had not been settled.

52 Head: 95 Office of the President – Eastern Province

52.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programs and policies at the provincial level.

52.2 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Headquarters and four (4) selected district offices for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a total provision of K72,481,164 was made to cater for operations of the Provincial Administration against which amounts totalling K65,058,212 were released by the Treasury resulting in an under funding of K7,422,952.

As at 31st December 2020, amounts totalling K65,029,140 were spent leaving a balance of K29,072.

b. Weaknesses in Managing Assets - Lack of Title Deeds

Public Finance Management Act, No. 1 of 2018 Section 41(4) requires controlling officers to ensure that all public properties under their charge are secured with title deeds.

Contrary to the Act, the Provincial Administration did not secure title deeds for four (4) District Administration offices visited namely Chipata, Lundazi, Katete and Sinda.

c. Failure to Settle Outstanding Bills

A review of records revealed that Provincial Administration had accrued debts in amounts totalling K10,651,295 in respect of personnel emoluments, electricity, telephone and water bills, postal box rentals and insurance premiums some dating as far back as 1989.

As at 31st July 2021, the bills had not been settled.

53 Head: 95 Office of the President – Eastern Province

Management of Youth Empowerment Funds

53.1 Background

In August 2020, the Ministry of Youth, Sport and Child Development developed a multi-sectoral development strategy to empower the youth with various empowerment strategies in the agriculture sector. The program was aimed at providing loans to targeted youths in form of agricultural inputs in rural areas with demonstrated capacity to engage in agricultural related activities for the 2020/2021 farming season. The targeted youths were those that did not benefit from the Food Security Pack Programme (FSP), the Farmer Input Support Programme (FISP) or any related Government support programme.

In this regard, the Provincial Administration received a total of K3,266,250 for Youth Empowerment Programme. As at 31st December 2020, a total amount of K3,258,048 had been spent leaving a balance of K8,202.

53.2 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Headquarters and selected district offices revealed the following:

a. Unsecured Loan Disbursements

The Youth Empowerment Programme Guideline No. 1 (i) (annex 2) of 2020 provides for the loan to be comprehensively insured by the borrower. During the period under review, Provincial Appraisal Committee approved loan applications for 216 youth groups from the fourteen (14) districts.

In this regard, agricultural inputs costing K2,999,628 were issued to the 216 youth groups as loans. See table 53.1 below.

Table 53.1: Disbursed Farming Input Loans

No	District	No. of Cooperatives	Value of inputs disbursed per Cooperative K	Total K
1	Chipata	14	13,737	192,318
2	Chadiza	25	12,900	322,488
3	Chasefu	14	13,595	190,323
4	Nyimba	14	15,075	211,050
5	Katete	17	11,387	193,579
6	Chipangali	14	15,960	223,440
7	Mambwe	14	13,670	191,380
8	Lundazi	14	13,560	189,840
9	Petauke	14	13,185	184,590
10	Lusangazi	14	13,595	190,330
11	Vubwi	20	17,217	344,340
12	Lumezi	14	13,480	188,720
13	Sinda	14	13,760	192,640
14	Kasenengwa	14	13,185	184,590
		216		2,999,628

Contrary to the guidelines, all the farming inputs loans issued were not insured.

b. Awarding of Agricultural Inputs Loan to Unqualified Groups

Youth Empowerment Programme Guideline No. 1 of 2020, provides that the beneficiaries of the programme should be youths from rural areas who are engaged in agriculture, gardening and any agro related activities.

Further, Public Service Management Division (PSMD) Circular No. B.6 of 2010 categorizes districts for purposes of identifying and distinguishing urban and rural areas as follows. See table 53.2 below.

Table 53.2: Categories of Districts

No.	District	Category	Kilometer Radius for Urban, Rural and Remote
1	Chipata	B	0 to 25km is urban, 26 to 70km is Rural, and beyond 70km is remote
2	Petauke, Ketete, Lundazi	C	0 to 20km is urban, 21 to 70km is Rural, and beyond 70km is remote

Contrary to the guideline, seventeen (17) groups who were issued with farming input loans amounting to K230,790 were falling within the urban area category. See table 53.3 below.

Table 53.3: Unqualified Groups

No.	District	No. of Groups	Amounts of Inputs Accessed K
1	Chipata	10	137,370
2	Petauke	4	52,740
3	Lundazi	3	40,680
	Total	17	230,790

c. FISP beneficiaries Benefiting from Youth Empowerment Loans

The Youth Empowerment Programme Guideline No. 1 of 2020, provides that the targeted beneficiaries are those that did not benefit from the Food Security Pack (FSP), Farmer Input Support Programme (FISP), or any related government support programme.

Contrary to the guidelines, forty (40) youth group members who benefited from FISP during the 2020/2021 farming season, were also issued with farming input loans amounting to K578,185 in form of fertiliser, seeds and chemicals under the Youth Empowerment Loans programme.

54 Head: 96 Office of the President - Luapula Province

54.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

54.2 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Headquarters and four (4) selected district offices for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a total provision of K75,767,420 was made to cater for the operations of the Provincial Administration against which amounts totalling

K50,727,525 were released by the Treasury resulting in an under funding of K25,039,895.

As at 31st December 2020, the Province had spent amounts totalling K49,621,064 leaving a balance of K1,106,461.

b. Operational Matters- Lack of Funding Affecting Key National Development Plan Programmes

In an effort to contribute towards the achievement of the 7NDP, a total Authorised Provision of K603,059 was made in the 2020 Estimates of Revenue and Expenditure to cater for 7NDP activities.

However, the activities were not funded as a result, various key programs and activities with direct positive impact to the 7th National Development plan strategic areas were not implemented during the period under review. See table 54.1 below.

Table 54.1: Unfunded 7th National Development Plan Program/Activities

Dept/Unit	Program/Activity	Provision K	Funding K	7NDP Pillar No	7NDP Intended Development Outcome
Infrastructure	Infrastructure Development in new districts	474,759	-	3	Outcome No.1 - Reduced inequalities through rural infrastructure development
Resettlement	Land Allocation	23,389	-	2	Outcome no.1 -Enhenced welfare and livelihoods of the poor and vulnerable
	Settler Title deeds processing	22,658	-	2	Outcome no.1 -Enhenced welfare and livelihoods of the poor and vulnerable
Social Welfare	Skills training for oprphans & vulnerable children	26,668	-	2	Outcome no.1 -Enhenced welfare and livelihoods of the poor and vulnerable
	Assistance to vulerable people	55,585	-	2	Outcome no.1 -Enhenced welfare and livelihoods of the poor and vulnerable
		603,059			

c. Weaknesses in Management of Information Technology Systems - Unauthorised Changes to IFMIS Vendor Details

During the period under review, the Provincial Administration operated two (2) ICT systems namely:

- i. Payroll Management and Establishment Control (PMEC) for managing staff emoluments.
- ii. Integrated Financial Management Information System (IFMIS) for financial Management.

The ICTs Infrastructure, which includes Data Centre and Equipment and Systems Applications and Products (SAP) are centrally managed at the Ministry of Finance Headquarters in Lusaka with support staff in the province under SMART Zambia program.

A review of the Integrated Financial Management Information System (IFMIS) revealed that, during the period under review, 120 vendors had their critical details (including banking details) changed. However, authorised customer maintenance forms were not availed for audit, and therefore the rationale behind making changes to the vendor details had not been ascertained and as to who authorised the changes to be made in the system.

In response, the Controlling Officer stated that the changes to the vendor details were centrally done by Ministry of Finance (MOF) and that management has since written to MOF for the clarifications to the changes made. However, as at 31st July 2021, the Provincial Administration Office had not provided clarification from the MOF regarding the amendments made to the vendor details.

d. Management of Payroll and Staff Related Matters

i. Misplacement of Officers on the Payroll

Cabinet Office Circular No.13 of 2019 stipulates that Controlling Officers should ensure that all employees under respective Ministries, Provinces or Spending Agencies are placed in their designated duty stations.

Contrary to the circular, there were three (3) officers who drew salaries in amounts totalling K41,001 from pay points that were different from their physical stations.

As at 31st July 2021, the anomalies had not been corrected.

ii. Failure to Deduct NAPSA Contributions

National Pensions Scheme Act No. 40 of 1996, Section 15 (1) states that a contributing employer shall pay contributions to the Authority at the end of each month and such employer should submit, with such payment, all prescribed supporting particulars concerning their identity, period of employment and earnings of the member to whom the contributions relate.

Contrary to the Act, salaries in amounts totalling K283,881 were paid to an officer without deducting NAPSA contributions amounting to K13,520 during the period under review.

As at 31st July 2021, the payments had not been made.

e. Accounting Irregularities

i. Misapplication of Funds

Contrary to the Appropriation Act No 18 of 2019, a total amount of K29,818 meant for payment of grants to Orphanage Centres, Youth Resource Centres and Sports Clubs in the province was spent on allowances for investments visits, an activity not related to the purpose for which the funds were appropriated.

ii. Unsupported Payments

Financial Regulation No. 45 and 52 requires that all payments by cheque or cash for goods, services and works should be supported by cash sale receipts and that vouchers relating to purchases should be supported by an official order and the supplier's invoices.

Contrary to the regulations, five (5) payments totalling K36,751 processed at Provincial Administration Office were not supported with receipts and invoices.

iii. Unaccounted for Stores – Mwense District Administration

Public Stores Regulation No. 16 requires that every stores officer or any other officer having in his charge any public stores or other articles of public property should keep and maintain record of the receipt and issue of such public stores.

Contrary to the regulation, there were no receipt and disposal details in respect of fuel costing K13,500 procured at the district office during the period under review.

f. Weaknesses in Management of Assets

i. Failure to Insure Motor Vehicles

Road Traffic Act No. 11 of 2002, Section 86, requires all users of motor vehicles or trailers to have at least third-party insurance.

Contrary to the Act, forty four (44) motor vehicles whose values could not be ascertained, were not insured during the period under review.

As at 31st July 2021, the vehicles remained uninsured.

ii. Failure to Secure Public Properties with Title Deeds

Public Finance Management Act No. 1 of 2018, Section 41 (4) requires Controlling Officers to ensure that all public properties under their charge are secured with title deeds.

Contrary to the Act, the Provincial Administration did not secure title deeds for its office blocks and four (4) District Office buildings. See table 54.2 below.

Table 54.2: Unsecured Properties

No.	Department/Unit	Property Description
1	Head Quarters	Office Buildings
2	Mansa Dc	Office Buildings
3	Mwense DC	Office Buildings
4	Kawambwa DC	Office Buildings
5	Samfya DC	Office Buildings

It was further observed that the properties had not been valued as at 31st July 2021 despite an amount of K53,000 having been funded for valuation of Government Infrastructure for the province during the period under review.

iii. Poor Management of Government Rest Houses

The Provincial Administration manages Government Rest Houses through the District Administration in three (3) districts namely; Samfya, Kawambwa and Mwense.

A review of the operations of the Rest Houses in Samfya and Kawambwa conducted in April 2021 revealed the following:

- **Samfya Government Rest House**

The Rest House had nine (9) rooms out of which one (1) room was being used as a store room, another room was occupied by the care taker, while seven (7) rooms were reserved for accommodation of guests.

- **Charging of Uneconomical Rate**

During the period under review, the rooms were rented out at K390 per month translating into K13 per night.

However, a survey of Guest houses in Samfya district revealed that the average charges for accommodation per night was K250. Consequently, the Rest house failed to generate reasonable income to sustain its operations.

As at 31st July, 2021, the basis for charging uneconomic rate of K390 per month had not been explained.

- **Use of Revenue at Source**

Public Finance Management Act No.1 of 2018 Section 28 (2) requires that all monies received by an accounting officer or any office holder responsible for the collection of money should be deposited not later than the next business day following the day of receipt, unless otherwise directed by the Secretary to the Treasury.

Contrary to the Act, amounts totalling K5,941 were not deposited with the bank but were instead utilised at source.

- **Failure to Maintain Rest House**

A physical inspection carried out on 16th April 2021 revealed that the Rest House was in a dilapidated state in that the ceiling boards were broken and stained and some doors had no locks and handles. See pictures below.



Dilapidated Ceiling



Stained Ceiling Board



Door without lock and handle

Further, the surroundings were poorly maintained as they were unkempt.

- **Kawambwa Rest House**

The Rest House had ten (10) rooms that were charged as follows per night; three (3) rooms at K50; five (5) rooms at K60; and two (2) rooms at K100 per night.

- **Unaccounted for Revenue**

Financial Regulation No. 129 (1) states that collectors of revenue are required to bring to account daily the full amount of their collections.

Contrary to the regulation, amounts totalling K25,660 collected as accommodation fees, had not been accounted for as neither cash was found on hand nor were deposit slips availed for audit as at 16th April, 2021. As at 31st July, 2021, no action had been taken.

- **Failure to Maintain Rest House**

A physical inspection of the guest house carried out on 16th April 2021, revealed that the guest house was in a dilapidated state in that the bath tabs, windows and toilets were broken, ceiling boards were stained as a result of leaking roof. Further, the surroundings were poorly maintained as they were unkempt. See pictures below.



Dilapidated bath tabs and toilet for the guests



Dilapidated windows and ceiling in the verandah



Dilapidated building and poorly maintained surroundings.

55 Head: 98 Office of the President – Southern Province

55.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programs and policies at the provincial level.

55.2 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Headquarters and four (4) selected districts for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a total provision of K88,478,210 was made to cater for operations of the Provincial Administration against which amounts totalling K53,031,035 were released by the Treasury resulting in an under funding of K35,447,175.

As at 31st December 2020, amounts totalling K52,831,571 were spent leaving a balance of K199,464.

b. Management of Payroll and Staff Related Matters

i. Misplacement of Officers on the Payroll

Cabinet Office Circular No.13 of 2019 stipulates that Controlling Officers should ensure that all employees under respective Ministries, Provinces or Spending Agencies are placed in their designated duty stations.

Contrary to the circular, 114 officers drew salaries in amounts totalling K430,946 from pay points that were different from their physical stations.

As at 31st July 2021, the anomalies had not been corrected.

ii. Irregular Payment of Rural Hardship Allowances

Terms and Conditions of Service for the Public Service No. 166, stipulates that an officer serving in an area declared to be in remote area should be entitled to receive 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 K8,114 were paid as rural hardship allowances to an officer who was not entitled in that the work station was not designated for the payment of such an allowance.

iii. Irregular Payment of Housing Allowances

Public Service Management Division Circular No. B 24 of 2013 stipulates that housing allowance should be paid to officers not accommodated by Government in standard/pool houses through the payroll.

Contrary to the Circular, amounts totalling K3,399 were paid as housing allowance to an officer who was accommodated in a Government Institutional house.

iv. Payment of Salaries to Officers Absent from Duty Without Leave

Terms and Conditions of Service for the Public Service No. 60 (a) and (b) requires that an officer who is absent from duty without leave for a continuous period of ten (10) or more working days be liable for dismissal and should not be paid a salary for the period they were absent from duty.

Contrary to the Terms and Condition of Service, six (6) officers who had been absent from duty for periods ranging from two (2) to fifteen (15) months were irregularly paid salaries in amounts totalling K256,293.

As at 31st July, 2021, the officers had not yet been separated from the service.

v. Retention of Deceased Officers on the Payroll

Public Service Management Division (PSMD) Circular No. B1 of 2019, states that deceased employees who are not eligible for posthumous retirement should be deleted from the payroll with effect from the date of their demise and clause (d) stipulates 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, four (4) officers separated from the service through death were retained on the main payroll for periods ranging from one (1) to twelve (12) months and salaries in amounts totalling K167,456 were remitted to their bank accounts.

As at 31st July, 2021, the amounts irregularly paid to the officers had not been recovered.

c. Accounting Irregularities

i. Unsupported Payments

Financial Regulation No. 45 and 52 requires that all payments by cheque or cash for goods, services and works should be supported by cash sale receipts and that vouchers relating to purchases should be supported by an official order and the supplier's invoices.

Contrary to the regulations, four (4) payments totalling K6,245 processed at Provincial Administration Office were not supported with receipts and invoices.

ii. Failure to Settle Outstanding Bills

A review of records revealed that the Provincial Administration had accrued debts in amounts totalling K2,669,972 in respect of personnel emoluments, water and telephone bills, office and box rentals, motor vehicle servicing, insurance premiums and certified works some dating as far back as 2007.

As of 31st July 2021, the bills had not been settled.

d. Unaccounted for Stores - Provincial Administration

Public Stores Regulation No. 16 requires that every stores officer or any other officer having in his charge any public stores or other articles of public property should keep and maintain record of the receipt and issue of such public stores.

Contrary to the regulation, there were no receipt and disposal details in respect of stores items costing K5,975 procured during the period under review.

56 Head: 98 Office of the President – Southern Province

56.1 Background

During the financial year ended 31st December 2020, a total amount of K4,820,929 was deposited in the General Deposit Account (GDA) for activities such as presidential visits, national day of prayers, issuance of National Registration Cards and Youth Empowerment Programme, the sale of boarded assets and stores items. See table 56.1 below.

Table 56.1: Funds Received

No.	Funding Details	Amount K
1	Presidential Visit	1,872,981
2	Youth Empowerment	2,292,000
3	Issuance of NRCs	180,400
4	National Guidance	90,350
5	Sale Bid Forms (BOS)	67,150
6	Other funds	318,048
	Total	4,820,929

In addition, amounts totalling K228,273 were brought forward from 2019 bringing the total amounts available to K5,049,202.

As at 31st December 2020, amounts totalling K4,555,406 had been spent leaving a balance of K493,796.

56.2 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Headquarters and selected district offices revealed the following:

a. Management of Youth Empowerment Programmes

In August 2020, the Ministry of Youth, Sport and Child Development developed a multi-sectorial development strategy to empower the youth with various empowerment strategies in the agriculture sector. The program was aimed at providing loans in form of agricultural inputs to targeted youths in rural areas with demonstrated capacity to engage in agricultural related activities for the 2020/2021 farming season.

During the period under review, Ministry of Youth, Sports and Child Development disbursed amounts totalling K2,292,000 to Provincial Administration for Youth Empowerment Programmes in the Province. The funds were meant for agriculture activities and administration at both Provincial and District levels.

As at 31st December 2020, amounts totalling K1,863,284 had been spent on procurement of agriculture inputs for the Youth Empowerment Programme and administrative activities leaving a balance of K428,716. The following were observed:

i. Failure to Distribute Animals to Youth Farmer Groups

In December 2020, a total amount of K702,400 was paid to five (5) suppliers for the procurement of 1,804 animals (1,760 Goats – K680,000) and (44 Pigs- K22,400). The animals were intended for distribution to vulnerable youth farmer groups who were identified to benefit from the empowerment programme.

However, it was observed that as at 31st August 2021, only 640 goats had been distributed to the targeted vulnerable youth groups leaving a balance of 1,164 animals (Goats - 1,120 and Pigs - 44) costing K450,500 undistributed.

As at 31th August 2021, the remaining animals had not been distributed to the intended beneficiaries.

ii. Awarding of Loan Agricultural Inputs to Unapproved Farmer Group

The Youth Empowerment Programme Guideline No. 1 Section 3.2 of 2020 requires the Provincial Appraisal Committee to convene meetings to appraise, scrutinise and approve applications from youth groups.

Contrary to the guidelines, one (1) youth group (Big Vision Multipurpose Cooperative) which was not appearing on the approved list of beneficiaries was issued with inputs costing K9,525.

b. Management of Sale of Boarded Assets

Public Finance Management Act No. 1 of 2018, Section 42 (1) requires that unserviceable plant or vehicles be disposed of or dealt with on the basis of recommendations of a committee of survey.

In this regard, during the period under review, the Provincial Administration embarked on the exercise to dispose of Boarded Assets in the Province and amounts totalling K1,789,690 were realized and deposited directly into Treasury Control 99. See table 56.2 below.

Table 56.2: Revenue from Boarded Assets

No.	Description	Amount K
1	Sale of Motor Vehicles and Motor Bikes	1,775,690
2	Sale of General Stores	14,000
	Total	1,789,690

However, the following were observed:

i. Failure to Submit Board Of Survey Report

Public Finance Management Act No. 1 of 2018, 43 (2) (c), requires the Committee of Board of Survey (BOS) to produce and submit a report to the Secretary to the Treasury on any disposals made in the preceding financial year within thirty days of the end of the previous financial year.

Contrary to the Act, no board of survey report had been produced and submitted to the Secretary to the Treasury as at 30th June 2021.

ii. Sale of Motor Vehicles Without Reserve Price

Public Finance Management Act No. 1 of 2018, Section 45 (5), requires that the Committee of Survey or Disposal Committee to disclose the reserve price to the prospective bidders.

Contrary to the Act, two (2) motor vehicles namely Nissan Hard Body BOS Nos. 097/16 and Land Rover Defender BOS No. 004B/19, were sold to two (2) bidders at prices amounting to K63,000 (Hard Body – K28,000 and Land Rover - K35,000) without the reserve price being disclosed. Consequently, it could not be ascertained whether the vehicles were sold at competitive prices.

iii. Unaccounted for Motor Bikes

Public Finance Management Act No. 1 of 2018, Section 45 (5) (a) and (b), requires Controlling Officers to ensure that all public assets and stores under their charge are accounted for.

Contrary to the Act, ten (10) motor bikes that had a total reserve value of K4,800 were not accounted for in that they were not found at their respective locations.

57 Recommendations

In order to improve Public Financial Management and ensure that the Ministries, Provinces and Agencies (MPAs) are operating within the financial management and accounting framework as set out in the Constitution of Zambia (Amendment) Act No. 2 of 2016, Public Finance Management Act No. 1 of 2018, Public Procurement Act No. 12 of 2008, Appropriations Act No. 22 of 2018 and any other laws and regulations, the following are recommended:

- i. Controlling Officers must ensure that revenue collection and expenditure is appropriately planned and controlled. This should be done by:
 - Adhering to relevant laws, regulations and circulars;
 - Establishing and maintaining an effective, efficient and transparent system of financial and risk management as well as adequate and robust internal controls;
 - Managing public resources prudently and safeguarding them;
 - Taking effective and appropriate steps to collect revenues due to the Government that is under their charge;
 - Prevention of irregular or wasteful expenditure, misapplication of funds, theft or loss resulting from negligence or criminal conduct;
 - Taking immediate, effective, and appropriate disciplinary steps against erring office holders in the ministry or department under their charge; and
 - Taking immediate and appropriate action on internal and external audit recommendations.
- ii. The general revenue collected by appointed agents on behalf of Government should be promptly remitted to the Consolidated Fund,
- iii. Controlling Officers should ensure that there is strict adherence to procurement procedures and all contract provisions,
- iv. Controlling Officers should ensure prompt updating of the Establishment Register and placement of staff in designated duty stations,

- v. Controlling Officers must ensure that all the assets under their charge are appropriately secured and insured, and
- vi. Controlling Officers must ensure that all taxes and other statutory contributions are deducted and timely remitted to the respective institutions.

58 Acknowledgements

I wish to thank all my staff for their hard work in ensuring that this report is produced despite the constraints highlighted in this report. I also wish to express my gratitude to the Secretary to the Treasury, the Accountant General and Controlling Officers and their staff for their cooperation during the audit process which enabled me to execute my duties diligently.

59 Recommendations of the Public Accounts Committee

In 1992, the Public Accounts Committee (PAC) resolved to appoint a Committee of Officials comprising officers from the Ministry of Finance, National Assembly and Office of the Auditor General to exclusively deal with the outstanding issues on a continuous basis.

However, it is important to note that the outstanding issues in this report do not include matters for the financial years 2017 and 2018 as the Action Taken Report from the Ministry of Finance had not been adopted by Parliament at the reporting date.

Appendix 1 to this Report summarises the status of the unresolved issues as at 31st December 2020 for which necessary remedial action is required.

Appendix 2 is the Glossary of Terms which has been included to make the report clearer and assist the users of the report fully understand the issues raised.

PART III

OUTSTANDING AUDIT MATTERS

Appendix 1 – Summary of Outstanding Issues as at 31st December 2020

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

Report of the Auditor General on the Accounts for the Financial Year ended 31st December 2009.

Ministry of Foreign Affairs

Paragraph 30 (28) b. Berlin - Properties (i) Vor Schorhor 23 Berlin- Pankow – Repairs to the Ambassador’s Residence

Paragraph 34 (34) Rome b. Unclaimed Rental Security Deposit – Balance of K27,984,004 (£5,500)

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; g. Completion of Construction of a Clinic, (i). Failure to prepare Bill of Quantities – K169,744,898; (ii) Unverified Building Materials K91,375,898; (iii) Physical Inspection of the Project.

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 – Luchinda 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; c. ii. Central Province -Kabwe Municipal Council, Non-Delivery of Motor Vehicles K55,107,000.

Ministry of Agriculture and Cooperatives

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; v. Renovation of a House and Construction of an Office Block at Nkalamabwe – Lot 9;) 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); b. Unretired imprest K1,281,928,738;

Paragraph 9 (9) c. Unaccounted for Revenue – K62,859,000- Manda Hill Police Post; a. Receipt Books not presented for Audit; c. Refer to Drawer Cheques – K7,279,994

Paragraph 14 (14) j. Incomplete Contractual Works, i. Mongu Records, ii. Kazungula Boarder Post.

Ministry of Home Affairs – Immigration Headquarters

Paragraph 14 (14) j. Incomplete contractual works (i) Mongu Records Centre (ii) Kazungula Boarder Post; c. Construction of the National Registration Offices; d. Kapiri Mposhi Office Block – K3,074,445,907

Ministry of Science Technology and Vocational Training

Paragraph 39 (39) a. Rehabilitation of Technical, Education Vocational and Entrepreneurship Training Authority (TEVETA) Building; iii. Substandard Electrical Installations; iv. Poor workmanship on Carpentry and Joinery and ironmongery; e. Trades Training Institute ;(iii.) Kabwe Trades Training Institute; (iv) 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; (iii) Questionable Issuance of Certificates; Irregular Payment; Failure to Effect Contract clauses;

Report of the Auditor General on the Accounts for the Financial Year ended 31st December 2011.

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; 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; 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

Ministry of Foreign Affairs

Mission Abroad Lubumbashi – 2011

Paragraph 22 (21) iii. Staff Houses; b. Delayed replacement of Title Deeds; c. Rehabilitation of Properties, i. Termination of contract

Mission Abroad Washington

Paragraph 23 (22) b. Failure to recover Security Deposit; c. Properties (i) Chancery – 2419 Massachusetts Ave (ii) 2300 Wyoming; (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)

Paragraph 25(24) g. Inspection of 13 Foscoote 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

Ministry of Livestock and Fisheries Development

Paragraph 53 (53) a. Payment of Rural and Remote Hardship Allowance to Ineligible Officers K708,799; b. Failure to submit monthly Expenditure Returns to the Ministry Headquarters K4,420,757; c. Inadequately Supported Payments K1,460,188; d. Unretired

Accountable Imprest K933,411; e. Unaccounted for Stores K1,028,845; f. Misapplication of Funds K62,380; g. Delays in Settling Outstanding Bills K2,609,980 (US\$388,769.41);

Ministry of Agriculture

Paragraph 54 (54) a. Misplacement of Officers on the Payroll K5,987,513; b. Irregular Payment of Acting Allowance K1,756,266; c. Irregular Payment of Salaries to Separated Staff K385,627; d.(i) Allowances Paid to Ineligible Officers K682,094; d. (ii)Payment of Remote instead of Rural Hardship Allowances K109,018; d. (iii)Overpayment of Rural Hardship Allowance K14,660; e. Irregular Payment of Housing Allowances: e. (i) Allowances Paid to Ineligible Officers K320,832; e. (ii)Overpayment of Housing Allowance Muchinga; f. (i) Payment of Salaries to Officers absent from work without Official Leave K238,851; f. (ii) Failure to affect Half pay, Southern Province PACO K220,587; f. (iii) Payment of Salaries Resigned Senanga District Agricultural Coordinator K27,300; f. (iv). Questionable Payment of Salary Arrears – National Agriculture Research and Development Centre (NARDC) – Kitwe K14,066; g. Introduction to Payroll without Authority K467,113; h. Failure to recover Salary Advances – Lusaka PACO K6,400

Ministry of Agriculture

Paragraph 55 (55) a. Missing Payment Vouchers K116,941; b. Unsupported Payments K478,925; c. Misapplication of Funds – Southern Province K281,036; d. Irregular Refunds – Chinsali District Agricultural Coordinator K51,868; e. (i) Irregularities in the payment of Allowances K86,197; e. (ii) Out of Pocket Allowance – Western Province K5,416; e.(iii) Meal Allowance; f. Irregularities in the payment of imprest; f (i) Unretired Accountable Imprest K163,463; f. (ii) Retirement of Imprest; f (iii) Failure to Produce Activity or Monitoring Reports K208,611; f.(iv) Irregular use of Accountable imprest K41,626; g. Management of Stores; g (i) Unaccounted for Stores K1,203,585; g.(ii) Failure inscribe Government Assets K465,503; g.(iii) Failure to insure Assets; h. Failure to Remit Pay as You Earn Tax K87,753; i. Failure to Sign Payment Vouchers – Chipata Provincial Agricultural Coordinator; j. Failure to Report A Road Traffic Accident – Ndola PACO; k. Irregular Payment of Wages – Chapula Zambia Horticulture Training Centre Kalulushi; l. Questionable Drawing of Fuel; m. Irregular Management of Infrastructure, Senanga, Livingstone, Mansa, Samfya, Masaba, Katebe and Chongwe.

Eastern Province

Paragraph 56(56) a.(i) Chilombwe Dam- Chipata; a.(ii) Kalichelo and Chiparamba Dip Tanks Incomplete Works and Works contrary to the project Bill of Quantities and Project

Manager's Instruction; a. (iii) Mshoka Dip Tank – Katete; a. (iv) Kagoro Dip tank – Katete; a. (v) Joel Dip Tank – Katete; a. (vii) Construction of Nyamphande Dip Tank and Rehabilitation of North Nyamphande Dip Tank Rehabilitation of North Nyamphande Dip Tank – K39,569; a. (vii) Nsenya Dam, Petauke.

Office of the President - Southern Province

Paragraph 88 (87) a. Failure to account for funds – K121,365,177

Paragraph 56 (56) b.i. Nega Nega Dip Tank – Mazabuka; b. (vii) Construction of an Office Block Sinazongwe; b. (viii) Construction of Two Low Cost Houses- Sinazongwe; b.(ix) Construction of One (1) Medium Cost House – Sinazongwe;

Office of the President – Copperbelt Province

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; c. Failure to Supply a Grader

Ministry of Livestock and Fisheries Development -2011

Paragraph 53 (52) b. Unretired imprest K299,425,500; c. Non-recovery of Loans and Advances K847,000,000; d. Unaccountable for fuel K1,394,100,000; f. Chilanga Department of Fisheries, (i) Non –recovery of Loans and Advances K155,000,00; f (ii) Failure to utilise boats

Ministry of livestock and Fisheries Development (Copperbelt Province)

Paragraph 54(53) e. Unaccounted for Store K6,945,000; d. Unretired imprest K24,597,000

Office of the President- Southern Province

Paragraph 55 (54) e. Unaccounted Stores K499,755,279; g. Infrastructure – Provincial Livestock and Fisheries Office

Office of the President- Northern Province

Paragraph 56 (55) a. Unremitted funds K337,987,650

Office of the President - Western Province

Paragraph 57 (56) b. Unretired Imprest K78,822,560; c. Unaccounted for fuel –K81,165,611

Paragraph 58 (57) c. Unretired impres K47,703,500; d. Questionable Retirement Imprest i. Mongu District livestock and Fisheries Office – K1,393,700; e. Unaccounted for Fuel and Store – K290,664,214

Paragraph 80 (79) d. Weaknesses in the Management of PRP Projects: - (i) Kalabo – Kalongola Road (D319)

Office of the President- Eastern Province

Paragraph 59 (58) d. Unretired Imprest K37,288,810

Office of the President- North-Western Province

Paragraph 60 (59) unretired Imprest K158,721,950; 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; (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; (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); 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; c. Procurement of Tyres Tubes and Spare Parts K841,884,198

Paragraph 89 (88) f. Road Rehabilitation and Construction; (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; 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; 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; i. Unaccounted for bags of cement – 666 bags; i. Undelivered Plumbing and Electrical Materials K21,914,500

Report of the Auditor General on the Accounts for the Financial Year ended 31st December 2012.

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; Questionable Payment of Allowances

Ministry of Lands and Water Development

Paragraph 13 (13) c. Failure to collect arrears on Rent of Government Premises; d. Un-presented Receipt Books.

Ministry of Communication and Transport

Paragraph 39 (39) c. Resurfacing of Parking Pavement – Chirundu Boarder Post; d. (i) Construction of Boarder Infrastructure at Katima Mulilo ; d. (ii) Non-functional Boreholes; e. (i) Infrastructure Management – Civil Aviation Department – Rehabilitation of Kasama Airport – Non Implementation of the project;

Paragraph 39 (39) e. Abandoned Works, Nyangwe Airstrip; 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; a. (i) Unsupported payments and transfers of funds K5,738,272,259, Unretired imprest K343,475,572; a. (xiv) Expired drugs; a. (xv) Undelivered drugs; c. Wasteful expenditure – construction of sewer ponds – Kalabo district hospital; c. (ii) Construction of Milenge district hospital – Phase 1: stalled project; c. Delayed opening of Samfya District Hospital – Dry Boreholes; i. (v) Wasteful expenditure – Chitukuko Health Post (matero constituency) Lusaka (DMO)

Mission Abroad – New York 2012

Paragraph 20 (20) c.i Property Management, 201 Wyndcliff Road Residence; 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

Office of the President- Western Province

Paragraph 66(66) a. Rehabilitation of Training Centre at Namushakende; 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; 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; a.ii. Undelivered items; g. Irregular payment on the provision of Security Services; a. Resettlement Department, Failure to implement projects, Storage Shed - Janyauki Resettlement Scheme; b. Rehabilitation and Maintenance of Solwezi Sports Complex; c.i Magrade Extension Road Works paid for but not done; c.ii. Delayed Completion; d. Solwezi College Road; d. Questionable payments; e. failure to follow tender procedures; b.i. Implementation of Road chikonkwelo- Kayombo Road Kabompo District Incomplete works

Report of the Auditor General on the Accounts for the Financial Year ended 31st December 2013.

Ministry of Finance

Paragraph 32 (32) – c. (i) Eurobond Proceeds – Zambia Railways (Failure to recover advance payment guarantee)

Ministry of Mines and Minerals Development

Exploration of more than permitted minerals quantities 6,241,628 kg; Non-enforcement of export permit returns

Paragraph 8 (8) d. Unreconciled Revenue

Ministry of Local Government and Housing

Paragraph 31(31) I. Questionable Payment of Allowances and Understanding of Activities; n. (i) Disbursements to Provincial Department of Housing and Infrastructure Development (DHID) Offices and Councils, Failure to implement Funded Activities; g. (ii) Irregularities in the purchase of Graders – Choma Council; g. (iv) Construction of an Administration Block at Chinsali Day Secondary K73,316; g.iv Construction of a Police Cell at Thendele Police Post K27,850; h. (ii) Kafue, Construction of 1 x2 Teachers Houses at Chikwama Basic School; h.(ii) Copperbelt Province, Project Management Masaiti District Council,

Eastern Province

Paragraph 36(36) h. ix. Project Management, Completion of a 1 X 2 Class Room Block at Chidolo Primary School K14,805

Luapula Province

Paragraph 36(36) h.ix. Mwense District Council, Construction of Kalanga Market – (Over-commitment of K394,638); h. ix. Chipili District Council, Construction of Ten (10) Three Bedroom Medium Cost Houses (over commitment of K2,774,094);

Ministry of Health

Paragraph 46 (46) o. Infrastructure Development – Lewanika School of nursing construction of student hostel; 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; h.

Infrastructure Development, Abandoned Projects

Paragraph 54 (54) p. Failure to procure a Scania F95 HB 65-Seater Bus – Mongu PEO; i. Mbunde Primary School, Construction of a Staff House and a Single VIP Latrine; ii. Kalabo Resource Centre Construction of 3 Double VIP Latrines Maoma; iii. Primary School, Construction of a Staff House and a Single VIP Latrine; b. Construction of 2 Staff Houses and a VIP Toilet – Kaikumbe Primary School, Chipata, Project, and Status.

Ministry of Foreign Affairs

Mission Abroad London – 2013

Paragraph 20 (20) a. Transfer of Revenue without Authority; 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; d. Chancery plot No. 1286 Kenneth Kaunda Avenue

Mission Abroad Brussels

Paragraph 26 (26) c. Rehabilitation of the Chancery - Avenue Moliere 469 1050 Bruxelles

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)

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; oo. Other Projects, Western Province, Construction of a Regional Veterinary Laboratory, Mongu K4,299,995; oo. Southern Province, Rehabilitation of One Staff House and construction of a Double Pit Latrine- K84,840; oo. Choma Mochipapa Research Station construction of an Office Block K158, 450 (Materials K107,505 and Labour K50,945; oo. Lusaka Province construction of a Breeding Centre K814,043.04; oo. Muchinga Province, construction of Medium Cost Houses at Mbesuma State Ranch – K803,096

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;(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; i. Construction of Office Block – Shangombo DC

Paragraph 76(76) a. Failure to Implement Funded Projects; c. Construction of Liulunga – Ushaa Road; 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; a.iv. Rehabilitation of Harry Mwaanga Nkumbula Stadium; e.ii. Construction of International Bus Terminus in Livingstone, Lack of Bills of Quantities Equal to Construct Sum; i. Delayed Completion of Works; 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; 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; b. Rehabilitation of Five (5) Offices at the Marketing Department; Construction of Culverts at Icheshi-Chinsali; l. Construction of Nchenga – Upukwe Bridge - Nakonde

Ministry of Agriculture and Livestock in Chinsali

Paragraph 58 (58) c. Construction of an Office Block for Shiwangandu District

Administration; d. Construction of a House for the District Commissioner Shiwangandu; e. Construction of ten (10) Medium Cost Houses in Mafinga; h. Drilling of five (5) Boreholes in Shiwangandu and Mafinga; i. Rehabilitation of a House for a District Commissioner in Mpika; j. Construction of Curvets at Icheshi - Chinsali; 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; d.ii. Rehabilitation of Feeder Roads - Mwansabombwe District; d.iii. Rehabilitation of Senama – Fiyongoli Road; d.vi. Construction of a Bridge on Mansa - Tayali Road, Mansa District; d.v. Rehabilitation of Chembe Kasomalwela 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); f. Mutimbisha Road 8.6 Km, Chishiko Kabeleka Road – 5.5 Km; f. Nchute Lukoshi Road 4.3 Km, Mpango Road 7.8 Km; f. Water falls Road, Luangwa – Other Roads; f. D168 Kacheta Road, Chilanga District, Kabanana/C hisakila Road –Kafue District

Office of the President – Copperbelt Province

Paragraph 69 (69) a. Undelivered stores; e. Failure to supply a grader.

Office of the President – Eastern Province

Paragraph 77 (77) a. Construction of Vubwi DCs Office Block; b. Construction of Vubwi DCs Staff House; c. Construction of a Low-Cost House at Ukwimi Basic School ;) b.i. Rehabilitation and Construction of Drainage Structures Non-Delivery of Culverts; Kampondo – Chanyalubwe Road (Via Kapongolo Lundazi District)

Office of the President – North Western Province

Paragraph 82 (82) a. Irregular award of a contract

Paragraph 83 (83) a. Failure to follow Procurement Procedures; b.i. Infrastructure development – Headquarters- Construction of Dining Hall at Mutanda High School, Poor Workmanship; b.ii. Rehabilitation of Kabompo Rest House Delayed Completion; b.iii Rehabilitation of Kabompo Rest House Poor Workmanship; b.ii. Implementation of Road Projects, Rehabilitation of Kanongesha Road; b.iii. Rehabilitation Kakela Kakoma Road

Report of the Auditor General on the Accounts for the Financial Year ended 31st December 2014.

Ministry of Local Government and Housing

Paragraph 40(40) c. 2014 Failure to Avail Activity Reports; d. Unaccounted for Stores; c. Water Supply and Sanitation Projects, Rehabilitation and Expansion of Chinsali Water Supply and Sanitation Infrastructure in Chinsali District; e. Network Expansion of Mufumbwe Water Supply System in Mufumbwe District; 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; f. Construction of a Bus Station in Chinsali District; c. Failure to avail activity Report; d. Unaccounted for Stores; e. Water Supply and Sanitation Projects, Rehabilitation and Expansion of Chinsali Water Supply and Sanitation Infrastructure in Chinsali District; e. Network Expansion of Mufumbwe Water Supply System in Mufumbwe District; e, Rehabilitation and Expansion of Isoka Water Supply System in Isoka District; f. Market and Bus, Construction of a Bus Station in Mpika District; f. Construction of a Bus Station in Chinsali District; f. Construction of Market and Bus Station in Sinazongwe District; f. Construction of Ten Medium Cost Houses in Ikelenge District; f. Construction of Ten Medium Cost Houses in Sinda District; f. Construction of Ten Medium Cost Houses in Rufunsa District; f. Construction of Ten Medium Cost Houses in Chipili; f. Construction of Ten Medium Cost Houses in Chikantanta; f. Construction of Ten Medium Cost House in Pemba f. Construction of Ten Medium Cost Houses in Zimba district; g. Construction of Twenty (20) Medium Cost Houses in Lunga District, Construction of Twenty Medium Cost Houses in Lunga District Delayed Completion of Work; h. Fire Services, Construction of sub-fire station at Bonaventure in Lusaka District; h. Construction of Sub-fire station at Chilenje in Lusaka District; h. Construction of Sub-fire station at Chelstone, in Lusaka District

Paragraph 42 (42) n. Unaccounted for Storee Solwezi Municipal Council; t. Failure in implement Funded Projects, Chipata Muncipal Council -K3,235,000; t. Mongu Municipal Council; t. Ndola City Council K137,000; z. Undelivered Tipper Truck – Ndola City Council; bb. Unreimbursed Borrowing – Mulobezi District Council; cc.i. Project Management, Western Provinice, Construction of 1 x 3 Semidetatched Staff Houses at Kaama Basic School and Construction of 1 x3 Classroom Block at Ndau Basic School; cc. ii Other Infrastructure Project Western Province, Construction of Yuka Traditional Court; cc.ii Rehabilitation of Brown off Roof at Looma Primary School; cc. Mulobezi (ii) Procurement; cc. (ii) Shangombo (Sinjembela) – Construction of Kwandu Community Radio Station; cc. (ii) Completion of 1x2 classroom block at Malala community school; cc. (ii) Completion of staff house at Liyuwayuwa; cc. (ii) Rehabilitation of 1x2 classroom block Mashitolo Primary school in Samfya, Chifunabuli Constituency, Luapula province; cc. (ii) Mwense – Construction of 1x3 staff house block at Lwamfwe primary school, Luapula province; cc. (ii) Construction of 1x3 staff house block at Kakomba Primary School, Luapula province; cc. (ii) Construction of water borne toilets at Nsakaluba Primary School, Luapula Province; cc. (ii) Construction of Market Shelter at Namwandwe, Luapula Province .

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 Roads

Paragraph 63 (63) c. Drilling of Boreholes in Kaozi Resettlement Scheme.

Paragraph 64 (64) a. Construction of a cultural village – Failure to sink a Borehole; b. Access Roads Development Project- Central Province - Mumbwa

Paragraph 42 (42) cc. (ii) Construction of three (3) bedroom house at muleke community school; cc. (ii) Construction of a Market Shelter; cc. (ii) Construction of a clinic at soloboni community school; cc. (ii) Construction of a Market Shelter at Chipongwe; j. (i) Unsupported payments – Shangombo district council K803,428; j. (ii) Kasama municipal council – K963,857; j. (iii) Solwezi municipal council K760,084,.09; j. (iv) Mbala municipal council – K757,499; n. Failure to remit statutory contributions; r. Management of Capital Projects (Mulobezi District Council) – Construction of ten medium cost houses in Mulobezi – K4,689,881.

Ministry of Lands

j (ii) Revenue Generated from Survey Departments. Use of Revenue without Treasury Authority;

Ministry of Transport Works and Supply and Communication

Paragraph 50 (50) n. Construction of Kasama Airport Runway; o. Construction of fire Station at Chipata Airport

Paragraph 51 (51) i. Construction of a Fore Station at Chipata Airport; ii. Abandoned Works; iii Failure to Submit Claims for Certification; iv. Sub Contracted Works

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; e.ii. Official Residence – No. 1 George Hunter Street Olympia; 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; jjj.i. Infrastructure Development, construction of Nsenga Earth Dam, Petauke District; jjj.ii Southern Province, Construction of an Office Block at Kanchindu State Ranch; jjj.ii. Construction of a Medium Cost House at Kachindu Ranch; jjj.iii. Livingstone, Construction of an Office Block at livingstone DACO; jjj.ii. Lusaka Province, Chongwe, Construction of Milk Shed at Kanakantapa; jjj.ii. Rufunsa, Construction of Rufunsa Livestock Breeding Centre; jjj.ii. Sibuyunji, Construction of DIP tank at Chintanga and Rehabilitation of a Dip Tank at Martin Luther King, Construction of Dip Tank at Chingtanga; jjj.ii. Dip Tank at Martin Luther king; jjj.ii, Construction Milk Collection Centre; jjj.ii. Rehabilitation of Administration Block at Kaunga Farmers Training Centre; jjj.ii . Muchinga Province, Chama Construction of Chama dip tank at Chama central Camp; jjj.ii. Eastern Province, Chadiza, Rehabilitation of Khulika and Chilenga Dip Tank; jjj.ii. Mlolo Dip Tank; jjj.iii,

Construction of Kapiri Mhhika Dip Tank; jjj.ii Lundazi, Rehabilitation of four (4) dip tanks at Kamphanda Kathimba, Kamtomo and Kamamphina; jjj.ii. Rehabilitation of Kamuzoole, Emusa, Mtwalo and Chiungwe Dip Tanks; jjj.ii. Vubwi, Construction of an Office Block at Vubwi DACO; jjj.ii. Katete, Rehabilitation of Mshoka Dip Tank/Storeroom and Sinking of Borehole; jjj.ii. Rehabilitation of Kagoro Dip Tank; jjj.ii. Luapula Province, Samfya, Construction of a Dip Tank at Chitundwa Camp; jjj.ii. Copper belt Province, Mufulira; jjj.iii. Kasaka Fisheries Training Institute- Kafue, Failure to adhere to Procurement Guidelines; b. Drawing of Salaries on wrong salary scales

Ministry of Home Affairs

Paragraph 10 (10) d. Passports Produced without Payment; e. Failure to Present Accountable Documents

Paragraph 16 (16) g. Lack of Comprehensive Data on Property; 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; g. Drilling and installation of Boreholes – Zambia Army Operation area; h. Procurement of Subdivision Farm 688 (Lusaka West) – Failure to transfer Title

Paragraph 54 (54) a. Irregular Drawing of Salary; c. Unaccounted for Funds – Renovation of Officers Quarters- ZNS Luanshimba

Ministry of Tourism and Arts

Paragraph 13 (13) b. Poor Monitoring and Reconciliation of Tourism Development Credit Facility (TDCF) Loans

Ministry of Youth and Sports

Paragraph 42 (42) a. Unsupported payments K185,017; b. Failure to avail details of recoveries for the Youth Development Fund Loans – K35,765,772; c. Failure to effect recoveries of Loans and advances – K121,000; d. Unaccounted for stores – K32,725

Paragraph 52 (52) c.i Youth Development Fund (YDF) lack of Records – Loan Recoveries; c.iii. Irregular Transfer of YDF Funds; c.vi. Yahweh Embassy Ministry

Office of the President- Western Province

Paragraph 84 (84) i. Rehabilitation of Mulobezi Dam – Department of Water Affairs; b. Failure to implement funded project; 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; b. Fish cages – Livestock and Fisheries Development

Office of the President - Luapula Province

Paragraph 92 (92) b. Failure to implement funded activities – Rehabilitation of Roads in Mwanabombwe District; c.i Failure to complete Projects, Chienge District; c.ii. Mansa District, Kapesha – Mukanga Prison Farms Road, Mwense District; c.iii. Mabilima – Lukolongo Road; c.iii. Mwense clinic, Finkesenge Road;

Paragraph 93 (93) b. Oil Palm Out-growers Scheme – Stalled Project

Office of the President – Lusaka Province

Paragraph 71 (71) a. i Rehabilitation of Feeder Roads, Grading Spot Gravelling and Culvert Installation – 22 km Other Roads Luangwa (Chilombwe Road); 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

Office of the President – Copperbelt Province

Paragraph 75 (75) d. Water Affairs Department Borehole Setting and Drilling in Masati; c. Road formation inn Resettlement – Schemes Kambilombilo

Office of the President – Eastern Province

e.i Construction of Boundary wall Fence – David Kaunda Stadium

Irregular Engagement of a Contractor; 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; c. Construction of Zangamenu Health Centre, Staff House and Three Pit Latrines; c. Construction of Weighbridge Health Centre, Staff house and Three Pit Latrines

Report of the Auditor General on the Accounts for the Financial Year ended 31st December 2015.

Ministry of Mines and Minerals Development

Paragraph 8 (8) c. Non-payment of area charges by active mineral rights holders 617 mining rights. d. Missing accountable documents (10) general receipt books.

Paragraph 11 (11) a. Failure to collect outstanding ERB Fees K54,078,218; b. Failure to collect outstanding water board fees K3,553,332

Paragraph 18 (18) a. Questionable transfer of funds – Revolving fund account K150,000; b. Unsupported transfers K156,283; c. Failure to Recover advances K40,525; d. Failure to Remit tax K173,914; 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;

Paragraph 6 (6) c. Domestic Taxes: (i) Failure to file tax declarations, (ii) Failure to collect mineral royalty tax, (iii) Property transfer tax – lack of supporting documentations;

Paragraph 6 (6) d. Custom taxes: (i) Uncollected duties and Transits, (ii) Failure to recover guaranteed 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; b. Exportation of more than Permitted Mineral Quantities – 6,241,628 kg; c. Non- enforcement of export permit returns; d. Non-payment of area charges by Active mineral rights holders 617 mining rights; e. Missing Accountable documents (10) general receipt books

Paragraph 11 (11) a. Failure to collect outstanding ERB Fees, K54,078,218; b. Failure to collect outstanding water board fees, K3,553,332.

Paragraph 18 (18) a. Questionable transfer of funds – Revolving Fund Account K150,000; b. Unsupported transfers K156,283; c. Failure to recover advances K40,525; d. Failure to remit tax K173,914; e. Failure to prepare accurate bank reconciliations; f. (i) five (5) missing payment vouchers K55,527, (ii) Payment not captured in the IFMIS K1,537,046; h.

(i) *Sitting and Audit Committee Allowance* K125,275, (ii) *Meal/lunch allowances* K183,554, (iii) *Transport refunds* K749,995; i. *Unretired accountable imprest* K133, 253; j. *Failure to produce activity reports* K3,691,950; k. *Unsupported payments (38)* K1,157,814; (18) l. *Unaccounted for stores* K523,752; m. *Unaccounted for furniture and equipment* K54,366; n. *Geological survey department – Infrastructure development*; o. *Construction of rural filling stations at Mporokoso and Luwingu in Northern province*; 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; b. Failure to Upload Receipts K235,684; f. *Unaccounted for Revenue for* K7,940; i. *Dishonoured Cheques – ZEMA Headquarters* K896,993

Ministry of Energy and Water Development

Paragraph 18 (18) h. i. Sitting and Audit Committee Allowance – K125,275; h. ii. *Meal/Lunch Allowances –* K183,554; h. iii. *Transport Refunds* K749,995; l. (i) *Unaccounted for stores* K523,752; m. (i) *Unaccounted for Furniture and Equipment –* K54,366; n. (i) *Geological Survey Department – Infrastructure Development*; o. *Construction of Rural Filling Stations at Mporokoso and Luwingu in Northern Province*; p. *Contract for Consultancy Services for the Development and Establishment of an Integrated Mining Information System for the Mineral Economics Unit.*

Ministry of Foreign Affairs- Washington DC

Paragraph 24 (24) a. Obsolete Stores Items and Aged Motor Vehicles, Allowance K81,370 (US\$8,749.44); c. *Irregular Insurance of Personal Effects* K466, 307; 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); a.iv. *Irregular Transfer of Fund into a Personal Account* K25,000 (2,000 pound); b. *Expenditure i. (3) Missing Payments Vouchers; b.iii Overpayment of Foreign Service Allowances* K35,832 (2,755.48)

Ministry of Justice

Paragraph 31 (31) a. Misapplication of Funds K750,929; b. *delays in Settling Compensation and Award*; c. *Judgement Entered in Default* K1,674,752; 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); b. Overpayment of Rentals for Officers K3,783 (US\$694.72); c. Failure to Dispose of Boarded Items K18,334; d. Irregular Payment for Works Carried Out at a Rented House – First Secretary – Economic and Trade K44,486 (4,000 pound); 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); b. Property Management I, Properties without Title Deeds;b. ii. 48 Kwame Nkrumah – The Chancery; b. iii. 4 Kevin Road Chisipite – The Residence; b. iv 10 Turnstead the Grange; b. v. 16 Cockington Mandara; b. iv. 5 Cowden

Ministry of Agriculture

Paragraph 57 (57) a.i Failure to recover funds for Fertiliser not supplied – Nyiombo K9,696,240; a.ii. Irregularities in the supply of seed K29,371,644 and Unsupported Invoices K258,500; b.i Failure to Collect Revenue – farmer input Support Programme Ring Fence Accounts; b. ii. Failure to Avail Bank Statements – Lusaka K138,990; c. ii. Late Delivery of Inputs; c. ii. Late Distribution of Inputs to Farmers; c. iii. Expired Inputs; c. iv. Unacquainted for Farming inputs K417,30; c.v. Stolen Farm inputs – Mpulungu K35,190; c.vi. Issuance of Inputs to Unqualified farmers K584,930; c.vi. Undelivered Farming Inputs K584,450; c. viii. Inputs paid for but not delivered K460,630; c. ix. Excess Delivery of inputs K1,718,090; c. x. Unaccounted for input K224,940; c. xi. Unsupported Collection of Inputs K2,571,630; c. xii. Questionable Acquittals of Inputs – Rufunsa K10,800; c. xiii. Excess Issuance of Inputs – Luampa; d. xiv. Loss of Fertilizer in Transit – Manyinga K22,950; d. i Failure to provide Bank Statements; d. iii. Failure to Load E. Voucher Cards, (Choma, Pemba, Kalomo, Mazabuka, Chikankanta, Chongwe, Ndola, Monze); d.vi. Beneficiaries with E.Voucher Cards Berring same Numbers; d. v. Failure to Distribute E.Voucher Cards- Kalomo; d.vi. Unqualified Farmer Groups/Co-operatives; d. vii. Issuance of Unapproved Items by Agro Dealers – Monze K37,909; d. viii. Irregular Drawing of Cash from an ATM using E. Voucher Cards K19,590; d. ix. Issuance of Cards to ineligible Farmers- Monze; e. i. Missing Payment Vouchers; d. ii. Misapplication of Funds K180,387; d. iii. Unsupported Payments Headquarters K1,174,251; d.vi. Unretired Accountable

imprest K166,918; 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; b. Delayed Banking – HQ K4,770,988

Paragraph 16(16) a. i. Irregular Payment of Rural Hard and Remote Hardships Allowances K391,104; a. ii. Irregular Payment of Housing Allowances K226,444; b. Failure to deduct taxes K38,162; c. Unretired Accountable Imprest K106,375; d. Overpayment of Subsistence Allowance K20,597; a Undelivered Goods I, Supply and Delivery of one Explosive trace particulate and vapour K299,00; e. ii. Supply and Delivery of Test Bench K265,000

Ministry of Home Affairs Prisons and Reformatories

Paragraph 21 (21) a. Delayed Banking K23,296; b. Failure to issue GRZ Receipts – Muchinga Province K35,166; c. Failure to Refund borrowed funds K28,218; d. Inadequately Supported Payments K29,103; e. Unaccounted for fuel K5,166; f. Kalonga Milling plant Revenue Account, failure to issue Receipts K374,845; f. i. Unreimbursed borrowings K454,797; f. i Uncollected Revenue (bounced cheque) K49,660; f. ii.

Expenditure, unretired Accountable imprest K27,530; f. ii Irregular use of Accountable imprest K24,616; f. ii. Expenditure, Outstanding Debt Insurance Premium K207,729.

Paragraph 22 (22) a. Inadequately Supported payment K595,977; b. Misapplication of funds K1,402,510; c. Other Personal Emoluments I, under deduction of PAYE K25,335; c. ii Failure to Deduct Tax from Settling in Allowances – Eastern Province K19,149; d.

Transport Management, i. Failure to Report Road Traffic Accidents to Standing Accidents Board K34,453; d. ii. Failure to insure 4 Motor Vehilces, Northern Region; e. Unaccounted for Uniforms and Accessories – Central Province K133,350; f. Staff Uniforms distributed by HQ but not received by the intended stations K141,215; g. Failure to Deliver Stores Items – North Western Region K4,176; h. Unaccounted for General Stores K259,390; i.

Unaccounted for fuel K102,735; j. i. Unretired Accountable Imprest K151,736; j. ii.

Irregular Payment of Subsistence Allowance – Northern Western Region K9,100; j. iii.

Failure to produce activity reports K73,098; j. iv. Irregular use of Accountable Imprest K21,850; k. Committing Government to Debt K8,976,829; 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; b. Failure to Replace Stale Cheques K12,000; c. Failure to Adopts N-ZIMS Computer Generated Receipts as Official

Accountable Documents; d. i Failure to Adopt ICT Frameworks; d. ii. Failure to Capture Key Fields – New Zambia Immigration Management System (N-ZIMS); d. iii. Failure to Insure ICT Equipment; d. iv. Lack of interface between N-ZIMS and Other Systems; d. v. Failure to implement Electronic Payment Methods on N-ZIMS System; d.vi Failure to Implement System Automated Reminders/Alerts on N-ZIMN; d. vii. Lack of Control over Personal Identification Security comparison and Evaluation System.

Paragraph 19 (19) a. Misapplication of Funds K77,822; b. Issuance of National Identity Documents; c. Failure to claim Compensation for insured Motor vehicles K1,141,000; d. i. Failure to Obtain performance security; d. ii. Failure to obtain Advance Guarantee K311,000; 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; b. Failure to utilise funds K252,548; c. Outstanding Arrears K3,27,253,334; d. Supply and Delivery of Specialised Waterman Ship Equipment, Military Uniforms and General-Purpose Shelter Tents: (i). Delayed Delivery of Materials; (ii). Undelivered fibre canoes; e. Remittance of Funds to Dar-es-salaam

Paragraph 44 (44) a. Supply and Delivery of Mobile Kitchen Trailers, Field Ablutions and Various Containers; b. Supply and Delivery of Mobile Kitchen Trailers, Field Ablutions and Various Containers; c. Supply and Delivery of Ultrasound and X-Ray Machine; 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; b. Unaccounted for Stores K48,567; c. Failure to Effect Recoveries for Tution Advances K192,000; d. Misapplication of Funds K536,323; e. Failure to insure Motor Vehicles K195,000; f. Inadequate Details on Motor Vehicles Data base; 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; b. Unsupported Payments K345,969; c. Unapproved Payments K3,000; d. failure to correct errors on the Bank Statement K26,839; e. Questionable Encashment of Stale Cheques – Kasama DMO K21,940; f. Unretired Accountable Imprest K1,113,056; g. Questionable Retirement of Imprest K279,466; i. Irregular Payments i. Subsistence Allowance on First Appointment K113,651; i. ii. Payment of Meal Allowances within the Station K123,153; i. iii. Payment of Out of Pocket Allowance – Solwezi DCMO K23,659; i.vi. Payment of Subsistence Allowance for Working within the District K479,200; i.v. Use of Imprest to Procure Goods and Service

K187,990; i.vi. *Over payment of Subsistence Allowances – Lundazi DCMO K22,800*; j. *Unauthorised Retention of Standing Imprest K75,729*; *Failure to follow procurement K26,652*; l. *Workshops held outside government meeting facilities without Authority K204,942*; m. *Failure to Refund Accountable Imprest K138,000*; n. *Questionable Servicing of Motor Vehicles – Katete DCMO K14,140*; o. *Failure to produce activity reports K212,478*; p. *Misapplication of Funds*; q. *Failure to produce Expenditure Returns K433,743*; r. *Failure to Report Road Traffic Accident to Standing Accidents Board*; s. *Failure to Inscribe Government Assets K422,768*; t. *Failure to Deduct tax – Kabwe DCMO K144,472*; u. *Failure to insure Motor Vehicles*; v. *Unlicensed Motorcycles operators*; w. *Failure to Register Motorcycles*; x. *Wasteful Expenditure*; y. *Unacquitted Allowances K23,272*; z. *Outstanding Bills K5,824,915*; a. a. *Questionable Engagement of Contractor for Maintenance Services –Mansa DCMO K32,600*; bb. i. *unaccounted for Stores and Fuel*; bb. ii. *Fuel drawn by Vehicles not belonging to DCMO K40,398*; bb. iii. *Fuel drawn by unknown vehicles – Chama DCMOK1,974*; bb. Iv. *Unaccounted for Spare Parts – Kapiri Mposhi DCMO K287,558*; bb. v. *Unaccounted for drugs and Medical Supplies*; cc. *Infrastructure Development i. Misapplication of Funds - Kaputa DCMO K222,039*; cc. ii. *Construction of a Wall Fence and a Drainage with a Soak Away – Chelstone Health Centre – Lusaka DCMO K38,393*; cc. iii. *Rehabilitation of the Maternal Child Health and Outpatient Department – Kanyama 1st Level Hospital*

Judiciary

Paragraph 10 (10) a. variances between revenue returns and receipted revenue K485,986; b. *Unaccounted for Revenue K7,338*; c. *Delayed Banking of Revenue K568,937*; d. *Missing Receipt Page – Choma Subordinate Court*; e. *Lack of Safe – Monze Urban Local Court*

Ministry of Gender and Child Development

Paragraph 15 (15) a. Unretired Accountable Imprest K9,280; b. *Misapplication of Funds K311,800*; c. *Irregular payment of Subsistence Allowances K132,767*; d. *Unaccounted for Stores K206,518*; e. *Outstanding Debt on Insurance Premiums for Motor Vehicles K375,978*; f. *Six (6) Missing payment vouchers K126,966*; g. *Failure to Adhere to Procurement Procedures*; h. *Unexplained Debit Entry K10,464*; i. *Non-Submission of Expenditure Returns K750,833*

Ministry of Livestock and Fisheries Development

Paragraph 53 (53) a. Payment of Rural and Remote Hardship Allowance to Ineligible officers K708,799; b. *Failure to submit monthly expenditure returns to the Ministry Headquarters – K4,420,757*; c. *Inadequately supported payments K1,460,188*; d. *Unretired*

accountable imprest – K933,411; e. Unaccounted for stores – K1,028,845; f. Misapplication of funds – K62,380; g. Delays in settling outstanding bills – K2,609,980 (US\$388,769.41).

Paragraph 54 (54) a. Misplacement Officers on the payroll – K5,987,513; b. Irregular payment of Acting Allowance – K1,756,266; c. Irregular payment of salaries to separated staff – K385,627; d. (i) Allowances paid to ineligible officers – K682,094; (ii) Payment of remote instead of Rural hardship allowance – K109,018; (iii) Overpayment of Rural Hardship allowance – K14,660; e. Irregular payment of housing allowances:- (i) Allowances paid to Ineligible Officers – K320,832; (ii) Overpayment of Housing Allowance – Muchinga; f. (i) Payment of Salaries to Officers absent from work without Official leave – K238,851; (ii) Failure to effect Half Pay – Southern Province – PACO – K220.587; (iii) Payment of Salaries to resigned officer – Senega District Agricultural Coordinator – K27,300; (iv) Questionable payment of salary arrears – National Agriculture Research and Development Centre (NARDC – Kitwe) – K14,066; g. Introduction to payroll without Authority – K467,113; h. Failure to recover salary advances – Lusaka PACO – K6,400.

Paragraph 55 (55) a. Missing payment vouchers – K116,941; b. Unsupported payments – K478,925; c. Misapplication of Funds – Southern Province – K281,036; d. Irregular Refunds – Chinsali District Agricultural Coordinator – K51,868; e. (i) Irregularities in the payment of allowances – K86,197; (ii) Out of pocket allowance – western province – K5,416; (iii) Meal allowance; f. Irregularities in the payment of Imprest: (i) Unretired accountable imprest – K163,463; (ii) Retirement of Imprest K88,754; (iii) Failure to produce Activity or Monitoring reports – K208,611; f. (iv) Irregular use of Accountable Imprest – K41,626; e. Management of stores:- (i) Unaccounted for stores – K1,203,585; g. (ii) Failure to Inscribe government assets – K465,503; g. (iii) Failure to insure assets; h. Failure to remit Pay As you Earn Tax – K87,753; i. Failure to sign payment vouchers – Chipata Provincial Agricultural Coordinator; j. Failure to report a Road Traffic Accident – Ndola PACO; k. Irregular payment of wages – Chapula Zambia Horticulture Training Centre – Kalulushi; l. Questionable drawing of fuel; m. Irregular management of Infrastructure – Senanga, Livingstone, Mansa, Samfya, Masaba Katebe and Chongwe.

Paragraph 56 (56) – Eastern Province, a. (i) Chilobwe Dam – Chipata; (ii) Kalichelo and Chiparamba Dip Tanks: - Incomplete works and works contrary to the project bill of quantities and project manager’s instructions; (iii) Mshoka Dip Tank – Katete; (iv) Kagoro Dip Tank – Katete; (v) Joel Dip Tank – Katete; (vi) Construction of Nyamphande Dip Tank and Rehabilitation of North Nyamphande Dip Tank Rehabilitation of North Nyamphande Dip Tank – K39,569; (vii) Nsenya Dam – Petauke.

Southern Province b. (i) Neganega Dip Tank – Mazabuka; (ii) Maggobo Dip Tank – Mazabuka; (iii) Tandabale Dip Tank – Mazabuka; (iv) Chief Hanjalika’s palace – Mazabuka; (v) Sijekeke Dip Tank – Sinazongwe; (viii) Construction of Two Low Cost Houses Sinazongwe; (ix) Construction of one (1) Medium Cost House – Sinazongwe. Copperbelt – Rehabilitation of the Exhibition stand at the show grounds.

Office of the President- Western Province

Paragraph 75 (75) i. Construction of Chiefs’ Palaces – Ministry of Chiefs and Traditional Affairs; i. Construction of the Chief’s Palace at Namayuka Lukulu District; (ii) Construction of chief’s palace at Njonjolo – Nkeyema District

Office of the President – Southern Province

Paragraph 85 (85) a. Misapplication of Funds K148,123; b. Failure to Remit Tax K158,058; (85) c. Unaccounted for Funds K110,090;

Paragraph 86 (86) b. Failure to Remit Tax to ZRA K46,890; f. ii. Physical Inspection; g. Construction of Chief Choongo’s Palace; h. Construction of Chieftainess Mwenda’s Palace;

Paragraph 87 (87) a. Employees on the Payroll (PMEC) but not at the Station K366,834; b. Failure to Update Payroll; c. Failure to remove retired or deceased officer from payroll K332,907; e. Non-Recovery of Salary Advances – K171,941

Paragraph 88 (88) a. i. Misapplication of Funds K321,683; a. ii. Misapplication of Funds K588,522;

Paragraph 88 (88) a. Misapplication of Funds K262,483; b. Failure to Remit Tax to ZRA K61,869;

Office of the President – Northern Province

Paragraph 69 (69) a. Failure to correct errors on the Banks Statements K35,862; b. (5) Missing payment vouchers K39,166; c. Unretired Accountable Imprest K95,269; d. Failure to Insure Assets; e. Failure to Report Accident – GRZ 883 CH

Paragraph 70 (70) a. Irregular payment of Salaries K1,887,930; b. Misplacement of Payroll Area K430,416; c. Irregular payment of Rural and Remote Hardship Allowance K195,315; d. Failure to recover Tuition and Salary Advances K63,924; e. Issuance of Concurrent Salary Advances K145,060

Paragraph 71 (71) a. Failure to Correct Errors on the Bank Statement K12,972; b. Unaccounted for Fuel K129,096

Paragraph 72 (72) a. Misapplication of Funds - Construction of Mbala Youth Skills Training Centre K26,097; b. Failure to insure Building - Mwela Rocks Cultural Village K293,403; c.

Construction of Mpulungu Youth Training Workshop Block –Mpulungu District K35,000; 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; b. Construction of a four Storey Office Block for Provincial Administration in Chinsali K16,563,290; c. Construction of Thirty Medium Cost Houses in Chinsali K10,774,303; d. Construction of a Two Storey Office Block for Office of the President, (Special Division) K10,333,170; e. Construction of Twenty Low Cost Houses, Ten Medium Cost Houses and Ten High Cost Houses K24,693,704; f. Construction of One (1) Minister’s House and One (1) Permanent Secretary’s House in Chinsali; g. Construction of Three (3) Storey Civic Centre for Chinsali Municipal Council K18,089,434; h. Construction of a Post Office Block in Shiwangandu K852,648; i. Construction of an Office Block for Shiwanganu District Administration K7,542,636; j. Construction of Ten (10) Medium Cost Houses in Shiwangandu District K5,029,633; k. Construction of a Post Office Block in Mafinga K2,490,825; l. Construction of Ten (10) Medium Cost Houses in Mafinga District K6,335,839; p. Failure to Renew performance Security Bonds K11,102,614; q. Use of Incorrect Rates in the Payment of Subsistence Allowances K24,820; r. Inadequately Supported payments K2,683

Paragraph 50 (50) a. Misapplication of Funds K111,323; b. (6) Missing Payment vouchers K13,025; c. Inadequately Supported Payments 6,350; d. Unretire Accountable Imprest Shiwangandu District Administration K2,975; e. Unaccounted for Stores K6,860; f. Weaknesses in Management of Fuel i. Unaccounted for Fuel K84,322; f. (ii) Fuel not recorded in the log Books – Chinsali District Administration; f.iii. Irregular Drawing of Fuel – Chinsali District Administration

Paragraph 51 (51) a. Inadequately Supported payments k24,330; b.i. Irregular Drawing of Fuel K3,005; b ii. Unaccounted for Fuel K42,443; biii. Irregular Drawing of Fuel K17,508; c. Irregular payment of Subsistence Allowances K5,490; d. Use of incorrect rated in the payment of subsistence Allowances K3,150; e. Irregular use of Accountable imprest to procure Goods K20,140; f. Failure to produce an Activity Report K29,023; h. Failure to Remit tax to ZRA K54,302; i. Over Expenditure on Other Emoluments K232,718; j. (2) Missing Payment Vouchers K44,808; k. Failure to Recover Salary Advances K10,000;

Paragraph 52 (52) a. Excess Employees K6,219,881; b. Employees on the Payroll for the Provincial Administration but not working in Muchinga Province K66,591; c. Rural

Hardship Allowance Paid to Ineligible Employees K291,956; d. Irregular Payment of fuel Allowance K22,958; e. Salary Overpayment due to Employees being on Wrong Salary Scales Paragraph 52 (52) f. Irregular Payment of Housing Allowances K9,183

Office of the President – Luapula Province

Paragraph 80 (80) a. Irregular use of Accountable Imprest K28,200; b. Chieftainess Kanyembo's Palace – Nchelenge District; c. Chief Mununga's Palace – Chiengi District

Office of the President Lusaka Province

Paragraph 58 (58) c. Failure to value and insure an Office Block – Lusaka Provincial Administration;

Paragraph 59 (59) b. Failure to Reimburse Funds – K 179,468;

Office of the President – Copperbelt Province

Paragraph 64 (64) a. Delayed Completion Lufwanyama Government Houses;

Office of the President – Central Province

Paragraph 65 a. Inadequately Supported Payments K181,129; b. Misapplication of Funds K445,705; c. Unauthorised Refunds; d. Failure to Remit Tax to ZRA K62,063; e. Irregular Payment of Study related Allowances K6,170; f. Unretired Accountable Impres K42,280; g. (i). Irregular Payments of Impres K55,032; g.(ii) Irregular payments of imprest K13,567; g. (iii) Irregular payments of imprest K19,650; h. Failure to Avail Activity Reports; i. Unaccounted for Stores K632,222; j. Unauthorised fuel drawings K48,755; k. Failure to Settle outstanding Insurance Premiums K581,109.

Office of the President – Central Province

Paragraph 66 a. Unauthorised Excess Staff on the Payroll K8,895,258; c. ii. Failure to remove officers from payroll K153,469; g. Irregular payment of Rural and Remote Hardship Allowances K29,460 h. (iii) Over and under Payment of Transport and Housing Allowances K10,060; i. Failure to deduct National Pensions Scheme Authority Contributions K655,663

Office of the President – Central Province

Paragraph 67 (67) b. Non-Completion of Access Road - Katanino Resettlement Scheme.

Office of the President – Central Province

Paragraph 68 (68) e. Lack of proper Assets handover to Zambia National Service

Office of the President – North Western Province

Paragraph 81 (81) a. Unvouched Expenditure K78,767; b. Questionable Air Travel K33,513; c. failure to provide Expenditure Return K270,020; d. Unaccounted for Funds K11,252; e. Payment of Overtime Allowance Outside the Payroll; f. Failure to Remit income

Tax K140,731; g. failure to Provide Activity Reports K30,895; h. Irregular use of Accountable Impres K80,435; j. irregular payment of Meal Allowances K5,370; k. Failure to insure Motor Vehicle and Report motor Vehicle Accident K345,000; l. Unaccounted for Fuel K13,606

Paragraph 82 (82) a. Employees on Payroll but not at Station K80,912; b. Misapplication of Officers on the payroll K1,225,211; c. Irregular Payment of Acting Allowance K415,905; d. Irregular payment of Rural and Remote Hardship Allowance; e. Irregular payment of Salaries to Officers Absent from Duty without Leave K11,760; a. Misapplication of Funds K156,280; b. Failure to Reimburse Borrowed Funds K338,042; c. Construction of Kankujere Earth Fill Dam

Paragraph 84 (84) a. Misapplication of Funds K831,544; b. Payment of Overtime Allowance Outside the Payroll K10,498; c. Questionable Air Travel K18,347; d. Construction of kasempa Meterological Office; i. Payment of VAT to a Non-Registered Supplier; d. ii Poor Workmanship; e. Construction of Chiefs Palaces, i. Contract for the Supply of Building Material; e. ii. Construction of Chieftainess Ikelenge's Palace (Waste of Cement and Abandoned Works); e. iii. delay in Completion of Chief Kalilele's Palace.

Ministry of Health

Paragraph 39 o. ii. Delayed completion of projects and poor workmanship, Eastern Province Vubwi- Construction of District Hospital Phase I, Vubwi Pharmacy Block Chadiza Districe, Nzadzu Health Post; o.ii. Construction of Lundazi District Hospital Phase III Southern Province, Namwala District Hospital Phase III, Gwembe District hospital- Phase Ilo.ii. North-Western Province, Ikelenge;

Paragraph 39 (39) o. ii. Central Province: - Kabwe, Construction of Staff house and VIP at Muunga Health Post.

Ministry of Works and Supply

Paragraph 40 (40) Unaccounted for Stores K120,000; b.i. Partial Delivery of Equipment and Passenger Vessels; b.ii. Partial Delivery of Equipment and Passenger Vessels; c. Failure to Commission Commercial Web Offset Printing Press

Paragraph 41 (41) a. Payments for Works Not Done K225,110; b. Irregular Payments K5,223,126; c. Abandoned Contracts K5,438,098; d. Non-Preparation of Recovery Certificates K24,023,667

Report of the Auditor General on the Accounts for the Financial Year ended 31st December 2016.

Ministry of Lands and Natural Resources

Paragraph 18 a. Failure to Collect Ground Rent – K513,895,457; b. Undercharges on Timber Export Permits – K76,659.

Ministry of Mines and Minerals Development

Paragraph 19 a. Expired Mining Licenses – K315,000; b. Failure to Collect Outstanding Area Charges for Mineral Right Holders – K11,102,566.

Ministry of Transport and Communication- (Road Transport and Safety Agency)- Road Traffic Collections

Paragraph 21 a. (i) Under Banking of Revenue – Zampost – K16,290,947; a. (ii) Unexplained Withdrawals on the Revenue Transit Account – Finance Bank; b. Irregularities in administration of the e-ZAMTIS Contract; b. (i) Incomplete Works on e-ZamTIS (Phase I); b. (ii) Lack of Audit Trail Reports on e-ZamTIS and poor user account management – OTI (developer) access to the E-ZamTIS Live Environment.

Ministry of Transport and Communication

Paragraph 23 a. Expired Radio Licenses K2,241,730; b. Non-compliant Postal and Courier Firms; c. Outstanding Fees – Zamtel Limited – K105,029,725; d. Unlicensed International Operators; e. Failure to Type Approved Imported Electronic Communication Equipment; f. Failure to set up the Universal Access Fund.

Ministry of Home Affairs

Paragraph 24 a. Unaccounted for Stores – K546, 187; b. Supply and Delivery of an Automated Fingerprint Identification System Machine (AFIS)

Ministry of Mines and Minerals Development

Paragraph 25 a. Unaccounted for fuel – K28,000; b. Failure to Recover Advances K47,663

Ministry of Home Affairs

Paragraph 26 a. Unaccounted for Stores – K155,358; b. Failure to Update an Asset Register – K571,892; c. Rehabilitation of the Commissioner for Refugees Houses in Makeni – K30,130.

Ministry of Home Affairs

Paragraph 27 a. Failure to Deduct and Remit PAYE to ZRA – K14,583; b. Weaknesses in the Management of Infrastructure Projects.

Ministry of Foreign Affairs – Headquarters

Paragraph 28 a. Unretired Accountable Imprest – K152,619; b. Undelivered Goods-Donations from South Korea – K998,000; c. Failure to Effect Recoveries of Tuition Advance – K50,700; **Mission Abroad – Cairo**

Paragraph 29 a. Unaccounted for Stores – K179, 614; b. Failure to Maintain Asset Register – K102, 732; c. Failure to Reimburse Funds for Medical Expenses K22, 207; a. Irregular Payment of Rent for the Chauffeur – K19, 291; b. Irregular Claim of Medical Expenses – K2, 943.

Mission Abroad – Dar-es-Salaam

Paragraph 30 a. Unsupported Payments – K441, 298; b. Irregular Payment of Allowances – Former Deputy High Commissioner K85, 961; c. Irregular Payment of Education Allowances – K15, 469; d. Property Management: Irregular Refunds – Repairs and Maintenance

Outstanding works – Plot 39 Ali Hassan Mwinyi; 22 Ocean Road – Upanga; 396 Toure Drive – Masaki; 350/351 Lugalo Road – Upanga; 484 Mindu Street – Upanga; The Chancery.

Mission Abroad – Addis Ababa

Paragraph 31 a. Delayed Banking – K17612; b. Unaccounted for Stores – K82, 651; c. Failure to Update Assets Register – K21,212; d. Failure to follow Procurement Procedures – Approval of Procurement Above Threshold – K46,365; e. Payments of Subsistence Allowances and Penalties Without Authority – K57,033. Over Payment on Cost of Living Allowance Contrary to the regulations; Over Payment of Education Allowance – K85,087; Unauthorised Use of Funds from the Revolving Account – K287,008; (i) Failure to insure Buildings

Paragraph 31 d. (ii) The Chancery

Mission Abroad – Gaborone

Paragraph 32 a. Irregular Payment of Spouses Allowance – K47,670; b. Failure to Mark Assets with GRZ Serial Numbers; e. (i) Failure to Avail Title Deeds; (ii) Vacant Properties (Plot 3036 and 3037 Sobhuza close – old residence; Plot 48/59 – Dinatra Close; 118 Morukuru Close; Plot 105, Mongana close; Plot 262 Kgari close - the new residence; plot 280 – Tawana close and plot 1121 and 1122 – formerly Zambia Airways Offices)

Mission Abroad - Nairobi

Paragraph 33 a. Unauthorised Financial Assistance – K17,125; b. Questionable Payment of Education Allowances – K874,327; c. Failure to recover Funds Paid for Medical Bills – K4,369; d. Failure to recover Security Deposits – K119, 415; e. Irregularities in the Management of Lease Agreement –K60,566; e, (i) failure to Dispose of Boarded Items; f. Property management ((i) the Chancery; (ii) High Commissioner’s residence – K33,424)

Mission Abroad – Berlin

Paragraph 34 a, Failure to Recover Security Deposits on Rented Properties – K689,333; b. Irregular Payment of Education Allowance – K1,262,880; c. Irregular Purchases of Calling Cards – K66,000; d. Non-Recovery of Funds Paid on behalf of Staff – Utility Bills – K379,248; e. Unaccounted for Stores – K115,752; f. Transport Management – K14,690; g. (i) Property Management (Building Located on Strasse Vor Schoholz 23 – K3,476,786); h. Ambassador’s Official Residence.

Ministry of Information and Broadcasting Services

Paragraph 35 a. Failure to Recover Advances

Ministry of Justice

Paragraph 36. Irregular Use of Imprest to Procure Goods and Services – K105,713; Delays in Settling Compensation and Awards – K1,759,083,266; Judgement Entered in Default – K949,766; Failure to Recover Funds from Negligent Public Officers- K2,949,931; Unsupported Payments – Funds Remitted to Law Firms – K10,554,178; Payments for incurred by Other Institutions K88,333,910.

Ministry of Commerce, Trade and Industry

Paragraph 37 a. Misapplication of Funds on Travel Expenses – K459,041; b. Irregular Payment of Rural Hardship Allowance – K49,652; c. Unsupported Payment – K143,970; 37 d. Irregular Use of Accountable Imprest to Procure Goods and Services – K37,350; e. Failure to Recover Salary and Tuition Advances – K82,000.

Ministry of Transport and Communication

Paragraph 42 a. Third Party Funds – Tanzania Zambia Railways Authority (TAZARA) – Failure to avail Expenditure Returns – K27,3522,965; b. Questionable claims and payments – Kasaba bay runway. (i) Interest Charges Claimed; (ii) Opportunity Cost for a Crusher – K82,684,800; c. Failure to deliver Dredgers and Excavators – MCD Civil and Mechanical Engineering; d. Failure to deliver Passenger Vessels – Multi-Industry Limited; e. Failure to Utilise Delivered Dredgers; f. Construction and Rehabilitation of Airports- Construction of Kasama Airport Aerodrome.

Ministry of Energy and Water Development

Paragraph 43 a. Misapplication of Funds – K112, 898; b. Procurement of a Technical RIG, Compactor and Trucks.

Ministry of Works and Supply

Paragraph 44 a. Grant Aided Institution under Hostels Boards -(i) Failure to Abide by the Contract Terms in the Supply of Air Conditioners – Lothian House – K333,023

Ministry of Works and Supply

Paragraph 45 a. Abandoned works and fundamental breach by the contractor- (i) Construction of a Post Office and Associated External Works in Mpongwe District by T.I investments at a Contract sum of K2,131,891; Construction of a Post Office in Mulobezi District by Zambica Trading Limited at a Contract Sum of K2,054,057; Construction of a Single Storey Office Block and Associated External Works in Mpongwe district by Kawazane Investment Limited at a a Contract Sum of K4,124,319.55; Construction of a Post Office in Rufunsa District by Lumworks Enterprises Limited at a contract sum of – K2,391,895

Paragraph 45 b. Abandoned works and fundamental breach by the contractor (i) Construction of 10 Medium Cost Houses and Associated External Works in Mpongwe District at a Contract Sum of K7,109,315.00 by Kawazane Investment Limited; Construction of No. 20 Low Cost Houses in Shibuyunji District by Shumpe Investment Limited at contract sum of K7,885,956; Construction of a Post Office in Siavonga District by Contech Engineering Limited at a contract sum of K2,203,505; Construction of District Administration Blocks in Mwandu District by Harbour side Entreprises limited at a contract sum of K5,710,028; Construction of a Post Office in Mwandu District by Lukanko Investments Limited at a contract sum of K3,638,554;

Paragraph 45 b Payments on Unpriced Works – Swadocom Trading Limited – K27,660; Conquest limited - K11,943; Kawazane Enterprises (Zambia) Limited – K179,504; Ngalitas Hardware and Electrical Limited – K73,557; Talo Investment – K59,581; Henina Engineering Limited – K73,643; Dove Enterprises Limited – K327,641

Ministry of Higher Education

Paragraph 46 a. (i) Failure to Avail Activity Reports – K996, 832; (ii) Failure to Avail Acquittal Sheets – K1, 186,081; (iii) Questionable Payments of Imprest for Selection of First Year Students – K159, 000; Overpayment of Subsistence Allowance – K87, 900; b. (i) Irregular Payment of out of Pocket Allowance – K31, 545; (ii) Transport Allowances/Refunds – K183, 830; (iii) Meal/Lunch Allowances – K35, 700; c. Lack of Receipts and Disposal Details – Fuel – K40, 000; d. (i) Unreconciled Student Tuition and Accommodation Cost –

UNZA and CBU – K242, 083,333- Copper belt University and University of Zambia; (ii) Irregularities in Payments of Allowances – Students Loan and Bursary Awards; (iii) Students Bursary Awards – Abroad K6,750,000; Failure to Correct Double Posting; Top up allowances - Student on Bursary Committee Schedule but not on Bank Statement; Overpayment of allowances; Underpayment of Allowances; e. Science, Technology and Innovation – Contract for supply, delivery and installation of a Ground Receiving Station; The advance payment expired on 15th March, 2016 and performance security expired on 15th January, 2017 prior to delivery of the equipment; f. Misapplication of Funds (i) University Education – Kapasa Makasa University – K15, 000,000; (ii) Skills Development – TEVET Bursary – K10, 000,000; g. Infrastructure Development: (i) Construction of Four Hostel Blocks at UNZA (Lot 1); (ii) Construction of five Hostel Blocks at UNZA (Lot 4); (iii) Construction of Four Hostel Blocks UNZA (Lot 5); (iv) Construction of External Works (Lot 7); (v) Delayed Completion of Projects – Construction of Four Hostel Blocks at UNZA (Lot 3)

Ministry of Youth, Sport and Child Development

Paragraph 47 a. Failure to Distribute Sports Items; b. Failure to Avail Details of Recoveries for the Youth Development Fund Loans; c. Procurement of Higer Buses for Youth Empowerment: (i) Facilitating acquisition of land for setting up garages had not been done as of May, 2017; d. Failure to Avail Details for Empowerment Scheme for Youth Street Vendors; e. Youth Development Fund (YDF): (i) Northern Province – Kasama - Poor Record Keeping – K1,262,620; Non-Repayment of Loans – K472,656; Non monitoring and evaluation of funded projects; (ii) Muchinga Province – Mpika District: Non repayment of loans – K76,350; (iii) Eastern Province – Chipata District and Lundazi - Non Repayment of Loans – K266,875.

Ministry of Defence

Paragraph 48 a. Irregular use of imprest to procure goods and services – K305,279; b. Failure to Complete Construction of Water Tank Stand and Pump House at Zambia Air Force Lusaka – K1, 678,606; c. Failure to settle outstanding bills: (i) Accumulated Debt – K3,270,160,952; (ii) Expenditure Details – K130, 000; d. Mupepetwe Engineering and Contracting Company (MECCO) (i) Poor Management of Debts; Outstanding Trade Receivables – K288, 601; Outstanding Payables – K13, 883,590.

Ministry of Defence – Zambia Army

Paragraph 49 a. Lack of Title Deeds; b. Irregularities in the Management of Rented Houses; c. Outstanding Bills – K297, 022,689; d. Failure to Settle Insurance Premiums and Outstanding Debt – K18, 881,438;

Ministry of Defence – Zambia National Service

Paragraph 50 a. Rural Roads Unit (i) Failure to transfer Payroll – K20, 459,693; (ii) Failure to Report for Duty; (iii) Failure by Provincial Administration to Hand over Motor Vehicles; (iv) Failure to Avail Records for Spare Parts.

Ministry of Defence – Zambia Air Force

Paragraph 51 a. Weaknesses in Maintenance of Cash Books; b. Unretired Accountable Imprest – K1, 695,292; c. Irregular Use of Imprest to Procure Goods and Services – K1, 128,984; d. Outstanding Debt for goods and Services – K15, 043,085; e. Unsupported Payments – K1, 446,601; f. Unaccounted for Stores – K1, 559,231; g. Failure to procure Expenditure Returns – K240, 993.

Ministry of Lands, Natural Resources and Environmental Protection

Paragraph 55 a. Failure to Deduct Tax K77, 717.80; b. Failure to Reimburse Borrowed Funds – K267, 453; c. Theft of two Motor Vehicles (Toyota Land Cruiser).

Ministry of Fisheries and Livestock

Paragraph 57 a. (i) Misapplication of Funds – Tse Fly Aerial Spray Funds – K2, 962,559; a (ii) Artificial Insemination Centre K142, 197; b. Unsupported Payments – K44, 240; c. Unretired Accountable Imprest – K91, 505; d. Irregular Use of Accountable Imprest to Procure Goods – K25, 778; e. (i) Irregular Payment of Subsistence Allowances - K200, 454; e.(ii) Irregular Payment of Allowances to Officers within the District K48,850; e. (iii) Over Payment of Subsistence Allowances – K205, 769; f. Unaccounted for Fuel – K43, 313; g. (i) Construction of an Office Block at Fiyongoli Aquaculture Research Station in Mansa District, Luapula Province; g. (ii) Construction of Milk Collection Centre in Njolwe , Chongwe District, Lusaka Province; g. (iii) Failure to Utilise a Milk Shed in Kanakantapa, Chongwe District, Lusaka Province; g. (iv) Construction of a Satellite Artificial Insemination Centre at Shiwangandu Boma In Shiwangandu District, Muchinga Province; g. (v) Construction of a Dip Tank at Mwika in Ilondola in Shiwangandu District, Muchinga Province; g. (vii) Construction of Two Farrowing and Fattening Houses at Keembe Pig Breeding Centre in Chibombo, Central Province; g. (viii) Construction of Dip Tanks at

Namakolongo and Kalasa in Chibombo District, Central Province; g. ix Construction of Milk Collection Centre at Mpima Dairy Scheme in Kabwe District, Central Province

Ministry of Fisheries and Livestock

Paragraph 58 a. Unsupported Payments – K28, 411; b. Payment of Subsistence Allowance on First Appointment – K6, 000; c. Payment of Meal Allowances within the Normal Duty Station – K18, 128; d. Payment of Subsistence Allowance for Working within the Normal Duty Station – K44, 240; e. Failure to Provide Activity Reports – Sinazongwe DFLCO; f. Unaccounted for Stores K9, 661; g. (i) Failure to meet Objectives; g. (ii) Unaccounted for Animals – Mbesuma Livestock Breeding Centre; g. (iii) Failure to inscribe Assets – Mbesuma Livestock Breeding Centre

Office of the President – Muchinga Province (Da)

Paragraph 59 a. Irregular Payments for Accommodation – Mafinga DC- K5, 000

Office of the President – Muchinga Province (Ga)

Paragraph 60 a. Irregular Payment of Refund – K28.330; b. Failure to Insure Government Assets; c. Failure to Recover Costs of Damaged Vehicles.

Office of the President – Muchinga Province (Gda)

Paragraph 61 a. Irregular Payment of Subsistence Allowance - K1, 200; b. Unretired Accountable Imprest – K28.231; c. Irregular Payment of Allowances – K19.633; d. Overpayment of Training Allowance – K11.205.

Ministry of Agriculture

Paragraph 62 a. Camp House at Kafubu Block – Ndola District – K35.491: (i) Construction of Farmers Shelters and VIP Toilets – Luanshya District – K83. 579; a. (ii) Rehabilitation of a Camp House at Mukolwe – Masaiti District – K62, 884; a. (iii) Construction of a Camp House at the Boma – Lufwanyama District – K66, 826; a (iv) Rehabilitation of a Dormitory at Mibenge Farmers Training Centre – K13, 297; (v) Completion of Executive Dormitory at the Farmers Training Centre – Luwingu District – K14, 600; a. (iv) Construction of an Office Block – Rufunsa – K131.169; b. Unsupported Claims – Contracts Awarded for the Supply of Seed – K204.071.651; c. Unaccounted for Funds – Luangwa District – K74, 250; d. Weakness in the management of inputs: (i) Late Distribution of Inputs to Farmers; d. (ii) Unacquitted for Farming Inputs – K50, 800; d. (iii) Issuance of inputs to Unqualified Farmers – Shiwangandu DACO- K42.000; d. (iv) Failure to Distribute Inputs – K422.270; d. (v)

Failure to Replace Damaged inputs – K179,270; e Electronic Voucher – FISP Programme: (i) Failure to Provide Bank Statements – K803, 706,000; e. (ii) Un-reconciled Revenue – K55, 001,600; e. (iii) Deposits Not Reflecting on Bank Statements – K1, 798,400; e. (iv) Irregular Deposits – Monze; e. (v) Failure to Load E-Voucher Cards –K89.166.000; e. (vi) Beneficiaries wit E-Voucher Cards Bearing same Numbers K552, 300; e. (vii) Drawing of Cash from ATM using E-Voucher Cards – Mungwi District- K4, 420; e. (x) Failure to Replace Cards – K1, 121,400; e. (xi) Retention of E-Vouchers Cards by Agro – Dealers

Ministry of Agriculture

Paragraph 64 a. Misplacement of Payroll area – K41, 524,367; b. Employees on Wrong Salary – K162, 139; c. Irregular Payment of Housing Allowance and Salary Arrears – Central Province – K37, 807

Office of the President – Lusaka Province

Paragraph 65 a. Unretired Accountable Imprest – K13, 000; b. Irregular Use of Accountable Imprest to Procure Goods and Services –K75.293; c. Disbursement of Loans from the Revolving Fund Account; d. Failure to Recover Loans and Advances – K93, 200

Office of the President – Copperbelt Province (PEs)

Paragraph 66 a. Misplacement of Payroll Area – K2, 244,986; b. Payment of Acting Allowances for More than Six Months K517, 270; c. Irregular Payment of Rural and Remote Hardship Allowance – K189.619; d. Irregular Payments of Salaries to an Officer absent from Duty without Leave – K224, 564; e. Failure to Conclude Staff Disciplinary Cases- K545, 212; f. Irregular Payment of Salaries to an Officer absent from Duty without Leave= 224, 564; g. Failure to conclude Staff Disciplinary Cases – K545, 212; h. Revolving fund account: (i) Non-recovery of advances – K49, 399; h. (ii) Misapplication of Funds.

Office of the President- Copperbelt Province (GA)

Paragraph 67 a. Unauthorised Swapping of Motor Vehicles Engines – Department of Labour and Factories

Office of the President – Central Province (various)

Paragraph 69 a. Irregular Collection of Fees and Usage – K576,899; b. Irregular Recruitment of Planners – K50, 400; c. (i) Unretired imprest – K42, 234; c. (ii) Irregular Use of Accountable Imprest for Procurements – K20, 160; d. Payment of House Rentals

Office of the President – Central Province (PEs)

Paragraph 70 a. Officers Placed on incorrect Salaries Scales – K15, 804; b. Failure to Deduct Statutory Contribution – K249, 906; c. Irregular Payment of Housing Allowances – K88, 348/K36, 732; d. Irregular Payment of Remote and Rural Hardship – K1, 451,909.

Office of the President – Central Province (GA)

Paragraph 71 a. Misapplication of funds – K193, 697; b. Inadequately Supported Payment – K71, 866; c. Questionable Refunds/Claims – K51, 013; d. Weaknesses in the management of Imprest: (i) Unretired Accountable Imprest – K86, 068; d. (ii) Questionable Imprest Retirement – K59, 897; d. (iii) Irregular Use of Imprest to Procure Goods and Services – K94, 968; d. (iv) Subsistence Allowance to Report at New Station – K2, 800; d. (v) Subsistence Allowance to Report at New Station – K2, 800; d. (vi) Irregular Payment of Settling –In-Allowance K59,033; d. (vii) Special imprest – K14, 567; d. (viii) Unaccounted for Stores K223, 080; d. ix (i) Failure to insure Motor Vehicles – K426,000; (ii) Fuel Drawn by authorised Motor Vehicles; (iii) Payment of Advances to Officers with Net Pay Less Than 40 Percent – K212, 700; (iv) Irregular Payment of Salary Advance – K32, 000

Office of the President- Central Province (GDA)

Paragraph 72 a. Failure to Provide Funding Guidelines – K487, 741; b. Misapplication of Funds K438, 308; c. Unretired Accountable Imprest – K47, 815; d. Failure to Prepare Activity Reports – K94, 025; e. (i) Irregular use of imprest for Procurement – K11.068; e. (ii) Irregular issuance of fuel imprest – K50, 972; e. (iii) Lack of Record for the Extension of Programme – K5,600; e. (iv) (i) Lack of Terms of Engagement; (ii) Stalled Works; (v) Construction of Broken Cultural Village.

Office of the President – Central Province (various)

Paragraph 73 a. Failure to Provide Expenditure Details – Chibombo – K90, 185; b. Unsupported Payments – K40, 561; c. Lack of Prior Authority for Refunds – K39, 045; d. Questionable Payment – Serenje – K6, 851; e. Weaknesses in the management of imprest: e. (i) Unretired Accountable Imprest – K3, 050; e (ii) Irregular Retirements of Imprest – Ngabwe – K8,062; e. (iii) Irregular use of imprest to Procure Goods and Services – K41,764; e. (iv) Irregular Payments of Lunch Allowances – K7,385; f. Unaccounted for Stores – K96,285.

Office of the President – Northern Province (RFA)

Paragraph 74 a. Bank Reconciliation – K8,450; b. Questionable Payment of Imprest – K10,613.

Office of the President – Northern Province (RDCs)

Paragraph 75 a. Unaccounted for Stores – K105,885; b. Failure to insure Motor Vehicles – K522,000.

Office of the President – Northern Province (GDA)

Paragraph 76 a. Unaccounted for Stores and Fuel – K24,767; b. Wasteful Expenditure – Construction of Chiefs' Palaces – K51,000 and K8,130.

Office of the President – Northern Province (PEs)

Paragraph 77 b. Irregular payment of Rural and Remote hardship Allowance – K704,072 and K254,644.

Office of the President – Western Province (PRP)

Paragraph 78 a. (i) Misapplication of Funds – K241,400; (ii) Misapplication of K200,000.

Office of the President – Western Province (PEs)

Paragraph 79 a. Failure to Deduct PAYE – K39,815; b. Irregular Payment of Salaries to District Commissioner – K208,148; c. Irregular Payment of Heath Shift Allowance – K2,257.

Office of the President – Western Province (GA)

Paragraph 80 a. Unsupported Payments – K97,622; b. Unretired Accountable Imprest – K62,151; c. Failure to Produce Activity Reports – K9,750; d. Irregular Use of Imprest – K90,682; e. Failure to obtain Authority for paid Study Leave – K18,800; f. Misapplication of Funds – Top Up on Procurement of Motor Vehicles – K81,549; g. Unaccounted for Stores – K222,955; h. Questionable Claim for Fuel – Lukulu DC – K6,124; i. Failure to inscribe Government Assets – K11,700; j. Failure to Remit Tax – K43,030.

Office of the President – Luapula Province (GA)

Paragraph 81 a. Outstanding Personal Emoluments – K8,633,830.

Office of the President – Northern Western Province (GA)

Paragraph 81 a. Misapplication of Funds – K1,288,933.

Office of the President – Northern Western Province (GDA)

Paragraph 83 a. Misapplication – K575,481; b. Construction of Chieftainess Ikelenge's Palace: (i) Wastage of Cement – K8,800; (ii) Senior Chief Kalilele Palace- Delayed Completion of the Project.

Office of the President – Southern Province (Various)

Paragraph 84 a. Weaknesses in the Management of Imprest: (i) Questionable Retirement of Imprest – K213,451.

Office of the President – Southern Province (GDA)

Paragraph 85 a. Construction of Chiefs Palaces: (i) Chieftainess Mweenda's Palace – Stalled works; (ii) Chieftainess Choongo's Palace – Stalled works; (iii) Chief Chona's Palace – Stalled works.

Office of the President – Southern Province (GA)

Paragraph 86 a. Unsupported Payments- K2,906; b. Weaknesses in the Management of Imprest: (i) Questionable Retirement – K252,731; (iii) Construction of a Six Storey Office Block in Choma.; Irregular Payment of Acting Allowance – K124,224 and K103,46.

Report of the Auditor General on the Accounts for the Financial Year ended 31st December 2017.

Zambia Revenue Authority

Paragraph 11 (11) (i) Worsening arrears of domestic tax – K31,144,696,256; (ii) Failure to configure Tax Amnesty on penalties and interests on Tax Online – K8,000,000,000; (iii) Unaccounted for report orders – Livingstone – K1,114,154; (iv) Missing goods – Nakonde warehouse – K563,821; (v) Missing motor vehicles – Nakonde and Mwami state yards – K369,702

Ministry of Transport and Communications – Road Transport and Safety Agency

Paragraph 12 (12) (i) Delayed Transfer of Revenue to Bank of Zambia – K2,214,376; (ii) Uncollected Revenue – Towing Trucks – K134,860; (iii) Lack of Mechanism to verify accuracy of Gross Vehicle Mass: (Revenue Loss from under declared GVM – J & J Transport Zambia Limited – K109,000, and Revenue Loss from under Declared GVM – Freight and Passenger Services – K51,000); (iv) Under banking of Revenue – Zampost – K5,203,344; (v) Delayed completion of system implementation/H and over of e-ZAMTIS – K5,970,149; (vi) Failure to implement interfaces with other systems; (vii) Incomplete works. Paragraph 15 (15) a. Spectrum Users – Expired Licences – K1,296,244; b. Outstanding fees – Zamtel Limited – K111,257,412

Paragraph 18 (18) a. Uncollected Revenue – Maritime and Inland waterways fee – K796,689

Ministry of Works and Supply – National Road Fund Agency

Paragraph 13 (13) a. Information Technology matters – Failure to provide adequate controls over server room; b. Unclaimed Interest on delayed transfer of revenue to control 99 – K1,368,066 (US\$1,586.13); c. Weaknesses in E Toll payments (Irregular use of Dot com Technologies and Irregularities in the ZESCO Toll Advance Account) d. Irregular payment of Frequent User Discounts; e. Under banking of Revenue – Katuba – K7,594; f. Unaccounted

for Revenue – Shimabala – K5,275; g. Uncollected Revenue – Weighbridge Offenders – K152,805.

Ministry of Home Affairs – Department of Immigration

Paragraph 14 (14) a. Mokambo Boarder Control: - (i) Unaccounted for revenue – K300,800; (ii) Misappropriation of Revenue – K2,919,600

Judiciary

Paragraph 16 (16) a. Unaccounted for Revenue – K331,752; b. Deposits without supporting receipts – K38,648; c. Missing accountable documents: - (i) Chisamba subordinate court; (ii) Kitwe Sheriff's Office; d. Poor management of warehouse – Kitwe Sheriff's Office; e. Lack of safe facilities.

Ministry of Lands and Natural Resources

Paragraph 17 (17) a. Failure to collect export permit fees; b. Irregularities in revenue receipting – unsupported revenue reversals; c. Irregularities in the property database:- (i) Properties without Land sizes/area; (ii) Lapsed invitation to Treat (ITTs):- (Failure to pay by vulnerable clients and Challenges in reallocation); d. Properties under litigation Low title deeds ratio: Title properties to total property; c. Lack of service level agreements for both External and Internal; d. Failure to update anti- virus software on computes; e. Inadequate information processing facilities (IPFs); f. Inadequate staffing levels – failure to fill vacant position of ground rent collector – Solwezi; g. Scanners delivered without rollers – Ndola Office; h. Failure to repair HP designer plotters – Ndola and Solwezi Offices.

Ministry of Tourism and Arts

Paragraph 19 (19) a. Unaccounted for Revenue; b. Outstanding debt from Tour Operators – K67,23 (US\$10,583; b. Weaknesses in the licensing and monitoring of casinos:- (i) Non-Compliant Casino Operators; (ii) Under payment of casino registration fees – K19,200; (iii) Lack of Monitoring Systems for Casinos: c. Weaknesses in the licensing of Hotel Managers:- (i) Failure to follow the procedure on Issuance of Hotel Managers' Exemption Certificates; (ii) Hotel Managers Operating without practicing certificates; c. Failure to collect manager Registration fees – K261,000; d. Failure to grade and maintain a database of accommodation establishments.

Paragraph 20 (20) a. Failure to collect rental arrears – government complex – K169,06; b. Failure to collect revenue from the sale of government printers – K154,301

Ministry of Home Affairs – Zambia Police Service

Paragraph 21 (21) b. Lack of safe facilities

Paragraph 23 (23) a. Unfulfilled payment terms –supply and delivery of an automated finger print Identification system machine (AFIS) – K29,141,688; b. Construction of the paramilitary hostels and guest wing at state lodge – K6,430,680.

Ministry of Gender and Child Development

Paragraph 22 (22) a. Unsupported payments K54,073; Mika convention centre attendance list – K24,000; b. Misapplication of funds – K1,889,168; c. Failure to deduct and remit Pay As You Earn to the Zambia Revenue Authority – K101,407; d. Failure to follow procurement procedures – K513,000; e. Failure to distribute farming implements – K217,576.

Ministry of Home Affairs – Headquarters

Paragraph 24 (24) a. Failure to recover overpayments – Rehabilitation of Kitchen and toilets at National Archives – Headquarters – K25, 901; b. Supply and delivery of finger print scanners and passport readers – K169,893

Ministry of Foreign Affairs

Paragraph 25 (25) a. Failure to obtain title deed; b. Failure to remit Pay as You Earn – Zambia Institute of Diplomacy and International studies – K173, 558

Paragraph 26 (26) a. Property management: - (i) Failure to maintain and rehabilitate chancery (ii) Failure to maintain the residency.

Paragraph 27 (27) a. Failure to recover contribution for utility bills – K85,242; b. Failure to deduct 50 percent contribution towards insurance of Baggage – K50,153; c. Outstanding Bills not cleared by recalled diplomats – K102,700; d. Unclaimed Value Added Tax (VAT) – K145,571; e. Failure to dispose of unserviceable and obsolete items – K12, 549; f. Failure to mark assets with GRZ serial numbers – K136,059

Paragraph 28 (28) a. Payment of Interest charges on delayed remittances – K57,913

Paragraph 30 (30) a. High cost of rented properties – K14, 583,295

Ministry of Justice

Paragraph 31 (31) a. Outstanding payments of compensation and awards – K3,028,552,193; (i) Outstanding claims exceeding principal amounts – K635,088,753; (ii) Judgement entered in default – K972,173; b. Loss of Public funds through negligence by Public Workers – K11, 448,700

Ministry of Finance

Paragraph 32 (32) – Weaknesses in the management of IFMIS and TSA – Misappropriation of funds – Refunds to the Zambia Bureau of Standards and Competition and Consumer Protection Commission – K453, 998

Ministry of Community Development and Social Services.

Paragraph 33 (33) a. Unsupported payments – K6, 478; b. Failure to deduct Pay As You Earn (PAYE) – K2,864,426; c. Misappropriation of funds – K99,600; d. Failure to avail expenditure records – Economic Empowerment of women programme – K100,000.

Paragraph 34 (34) a. Engagement of Zambia Postal Services to Pay social cash transfer funds – (i) Weaknesses in the Management of the Contract – Headquarters (Disbursement of Provinces Outside the contract – K30,947,320; Failure to submit reports and returns; Failure to facilitate opening of Zero charge accounts); (ii) Unacquited funds – K1,088,640; Unaccounted for funds- K30,947,320; b. Failure to Remove dormant beneficiaries from the register - Livingstone – K56,120; c. Failure to retire transfer funds by Pay Point Managers – K24,120; d. Questionable acquittal sheets – Kazungula Social welfare office – K66, 700; e. Unaccounted for stores – K49,170; f. Weaknesses in the Transport Management – Fuel (i) Fuel drawn by private Non –GRZ Motor Vehicles – K3,264

Ministry of Health

Paragraph 35 (35) a. Infrastructure Development – Construction of Mufulira District Hospital – Out Patient Department and Administration – K12, 341,125; Construction of Kazungula District Hospital Phase 1 and associated External Works comprising of OPD and Administration Block – K11,772, 951; Construction of Kalomo District Hospital comprising of the Theatre, Incinerator and Four (4) Staff houses – K23,996,022.16; Construction of Vumbwi District Hospital comprising of OPD and Administration – K13,070,095; Construction of Theatre, Maternity, Four (4) staff houses and an Incinerator at Lundazi District Hospital – K10, 069, 874; Construction of Mwinilunga District Hospital comprising of the OPD and the Administration Block – K19, 193,984

Paragraph 36 (36) c. Irregular payment of salaries to officers that resigned from service – K408, 682

Paragraph 37 (37) a. Unsupported payments – K67, 958; b. Irregularities in management and accounting for Imprest – (i) questionable payment to General Nursing Council Officers – Solwezi Nursing School – K21,439; b. Irregularities in the procurement and management of stores and maintenance of assets (i) Unaccounted for stores – Itezhi tezhi district health office – K69, 608

Ministry of Housing and Infrastructure Development

Paragraph 38 (38) a. Unretired Accountable Imprest – K346, 512; b. Irregular payment of meal allowance – K40, 800; c. Symposium conference (missing receipt books)

Ministry of Higher Education

Paragraph 39 (39) a. Non – installation of water tanks at Kapasa Makasa University – Chinsali district; b. University Education (ii) Loans Board Management Information system; c. The Copperbelt University: - Over billing to government K12, 431, 670.91 and students paid accommodation refunds despite being accommodated – K655,000; d. University of Zambia:- (i) Over Billing to government – K71,082,937; (ii) Student paid accommodation refunds despite being accommodated – K2,581,975; (ii) Students not on university bills but paid meal allowances – K19, 503,068.45

Ministry of Tourism and Arts

Paragraph 40 (40) a Unsupported payment vouchers – K238, 997

Ministry of Defence - Headquarters

Paragraph 41 (41) a. Failure to obtain authority to retain funds – Maina Soko Military Hospital – K1,304,589; b. Irregular use of Imprest for procurement of goods – Defence Services command and staff college – K59,345; c. Unsupported payments – K327,008; d. Failure to follow procurement procedures – K212,239

Paragraph 42 (42) – Zambia army – a. Furniture and Equipment – K1,391,134

Paragraph 42 (42) – Zambia Air Force – Non Air Force Properties in the Livingstone Base

Paragraph 42 (42) a. Infrastructure Development (i) Construction of the Third Workshop at ZNS Chishimba Youth Skills Training Centre – Lot 1 and 2 – K616,668; (ii) Failure to deliver paid for fuel, Senanga – K191,207; (iii) Lack of Title deeds – Nyumba Yanga Flats – K113, 218

Ministry of General Education

Paragraph 45 (45) a. Treasury Single Account Transactions (i) Weaknesses in Salary and Tuition Advances Management; (ii) Weaknesses in the Cashier's Account (Irregular use of Imprest Account) – Irregular payment of allowances – K30,000; K8,000; K126,000; b. Payments for Administrative costs – (i) Unsupported fuel cost and Allowance Payments; (ii) Payments of Allowances not in line with Approved Budgets – K9,006,173; (iii) Failure to avail Activity Report; c. Overpayment of subsistence allowances – K231,550; d. Irregularities in the payment of fuel Imprest – K96,817; K449,702; K103,277; f. Misapplication of funds – K31,853,941; g. Unaccounted for stores K150,157; h. Failure to disburse Early Childhood Grants – Supply of Maize above Contract Amount; i. Failure to maintain Database of Orphaned and Vulnerable Children Funds; j. Failure to Reimburse Funds – Keeping girls in school programme; k. Delayed procurement of Teachers' Guides and Learners Text Books – Phase III and IV; l. Failure to avail statement of requirements for

Zambia Education projects Implementation Unit Projects; m. Poor maintenance of records of procurement process and contract management

Paragraph 46 (46) a. Failure to collect user fees – K7,929,487; b. Failure to maintain a General Revenue Cash Book – Namwala Secondary School; c. Unaccounted for Revenue – K18,905; d. Unaccounted for Funds – Namwala Secondary School; g. Missing Payment vouchers – K639,557; h. Unsupported payments – K1,491,453; j. Misapplication of funds – K4,830,858; k. Failure to produce expenditure returns for school grants – K511,112; l. Failure to Disburse grants to schools – K10,812,439; x. Misappropriation of funds (i) Chibote Secondary School – Copperbelt province – K102,853; (ii) Namwala Secondary School – Southern Province – K1,460,000; y. Unacquitted funds – K314,869; Unretired Accountable Imprest – K646,714; aa. Questionable Retirement of Imprest – Namwala Secondary School – K35,589

Paragraph 47 (47) b. Overpayment of subsistence allowances – K184,670; d. Overpayment of fuel Imprest K198,892; d. Unretired Accountable Imprest – K2,278,977; h. Irregular payment of meal allowance – K78,500; i. Irregular payment of Transport Allowance – K183,390

Paragraph 48 (48) b. Unknown officers drawing salaries K76,789; c. Payment of salaries to officers absent from duty without leave – K749,242; d. Irregular payment of responsibility allowance – K123,342; e. Irregular payment of double class allowance to secondary school teachers – K32,318; f. Irregular payment of allowances without authority – K1,308,534; g. Payment of Acting allowances to ineligible employees – K292,495; h. Irregular Payment of Rural and Remote Hardship allowance – K3,684,528; j. Irregular Payment of Housing Allowances – K2,317,549

Ministry of Lands and Natural Resources

Paragraph 49 (49) a. Failure to Report Damaged windscreen for the Higer Bus; b. Failure to follow procurement procedures.

Ministry of Fisheries and Livestock – Headquarters

Paragraph 50 (50) a. Irregular payment of Rural Hardship Allowances – K10,169; b. Livestock restocking funds – K3,408,207; c. Events – K1,513,551; d. Procurement of motor vehicles – K1,114,538; e. Infrastructure Development (i) Construction of Chipazu Dip Tank in Ncheka Camp and Nyakatokoli Dip Tank in Msoro Camp in Mambwe District. (ii) Rehabilitation of Kapete Dip tank, Chinkuli Dip tank and Completion of spray race at Chieftainess Nkomeshya's palace in Chongwe district; (iii) Construction of Milk Collection Centre in Kafubu Block; (iv) Construction of 3 Dip Tanks at Kapufi, Chisembo/Chozi and

Sikalembo in Mbala; (v) Construction of Dip Tank at Vincent Bulaya in Mporokoso/Lunte and Lukulu North 1 & 2 Dip Tank in Northern Province; (vi) A raised Goat structure at Jiwundu in Kalumbila/Solwezi West.

Paragraph 51 (51) a. Missing payment vouchers – Serenje DFLECO; b. Unsupported payments – K43,552; c. Unretired accountable Imprest – K22,086; d. Irregular payment of subsistence and meal allowances K68,105; e. Failure to remit tax – K121, 407

Ministry of Agriculture

Paragraph 52 (52) a. Infrastructure Development (i) Construction of an office block – Kapiri Mposhi, Zimba, Pemba and Monze.

Paragraph 53 (53) f. Failure to return unredeemed funds – K28,402,164

Paragraph 54 (54) b. Overpayment of salaries – K59,307; c. Payment of Hardship allowances to Ineligible employees – K315,870; d. Payment of remote instead of rural hardship allowances – Muchinga province K4,656; e. Irregular payment of housing allowances – Central Province – K53,175; f. Failure to recover salaries paid to separated officers – K194,390; g. Irregular payment of salary to a seconded officer – Muchinga province – K44,305; h. Failure to terminate salary from the payroll for a convicted Officer – Kalabo District Agricultural Coordinator; i. Misapplication of funds – Western Province – K110,806

Paragraph 55 (55) Missing Payment vouchers Serenje DACO – K89,976; b. Unsupported Payments – K8,762; c. Irregular procurement of goods and services using imprest; d. Payment of subsistence and meal allowances at stations of duty – K59,725, and K130,865; e. Unaccounted for stores – K52,250; j. Failure to Recover Salary advances – Ndola PACO – K12,500

Office of the President – Lusaka Province

Paragraph 56 (56) a. Variances in Funds released by Ministry of Finance and Remittances to various Departments and District Commissioners' Offices – K5,434,664; b. Failure to deduct PAYE; c. Failure to remit taxes – K308,077; d. Under deduction of PAYE – K33,233; e. Missing payment vouchers – K62,900; f. Irregularities in imprest related transactions (i) Irregular Retirements – K5,415,539; Questionable payment of subsistence and meal allowances – K1,097,675; Excess payment of subsistence allowances – K784,680; Irregular payment of meal allowance – K93,955; Questionable Retirements – K13,420; K4,320

Paragraph 57 (57) a. Irregular payment of meal allowances – K54,179

Paragraph 59 (59) a. Questionable payment of allowances – K130,374

Office of the President – Cooperbelt Province

Paragraph 60 (60) a. Unaccounted for stores – K4,200; Wasteful expenditure NAPSA – K18,025; c. Board of survey - Irregularities in the sale of Bonded Assets:- (i) Failure to collect participation fees – K35,000; (ii) Failure to collect outstanding amounts from sale of motor vehicles and bikes – K39,200; d. Misaka Resettlement project – phase 1:- Failure to allocate compensated farmers new lots; (ii) Drilling of Boreholes; (iii) Opening of Access Roads – ZNS; e. Construction of Chiefs’ Palaces:- (i) Construction of Chief Nkambo’s palace; (ii) Construction of Chieftainess Shimukunami’s palace.

Paragraph 61 (61) a. Construction of Three (3) Houses in Lufwanyama; b. Construction of a 1x3 classroom block at Kambilombilo Community School; c. Failure to Rehabilitate the Minister’s House.

Paragraph 62 (62) a. Over payment of salaries due to wrong salary scales – K76,282; b. Irregular payment of Housing Allowances – K6,995; c. Irregular payment of commuted night duty allowance – K29,632; d. Irregular payment of Rural and remote hardship allowances – K184,289; e. Failure to affect half pay – K120,421; f. Introduction on payroll without authority – K47,243; h. Payment of salaries to unknown officers – K285,556

Paragraph 63 (63) b. Unsupported payments – K60,929; c. Irregular payment of subsistence allowance within the district – K20,250; d. Overpayment of subsistence allowance – Ndola district administration office – K1,970; e. Irregular payment of Hotel Bills – K66,438

Office of the President – Central Province

Paragraph 64 (64) a. Irregular payment of Rural and Remote hardship allowance – K66,450; b. Failure to remit tax – K86,184; c. Unaccounted for revenue – Kabwe Skills Training Centre – K8,200

Office of the President – Northern Province

Paragraph 65 (65) a. Failure to deduct and remit tax – K15,941.50;

Office of the President – Western Province

Paragraph 66 (66) a. Unretired accountable imprest – K50,451; b. Claims without obtaining prior authority – K63,983; d. Irregular Payments – (i) Meal allowances – K13,540; (ii) Subsistence allowances – K21,185; (iii) Conference Services without Authority – K2,550; c. Irregular settlement of Officers’ Bills for Meals and Accommodation – K111,655.

Paragraph 67 (67) a. Unsupported payments – K54,550; b. Misapplication of Funds – K584,570; d. Irregular payments of subsistence and meal allowances – K32,760; i. Irregular payments – Construction of a wall fence and rehabilitation of the Ablution Block – K69,573; (ii) Questionable Rehabilitation of the District Commissioner’s Residence – Lukulu District.

Paragraph 68 (68) a. Payment of Rural Hardship Allowance to Ineligible Employees – K113,511

Office of the President – North - Western Province

Paragraph 70 (70) a. Failure to conclude staff disciplinary cases; b. Questionable unblocking of Salary; c. Payment of Officers on wrong salary scale – K2,164; Failure to recover salary advances – K18,500

Office of the President – Southern Province

Paragraph 71 (71) b. Misapplication of funds (i) Provincial administration – K626,106; (ii) Child protection advocacy, Capacity Building and of VIP Houses; (iii) District Commissioner's Offices – K23,040; (iv) General Deposit account – K28,760; c. Unsupported payments – K173,792; d. Irregular use of Accountable Imprest – Namwala and Mazabuka District Commissioners – K33,982; K46,918

60 Appendix 2 – Glossary of Terms

Accountable Documents	Documents such as receipts, licences, certificates, discs or tokens and others used in the collection of Revenues.
Audit Finding	The result of audit procedures and tests conducted by the auditor.
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.
Outstanding Issues	These are audit queries that remain unresolved in the Treasury Minutes (Action Taken Report) prepared by the Ministry of Finance on the Reports of the Auditor General
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