



Republic of Zambia

## OFFICE OF THE AUDITOR GENERAL



# REPORT OF THE AUDITOR GENERAL ON THE AUDIT OF ACCOUNTS OF LOCAL AUTHORITIES FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER 2021





**REPUBLIC OF ZAMBIA**

**REPORT OF THE AUDITOR GENERAL**

**ON THE AUDIT OF**

**ACCOUNTS OF LOCAL AUTHORITIES**

**FOR THE**

**FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

## **OFFICE OF THE AUDITOR GENERAL**

### **VISION:**

A dynamic audit institution that promotes transparency, accountability and prudent management of public resources.

### **MISSION:**

To independently and objectively provide quality auditing services in order to assure our stakeholders that public resources are being used for national development and wellbeing of citizens.

### **CORE VALUES:**

Integrity

Professionalism

Objectivity

Teamwork

Confidentiality

Excellence

Innovation

Respect

## **PREFACE**

It is my honour and privilege to submit the Report of the Auditor General on the Audit of Accounts of Local Authorities (Councils) for the financial year ended 31<sup>st</sup> December 2021 in accordance with the Provisions of Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, the Local Government Act No. 2 of 2019, the Constituency Development Fund Act No. 11 of 2018 and the Public Finance Management Act No.1 of 2018.

The main function of my Office is to audit the accounts of State organs, State institutions, Provincial Administration, Local Authorities and institutions financed from public funds. In this regard, this report covers selected audited local authorities. I conducted audits on the local authorities to determine whether the funds appropriated by Parliament and internally generated 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 addressed at the time of producing this report.



Dr. Dick Chellah Sichembe

**AUDITOR GENERAL**





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## **Executive Summary**

This Report has been produced in accordance with the Provisions of Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, the Local Government Act No. 2 of 2019, the Constituency Development Fund Act No. 11 of 2018 and the Public Finance Management Act No. 1 of 2018.

During the audit process, there were various levels at which the Office interacted and communicated with the Controlling Officer in the Ministry of Local Government and Rural Development and Principal Officers of Local Authorities. The purpose of the interaction was to provide an opportunity to the Controlling Officer and Principal 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 process. This report also includes outstanding matters as reported in the Treasury Minutes (Action Taken Reports) for the period from 2015 to 2017 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. Failure to collect revenue,
- ii. Failure to update valuation rolls,
- iii. Failure to develop integrated development plans,
- iv. Poor management of solid waste,
- v. Failure to fill vacant positions and in some cases, over employment of staff on some positions and failure to confirm officers on probation,
- vi. Failure to secure properties with title deeds,
- vii. Failure to insure assets,
- viii. Failure to maintain properties,
- ix. Weaknesses in procurement and contract management, and

- x. Weaknesses in management of Local Government Equalisation and Constituency Development Funds.

Other irregularities raised in this Report are as shown in table 1 below.

**Table 1: Summary of Other Irregularities**

<b>No.</b>	<b>Details</b>	<b>Amount K</b>
1	Failure to Remit Statutory Obligations	2,139,806,659
2	Failure to Settle Staff Obligations	199,873,652
3	Unsupported Payments	274,215
4	Unaccounted for Stores	316,908
5	Missing Payment Vouchers	699,467
6	Wasteful Expenditure	1,044,019
7	Failure to Collect Revenue	285,964,714
8	Questionable Payments	67,035
9	Irregular Payments	1,015,610
10	Failure to Recover Advances	64,460
11	Unaccounted for Revenue/Funds	181,718
12	Delayed Banking	58,348
13	Unauthorised Expenditure	210,735
	<b>Total</b>	<b>2,629,366,805</b>

# **PART I**

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## **PREAMBLE**





## **1. Introduction**

This Report has been produced in accordance with the Provisions of Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, the Local Government Act No. 2 of 2019, the Constituency Development Fund Act No. 11 of 2018 and the Public Finance Management Act No.1 of 2018.

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;
  - has been applied for the purpose for which it was appropriated or raised,
  - was expended in conformity with the authority that governs it, and
  - was expended economically, efficiently and effectively.

The Report contains paragraphs on fifty three (53) Local Authorities.

## **2. Scope of Audit**

The audit scope covered the accounts and records of Local Authorities for the financial year ended 31<sup>st</sup> December 2021 and, in some cases, observations that required updating were reported as at 30<sup>th</sup> September 2022.

## **3. Constraints**

### **i. 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, my Office faced a challenge of inadequate and aging fleet of motor vehicles required for use in executing my mandate as most of the vehicles were procured between 2007 and 2015. Consequently, this negatively impacted the targeted time of completing the audit activities.

**ii. Information and Communications Technology Equipment**

During the period from 2017 to 2021, 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.

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

**5. Audit and Reporting Process**

The reporting process involved three (3) major stages. The first stage was where a preliminary query was issued to the Principal Officer and was required to be responded to within ten (10) days. The second stage was where an interim management letter was sent to the Principal Officer and copied to the Controlling Officer and was required to be responded to within fifteen (15) days.

The third stage was where the final management letter (Draft Annual Report Paragraph (DARP)) was issued to the Controlling Officer and was to be responded to within three (3) days to confirm the correctness of the facts.

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

Where the findings were not resolved, the DARPs were consolidated in the Report of the Auditor General on the audit of Accounts of Local Authorities for the period under review.

## **6. Establishment and Mandate of Councils**

Councils are established under Article 152 (3) of the Constitution of Zambia (Amendment) Act No. 2 of 2016 read together with the Local Government Act No. 2 of 2019.

The mandate of the Councils is the delivery of basic social and economic services to the people as set out in the Second Schedule of the Act which includes, among others, power to make by-laws and regulations, imposition of levies, fees and other charges and to formulate local policies to promote, guide and regulate development in the district.

## **7. Governance - The Council**

In accordance with Article 153 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, Councils consist of:

- i. Elected Mayor or Council Chairperson,
- ii. Elected Ward Councillors, and
- iii. Not more than three (3) chiefs representing chiefs in the district, elected by the chiefs in the district.

The term of a Council is five (5) years commencing from the date the Councillors are sworn into office after a general election and ending on the date Parliament is dissolved.

## **8. Management**

### **a. City or Municipal Council**

The operations of a City or Municipal Council is the responsibility of the Town Clerk who is the Principal Officer (Chief Executive Officer) and is assisted by Directors responsible for Finance, Planning, Human Resource and Administration, Legal Services, Housing, Engineering Services and Public Health.

### **b. Town Council**

The operations of a Town Council is the responsibility of the Council Secretary who is the Principal Officer (Chief Executive Officer) and is assisted by Council Treasurer, Director of Works, Chief Human Resource Officer and District Planning Officer.

## **9. Sources of Funds**

Under the Constitution of Zambia (Amendment) Act No. 2 of 2016, a local authority is competent to levy, impose, recover and retain local taxes. A local authority may make bylaws to impose a levy on leviable persons owning or occupying property or premises situated within the area of the local authority, leviable persons carrying on a business, trade or occupation within the area of the local authority or the purchase or sale of a commodity within the area of the local authority.

The Council also receives funding through national support in form of Local Government Equalisation Fund (LGEF), Constituency Development Fund (CDF) and any other grants as the Government may issue.

## **10. Information and Communication Technology**

The local authorities operated various Information and Communication Technology (ICT) systems to manage payroll, billing and preparation of financial statements such as Dove, Palmsoft and Baxtel.

However, the councils were not using a uniform system but were using standalone systems which were not integrated. Consequently, there was delay and lack of uniformity in the production of reports. Further, this caused challenges in cases where key officers were transferred between councils.

## **11. Financial Statements**

Section 45 (1) and (2) of the Local Government Act No. 2 of 2019 requires that as soon as practicable, but not later than three months after the financial year, a local authority should submit to the Minister a report concerning the activities of a local authority during the financial year and the report should include information on the financial affairs of a local authority and they should be appended to that report;

- i. an audited statement of financial position,
- ii. an audited statement of comprehensive income, and
- iii. other information that the Minister may require.

Although the local authorities submitted financial statements on time, in most cases, the figures in the financial statements submitted were not supported with underlying records.



# **PART II**

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## **PARAGRAPHS**





## 12. Chadiza Town Council

### 12.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate income from various sources in amounts totalling K15,515,984 against which amounts totalling K12,047,434 were received and generated resulting in a negative variance of K3,468,550. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budgeted K	Income K	Variance K
1	<b>Locally Generated</b>			
2	Local taxes	1,692,563	23,281	(1,669,282)
3	Fees and Charges	1,424,020	470,406	(953,614)
4	Licences	29,400	1,855	(27,545)
5	Levies	1,552,540	1,489,123	(63,417)
6	Permits	118,450	106,473	(11,977)
7	Other Receipts	30,000	84,330	54,330
	<b>Sub total</b>	<b>4,846,973</b>	<b>2,175,468</b>	<b>(2,671,505)</b>
	<b>National Support</b>			
8	Local Governemnt Equalisation Fund	8,419,011	8,271,966	(147,045)
9	Constituency Development Fund	1,600,000	1,600,000	-
10	Grant in lieu of Rates	650,000	-	(650,000)
	<b>Sub total</b>	<b>10,669,011</b>	<b>9,871,966</b>	<b>(797,045)</b>
	<b>Total</b>	<b>15,515,984</b>	<b>12,047,434</b>	<b>(3,468,550)</b>

In addition, amounts totalling K3,269,115 were brought forward, bringing the total funds available to K15,316,549 out of which amounts totalling K12,819,962 were spent leaving a balance of K2,496,587.

#### b. Accounting for Revenue

##### i. Delayed Finalisation of Valuation Roll

In 2020, the Council budgeted amounts totalling K266,835 for the implementation of a valuation roll, out of which amounts totalling K208,935 were paid to various individuals on 22<sup>nd</sup> September 2020.

However, as at 30<sup>th</sup> September 2022, twenty three (23) months after the commencement of the preparation of the valuation roll, the valuation roll was not ready for implementation.

**ii. Failure to Collect Revenue**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of accounting unit of a local authority to collect in a timely manner all revenue and other public monies due and payable to the local authority.

During the period under review, the Council was expected to collect amounts totalling K230,436 in respect of property rates and rental charges. However, as at 30<sup>th</sup> September 2022, only amounts totalling K26,383 were collected leaving a balance of K204,653. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Revenue Type	Expected K	Collected K	Uncollected K
1	Property Rates	202,186	5,533	196,653
2	Rental Charges	28,250	20,250	8,000
	<b>Total</b>	<b>230,436</b>	<b>26,383</b>	<b>204,653</b>

**c. Management of Payroll and Other Staff Related Matters - Failure to Fill Vacant Positions**

The Council had an approved establishment of ninety six (96) positions out of which ninety (90) were filled leaving six (6) vacant as at 30<sup>th</sup> September 2022. Out of the vacant positions, some were key to the running of the Council such as District AIDS coordinator and Assistant Internal Auditor.

**d. Management of the Local Government Equalisation Fund**

The Local Government Act No. (2) of 2019 provides that, a Council shall use at least 20% of the Equalisation Funds received in any financial year to finance capital expenditure. During the period under review, amounts totalling K8,271,966 were received as equalisation funds, out of which 20% amounting to K1,654,393 was transferred to capital projects while 80% amounting to K6,917,573 was allocated to recurrent expenditure.

The following were observed:

**i. Delayed Completion of the Construction of an Abattoir**

On 10<sup>th</sup> October 2019, the Council engaged Infrasin Construction and general suppliers to complete the construction of an abattoir at a contract sum of K454,106. The contract duration was six (6) months with an expected completion date of 18<sup>th</sup> April, 2020.

The scope of works included construction of sub and superstructures, plastering, roofing, fitting of fixtures, electrical works, plumbing, roofing of the guard house, fitting of doors and windows, completion of an incinerator and auxiliary works.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K278,246.

A physical inspection of the project carried out in September 2022, revealed that the project had not been completed twenty nine (29) months after the expected completion date. The outstanding works included electrical works, roofing of the guard house, fitting of doors and windows, completion of an incinerator and plumbing works. See picture below.



Abattoir under construction

Further, the contractor was not on site and the project had stalled.

**ii. Delayed Completion of the Fire Station**

On 13<sup>th</sup> January, 2021, the Council engaged Gemm Contractors Limited to construct the fire station at a contract sum of K452,438. The duration was twelve (12) weeks with an expected completion date of 24<sup>th</sup> April, 2021.

The scope of works included construction of sub and superstructures, roofing, finishes, electrical works, painting, glazing, fittings and fixtures and connecting pipes to the soakaway septic tank.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K383,826.

A physical inspection of the project carried out in September 2022, revealed that the project had not been completed eight (8) months after the expected completion date. The outstanding works included fitting of connecting pipes to the soak way and septic tank, painting (final coat) and glazing. See picture below.



Fire Station under construction

Further, the contractor was not on site and the project had stalled.

**e. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was made as Constituency Development Fund (CDF) to cater for Chadiza constituency and the whole amount was released.

In addition, amounts totalling K1,083,565 were brought forward from 2020 bringing the total funds available for expenditure to K2,683,565.

As at 31<sup>st</sup> December 2021, amounts totalling K498,664 had been spent leaving a balance of K2,184,901.

The following were observed

**i. Unimplemented Approved Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “a project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.


However, a review of the approved list and progress reports for the Constituency Development Fund revealed that six (6) approved projects with a total allocated amount of K1,520,000 had not been implemented as at 30<sup>th</sup> September 2022, despite being approved by the Ministry of Local Government and Rural Development on 13<sup>th</sup> May 2021 and funding received on 30<sup>th</sup> September, 2021. See table 3 below.


**Table 3: Unimplemented Approved Projects**

No.	Constituency	Name of Project	Date of Funding	Approval Date	Period Project Delayed (Months)	Approved Amount K
1	Chadiza	Construction of an examination strong room	30.09.2021	13.05.2021	7	186,280
2	Chadiza	Construction of 1x3 classroom block at Nsandu primary school	30.09.2021	13.05.2021	7	366,633
3	Chadiza	Completion of an admission ward at Chadiza urban clinic	30.09.2021	13.05.2021	7	219,500
4	Chadiza	Construction of a staff house at Kaunda primary school	30.09.2021	13.05.2021	7	239,937
5	Chadiza	Construction of health post at Ngala NHC	30.09.2021	13.05.2021	7	253,825
6	Chadiza	Constiction of health post kama	30.09.2021	13.05.2021	7	253,825
	<b>Total</b>					<b>1,520,000</b>

A physical verification of selected projects revealed that projects were not completed on time as detailed in table 4 below.

**Table 4: Uncompleted Projects**

No.	Project	Contractor	Contract Period	Contract sum K	Amount paid K	Scope of work	Current Status
1.	Completion of a Laboratory at Naviluri Day Secondary School	Richard Mwewa	Not Stated	120,000 Labour 12,000	111,340	Construction of superstructure, roofing, finishes, fittings and fixtures and ancillary works.	As at 30 <sup>th</sup> September 2022, the structure had been partially roofed with the following outstanding works; Completion of roofing, finishes, fittings and fixtures and ancillary works. 
2.	Construction of a market shelter.	Phocks General Dealers and Construction Limited	Not stated	190,000 (labour 32,000)	141,326 (Labour 4,500 &	Construction of superstructure, roofing, finishes,	As at 30 <sup>th</sup> September 2022, the project was partly roofed

					Materials 1,36,826)	building of concrete tables, fittings and fixtures and ancillary works.	with the following outstanding works;  Completion of the roof, of building of concrete tables, fixtures and fittings. See picture below.
							
<b>3.</b>	Construction of Mangwe Health Post	Zulu Tenford	Not stated	200,000 (Labour 35,000)	189,533 (Labour 31,000 & Materials 158,533)	Construction of superstructur e, roofing, finishes, fittings, painting, glazing, construction of spoon and drain and ancillary works.	As at 30 <sup>th</sup> September 2022, the project was roofed with the following outstanding works;  Glazing, fitting fixtures, fitting of doors, construction of spoon drain and





**f. Management of Liabilities - Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and ZULAWU amounts totalling K5,672,236 in respect of tax, pension and union contributions, some dating from as far back as 2018. See table 5 below.

**Table 5: Unremitted Statutory Obligations**

No.	Institution	Balance B/f as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	1,772,660	872,229	2,644,889	20,000	2,624,889
2	NAPSA	1,519,148	658,456	2,177,604	-	2,177,604
3	ZULAWU	28,475	-	28,475	18,000	10,475
4	LASF	732,867	150,768	883,635	24,367	859,268
	<b>Total</b>	<b>4,053,150</b>	<b>1,681,453</b>	<b>5,734,603</b>	<b>62,367</b>	<b>5,672,236</b>

**13. Chama Town Council**

**13.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate income from various sources in amounts totalling K13,599,128 against which amounts totalling K13,534,316 were received and generated resulting in a negative variance of K64,812. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally generated</b>			
1	Local taxes	70,064	26,788	(43,276)
2	Fees and Charges	650,000	330,674	(319,326)
3	Licences	28,400	6,240	(22,160)
4	Levies	101,645	213,866	112,221
5	Permits	40,000	49,855	9,855
6	Other Receipts	41,520	-	(41,520)
	<b>Sub Total</b>	<b>931,629</b>	<b>627,423</b>	<b>(304,206)</b>
	<b>National Support</b>			
7	Local Government Equalisation fund	9,467,499	9,506,893	39,394
8	Constituency Development Fund	3,200,000	3,200,000	-
9	Other Grants	-	200,000	200,000
	<b>Sub Total</b>	<b>12,667,499</b>	<b>12,906,893</b>	<b>239,394</b>
	<b>Total</b>	<b>13,599,128</b>	<b>13,534,316</b>	<b>(64,812)</b>

In addition, amounts totalling K3,493,911 were brought forward from the previous year bringing the total funds available to K17,028,227. As at 31<sup>st</sup> December 2021 amounts totalling K14,467,098 had been spent leaving a balance of K2,561,129.

**b. Operational Matters**

**i. Environmental Management – Poor Management of the Dumpsite**

The Environmental Management Act No. 12 of 2011 states that, “A Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, the Solid Waste Regulation and Management Act No. 20 of 2018 states that, “A local authority shall within its jurisdiction, collect and dispose of, or arrange for the collection and disposal of, all household waste in accordance with this Act, ensure that waste is collected, transported and disposed of in accordance with this Act, provide litter

receptacles in public places; and prepare and submit reports relating to solid waste management to the Ministers responsible for health, environment or water”.

The following were observed:

- The Council did not compact or cover the waste with a layer of soil.
- The dumpsite was not fenced for protection from access by unauthorized persons.
- No warning signs were erected or displayed at the dumpsite.

**ii. Failure to Develop the Integrated Development Plan**

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plan, local area and sectorial plans.

Contrary to the Act, the Council did not have an integrated development plan as at 30<sup>th</sup> September 2022.

**iii. Lack of Fire Fighting and Prevention Services**

Section (16) (2) of the Local Government Act No. 2 of 2019 states that, “A Local Authority shall, establish and maintain fire-fighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

However, the following were observed:

- There was no ambulance, fire tender and protective clothing for firefighters.
- The Council had not installed any fire hydrants around the District.
- The Council did not insure its two (2) fire-fighters at the station.

**c. Management of Payroll and Other Staff Related Matters**

**i. Employees Without Requisite Qualifications**

Contrary to the individual job descriptions for Local Authorities which provide for minimum qualifications for officers occupying various positions, it was observed that

nine (9) members of staff did not meet the requisite educational and professional qualifications for the positions they were holding. See table 2 below.

**Table 2: Employees without Requisite Qualifications**

No.	Position	No. of Employees	Minimum (Requisite) Qualification	Comments
1	Typist	1	Advanced Certificate in Secretarial and Office Management, Grade 12 Certification	No full grade 12 certificate
2	District Accountant	1	Accounting Technicians Diploma, Skills Award in Fundamental Local Government Audit, Grade 12 GCE	No full grade 12 certificate
3	Revenue Collector	2	Grade 12 Certificate	No full grade 12 certificate
5	Divisional Fire Officer	1	Grade 12 GCE	No full grade 12 certificate
6	Assistant Divisional Fire Officer	1	Station Officer, Sub Officer, Leading Officer, Fire Prevention, Fire Investigation, Basic Firemanship, Grade 12 Certificate	No full grade 12 certificate
7	Superintendent	1	Sub Officer, Leading Firefighter, Basic Firefighters, Fire Prevention, GCE	No full grade 12 certificate
8	Works Foreman Roads	1	Trade Test Certificate Level 1 in Automotive, Grade 12 Certificate	No full grade 12 certificate
9	Clerical Officer	1	Certificate in Road Construction and Maintenance Supervision, Certificate in Psychosocial, Counselling, Certificate in Statistic, Package in Social Science, Grade 12 Certificate	No full grade 12 certificate
	<b>Total</b>	<b>9</b>		

## ii. Failure to Fill Vacant Positions

The Council had an approved establishment of ninety five (95) positions out of which seventy four (74) were filled leaving twenty one (21) positions vacant as at 30<sup>th</sup> September 2022. Out of the vacant positions, some were key to the smooth running of the Council such as Chief Human Resources and Administrative Officer, Stores Officer, Revenue Officers, Fire Fighters and Committee Clerk.

**d. Management of Assets - Failure to Insure Motor Vehicle and Motor Bikes**

Section 41 (1) of the Public Finance Management (General) Regulations 2020 states that, “a public body shall insure public assets with an insurance company registered under the Insurance Act, 1997”.

Contrary to the Regulation, the Council did not insure seven (7) motor vehicles and three (3) motor bikes as at 30<sup>th</sup> September 2022.

**e. Management of Local Government Equalization Fund**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K9,506,893 were received as equalisation funds, out of which 20% amounting to K1,901,379 was allocated to capital projects while 80% amounting to K7,605,514 was allocated to operational expenses.

The following were observed:

**i. Failure to Reimburse Borrowed Funds**

During the period under review, the Council borrowed amounts totalling K1,013,500 from the capital account to meet operational expenses.

As at 30<sup>th</sup> September 2022, the funds had not been reimbursed.

**ii. Missing Payment Vouchers**

Section 72 (1) of the Public Finance Management (General) Regulations 2020 states that, “a payment voucher with supporting documents, and any other forms which support a charge entered in the accounts, shall be filed, secured against loss, and be readily available for audit.”

Contrary to the regulation, ten (10) payment Vouchers in amounts totalling K213,309 made during the period under review were not availed for audit.

### **iii. Misapplication of Capital Projects Funds**

During the period under review, the Council misapplied amounts totalling K387,879 meant for capital projects on operational expenses such as payments for salaries, settling in allowances, procurement of stationery and servicing of motor vehicles.

As at 30<sup>th</sup> September 2022, the funds had not been reimbursed.

### **f. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K3,200,000 was made to cater for Chama South and Chama North Constituencies and the whole amount was released.

In addition, an amount of K2,792,585 was brought forward from 2020 bringing the total funds available to K6,172,585.

As at 31<sup>st</sup> December 2021, amounts totalling K3,692,966 had been spent leaving a balance of K2,479,819.

The following were observed:

#### **i. Missing Payment Vouchers**

Section 72 (1) of the Public Finance Management (General) Regulations, 2020 states that, “a payment voucher with supporting documents, and any other forms which support a charge entered in the accounts, shall be filed, secured against loss, and be readily available for audit.”

Contrary to the regulation, five (5) payments in amounts totalling K299,211 made during the period under review were not availed for audit.

#### **ii. Failure to Recover Funds from a Contractor**

On 18<sup>th</sup> December 2020, the Council engaged Building Mechanical Limited for the Rehabilitation of Mulilo Maternity Annex in Mulilo Ward at a contract price of K43,798. The scope of works included; mobilization and demolition, excavations and anti-termites, backfilling, window alignment, painting and roof rehabilitation.

As of September 2022, the contractor was paid an advance amounting to K11,224.

A physical inspection carried out in September 2022, revealed that the works were not done and the advance payment was not recovered from the contractor.

**iii. Other Projects**

**Table 4: Other Projects**

No.	Constituency	Project	Contractor	Contract Period	Contract		Contract Sum K	Amount Paid K	Scope of Works	Project Status and other observations as at 30 <sup>th</sup> September 2022
					Start	End				
<b>1</b>	Chama South	Renovation of 1x3 Classroom Block at Mabinga Primary School	The Building Mechanic Limited	16 weeks	18/11/20	05/03/21	182,914	120,904	Concrete work, brick work, roofing, ironmongery, glazing, floor finish, plastering, painting, and drainage works.	The building had been completed and handed over. However, three (3) grille doors costing K8,000 had not been fitted.
<b>2</b>		Construction of 1x3 Classroom Block Mundalanga	Kampheta General Dealers	16 weeks	17/11/20	02/03/21	105,209	118,276	Mobilisation, ring beam, brick works, concrete	The building had been roofed. However, the following works were outstanding:

		Secondary, Phase 1							works, roofing, floor finish, and ironmongery	<ul style="list-style-type: none"> <li>• Six doors had not been fitted</li> <li>• Floor not done</li> <li>• Six window frames not fixed</li> <li>• Door frames and doors not fitted</li> <li>• Plastering</li> <li>• Painting</li> <li>• Grille doors costing K2,400 not fitted</li> <li>• The contractor was overpaid by K13,067</li> <li>• Contractor was not on site</li> </ul>
<b>3</b>	Chama North	Construction of Mwalala Market	Kampheta General Dealers	16 Weeks	14/06/2021	13/10/21	49,975	48,000	Construction of market shelter and external works	The construction of the superstructure was completed. However, the construction of the dwarf walls was not done.
<b>4</b>		Completion of Luangwa Health Post	Eppa General Dealers	20 Weeks	17/12/2020	16/05/21	37,500	32,500	Mobilization and demolition, Excavation and anti-termites, backfilling, concrete work,	<p>The building was completed. However, the following were observed;</p> <ul style="list-style-type: none"> <li>• The walls and floor were infested by termites due to non-use of anti termite.</li> </ul>



									glazing and floor finish, carpentry, painting, drainage works.	<ul style="list-style-type: none"> <li>The floor was peeling off due to poor workmanship</li> <li>Despite the flooring having been done, concrete works worth K21,400 paid for but the works were not done</li> <li>The ring beam on the veranda was not plastered</li> </ul>
5		Drilling of 16 Boreholes in Various wards of Chama South Constituency	Yeleyza Enterprises Limited	No contract	No contract	No contract	No contract	No contract	Borehole drilling, cursing, hand pump installation, pumping testing, laboratory test for water quality and construction of civil works and drainages.	<p>The drilling of boreholes works had not been completed in that nine (9) out of sixteen (16) were done.</p> <ul style="list-style-type: none"> <li>All the nine drilled boreholes had not been equipped</li> <li>7 boreholes had not been drilled</li> <li>Contracts and bill of quantities had not been provided and the contractor was not on site</li> </ul>
6		Construction of 1 x 3 classroom block at Nkhoka Primary school	Christopher Zimba Hardware Supplies	16 weeks	10.11.2020	10.03.21	215,123	228,804	Mobilization, excavation, backfilling, concrete works, glazing and flooring, plastering, finishing, painting and drainage works.	<p>The building had not been completed eighteen (18) months after the expected completion date. The outstanding works included; plastering, flooring and finishings.</p> <p>In addition, the contractor was not on site and works had stalled.</p> <p>Further, the contractor was overpaid by K11,925.</p>

7	Construction of Laboratory at Chifunda Day Secondary School	Christopher a Zimba Hardware Supplies	16 weeks	10.11.2020	10.03.21	349,800	503,984	Mobilization, excavation, backfilling, concrete works and glazing, flooring, plastering, finishing, painting and drainage works.	<p>The building had not been completed eighteen (18) months after the expected completion date. The outstanding works included; glazing, doors, painting and finishings.</p> <p>In addition, the contractor was not on site and works had stalled.</p> <p>Further, the contractor was over paid by K154,184</p>
	Construction of bridge at Kadula	Christopher a Zimba Hardware Supplies	No contract	No contract	No contract	60,000 (Approved amount)	130,780	No contract	<p>The bridge was completed and was in use. However, the contractor was over paid by K70,780.</p> <p>The contract was not availed for audit and as such, the start and end dates, scope of works and other details of the contract could not be ascertained.</p>
8									

**g. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K4,977,852 in respect of tax, pension, union and insurance contributions some dating from as far back as 2018. See table 5 below.

**Table 5: Outstanding Statutory and Other Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	3,129,521	670,185	3,799,706	105,000	3,694,706
2	NAPSA	637,725	568,617	1,206,342	472,336	734,006
3	LASF	392,701	180,625	573,326	194,292	379,034
4	MADISON	19,169	39,664	58,833	30,017	28,816
5	FIRESUZ		2,714	2,714	2,714	-
6	NHIMA	34,416	76,783	111,199	35,711	75,489
7	ZULAWU	21,261	54,474	75,735	9,935	65,801
9	<b>Total</b>	<b>4,234,793</b>	<b>1,593,062</b>	<b>5,827,855</b>	<b>850,004</b>	<b>4,977,852</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K767,817 in respect of salary arrears and settling in allowance some dating from as far back as 2018. See table 6 below.

**Table 6: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligation for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	Salary Arrears	774,723	-	774,723	110,379	664,344
2	Settling in Allowances	159,422	17,454	176,876	73,403	103,473
	<b>Total</b>	<b>934,145</b>	<b>17,454</b>	<b>951,599</b>	<b>183,782</b>	<b>767,817</b>

## 14. Chifunabuli Town Council

### 14.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council had budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate income from various sources in amounts totalling K11,116,290 against which amounts totalling K8,981,495 were received and generated resulting in a negative variance of K2,134,795. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	15,000	8,005	(6,995)
2	Fees & Charges	2,168,180	484,830	(1,683,350)
3	Licences	103,550	92,365	(11,185)
4	Levies	177,640	53,263	(124,377)
5	Permits	71,920	42,545	(29,375)
6	Commercial Venture	-	-	-
7	Other Receipts	60,000	33,355	(26,645)
	<b>Subtotal</b>	<b>2,596,290</b>	<b>714,363</b>	<b>(1,881,927)</b>
	<b>National Support</b>			
8	Equalisation Fund	6,720,000	6,617,132	(102,868)
9	CDF	1,600,000	1,600,000	-
10	Other Grants	200,000	50,000	(150,000)
	<b>Subtotal</b>	<b>8,520,000</b>	<b>8,267,132</b>	<b>(252,868)</b>
	<b>Total</b>	<b>11,116,290</b>	<b>8,981,495</b>	<b>(2,134,795)</b>

In addition, there was an opening balance of K2,801,822 bringing the total funds available for expenditure to K11,783,317. As at 31<sup>st</sup> December 2021, amounts totalling K8,720,822 had been spent leaving a balance of K3,062,584.

**b. Operational Matters**

**i. Failure to Develop an Integrated Development Plan**

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an integrated development plan.

**ii. Lack of Firefighting and Prevention Services**

Section 16 (2) sub section (5) (c) of the Local Government Act No.2 of 2019 states that, “A Local Authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have firefighting and prevention services as at 30<sup>th</sup> September 2022.

**iii. Failure to Service Plots – No Access Roads**

The Ministry of Lands and Natural Resources Circular No. 1 of 1985 requires plots to be surveyed, beaconed, numbered and roads created before advertising them for public offering.

Contrary to the Circular, the Council offered fifty (50) plots to members of the public without creating access roads. Consequently, the successful applicants could not start developing their plots.

**c. Environmental Management**

The Environmental Management Act No. 12 of 2011 states that, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

- i. An inspection of the dumpsite carried out in September 2022 revealed the following:
- The Council operated the dumpsite without approval from Zambia Environmental Management Agency (ZEMA).
  - The Council did not fence the dumpsite for protection from access by unauthorised persons.
  - There were no hazard and safety warning signs at the dumpsite.
  - The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards. See Pictures below.



Unfenced dumpsite

ii. **Lack of waste holding bay**

There were no waste holding bays at Mwewa Market. As a result, waste generated was dumped indiscriminately posing a danger to public health. See pictures below.



Waste dumped indiscriminately at Mwewa Market

#### **d. Management of Payroll and Other Staff Related Matters**

##### **i. Failure to Fill Vacant Positions**

The Council had an approved establishment of seventy-three (73) positions out of which forty seven (47) were filled leaving twenty six (26) vacant as at 30<sup>th</sup> September 2022. Out of the vacant positions, some were key to the running of the Council such as District Planning Officer, Health Inspector and Revenue Collectors.

##### **ii. Failure to Confirm Employees**

Section 27 (1) of the Employment Act No.3 of 2019 states that, “an employee may be employed for a probationary period, not exceeding three months, for the purpose of determining that employees’ suitability for the appointment”, and “(3) Where, during the probation period, an employer determines after an assessment that an employee is not suitable for the job, the employer shall terminate the contract of employment by giving the employee at least twenty-four hours’ notice of the termination”.

Contrary to the Act, the Council had six (6) officers on probation for periods ranging from eight (8) to nineteen (19) months as at 30<sup>th</sup> September 2022.



**e. Management of Constituency Development Fund (CDF)**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was made to cater for Chifunabuli Constituency and the whole amount was released.

In addition, amounts totalling K1, 763, 575 were brought forward from 2020 and a cash deposit of K1, 455 bringing the total funds available to K3,365,030.

As at 31<sup>st</sup> December 2021, amounts totalling K1, 099,373 had been spent leaving a balance of K2, 265,657.

The following were observed:

**i. Construction of 1x3 CRB at Kapoma Primary School – Delayed Completion**

On 3<sup>rd</sup> May 2021, the Council engaged Glens Cort Construction for the construction of a 1x3 classroom block at Kapoma Primary School at a contract price of K258,240 with a contract period of sixteen (16) weeks commencing on 7<sup>th</sup> May and ending on 13<sup>th</sup> September 2021.

The scope of works included; substructure, superstructure, construction of ring beam, installation of trusses and roofing.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K167,856. A physical inspection carried out in September 2022, revealed that the project had not been completed twelve (12) months after the expected completion date. The outstanding works included installation of trusses and roofing. See picture below.



Incomplete 1x3 CRB



Further, the Council terminated the contract on 10<sup>th</sup> January 2022 due to non-performance of the contractor but had not engaged another contractor to complete the project as at 30<sup>th</sup> September 2022.

**ii. Construction of 1x3 CRB at Kapumpe Primary School – Delayed Completion**

On 6<sup>th</sup> May 2021, the Council engaged Nkumbu Lubuto Enterprise for the construction of a 1x3 classroom block at Kapumpe Primary School at a contract sum of K259,259 with a contract period of sixteen (16) weeks commencing on 7<sup>th</sup> May and ending on 13<sup>th</sup> August 2021.

The scope of works included; substructure, superstructure, construction of ring beam, installation of trusses and roofing, window frames, door frames, doors and grill gates, plastering, painting and finishes.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K116,666. A physical inspection carried out in September 2022, revealed that the project had not been completed thirteen (13) months after the expected completion date. The outstanding works included installation of trusses and roofing, window frames, door frames, eight (8) doors, grill gates, plastering, painting and finishes. See picture below.



Incomplete 1x3 CRB

Further, the Council terminated the contract on 10<sup>th</sup> January 2022 due to non-performance of the contractor but had not engaged another contractor to complete the project as at 30<sup>th</sup> September 2022.

**iii. Construction of 1x3 CRB at Shikamushile Primary School – Delayed Completion**

On 6<sup>th</sup> May 2021, the Council engaged Chanewa Enterprises for the construction of a 1x3 classroom block at Shikamushile Primary School at a contract sum of K168,351 with a contract period of sixteen (16) weeks commencing on 7<sup>th</sup> May and ending on 13<sup>th</sup> August 2021.

The scope of works included; superstructure, construction of a ring beam, installation of trusses and roofing.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K117,846.

A physical inspection carried out in September 2022 revealed that the project had not been completed thirteen (13) months after the expected completion date with roofing outstanding. See picture below.



**Incomplete 1x3 CRB**

Further, the Council terminated the contract on 6<sup>th</sup> May 2022 due to non-performance of the contractor but had not engaged another contractor to complete the project as at 30<sup>th</sup> September 2022.

**iv. Irregular Charge of Value Added Tax**

Section 27 (1) of the VAT Act Chapter 331 of the Laws of Zambia requires that only companies that are registered for VAT can charge VAT.

Contrary to the Act, two (2) companies contracted by the Council to complete projects charged VAT in amounts totalling K68,418 although they were not registered for VAT with Zambia Revenue Authority.

In this regard, the companies were overpaid by K37,505. See table 2 below.

**Table 2: Irregular Charge of VAT**

No.	Contractor	Project Name	Contract Sum K	Payments K	VAT K
1	Nkumbu Lubuto Enterprises	Completion of 1x3 CRB at Kapumpe Pri Sch	259,259	116,556	18,649
2	Chanewa Enterprise Limited	Completion of 1x3 CRB at Shikamushile Pri Sch	168,351	117,848	18,856
	<b>Total</b>		<b>427,610</b>	<b>234,404</b>	<b>37,505</b>

**f. Management of Liabilities - Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA) and National Pension Scheme Authority (NAPSA) amounts totalling K1,809,477 in respect of tax and pension contributions, some dating from as far back as 2020. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance B/F as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	1,177,508	849,607	2,027,114	370,861	1,656,254
2	NAPSA	200,230	452,630	652,860	499,637	153,224
	<b>Total</b>	<b>1,377,738</b>	<b>1,302,237</b>	<b>2,679,975</b>	<b>870,498</b>	<b>1,809,477</b>

## 15. Chikankata Town Council

### 15.1 Audit findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K24,635,419 against which amounts totalling K20,812,314 were received and generated resulting in a negative variance of K3,823,105. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	8,872,848.00	5,662,404	(3,210,444)
2	Fees and Charges	1,334,641	1,165,844	(168,797)
3	Licences	210,456	132,450	(78,006)
4	Levies	656,500	690,785	34,285
5	Permits	85,320	46,971	(38,349)
6	Other Receipts	3,549,200	3,526,399	(22,801)
7	Commercial Venture	22,500	-	(22,500)
	<b>Sub total</b>	<b>14,731,465</b>	<b>11,224,853</b>	<b>(3,506,612)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	8,103,954	7,987,461	(116,493)
9	Constituency Development Fund	1,600,000	1,600,000	-
10	Other Grants	200,000	-	(200,000)
	<b>Sub total</b>	<b>9,903,954</b>	<b>9,587,461</b>	<b>(316,493)</b>
	<b>Total</b>	<b>24,635,419</b>	<b>20,812,314</b>	<b>(3,823,105)</b>

In addition, funds amounting to K8,950,580 were brought forward from the previous year bringing the total funds available to K29,762,894. As at 31<sup>st</sup> December 2021 amounts totalling K21,239,807 had been spent leaving a balance of K8,523,087.

#### b. Environmental Management - Poor Management of Nanduba Dumpsite

The Environmental Management Act No. 12 of 2011 states that, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, Section 46 (3) of the Solid Waste Regulation and Management Act No.20 of 2018 states that, “An application for a permit shall comply with the Environmental Management Act of 2011, and be made in the prescribed manner and form on payment of a prescribed fee”.

The following were observed:

- The Council operated Nanduba dumpsite without approval from Zambia Environmental Management Agency (ZEMA).
- There were no warning signs regarding entry into the dump site by users and members of the public.
- The dumpsite was not fenced for protection from access by unauthorized persons. See pictures below.



Unfenced dumpsite and no warning signs

**c. Accounting for Revenue - Failure to Collect Revenue**

Section 9(h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

During the period under review, the Council was expected to collect amounts totalling K6,114,751 from property rates and bill boards. However, as at 30<sup>th</sup> September 2022, amounts totalling K5,620,998 were collected leaving a balance of K493,753. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Revenue Type	Expected K	Collected K	Uncollected K
1	Property Rates	6,097,844	5,620,998	476,846
2	Bill Board Fees	16,907	-	16,907
	<b>Total</b>	<b>6,114,751</b>	<b>5,620,998</b>	<b>493,753</b>

**d. Procurement of Goods and Services - Splitting of Cheques to Circumvent the Prescribed Limits**

Bank of Zambia Circular No.06/2016 states that, “splitting of cheques to circumvent the prescribed limits attract a penalty fee on the paying bank of 25% of the value of the split cheque up to a maximum of two hundred penalty units as stipulated in Section 43 of the National Payment System Act of 2007”.

However, it was observed that on 4<sup>th</sup> June 2021 the Council split an amount of K39,900 paid to the Print Shop by issuing to Cheque No. 005138 and 005139 in order to avoid exceeding the prescribed limits as the amount exceeded the approved threshold of K25,000.

**e. Management of Assets**

**i. Lack of Title Deeds**

Section 41(4) of the Public Finance Management Act, No.1 of 2018, requires that a Controlling Officer should ensure that all public properties under the Controlling Officer’s charge are secured with title deeds.

Contrary to the Act, the Council did not secure title deeds for the parcel of land on which ten (10) houses were located. Consequently, the houses could not be insured.

**ii. Failure to Insure Equipment**

Section 41 (1) of the Public Finance Management (General) Regulations, 2020 states that, “a public body shall insure public assets with an insurance company registered under the Insurance Act, 1997”.

Contrary to the Regulation, the Council did not insure three (3) equipment namely; a motor grader, backhoe loader and a tractor valued at K899,783 as at 30<sup>th</sup> September 2022.

**f. Management of Local Government Equalisation Fund**

According to the Local Government Act No. 2 of 2019, a council should use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K7,987,461 were received as equalisation fund out of which amounts totalling K1,597,492 being 20% of the funded amounts were transferred to the capital account.

In addition, an amount of K1,751,741 was brought forward from the previous year bringing the total funds available to K3,349,233.

The following were observed:

**i. Construction of Staff House at Hapwaya Clinic – Delayed Completion of Project**

On 20<sup>th</sup> November 2020, the Council engaged Sitecon Zambia Limited for the construction of a staff house at Hapwaya Clinic up to roof level at a contract price of K124,710 with a contract period of sixty three (63) days commencing on 1<sup>st</sup> December 2020 to 2<sup>nd</sup> February 2021.

The scope of works included; excavation and earthwork, blockwork, application of black bituminous, concrete work and reinforcement of lintel.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K94,544.

The following were observed



- A physical inspection carried out in September 2022, revealed that the project had not been completed eighteen (18) months after the expected completion date.
- The outstanding works included; back filling around the foundation, application of black bituminous, blockwork above lintel, reinforcement of concrete – ring beam and lintel.
- Further, the contractor was not on site. See pictures below.



Incomplete staff house at Hapwaya Clinic

## ii. **Rehabilitation of the Colleen Street**

During the period under review, the Council allocated amounts totalling K505,000 for the rehabilitation of the Colleen Street. In this regard, on 30<sup>th</sup> November 2021, the Council embarked on the rehabilitation of the Colleen Street using force account and was to be completed on 21<sup>st</sup> December 2021.

The scope of works included; excavation, gravelling, compaction with gravel and installation of four (4) culverts.

As at 30<sup>th</sup> September 2022, amounts totalling K458,445 had been spent.

A physical inspection carried out in September 2022, revealed that works had not been completed ten (10) months after the expected completion date. The outstanding work was installation of four (4) culverts.



**g. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a provision of K1,600,000 was made as Constituency Development Fund (CDF) to cater for Chikankata Constituency and the whole amount was released. In addition, an amount of K1,985,939 was brought forward from 2020 bringing the total funds available to K3,585,939.

As at 31<sup>st</sup> December 2021, amounts totalling K1,017,826 had been spent leaving a balance of K2,568,113.

The following were observed;

**i. Delayed Implementation of Approved Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “a project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located.”

However, a review of the approved list and progress reports for the Constituency Development Fund revealed that two (2) approved projects with a total allocated amount of K275,000 had not been implemented as at 30<sup>th</sup> September 2022, despite being approved by the Ministry of Local Government and Rural Development on 14<sup>th</sup> December 2021 and funding received on 1<sup>st</sup> October 2021. See table 3 below.

**Table 3: Unimplemented Approved Projects**

No.	Constituency	Project Name	Date of Funding	Date Projects Approved	Period Project Delayed (Months)	Amount Allocated K
1	Chikankata	Construction of Rural Health Post at Shingoma in Turnpike ward	01.10.2021	14.12.2021	9	190,000
2	Chikankata	Completion of a Mothers Shelter at Chikombola Clinic - Chikombola Ward	01.10.2021	14.12.2021	9	85,000
		<b>Total</b>				<b>275,000</b>

## ii. Completion of 1x2 Classroom Block at Naluama Primary School

On 16<sup>th</sup> April 2021, the Council engaged Bensly Zambia for the completion of 1x2 classroom block at Naluwama Primary School at a contract price of K152,829 with a contract period of six (6) weeks commencing on 1<sup>st</sup> May to 14<sup>th</sup> June 2021.

The scope of works included; carpentry, joinery and ironmongery, painting and decorating.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K111,788.

The following were observed

- A physical inspection carried out in September 2022, revealed that the project had not been completed fourteen (14) months after the expected completion date.
- The outstanding works included; painting, fitting of five (5) mukwa doors, steel door 800x2000mmx2m, external 100x2000mm double grille gate door and glass panes.
  - Further, the contractor was not on site. See pictures below.



Incomplete 1x2 Classroom Block at Naluama Primary School

### iii. Drilling of Twelve (12) Boreholes

On 28<sup>th</sup> April 2021, the Council engaged Cashmo Contractors and General Dealers Limited for the drilling and equipping of twelve (12) boreholes at Kachesa, Shingoma–Njoye, Hakantu, Ngandu Wilson B, Kaabo, Mwambula, Mwanamangala Nachilangu, Chizokoto Mpande, Chilomba, Miyoba and Shimwambwa Hamaluma Villages at a contract price of K597,780 with a contract duration of twelve (12) weeks starting from 15<sup>th</sup> May to 15<sup>th</sup> August 2021.

The scope of works included; drilling boreholes and equipping with Indian Mark II hand pumps.

As at 30<sup>th</sup> September 2022, the contractor had been paid a total amount of K218,802.

A physical inspection carried out in September 2022, revealed that the project had not been completed forty (40) weeks from the expected completion date in that the boreholes at Shingoma-Njoye, Miyoba, Shimwambwa Hamaluma, Kachesa and Chilomba were not drilled.

Further, the contractor was not on site and the works had stalled.

### h. Management of Liabilities

#### i. Failure to Remit Statutory Contributions

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K2,071,250 in respect of tax and pension contributions some dating from as far back as 2015. See table 4 below.

**Table 4: Unremitted Statutory Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	939,979	1,175,776	2,115,755	120,000	1,166,282
2	NAPSA	5,932,731	256,605	6,189,336	265,308	874,679
3	LASF	94,433	219,668	314,101	309,935	30,288
	<b>Total</b>	<b>6,967,143</b>	<b>1,652,049</b>	<b>8,619,192</b>	<b>695,243</b>	<b>2,071,250</b>

## ii. Failure to Settle Staff Obligations

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K3,772,120 in respect of long service bonus, accrued leave days, settling in allowance and terminal benefits some dating from as far back as 2012. See table 5 below.

**Table 5: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Totals K	Payments K	Balance as at 31.12.2021 K
1	Long Service Bonus	2,195,418	-	2,195,418	203,804	1,991,614
2	Terminal Benefits	340,248	1,182,741	1,522,989	35,920	1,487,069
3	Leave Travel Benefits	132,003	90,900	222,903	56,863	166,040
4	Settling in Allowances	97,148	30,248	127,396	-	127,396
	<b>Total</b>	<b>2,764,818</b>	<b>1,303,888</b>	<b>4,068,707</b>	<b>296,587</b>	<b>3,772,120</b>

## 16. Chinsali Municipal Council

### 16.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K20,657,375 against which income totalling K17,038,400 were actually received and generated resulting in a negative variance of K3,618,975 as shown in table 1 below.

**Table 1: Budget and Income**

No.	Sources of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	1,191,433	446,613	(744,820)
2	Fees and Charges	4,602,538	2,493,252	(2,109,286)
3	Licences	522,425	558,632	36,207
4	Levies	18,300	25,314	7,014
5	Permits	453,594	422,295	(31,299)
6	Commercial Venture	921,000	(7,870)	(928,870)
	<b>Subtotal</b>	<b>7,709,290</b>	<b>3,938,236</b>	<b>(3,771,054)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	11,348,085	11,000,164	(347,921)
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Other Grants	-	500,000	500,000
	<b>Subtotal</b>	<b>12,948,085</b>	<b>13,100,164</b>	<b>152,079</b>
	<b>Total</b>	<b>20,657,375</b>	<b>17,038,400</b>	<b>(3,618,975)</b>

In addition, amounts totalling K745,846 were brought forward, bringing the total funds available to K17,784,246 during the period under review.

**b. Operation of Markets - Illegal Market**

Section 6 (1) (a) of the Markets and Bus Station Act No. 2 of 2007 states that “a person shall not, except in partnership with a Local Authority and with the approval of the Minister establish any market or bus station in any area”

However, an illegal market had had been established in Kabuta compound without authority of the Council. The market posed a health hazard in that there were no public toilets, drainages and no garbage collection points.

**c. Accounting for Revenue - Failure to Collect Property Rates**

Section 9 (h) of the Public Finance Management (General) Regulations 2020 requires the head of the accounting unit of a Local Authority to collect in a timely manner all revenue and other public monies due and payable to the Local Authority.

During the period under review, the Council was expected to collect amounts totalling K1,478,739 in respect of property rates. However, as at 30<sup>th</sup> September 2022, only amounts totalling K398,172 were collected leaving a balance of K1,080,567.

**d. Management of Payroll and Other Staff related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of 329 positions out of which 158 were filled leaving 171 vacant as at 15<sup>th</sup> February 2022. Out of the vacant positions, some were key to the smooth running of the Council such as Chief Internal Auditor, Chief Administrative Officer, Senior Security Officer, Chief Architect and Chief Community Development Officer.

**ii. Failure to Confirm Officers on Probation**

The Employment Act No.3 of 2019; Division 3.1 contract of employment Section 27 (1) provides that, “An employee may be employed for a probationary period, not exceeding three months, for the purpose of determining that employee’s suitability for appointment”.

Contrary to the Act, as at 30<sup>th</sup> September 2022, the Council had twenty-two (22) officers on probation for periods ranging from four (4) to sixteen (16) months.

**iii. Over Employment of Staff**

An examination of the establishment register revealed that the position of Revenue Collector had a provision of twelve (12) positions.

It was observed that the position was filled by fifteen (15) officers resulting in excess of three (3) officers.

The three (3) officers were paid salaries in amounts totalling K83,499 during the period under review.

**e. Procurement of Goods and Services**

**i. Payment of Allowances within the Normal Duty Station**

Cabinet Circular Minute dated 30<sup>th</sup> December 2015 stipulates that subsistence and meal allowances should not be paid for activities undertaken within the district boundary.

Contrary to the circular, meal allowances in amounts totalling K67,035 were paid to three (3) officers for activities undertaken within their station of duty.

**ii. Irregular Procurement of Receipt Books from Private Institution**

Cabinet Office Circular No. 11 dated 10<sup>th</sup> July 2020 abolished the procurement and printing of documents for Ministries, Provinces and other Spending Agencies from private institutions with effect from 1<sup>st</sup> September 2020.

Contrary to the Circular, on 31<sup>st</sup> March 2021, an amount of K8,250 was paid on cheque No. 014767 to Mupulachani General Dealers a private institution for printing market, toilet and bus station receipt books.

**f. Management of Assets**

**i. Lack of 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 Council did not secure title deeds for parcels of land on which twenty-nine (29) Council properties were located.

**ii. Abandoned Tractor Loader Backhoe - TLB**

Section 11(n) of the Public Finance Management Act No. 1 of 2018 states that “a controlling officer is responsible for management and safeguarding of public assets and revenue”.

In 2020 a TLB was taken to Mkushi for repair. However, a physical inspection carried out in September 2022, in Mkushi revealed the following;

- The company where the Council took the TLB for repair (Agricon Equipment) had closed down in 2020 and abandoned the equipment.
- The following parts were missing; the buffer, starter motor, battery, rear-view mirrors, glass doors and bonnet.
- The TLB was kept in unsecured place without anyone taking responsibility over it. See picture below.



**g. Management of Local Government Equalisation Funds**

According to the Local Government Act No.2 of 2019, a Council should use at least twenty (20) percent of the Equalisation Fund received in any financial year, to finance capital expenditure. During the period under review, amounts totalling K11,500,163 were received as equalisation funds, out of which 20% amounting to K2,300,033 was meant for capital projects while 80% amounting to K9,200,130 was meant for recurrent expenditure.

The following were observed:

**i. Misapplication of Capital Funds**

During the period under review, the Council misapplied amounts totalling K698,609 meant for capital projects on operational expenses such as payments for salaries, settling in allowances, procurement of stationery and servicing of motor vehicles.

As at 30<sup>th</sup> September 2022, the funds had not been reimbursed.

**ii. Construction of a Refuse Bay at Nambuluma Road Junction.**

On 27<sup>th</sup> June 2021, the Council engaged Emmanga Contractors and Supplies Limited to construct a Refuse Bay at a contract sum of K29,976. The works were to be undertaken for a period of four weeks up to 27<sup>th</sup> July 2021. The



scope of works included site location, excavations and earth works, foundation works, super structure by using concrete block.

A physical inspection carried out in February 2022 revealed that the refuse bay was constructed using burnt bricks instead of concrete blocks specified in the contract.

### **iii. Construction of a Guard Post at Council check point along Nambuluma Road**

A scrutiny of records at the Council and inquiries made with management revealed that Chimab General Dealers Limited constructed a guard post at the Council barrier along Nambuluma road which links Chinsali boma to the Great North road.

A review of records and inquiries with management, revealed that the Council did not sign a contract with the contractor as management did not approve the project. It was therefore not clear how the contractor constructed the guard post without a contract and approval of the management.

A physical inspection of the project carried out in February 2022, revealed that the guard post had been constructed.

However, the following were observed:

- According to the Road Development Agency guidelines, Nambuluma road is a district road which requires a provision of eighteen metres (18m) road reserve provision on both sides from the centre of the road.

Contrary to the guidelines, the guard post was constructed within twelve metres (12m) of the road reserve.

- The guard house had no windows from both sides of the road directions to provide security view of incoming traffic. See pictures below.



Guard Post at Chinsali Council check point

#### **h. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was made to cater for Chinsali Constituency and the whole amount was released.

In addition, an amount of K1,446,760 was brought forward from 2020 bringing the total funds available to K3,046,760.

As at 31<sup>st</sup> December 2021, amounts totalling K1,357,037 had been spent leaving a balance of K1,689,723.

A physical inspection of selected Constituency Development Fund (CDF) projects in the District conducted in February, 2022 revealed weaknesses in the management of projects such as failure to account for building materials, failure to complete projects on time, lack of supervision and poor workmanship among others. See table 2 below.

**Table 2: Constituency Development Fund (CDF) projects**

Constituency	Project	Contractor	Contract Date	Contract		Contract Sum K	Amount Paid K	Scope of Works	Project Status and other observations
				Start	End				
Chinsali Constituency	Construction of 1 x 2 classroom at Nkweto primary school in Kaunga Ward	Chief Kay General Dealers	17/06/21	17/06/21	15/09/21	147,107	132,396	Completion of construction of phase (1) of a 1x2 Classroom block	<p>A physical inspection of the project carried out in February 2022 revealed that the works had been completed. However, the following materials were missing;</p> <ul style="list-style-type: none"> <li>• 60 iron sheets costing K33,000 (K550 each).</li> <li>• 24 Ridges costing K4,440 (K185.50 each).</li> <li>• 81 × 50 bags of cement costing K12,150</li> </ul>
	Construction of 1 x 4 classroom at Choshi primary school in Lubu Ward	Swila General Dealers	17/06/21	17/06/21	15/09/21	156,377	132,920	Completion of construction of phase (1) of a 1x4 Classroom block	<p>A physical inspection of the project carried out in February 2022 revealed that the works had been completed. However, the following materials were missing;</p> <ul style="list-style-type: none"> <li>• 14 × 420 iron sheets costing K5,880.</li> <li>• 14 × 120 ridges costing K1,680</li> </ul>

	<b>Completion of Vitondo Day Secondary 1×3</b>	Alifax General Dealers	17/06/2021 1	17/06/2022 1	15/09/2022 1	104,870	89,139	Completion of construction of phase (1) of 1×3 Classroom block	<p>A physical inspection of the project carried out in February 2022 revealed that the works had been completed. However, the following were observed;</p> <ul style="list-style-type: none"> <li>• 50 Iron sheets costing K22,500 (K450 each) had not been delivered to the project site.</li> <li>• 20 Ridges costing K1,900 (K95 each) were missing</li> <li>• 6 Bags of Cement costing K990 (K165 each) were missing</li> </ul>
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**i. Management of Liabilities**

**i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) and other Institutions amounts totalling K16,026,299 in respect of tax, pension, union and insurance contributions, some dating from as far back as 2016. See table 3 below:

**Table 3: Unremitted Statutory and Other Obligations**

No.	Institution	Balance as at 31.12.2020(K)	Obligations for 2021 (K)	Cummulative Amount (K)	Payments (K)	Balance as at 31.12.2021 (K)
1	ZRA	6,672,119	2,143,456	8,815,574	-	8,815,574
2	NAPSA	3,082,122	1,146,362	4,228,484	-	4,228,484
3	LASF	1,830,237	397,946	2,228,183	-	2,228,183
4	MLIFE	142,611	77,361	219,973	-	219,973
5	FIRESUZ	21,784	14,310	36,094	20,000	16,094
6	NHIMA	149,815	154,999	304,814	36,065	268,749
7	ZULAWU	191,379	85,140	276,518	27,276	249,242
	<b>Total</b>	<b>12,090,066</b>	<b>4,019,574</b>	<b>16,109,640</b>	<b>83,341</b>	<b>16,026,299</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K2,195,070 in respect of settling in allowances and salary arrears, some dating from as far back as 2016. See table 4 below:

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 31.12.2020(K)	Obligations for 2021 (K)	Cummulative Amount (K)	Payments (K)	Balance as at 31.12.2021 (K)
1	Settling in allowance	327,648	320,352	648,001	186,382	461,619
2	Salaries	1,105,289	1,013,949	2,119,239	385,787	1,733,452
	<b>Total</b>	<b>1,432,938</b>	<b>1,334,302</b>	<b>2,767,239</b>	<b>572,169</b>	<b>2,195,070</b>

## 17. Chipata City Council

### 17.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate income from various sources in amounts totalling K39,580,983 against which amounts totalling K42,865,128 were received and generated resulting in a positive variance of K3,284,145. See table 1 below.

**Table 2: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	5,601,365	5,697,415	96,050
2	Fees and Charges	7,938,024	7,195,018	(743,006)
3	Licences	557,601	830,391	272,790
4	Levies	3,117,800	3,349,608	231,808
5	Permits	3,161,100	4,008,700	847,600
7	Other Receipts	88,113	88,113	-
	<b>Subtotal</b>	<b>20,464,003</b>	<b>21,169,245</b>	<b>705,242</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	12,814,152	15,618,966	2,804,814
9	Constituency Development Fund	3,200,000	3,266,917	66,917
10	Grants In Lieu of Rates	3,102,828	2,810,000	(292,828)
	<b>Subtotal</b>	<b>19,116,980</b>	<b>21,695,883</b>	<b>2,578,903</b>
	<b>Total</b>	<b>39,580,983</b>	<b>42,865,128</b>	<b>3,284,145</b>

In addition, amounts totalling K7,752,222 were brought forward, bringing the total funds available to K50,617,350 during the period under review.

**b. Accounting for Revenue - Failure to Collect Revenue**

Section 9 (h) of the Public Finance Management (General) Regulations 2020 requires the head of accounting unit of a local authority to collect in a timely manner all revenue and other public monies due and payable to the local authority.

Contrary to the Regulation, the Council failed to collect revenue in amounts totalling K15,893,617 in respect of telemast, property rates, regularisation of plots and billboards as at 30<sup>th</sup> September 2022. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Type of Revenue	Balance B/f as at 01.01.2021 K	Bills for 2021 K	Total amount Due K	Amount collected K	Outstandng Amount K
1	Telemast	528,000	44,000	572,000	398,000	174,000
2	Property Rates	-	13,747,643	13,747,643	1,545,662	12,201,981
3	Regularisation of Plots	-	647,740	647,740	390,150	257,590
3	Billboards	2,731,706	715,325	3,447,031	186,985	3,260,046
	<b>Total</b>	<b>3,259,706</b>	<b>15,154,708</b>	<b>18,414,414</b>	<b>2,520,797</b>	<b>15,893,617</b>

**c. Management of Payroll and Other Staff Related Matters – Failure to Fill Vacant Positions**

During the period under review, the Council had an approved establishment of 343 positions out of which 116 were filled leaving 227 vacant as at 30<sup>th</sup> September 2022.

Included in the vacant positions, were positions such as Legal Officer – title deeds and IT Manager that were key for the operations of the Council.

**d. Management of Assets – Failure to Secure Title Deeds**

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states that, “a Controlling Officer should ensure that all public properties under the controlling officer’s charge are secured with title deeds.”

Contrary to the Act, the Council did not secure title deeds for parcels of land on which thirty five (35) Council properties such as the new civic centre, old civic centre, fire station and Council stores were located.

**e. Management of Local Government Equalisation Fund (LGEF) - Delayed completion of the Extension of Fire Station**

The Local Government Act No. 2 of 2019 requires that a Council should use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K13,363,565 were received as equalisation funds, out of which 20% amounting to K2,672,713 was allocated to capital projects while 80% amounting to K10,690,852 was allocated to recurrent expenditure.

In addition, an amount of K2,650,908 was brought forward from the previous year bringing the total funds available to K5,323,621 during the period under review.

The scope of works included the construction of offices, dormitories, training room, ablution block and kitchen.

As at 28<sup>th</sup> February 2022 amounts totalling K1,262,884 had been spent on the works.

A physical inspection of the project carried out on 21<sup>st</sup> July 2022 revealed that the project was at roof level fifteen (15) months after the expected completion date with the following works outstanding:

- plumbing
- fittings in toilets and showers
- wall tiling in the toilets and showers
- electrical modifications in the lecture theater
- final painting of interior walls and
- plastering in the ambulance bay.

See pictures below.





Incomplete Fire Station



Incomplete wall tilling and fittings in toilets



Incomplete plastering

**f. Management of Constituency Development Fund - Failure to Implement Approved Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located.”

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K3,200,000 was made to cater for Chipata Central and Luangeni Constituencies and the whole amount was released.

In addition, amounts totalling K3,652,871 (Chipata Central – K1,851,742 and Luangeni – K1,801,129) were brought forward from 2020 bringing the total funds available for expenditure to K6,852,871.

As at 30<sup>th</sup> September 2022, amounts totalling K2,347,803 were spent leaving a balance of K4,505,068.

However, a review of the approved list of projects and progress reports for Constituency Development Fund revealed that two (2) projects from the 2020 funding with a total allocation of K254,650 had not been implemented as at 30<sup>th</sup> September 2022 despite being approved on 11<sup>th</sup> November 2020 by the Ministry of Local Government and Rural Development.

Further, twenty nine (29) projects from the 2021 funding with a total allocation of K3,040,000 had not been implemented despite being approved on 5<sup>th</sup> April 2022 by the Ministry.

**g. Management of Liabilities**

**i. Failure to Remit Statutory and Other obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and ZULAWU among others amounts totalling K36,998,895 in respect of tax, pension, insurance contributions and loans, some dating from as far back as 2018. See table 3 below.

**Table3: Unremitted Statutory and Other Obligations**

No.	Institution	Balance B/f as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
<b>Statutory Obligations</b>						
1	ZRA	16,721,770	3,635,515	20,357,286	2,353,428	18,003,858
2	NAPSA	8,355,881	1,770,401	10,126,282	218,062	9,908,220
3	LASF	7,729,037	787,660	8,516,698	249,178	8,267,520
4	ZULAWU	157,776	158,917	316,693	288,833	27,860
	<b>Subtotal</b>	<b>32,964,465</b>	<b>6,352,493</b>	<b>39,316,958</b>	<b>3,109,501</b>	<b>36,207,457</b>
<b>Other Payables</b>						
5	MADISON	405,424	166,467	571,891	278,362	293,529
6	HEALTH INSURANCE	197,778	278,209	475,986	236,019	239,967
7	SANLAM	23,807	-	23,807	-	23,807
8	INVESTRUST LOANS	234,135	-	234,135	-	234,135
	<b>Subtotal</b>	<b>861,143</b>	<b>444,676</b>	<b>1,305,819</b>	<b>514,381</b>	<b>791,438</b>
	<b>Total</b>	<b>33,825,608</b>	<b>6,797,169</b>	<b>40,622,777</b>	<b>3,623,882</b>	<b>36,998,895</b>

## ii. Failure to Settle Staff Obligations

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K8,302,181 in respect of terminal benefits and long service bonus, some dating from as far back as 2012. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance B/f as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	Terminal Benefits	5,001,893	1,916,603	6,918,496	1,392,245	5,526,251
2	Long Service Bonus	2,943,159	-	2,943,159	167,230	2,775,930
	<b>Total</b>	<b>7,945,053</b>	<b>1,916,603</b>	<b>9,861,655</b>	<b>1,559,475</b>	<b>8,302,181</b>

## 18. Chipili Town Council

### 18.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate income from various sources in amounts totalling K11,954,379 against which amounts totalling K10,791,494 were received and generated resulting in a negative variance of K1,162,885. See table 1 below.

**Table 1: Budget and Income**

No.	Sources of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	20,000	710	(19,290)
2	Fees and Charges	972,264	692,821	(279,443)
3	Licences	2,000	1,537	(463)
4	Levy	17,000	6,480	(10,520)
5	Permits	3,500	250	(3,250)
6	Commercial Venture	800,000	67,863	(732,137)
	<b>Subtotal</b>	<b>1,814,764</b>	<b>769,661</b>	<b>(1,045,103)</b>
	<b>National Support</b>			
7	Local Government Equalisation Funds	8,539,615	8,141,833	(397,782)
8	Constituency Development Fund	1,600,000	1,600,000	-
	Other Grants	-	280,000	280,000
	<b>Subtotal</b>	<b>10,139,615</b>	<b>10,021,833</b>	<b>(117,782)</b>
	<b>Total</b>	<b>11,954,379</b>	<b>10,791,494</b>	<b>(1,162,885)</b>

In addition, funds amounting to K2,533,095 were brought forward from the previous year bringing the total funds available to K12,554,928.

**b. Operational Matters**

**i. Failure to Develop an Integrated Development Plan**

Section 19 of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development, local area and sectorial plans.

Contrary to the Act, the Council did not have an integrated development plan during the period under review.

**c. Other Operations**

**ii. Failure to Establish and Maintain Cemeteries**

Section 7 (b) of the Local Government Act No. 2 of 2019 states that, “A local authority shall, in relation to Public health establish and maintain cemeteries, and mortuaries and otherwise provide for the control of the dead and destitute persons who die in the area of the local authority”.

Contrary to the Act, the Council did not have a cemetery during the period under review. Consequently, the community was using a traditional burial site.

**d. Management of Payroll and Other Staff related Matters**

**i. Irregular Payment of Salaries**

Section 38 (C) of the terms and conditions of service for Division I, II and III of the Local Government Employees requires that an employee resigning from the service gives three (3) months' notice in writing or pays one (1) month's salary in lieu thereof.

On 30<sup>th</sup> July 2021, a Senior Accountancy Assistant, tendered her resignation letter with Chipili Town Council stating that the local authority remove her from the payroll with immediate effect.

However, a review of the payroll revealed that management irregularly paid the officer amounts totalling K92,880 for the period of ten (10) months from August 2021 to May 2022, despite the officer instructing the Council to have her salary terminated from the payroll.

**ii. Unauthorised Sponsorship for Training**

Local Government Service Commission Circular No. 6 of 2014 requires that principal officers and officers of the Council to obtain authority from the Local Government Commission when going for training.

During the period under review, the Council sponsored an officer and spent K13,203 on tuition, examination fees and subsistence allowances without authority from the Commission, contrary to the circular.

**iii. Failure to Confirm Employees**

Section 27 (1) of the Employment Act No. 3 of 2019 states that "An employee may be employed for a probationary period, not exceeding three months, for the purpose of determining that employees' suitability for the appointment."

Contrary to the Act, Chipili Town Council had three (3) officers on probation for a period ranging from four (4) to fourteen (14) months.

**iv. Employees without Requisite Qualification**

Contrary to the individual job descriptions for Local Authorities which provide for minimum qualifications for officers occupying various positions, it was observed that three (3) members of staff did not meet the requisite educational and professional qualifications for the positions they were holding. See table 2 below.

**Table 2: Officers without Requisite Qualifications**

No.	Position	No. of Employees	Minimum (Requisite) Qualification	Qualification Held
1	Registry Supervisor	1	Diploma in Records Management	Certificate in Purchasing and Supply and Grade 12
2	Clerical officer	1	Certificate in record Keeping	Grade 12 Certificate
3	Acting Accounts Officer	1	Grade 12 Certificate and Basic Accounting	Grade 12 Certificate
	<b>Total</b>	<b>3</b>		

**v. Failure to Fill Vacant Positions**

The Council had an approved establishment of eighty two (82) positions out of which fifty five (55) were filled leaving twenty seven (27) vacant as at 30<sup>th</sup> September 2022. The vacant positions included key positions such as town planner, senior buildings inspector and quantity surveyor.

**e. Management of Commercial Ventures - Unprofitable Fish Farming Project**

On 19<sup>th</sup> December 2019, the Council embarked on a fish farming project in Mwenda Chiefdom of Chipili district. As at 31<sup>st</sup> December 2021, the Council had spent K218,784 on the project (2021 – K32,068 and 2020 – K186,716).

However, a scrutiny of records revealed that the Council only managed to raise amounts totalling K75,103 during the same period from the sale of fish harvested. In this regard, the venture was not profitable.

**f. Management of Local Government Equalization Fund - Misapplication of Capital Funds**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K8,141,834 were received as equalisation funds, out of which 20% amounting to K1,628,367 was allocated to capital projects while 80% amounting to K6,513,467 was allocated to operational expenses.

However, the Council misapplied amounts totalling K225,805 on operational expenses such as payments for salaries, settling in allowances, procurement of stationery and servicing of motor vehicles.

**g. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was made to cater for developmental activities in Chipili constituency and the whole amount was released.

In addition, a balance of K1,736,367 was brought forward from 2020 bringing the total funds available to K3,336,367. As at 31<sup>st</sup> December 2021, amounts totalling K797,808 had been spent leaving a balance of K2,538,559.

A physical inspection of selected Constituency Development Fund (CDF) projects in the district conducted in July 2022, revealed weaknesses in the management of projects such as failure to complete projects on time, lack of supervision and poor workmanship. See table 3 below.

**Table 3: Management of Constituency Development Funds**

Constituency	Project	Contractor	Contract Period	Contract		Contract Sum K	Amount Paid K	Scope of Works	Project Status and other observations
				Start	End				
Chipili	Construction of three (3) bedroomed staff house at Mukanga Agriculture Scheme	Yambet Investment Limited	50 days	03/03/21	20/05/21	235,20	110,378	The works included Foundation concrete footing, foundation brickwork, concrete slab, superstructure, Carpentry and joinery, roof covering and ceiling board, floor finishes, glazing, painting and decoration.	The building had been roofed. However, the following works were outstanding:  <ul style="list-style-type: none"> <li>Two (2) doors were not fitted</li> <li>Three (3) closet doors were not fitted</li> <li>Hand basin was not fitted in the bathroom</li> <li>Shower was not fitted in the bathroom.</li> <li>Cistern and toilet were not fitted.</li> <li>burglar bars were not fitted on two (2) door frames</li> <li>Lip channels were used instead of timber as per bill of quantity</li> <li>One (1) window frame 2.4mx1.2m was not fitted</li> </ul>



									<ul style="list-style-type: none"><li>Tiles were not fitted in the bathroom and toilet</li><li>The contractor was not on site as at 31<sup>st</sup> July 2022.</li></ul>
Construction of strong room at Kandakala primary School	Shavic Investments Ltd	No contract	No contract	No contract	No contract	89,602	106,345	Substructure, Concrete work, brick work, roofing, iron mongerly, carpentry, joinery, floor finish, plastering, and metal works.	<p>The following observations were made:</p> <ul style="list-style-type: none"><li>The Council did not provide a contract.</li><li>No concrete was put in the strong room</li><li>Wall on the upper part of the roof was not plastered and painted.</li><li>No doors were fitted on three door frames</li><li>No shelves were put in the strong room.</li></ul> <p><b>Poor Workmanship</b></p> <ul style="list-style-type: none"><li>Veranda had developed cracks</li><li>Floor had developed cracks</li><li>Y12 was used instead of Y16 for the three steel grill doors.</li></ul>

## **h. Managing of Liabilities**

### **i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA) and National Pension Scheme Authority (NAPSA) amounts totalling K1,924,419 in respect of tax and pension contributions some dating from as far back as 2018. See table 4 below.

**Table 4: Unremitted Statutory Obligations**

No.	Name	Balance as at 31.12.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	478,745	629,575	1,108,320	300,000	808,320
2	NAPSA	1,116,100	402,648	1,518,748	402,648	1,116,100
	<b>Total</b>	<b>1,594,845</b>	<b>1,032,223</b>	<b>2,627,067</b>	<b>702,648</b>	<b>1,924,419</b>

### **ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K212,018 in respect of terminal benefits and settling in allowances some of which dated as far back as 2019. See table 5 below.

**Table 5: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 31.12.2021 K	Obligation for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	Terminal Benefits	311,918	-	311,918	120,000	191,918
2	Settling In Allowance	80,100	8,200	88,300	68,200	20,100
	<b>Total</b>	<b>392,018</b>	<b>8,200</b>	<b>400,218</b>	<b>188,200</b>	<b>212,018</b>

## **19. Choma Municipal Council**

### **19.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K45,863,923 against which amounts totalling K28,297,222 were received and generated resulting in a negative variance of K17,566,701. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	5,676,260	3,681,206	- 1,995,054
2	Fees and Charges	14,379,026	4,715,527	- 9,663,499
3	Licences	2,445,100	570,707	- 1,874,393
4	Levies	1,560,880	1,645,754	84,874
5	Permits	1,377,237	1,020,323	- 356,914
6	Commercial Venture	700,000	-	- 700,000
7	Other Receipts	210,500	79,775	- 130,725
	<b>Sub Total</b>	<b>26,349,003</b>	<b>11,713,292</b>	<b>- 14,635,711</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	15,994,920	13,377,571	- 2,617,349
9	Constituency Development Fund	3,200,000	3,206,359	6,359
10	Other Grants	320,000	-	- 320,000
	<b>Sub Total</b>	<b>19,514,920</b>	<b>16,583,930</b>	<b>- 2,930,990</b>
	<b>Total</b>	<b>45,863,923</b>	<b>28,297,222</b>	<b>- 17,566,701</b>

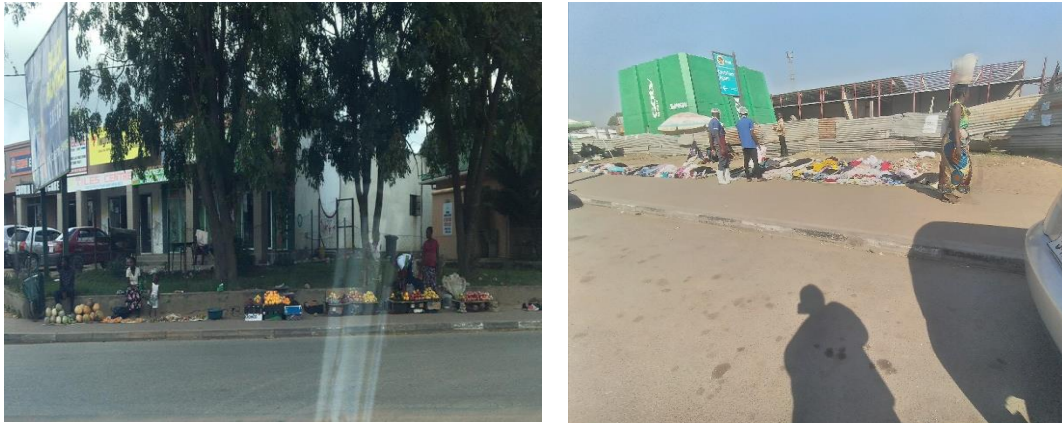
In addition, funds amounting to K6,350,177 were brought forward from the previous year bringing the total funds available to K34,647,399 during the period under review.

**b. Operational Matters**

**i. Failure to Regulate Street Vending**

Sections (9) and (25) of the Local Government (Street Vending and Nuisances) (Amendment) (No. 2) Regulations of 2018 prohibit sale of local produce in any street or public place other than a market established by the council, except with permission and selling vegetables and fruits from the ground, open vans, wheel burrows or other conveyances.

However, the Council had not regulated street vending in its jurisdiction as traders were found selling farm produce and fruits along the main road of the district instead of designated places of trading. See pictures below.



Traders selling their farm produce, fruits and salaula along the main road

## **ii. Environmental Management**

The Environmental Management Act No. 12 of 2011 states that, “A Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

The following were observed:

- **Management of Solid Waste at the Harmony Dumpsite**

- ⊙ The dumpsite was not fenced for protection and from access by unauthorized persons. See picture below.



Dumpsite not fenced and no warning signs

- ⊙ The council did not compact the waste with a layer of soil thereby exposing the community to health hazards.

**c. Accounting Irregularities**

**i. Missing Receipt Books**

The Public Finance Management (General) Regulations No.17 (1) (b) of 2020 states that, “Receipts of all types shall be preserved for a period of ten (10) years”.

Contrary to the regulation, two (2) receipt books ranging from 5719601 to 5720000 and 4593601 to 4594000 recorded in the register of accountable documents were not availed for audit. In this regard, it was not possible to ascertain how much revenue was collected and deposited using these receipt books.

**ii. Delayed Banking**

Section 128. (1) of the Public Finance Management (General) Regulations, 2020 states that, “an office holder who receives or collects revenue shall deposit the revenue not later than the next business day following the day of receipt of revenue”.

Contrary to the Regulation, there were delays in banking of revenue in amounts totalling K58,348 for periods ranging from four (4) to twenty six (26) days.

**iii. Unaccounted for Revenue - Meat inspection**

During the period under review, there were four (4) Abattoirs that were operational within the Council boundaries namely; Zam Zam, Zam So, Zam Star and Choma Halaal.

The council was charging K30 for the inspection conducted of each bovine (cow). A review of the revenue ledger and receipts revealed that the Council inspected 7,430 cows and was expected to collect K222,900 during the period under review. However, an amount of K189,172 was collected, resulting in a variance of K33,728 and there was no documentation to show how the amount was accounted for.

**iv. Failure to Collect Revenue**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

A review of accounting and other records at the Council revealed the following:

- **Leased Properties**

During the year under review, the Council had fifteen (15) properties on rent from which the Council was expected to collect revenue in amounts totalling K314,956. However, only K34,816 was collected leaving a balance of K280,141 uncollected.

- **Billboards**

During the period under review, the Council was expected to collect amounts totalling K1,735,971 from various institutions in respect of billboard fees. However, as at 30<sup>th</sup> September 2022, only amounts totalling K512,892 were collected leaving a balance of K1,223,079.

**d. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of 258 positions out of which 245 were filled leaving thirteen (13) vacant positions as at 30<sup>th</sup> September 2022. Out of the

vacant positions, some were key to the smooth running of the Council such as Procurement Officer, Valuation Officer, Chief Building Inspector and Station Fire Officer.

**ii. Over Employment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were six (6) authorised positions which were to be filled by nineteen (19) officers but were instead filled by thirty one (31) officers resulting in excess of twelve (12) officers.

The twelve (12) officers were paid salaries in amounts totalling K516,725 during the period under review.

**iii. Employment of Casual Workers**

Section 7 (1) of the Employment Act No. 3 of 2019 prohibits institutions or persons from engaging employees on casual terms of employment for jobs which are permanent in nature.

Contrary to the Act, the Council engaged thirty two (32) casual employees for jobs that were permanent in nature and were paid wages in amounts totalling K422,969 for the period they were engaged on casual basis. As at 30<sup>th</sup> September 2022, the engagement of casual workers had not been normalised.

Further, contrary to Section 15 of the NAPSA Act of 1996, there was no evidence that the Council was remitting contributions to the National Pension Scheme Authority (NAPSA).

**iv. Irregular Payment of Overtime Allowance**

Cabinet Office Circular No. 11 of 2013 abolished payment of administrative allowances which included overtime allowance to officers in management in the Public Service. However, a scrutiny of the payroll for the period 1<sup>st</sup> January to 31<sup>st</sup> December, 2021 revealed that fifteen (15) officers in management were paid overtime allowances in amounts totalling K51,952.

**v. Irregular Payment of Salary to a Convicted Officer**

On 10<sup>th</sup> March 2016, an officer was convicted and sentenced to two (2) years imprisonment for abuse of authority by the Livingstone High Court. However, the officer was maintained on the payroll for the Council up to 31<sup>st</sup> December 2021 during which period he was irregularly paid salaries in amounts totalling K338,004.

**vi. Failure to Confirm Officers**

A review of employees' personal files and payroll reports for the year ended 31<sup>st</sup> December 2021 revealed that eleven (11) officers were appointed to act in various positions for a period of three (3) months for the purpose of determining their suitability for promotion to the higher post.

However, as at 7<sup>th</sup> September 2022, the officers were not confirmed in their positions and had acted for periods ranging from eleven (11) to twenty five (25) months. In this regard, the Council paid acting allowances in amounts totalling K282,080 from the time the officers were appointed to act.

**vii. Failure to Insure Fire Officers**

Section 20 of the Fire Services Brigade Standing Orders requires, among other things, that all Fire Officers should be insured.

Contrary to the provisions of the Fire Services Brigade Standing Orders, the Council did not insure all the twenty-five (25) officers.

**e. Procurement of Goods and Services**

**i. Unauthorised Expenditure**

On 4<sup>th</sup> February 2021, the Permanent Secretary of the Ministry of Local Government and Rural Development requested for authority from the Secretary to the Cabinet for two (2) officers from Smart Zambia Institute to travel to Choma for a period of five (5) days to assist with the installation of the Government Wide Area Network (GWAN) and that the logistics were to be catered for by the Council and the authority was granted.



However, contrary to the authority granted by Secretary to the Cabinet, the Council paid subsistence allowance to three (3) officers for a period of fifteen (15) days, resulting in unauthorised expenditure amounting to K31,850.

**f. Management of Stores - Unauthorised Fuel Drawings**

A review of stores records and the fuel statement from Puma Service Station, revealed that fuel costing K8,225 involving seventeen (17) transactions was irregularly drawn by motor vehicles not appearing on the Councils' fleet.

In addition, there was no evidence of authority from the Principal Officer as there were no fuel requisitions and coupons to support the transactions.

**g. Management of Assets**

**i. Failure to Claim Insurance**

Local Authorities Financial Regulation No. 154 states that, "The Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department".

On 8<sup>th</sup> December 2021, a motor vehicle, Scania Fire Tender registration number GRZ 848 CN valued at K1,170,000 was involved in a road accident and was extensively damaged. The accident was reported to the police and the Ministry of Local Government and Rural Development. Although the motor vehicle was comprehensively insured with Zambia State Insurance Company (ZSIC), as at 30<sup>th</sup> September 2022, eight (8) months after the accident had occurred, the Council had not made any claim with the insurance company and the vehicle had not been repaired. See pictures below.



## **ii. Failure to Claim Insurance**

On 17<sup>th</sup> March 2022, a Toyota Hilux Registration Number ALT 8442 belonging to the Council was involved in a road accident and was extensively damaged.

A review of records and physical inspection of the motor vehicle revealed that the vehicle was comprehensively insured with Meanwood General Insurance at a value of K208,000.

However, as at 30<sup>th</sup> September 2022, six (6) months after the accident had occurred, the Council had not made any claim with the insurance company and the vehicle had not been repaired.

## **h. Management of Local Government Equalisation Fund**

### **i. Misapplication of Equalisation Funds**

The Local Government Act No. 2 of 2019 provides that a Council should use at least twenty (20) percent of the Equalisation Fund received in any financial year to finance capital expenditure.

During the period under review, amounts totalling K13,377,570 were received as equalisation funds out of which amounts totalling K2,675,514 being 20% of the funded amounts were to be transferred to the capital account.

In addition, an amount of K2,133,715 was brought forward from the previous year bringing the total funds available in 2021 to K15,511,285.

The following were the observed:

- **Failure to Transfer Funds to Capital Project Account**

Amounts totalling K2,675,514 being 20% of equalisation funds meant for capital expenditure were expected to be transferred to the project account, but instead amounts totalling K1,558,566 were transferred to the Capital Project Account leaving a balance of K1,116,948 which was misapplied on operational expenses such as payment of salaries and administrative expenses.

- **Failure to Reimburse Borrowed Funds**

The Council borrowed amounts totalling K1,346,538 from the project account meant for contribution towards the Kreditanstalt Fur Wiederaufbau (KFW) Project to meet operational expenses out of which only amounts totalling K218,650 had been reimbursed leaving a balance of K1,127,888.

**ii. Questionable Payment Construction of Wall Fence and Guard Room at Harmony Dumpsite**

On 16<sup>th</sup> February 2019, Choma Municipal Council entered into a labour based contract with Paul JU Construction and Consultancy for the construction of a wall fence and guard room at a contract sum of K46,645 with a completion period of four (4) weeks ending on 5<sup>th</sup> March 2019.

The Scope of works included: site clearing, removal of top soil, excavation, backfilling with laterite and compacted, concrete works and brick work.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K27,522 leaving a balance of K24,123.

A physical verification carried out in September 2022, revealed that only excavation works had been partially done while backfilling, compaction, concrete and brick works were outstanding.

It was further observed that the contract with the contractor was terminated on 12<sup>th</sup> September 2019 and no new contractor had been engaged.

**iii. Weaknesses in Managing Constituency Development Fund Projects**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K3,200,000 was made to cater for Choma Central and Mbabala Constituencies and the whole amount was released.

In addition, amounts totalling K3,510,853 were brought forward from 2020 bringing the total funds available for expenditure to K6,710,853.

**iv. Unspent Funds**

A review of the cash books and bank statements revealed that amounts totalling K3,166,507 were spent leaving a balance of K3,544,346 unspent as at 30<sup>th</sup> September 2022. See table 2 below.

**Table 2: Unspent Funds**

No.	Constituency	Balance B/F K	Funding K	Total Available Funds K	Expenditure K	Unspent Funds K
1	Choma Central	1,923,602	1,600,000	3,523,602	1,815,498	1,708,104
2	Mbabala	1,587,251	1,600,000	3,187,251	1,351,009	1,836,242
	<b>Total</b>	<b>3,510,853</b>	<b>3,200,000</b>	<b>6,710,853</b>	<b>3,166,507</b>	<b>3,544,346</b>

**v. Failure to Implement Approved Projects**

A review of the approved list and progress reports for Constituency Development Fund revealed that five (5) projects which were allocated amounts totalling K635,444 had not been implemented as at 30<sup>th</sup> September 2022, despite having received the funds on 1<sup>st</sup> October 2021. See table 3 below.

**Table 3: Non-Implementation of Projects.**

No.	Project Name	Constituency	Year of Funding	Date of Project Approval	Period Delayed (Months)	Amount Allocated K
1	Nalube Rural Health Post	Mbabala	2020	15.09.2020	24	115,491
2	Construction of Maternity Wing at Batoka Clinic	Choma Central	2021	5.04.2022	5	50,141
3	Drilling of three Boreholes (Hand Pumps) - Ngonga Ward	Mbabala	2021	5.04.2022	5	180,000
4	Drilling of three Boreholes (Hand Pumps) - Macha Ward	Mbabala	2021	5.04.2022	5	180,000
5	Procurement of Chiefdom Tractor and Equipment	Mbabala	2021	5.04.2022	5	109,812
	<b>Total</b>					<b>635,444</b>

**vi. Failure to Claim an Advance Payment**

On 29<sup>th</sup> January 2021, Choma Municipal Council entered into a contract with Chinjila General Contractors for the construction of a 1x2 Class Room Block (CRB) at Mbilu Community School and completion of Kasiwe Rural Health Post in Mbabala Constituency. The contract price was K210,606 with a completion period of ten (10) weeks.

As of February 2021, the contractor had been paid an advance payment of K26,315.

However, it was observed that the Council terminated the contract on 6<sup>th</sup> January 2022 due to delays in commencement of the works. At the time of termination, the Council had recovered K17,506 of the advance payment leaving a balance of K6,809. As at 30<sup>th</sup> September 2022, the balance had not been claimed.

**i. Weaknesses in Managing Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 30<sup>th</sup> September 2022, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF), among others amounts totalling K22,494,348 in respect of tax, pension and union contributions some dating from as far back as 2017. See table 4 below.

**Table 4: Outstanding Statutory Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cumulative Total K	Payments K	Balance as at 31.12.2021
1	ZRA	9,204,827	884,188	10,089,015	2,840,514	7,248,501
2	NAPSA	11,240,271	638,622	11,878,893	155,960	11,722,933
3	LASF	2,694,442	188,673	2,883,115	601,193	2,281,922
4	FUNERAL SCHEME	176,718	39,302	216,020	-	216,020
5	MEDICAL INSURANCE	241,662	321,091	562,753	-	562,753
6	ZCTU	105,555	9,440	114,996	-	114,996
7	SUPPLIER OF GOODS AND SERVICES	314,475	119,850	434,325	87,102	347,223
	<b>Total</b>	<b>23,977,950</b>	<b>2,201,167</b>	<b>26,179,117</b>	<b>3,684,769</b>	<b>22,494,348</b>

**ii. Failure to Settle Staff Obligations**

As at 30<sup>th</sup> September 2022, the Council owed former and existing employees amounts totalling K1,803,389 in respect of terminal benefits, long service bonus and settling in allowances some dating from as far back as 2012. See table 5 below.

**Table 5: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Payments K	Balance as at 31.12.2021 K
1	Terminal Benefits	1,323,977	252,057	1,071,920
2	Long Service Bonus	432,639	-	432,639
3	Settling in Allowances	304,136	5,306	298,831
	<b>Total</b>	<b>2,060,752</b>	<b>257,363</b>	<b>1,803,389</b>

**20. Chongwe Municipal Council**

**20.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate income from various sources in amounts totalling K45,263,186 against which amounts totalling K36,155,724 were received and generated resulting in a negative variance of K9,107,462. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Owenrs Rates	10,278,854	3,878,300	(6,400,554)
2	Local Taxes	253,530	178,555	(74,975)
3	Fees and Charges	11,788,696	7,974,362	(3,814,334)
4	Licences	330,875	350,200	19,325
5	Levies	4,113,482	5,056,550	943,068
6	Permits	1,626,750	1,437,409	(189,341)
7	Charges	5,239,250	6,331,036	1,091,786
8	Other Income	205,500	168,668	(36,832)
	<b>Sub Total</b>	<b>33,836,937</b>	<b>25,375,080</b>	<b>(8,461,857)</b>
	<b>National Support</b>			
9	Local Government Equalization Fund	9,626,249	9,180,644	(445,605)
10	Grants in Lieu of Rates	200,000	-	(200,000)
11	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Sub Total</b>	<b>11,426,249</b>	<b>10,780,644</b>	<b>(645,605)</b>
	<b>Total</b>	<b>45,263,186</b>	<b>36,155,724</b>	<b>(9,107,462)</b>

In addition, funds amounting to K586,362 were brought forward from the previous year (2020) bringing the total funds available to K36,742,086.

**b. Environmental Management - Failure to Manage Dumpsite**

The Environmental Management Act No. 12 of 2011 states that, “A Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”. In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

The following were observed:

- The council did not fence the dumpsite for protection from access by unauthorised persons,
- There were no warning signs displayed at the dumpsite to warn the general public of the existences of the dumpsite,

- The Council did not compact the waste with a layer of soil thereby exposing the community to health hazards. See pictures below.



Unfenced dumpsite

**c. Management of Payroll and Other Staff Related Matters**

- **Failure to Fill Vacant Positions**

The Council had an approved establishment of 416 positions out of which 203 were filled leaving 213 vacant as at 31<sup>st</sup> August 2022. Included in the vacant positions were those of Electrical engineer and Stores Controller.

- **Over Employment of Staff**

An examination of the establishment register revealed that some positions had excess staff to what was provided for. In particular, it was observed that twelve (12) positions that were to be filled by twenty six (26) officers were filled with forty nine (49) officers resulting in excess of twenty three (23) employees who were paid salaries in amounts totalling K2,281,548.

**d. Management of Fire Services.**

**i. Inadequate Protective Equipment and Clothing - Fire fighters**

Section 20 (4) of the Fire Services Brigade Standing Orders requires that all fire fighters should be provided with proper personal protective equipment and clothing.



Contrary to the standing orders, the Council did not provide sufficient protective clothing for the fire fighters in that there were only eleven (11) sets of Personal Protective Equipment (PPE) against fifty-one (51) officers.

**e. Management of Local Government Equalisation Fund - Failure to Undertake Planned Activities**

According to the Local Government Act No. 2 of 2019, a Council should use at least twenty (20) percent of the equalisation fund received in any financial year for capital expenditure.

During the period under review, amounts totalling K9,180,644 were received as equalisation funds out of which an amount of K1,015,837 was transferred to capital projects account while an amount of K8,164,807 was allocated to operational expenses.

In addition, K304,945 was brought forward from the previous year bringing the total funds available for capital expenditure to K1,320,782.

However, as at 30<sup>th</sup> September 2022, the Council had not implemented three (3) approved capital projects which were allocated amounts totalling K780,000. See table 2 below.

**Table 2: Unimplemented Projects**

<b>No.</b>	<b>Details</b>	<b>Amount Allocated K</b>
1	Rehabilitation of Police Station (Council Building)	180,000
2	Construction of Market	450,000
3	Renovation of Council Houses	150,000
	<b>Total</b>	<b>780,000</b>

**f. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was made to cater for CDF projects in Chongwe Constituency and the whole amount was released.

In addition, amounts totalling K1,724,023 were brought forward from 2020 bringing the total funds available to K3,324,023.

As at 31<sup>st</sup> December 2021, amounts totalling K310,124 had been spent leaving a balance of K3,013,899.

The following were observed:

**i. Failure to utilise CDF**

A scrutiny of the minutes and other records revealed that the Council had failed to utilise all the funds provided under CDF in 2020 and 2021 in that in 2020, only eight (8) projects with a total allocated amount of K737,416 were submitted and approved by the Ministry on 7<sup>th</sup> March 2021, leaving a balance of K862,584 unutilised; while in 2021 only five (5) projects with a total allocated amount of K750,000 were submitted and approved by the Ministry on 16<sup>th</sup> December 2021, leaving a balance of K850,000 unutilised. See table 3 below.

**Table 3: Unutilised 2020 and 2021 CDF**

No.	Name of Consitency	Year of Funding	No. of Projects	Amount Funded K	Amount Approved K	Variance K
1	Chongwe	2020	8	1,600,000	737,416	862,584
2	Chongwe	2021	5	1,600,000	750,000	850,000
			<b>13</b>	<b>3,200,000</b>	<b>1,487,416</b>	<b>1,712,584</b>

**ii. Delayed completion of Mwalubemba Clinic - Chinkuli Ward (2020)**

On 10<sup>th</sup> May 2021, Chongwe Municipal Council engaged Geftech Construction and Suppliers Limited for completion of Mwalubemba clinic in Chinkuli Ward at a contract sum of K151,875 for a period of three (3) months commencing on 10<sup>th</sup> May 2021 and ending on 15<sup>th</sup> August 2021.

The scope of works included block work, in-suite finishing, painting, concrete work, form work and reinforcement.

As at 30<sup>th</sup> September 2022, amounts totalling K102,085 had been spent leaving a balance of K49,789.

A physical inspection of the works carried on the project revealed that as of September 2022, thirteen (13) months after the expected completion date the works had not been completed with the following outstanding; electrical works, fitting of doors and windows and painting. In addition, the contractor was not on site. See pictures below.



Incomplete at Mwalubemba clinic in Chinkuli Ward

#### g. Management of Liabilities

##### i. Failure to Remit Statutory and Other Obligations

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K45,795,907 in respect of tax, pension, union and insurance contributions, some dating from as far back as 2013. See table 4 below.

**Table 4: Unremitted Statutory and Other Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA (PAYE)	11,420,160	3,243,512	14,663,673	-	14,663,673
2	NAPSA	27,311,208	2,187,432	29,498,640	311,800	29,186,839
3	LASF	1,114,704	481,295	1,595,998	591,193	1,004,805
4	FIRESUZ	19,675	46,519	66,194	-	66,194
5	ZULAWU	197,044	173,131	370,175	132,203	237,972
6	Funeral Scheme	115,867	154,042	269,910	55,000	214,910
7	Medical Insurance	235,905	310,609	546,514	125,000	421,514
	<b>Total</b>	<b>40,414,563</b>	<b>6,596,541</b>	<b>47,011,103</b>	<b>1,215,196</b>	<b>45,795,907</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K1,387,328 in respect of terminal benefits and settling in allowance, some dating from as far back as 2013. See table 5 below.

**Table 5: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligations for 2021 K	Cumulative Total K	Payments K	Balance as at 31.12.2021 K
1	Terminal Benefits	725,442	170,012	895,454	391,509	503,946
2	Settling In Allowance	1,635,501	274,768	1,910,269	1,026,887	883,382
	<b>Total</b>	<b>2,360,943</b>	<b>444,780</b>	<b>2,805,723</b>	<b>1,418,396</b>	<b>1,387,328</b>

**21. Gwembe Town Council**

**21.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K13,923,599 against which amounts totalling K12,231,749 were received and generated resulting in a negative variance of K1,691,850. See table 1 below.

**Table 1: Budget and Income**

No.	Sources of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	326,922	56,545	(270,377)
2	Fees and Charges	1,168,391	343,577	(824,814)
3	Licences	22,500	8,850	(13,650)
4	Levies	733,336	543,518	(189,818)
5	Permits	98,800	28,600	(70,200)
6	Commercial Venture	181,000	138,146	(42,854)
7	Other Receipts	23,000	12,210	(10,790)
	<b>Sub total</b>	<b>2,553,949</b>	<b>1,131,446</b>	<b>(1,422,503)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	9,569,650	9,400,303	(169,347)
9	Constituency Development Fund	1,600,000	1,600,000	-
10	Other Grants	200,000	100,000	(100,000)
	<b>Sub total</b>	<b>11,369,650</b>	<b>11,100,303</b>	<b>(269,347)</b>
	<b>Total</b>	<b>13,923,599</b>	<b>12,231,749</b>	<b>(1,691,850)</b>

In addition, funds amounting to K4,488,525 were brought forward from the previous year bringing the total funds available to K16,720,274.

**b. Operational Matters -Environmental Management**

The Environmental Management Act No. 12 of 2011 states that, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites.”

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, Section 46(3) of the Solid Waste Regulation and Management Act No.20 of 2018 states that, “An application for a permit shall comply with the Environmental Management Act of 2011, and be made in the prescribed manner and form on payment of a prescribed fee”.

The following were observed:

- The Council operated Chiluzi dumpsite without approval from Zambia Environmental Management Agency (ZEMA).

- There were no guidelines and signage regarding entry into the dump site by users and members of the public. See picture below.



No signs at the dumpsite

**c. Accounting for Revenue - Failure to Collect Mast Levy**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

During the period under review, the Council was expected to collect amounts totalling K75,000 from mast levy from African Mobile.

However, as at 30<sup>th</sup> September 2022, amounts totalling K25,000 were collected leaving a balance of K50,000.

**d. Management of Payroll and Other Staff Related Matters -Failure to Fill Vacant Positions**

During the period under review, the Council had an approved establishment of 146 positions out of which 86 were filled leaving 60 vacant as at 30<sup>th</sup> September 2022.

Out of the vacant positions, some were key to the smooth running of the Council such as Building Inspector, Environmental Planner, Leading Fire Fighter and Rural Water and Sanitation Coordinator.

**e. Procurement of Goods and Services**

**i. Failure to Avail Payment Vouchers**

Section 72 (1) of the Public Finance Management (General) Regulations, 2020 states that, “a payment voucher with supporting documents, and any other forms which support a charge entered in the accounts, shall be filed, secured against loss, and be readily available for audit.”

Contrary to the Regulation, seventeen (17) payment vouchers in amounts totalling K80,683 were not availed for audit.

**ii. Failure to Utilise Gramosi Accounting Package**

On 21<sup>st</sup> January 2021, the Council entered into an agreement with Gramosi Business Consultancy Ltd of Lusaka for the supply, installation and training in the use of financial accounting system. The contract price was K11,900 and the agreement also provided for an annual charge for technical support of K5,000.

However, the Council had not used the package sixteen (16) months after it was procured thereby rendering the payment wasteful.

**f. Management of Stores - Unaccounted for General Stores**

Local Authorities Financial Regulation No. 145 requires that a Treasurer shall keep proper records of receipts and issue of stocks and stores.

Contrary to the Regulation, there were no receipt and disposal details in respect of stores items costing K226,133 (General Stores – K208,414 and Fuel - K17,719) involving forty nine (49) transactions procured during the period under review.

**g. Management of Assets**

**i. Lack of Title Deeds**

Section 41(4) of the Public Finance Management Act No.1 of 2018, requires that a Controlling Officer should ensure that all public properties under the Controlling Officer’s charge are secured with title deeds.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which nineteen (19) properties such as houses, civic centre, guest houses, and office buildings were located.

**ii. Failure to Claim Insurance Premiums**

On 27<sup>th</sup> July 2021, Isuzu D-max Registration Number GRZ 687 CR belonging to the Council was involved in a road traffic accident and was extensively damaged.

A review of records revealed that the vehicle was comprehensively insured with Zambia State Corporation Insurance at a value of K331,230.

However, as at 30<sup>th</sup> September 2022, fourteen (14) months after the accident had occurred, the Council had not made any claim with the insurance company and a physical inspection conducted revealed that the vehicle had not been repaired. See pictures below.



Damaged vehicle GRZ 687 CR

**h. Management of Local Government Equalisation Funds**

The Local Government Act No. 2 of 2019 provides that a Council should use at least twenty (20) percent of the Equalisation Fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K8,675,898 were received as equalisation funds out of which amounts totalling K1,735,179 being 20% of the funded amount was transferred to the capital account.

The following were observed:



**i. Failure to Reimburse Borrowed Funds**

During the period under review, the Council borrowed amounts totalling K131,720 from the capital account to meet operational expenses relating to orientation of Councillor's. However, as at 30<sup>th</sup> September 2022, the amount borrowed had not been reimbursed.

**ii. Construction of a Bar (Phase 1) at Chipeco Guest House**

On 30<sup>th</sup> October 2020, the Council engaged James Kanyuma for the construction of a bar (phase 1) at Chipeco Guest House at a labour only contract price of K14,000. The contract duration was sixty (60) days commencing on 1<sup>st</sup> November 2020 and ending on 31<sup>st</sup> January 2021.

The scope of works included bush and vegetation clearing, excavation of trenches, substructure and superstructure, roofing, metal work, carpentry and Ironmongery, glazing, painting, electrical works, plumbing works including construction of septic and soakaway.

As at 30<sup>th</sup> September 2022, amounts totalling K70,377 (labour - K6,500 and materials - K63,877) had been spent.

A physical inspection carried out in September 2022, revealed that the project had not been completed. The remaining works included; construction of superstructure, roofing, metal work, carpentry and ironmongery, glazing, painting, electrical works, plumbing works including construction of septic and soakaway.

Further, it was observed that the project had stalled and the Council had terminated the contract on 18<sup>th</sup> December 2020. However, the Council had not engaged another contractor to complete the outstanding works. See picture below.



Incomplete Bar at Chipeco Guest House

**i. Management of Liabilities**

**i. Failure to Remit Statutory and Other Obligations**

As of 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF), Zambia United Local Authorities Workers Union (ZULAWU), National Health Insurance Management Authority (NHIMA) and other institutions amounts totalling K9,436,304 in respect of tax, pension, union and insurance contributions some dating from as far back as 2018. See table 2 below.

**Table 2: Unremitted Statutory and Other Obligations.**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cumulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	2,752,580	1,158,813	3,911,393	-	3,911,393
2	NAPSA	4,228,926	552,107	4,781,033	139,232	4,641,801
3	LASF	583,280	363,511	946,791	299,736	647,056
4	ZULAWU	59,041	50,400	109,441	58,329	51,112
5	NHIMA	49,918	85,089	135,007	76,317	58,689
6	Madison Insurance	3,401	53,634	57,035	54,176	2,859
7	ZSIC	78,522	77,224	155,747	60,000	95,747
8	Workers Compensation Fund	27,647	-	27,647	-	27,647
	<b>Total</b>	<b>7,783,316</b>	<b>2,340,778</b>	<b>10,124,093</b>	<b>687,789</b>	<b>9,436,304</b>

**i. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K4,338,728 in respect of leave days, terminal benefits and long service bonus some dating from as far back as 2012. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Obligations for 2021 K	Payments K	Balance as at 31.12.2021 K
1	Leave Days	666,081	-	666,081
2	Long Service Bonus	706,904	-	706,904
3	Terminal Benefits	2,965,742	-	2,965,742
	<b>Total</b>	<b>4,338,728</b>	<b>-</b>	<b>4,338,728</b>

## 22. Ikelenge Town Council

### 22.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K12,865,582 against which K12,426,658 were received and generated resulting in a negative variance of K438,924. See table 1 below.

**Table 3: Budget and Income**

No	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	11,250	8,468	(2,783)
2	Fees and Charges	1,757,150	230,775	(1,526,375)
3	Licences	14,090	19,864	5,774
4	Levies	541,300	234,047	(307,253)
5	Permits	103,250	1,950	(101,300)
6	Other Receipts	14,200	-	(14,200)
	<b>Sub Total</b>	<b>2,441,240</b>	<b>495,104</b>	<b>(1,946,137)</b>
	<b>National Support</b>			
7	Government Equalisation Fund	8,624,342	7,951,249	(673,093)
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Other Grants	200,000	2,380,306	2,180,306
	<b>Sub total</b>	<b>10,424,342</b>	<b>11,931,555</b>	<b>1,507,213</b>
	<b>Total Income</b>	<b>12,865,582</b>	<b>12,426,658</b>	<b>(438,924)</b>

#### b Operational Matters

##### **Solid Waste Management Services - Failure to Take Employees for Medical Examination**

Section 38(2) (f) of the Occupational Health and Safety Act No. 36 of 2010 states that, “the regulations may provide for occupations for which initial, periodic and benefit

medical examination of persons may be required in order to verify safe conditions of work or to detect early changes in health.”

Contrary to the Act, eight (8) employees handling waste were not subjected to periodic medical examinations during the period under review.

**c Accounting for Revenue**

**i. Failure to Collect Revenue from Leased Properties**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of accounting unit of a local authority to “collect in a timely manner all revenue and other public monies due and payable to the local authority”.

Contrary to the regulation, as at 31<sup>st</sup> December 2021, the Council failed to collect revenue in amounts totalling K29,155 in respect of rent from shops.

**d Management of Assets - Lack of 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 Council did not secure title deeds for parcels of land on which the Civic Centre, ablution block and Council Shops were located.

**e Management of Local Government Equalisation Fund – Failure to Reimburse Borrowed Funds**

The Local Government Act No. (2) of 2019 provides that, a Council shall use at least 20% of the Equalisation Funds received in any financial year to finance capital expenditure.

During the period under review, the Council borrowed amounts totalling K1,079,778 from the projects account to meet operational expenses. However, as at 30<sup>th</sup> September 2022, the amount borrowed had not been reimbursed.

**f Failure to Install Street Lights**

Section 5(b) of the Local Government Act No. 2 of 2019 states that, “a local authority shall in relation to community development, establish and maintain a system of lighting in street and other public places.”

Contrary to the Act, the Council did not have streetlights in townships and other places. See pictures below.



Streets with No street lighting

**g Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was made to cater for Ikelenge Constituency and the whole amount was released.

In addition, an amount of K3,131,946 was brought forward from 2020 bringing the total funds available during the period under review to K4,731,946.

The following were observed:

- **Unspent Funds**

A review of the cash books and bank statements revealed that as at 30<sup>th</sup> September 2022, amounts totalling K1,026,021 were spent leaving a balance of K3,705,925 unspent.

- **Failure to Implement Approved Projects**

A review of the approved list and progress reports for Constituency Development Fund revealed that four (4) projects which were allocated amounts totalling

K310,000 had not been implemented as at 30<sup>th</sup> September 2022, despite having received the funds on 1<sup>st</sup> October 2021. See table 3 below.

**Table 3: Projects not implemented**

No.	Project Name & Scope	Constituency	2020 Amount Allocated	Total Amount Allocated
1	Construction of a 1X2 Classroom Block	Nyakaseya	100,000	100,000
2	Construction of a 1X2 Classroom Block	Ikelenge	100,000	100,000
3	Construction of a 1X2 Classroom Block	Jimbe	100,000	100,000
4	Rehabilitation of Kayanda Bridge	Jimbe	10,000	10,000
	<b>Total</b>			<b>310,000</b>

- **Completion of a 1x2 Laboratory at Lwakela Secondary School - Stalled Project**

On 30<sup>th</sup> May, 2019, the Council awarded a contract to Maidon Stanely Nyingochi for the completion of a 1x2 Laboratory at Lwakela Day Secondary School at a labour only contract price of K55,248 with a completion period of two (2) months commencing 7<sup>th</sup> June 2019 and ending on 7<sup>th</sup> August 2019.

The scope of works included; substructure works, superstructure works, roofing, finishes and external works.

As of December 2021, amounts totalling K29,717 had been spent on the project leaving a balance of K25,532.

A physical inspection carried out in September, 2022, thirty- seven (37) months after the expected completion date, revealed that the project had stalled at ring beam level with some portions at gable level. See pictures below.



Stalled Project at ring beam level with some portions at gable level

- **Failure to Claim Refund**

On 22<sup>nd</sup> May 2018, the Council awarded a contract to Luwaile Investments for the construction of a 1x2 laboratory at Lwakela Secondary School at a contract price of K235,022.

The scope of works included construction of substructure and superstructure, roofing, carpentry, joinery and ironmongery, floor, wall and ceiling finishes, glazing, painting and decorating, external and plumbing works.

On 4<sup>th</sup> June 2018, the contractor was paid K35,253 as advance payment.

On 22<sup>nd</sup> October 2018, the Council terminated the contract with Luwaile Investment due to lack of commitment towards the project and non-performance and the Council took the contractor to court to recover the advance payment.


However, as at 30<sup>th</sup> September 2022, the contractor had not refunded K26,238 to the Council as guided by the court in its' judgement delivered in April 2020.

- **Delayed Completion of Projects**



In the periods 2018 to 2021 Ikelenge Town Council embarked on a number of projects. An inquiry and a physical inspection carried out in September, 2022 revealed that the projects had not been completed for periods ranging between 3 months and 38 months from their expected dates of completion in 2018 to 2021.


In addition, the following were observed as shown in the table 4 below.



**Table 4: Delayed Completion of Projects**

No.	Project	Contractor	Contract Period	Start Date	Expected Completion Date	Amount allocated	Expenditure	Scope of Works	Status as at 31 <sup>st</sup> September 2022
1	Completion of a 1x2 CRB at Samahina Primary School	Chiteta Fungamwangu (Labour based)	6 months	24.03.2021	24.09.2021	84,786	81,301 (Materials 78,301 Labour 3,000)	Substructure, Superstructure, Roof structure and roof covering	The project was at gable level thirteen (13) months after the expected completion date. The outstanding works included superstructure, roof structure and roof covering. See picture below. 
2	Construction of a 1x2 Laboratory Block at Kamata Day Secondary School	Kabwita Delphine (Labour Based)	6 months	15.02.2021	15.08.2021	32,500	25,254 (Materials 25,254 Labour 0)	Substructure	The project was at box level twelve (12) months after the expected completion date. The outstanding works included casting of concrete slab. See picture below.






3	Construction of a Rural Health Centre at Kelundu Community	Percy Machipisa (Labour Based)	6 months	15.01.2021	16.07.2021	119,600	101,951 (Materials 93,951 Labour 8,000)	Substructure, superstructure, roofing, metal work and carpentry & joinery, flooring, glazing, painting and decorations, and spoon drain	<p>The project was partially roofed sixteen (16) months after the expected completion date. The outstanding works included part roofing, metal work and carpentry &amp; joinery, flooring, glazing, painting and decorations, spoon drain. See picture below.</p>  
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<b>4</b>	Construction of a Classroom Block at Saluzhing'a Primary School	John Luwi (Labour Based)	6 months	15.05.2019	15.09.2019	107,000	70,166 (Materials 70,166 Labour 0)	From foundation to slab level	The project was at foundation box thirty seven (37) months after the expected completion date. The outstanding works included casting of concrete slab. See picture below.
									
<b>5</b>	Construction of a laboratory at Mwininyilamba Day Secondary School	Tennes Kadilan'a (Labour Based)	6 months	06.01.2021	06.07.2021	35,214	23,593 (Materials 22,593 Labour 1,000)	Substructure – From the foundation to concrete slab Superstructure -From concrete slab to roof level	Project had not commenced fourteen (14) months after the expected completion date.
<b>6</b>	Construction of a Staff House at Kanyikolu Community School	Kayombo Kazhiko (Labour Based)	6 months	18.02.2020	18.07.2020	20,000	14,265 (Materials 14,265 Labour 0)	From foundation to slab level	The project was at foundation box twenty seven (27) months after the expected completion date. The outstanding works was the construction of the



									concrete slab. See picture below.	
7	Construction of a Staff House at Yambaji Primary School	Lenard Maseka (Labour Based)	6 months	18.01.2021	18.06.2021	20,000	13,330 (Materials 13,330 Labour 0)	From foundation to slab level	The project was at foundation box fifteen (15) months after the expected completion date. The outstanding works was the construction of the concrete slab. See picture below.	
8	Completion of a Staff House at Mapudi Primary School	George Shimishi (Labour Based)	6 months	05.01.2021	05.07.2021	30,500	19,735 (Materials 19,735)	Casting of concrete ring beam, construction in brickwork	The project was at gable level fourteen (14) months after the expected completion date. The outstanding works included	





Construction of a Staff House at Kafunyi Primary School	Luwi John (Labour based)	6 months	19.02.2021	19.08.2021	50,000	33,875 (Materials 33,875 Labour 0)	From foundation to wall plate level	<p>The project was at slab level thirteen (13) months after the expected completion date. The outstanding works included super structure to wall plate level. See picture below.</p> 
Construction of a 1x3 Classroom Block at Mukang'ala Secondary School	Kanyembu Gilbert (Labour based)	6 months	26.05.2020	26.11.2020	100,000	55,222 (Materials 55,222 Labour 0)	Substructure- from the foundation to concrete slab superstructure -From concrete slab to roof level	<p>The project was at box level twenty three (23) months after the expected completion date. The outstanding works included concrete slab, superstructure and roofing. See picture below.</p>



										
<b>12</b>	Completion of Staff House at Muzeya Rural Health Post	Collins Mufalewa (Labour based)	6 months	05.03.2019	05.08.2019	178,551	159,766 (Materials 150,602 Labour 9,164)	Completion of staff house ring from beam level to completion	The project had stalled at roof level thirty eight (38) months after the expected completion date. The contract was terminated due to non-performance. See picture below.	
<b>13</b>	Construction of a Classroom Block at Mbuya Community School	Kanjinga Hastings (Labour based)	6 months	10.06.2020	10.12.2020	20,000	18,338 (Materials 16,338 Labour 2,000)	From foundation to wall plate level	The project was at foundation level twenty two (22) months after the expected completion date. The outstanding works included construction from foundation to wall plate. See	



									picture below.	
<b>14</b>	Construction of a Laboratory at Jimbe Secondary School	Kayombo Kajiko (Labour based)	6 months	06.03.2021	06.08.2021	60,000	30,179 (Materials 30,179 Labour 0)	Substructure- from the foundation to concrete slab superstructure -from concrete slab to roof level	The project was at box level fourteen (14) months after the expected completion date. The outstanding works included construction of slab, super structure and roofing. See picture below.	
<b>15</b>	Construction of a Staff House at Katooka Primary	Sawindele Smith (Labour based)	6 months	19.08.2020	19.02.2021	20,000	15,635 (Materials 15,635 Labour 0)	Foundation to concrete slab level	The project was at foundation level twenty (20) months after the expected completion date. The outstanding works included	

									casting of concrete slab. See picture below.	
<b>16</b>	Construction of a Classroom Block at Muhaku Community School	Sawindele Smith (Labour based)	6 months	25.11.2019	25.05.2020	17,000	12,935 (Materials 12,935 Labour 0)	Foundation to concrete slab level	The project was at foundation level twenty nine (29) months after the expected completion date. The outstanding works included casting of concrete slab. See picture below.	
<b>17</b>	Construction of a Staff House at	Isaac Kambenja	6 months	08.01.2020	08.07.2020	10,500	8,900	Foundation to concrete slab level	The project was at foundation box level twenty seven (27) months after the	



	Kewumba Primary School	(Labour based)						(Materials 8,900 Labour 0)		expected completion date. The outstanding works included casting of concrete slab. See picture below.	
18	Construction of a Health Post at Chiyokolu Community	Kayombo Kajiko (Labour based)	6 months	18.12.2020	18.06.2021	K0,000	10,757 (Materials 10,757 Labour 0)	Foundation to concrete slab level	The project was at foundation box level sixteen (16) months after the expected completion date. The outstanding works included construction of a box and casting of concrete slab. See picture below.		

## **h Management of Liabilities - Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and National Health Insurance Management Authority (NHIMA) in amounts totalling K4,092,712 in respect of tax and pension contributions some dating from as far back as 2018. See table 5 below.

**Table 5: Unremitted Statutory Obligations**

No.	Institution	Balance B/F 01.01.2021 K	Obligations for 2021 K	Cummulative total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	1,073,713	925,083	1,998,797	592,922	1,405,875
2	NAPSA	2,530,558	650,316	3,180,874	508,944	2,671,930
3	NHIMA	45,742	61,568	107,311	92,403	14,908
	<b>Total</b>	<b>3,650,013</b>	<b>1,636,968</b>	<b>5,286,981</b>	<b>1,194,269</b>	<b>4,092,712</b>

## **23. Itezhi Tezhi Council**

### **23.1 Audit Findings**

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### **a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K18,806,117 against which amounts totalling K14,177,353 were received and generated resulting in a negative variance of K4,628,764. See table 1 below.

**Table 4: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	2,615,075	1,964,130	(650,945)
2	Fees & charges	4,379,760	1,060,822	(3,318,938)
3	Licences	160,354	216,354	56,000
4	Levies	212,890	245,769	32,879
5	Permits	108,395	99,128	(9,267)
6	Commercial Venture	-	-	-
7	Othe income	869,842	377,545	(492,297)
	<b>Total</b>	<b>8,346,316</b>	<b>3,963,748</b>	<b>(4,382,568)</b>
	<b>National Support</b>			
8	Local Government Equalization Fund	8,859,801	8,613,605	(246,196)
9	Constituency Development Fund	1,600,000	1,600,000	-
10	Other Grants	-	-	-
	<b>Sub Total</b>	<b>10,459,801</b>	<b>10,213,605</b>	<b>(246,196)</b>
	<b>Total</b>	<b>18,806,117</b>	<b>14,177,353</b>	<b>(4,628,764)</b>

## **b. Operational Matters**

### **i. Lack of Fire Fighting and Prevention Services**

Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states that, “A Local Authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have fire-fighting and prevention services as at 30<sup>th</sup> September 2022.

### **ii. Failure to Prepare an Integrated Development Plan**

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an integrated development plan.

### **iii. Failure to Carry out Dog Registration**

Section 6 (1) of the Dogs Control Act No. 13 of 1994 states that, “Every owner or other person having the custody of a dog of the apparent age of three months or over shall

register such dog and take in respect thereof a badge and certificate of registration as hereinafter provided”.

However, the council did not carry out any dog registration and did not collect any revenue regarding dog levy despite being a registration authority.

**iv. Failure to Control and Manage Markets**

Section 5(1) of the Markets Act No. 7 of 2007 states that, “All markets and bus stations shall be under the control of a local authority having jurisdiction in the area in which they are situated”.

Contrary to the Act, as at 30<sup>th</sup> September 2022, the Council did not control or manage seven (7) markets under its jurisdiction.

**c. Accounting for Revenue**

**i. Missing Receipt Books**

Section 17 (1) (b) of the Public Finance Management (General) Regulations, 2020 requires that receipts of all types be preserved for the period of ten (10) years.

Contrary to the Regulation, nine (9) receipt books used during the period under review were not availed for audit thereby exposing the Council to loss of revenue.

**ii. Failure to collect revenue from Lease of Council properties**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of accounting unit of a local authority to collect in a timely manner all revenue and other public monies due and payable to the local authority.

Contrary to the Regulation, the Council did not collect revenue totalling K72, 596 from fifty- four (54) shops on rent or on lease some dating from as far back as 2020.

**d. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of 333 positions out of which 119 were filled leaving 214 positions vacant as at 30<sup>th</sup> September 2022.

Out of the vacant positions, some were key to the smooth running of the Council such as

the Community Development Officer, Health Inspector and Assistant Commercial Manager.

**ii. Over Employment of Staff**

An examination of the establishment register revealed that some positions were over staffed. In particular, it was observed that there were thirteen (13) positions which were to be filled by thirteen (13) officers but were instead filled by forty – three (43) officers resulting in excess of thirty (30) officers.

The thirty (30) officers were paid salaries in amounts totalling K1,815,999 during the period under review.

**i. Failure to confirm staff**

Section 27 (1) the Employment Act No.3 of 2019 states that, “An employee may be employed for a probationary period, not exceeding three months, for the purpose of determining that employee’s suitability for appointment”.

Contrary to the Act, the Council had three (3) officers that had not been confirmed for periods ranging from thirteen (13) to forty-four (44) months.

**e. Management of Assets**

**i. Failure to Secure Title Deeds**

Section 41(4) of the Public Finance Management Act, No. 1 of 2018 states that, “A Controlling Officer should ensure that all public properties under the Controlling Officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for fourteen (14) parcels of land on which properties such as Civic Centre, Council houses, Masemu Guest House and Markets were located.

**ii. Failure to Maintain Council Properties**

A physical inspection of selected properties carried out in September, 2022 revealed the following:

- **Masemu Guest House**

The building was not maintained in that windows were broken, the wall had started developing cracks, doors removed and paint had started peeling off. See picture below.



Unmaintained Masemu guest house

- **Masemu Night club**

The property was not being maintained in that windows were broken, ceiling board was falling off and the paint had faded. See picture below.



Unmaintained Masemu night club

**f. Management of Local Government Equalisation Funds - Misapplication of Funds**

The Local Government Act No. 2 of 2019 provides that, a Council that shall use at least twenty per cent (20%) of the equalisation funds received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K8,613,605 were received as equalisation funds out of which amounts totalling K1,722,721 being 20% of the funded amounts were to be transferred to the capital account.

However, the Council misapplied amounts totalling K614,684 meant for capital projects on operational expenses such as payment of settling in allowances (K113,310), servicing of motor vehicles (K375,624), and payment of allowances to employees (K125,750). As at 30<sup>th</sup> September 2022, the funds had not been reimbursed.

**g. Management of Constituency Development Funds**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was made to cater for Itezhi- tezhi Constituency and the whole amount was released.

In addition, amounts totalling K1,654,810 were brought forward from 2020 and the interest earned was K44,727 bringing the total funds available to K3,299,537 during the period under review.

As at 31<sup>st</sup> December 2021, amounts totalling K1,030,294 were spent leaving a balance of K2,269,242 unspent.

**Failure to implement approved project**

Section 15(5) of the Constituency Development Act No. 11 of 2018 states that “A project that is approved by the Minister shall be funded and the implementation of the approved project shall be completed within the agreed contractual period”.

However, a review of the approved list and progress reports for the Constituency Development Fund revealed that one approved project pertaining to drilling of sixteen (16) boreholes with a total allocated amount of K560,000 had not been implemented as at 30<sup>th</sup> September 2022.

This was despite the project being approved by the Ministry of Local Government and Rural Development on 15<sup>th</sup> December 2020 and funding received on 18<sup>th</sup> August 2020.

**h. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA) and National Pension Scheme Authority (NAPSA) amounts totalling K4,649,838 in respect of tax and pension contributions, some dating from as far back as 2019. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	3,811,839	360,989	4,172,828	2,463,789	1,709,039
2	NAPSA	2,167,285	773,514	2,940,799	-	2,940,799
	<b>Total</b>	<b>5,979,124</b>	<b>1,134,503</b>	<b>7,113,627</b>	<b>2,463,789</b>	<b>4,649,838</b>

## ii. Failure to Settle Staff Obligations

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K1,986,776 in respect of retirement benefits, long service bonus, settling in allowance, leave travel benefits and salary arrears some dating from as far back as 2012. See table 3 below.

**Table 3: Outstanding staff obligations**

No.	Type of Debt	Balance as at 31.12.2021 K
1	Retirees Benefits	883,493
2	Long Service Bonus	110,123
3	Settling In Allowances	125,897
4	Leave Travel	25,000
5	Salary Arrears	842,263
	<b>Total</b>	<b>1,986,776</b>

## 24. Kabwe Municipal Council

### 24.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council received grants from the Ministry of Local Government and Rural Development and to generate income from various sources in



amounts totalling K78,717,911 against which amounts totalling of K45,739,255 were received and generated resulting in a negative variance of K32,978,656. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	12,632,369	9,468,195	(3,164,174)
2	Fees & charges	28,793,690	6,437,159	(22,356,531)
3	Licences	1,411,991	535,814	(876,177)
4	Levies	3,515,310	1,640,874	(1,874,436)
5	Permits	6,100,875	5,261,632	(839,243)
6	Other Income	5,392,295	205,827	(5,186,468)
	<b>Total</b>	<b>57,846,530</b>	<b>23,549,501</b>	<b>(34,297,029)</b>
	<b>National Support</b>			
7	Local Government Equalization Fund	17,571,381	16,935,255	(636,126)
8	Grant In Lieu of Rates	100,000	200,000	100,000
9	Constituency Development Fund	3,200,000	3,200,000	-
10	Other Grants (Fire training school)		1,854,499	1,854,499
	<b>Sub Total</b>	<b>20,871,381</b>	<b>22,189,754</b>	<b>1,318,373</b>
	<b>Total</b>	<b>78,717,911</b>	<b>45,739,255</b>	<b>(32,978,656)</b>

In addition, amounts totalling K8,456,908 were brought forward from 2020 bringing the total funds available to K54,196,163. As at 31<sup>st</sup> December 2021, amounts totalling K45,449,210 had been spent leaving a balance of K8,746,953.

**b. Operational Matters - Lack of an Integrated Development Plan**

Section 19 (3) of Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an integrated development plan.

**c. Accounting for Revenue**

**i. Failure to Collect Revenue from Lease of Council Properties**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to “collect in a timely manner all revenue due to the local authority”.

During the period under review, the Council was expected to collect amounts totalling K1,393,737 from lease of 283 properties. However, as of March 2022, amounts totalling K8,150 were collected leaving a balance of K1,385,587. Some of the amounts have been outstanding from as far back as 2018.

**ii. Failure to Operate Motel**

The Council owned Mulungushi Motel which was to be operated as a commercial venture. However, the Motel had not been in operation for a period of more than four years as it was in a dilapidated state.

**d. Management of Payroll and Other Staff Related Matters**

**i. Over Employment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were thirteen (13) authorised positions which were to be filled by twenty seven (27) officers but were instead filled by forty eight (48) officers resulting in excess of twenty one (21).

The twenty one (21) officers were paid salaries in amounts totalling K561,208 during the period under review.

**ii. Failure to confirm staff**

A review of employees' personal files and payroll reports for the year ended 2021 revealed that five (5) officers were appointed to act in various positions for a period of three (3) months for the purpose of determining their suitability for promotion to the higher positions.

However, as at 30<sup>th</sup> September 2022, the officers were not confirmed in their positions for periods ranging from thirteen (13) to thirty two (32) months.

**e. Management of Assets**

**i. Failure to insure Motor Vehicles**

Local Authorities Financial Regulation No.154 states that, "The treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with head of department".

Contrary to the regulation, twenty (20) motor vehicles had not been insured as at 30<sup>th</sup> September 2022, consequently on 2<sup>nd</sup> October, 2021 a Kabwe Municipal Council Mitsubishi Spotero registration number GRZ 820 CF was involved in a road traffic

accident (RTA) and had not been repaired as at 30<sup>th</sup> September 2022. There was no evidence provided to show that the vehicle was insured at the time of the accident. See picture below.



GRZ 820CF

**ii. Lack of Title Deeds**

Section 41(4) of the Public Finance Management Act, No. 1 of 2018 states that, “A Controlling Officer should ensure that all public properties under the Controlling Officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for ninety one (91) parcels of land on which properties such as Clayton park, Muchishi tarven, Bwacha library and Mulungushi motel were located.

Consequently, the properties could not be insured.

**f. Constituency Development Funds (CDF)**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K3,200,000 was made to cater for Kabwe Central and Bwacha Constituencies and the whole amount was released.

In addition, K2,659,505 was brought forward from 2020 bringing the total funds available to K5,859,505.

As at 31<sup>st</sup> December 2021, amounts totalling K1,857,028 had been spent leaving a balance of K4,002,476.

However, the following were observed:

**i. Bwacha Constituency**

- **Stalled Works - Construction of Changing Room and Toilets at Indeni Grounds**

The Council allocated an amount of K215,000 for the project. In this regard, on 23<sup>rd</sup> December, 2020 the Council engaged John Shamboko to construct a changing room and toilets at Indeni Grounds at a labour only contract price of K49,800. The commencement and the completion dates were not provided for in the contract. The scope of works included: substructure, block work to wall plate level, roofing and iron mongering, plumbing and electrical works and, painting.

As at 31<sup>st</sup> December 2021, amounts totalling K228,358 comprising labour K31,800 and materials K196,558 (2020 – K189,658 and 2021 – K38,700) had been spent on the project resulting in an over expenditure of K13,358.

A physical inspection carried out on 19<sup>th</sup> May 2021 revealed that the project had not been completed in that:

The changing room was constructed while the following works were outstanding: completion of plumbing works, connection of water, installation of tiles and connection of service line and the contractor was not on site.

The engineers estimate was K249,324 while the approved funding was K215,000 resulting in a shortfall of K34,324 on the project.

See picture below.



Changing rooms at Indeni grounds

- **Stalled Works - Construction of a Modern Toilet at Kawama Market**

On 12<sup>th</sup> January, 2021 the Council engaged Malama Lupupa to construct a modern ablution block at Kawama Market at a labour only contract price of K35,000. The commencement and the completion dates were not provided for in the contract.

The scope of works included: substructure, block work to wall plate level, roofing and iron mongery, plumbing and electrical works and painting.

As at 31<sup>st</sup> December 2021, amounts totalling K171,573 comprising K156,573 for materials and K15,000 for labour had been spent leaving a balance of K20,000.

A physical inspection carried out in May 2022, revealed that the super structure had been constructed with the following works outstanding; roofing and iron mongery, plumbing, painting and electrical works. At the time of audit verification the contractor was not on site and the works had stalled. See picture below.



Kawama market ablution block

- **Drilling of Bore Holes-Stalled works**

On 8<sup>th</sup> December 2020, the Council engaged Ocean Drilling to drill and equip eight (8) boreholes in Bwacha constituency at a contract price of K236,640 with a completion period of twenty one (21) days commencing from 8th May and ending on 29<sup>th</sup> May 2021.

The scope of works included borehole sitting and drilling at 50 metres, Installation of India mark II pump.

As of 31<sup>st</sup> December 2021, the contractor was paid an amount of K147,900 leaving a balance of K88,740.

A physical inspection carried out in April, 2022 revealed that six (6) boreholes had been drilled leaving a balance of two (2) boreholes. Further, all the six (6) boreholes drilled have not been equipped.

**i. Kabwe Central Constituency**

- **Over expenditure on the project- Construction of Nakoli clinic mothers' shelter**

In 2020 the Council had approved amounts totalling K100,000 towards the construction of a mother's shelter at Nakoli clinic. In this regard on 31<sup>st</sup> August 2020, the Council engaged Eric M'hone to construct a mother's shelter at Nakoli clinic at a labour only contract price of K30,000. The commencement and the completion dates were not provided for in the contract.

The scope of works included: Substructure, superstructure, roofing and iron mongering, painting, external works and finishes.

As of May 2022, the Council had spent K109,184 (labour K14,000 and materials K95,184). The approved amount was K100,000 resulting in an over expenditure of K9,184.

A physical inspection of the project carried out in May 2022, revealed that the mothers' shelter had been constructed up to wall plate level while the following works remained outstanding: roofing, iron mongery and carpentry, painting, plastering and finishing, and there were no materials for the remaining works. See picture below.



Mothers shelter at roof level

- **Failure to implement approved and funded projects**

A review of the approved list and progress reports for Constituency Development Fund for 2020 revealed that five (5) projects which were allocated amounts totalling K413,922 had not been implemented as at 30<sup>th</sup> September 2022, despite being funded. See table 3 below.

**Table 3: Unimplemented projects**

No.	Project Name	Constituency	Year of Funding	Date of Project Approval	Amount Allocated K
1	Drainage Works in Katondo	Kabwe Central	2020	04.11.2020	80,000
2	Ceiling of Katondo police post	Kabwe Central	2020	04.11.2020	83,922
3	Completion of Kamuchanga police	Kabwe Central	2020	04.11.2020	30,000
4	Completion of Mulungushi primary school	Kabwe Central	2020	04.11.2020	150,000
5	Construction of a police post at Kafulamase	Kabwe Central	2020	04.11.2020	70,000
	<b>Total</b>				<b>413,922</b>

- **Completion of Magandanyama School - Stalled Project**

On 28<sup>th</sup> May, 2020 the Council engaged Bryson Kateya at a labour only contract price of K14,000 to construct a classroom at Magandanyama School. The commencement and the completion dates for the project were not provided for in the contract.

The scope of works included superstructure, fitting window and door frames, plastering, roofing, painting and finishes.

As of May 2021, from the approved amount of K813,000, the Council had spent K99,175 on materials only.

A physical inspection conducted in May 2022, revealed that the classroom had been constructed and roofed while the following works remained outstanding: fitting of doors and locks, plastering inside the classroom, spoon drain and completion of beam filling. At the time of audit inspection the contractor was not on site and works had stalled and no materials were available. See picture below.





Stalled construction of a classroom

- **Construction of a Mothers Shelter and Plumbing Works of Toilets at Pollen clinic - Delayed completion of works**

In 2020, the Council approved amounts totalling K100,000 towards the construction of a mothers shelter and plumbing works at Pollen Clinic. In this regard on 31<sup>st</sup> August 2020, the Council engaged Misheck Zyambo to construct the mothers shelter at the labour only contract price of K20,000. The commencement and the completion dates for the project were not provided for in the contract.

The scope of works included substructure, superstructure, plastering, roofing, painting and finishing.

As of May 2022, an amount of K79,159 had been spent on the materials only.

A physical inspection carried out in May 2022, revealed that the mothers' shelter had been constructed up to wall plate and lipped channels had been fitted while the following works remained outstanding: completion of fitting door frames and window frames, roofing, plastering and finishes.

It was further observed that plumbing works for Pollen Clinic toilets were not included in the bill of quantity. See picture below.



Pollen market mothers' shelter



**g. Management of Liabilities**

**i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority, Local Authorities Superannuation Fund, National Pensions Scheme Authority and other institutions amounts totalling K118,931,306 in respect of tax, pension and union contributions some dating from as far back as 2016. See table 4 below.

**Table 4: Unremitted Statutory and Other Obligations**

No.	Institution	Balance b/f as at 01.01.2021 K	Obligation for 2021 K	Cummulative Total K	Payments K	balance as at 31.12.2021 K
1	ZRA	15,315,116	7,705,600	23,020,717	-	23,020,717
2	LASF	7,551,437	689,979	8,241,416	60,000	8,181,416
3	NAPSA	7,949,646	78,275,676	86,225,322	256,381	85,968,941
4	NHIMA	335,089	400,792	735,881	201,293	534,587
5	FIRESUZ	7,674	11,247	18,921	8,777	10,144
6	MADSON	373,330	338,365	711,694	108,613	603,081
7	ZULAWU	583,843	61,577	645,420	33,000	612,420
	<b>Total</b>	<b>32,116,135</b>	<b>87,483,236</b>	<b>119,599,371</b>	<b>668,064</b>	<b>118,931,306</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K21,427,674 in respect of retirement benefits, settling in allowances and Long service bonus some dating from as far back as 2012. See table 5 below.

**Table 5: Outstanding Staff Obligations**

No.	Type of Debt	balance B/f as at 01/01/2021 K	Obligations for 2021 K	Cumulative Total K	Payments K	Balance as at 31/12/21 K
1	Long Service Bonus	7,506,165	-	7,506,165	43,000	7,463,165
2	Responsibility Allowance	33,179	-	33,179	-	33,179
3	Leave Travel Benefits	153,756	37,289	191,046	4,500	186,546
4	Commutation of Leave Days	10,520	86,514	97,034		97,034
5	Terminal Benefits	13,880,636	-	13,880,636	232,887	13,647,749
	<b>Total</b>	<b>21,584,258</b>	<b>123,803</b>	<b>21,708,060</b>	<b>280,387</b>	<b>21,427,674</b>

## 25. Kafue Town Council

### 25.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K61,309,887 against which amounts totalling K39,408,565 were received and generated resulting in a negative variance of K21,901,321. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	19,141,456	2,478,096	(16,663,360)
2	Fees and Charges	17,335,718	13,624,286	(3,711,432)
3	Licences	3,220,873	4,126,164	905,291
4	Levies	2,430,378	1,615,577	(814,801)
5	Permits	2,702,950	1,561,551	(1,141,399)
6	Other Income	534,000	719,281	185,281
	<b>Sub Total</b>	<b>45,365,375</b>	<b>24,124,955</b>	<b>(21,240,419)</b>
	<b>National Support</b>			
7	Local Government Equalization Fund	14,044,512	13,533,610	(510,902)
8	Grants in Lieu of Rates	300,000	150,000	(150,000)
9	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Sub Total</b>	<b>15,944,512</b>	<b>15,283,610</b>	<b>(660,902)</b>
	<b>Total</b>	<b>61,309,887</b>	<b>39,408,565</b>	<b>(21,901,321)</b>

In addition, funds amounting to K2,669,058 were brought forward from the previous year bringing the total funds available to K42,077,623 out of which amounts totalling K34,175,320 were spent leaving a balance of K7,902,303.

#### b. Environmental Management – Poor Management of Kafue Dumpsite

The Environmental Management Act No. 12 of 2011 states that, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”. In addition, the Environmental Management

(Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

The following were observed:

- The Council did not compact or cover the waste with a layer of soil but instead waste was being burnt thereby exposing the community to health hazards.
- The dumpsite was not fenced for protection from access by unauthorized persons.
- No warning signs were erected or displayed at the dumpsite.
- Houses had been built less than ten (10) meters away from the dumpsite posing a health hazard to the community.

**c. Management of Payroll and Other Staff Related Matters**

**i. Failure to fill vacant positions**

The Council had an approved establishment of 113 positions out of which 110 were filled leaving three (3) vacant as at 30<sup>th</sup> September 2022. Out of the vacant positions, some were key to the running of the Council such as Station Officer and leading Fire Fighter.

**ii. Over Employment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were fourteen (14) authorised positions which were to be filled by fourteen (14) officers but were instead filled by twenty eight (28) officers resulting in excess of fourteen (14) officers.

The fourteen (14) officers were paid salaries in amounts totalling K711,414.

**d. Management of Assets - Failure to Maintain Properties**

A physical inspection of selected properties carried out in September 2022, revealed that the swimming pool and ablution block at the swimming pool were in poor condition. See pictures below.



Swimming Pool not maintained



Ablution block not properly maintained



Missing geyser -swimming pool kitchen



cracked wooden table surface -swimming  
pool bar

#### e. **Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was made to cater for Kafue Constituency and the whole amount was released.

In addition, an amount of K1,866,623 was brought forward from 2020 and amounts totalling K38,869 were earned as interest during the year bringing the total available funds to K3,505,492.

As at 31<sup>st</sup> December 2021, amounts totalling K579,267 had been spent leaving a balance of K2,926,225.

The following were observed:

### **i. Construction of a Clinic at Chipapa**

On 28<sup>th</sup> September 2021, the Council engaged Rodevesi Industrial Flooring Ltd for the construction of a clinic at Chipapa at a contract price of K483,531 with an expected completion period of four (4) months starting from 28<sup>th</sup> September 2021 to 31<sup>st</sup> January 2022.

The scope of works included construction of substructure and superstructure, roofing with 0.4 IBR roofing sheets, carpentry, joinery and iron mongery, fitting of window and door frames, flooring, electrical works, plumbing, external works and painting and decorations.

As at 30<sup>th</sup> September 2022, the contractor had been amounts totalling K192,414.

The following were observed

- **Delayed completion of the Clinic**

A physical inspection carried out in September 2022, revealed that the works had not been completed eight (8) months after the expected completion date. The outstanding works included; roofing, carpentry, joinery and iron mongery, fitting of door and window frames, flooring, electrical works, plumbing, external works and painting and decorations. See picture below.



Incomplete clinic at Chipapa

Further, the contractor was not on site and works had stalled.

- **Failure to terminate and claim Liquidated damages**

Despite the contractor having delayed completion of the works and abandoning the site, as at 30<sup>th</sup> September 2022, the Council had not terminated the contract and did not charge liquidated damages although provided for in the contract.

**f. Management of Liabilities - Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K33,473,554 in respect of tax and pension contributions some dating from as far back as 2013. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institutions	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	8,926,185	2,082,540	11,008,725	9,364,467	1,644,258
2	NAPSA	29,693,945	2,419,238	32,113,183	2,593,966	29,519,217
3	LASF	2,262,434	496,375	2,758,809	448,729	2,310,080
	<b>Total</b>	<b>40,882,564</b>	<b>4,998,153</b>	<b>45,880,717</b>	<b>12,407,162</b>	<b>33,473,554</b>

## **26. Kalulushi Municipal Council**

### **26.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December, 2021 and a physical inspection of selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council had budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate income from various sources in amounts totalling K93,309,129 against which amounts totalling K74,171,803 were received and generated resulting in a negative variance of K19,137,326. See table 1 below.



**Table 5: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
1	<b>Locally Generated</b>			
2	Local Taxes	67,889,523	53,232,598	(14,656,925)
3	Fees and Charges	10,170,591	6,398,169	(3,772,422)
4	Licences	792,000	1,059,413	267,413
5	Levies	301,319	236,124	(65,195)
6	Permits	1,244,800	966,139	(278,661)
7	Commercial Venture	-	65,793	65,793
	<b>Sub Total</b>	<b>80,398,233</b>	<b>61,958,236</b>	<b>(18,439,997)</b>
	<b>National Support</b>			
8	Local Government Equalisation	11,310,896	10,621,206	(689,690)
9	Constituency Development Fund	1,600,000	1,600,000	-
10	Other Receipts	-	(7,639)	(7,639)
	<b>Sub Total</b>	<b>12,910,896</b>	<b>12,213,567</b>	<b>(697,329)</b>
				-
	<b>Total</b>	<b>93,309,129</b>	<b>74,171,803</b>	<b>(19,137,326)</b>

**b. Operational Matters - Failure to Carry out Road Maintenance**

Paragraph 4 of the First Schedule of the Local Government Act No. 2 of 2019 states that, “A Local Authority shall, in relation to a public street exercise general control, care and maintenance of all public roads, streets, avenues, lanes, sanitary lanes and foot walks forming part thereof, bridges, squares, ferries and water courses”.

However, a physical inspection of selected roads carried out in September, 2022 revealed that township roads were not being maintained. In particular, it was observed that five (5) roads namely Luangwa, Luapula, Presidential Avenue, Lukanga, and North Kalengwa were in a poor state requiring grading and resurfacing as they had potholes and gullies making them impassable. See pictures below.



Luangwa Road



Luapula Road

**c. Management of Revenue - Failure to Collect Receivables**

Section 9 (h) of the Public Finance Management (General) Regulations 2020 requires the head of accounting unit of a local authority to collect in a timely manner all revenue and other public monies due and payable to the local authority.

Contrary to the Regulation, the Council failed to collect revenue in amounts totalling K14,162,981 in respect of property rates and house rentals as at 30<sup>th</sup> September 2022. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Type of Revenue	Balance B/F 1/1/2021 K	Bills for 2021 K	Total Amount Due K	Amount Collected K	Outstandng Amount K
1	Commercial Rates	2,185,832	11,556,490	13,742,322	11,569,435	2,172,887
2	Residential Rates	8,130,777	7,459,613	15,590,390	3,728,775	11,861,614
3	House rent	135,515	156,000	291,515	163,036	128,479
	<b>Total</b>	<b>10,452,124</b>	<b>19,172,103</b>	<b>29,624,227</b>	<b>15,461,246</b>	<b>14,162,981</b>

**d. Management of Payroll and Other Staff Related Matters**

**i. Failure to Confirm Officers on Probation**

Section 27 (1) of the Employment Act No. 3 of 2019 states that, “An employee may be employed for a probationary period, not exceeding three (3) months, for the purpose of determining the employee’s suitability for appointment”.

Contrary to the Act, as at 30<sup>th</sup> September 2022, the Council had forty one (41) officers on probation for periods ranging from ten (10) to thirty-five (35) months.

**ii. Over Employment of Staff**

An examination of the Establishment Register for the Council revealed that some positions were overstaffed. In particular, it was observed that there were forty one (41) authorised positions which were to be filled by 120 officers but were instead filled by 214 officers resulting in excess of ninety four (94) officers.

The excess ninety four (94) officers were paid salaries in amounts totalling K6,761,987 during the period under review.



### iii. Employees Without Requisite Qualifications

Contrary to the individual job descriptions for Local Authorities which provide for minimum qualifications for officers occupying various positions, it was observed that the staff returns and staff establishment register revealed that fourteen (14) employees did not have the minimum educational requirements for their respective positions. See table 3 below.

**Table 3: Employees without Requisite Qualifications**

No.	Salary Scale	No. of Officers	Qualifications of the Officer(s)	Minimum Required Qualification
1	LGSS 10	1	Grade 12 Certificate, Certificate in Procurement Level 2, Advanced Certificate in Procurement & Supply Operation	Graduate Diploma in Purchasing and Supply (CIPS) or equivalent
2	Assistant Procurement Officer	1	Grade 12 Certificate, Certificate in Purchasing and Supply	Graduate Diploma in Purchasing and Supply (CIPS) or equivalent
3	Assistant Internal Auditor	1	Grade 12 Certificate, ZICA Technician	Diploma in Accountancy or other professional qualifications such as ZICA licentiate, ACCA II, CIMAI or equivalent
4	Internal Audit Assistant	1	Grade 12 Certificate, ZICA Technician Certificate	Diploma in Accountancy or other professional qualifications such as ZICA licentiate, ACCA II, CIMAI or equivalent
5	Assistant Accountant	1	Grade 12 Certificate, Certificate in Accounts & Business Studies, ZICA Technician	Degree in Accountancy or professional qualifications such as ZICA, ACCA, CIMA or equivalent
6	Commercial Manager	1	Grade 12 Certificate, Diploma in Local Government Finance, Certificate in Management, Certificate in Food Production	Degree in Business Administration
7	Assistant Mechanical Engineer	1	Grade 12 Certificate, Certificate in Heavy Equipment Repairs	Degree in Mechanical Engineering or equivalent
8	Community Development Assistant	1	General Certificate of Education, Certificate in Community Development, Psycho-social Counselling	Diploma in social work or sociology or equivalent
9	Library Assistant	1	Grade 12 Certificate, Certificate in Library And Information Science	Diploma in Library Studies or equivalent
10	Settlement Officer	1	Grade 12 Certificate, Diploma in Rural and Urban Management	Degree in or social work or equivalent
11	Settlement Officer	1	Grade 12 Certificate, Diploma in Rural and Urban Management	Degree in or social work or equivalent
12	Settlement Officer	1	Grade 12 Certificate, Certificate in Community,	Degree in or social work or equivalent
13	Market Master	1	Grade 12 Certificate	Diploma in Business Administration or equivalent
14	Building Inspector	1	Grade 12 certificate, Trade Test Certificate in Bricklaying and Plastering	Diploma in Construction or equivalent

### e. Management of the Local Government Equalisation Fund

The Local Government Act No. (2) of 2019 provides that, a Council shall use at least 20% of the Equalisation Funds received in any financial year to finance capital expenditure.

During the period under review, amounts totalling K10,621,206 were received as equalisation funds, out of which 20% amounting to K2,124,241 was allocated to capital projects while 80% amounting to K8,496,965 was allocated to recurrent expenditure.

The following were observed:

**i. Failure to Complete Projects – Construction of Truck Park Inn**

In 2018, the Council commenced the construction of a truck park inn along the Kalulushi Chingola road at Chambishi area using a force account. The scope of works included fencing, paving of a parking area, construction of the lodging and guard houses, ablution block, a restaurant, water reticulation system and electrification.

As at 30<sup>th</sup> September 2022, amounts totalling K1,739,644 had been spent on the project.

A physical inspection of the works carried out in September, 2022, revealed that the truck park inn had not been completed three (3) years after works commenced and the works outstanding included fencing, paving of the parking area, construction of the lodging house and restaurant and electrification. See pictures below.



Parts of the truck park

**f. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was made under the Constituency Development Fund (CDF) to cater for various activities in Kalulushi Constituency and the whole amount was released.

In addition, an amount of K1,717,979 was brought forward from 2020 bringing the total funds available to K3,317,979 during the period under review. As at 31<sup>st</sup> December 2021 amounts totalling K1,483,628 had been spent leaving balance of K1,834,351.

The following were observed:

**g. Construction of an Ablution Block at Chibuluma Primary School**

On 22<sup>nd</sup> April 2021, Kalulushi Municipal Council engaged Zonrigde Contractors Limited for the construction of an ablution block at a contract sum of K140,300 over a period of nine (9) weeks.

The scope of works included, construction of ablution block from foundation to roofing and installation of urinals and toilets, soak away and electricals.

As at 31<sup>st</sup> December 2021, amounts totalling K133,285 had been paid to the contractor leaving a balance of K7,015 being retention amount.

A physical inspection carried out in September 2022 and a review of the Bill of Quantities (BOQ) revealed that the ablution block had been roofed and all the fittings had been installed with only the soak away and septic tank outstanding. See picture below.



Completed ablution block

**h. Land Management**

In March 2020, the Council created 283 plots in Lukoshi area as shown in table 4 below.

**Table 4: Plots Created in Lukoshi Area**

No.	Type of Plots	No. of Plots
1	Residential Plots	277
2	Commercial Plots	5
3	Smallholding	1
	<b>Total</b>	<b>283</b>

In April 2021, the Council re-planned the Lukoshi area and created additional eighty four (84) plots bringing the total number of plots to 367.

The following were observed:

**i. Failure to Create Access Roads**

The Ministry of Lands and Natural Resources Circular No. 1 of 1985 requires plots to be surveyed, beacons, numbered and roads created before advertising them for public offering.

Contrary to the Circular, the Council advertised and issued 176 plots to the general public and collected plot premiums in amounts totalling K342,000 without creating access roads.

**ii. Questionable Reservation of Alternative Plots**

During the period under review, the Council reserved 100 plots out of the 367 plots that were created in Lukoshi area as alternative plots for people who were offered plots that were already allocated to other applicants.

However, the allocation was questionable in that there were no details provided for audit indicating the people that were to be allocated the plots.

**iii. Questionable Allocation of Land Reserved for Construction of Modern Civic Centre**

In October 2016, the Council created a Local Area Plan which comprised 228 plots including a site for the construction of a new civic centre.

In 2018, the area earmarked for construction of the new civic centre was re-planned and sub-divided into ten (10) commercial plots. The plan showing the re-planning was approved and numbered by the Ministry of Lands in January 2020.

However, on 29<sup>th</sup> September 2020, the Ministry of Local Government directed the Council to revert the land to its original intended use which was the construction of a civic centre.

A physical inspection carried out in July, 2022 and enquiries made with management revealed that the land had not been reverted to its original intended use.

In addition, it was observed that private developers had encroached and started constructing houses on the land. Further, the beneficiaries of the plots could not be identified as their details were not availed for audit and there was no documentation to show that the plots were advertised by the Council.

#### **i. Management of Liabilities - Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K22,286,458 in respect tax and pension contributions, some dating from as far back as 2019. See table 5 below.

**Table 5: Unremitted Statutory Obligations**

No.	Institution	Balance B/f as at 01.1.2021 K	Obligations for 2021 K	Cumulative Total K	Payment K	Balance as at 31.12.2021 K
1	ZRA	24,305,234	4,312,451	28,617,684	15,358,794	13,258,891
2	NAPSA	7,557,365	1,596,844	9,154,209	2,865,006	6,289,204
3	LASF	4,851,381	654,564	5,505,945	2,767,581	2,738,364
	<b>Total</b>	<b>36,713,980</b>	<b>6,563,858</b>	<b>43,277,838</b>	<b>20,991,381</b>	<b>22,286,458</b>

## **27. Kapiri Mposhi Council**

### **27.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### **a. Budget and Income**

During the period under review the Council had budgeted to receive grants from the Ministry of Local Government and Rural Development and to collect locally generated

income from various sources in amounts totalling K45,299,100 out of which amounts totalling K29,162,366 were received and generated resulting in a negative variance of K16,136,734. See table 1 below.

**Table 1 Budget and Actual Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	9,003,975	4,631,118	(4,372,857)
2	Fees & charges	15,989,840	5,088,765	(10,901,075)
4	Licences	443,400	76,054	(367,346)
5	Levies	3,274,150	1,940,092	(1,334,058)
6	Permits	895,698	305,488	(590,210)
7	Commercial Venture	2,972,725	1,957,225	(1,015,500)
8	Othef income	-	990,989	990,989
	<b>Total</b>	<b>32,579,788</b>	<b>14,989,731</b>	<b>(17,590,057)</b>
	<b>National Support</b>			
9	Local Government Equalization Fund	9,395,174	10,848,497	1,453,323
10	Constituency Development Fund	1,600,000	1,600,000	-
11	Other Grants	1,724,138	1,724,138	-
	<b>Sub Total</b>	<b>12,719,312</b>	<b>14,172,635</b>	<b>1,453,323</b>
	<b>Total</b>	<b>45,299,100</b>	<b>29,162,366</b>	<b>(16,136,734)</b>

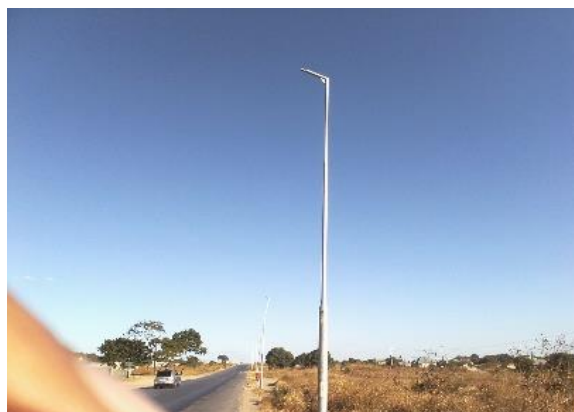
In addition, funds amounting to K7,203,278 were brought forward from the previous year bringing the total funds available to K36,365,644. As at 31<sup>st</sup> December 2021 amounts totalling K27,232,032 had been spent leaving a balance of K9,133,612.

## **b. Operational Matters**

### **i. Failure to maintain street lights**

Section 16 (2) paragraph 5 (b) of the Local Government Act No. 2 of 2019 states that “a local authority shall in relation to community development establish and maintain a system of lighting in streets and other public places”.

As at 30<sup>th</sup> September 2022, the Council had not replaced the seven (7) street lights that were vandalized along the great north road. See picture below.



Vandalized street light

## ii. Failure to Control and Manage markets

Section 5(1) of the Markets Act No. 7 of 2007 states that, “All markets and bus stations shall be under the control of a local authority having jurisdiction in the area in which they are situated”.

Contrary to the Act, the Council did not control or manage thirty- one (31) markets under its jurisdiction.

## c. Accounting for Revenue - Failure to Collect Revenue

Section 9 (h) of the Public Finance Management (General) Regulations, of 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

During the period under review, the Council was expected to collect amounts totalling K13,633,762 from communication masts, property rates and pole levy. However, as at 30<sup>th</sup> September 2022, amounts totalling K988,951 were collected leaving a balance K12,644,812. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Type of Revenue	Amount Expected K	Amount Collected K	Uncollected Amount K
1	Communication mast - Tazara	365,000	210,000	155,000
2	Pole Levy	28,420	13,000	15,421
3	Rates	13,240,342	765,951	12,474,391
	<b>Total</b>	<b>13,633,762</b>	<b>988,951</b>	<b>12,644,812</b>

**d. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of 302 positions out of which 274 were filled leaving twenty eight 28 vacant as at 30<sup>th</sup> September 2022. Out of the vacant positions, some were key to the running of the Council such as human resource officer, police sub inspector and fire fighters.

**ii. Over employment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were seventy-six (76) authorised positions which were to be filled by seventy-six (76) officers but were instead filled by 103 officers resulting in excess of twenty seven (27) officers.

The twenty seven (27) officers were paid salaries in amounts totalling K1,450,165.

**iii. Failure to Confirm Officers**

Section 27 (1) of the Employment Act No.3 of 2019 states that, “an employee may be employed for a probationary period, not exceeding three months, for the purpose of determining that employees’ suitability for the appointment”, and “(3) Where, during the probation period, an employer determines after an assessment that an employee is not suitable for the job, the employer shall terminate the contract of employment by giving the employee at least twenty-four hours’ notice of the termination”.

Contrary to the Act, Kapiri Mposhi Town Council had ten (10) officers on probation for periods ranging from nineteen (19) to twenty- seven (27) months.

**e. Management of Assets**

**i. Lack of Title Deeds**

Section 41(4) of the Public Finance Management Act, No. 1 of 2018 states that, “A Controlling Officer should ensure that all public properties under the Controlling Officer’s charge are secured with title deeds.”



Contrary to the Act, the Council did not secure title deeds for twenty-three (23) parcels of land on which properties such as Civic centre, Kapiri Mposhi Executive Lodge and Council Hotel were located.

Consequently, the properties could not be insured.

## **ii. Failure to Maintain Properties**

A physical inspection of selected properties carried out in September 2022, revealed that some properties were dilapidated due to lack of maintenance as detailed below.

- **Push Hall**

The roof was blown off, windows were removed and paint had peeled off. See picture below.



Dilapidated Push hall

## **f. Management of Constituency Development Funds (CDF) - Failure to Implement Funded and Approved project**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

However, a review of the approved list and progress reports for the Constituency Development Fund revealed that one (1) approved project (Completion of Radio Station) with an allocated amount of K150,769 had not been implemented as at 30<sup>th</sup> September

2022, despite being approved by the Ministry of Local Government and Rural Development on 19<sup>th</sup> February, 2021 and funding received on 18<sup>th</sup> August 2020.

**g. Management of Local Government Equalisation Fund**

According to the Local Government Act No. 2 of 2019 a Council should use at least twenty (20) percent of the Equalisation Fund received in any financial year, to finance capital expenditure.

During the period under review, equalization funds in amounts totalling K10,848,497 were received from Central Government out of which 20% (K2,169,699) was to be spent on capital projects.

- **Construction of a Community Library - Delay in completion of works**

On 26<sup>th</sup> August 2021, the Council engaged Luwaili Investments Limited to construct a community library at a contract price of K919,391 with a contract period of twelve (12) weeks starting from 9th September and ending on 2<sup>nd</sup> December 2021.

The scope of works included; sub and super structure, roofing, carpentry and joinery, ironmongery, painting, electrical and plumbing installations.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K578,361 leaving a balance of K341,030.

A physical inspection carried out in September 2022, revealed that the works had not been completed ten (10) months after the expected completion date. The structure had reached gable level with the following outstanding works: roofing, carpentry and joinery, iron mongery, electrical and plumbing installations and painting. See picture below.



Incomplete Community Library

Further, the contractor was not on site and works had stalled.

## **h. Management of Liabilities**

### **i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed Zambia Revenue Authority, Local Authorities Superannuation Fund, National Pensions Scheme Authority and other institutions amounts totalling K42,796,819 in respect of tax, pension, medical and insurance contributions some dating from as far back as 2015. See table 3 below.

**Table 3. Unremitted Statutory and Other Obligations**

No.	Institution	Balance b/f 01.01.2021 K	Obligation 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	7,422,056	977,335	8,399,391	-	<b>8,399,391</b>
2	LASF	2,540,726	326,441	2,867,167	15,000	<b>2,852,167</b>
3	Health Insurance - NHIMA	14,965	63,658	78,623	-	<b>78,623</b>
4	NAPSA	6,861,348	24,181,438	31,042,786	-	<b>31,042,786</b>
5	Funeral Scheme	78,588	84,319	162,907	-	<b>162,907</b>
6	ZULAWU	110,343	62,953	173,297	14,000	<b>159,297</b>
7	ZCTU	51,492	23,747	75,239	-	<b>75,239</b>
8	FIRESUZ	23,816	2,594	26,410	-	<b>26,410</b>
	<b>Total</b>	<b>17,103,334</b>	<b>25,722,485</b>	<b>42,825,819</b>	<b>29,000</b>	<b>42,796,819</b>

### **ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K8,168,358 in respect of settling in allowances, terminal benefits, salary arrears,

long service bonus, leave travel benefits among others some dating from as far back as 2009 See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligation for 2021 K	Cummulative Total K	Payments 2021 K	Balance as at 31.12.2021 K
1	Settling In Allowance	418,198	69,168	487,367	17,303	470,064
2	Long Service Bonus	1,794,077	36,835	1,830,912	13,500	1,817,412
3	Leave Travel Benefits	2,485,866	11,500	2,497,366	4,500	2,492,866
4	Salaries	113,948	-	113,948	-	113,948
5	Terminal Benefits	2,813,179	862,601	3,675,780	409,731	3,266,049
6	Gratuity	8,019	-	8,019	-	8,019
	<b>Grand Total</b>	<b>7,633,288</b>	<b>980,104</b>	<b>8,613,392</b>	<b>445,034</b>	<b>8,168,358</b>

## 28. Kasama Municipal Council

### 28.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December, 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K32,599,257 against which amounts totalling K30,651,811 were received and generated resulting in a negative variance of K1,947,446. See table 1 below.

**Table 6: Budget and Income**

No.	Details	Budget K	Income K	Variance K
<b>Locally Generated</b>				
1	Local Taxes	4,036,492	2,224,769	(1,811,723)
2	Fees and Charges	8,251,852	7,472,580	(779,272)
3	Licences	75,885	317,739	241,854
4	Levies	1,408,313	1,621,714	213,401
5	Permits	699,395	818,911	119,516
6	Other Receipts	67,000	46,730	(20,270)
	<b>sub total</b>	<b>14,538,937</b>	<b>12,502,443</b>	<b>(2,036,494)</b>
<b>National Support</b>				
7	Local Government Equalisation Fund	14,560,320	14,409,368	(150,952)
8	Constituency Development Fund	3,200,000	3,200,000	-
9	Other Grants	300,000	540,000	240,000
	<b>subtotal</b>	<b>18,060,320</b>	<b>18,149,368</b>	<b>89,048</b>
	<b>Total</b>	<b>32,599,257</b>	<b>30,651,811</b>	<b>(1,947,446)</b>

In addition, amounts totalling K4,537,938 were brought forward from 2020 bringing the total funds available to K45,389,749

**b. Operational Matters**

**i. Failure to Control and Manage Markets**

Section 5 (1) of the Market and Bus Station Act No. 7 of 2007 stipulates that all markets and bus stations should be under the control of a Local Authority having jurisdiction in the area in which they are situated.

Contrary to the Act, sixteen (16) markets were not under the control and management of the council.

**ii. Failure to Fence the Dump Site – Airport Dumpsite**

The Environmental Management Act No. 12 of 2011 states that, “a local authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”. In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

However, a site visit of the Airport Dumpsite conducted in September revealed that the dump site had not been fenced.



Dump site without fence

**c. Accounting for Revenue - Failure to Collect Revenue**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to “collect in a timely manner all revenue due to the local authority.”

During the period under review, the Council was expected to collect amounts totalling K7,955,133 from property rates, rental and billboard fees.

However, as at 30<sup>th</sup> September 2022, amounts totalling K1,030,930 were collected leaving a balance of K6,924,203. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Name	Description	Expected Amount K	Actual Amount K	Uncollected Amount K
1	Rates	Property Rates	68,893	27,438	41,455
2	Rentals	Rental fees	6,096,304	914,892	5,181,412
3	Billboard	Billboard fees	1,789,936	88,600	1,701,336
	<b>Total</b>		<b>7,955,133</b>	<b>1,030,930</b>	<b>6,924,203</b>

**d. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of 405 positions out of which 158 were filled leaving 250 vacant. Out of the vacant positions, some were key to the running of the Council such as Assistant Public Relations Manager, Council Advocate, IT Manager, Mechanical Engineer and Senior Quantity Surveyor.

**ii. Over Employment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were five (5) authorized positions which were to be filled by thirteen (13) officers but were instead filled by twenty two (22) officers resulting in excess of nine (9) officers.

The nine (9) officers were paid salaries in amounts totalling K847,471 during the period under review.

**iii. Wasteful Expenditure**

During the period from 31<sup>st</sup> December 2020 and 31<sup>st</sup> December 2021 amounts totalling K4, 308,809 were deducted by the Council as loan recoveries from 193 employees who had obtained salary-based loans from Indo Zambia Bank. As of April 2022, amounts totalling K401,856 had been remitted to the bank leaving a balance of K4,174,099.

Consequently, the Council was charged legal fees in amounts totalling K358,000 out of which K85,000 was paid to Legal Aid Board leaving a balance of K273,000 in respect of legal fees for the unremitted amounts. The legal fees could have been avoided and was therefore deemed wasteful.

**e. Procurement of Goods and Services.**

**i. Printing of Receipt Books from Private Institutions**

Cabinet Office Circular No. 11 of 2020 dated 10<sup>th</sup> July 2020 abolished the procurement and printing of documents for Government or Parastatals from private institutions with effect from 1<sup>st</sup> September 2020.

Contrary to the Circular, a payment of K22,200 was made on 26<sup>th</sup> April, 2021 for the supply of market receipts using private printers.

**ii. Irregular use of Accountable Imprest**

Public Finance Management (General) Regulation of 2020 No. 94 (3) states that, “accountable imprest means imprest that is issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time of payment for which the imprest holder is required to submit receipts after the purchase of those goods and services.

Contrary to the regulation, accountable imprest in amounts totalling K51,808 was issued to five (5) officers to procure goods and services whose values were obtainable on the market.

**f. Infrastructure Development - Rehabilitation of Kapongolo Motel**

In 2018, the Council embarked on a project to rehabilitate Kapongolo Motel at an estimated cost of K1,800,000. The project was to be implemented using a labour-based model.

As of September 2022 amounts totalling K1,052,735 comprising of materials (K998,179) and labour (K54,565) had been spent leaving a balance of K747,265.

The scope of works included: Wall and structural demolition work, Removal of existing roof and constructing a new roof, Removal of all old plumbing pipes and fixtures to be replaced with new ones, Removal of all building accessories and finishes, to be replaced with new ones, Removal of all old electrical lighting and fixtures, to be replaced with new ones, Construction of an outdoor bar, Construction of boundary wall fence, Drilling of borehole and installation of tank with accessories

A physical inspection carried out in September 2022 revealed that the rehabilitation of the motel had not been completed and the following works were still outstanding;

- Main building: Site clearing and landscaping, Installation of electrical conduits, wiring and electrical fixtures, building of ceiling structure, Installation of new plumbing and plumbing fixture, tiling of selected walls, painting, and other finishes, Construction of new roofing structure, building of new walls and extensions and Plastering of walls.
- Construction of outdoor bar and other auxiliary works: Site clearing and landscaping, Construction of foundations, plinths and floor slab, building of walls, Construction of roofing structure, Installation of electrical conduits, wiring and electrical fixtures, building of ceiling structure, Installation of new plumbing and plumbing fixture, plastering of walls, Tiling of selected walls, painting and other finishes, Installation of door frames, doors, window frames and windows.

As a result of non-completion of the rehabilitation of the motel the council is losing revenue and likely to incur increased costs in the price of materials and labour.

**g. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K3,200,000 was made to cater for Kasama Central and Lukashya Constituencies and the whole amount was released. In addition, an amount of K3,405,794 was brought forward from 2020 bringing the total funds available to K6,605,794.




As at 31<sup>st</sup> December 2021, amounts totalling K2, 917,979 had been spent leaving a balance of K3, 687,815.

The following were observed:

**Table 3: Project Management**

Constituency	Ward	Project	Contractor	Start Date	End Date	Allocated Amount K	Amount Spent K	Scope of Works	Remarks/Observations
Lukashya	Chiba	Grading of 1.3Km Chiba-Luyeye Road	Force Account	06.04.2021	21.07.2021	109,509	106,752	<ul style="list-style-type: none"> <li>Road formation</li> <li>Gravelling</li> <li>Watering the roadbed</li> <li>Compaction</li> </ul>	<p>As of March 2022 the project was complete. However, the following observations were made after site inspection:</p> <ul style="list-style-type: none"> <li><b>Unaccounted for Fuel</b> 640 litres of fuel costing K9, 978 was not accounted for as the drawings were not supported by disposal details.</li> </ul>
Lukashya	Chibundu	Construction of a 1x4 Classroom Block at	Suchonja Multi Trade	15.04.2021	15.05.2021	110,087	104,321	<ul style="list-style-type: none"> <li>Concrete works</li> <li>Roofing</li> </ul>	A site visit conducted in March 2022, and review

		Lwabwe Day Secondary School	International Limited							<ul style="list-style-type: none"> <li>• Carpentry</li> </ul>	<p>of an inspection report revealed the following:</p> <ul style="list-style-type: none"> <li>• Part of the roof was blown off and had not been repaired as at 30<sup>th</sup> September 2022.</li> <li>• Beam filling to the structure was not done</li> </ul> <p>It was questionable as to why the engineering department certified the works which were incomplete. As at the date of audit inspection the contractor was not on site. See picture below.</p> 
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Kasama Central	Mulilansol o	Grading and gravelling of 23.1Km Mulenga Hills Roads	Force Account	08.04.20 21	15.02.20 22	201,115	175,524.40	<ul style="list-style-type: none"> <li>• Road formation</li> <li>• Gravelling</li> <li>• Compaction</li> <li>•</li> </ul>	Classroom with blown off roof
Kasama Central	Bululu	Completion of a 1x3 Classroom Block at Twikatane Primary School	Labour Based Contract	22.11.20 21	22.02.20 22	50,000	20,865	<ul style="list-style-type: none"> <li>• Floor and wall finishes</li> <li>• Joinery</li> <li>• Painting and decorations</li> </ul>	<p>As at 30<sup>th</sup> September 2022, seven (7) months after the expected completion date the works were not complete in that the following works were outstanding:</p> <ul style="list-style-type: none"> <li>• Flooring</li> <li>• Painting and decoration.</li> </ul>

## **h. Management of Liabilities**

### **i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021 the council owed Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF), Madison Life Insurance, National Health Insurance Management Authority (NHIMA) and various suppliers amounts totalling K33,343,525 in respect of tax, pension contributions and goods and services some dating from as far back as 2015. See table 4 below.

**Table 4: Outstanding Statutory and Other Obligations**

No.	Institution	Balance B/f as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	15,772,680	2,006,900	17,779,580	-	17,779,580
2	NAPSA	8,559,638	1,744,834	10,304,472	10,110	10,294,362
3	LASF	3,325,687	546,772	3,872,459	100,000	3,772,459
4	FIRESUZ	17,089	32,815	49,904	-	49,904
5	ZULAWU	94,928	71,601	166,528	51,107	115,421
6	Madison Life Insurance	148,740	162,608	311,348	34,405	276,942
7	NHIMA	118,314	258,999	377,313	32,411	344,902
8	Various suppliers	-	1,214,592	1,214,592	504,638	709,954
	<b>Total</b>	<b>28,037,075</b>	<b>6,039,122</b>	<b>34,076,197</b>	<b>732,672</b>	<b>33,343,525</b>

### **ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December, 2021, the Council owed former and existing employees amounts totalling K7,503,021 in respect of terminal benefits, settling in allowances, salary arrears, long service bonus and leave travel benefits some dating from as far back as 2012. See table 5 below.

**Table 5: Outstanding Staff Obligations**

No.	Type of Debt	Balance B/F 2020 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	Terminal benefits	3,375,408	306,536	3,681,944	251,889	3,430,055
2	Settling in allowance	204,878	268,283	473,161	100,765	372,397
3	Salary arrears	2,640,567	-	2,640,567	124,221	2,516,346
4	Long service bonus	1,146,271	-	1,146,271	5,048	1,141,223
5	Leave travel benefits	49,000	26,500	75,500	32,500	43,000
	<b>Total</b>	<b>7,416,124</b>	<b>601,319</b>	<b>8,017,443</b>	<b>514,423</b>	<b>7,503,021</b>

## 29. Kasempa Town Council

### 29.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K15,741,264 against which amounts totalling K12,816,148 were received and generated resulting in a negative variance of K2,925,116. See table 1 below.

**Table 7: Budget and Income**

No.	Source of funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	1,242,709	546,374	(696,335)
2	Fees and Charges	2,498,258	1,117,019	(1,381,239)
3	Licences	81,330	9,150	(72,180)
4	Levies	37,037	346,785	309,748
5	Permits	60,222	85,172	24,950
6	Other Grants	-	-	-
7	Other Receipts	21,340	39,663	18,323
	<b>Sub Total</b>	<b>3,940,896</b>	<b>2,144,163</b>	<b>(1,796,733)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	10,000,368	8,791,435	(1,208,933)
9	Constituency Development Fund	1,600,000	1,600,000	-
10	Other Grants	200,000	280,550	80,550
	<b>Sub Total</b>	<b>11,800,368</b>	<b>10,671,985</b>	<b>(1,128,383)</b>
	<b>Total</b>	<b>15,741,264</b>	<b>12,816,148</b>	<b>(2,925,116)</b>

In addition, funds amounting to K2,247,860 were brought forward from the previous year bringing the total funds available to K15,064,008.

#### b. Operational Matters - Solid Waste Management Services

The Environmental Management Act No. 12 of 2011 states that, “A Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites.”

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

The following were observed:

- The Council did not provide guidelines and directions for entry into the dumpsite.
- The Council did not compact or cover the waste with a layer of soil but instead waste was being burnt thereby exposing the community to health hazards.
- The dumpsite was not fenced for protection from access by unauthorized persons.

**c. Accounting for Revenue - Failure to Collect Revenue**

Section 9 (h) of the Public Finance Management (General) Regulations 2020 requires the head of accounting unit of a Local Authority to collect in a timely manner all revenue and other public monies due and payable to the Local Authority.

During the period under review, the Council was expected to collect amounts totalling K1,032,450 from lease of properties, billboards, mining access fees and sale of plots. However, as at 30<sup>th</sup> September 2022 amounts totalling K145,328 were collected leaving a balance of K887,122. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Type of Revenue	Expected Amount K	Collected Amount K	Uncollected Amount K
1	Lease of Properties	56,100	23,200	32,900
2	Bill boards	77,390	45,825	31,565
3	Mining Access Fees	640,000	15,255	624,745
4	Sale of Plots	258,960	61,048	197,912
	<b>Total</b>	<b>1,032,450</b>	<b>145,328</b>	<b>887,122</b>

**d. Management of Assets**

**i. 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 charges are secured with title deeds.”



Contrary to the Act, the Council did not secure title deeds for parcels of land on which seventeen (17) properties such as the Civic Centre, ablution block, Council shops and Council houses were located.



**ii. Failure to Maintain Council Properties**



A physical inspection of selected properties owned by the Council carried out in September 2022 revealed that some properties were dilapidated due to lack of maintenance. See table 3 below.



**Table 3: Dilapidated Properties**





No.	Property Name	Property Number	Location	Status	Observations
1.	Jipumpu Guest House	KTC/LB/001	Central Business District	Operational	<p>Cracked walls, stained ceiling board, broken windows, spoiled drainers and broken cistern handles. See pictures below.</p>  <p>Cracked wall and stained ceiling board</p>  <p>broken cistern handle</p>

2.	Town Market	KTC/LB/002	Central Business District	Operational	<p>Leaking roof, broken windows, broken roof and fallen ceiling board. See pictures below.</p> <div data-bbox="319 239 605 709">  </div> <p>Broken roof</p> <div data-bbox="688 239 1016 709">  </div> <p>Fallen ceiling board</p>
3.	Civic Centre	KTC/LB/003	Along Kasempa - Mumbwa Road	In use	<p>Damaged ceiling, and leaking pipes. See pictures below.</p>

4.	Block of Shops	KTC/LB/005	Central Business District	In use	<div data-bbox="168 462 537 747">  <p>Damaged ceiling board</p> </div> <div data-bbox="573 218 972 747">  <p>Leakages in Toilet</p> </div>	Worn out floor, broken windows, cracked walls, sagging and damaged ceiling board and damaged doors. See picture below.
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					<p>5.</p>
<p>Damaged ceiling board</p> <p>Cracked walls and fallen ceiling board. See pictures below.</p> 	<p>In use</p>	<p>Central Business District</p>	<p>KTC/LB/006</p>	<p>Other council Shops</p>	<p>Damaged ceiling board in the shop</p>

					 <p>Damaged ceiling board in the corridor</p>
6.	Low cost houses	KTC/LB/007	Kikonkomene	Occupied	<p>Four (4) houses had broken and leaking gutter pipes, cracked verandahs, broken windows, and damaged doors. See picture below.</p>  <p>Broken and leaking gutter pipes</p>

7.	Public Toilet	KTC/LB/013	Bus Station	In use	<p>Broken pipes, broken cisterns, broken taps, leaking gutter pipes. See pictures below.</p>  <p>Broken cistern</p>  <p>Broken taps</p>
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**iii. Failure to Claim Insurance**

On 24<sup>th</sup> December 2020, a Foton pick up van registration number BAG 9491 was involved in a road traffic accident along Mumbwa road. The accident was reported to the police. Although the motor vehicle was comprehensively insured with Zambia State Insurance Company (ZSIC) at an insurance premium of K83,000, as at 30<sup>th</sup> September 2022, twenty two (22) months after the accident had occurred, the Council had not made any claim with the insurance company and the vehicle had not been repaired.

**e. Management of Local Government Equalisation Funds - Failure to Reimburse Borrowed Funds**

Section 47(2) of the Local Government Act No. 2 of 2019 states that, “a Local Authority shall use at least twenty percent of the funds received by a Local Authority from the Equalisation Fund, in any financial year, to finance capital expenditure.”

During the period under review, amounts totalling K8,791,435 were received as equalisation funds, out of which 20% amounting to K1,758,287 was allocated to capital projects, while 80% amounting to K7,033,148 was allocated to operational expenses.

However, it was observed that during the period under review, the Council borrowed amounts totalling K1,245,202 from the capital account meant for capital expenditure projects to meet operational expenses. As at 30<sup>th</sup> September 2022, the funds had not been reimbursed.

**f. Land Management - Failure to Create Access Roads and Survey Diagrams**

The Ministry of Lands and Natural Resources Circular No. 1 of 1985 requires plots to be surveyed, beaconed, numbered and roads created before advertising them for public offering.

On 30<sup>th</sup> September 2019, Kasempa Town Council advertised and approved the offer of seventy nine (79) plots to the public comprising of thirty one (31) high cost and thirty one (31) medium cost residential plots in Chief's Capital, twelve (12) low cost residential plots in Lumba and five (5) commercial plots in Nselauke areas from which amounts totalling K333,960 were expected to be collected in respect of premiums and application fees.

Contrary to the Circular, the Council offered seventy nine (79) plots to the members of the general public and collected plot premiums in amounts totalling K61,048 without creating access roads.

**g. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and National Health Insurance Management Authority (NHIMA) in amounts totalling K7,144,686 in respect of tax, pension and insurance contributions some dating from as far back as 2016. See table 4 below.

**Table 4: Unremitted Statutory Obligations**

No.	Institution	Balance b/f as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	3,721,460	881,488	4,602,948	-	4,602,948
2	NAPSA	1,584,367	776,170	2,360,537	627,334	1,733,203
3	LASF	864,133	254,708	1,118,841	396,336	722,506
4	NHIMA	30,681	87,285	117,965	31,936	86,030
	<b>Total</b>	<b>6,200,640</b>	<b>1,999,651</b>	<b>8,200,291</b>	<b>1,055,606</b>	<b>7,144,686</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K1,966,806 in respect of salary arrears, terminal benefits and settling in allowance some of which had been outstanding from as far back as 2010. See table 5 below.

**Table 5: Outstanding Staff Obligations**

No.	Type of Debt	Amount K
1	Salary arrears	127,452
2	Terminal benefits	1,543,377
3	Settling-in allowance	295,977
	<b>Total</b>	<b>1,966,806</b>



### 30. Kasenengwa Town Council

#### 30.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following.

##### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate income from various sources in amounts totalling K9,697,780 against which amounts totalling K9,494,259 were received and generated resulting in a negative variance of K203,521. See table 1 below.

**Table 8: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	6,000	5,108	(892)
2	Fees and Charges	694,860	449,937	(244,923)
3	Licences	8,850	12,255	3,405
4	Levies	286,000	212,643	(73,357)
5	Permits	46,550	51,887	5,337
6	Other Receipts	36,000	12,903	(23,097)
	<b>Sub total</b>	<b>1,078,260</b>	<b>744,733</b>	<b>(333,527)</b>
	<b>National Support</b>			
7	Local Governemnt Equalisation Fund	7,019,520	6,999,526	(19,994)
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Other Grants	-	150,000	150,000
	<b>Sub total</b>	<b>8,619,520</b>	<b>8,749,526</b>	<b>130,006</b>
	<b>Total</b>	<b>9,697,780</b>	<b>9,494,259</b>	<b>(203,521)</b>

##### b. Environmental Management - Failure to Operate a Dumpsite

The Environmental Management Act No. 12 of 2011 states that, “A Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites.”

Contrary to the Act, the council had not designated an area as dumpsite for disposing of waste thereby posing a health risk to the community. Consequently, members of the community were disposing waste using dug rubbish pits.

## Accounting for Revenue - Mobile Booth Operator's Licence Fees

Section 9(h) of the Public Finance Management (General) Regulations 2020 requires the head of accounting unit of a local authority to "collect in a timely manner all revenue and other public monies due and payable to the local authority."

Contrary to the regulation, the Council failed to collect revenue in amounts totalling K12,585 in respect of licence fees from six (6) Mobile Booth Operators.

### **c. Management of Assets**

#### **i. Lack of 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 Council did not secure title deeds for parcels of land on which seven (7) properties such as the office block, residential houses, council bar and Chiparamba Market shelters were located.

#### **ii. Failure to Maintain Properties**

A review of the Council minutes, asset register and other documents maintained at the Council revealed that the Council owned seven (7) properties comprising four (4) houses, Council tavern, Chiparamba Market Shelter and Civic Centre building. The properties were handed over by Chipata City Council when Kasenengwa Town Council became an independent council.

A physical inspection conducted in September 2022 revealed that the properties were dilapidated due to lack of maintenance. In particular, the following were observed:

- **Houses**

Two (2) houses were abandoned while the other two (2) had corroded roofs, cracked walls and shuttered window panes. See pictures below.



House No. 1 with a crack



House No. 2 Abandoned house



House No. 3: House with corroded roof



House No. 4: Abandoned house

- **Council Bar**

The building had cracks, broken roofing sheets and shuttered glass panes. See the Picture below.



Dilapidated Council Bar

**d. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,00 was made to cater for Kasenengwa Constituency and the whole amount was released.

In addition, an amount of K694,244 was brought forward from 2020 bringing the total funds available to K2,294,244. As at 31<sup>st</sup> December 2021, amounts totalling K439,274 had been spent leaving a balance of K1,854,970.

The following were observed:

- **Uncollected Building Materials - Staff House at Mtenguleni (Rural Health Post)**

Under the 2020 Constituency Development Fund (CDF), the Council had planned to undertake the construction of a staff house at Mtenguleni RHP. In this regard, amounts totalling K130,000 were allocated to the project.

A review of accounting records revealed that payments in amounts totalling K17,699 were made to various suppliers in December 2020 for the procurement of materials for the construction of the Staff house.

However, as of April 2022, twenty (20) months from the time the payments were made, the materials had not been collected and the staff house had been built upto box level.

- **Delayed Completion of a 1 x 2 Classroom Block at Mtachi Primary School**

In 2020 and 2021, the Council allocated a total amount of K214,925 (K74,925 – 2020 and K140,000 - 2021) for the construction of a 1x2 classroom block at Mtachi Primary School in Chiparamba. The implementation of the project involved local community participation in form of labour and mobilization of local materials.

The scope of works included, foundation trench excavation, block work and roofing.

As at 31<sup>st</sup> December 2021, the Council spent amounts totalling K74,925 on purchase of materials.

A physical inspection of the project carried out in September, 2022 revealed that the classroom block had been built up to gable level with the following works outstanding; roofing, glazing, plastering and fitting of windows and doors, plumbing and electrical works. See picture below.



1x2 CRB under Construction

As at 30<sup>th</sup> September 2022, the contractor was not on site and the project had stalled.

It was also observed that, the procurement of materials was done haphazardly in that the Council spent K41,260 on procuring items such as roofing sheets and door frames when materials such as cement which needed to be used before roofing and fitting doors had run out and had not been replaced. The roofing sheets had been on the site since December 2020 and were susceptible to theft.

- **Delayed Completion of 1x3 Classrom Block at Mandondo Primary School**

On 11<sup>th</sup> December 2020, the Council engaged GECO Investment Limited on a labour based contract with a contract price of K27,532 for the completion of the 1x3 Classrom Block at Mandondo Primary School with a contract period of ten (10) weeks from 11<sup>th</sup> December 2020 to 18<sup>th</sup> February, 2021.

The scope of works included construction of sub and superstructures, concrete and block works, installation of door and window frames, carpentry and iron mongery, fabrication of spider trusses, glazing, roofing, plastering, screeding and painting. As at 30<sup>th</sup> September 2022, the Council had spent amounts totalling K137,872 on materials (K110,340) and labour (K27,532).

A physical inspection of the project carried out in September 2022, revealed that the project had not been completed. The outstanding works included fitting of window panes, fitting of doors, glazing and painting and joinery works. See picture below.



Incomplete 1x3 classroom block

Further, the contractor was not on site and the project had stalled.

- **Failure to Operationalise a Staff House at Shamombo Health Post**

In 2021, the Council constructed and completed a staff house at Shamombo Health Post at a total cost of K45,997. The staff house was completed on 24<sup>th</sup> April 2021 but had not been occupied as at 30<sup>th</sup> September 2022. See picture below.



Staff House at Shamombo Health

Although management stated that the house was going to be occupied after drilling a borehole using the 2021 CDF funding, as at 30<sup>th</sup> September 2022, the borehole had not been sunk.



## 31. Kitwe City Council

### 31.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate income from various sources in amounts totalling K193,647,824 against which amounts totalling K158,832,506 were received and generated resulting in a negative variance of K34,815,318. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	106,211,511	50,033,283	(56,178,228)
2	Fees and Charges	34,974,763	53,615,172	18,640,409
3	Licences	666,666	1,165,666	499,000
4	Levies	5,781,849	2,734,090	(3,047,759)
5	Permits	9,120,000	11,401,812	2,281,812
6	Other Receipts	610,000	911,721	301,721
	<b>Sub Total</b>	<b>157,364,789</b>	<b>119,861,744</b>	<b>(37,503,045)</b>
7	Local Government Equalisation Fund	28,283,035	28,658,695	375,660
8	Constituency Development Fund	8,000,000	8,000,000	-
9	Other Grants	-	2,312,068	2,312,068
	<b>Sub Total</b>	<b>36,283,035</b>	<b>38,970,763</b>	<b>2,687,728</b>
	<b>Total</b>	<b>193,647,824</b>	<b>158,832,506</b>	<b>(34,815,318)</b>

#### b. Operations

##### i. Failure to Install and Maintain Street Lights

Section 5(b) of the Local Government Act No. 2 of 2019 states that, “a local authority shall in relation to community development, establish and maintain a system of lighting in streets and other public places.”

During the period under review, the Council made a provision of K2,178,370 for installation and maintenance of street lights out of which amounts totalling K1,249,421 were spent on installation of lights in markets and Nkana East cemetery leaving a balance

of K928,949. However, some township roads such as Kingston Road and Independence, Chisokone and Matuka Avenues did not have street lights.

Further, the Council did not maintain street lights along thirty-four (34) township roads after they were vandalised by members of the public. See pictures below.



Cables cut from the pole - Almalik Road



No Street lighting at Independence Roundabout



Vandalised pole and Electric Cables

## **ii. Failure to Maintain Roads – Chingola Road Cemetery**

The Local Government Act No. 2 of 2019 First Schedule Paragraph 4 (a & b) states that, “A local authority shall, in, in relation to a public street and street— exercise general control, care and maintenance of all public roads, streets, avenues, lanes, sanitary lanes and foot walks forming part thereof, bridges, squares, ferries and water courses and to remove all obstacles therefrom.”



Contrary to this provision, a physical verification of Chingola Road Cemetery carried out in September 2022, revealed that all the access roads in the cemetery were in a bad state making accessibility very difficult.

**iii. Failure to Control Street Vending**

Sections (9) and (25) of the Local Government (Street Vending and Nuisances) (Amendment) (No. 2) Regulations of 2018 prohibit sale of local produce in any street or public place other than a market established by a Council, except with permission and selling vegetables and fruits from the ground, open vans, wheel burrows or other conveyances.

However, the Council had not regulated street vending in its jurisdiction as traders were found selling various merchandise including farm produce and fruits along roads in the Central Business Area and adjacent streets like Chisokone instead of designated places of trading. See picture below.



Chisokone Avenue encroached by traders

**c. Weaknesses in Management of Revenue - Failure to Collect Revenue**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

However, the following were observed:

**i. Failure to Collect License Fees**

An analysis of the general ledger revealed that the Council did not collect revenue from some revenue types such as liquor licenses, health permits, retail licenses and wholesale licenses from 2,936 businesses in amounts totalling K3,365,339. See table 2 below:

**Table 2: Uncollected Licence Fees**

<b>No.</b>	<b>Details</b>	<b>No. of Transactions</b>	<b>Amount K</b>
1	Liquor Licenses	413	101,400
2	Health Permits	817	1,432,600
3	Retail Licenses	1639	1,691,851
4	Wholesale Licenses	67	139,487
	<b>Total</b>	<b>2936</b>	<b>3,365,338</b>

**ii. Failure to Collect Tipping Fees**

During the period under review, Kitwe City Council entered into franchise agreements with eight (8) waste management companies for purposes of efficient delivery on solid waste management services. The contract agreements required the companies to remit 5% of the invoiced services to the Council on a monthly basis.

However, a review of monthly returns (waste tonnage and financial), income ledgers and bank statements revealed that four (4) companies had not paid tipping fees in amounts totalling K142,250 as of September, 2022.

**d. Management of Payroll and Other Staff Related Matters**

**i. Over Employment of Staff**

An examination of the Establishment Register revealed that some positions were overstaffed. In particular, it was observed that there were one 133 authorised positions but 275 officers were employed resulting in excess of 142 officers who were paid salaries in amounts totalling K7,833,368 during the period under review.

**ii. Employees without Requisite Qualifications**

Contrary to the Terms and Conditions of Service for the Local Authorities which provides for minimum qualifications for officers occupying various positions, it was observed that eighty eight (88) members of staff did not meet the requisite educational and professional qualifications for the positions they were holding.

**e. Management of Constituency Development Fund (CDF)**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K8,000,000 was made to cater for five (5) constituencies and the whole amount was released.

In addition, an amount of K11,449,754 was brought forward from 2020 bringing the total funds available to K19,449,754.

As at 31<sup>st</sup> December 2021 amounts totalling K7,355,843 had been spent leaving a balance of K12,093,912 as unspent funds. See table3 below.

**Table 3: Income and Expenditure**

No.	Constituency	Balance B/f 1/01/2021	Funding Received 1/09/2021 K	Total Funds Available K	Expenditure K	Balance as at 31.12.2021 K
1	Nkana	2,517,187	1,600,000	4,117,187	1,872,043	2,245,144
2	Wusakile	1,794,603	1,600,000	3,394,603	1,309,275	2,085,328
3	Kwacha	3,857,147	1,600,000	5,457,147	1,953,995	3,503,152
4	Chimwemwe	1,475,948	1,600,000	3,075,948	1,098,873	1,977,075
5	Kamfinsa	1,804,870	1,600,000	3,404,870	1,121,657	2,283,213
	<b>Total</b>	<b>11,449,754</b>	<b>8,000,000</b>	<b>19,449,754</b>	<b>7,355,843</b>	<b>12,093,912</b>

**i. Implementation of Empowerment Projects**

During the period under review, the Council spent amounts totalling K552,380 on various empowerment projects such as chicken rearing, brick making and other entrepreneurial activities.

A physical verification carried out in September 2022, revealed the following;

- **Wasteful Expenditure**

Funds disbursed to three (3) Cooperatives for procurement of hammer mills and a block making machine amounting to K124,750 were rendered wasteful in that the equipment was not being utilised. See table 4 below.

**Table 4: Wasteful Expenditure**

No.	Constituency	Name of the Club	Amount Paid K	Date paid	Purpose	Remarks
1	Nkana	Chimfya Clay Multipurpose	45,250	9.06.2021	Procurement of a hammer mill and accessories	Procured but not in use thirteen (13) after payment was made
2	Nkana	Young Farmers Club	39,500	7.06.2021	procurement of a block making machine	Machine broken down and on in use thirteen (13) after payment was made
3	Nkana	Buchi Kamitondo Persons with Disability Clay Multipurpose Cooperative	40,000	4.06.2021	Procurement of a hammer mill and accessories	Procured but not assembled and not in use thirteen (13) months after payment was made
<b>Total</b>			<b>124,750</b>			

- Unaccounted for Funds**

The Council disbursed K117,250 to three (3) cooperatives for procurement of chickens, poultry implements, an incubator and its accessories and a block making machine. However, the funds were unaccounted in that there was no evidence that items had been procured. See table 5 below.

**Table 5: Unaccounted for Funds**

No.	Constituency	Name of the Club	Amount Paid K	Date paid	Purpose	Remarks
1	Nkana	Young Advocates Cooperative	25,000	26.05.2021	Procurement of Chickens for rearing	No evidence of funds being used on chicken rearing
2	Nkana	Chimfya Clay Multipurpose	25,250	9.06.2021	Procurement of poultry farming accessories	Poultry implements were not procured thirteen (13) months after payment was made
3	Nkana	Chimfya Clay Multipurpose	28,000	9.06.2021	Procurement of an incubator and accessories	Incubator and other accessories were not procured thirteen (13) months after payment was made
4	Nkana	Strong Ties Multipurpose Cooperative	39,000	2.06.2021	procurement of a block making machine	Machine had not been procured thirteen (13) months after payment was made
<b>Total</b>			<b>117,250</b>			

**f. Management of Assets**

An examination of records pertaining to management of non-current assets and a physical verification carried out in September 2022, revealed the following:

**ii. Failure to Maintain KMB Mechanical Workshop**

The workshop was in a dilapidated state in that the structure had cracked walls, broken windows, doors, broken machinery and lack of equipment among others. See pictures below.



Dilapidated KMB Mechanical Workshop

**iii. Bamboo Building Workshop**

During the period under review, a budget of K465,000 was approved for the rehabilitation of the Bamboo Building Workshop of which no amount was allocated and spent towards this cause. However, the property was in a dilapidated state and non-functional. See pictures below.



Dilapidated Bamboo Building Workshop

#### iv. **Buchi Hotel**

During the period under review, a budget of K465,000 was approved for the general maintenance of Council infrastructure of which no amount was spent. However, the property was in a dilapidated state and non-functional. See Pictures below.



Dilapidated Buchi Hotel

#### v. **Chisokone Fish Market**

The shelter had no concrete floor and had no drainage to keep the water out of the trading area. As a result, the conditions in the shelter were unhygienic during the rainy season. See picture below.



Chisokone Fish Shelter without concrete floor

#### g. **Management of Liabilities – Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K33,787,281 in respect of pension contributions, some dating from as far back as 2012. See table 6 below.



**Table 6: Unremitted Statutory Obligations**

No.	Institution	Balance as of 1.1.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.21 K
1	NAPSA	3,238,716	5,849,418	9,088,134	2,755,179	6,332,955
2	LASF	20,158,206	9,278,538	29,436,744	1,982,418	27,454,326
	<b>Total</b>	<b>23,396,922</b>	<b>15,127,956</b>	<b>38,524,878</b>	<b>4,737,597</b>	<b>33,787,281</b>

## 32. Livingstone City Council

### 32.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K67,322,340 against which amounts totalling K58,985,801 were received and generated resulting in a negative variance of K8,336,539. See table 1 below:

**Table 1: Budget and Income**

No.	Source of Revenue	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	31,774,288	19,698,199	(12,076,089)
2	Fees and Charges	10,331,973	6,416,477	(3,915,496)
3	Licences	869,063	555,645	(313,418)
4	Levies	4,839,887	4,565,020	(274,867)
5	Permits	1,987,129	3,592,758	1,605,629
6	Other receipts	168,000	7,036,246	6,868,246.00
	<b>Sub Total</b>	<b>49,970,340</b>	<b>41,864,345</b>	<b>(8,105,995)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	15,752,000	14,949,456	(802,544)
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Grants in Lieu of Rates	-	572,000	572,000
	<b>Sub Total</b>	<b>17,352,000</b>	<b>17,121,456</b>	<b>(230,544)</b>
	<b>Total</b>	<b>67,322,340</b>	<b>58,985,801</b>	<b>(8,336,539)</b>

In addition, funds amounting to K3,811,013 were brought forward from the previous year bringing the total funds available to K62,829,814 during the under review. As at 31<sup>st</sup> December 2021 amounts totalling K58,077,634 had been spent leaving a balance of

K4,752,180.

**b. Operational Matters**

**i. Environmental Management**

The Environmental Management Act No. 12 of 2011 states that, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”. In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

The following were observed:

- **Management of Solid Waste at the Livingstone Dumpsite**

A physical inspection of the Livingstone Dumpsite carried out on 18<sup>th</sup> February, 2022 revealed the following:

- ⊙ The Council did not compact or cover the waste with a layer of soil, however, waste was being burnt thereby exposing the community to health hazards.
- ⊙ The dumpsite was not fenced for protection and from access by unauthorized persons. See pictures below.



Dumpsite not fenced allowing scavenger's access



Waste burnt at the dumpsite

- **Lack of Receptacles and Failure to Collect Waste at Libuyu and Ellen Brittel Markets**



Section 66 (a) and (b) of the Solid Waste Regulation and Management Act of 2018 states that, “a Local Authority and licenced solid waste service provider shall undertake community obligations at the direction of the Minister, which may involve any activity aimed at keeping public areas clean and free of solid waste, including— (a) street cleaning and other activities to maintain the cleanliness of public areas; and (b) providing waste receptacles or prescribed containers and other appropriate facilities in public areas in order to minimise and deal with solid waste on public roads and reserves and other areas accessible to the public.”

A physical inspection carried out at Libuyu and Ellen Brittel Markets revealed that there were no waste holding bays or receptacles and the waste was not being collected thereby posing health hazards to the community operating in the same areas. See pictures below.



Waste at Ellen Brittel Market



Waste at Libuyu Market

## **ii. Lack of Fire Fighting Services**

Section (16) (2) of the Local Government Act No. 2 of 2019 states that, “A Local Authority shall, establish and maintain fire-fighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Although the Council had a firefighting unit, the following were observed:

- The department lacked firefighting and rescue services equipment such as the ambulance, communication systems, marine equipment, protective clothing and hydrants in all markets.

- The department had three (3) fire tenders out of which only one (1) was functional and the other two (2) were not functional. One of the unfunctional fire tenders was involved in the road traffic accident in 2018 and was taken to a private garage in Lusaka for repair but had not been repaired as at 30<sup>th</sup> September 2022 while the other fire tender broke down in January 2022 and was packed at the Council garage.

**c. Accounting for Revenue**

**i. Failure to Collect Revenue**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

During the period under review, the Council was expected to collect amounts totalling K32,129,313 in property rates, rental charges and billboard fees. However, as at 30<sup>th</sup> September 2022, amounts totalling K28,890,111 were collected leaving a balance of K3,239,202. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Revenue Type	Expected K	Collected K	Uncollected K
1	Property Rates	30,506,066	28,287,863	2,218,203
2	Rental Charges	618,158	284,752	333,406
3	Billboards Fees	1,005,089	317,496	687,593
	<b>Total</b>	<b>32,129,313</b>	<b>28,890,111</b>	<b>3,239,202</b>

**ii. Failure to Collect Revenue- Mukuni Park Curio Shops**

Livingstone City Council entered into a lease agreement on 1<sup>st</sup> January, 2019 with Mukuni Park Curio Market Association to collect rental fees from the sixty one (61) shops at Mukuni Park on behalf of the Council.

The lease agreement was for a period of six (6) years from 1st January 2019 to 31<sup>st</sup> December 2024. In this regard, the council was supposed to receive K190,160 for the period from 1<sup>st</sup> January 2020 to 31<sup>st</sup> December 2021 from Mukuni Park Curio Market Association.

However, as 30<sup>th</sup> September 2022, the Council had not collected the revenue.

**d. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of 572 positions out of which 452 were filled leaving 120 positions vacant as at 30<sup>th</sup> September 2022.

Out of the vacant positions some were key to the smooth running of the Council such as Chief Cashier, Head Procurement and Senior Valuation Officer.

**ii. Over Employment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were three (3) authorised positions which were to be filled by six (6) officers but were instead filled by ten (10) officers resulting in excess of four (4) officers.

The four (4) officers were paid salaries in amounts totalling K288,020 during the period under review.

**iii. Irregular Payment of a Salary**

On 19<sup>th</sup> February 2021, the Town Clerk was granted sick and vacation Leave by the Local Government Service Commission with effect from 1<sup>st</sup> March to 11<sup>th</sup> October 2021. In this regard, the former Acting Town Clerk from Choma Municipal Council was appointed by the Local Government Service Commission to act as the Town Clerk during this period for administrative convenience only. In October 2021, the substantive Town Clerk reported for duty and took over the management of the Council.

However, it was observed that the Council had maintained the former Acting Town Clerk on its payroll after the substantive Town Clerk had returned for duty and drew salaries in amounts totalling K131,787 for the period from October 2021 to April 2022. The payment of salaries to the former Acting Town Clerk during the period when the substantive Town Clerk was in place was therefore irregular.

**iv. Employment of Casual Workers**

The Employment Act No.3 of 2019 section (7) defines casualization as an employment practice where an employer, without permissible reason, engages or re-engages an employee on a temporary or fixed basis, to perform work which is permanent in nature. Further, section 7 (1) of the same Act prohibits persons from engaging employees on casual terms of employment for jobs which were permanent in nature.

However, the Council employed thirteen (13) casual workers for more than two (2) years in the categories of night watchmen, parking attendants and parks/garden attendants despite the jobs being permanent in nature. As at 31<sup>st</sup> December 2021, the workers were paid wages in amounts totalling K230,401 during the period under review.

Further, Section 15 of the NAPSA Act, of 1996, states that, “the employee and employer shall contribute 5% each to the fund”.

Contrary to the Act, the Council paid wages without deducting NAPSA contributions

**v. Employees without Requisite Qualifications**

Contrary to the individual job descriptions for Local Authorities which provide for minimum qualifications for officers occupying various positions, it was observed that the staff returns, personal files and Job descriptions for the employees at Livingstone City Council revealed that twenty-three (23) officers did not meet the requisite educational and professional qualifications for the positions they were holding. See table 3 below.

**Table 3: Employees without Requisite Qualifications**

No.	Position	Requisite Qualification	Qualification Held
1	Kaluba Masese	G12 Certificate,Diploma in Public Administration,Human Resource Management or Equivalent	Grade 9 Certificate
2	Wamulume Chrispin	G12 Certificate	nil
3	Katusingi Katusingi	G 12 CertificateDiploma in Civil and Criminal Law or Equivalent	Grade 12 Certificate
4	Larry Simbeleko Chimamu	G12 Certificate,Degree in Accountancy or other professional qualifications such as ZICA , ACCA , CIMA or Equivalent	Grade 12 Certificate, Accounting Technician Diploma, pastel partner v9.3
5	Siyanga Kapelwa	G12 Certificate,Diploma in Accountancy or other professional qualifications such as ZICA , ACCA , CIMA or Equivalent	Grade 12 School Certificate, ZICA Technician/ Pastel Accounting
6	Moses Chanda	G12 Certificate,Diploma in Accountancy or other professional qualifications such as ZICA , ACCA , CIMA or Equivalent	Grade 12 Certificate, ZICA Technician Certificate
7	Sydney Silwimba	G12 Certificate,Diploma in Accountancy or other professional qualifications such as ZICA , ACCA , CIMA or Equivalent	Grade 12 School Certificate, ZICA Technician
8	Racheal Munkombwe	G12 Certificate,Diploma in Accountancy or other professional qualifications such as ZICA , ACCA , CIMA or Equivalent	Grade 12 School Certificate, Local Government Finance Certificate
9	Peggy Bwalya	G12 Certificate,Diploma in Accountancy or other professional qualifications such as ZICA , ACCA , CIMA or Equivalent	Grade 12 Certificate , Higher Diploma in Management Information Systems
10	Hura Leanard Muyangwa		Grade 12 Certificate, Local Government Finance Certificate
11	Eniter Moono	G12 Certificate, ZICA Technician or Equivalent	G12 Certificate
12	Joshua Ngosa	G12 Certificate,Degree in Accountancy or other professional qualifications such as ZICA , ACCA , CIMA or Equivalent	Grade 12 Certificate, ACCA Technician (CAT), Certificate in Accounts and Business Studies(CABS)
13	Tina Simwani Nambene	G12 Certificate,Diploma in Accountancy or other professional qualifications such as ZICA , ACCA , CIMA or Equivalent	Grade 12 Certificate, Certificate in Accounts and Business Studies(CABS)
14	Samson Mapena	Grade 12 Certificate	Grade 9 Certificate
15	Mwakamui Maimbolwa	Grade 12 Certificate	GCE Certificate
16	Chrispin Gowokah	Grade 12 Certificate	Leading FF, Basic Firemanship, Fire Prevention
17	Cosmas Bukolo Shanda	Grade 12 Certificate	Grade 9 Certificate,Basic Firemanship
18	Sherpard Siachilunda	Grade 12 Certificate	GCE Certificate
19	Mary Semba Washanga	Grade 12 Certificate, Diploma in social work or sociology or equivalent	Home Craft Certificate
20	Ruth Kabechani	Grade 12 Certificate,Diploma in social work or sociology or equivalent	Grade 9 Certificate
21	Flora Lungu	Grade 12 Certificate,Diploma in social work or sociology or equivalent	Grade 12 Certificate
22	Ms Fridah Simaata	Grade 12 Certificate, Diploma in social work or sociology or equivalent	Grade 9 Certificate
23	Dambe Lubinda	Grade 12 Certificate, Bachelors Degree in Building Science, or equivalent	Grade 12 Certificate, Technician Diploma in Construction Crafts, Certificate in Brick Laying and Plastering

## e. Management of Stores

### i. Unauthorised Fuel Drawings

A review of stores records and the fuel statement from Total Service Station, revealed that fuel costing K14,825 involving twenty six (26) transactions was irregularly drawn by twenty one (21) motor vehicles not appearing on the Councils' fleet without the

authority of the principal officer as there were no fuel requisitions and coupons to support the transactions.

**ii. Undelivered Library Furniture**

On 7<sup>th</sup> October 2020, the Council engaged Swasim General Dealers to supply fifty (50) cubicle tables and fifty (50) library chairs at a total cost of K75,000. As at 30<sup>th</sup> June 2021, the Council had paid the supplier a total amount of K50,000.

However, as at 30<sup>th</sup> September 2022, only sixteen (16) tables and fifteen (15) chairs costing K23,600 were supplied leaving a balance of thirty four (34) tables and thirty five (35) chairs costing K51,400.

**f. Management of Assets**

**i. Failure to Insure Motor Vehicles**

Local Authorities Financial Regulation No.154 states that, “The Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

However, as at 30<sup>th</sup> September 2022, twenty five (25) motor vehicles valued at K16,207,633 had not been insured.

**ii. Failure to Register the Front End Loader**

Section 11 of the Road Traffic Act No.11 of 2002 states that, “No person shall use a motor vehicle or trailer unless such vehicle or trailer is registered and insured”.

Contrary to the Act, as at 30<sup>th</sup> September 2022, the Council did not register the Front End Loader valued at K1,429,120 with the Agency procured on 26<sup>th</sup> November 2021, ten (10) months after it was procured. Consequently, it was not insured. See pictures below.



Unregistered Front End Loader

### iii. **Failure to Maintain Properties**

During the period under review the Council had thirty two (32) Properties.

- **Libuyu Community Hall**

A physical inspection on selected properties carried in February 2022, revealed that the Council did not maintain the Libuyu Community Hall which was operating as a pre-school in that windows were broken, paint was worn out, cracks had developed on the walls, doors were broken, floors were ripped and cracked and the roof was leaking. See pictures below.







Dilapidated Libuyu Community Hall

- **Failure to Maintain the Library - Leaking Roof**

A physical inspection carried out in September 2022 revealed that the library was not properly maintained as the roof was leaking during rainy season. See pictures below.



Leaking roof

**iv. Failure to Operationalise the Ultra-Modern Market and Intercity Bus Terminus**

- **Ultra-Modern Market**

The Government through the Ministry of Finance and National Planning funded the construction of the Livingstone ultra-modern market. This was a way to boost infrastructure for the city of Livingstone in readiness for the United Nations World Tourism Organisation (UNWTO) meeting which took place in August 2013. On



14<sup>th</sup> February, 2013 GES architects were awarded the contract for the construction of an ultra-modern market in Livingstone at a revised cost of K55,304,314.

The building is a three (03) storey steel reinforced concrete structure with provisions for barbershops, saloons, restaurants, market stalls, storage areas, meat and fish trading areas, banking space and post office.

The project was completed at a total cost of K56,048,044 and commissioned on 7<sup>th</sup> August 2021 by the then Vice President. However, as at 30<sup>th</sup> September 2022 the market had not been operationalised thirteen (13) months after it was commissioned.

- **Ultra-Modern International Bus Terminus**

On 14<sup>th</sup> February 2013, the Council awarded the construction of the ultra-modern international bus terminus in Livingstone to Ndilila Associates at a contract sum of K41,500,000 which was later revised to K55,603,576.

The building is a two storey structure comprising ticketing booths, ablution facilities, police post, banking space, shops and restaurants. The structure has also been equipped with a modern electronic ticketing system that promotes cashless transitions.

The project was completed at a total cost of K56,898,568 and commissioned on 7<sup>th</sup> August 2021 by the then Vice President. However, as at 30<sup>th</sup> September 2022 the Bus Terminus had not been operationalised, thirteen (13) months after it was commissioned.

**g. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of 1,600,000 was made to cater for Livingstone Constituency and the whole amount was released.

In addition, an amount of K1,439,587 was brought forward from 2020 bringing the total funds available to K3,039,587.

As at 30<sup>th</sup> September 2022 amounts totalling K2,018,324 were spent leaving a balance of K1,021,264.

The following were observed:

**i. Failure to Implement Approved Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

However, a review of the approved list and progress reports for the Constituency Development Fund revealed that six (6) approved projects with a total allocated amount of K1,085,734 had not been implemented as at 30<sup>th</sup> September 2022, despite being approved by the Ministry of Local Government and Rural Development on 22<sup>nd</sup> April 2021. See table 4 below.

**Table 4: Un-implemented Projects**

No.	Constituency	Project Name	Date of Funding	Date of Project Approval	Period Project Delayed (Months)	Amount Allocated K
1	Livingstone Central	Installation of a solar submersible pump at Natebe Community School	1.10.2021	21.04.2021	12	150,000
2	Livingstone Central	Excavation and construction of a drainage in Zambezi ward Phase 2	1.10.2021	21.04.2021	12	200,000
3	Livingstone Central	Grading and gravelling of roads in Maramba	1.10.2021	21.04.2021	12	100,000
4	Livingstone Central	Completion of Toilets at Batoka Market (floor and shower tiles, light fittings - electrical)	1.10.2021	21.04.2021	12	35,000
5	Livingstone Central	Renovation of Ngwenya Bridge	1.10.2021	21.04.2021	12	300,000
6	Livingstone Central	Mbita Market (Construction of concrete market stands)	1.10.2021	21.04.2021	12	300,734
		<b>Total</b>				<b>1,085,734</b>

**h. Management of Liabilities - Failure to Remit Statutory Contributions**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K135,832,947 in respect of Tax, Pension and Insurance contributions. See table 5 below.

**Table 5: Unremitted Statutory Obligations**

No.	Institution	Balance b/f 01.01.2021 K	Obligations for 2021 K	Accumulated Amount K	Payments K	Balance as at 31.12.2021 K
1	ZRA	27,030,443	21,170,365	48,200,808	12,183,846	36,016,962
2	NAPSA	88,342,334	3,172,155	91,514,490	1,290,447	90,224,042
3	LASF	8,728,426	1,028,379	9,756,805	287,364	9,469,440
4	NHIMA	182,534	469,658	652,192	630,158	22,034
5	MADISON	67,048	267,120	334,168	233,700	100,468
	<b>Total</b>	<b>124,350,784</b>	<b>26,107,678</b>	<b>150,458,461</b>	<b>14,625,515</b>	<b>135,832,947</b>

**i. Other Matters - Wasteful Expenditure due to Legal Cases**

A review of selected files for various legal cases revealed that Livingstone City Council was sued by various individuals and companies during the period under review where it incurred amounts totalling K317,160 in legal cases that could have been avoided as shown in table 6 below.

**Table 6: Wasteful expenditure on legal matters**

No.	Details	Amount Awarded	Amount Paid	Balance	Remarks
1	Kennedy Mwansa	300,000	159,933	140,067	Legal fees in amounts totalling <del>K600,000</del>
2	Geoffrey Sianga Thole	17,160	17,160	-	Judgement was passed in <del>favor of Geoffrey Sianga</del>
	<b>Total</b>	<b>317,160</b>	<b>177,093</b>	<b>140,067</b>	

### 33. Luangwa Town Council

#### 33.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K14,442,513 against which amounts totalling K13,372,269 were received and generated resulting in a negative variance of K1,070,244. See table below:

**Table 9: Budget and Income**

No	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	642,970	131,955	(511,015)
2	Fees and Charges	1,766,840	1,004,192	(762,648)
3	Licences	107,915	172,121	64,206
4	Levies	1,262,488	1,106,179	(156,309)
5	Permits	55,900	76,921	21,021
6	Other Income	45,000	175,939	130,939
	<b>Sub Total</b>	<b>3,881,113</b>	<b>2,667,307</b>	<b>(1,213,806)</b>
	<b>National Support</b>			
7	Local Government Equalization Fund	8,831,400	8,614,053	(217,347)
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Grants in Lieu of Rates	130,000	490,909	360,909
	<b>Sub Total</b>	<b>10,561,400</b>	<b>10,704,962</b>	<b>143,562</b>
	<b>Total Income</b>	<b>14,442,513</b>	<b>13,372,269</b>	<b>(1,070,244)</b>

In addition, amounts totalling K1,430,576 were brought forward from the previous year bringing the total funds available to K14,802,845. As at 31<sup>st</sup> December 2021, amounts totalling K14,074,032 leaving a balance of K728,813.

**b. Operational Matters - Environmental Management**

The Environmental Management Act No. 12 of 2011 states that, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”. In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

The following were observed:

- The Council operated Chilombwe dumpsite without approval from Zambia Environmental Management Agency (ZEMA).
- The Council did not compact or cover the waste with a layer of soil but instead waste was being burnt thereby exposing the community to health hazards.
- The dumpsite was not fenced for protection from access by unauthorized persons. See pictures below.



Unfenced dumpsite and waste not compacted

**c. Management of Payroll and Other Staff Related Matters**

**i. Failure to fill Vacant Positions**

The Council had an approved establishment of seventy eight (78) positions out of which twenty five (25) were filled leaving fifty three (53) vacant as at 30<sup>th</sup> September 2022. Out of the vacant positions, some were key to the smooth running of the Council such as administrative officer, public relation officer, senior accounts officer, town planner and land surveyor.

**ii. Over Employment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were four (4) authorised positions which were to be filled by four (4) officers but were instead filled by seven (7) officers resulting in excess of three (3) officers.

The three (3) officers were paid salaries in amounts totalling K356,040.

**iii. Officer Absent from work without Authority**

The Terms and Conditions of Service for Local Government Service Commission of 2021 No.59 (a) states that, “an officer who is absent from duty without leave to do so for a continuous period of ten (10) or more working days, shall be liable for dismissal”.

However, an examination of the staff files and other human resource reports revealed that the Deputy Director of Works was absent from work from 30<sup>th</sup> September 2021. As at

30<sup>th</sup> September 2022, no action had been taken against the officer. During the period from October 2021 when the officer proceeded on an unapproved leave to September 2022, he was paid salaries in amounts totalling K164,060.

**d. Management of Assets**

**i. Lack of 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 Council did not secure title deeds for parcels of land on which twenty-two (22) properties such as the old civic centre, Feira Lodge, council houses, Chitope sub centre, butchery, bus station, fire bay, abattoir, council shop, spare part shop were located. Consequently, the twenty (22) properties could not be insured.

**e. Management of Fire Services**

**i. Failure to provide protective clothing for Fire fighters**

Section 16 and subsection (I) of the Occupational Health and safety Act 36 of 2010 provides that at the employer’s expense, an employee be provided with all appropriate protective clothing or equipment to be used in the workplace by employees, who in the course of employment, are likely to be exposed to the risk of bodily injuries, and adequate instructions in the use of such protective clothing or equipment.

Contrary to the Act, the Council did not provide protective clothing to thirteen (13) fire officers such as tunics, uniforms and combat attires.

**ii. Failure to Insure Fire Officers**

Section 20 – Health/sickness – of the Fire Services Brigade Standing Orders requires, among other things, that all Fire Officers should be insured.

However, the Council did not insure the thirteen (13) officers.

**f. Management of the Local Government Equalisation Fund**

The Local Government Act No. (2) of 2019 provides that, a Council shall use at least 20% of the Equalisation Funds received in any financial year to finance capital expenditure.

During the period under review, amounts totalling K8,614,053 were received as equalisation funds out of which amounts totalling K1,722,810 being 20% of the funded amounts were to be transferred to the capital account.

The following were observed;

**i. Misapplication of Funds**

During the period under review the Council misapplied amounts totalling K133,752 meant for capital projects on operational expenses.

As at 30<sup>th</sup> September 2022, the funds had not been reimbursed.

**ii. Failure to Reimburse Borrowed Funds**

The Council borrowed amounts totalling K41,000 from the Capital account to facilitate payment of various expenses such as salaries among others. As at 30<sup>th</sup> September 2022 the funds had not been reimbursed.

**iii. Road Maintenance**

In the Estimates of Revenue and Expenditure for 2021, the Council allocated an amount of K171,400 towards grading of 13.5kilometers (Km) of township roads using force account. The roads that were earmarked for maintenance were as follows:

- Centre/D145, 800 metres
- Child Fund Office to Civic Center Road - 848 metres,
- Lusaka Water Road - 921.5 metres,
- Churches Road - 348 metres,
- Mburuma Street - 1,636.5 metres,
- Kaboba - 2,230 metres and;
- Air Strip grading 4.5 Hectares

As at 30<sup>th</sup> September 2022, amounts totalling K180,334 had been spent on procurement of fuel, spare parts for the grader and wages for casual labour on vegetation control among others.

The following were observed;

- **Grading Mburuma Street - 1,636 metres**

The Council planned to grade a stretch of 1,636 meters of Mburuma Street and install three (3) culverts. However, it was observed that although the road was graded and formed, the Council did not install the three (3) culverts. Consequently, the road was washed away during rainy season.

- **Air strip grading – 4.5 Hectares**

The Council planned to grade a total stretch of 4.5 hectares of the air strip. However, only 0.4 hectares of the runway was graded.

A physical inspection carried out in September 2022 revealed that the workmanship was poor in that the surface was not even. See pictures below.



Uneven surface of the graded runway of the Airstrip

**g. Management of Constituency Development Fund – Unimplemented Approved Projects**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a provision of K1,600,000 was made as Constituency Development Fund (CDF) to cater for Feira Constituency and the whole amount was released.



In addition, amounts totalling K1,740,254 were brought forward from 2020 bringing the total funds available for expenditure to K3,340,254.

As at 31<sup>st</sup> December 2021, amounts totalling K1,314,350 had been spent leaving a balance of K2,025,904.

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “a project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

However, a review of the approved list and progress reports for the Constituency Development Fund revealed that eight (8) approved projects with a total allocated amount of K1,470,000 had not been implemented as at 30<sup>th</sup> September 2022, despite being approved by the Ministry of Local Government and Rural Development on 21<sup>st</sup> April 2021 and funding received on 4<sup>th</sup> October 2021. See table 2 below.

**Table 2: Approved and unimplemented 2021 CDF Projects**

No.	Constituency	Name of Project	Date of Funding	Approval Date	Period Project Delayed (Months)	Approved Amount K
1	Luangwa	Rehabilitation and equipping of mortuary and construction of a mouners shelter at Katondwe Mission Hospital	04.10.2021	21.04.2021	13	450,000
2	Luangwa	Fencing of banan plantation in Mangelengele Community	04.10.2021	21.04.2021	13	50,000
3	Luangwa	Water Reticulation at Chitope Police Post	04.10.2021	21.04.2021	13	150,000
4	Luangwa	Construction of a roof slub for the male cells at Chitope Police Post	04.10.2021	21.04.2021	13	85,000
5	Luangwa	Water reticulation at Mwavi Primary School	04.10.2021	21.04.2021	13	100,000
6	Luangwa	Staff House at Chankhansi Primary School	04.10.2021	21.04.2021	13	300,000
7	Luangwa	Construction of a 1X2 CRB at Kaunga B Primary School	04.10.2021	21.04.2021	13	300,000
8	Luangwa	Maientenance of the access road to the Chidada graveyard	04.10.2021	21.04.2021	13	35,000
						<b>1,470,000</b>

## **h. Management of Liabilities**

### **i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K16,480,133 in respect of tax, pension

and insurance contributions, funeral scheme and medical insurance some dating from as far back as 2013. See table 3 below.

**Table 3: Unremitted Statutory and other obligations**

No.	Institution	Balance as at 01/01/2021 K	Contributions for 2021 K	Cummulative total K	Payments K	Balance as at 31/12/2021 K
1	NAPSA	9,263,891	813,345	10,077,236	-	10,077,236
2	LASF	575,530	836,408	1,411,938	25,000	1,386,938
3	ZRA(PAYE)	3,187,921	1,401,434	4,589,355	-	4,589,355
4	ZCTU	13,607	12,810	26,417	-	26,417
5	ZULAWU	57,666	53,444	111,110	20,865	90,245
6	FIRESUZ	14,642	13,705	28,347	5,000	23,347
7	Funeral-Madison	88,428	43,216	131,645	-	131,645
8	Medical Insurance	102,088	52,864	154,952	-	154,952
	<b>Total</b>	<b>13,303,773</b>	<b>3,227,226</b>	<b>16,530,999</b>	<b>50,865</b>	<b>16,480,133</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K2,656,768 in respect of terminal benefits, leave travel benefits, settling in allowance and Salary arrears some dating from as far back as 2012. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	Terminal Benefits	-	18,441	18,441	-	18,441
2	Settling in Allowance	544,280	73,682	617,962	203,535	414,427
3	Long Service Bonus	387,263	-	387,263	-	387,263
4	Leave Travel Benefits	63,400	-	63,400	-	63,400
5	Salary Arears	1,929,111	-	1,929,111	155,874	1,773,237
	<b>Total</b>	<b>2,924,054</b>	<b>92,123</b>	<b>3,016,177</b>	<b>359,409</b>	<b>2,656,768</b>

**34. Luanshya Municipal Council**

**34.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council had budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate income from various sources in amounts totalling K80,965,054 against which amounts totalling K52,261,979 were received and generated resulting in a negative variance of K28,703,075. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	40,189,863	26,450,594	(13,739,269)
2	Fees and Charges	11,590,492	6,629,701	(4,960,791)
3	Licences	204,850	961,082	756,232
4	Levies	885,965	68,878	(817,088)
5	Permits	1,361,200	1,743,173	381,973
6	Commercial Venture	1,080,000	92,581	(987,419)
7	Other Receipts	8,860,050	57,999	(8,802,051)
	<b>Subtotal</b>	<b>64,172,420</b>	<b>36,004,007</b>	<b>(28,168,413)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	13,592,634	13,007,972	(584,662)
9	Constituency Development Fund	3,200,000	3,200,000	-
10	Other Grants	-	50,000	50,000
	<b>Subtotal</b>	<b>16,792,634</b>	<b>16,257,972</b>	<b>(534,662)</b>
	<b>Total</b>	<b>80,965,054</b>	<b>52,261,979</b>	<b>(28,703,075)</b>

In addition, amounts totalling K8,092,176 were brought forward, bringing the total funds available to K60,354,155 out of which amounts totalling K56,964,881 were spent leaving a balance of K3,389,274.

## **b. Operational Matters**

### **i. Failure to Maintain Street Lights**

Section 5(b) of the Local Government Act No. 2 of 2019 states that, “a Local Authority shall in relation to community development, establish and maintain a system of lighting in streets and other public places”.

Contrary to the Act, the Council did not maintain street lights along nineteen (19) main township roads despite having a street light maintenance budget allocation of K29,000. Some street lights poles were vandalised and were not in working condition, while others had no working light bulbs. See pictures below.

### **Cut Down Street Light Poles**



East Drive

Butungwa Avenue

#### **ii. Failure to Maintain Roads**

Paragraph 4 of the First Schedule of the Local Government Act No. 2 of 2019 states that, “a Local Authority shall, in relation to a public street and exercise general control, care and maintenance of all public roads, streets, avenues, lanes, sanitary lanes and foot walks forming part thereof, bridges, squares, ferries and water courses and to remove all obstacles therefrom.”

However, a physical inspection of the roads in the central business area and townships revealed that the roads were in a deplorable state in that they had potholes that were not attended to. See pictures below.



The main street in Luanshya Central Business Area

**iii. Poor Maintenance works on the Road funded by National Road Fund Agency**

During the period under review, Luanshya Municipal Council received an amount of K500,000 from National Road Fund Agency (NRFA) for the Maintenance of Luanshya – Ndola Road.

The scope of works included mending potholes on Luanshya – Ndola road and the rehabilitation of Roan bridge. The Council was to carry out the works using the force account

As at 31<sup>st</sup> December 2021, the whole amount had been spent.

A physical inspection carried out in September 2022, revealed that the workmanship was poor in that some portions of the road which were worked on had already developed potholes. See pictures below.



Poorly Rehabilitated Luanshya – Ndola Road

**c. Accounting for Revenue**

**i. Printing of Accountable Documents from Private Institutions**

Cabinet Office Circular No. 11 of 2020 dated 10<sup>th</sup> July 2020 abolished the procurement and printing of documents for Government or Parastatals from private institutions with effect from 1<sup>st</sup> September 2020.

Contrary to the Circular, the Council spent amounts totalling K236,920 during the period under review on printing documents such as market receipt books, parking receipt books, purchase requisition, invoice books and purchase orders using private printers.



**d. Management of Payroll and Other Staff Related Matters**

**i. Over Employment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were thirty-nine (39) authorised positions but the council had sixty-seven (67) officers resulting in excess of twenty-eight (28) officers who received salaries in amounts totalling K2,417,947 during the period under review.

**ii. Employees without Requisite Qualifications**

Contrary to the Terms and Conditions of Service for the Local Authorities which provide for minimum qualifications for officers occupying various positions, it was observed that ten (10) members of staff did not meet the requisite educational and professional qualifications for the positions they were holding. See table 2 below.

**Table 2: Employees without Requisite Qualifications**

No.	Position	Requisite Qualification	Qualification Held
1	Administrative Officer	Diploma in Public Administration, Human Resource Management and equivalent	Grade 12 Certificate, Certificate in Local Government Finance
2	Market Master	Diploma in Business Administration or equivalent	Grade 12 Certificate, Certificate on Community Development Theory and Practice
3	Community Development Officer	Degree in social work or sociology or equivalent	Form V, Certificate in Youth Work & Common wealth Course
4	Assistant Community Development Officer	Diploma in social work or sociology and/ or its equivalent	Grade 9 Certificate, Trade Test Certificate in Designing, Cutting and Tailoring
5	Assistant Community Development Officer	Diploma in social work or sociology and/ or its equivalent	Grade 12 Certificate
6	Senior Assistant Librarian	Degree in Library Studies or equivalent	Form V, Certificate in Library Studies
7	Library Assistant	Diploma in Library Studies or equivalent	Grade 12, Certificate in Library and Information Studies
8	Senior Accountancy Assistant	Degree in Accountancy or professional qualifications such as ZICA Licentiate, ACCA II, CIMA II or equivalent.	Form V, Certificate In Revenue Collection
9	Senior Accounts Officer	Degree in Accountancy or professional qualifications such as ZICA Licentiate ACCA II, CIMA II or equivalent	GCE Certificate, Certificate in Local Government Finance
10	Data Entry Operator	Diploma in Computer Studies or equivalent	Grade 12, Certificate in Computer Courses.

### iii. **Failure to Confirm Officers on Probation**

Section 27 (1) of the Employment Act No. 3 of 2019 states that, “An employee may be employed for a probationary period, not exceeding three (3) months, for the purpose of determining that employee’s suitability for appointment.”

Contrary to the Act, as at 30<sup>th</sup> September 2022, the Council had twelve (12) officers on probation for periods ranging from seven (7) to thirteen (13) months.

### e. **Management of Stores – Stores without Receipt and Disposal Details**

Local Authorities Financial Regulation No. 145 states that, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, protective clothing costing K39,375 procured during the period under review had not been accounted for in that there were no receipt and disposal details.

### f. **Failure to Control Street Vending**

Sections (9) and (25) of the Local Government (Street Vending and Nuisances) (Amendment) (No. 2) Regulations of 2018 prohibit sale of local produce in any street or public place other than a market established by the council, except with permission and selling vegetables and fruits from the ground, open vans, wheel burrows or other conveyances.

However, the Council had not regulated street vending in its jurisdiction as traders were found selling various merchandise including farm produce and fruits along roads in the Central Business District instead of designated places of trading. See pictures below.



Venders trading in various corridors in the Central Business District



H-Figov street encroached by traders

**g. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K3,200,000 was made to cater Constituency Development Fund in two (2) constituencies and the whole amount was released.

In addition, an amount of K3,212,871 was brought forward from 2020 bringing the total funds available to K6,412,871. As at 31<sup>st</sup> December 2021, amounts totalling K3,093,298 had been spent leaving a balance of K3,319,573. See table 3 below.

**Table 3: Funding and Expenditure**

No.	Constituency	Balance B/f K	Funding for 2021 K	Total Funds Available K	Expenditure K	Balance as at 31 Decemeber 2021 K
1	Luanshya	1,556,100	1,600,000	3,156,100	1,480,453	1,675,646
2	Roan	1,656,772	1,600,000	3,256,772	1,612,845	1,643,927
	<b>Total</b>	<b>3,212,871</b>	<b>3,200,000</b>	<b>6,412,871</b>	<b>3,093,298</b>	<b>3,319,573</b>

The following were observed:

**i. Wasteful Expenditure - Economic Empowerment - Chicken Rearing**

During the period under review, the Council disbursed amounts totalling K240,000 to five (5) beneficiary clubs (K48,000 per club) to engage in poultry business. Each club was to procure day old chicks, Emmans grower feed, Emmans finisher feed, Phenix stress pack, tetroxy chick formula and broiler booster.



A physical inspection carried out in September 2022 revealed that the clubs did not have chickens in the poultries and there was no evidence to show that the Clubs had engaged in the project of rearing of chickens. Further, there were no monitoring reports provided by the Council. See pictures below.



Chicken run used as a store room - Tulutenge Women's Club



Poultry being used as storage at Chachacha Club



Empty poultry house at Kamirenda Market Club

#### **h. Management of Assets**

##### **i. Failure to Maintain Properties**

A physical inspection of selected properties owned by the Council carried out in September 2022 revealed that some properties were dilapidated due to lack of maintenance. In particular the following were observed.

- **East Bar – Mikomfwa**

The property was in a dilapidated state and non operational. See pictures below.



Dilapidated East Bar in Mikomfwa

- **Mikomfwa Main Market Ablution Block**

The ablution block was in a dilapidated state and had been closed down for public use. See picture below.



Dilapidated Ablution block at Mikofwa Main Market

- **Muchinsi Cocktail Bar**

The bar was in a dilapidated state and had been closed down for public use. See pictures below.



Dilapidated Muchinsi Cocktail Bar

## ii. Management of Liabilities – Failure to Remit Statutory Obligations

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and National Health Insurance Authority amounts totalling K42,408,460 in respect of tax, pension and insurance contributions, some dating from as far back as 2016. See table 4 below.

**Table 4: Unremitted Statutory Obligations**

No	Institution	Balance B/f as at 01.01.2021 K	Obligations for 2021 K	Cumulative Total K	Payments K	Balance as at 31.12.21 K
1	ZRA	17,453,599	3,307,160	20,760,759	220,000	20,540,759
2	NAPSA	11,380,321	3,138,400	14,518,721	859,576	13,659,145
3	LASF	8,311,681	1,096,171	9,407,852	1,348,938	8,058,914
4	NHIMA	148,179	462,994	611,173	461,530	149,642
		<b>37,293,780</b>	<b>8,004,725</b>	<b>45,298,505</b>	<b>2,890,045</b>	<b>42,408,460</b>

## 35. Lukulu Town Council

### 35.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate income from various sources

in amounts totalling K14,352,827 against which amounts totalling K14,001,163 were received and generated resulting in a negative variance of K351,664. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	10,000	5,985	(4,015)
2	Fees and Charges	528,900	469,135	(59,765)
3	Licences	21,420	7,044	(14,376)
4	Levies	904,000	962,315	58,315
5	Permits	17,390	13,480	(3,910)
	<b>Sub-Total</b>	<b>1,481,710</b>	<b>1,457,959</b>	<b>(23,751)</b>
	<b>National Support</b>			
6	Local Government Equalisation Fund	10,921,116	10,709,703	(211,413)
7	Constituency Development Fund	1,600,000	1,600,000	-
8	Other Receipts	350,001	233,501	(116,500)
	<b>Sub-Total</b>	<b>12,871,117</b>	<b>12,543,204</b>	<b>(327,913)</b>
	<b>Total Income</b>	<b>14,352,827</b>	<b>14,001,163</b>	<b>(351,664)</b>

In addition, funds amounting to K4,085,059 were brought forward from the previous year bringing the total funds available to K18,086,222.

**b. Operational Matters - Environmental Management**

The Environmental Management Act No. 12 of 2011 states that, “A Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, the Solid Waste Regulation and Management Act No. 20 of 2018 states that, “A local authority shall within its jurisdiction, collect and dispose of, or arrange for the collection and disposal of, all household waste in accordance with this Act, ensure that waste is collected, transported and disposed of in accordance with this Act, provide litter receptacles in public places; and prepare and submit reports relating to solid waste management to the Ministers responsible for health, environment or water”.



The following were observed:

**i. Poor Management of the Lukulu Dumpsite**

- The Council did not compact or cover the waste with a layer of soil but instead waste was being burnt thereby exposing the community to health hazards.
- The dumpsite was not fenced for protection from access by unauthorized persons.

**ii. Lack of Receptacles at New Market**

A physical inspection carried out at New Market revealed that there were no waste holding bays or receptacles resulting in indiscriminate dumping of waste. See picture below.



No waste holding Bay at New Market

**c. Accounting for Revenue - Failure to Collect Revenue**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to “collect in a timely manner all revenue due to the local authority.”

During the period under review, the Council was expected to collect amounts totalling K190,752 from Zesco and business houses in form of Bill board fees, pole levy and trading permits. However, as at 30<sup>th</sup> September 2022, amounts totalling K101,372 were collected leaving a balance of K89,380 See table 2 below.

**Table 2: Uncollected Revenue**

<b>No.</b>	<b>Revenue Type</b>	<b>Expected K</b>	<b>Collected K</b>	<b>Uncollected K</b>
1	Bill Boards	65,000	5,000	60,000
2	Pole Levy	5,690	820	4,870
3	Trading Permits	120,062	95,552	24,510
	<b>Total</b>	<b>190,752</b>	<b>101,372</b>	<b>89,380</b>

**d. Management of Payroll and Other Staff Related Matters**

**i. Over Employment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were three (3) authorised positions which were to be filled by three (3) officers but were instead filled by six (6) officers resulting in excess of three (3) officers.

The three (3) officers were paid salaries in amounts totalling K425,783 during the period under review.

**ii. Unsupported Payment of Outlier Allowance**

Outlier Allowance was introduced in 2012 at the time of harmonisation of salaries in Local Authorities to cater for the disparities that existed in salaries for the same position between Councils. During the year under review, a total of K20,236 was paid to an officer as outlier allowance.

However, the payment was not supported by documentations to support the eligibility of the officer to receive the allowance.

**iii. Failure to Fill in Key Positions**

The Council had an approved establishment of ninety (90) positions out of which Seventy-two (72) were filled leaving eighteen (18) vacant as at 30<sup>th</sup> September 2022.

Out of the vacant positions, some were key to the running of the Council such as Deputy Council Treasurer.

**e. Management of Assets**

**i. Failure to Safeguard/protect installed Street Lights**

Section 5(b) of the Local Government Act No. 2 of 2019 states that, “a local authority shall in relation to community development, establish and maintain a system of lighting in streets and other public places”. In this regard, in January 2021, the Council installed thirty (30) street lights along Town Centre – Old Market Road at a total cost of K266,049.

However, as at 30<sup>th</sup> September 2022 only eleven (11) were working while nineteen (19) had been vandalised. The Council had not replaced the vandalised lights. See pictures below.



Vandalized Street Lights

**f. Management of Local Government Equalization Fund**

The Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the Equalisation Fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K10,709,703 were received as equalisation funds, out of which 20% amounting to K2,141,941 was allocated to capital projects while 80% amounting to K8,567,762 was allocated to recurrent expenditure.

The following were observed:

**i. Construction of Restaurant and Bar-Delayed Completion**

On 27<sup>th</sup> December 2021, the Council engaged Zammuku Enterprise to construct a bar and restaurant at a contract sum of K430, 040 over a period of twelve (12) weeks commencing in January and ending in March 2022.

The scope of works included construction of sub and superstructures, roofing, metal works and carpentry works, plastering and painting.

As at 30<sup>th</sup> September 2022, amounts totalling K167,876 had been paid to the contractor.

A physical inspection carried out in September 2022, revealed that the project had not been completed seven (7) months after the expected completion date. The outstanding works included; superstructures, roofing, metal works and carpentry works, plastering and painting. See picture below.



Incomplete bar and restaurant

Further, the contractor was not on site and works had stalled.

**ii. Construction of the Fence at the Dump Site**

On 7<sup>th</sup> December 2021, the Council engaged Franspin Construction and General Dealers to fence the dump site measuring 200x80 metres at a total cost of K186,503 over a period of twelve (12) weeks commencing in December 2021 and ending in March 2022

The scope of works included excavation, concrete works, brickwork, block work and iron mongery (installation of a gate).

As at 30<sup>th</sup> September 2022, the contractor had been amounts totalling K26,600.



A physical inspection carried out in September 2022, revealed that the project had not been completed six (6) months after the expected completion date.

The outstanding works included; concrete works, brickwork, block work and installation of the gate. See pictures below.



Incomplete Fencing of the Dumpsite

Further, the contractor was not on site and works had stalled.

**g. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a provision of K1,600,000 was made to cater for Lukulu Constituency and the whole amount was released.

In addition, an amount of K1,787,071 was brought forward from 2020 bringing the total funds available to K3,387,071.

As at 31<sup>st</sup> December 2021, amounts totalling K594,000 had been spent leaving a balance of K2,793,070.

The following were observed:

**i. Construction of Staff House at Mulumbu RHP-Delayed Completion**

On 13<sup>th</sup> May 2021, the Council engaged Chavutech Engineering to construct a staff house at Mulumbu Rural Health Post (RHP) at a contract sum of K176,720 with a completion period of twelve (12) weeks commencing in May and ending in August 2021.

The scope of works included construction of sub and super structures, roofing, carpentry and iron mongery, glazing, flooring, plastering, painting and external works.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K52,006.

A physical inspection carried out in September 2022, revealed that the project had not been completed fourteen (14) months after the expected completion date. The outstanding works included; super structure, roofing, carpentry and iron mongery, glazing, flooring, plastering, painting and external works. See picture below.



Incomplete Staff House

Further, the contractor was not on site and works had stalled.

## **ii. Completion of Staff House at Nalusheke Primary School**

On 14<sup>th</sup> May 2021, the Council engaged Coisson Enterprise to complete a Staff House at Nalusheke Primary School at a contract sum of K134,137 with a completion period of twelve (12) weeks commencing in May and ending in August 2021.

The scope of works included; brick moulding, block work, roofing, carpentry and iron mongery, metal work, flooring, plastering, painting and external works.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K43,560.

A physical inspection carried out in September 2022, revealed that the project had not been completed sixteen (16) months after the expected completion date. The outstanding works included; roofing, plastering, fitting window and door frames, glazing, carpentry works, air vents, painting and decorating and external works. See picture below.



Incomplete staff House at Nalusheke

Further, the contractor was not on site and works had stalled.

### **iii. Completion of a Rural Health Center at Kashinangombe**

On 8<sup>th</sup> June 2021, the Council engaged R Kawina General Dealers to complete the Out Patient Department (OPD) and two (2) pit latrines at Kashinangombe Rural Health Post at a contract sum of K134,136.60 for a period of twelve (12) weeks commencing in June and ending in September 2021.

The scope of works included; carpentry and iron mongery, glazing, plumbing, brickwork and block work, flooring, plastering, painting and decorating, roofing, electrical and external works.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K43,560.

A physical inspection carried out in September 2022, revealed that the OPD and Pit Latrine had not been completed thirteen (13) months after the expected completion date. The outstanding works included; dish drain for the OPD whereas door frames and doors were not fitted and final coat of paint was not applied at the pit latrine.

It was further observed that there was poor workmanship as the walls, the Ramp and the floor for the OPD had developed cracks and the latrines had also developed cracks on the floor. See picture below.



Cracked Walls to OPD

Latrine Floor

Further, the contractor was not on site and works had stalled.

#### **iv. Construction of 1x3 CRB at Kashongo Primary School**

On 27<sup>th</sup> December 2021, the Council engaged MC Kangunge Enterprise to construct a 1x3 Class Room Block (CRB) at a contract price of K371,059 with a completion period of twelve (12) weeks commencing in December 2021 and ending in March 2022.

The scope of works included construction of sub and superstructures, metal work, roofing, structural steel works, glazing, flooring, plastering, decorating, painting and external works.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K202,839.

A physical inspection carried out in September 2022, revealed that the project had not been completed seven (7) months after the expected completion date. The outstanding works included; external works, painting and decorating, flooring, glazing and fixing of window panes and apron and drainages. See picture below.



Incomplete 1x 3 CRB at Kashongo Primary School

Further, the contractor was not on site and works had stalled.

## **h. Management of Liabilities**

### **i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA) and National Pension Scheme Authority (NAPSA) amounts totalling K3,575,990 in respect of tax and pension contributions, some dating from as far back as 2012. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

<b>No.</b>	<b>Institution</b>	<b>Balance as at 01.01.2021 K</b>	<b>Payments K</b>	<b>Balance as at 31.12.2021 K</b>
1	ZRA	914,657	599,602	315,055
2	NAPSA	3,314,030	53,095	3,260,935
	<b>Total</b>	<b>4,228,687</b>	<b>652,697</b>	<b>3,575,990</b>

### **ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K2,402,227 in respect of long service bonus and salary arrears, some dating from as far back as 2013. See table 4 below.

**Table 4: Outstanding Staff Obligations**

<b>No.</b>	<b>Type of Debt.</b>	<b>Balance as at 01.01.2021 K</b>	<b>Payments K</b>	<b>Balance as at 31.12.2021 K</b>
1	Long Service Bonus	776,124	-	776,124
2	Salary Arrears	1,726,103	100,000	1,626,103
	<b>Total</b>	<b>2,502,227</b>	<b>100,000</b>	<b>2,402,227</b>

## **36. Lusaka City Council**

### **36.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K347,764,004 against which amounts totalling K361,558,866 were received and generated resulting in a positive variance of K13,794,862. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	89,125,342	87,638,102	(1,487,240)
2	Fees and Charges	99,161,526	77,688,892	(21,472,634)
3	Licences	23,973,330	3,392,653	(20,580,677)
4	Levies	51,141,174	45,380,698	(5,760,476)
5	Permits	12,859,574	25,222,381	12,362,807
6	Other Grants	-	349,942	349,942
7	Other Receipts	-	64,204,581	64,204,581
8	Commercial Venture	11,400,000	3,230,000	(8,170,000)
	<b>Sub Total</b>	<b>287,660,946</b>	<b>307,107,249</b>	<b>19,446,303</b>
	<b>National Support</b>			
9	Local Government Equalisation Fund	48,903,058	42,742,397	(6,160,661)
10	Constituency Development Fund	11,200,000	11,709,221	509,221
	<b>Sub Total</b>	<b>60,103,058</b>	<b>54,451,618</b>	<b>(5,651,440)</b>
	<b>Total</b>	<b>347,764,004</b>	<b>361,558,866</b>	<b>13,794,862</b>

In addition, amounts totalling K11,380,371 were brought forward from the previous year bringing the total funds available to K372,939,237. As at 31<sup>st</sup> December 2021 amounts totalling K368,345,403 had been spent leaving a balance of K4,593,834.

**b. Operational Matters – Environmental Management**

The Environmental Management Act No. 12 of 2011 states that, “A Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites.”

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, the Solid Waste Regulation and Management Act No. 20 of 2018 states that, “A local authority shall within its jurisdiction, collect and dispose of, or arrange for the



collection and disposal of, all household waste in accordance with this Act, ensure that waste is collected, transported and disposed of in accordance with this Act, provide litter receptacles in public places; and prepare and submit reports relating to solid waste management to the Ministers responsible for health, environment or water.”

The following were observed:

**i. Failure to Manage Chunga Dumpsite**

- The Council did not compact or cover the waste with a layer of soil but instead waste was being burnt thereby exposing the community to health hazards.
- The dumpsite was not completely fenced for protection from access by unauthorised persons. See pictures below.



Uncompact solid waste



Waste overflowing the partial wall fence



Scavengers in the landfill



Solid waste on the road

**ii. Illegal Disposal of Waste**

A physical inspection carried out in September 2022 in some selected parts of the central business district, residential and market places revealed that the council did not provide waste holding bays or receptacles in most trading places and residential areas. As such waste was indiscriminately disposed of in undesignated places thereby posing health hazards to the community. See pictures below.



Garbage near the road side and residents in Kabwata



Illegal dumping and lack of holding bays - Downtown area behind Auto World along Kafue Road



Heaps of garbage along Freedom Way Road

Further, it was observed that illegal garbage collectors were throwing and sorting garbage between the railway line and Esther Lungu Road in Chawama area.





Illegal dumping of waste between the railway line and Esther Lungu Road

### c. Accounting for Revenue

#### i. Failure to Collect Revenue

Section 9 (h) of the Public Finance Management (General) Regulations 2020 requires the head of accounting unit of a local authority to collect in a timely manner all revenue and other public monies due and payable to the local authority.

- **Revenue from Rates, Billboards and Rentals**

During the period under review, the Council was expected to collect amounts totalling K299,526,885 from property rates, billboards and rentals. However, as at 30<sup>th</sup> September 2022 only amounts totalling K95,932,671 had been collected leaving a balance of K203,594,214. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Type of Revenue	Expected Amount K	Collected Amount K	Uncollected Amount K
1	Property Rates	254,758,253	84,671,075	170,087,178
2	Billboard Fees	44,102,603	11,261,596	32,841,007
3	Rentals	666,029	-	666,029
	<b>Total</b>	<b>299,526,885</b>	<b>95,932,671</b>	<b>203,594,214</b>

- **Revenue from Leased Play Park**

On 25<sup>th</sup> March 2020, the Council leased out a Play Park located on Plot 14726/917/REN along Tokyo Way (Ring Road) in Kabwata Constituency to Given Lubinda Foundation for a period of thirteen (13) years from 2020 to 2033 at a lease rate of K2,500 per month. In this regard, the Council was expected to collect a total

amount of K65,000 for the period from 1<sup>st</sup> April 2020 to 30<sup>th</sup> May 2022. However, as at 30<sup>th</sup> September 2022, no lease rentals had been collected by the Council.

**d. Management of Assets**

A physical inspection of selected properties carried out in September 2022 revealed the following:

**i. Irregular Change of Ownership - Plot Number LUS/2832-Lusaka Municipal Sports Club**

On 16<sup>th</sup> January 1958, the Registrar of Lands and Deeds registered plot number LUS/2832 as a property of the Council. A review of documents at the Council revealed that the ownership of the property was changed to Lusaka Municipal Sports Club Trustees who obtained a certificate of title in 2002.

However, the change of ownership was irregular as it was not authorised by the Lusaka City Council and the Ministry of Local Government and Housing.

In this regard in 2014, the Commissioner of Lands wrote to the Club Trustees to transfer ownership of the property back to the Council.

However, as at 30<sup>th</sup> September 2022, the ownership of the property had not reverted to the Council.

**ii. Lack of Title Deeds**

Section 41(4) of the Public Finance Management Act No. 1 of 2018, requires that a Controlling Officer should ensure that all public properties under the Controlling Officer's charge are secured with title deeds.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which 109 properties such as intercity bus terminus, city market, civic centre, dwelling houses and shops were located.

Consequently, the properties could not be insured.

### **iii. Failure to Insure Motor Vehicles**

Section 41 (1) of the Public Finance Management Act (General) Regulations 2020 states that, “A public body shall insure public assets with an insurance company registered under the Insurance Act, 1997.”

Contrary to the regulation, the Council did not insure nineteen (19) motor vehicles valued at K5,403,500 as at 30<sup>th</sup> September 2022.

### **e. Land Management - Shops/stalls**

#### **i. Unauthorised Creation of Markets, Shops and Stalls**

An inspection of selected markets, shops and stalls in the central business district carried out in September 2022 revealed that markets, shops and stalls had been created along Tokyo Way, Dedan Kimathi Road and Kamwala Flyover Bridge. However, the creation of these trading places was not supported by Council’s motion and authority from the Ministry of Lands and Natural Resources.

It was further observed that the created trading places did not have public conveniences. See pictures below.



Created shops along the flyover bridge

#### **ii. Failure to Regulate Street Vending**

Sections 9 and 25 of the Local Government (Street Vending and Nuisances) (Amendment) (No. 2) Regulations of 2018 prohibit sale of local produce in any street or public place other than a market established by the council, except with permission and selling vegetables and fruits from the ground, open vans, wheel burrows or other conveyances.

In addition, Section 9 of the Food Safety Act of 2019 states that, “A person shall not prepare, treat, pack, process, manufacture, sell, transport or store any food under insanitary conditions.”

Further, section 27 (1) (a) of the Liquor Licensing Act No. 20 of 2011 states that, “A person who sells or offers for sale any intoxicating liquor without a license; or (b) being a licensee, sells any intoxicating liquor except in the licensed premises concerned; commits an offence and is liable to a fine.”

However, a physical inspection carried out along selected roads including the Freedom Way, Chachacha and Cairo Roads and railway line revealed that the Council had not regulated street vending in its jurisdiction as traders were;

- cooking and selling food stuff on the road islands and along foot paths,
- selling alcohol along the roads and bus stations, and
- selling hardware and second hand clothes among others instead of designated places of trading. See pictures below.



Vending along the railway line



Unlicensed traders selling liquor on  
Chachacha Road



Sale of second-hand clothes in Chachacha  
Road



Vending along Kantunjira Road

#### **f. Management of Local Government Equalisation Fund**

According to the Local Government Act No. 2 of 2019, a Council should use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.



During the period under review, amounts totalling K42,742,397 were received as equalisation funds, out of which 20% amounting to K8,548,479 was allocated to capital projects while 80% amounting to K34,193,918 was allocated to operational expenses.



The following were observed:

**Table 3: Management of Government Equalisation fund**


Constituency	Project	Contractor	Contract Date	Contract		Contract Sum K	Amount Paid K	Scope of Works	Project Status and Other Observations
				Start	End				
Matero	Construction of a Mini Civic Centre	Jamcho Trading Limited	12 <sup>th</sup> June 2018	26 <sup>th</sup> June 2018	16 <sup>th</sup> October 2018.	1,829,991	1,201,731	Excavation and earthwork, brickwork and block work, concrete work, roofing, carpentry, joinery and ironmongery, fitting of doors and ceiling board, metal work-fitting of windows, plumbing installation, electrical installation, flooring, wall and ceiling finishes, glazing, painting and decorating, external drainage, external sewer drainage, perimeter fence chain link fencing.	A physical inspection carried out in September 2022, revealed that the project had not been completed four (4) years and eleven (11) months after the expected completion date with the following works outstanding;  Carpentry, joinery, ironmongery works; fitting of doors and ceiling board; plumbing installation, painting, decorating, landscaping, fencing; construction of external drainage, external sewer drainage, perimeter fence chain link fencing; and installation of steel tank stand, tank, water pump and pump house. See pictures below.






Kanyama Constituency	Construction of a Mini Civic Centre	Chacyeen Enterprises	15 <sup>th</sup> January 2019,	30 <sup>th</sup> January 2019	13 <sup>th</sup> June 2019.	1,791,880	779,188.	Excavation and earthwork ,brickwork and blockwork, concrete work, roofing, carpentry,	external water supply – borehole drilling (all provisional), steel tank stand, tank, water pump and pump house, landscaping and fencing.	 
<p><b>Incomplete Mini Civic Centre</b></p> <p>Further, the contractor was not on site and the works had stalled.</p> <p>A physical inspection carried out in September 2022, revealed that the project had not been completed 1,211 days (three (3) years and four (4) months) after the expected completion date with the following outstanding works; carpentry, joinery and ironmongery- fitting of doors, windows and placing of ceiling</p>										


									<p>joinery and ironmongery-fitting of doors and ceiling board, metal work-fitting of windows, plumbing installation, electrical installation, flooring, wall and ceiling finishes, glazing, painting and decorating, external drainage, external sewer drainage, perimeter fence chain link fencing, external water supply – borehole drilling (all provisional), steel</p>	<p>board, plumbing installation, painting and decorating, external drainage, landscaping and fencing, external sewer drainage, perimeter fence chain link fencing, external water supply – borehole drilling (all provisional), steel tank stand, tank, water pump and pump house. See pictures below.</p>
										
										<p>Incomplete Mini Civic Centre</p>



Kabwata Constituency	Construction of a Mini Civic Centre	Angel Construction Limited	11 <sup>th</sup> June 2018,	27 <sup>th</sup> June 2018	27 <sup>th</sup> January 2019.	1,909,569	686,435.	Excavation and earthwork, brickwork and blockwork, concrete work, roofing, carpentry, joinery and ironmongery-fitting of doors and ceiling board, metal work-fitting of windows, plumbing installation, electrical installation, floor, wall and ceiling finishes, glazing, painting and decorating, external drainage, external sewer drainage, perimeter fence chain link fencing, external water supply – borehole	tank stand, tank, water pump and pump house, landscaping and fencing.	Further, the contractor was not on site and the works had stalled.
								A physical inspection carried out in September 2022, revealed that the project had not been completed forty four (44) months after the expected completion date with the following outstanding; fitting of doors, window frames and glass panes, plumbing installation and power connections, painting and decorating, floor finishes (fitting of tiles), external drainage and sewer drainage, fitting of steel tank stand, tank, water pump and tank house, landscaping and fencing. See pictures below.		
										 <p>Incomplete Mini Civic Centre</p>

									drilling (all provisional), steel tank stand, tank, water pump and pump house and landscaping.	Further, the contractor was not on site and the works had stalled.
Munali Constituency	Construction of a Mini Civic Centre	Zoncor Investments Limited	12 <sup>th</sup> June 2018,	26 <sup>th</sup> June 2018	26 <sup>th</sup> October 2018.	1,674,783	351,217.		Excavation and earthwork, brickwork and blockwork, concrete work, roofing, carpentry, joinery and ironmongery-fitting of doors and ceiling board, metal work-fitting of windows, plumbing installation, electrical installation, flooring, wall and ceiling finishes, glazing, painting and decorating, external drainage, external sewer drainage, perimeter fence chain link fencing, external water supply – borehole drilling (all provisional), steel	<p>A physical inspection carried out in September 2022, revealed that the project had not been completed three (3) years and seven (7) months after the expected completion date. The outstanding works included; fitting of doors, window frames, ceiling board and glass panes, plumbing installation and power connections, painting and decorating, floor finishes (fitting of tiles), external drainage and sewer drainage, fitting of steel tank stand, tank, water pump and tank house, landscaping and fencing. See picture below.</p>  <p>Incomplete Mini Civic Centre</p>

Mandevu Constituency	Construction of a Mini Civic Centre	Skytech Construction Limited	13 <sup>th</sup> June 2019	13 <sup>th</sup> June 2019	13 <sup>th</sup> October 2019	1,952,347	562,852	<p>tank stand, tank, water pump and pump house, landscaping and fencing.</p> <p>Excavation and earthwork, brickwork and blockwork, concrete work, roofing, carpentry, joinery and ironmongery-fitting of doors and ceiling board, metal work-fitting of windows, plumbing installation, electrical installation, flooring, wall and ceiling finishes, glazing, painting and decorating, external drainage, external sewer drainage, perimeter fence chain link fencing, external water supply – borehole drilling (all provisional), steel tank stand, tank,</p>	<p>Further, the contractor was not on site and the works had stalled.</p> <p>A physical inspection carried out in September 2022, revealed that the project had not been completed thirty-one (31) months after the expected completion date. The outstanding works included; roofing, carpentry, joinery and ironmongery, metal work, plumbing and electrical installations, flooring, wall and ceiling finishes, glazing, painting and decorating, external drainage and sewer drainage, fitting of steel tank stand, tank, water pump and tank house, landscaping and fencing. See pictures below.</p>	 
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Lusaka Central Constituency	Construction of a Mini Civic Centre	Oluka Limited	12 <sup>th</sup> June 2018	26 <sup>th</sup> June 2018	26 <sup>th</sup> October 2018	1,651,564	351,217	Excavation and earthwork, brickwork and blockwork, concrete work, roofing, carpentry, joinery and ironmongery-fitting of doors and ceiling board, metal work-fitting of windows, plumbing installation, electrical installation, flooring, wall and ceiling finishes, glazing, painting and decorating, external drainage, external sewer drainage, perimeter fence chain link fencing, external water supply – borehole drilling (all provisional), steel tank stand, tank,	water pump and pump house.	Incomplete Mini Civic Centre Further, the contractor was not on site and the works had stalled. A physical inspection carried out in September 2022, revealed that the project had not been completed three (3) years and seven (7) months after the expected completion date. The outstanding works included; blockwork-from window level to roof level, roofing, carpentry, joinery and ironmongery, metal work, plumbing and electrical installations, flooring, wall and ceiling finishes, glazing, plastering, painting and decorating, external drainage and sewer drainage, drilling of borehole, fitting of steel tank stand, tank, water pump and tank house, landscaping and fencing. See pictures below.
										



**g. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a provision of K11,200,000 was made as Constituency Development Fund (CDF) to cater for Lusaka Central, Kanyama, Chawama, Mandevu, Munali, Matero and Kabwata Constituencies and the whole amount was released.

In addition, an amount of K19,407,286 was brought forward from 2020 bringing the total funds available to K30,607,286.

As at 31<sup>st</sup> December 2021, amounts totalling K10,310,894 had been spent leaving a balance of K20,296,392.

The following were observed:

**i. Delayed Implementation of Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located.”

However, a review of the approved list of projects and progress reports for Constituency Development Fund revealed that two (2) projects with a total allocation of K1,060,000 had not been implemented as at 30<sup>th</sup> September 2022, despite the Council receiving the funds on 8<sup>th</sup> August 2020 and the Ministry of Local Government and Rural Development approving the projects on 24<sup>th</sup> November 2020. See table 4 below.

**Table 4: Unimplemented Approved Projects**

No.	Constituency	Project Name	Date of Funding	Date of Project Approval	Period Project Delayed (Months)	Amount Allocated K
1	Lusaka Central	Construction of a Warehouse and Procurement of Machinery at Bauleni Skills Centre	08.11.2020	24.11.20	24	760,000
2	Lusaka Central	Construction of Mother's Shelter at Lubwa Clinic	08.11.2020	24.11.20	24	300,000
		<b>Total</b>				<b>1,060,000</b>

## **ii. Construction of a Clinic in Libala Ward**

On 30<sup>th</sup> May 2021, the Council engaged Chessfield General Dealers for the construction of a Clinic in Libala ward 7 Kabwata Constituency at a contract price of K819,607 with a contract period of sixteen (16) weeks commencing on 30<sup>th</sup> March 2021 and ending on 31<sup>st</sup> July 2021.

The scope of works included; construction of sub and superstructures, roofing, metal work, glazing and door frames, joinery and ironmongery, fitting of window frames, interior and exterior doors, plastering, ceiling finishes, electrical installation, electrical wiring and connection of power-ZESCO, painting and decorating, plumbing works, septic tank, soakaway, water reticulation, drilling of borehole, installation of 0.75 HP submersible pump, , installation of pump control panel and steel tank stand.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K587,365.

A physical inspection carried out in September 2022, revealed that the project had not been completed fourteen (14) months after the expected completion date. The outstanding works included; power connection, plumbing, water reticulation (fitting of 0.75 HP submersible pump), installation of the pump control panel and PVC tank (5000 litres container). See pictures below.



Incomplete installation of water reticulation system in Libala Ward

Further, the contract had been terminated and the council had not yet engaged a contractor to complete the outstanding works.



## h. Management of Liabilities

### i. Failure to Remit Statutory and Other Obligations

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and National Health Insurance Management Authority (NHIMA) among others amounts totalling K971,644,715 in respect of tax, pension, insurance contributions and supply of goods and services some of which had been outstanding from as far back as 2013. See table 5 below.

**Table 5: Unremitted Statutory and Other Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA-PAYE	146,979,752	16,970,067	163,949,819	-	163,949,819
2	NAPSA	749,003,659	12,939,423	761,943,082	-	761,943,082
3	LASF		4,192,110	4,192,110	100,000	4,092,110
4	ZRA-VAT	24,428,303	-	24,428,303	-	24,428,303
5	ZCTU	765,398	-	765,398	-	765,398
6	Funeral Scheme	2,867,002	-	2,867,002	-	2,867,002
7	MADISON GENERAL	656,762	71,263	728,025	136,552	591,473
8	NHIMA	2,179,212	2,479,810	4,659,022	600,000	4,059,022
9	MADISON LIFE	2,678,548	1,440,483	4,119,031	-	4,119,031
10	ZAMTEL	1,425,417	699,890	2,125,307	1,102,913	1,022,394
11	LWSS Co	660,238	98,292	758,530	91,423	667,107
12	ZESCO	1233754	2,161,462	3,395,216	300,819	3,094,397
13	NATSAVE	-	45,577	45,577	-	45,577
	<b>Total</b>	<b>932,878,045</b>	<b>41,098,377</b>	<b>973,976,422</b>	<b>2,331,707</b>	<b>971,644,715</b>

### ii. Failure to Settle Staff Obligations

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K41,286,325 in respect of long service bonus, leave travel benefits and terminal benefit some of which had been outstanding from as far back as 2011. See table 6 below.

**Table 6: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	Long Service Bonus	23,607,633	-	23,607,633	-	23,607,633
2	Leave Travel Benefits	204,394	-	204,394	-	204,394
3	Terminal Benefits	17,474,298	-	17,474,298	-	17,474,298
	<b>Total</b>	<b>41,286,325</b>	<b>-</b>	<b>41,286,325</b>	<b>-</b>	<b>41,286,325</b>



## 37. Luwingu Town Council

### 37.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K13,695,772 against which amounts totalling K15,549,184 were received and generated resulting in a positive variance of K1,853,412. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally generated</b>			
1	Local taxes	441,456	261,698	(179,758)
2	Fees and Charges	1,035,550	376,701	(658,849)
3	Licences	29,320	28,598	(722)
4	Levies	444,836	140,829	(304,007)
5	Permits	64,860	94,494	29,634
6	Commercial Venture	200,000	29,693	(170,307)
7	Other Receipts	991,750	4,384,363	3,392,613
	<b>Sub Total</b>	<b>3,207,772</b>	<b>5,316,376</b>	<b>2,108,604</b>
	<b>National Support</b>			
8	Local Government Equalisation	8,688,000	8,522,808	(165,192)
9	Costituency Development Fund	1,600,000	1,600,000	-
10	Other Grants	200,000	110,000	(90,000)
	<b>Sub Total</b>	<b>10,488,000</b>	<b>10,232,808</b>	<b>(255,192)</b>
	<b>Total</b>	<b>13,695,772</b>	<b>15,549,184</b>	<b>1,853,412</b>

In addition, amounts totalling K2,169,898 were brought forward from the previous year bringing the total funds available to K17,719,082.

**b. Operational Matters**

**i. Failure to Develop the Integrated Development Plan**

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plan, local area and sectorial plans.

Contrary to the Act, the Council did not have an integrated development plan.

**ii. Management of Markets – Failure to Control and Manage Markets**

Section 5(1) of the Market and Bus Station Act No. 7 of 2007 states that, “all markets and bus stations shall be under the control and management of the Local Authority having jurisdiction in the area in which they are situated.”

Contrary to the Act, the Council was not controlling and managing Kamumanga market located in Kupu village within the Central Business District of Luwingu Town Council. The market was owned and controlled by the community who in turn collected revenue.

Further, a physical inspection carried out in July 2022, revealed the following:

- The pit latrine toilets were not properly maintained and had no running water posing a health threat to the public.
- The community running the market had no capacity to contain solid waste resulting in garbage accumulating without control thereby posing a health threat to the public. See pictures below.



Garbage at Kamumanga Market



Toilet at Kamumanga Market

### **iii. Poor Management of the Dumpsite**

The Environmental Management Act No. 12 of 2011 states that, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

The following were observed:

- The Council did not compact or cover the waste with a layer of soil but instead waste was being burnt thereby exposing the community to health hazards.
- The dumpsite was not fenced for protection from access by unauthorized persons.

### **iv. Lack of Firefighting and Prevention Services**

Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states that, “a Local Authority shall, establish and maintain fire-fighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have firefighting and prevention services as at 30<sup>th</sup> September 2022.

## **c. Management of Payroll and Other Staff Related Matters**

### **i. Failure to Fill Vacant Positions**

The Council had an approved establishment of ninety two (92) positions out of which seventy two (72) were filled leaving twenty (20) vacant as at 30<sup>th</sup> September 2022. Out of the vacant positions, some were key to the running of the Council such as Chief administration Officer, land surveyor, registry supervisor and fire fighters.

**ii. Failure to Recover Salary Advances**

The Terms and Conditions of Service for Local Government Officers No. 105 (d) requires that an advance of salary shall be repaid within a reasonable period of time but not exceeding six (6) months.

Contrary to the terms and conditions of service, salary advances in amounts totalling K64,460 issued to thirteen (13) officers during the period under review had not been recovered as at 30<sup>th</sup> September 2022.

**iii. Failure to Confirm Officers**

Section 27 (1) of the Employment Act No.3 of 2019 states that, “an employee may be employed for a probationary period, not exceeding three (3) months, for the purpose of determining that employees’ suitability for the appointment”, and “(3) Where, during the probation period, an employer determines after an assessment that an employee is not suitable for the job, the employer shall terminate the contract of employment by giving the employee at least twenty-four hours’ notice of the termination”.

Contrary to the Act, Luwingu Town Council had five (5) officers on probation for periods ranging from three (3) to fourteen (14) months.

**d. Procurement of Goods and Services**

**i. Irregular Procurement of Receipt Books from Private Institution**

Cabinet Office Circular No. 11 dated 10<sup>th</sup> July 2020 abolished the procurement and printing of documents for Ministries, Provinces and other Spending Agencies from private institutions with effect from 1<sup>st</sup> September 2020.

Contrary to the Circular, on 9<sup>th</sup> February, 2021 an amount of K6,600 was made to Japas General Suppliers for printing general receipt books without obtaining authority from Secretary to the Treasury.

**Failure to Refund Borrowed Funds**

On 8<sup>th</sup> July 2020, the Ministry of Local Government and Rural Development directed Luwingu Town Council to make a full refund of K176,845 to Lupososhi Town

Council for the unremitted 2018 Local Government Equalization Fund (LGEF) from the next disbursement of LGEF to the Council within that year.

However, as at 30<sup>th</sup> September 2022, the Council refunded K100,000 (K75,000 in 2020 and K25,000 in 2021) leaving a balance of K76,845.

**e. Management of Commercial Ventures**

The Council owned and managed Chulungoma and Isandulula Guest Houses as Commercial Ventures. Chulungoma Guest House consisted of twenty five (25) rooms and was managed by five (5) workers while Isandulula Guest House consisted of twelve (12) rooms and stopped operating in 2020. The main function of the guest houses was to provide accommodation and sale beverages and meals to the general public.

The following were observed:

**i. Chulungoma Guest House**

The guest house was not properly maintained in that, it had developed cracks, six (6) rooms had no running water in the toilets and the walls and ceiling boards in the restaurant and kitchen were not painted. As at 30<sup>th</sup> September 2022, no corrective action had been taken.

**ii. Isandulula Guest House**

The guest house was not properly maintained in that the ceiling boards had partially fallen, there were cracks on the floors and walls and the roof on the verandah had warped. See pictures below.



Partially fallen Ceiling board



Warped roof in the Verendah

**f. Management of Assets - Failure to Maintain Council Shops**

A physical inspection of the shops carried out in July 2022, revealed that they were dilapidated. In particular it was observed that some glass panes were broken, paint on the walls was worn out, cracks had developed on the walls, stairs were broken and the ceiling board had fallen off among others. See pictures below.



Shop with broken glass panes



Cracks on the walls of the shop

**g. Management of Local Government Equalization Fund - Misapplication of Capital Projects Funds**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K8,522,808 were received as Local Government Equalisation Fund out of which amounts totalling K1,704,562 being 20% of the funded amounts were to be transferred to the capital account.

Contrary to the Act, the Council misapplied amounts totalling K436,593 meant for capital projects on operational expenses such as payment of salaries. As at 30<sup>th</sup> September 2022, the funds had not been reimbursed.

**h. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was made to cater for developmental activities in Lubansenshi Constituency and the whole amount was released.

In addition, an amount of K1,616,443 was brought forward from 2020 bringing the total funds available to K3,216,443.

As at 31<sup>st</sup> December 2021, amounts totalling K1,208,750 had been spent leaving a balance of K2,007,693.

The following were observed:

**i. Failure to Implement Approved Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “a project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located.”

However, a review of the approved list and progress reports for the Constituency Development Fund revealed that eleven (11) approved projects with a total allocated amount of K1,520,00 had not been implemented as at 30<sup>th</sup> September 2022, despite being approved by the Ministry of Local Government and Rural Development on 30<sup>th</sup> December 2021, and funding received on 5<sup>th</sup> October 2021. See table 2 below.

**Table 2: Unimplemented Approved Projects**

No.	Constituency	Name of Project	Date of Funding	Approval Date	Period Project Delayed (Months)	Approved Amount K
1	Lubansenshi	Completion of 1x3CRB Fikoni Primary School	10/5/2021	30 /12/2021	9	120,895
2	Lubansenshi	Completion of 1x2 CRB Njeje Primary School	10/5/2021	30 /12/2021	9	83,430
3	Lubansenshi	Completion of Ndoki Primary School	10/5/2021	30 /12/2021	9	67,730
4	Lubansenshi	Completion of 1x3CRB Kumbwempanga Primary School	10/5/2021	30 /12/2021	9	79,430
5	Lubansenshi	Completion of Shimumbi shed	10/5/2021	30 /12/2021	9	46,984
6	Lubansenshi	Completion of 1x2 CRB Chifumo Primary School	10/5/2021	30 /12/2021	9	134,880
7	Lubansenshi	Completion of Ilamfya Palace	10/5/2021	30 /12/2021	9	100,000
8	Lubansenshi	Completion of Staff Houses at Sokontwe, Bulambo and Mwingilla Primary school	10/5/2021	30 /12/2021	9	426,651
9	Lubansenshi	Purchase of Hammer Mill	10/5/2021	30 /12/2021	9	60,000
10	Lubansenshi	Completion of 1x3CRB at Kasonde Kombokombo Primary School	10/5/2021	30 /12/2021	9	200,000
11	Lubansenshi	Construction of Rural Health centres of Nyemba and Chifwili	10/5/2021	30 /12/2021	9	200,000
		<b>Total</b>				<b>1,520,000</b>

**i. Management of Liabilities**

**i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA) and National Pension Scheme Authority (NAPSA) among others amounts totalling K12,684,444 in respect of tax, pension, union and insurance contributions, some dating from as far back as 2018. See table 3 below.

**Table 3: Failure to Remit Statutory Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	LASF	355,660.22	248,389.26	604,049.48	341,511.12	262,538.36
2	NAPSA	2,618,509	2,727,595	5,346,104	240,484	5,105,620
3	ZRA	3,948,375	3,268,187	7,216,562	4,451	7,212,111
4	ZULAWU	35,475	16,639	52,114	19,343	32,772
5	MADISON	5,935	49,310	55,245	24,426	30,819
6	NHIMA	11,165	70,601	81,766	41,183	40,583
7	<b>Total</b>	<b>6,975,119</b>	<b>6,380,722</b>	<b>13,355,841</b>	<b>671,397</b>	<b>12,684,444</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K1,490,380 in respect of terminal benefits, Councillor's monthly allowances and long service bonus some dating from as far back as 2012. See table 4 below.

**Table 4: Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	Councillors monthly allowances	128,505	-	128,505	22,505	106,000
2	Long Service Bonus	851,700	-	851,700	46,000	805,700
3	Terminal Benefits	572,405	279,832	852,237	273,557	578,680
	<b>Total</b>	<b>1,552,610</b>	<b>279,832</b>	<b>1,832,442</b>	<b>342,062</b>	<b>1,490,380</b>

**38. Mafinga Town Council**

**38.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:



**a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K11,763,458 against which amounts totalling K10,605,466 were received and generated resulting in a negative variance of K1,150,971. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	12,840	5,820	(7,020)
2	Fees and Charges	1,027,410	446,369	(581,041)
3	Licences	10,600	1,490	(9,110)
4	Levies	85,050	72,359	(12,691)
5	Permits	40,530	28,050	(12,480)
6	Other Receipts	60,000	62,381	2,381
7	Commercial Venture	218,278	-	(218,278)
	<b>Sub Total</b>	<b>1,454,708</b>	<b>616,470</b>	<b>(831,219)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	8,508,749	8,388,997	(119,753)
9	Constituency Development Fund	1,600,000	1,600,000	-
10	Other Grants	200,000	-	(200,000)
	<b>Sub Total</b>	<b>10,308,749</b>	<b>9,988,997</b>	<b>(319,753)</b>
	<b>Total</b>	<b>11,763,458</b>	<b>10,605,466</b>	<b>(1,150,971)</b>

In addition, amounts totalling K1,897,930 were brought forward from the previous year bringing the total funds available to K12,503,396.

**b. Operational Matters**

**i. Environmental Management- Failure to Create a dumpsite**

The Environmental Management Act No. 12 of 2011 states that, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

Contrary to the Act, the Council did not create a dump site in its jurisdiction were to instead a pit was dug at Tendele market where garbage was being disposed of.

**ii. Failure to Develop Integrated Development Plans**

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plan, local area and sectorial plans.

Contrary to the Act, the Council did not have an integrated development plan.

**c. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of eighty (80) positions out of which seventy-four (74) were filled leaving Six (6) vacant as at 30<sup>th</sup> September 2022. Out of the vacant positions, some were key to the smooth running of the Council such as Chief Human Resource Officer, Human Resource Officer, Director of Works, Works Foreman and Works Coordinator.

**ii. Failure to Confirm Employees**

Section 27 (1) of the Employment Act No.3 of 2019 states that, “an employee may be employed for a probationary period, not exceeding three months, for the purpose of determining that employees’ suitability for the appointment”, and “(3) Where, during the probation period, an employer determines after an assessment that an employee is not suitable for the job, the employer shall terminate the contract of employment by giving the employee at least twenty-four hours’ notice of the termination”.

Contrary to the Act, the Council had ten (10) officers on probation for a period ranging from four (4) to fourteen (14) months.

**d. Management of Assets - Lack of 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 Council did not secure title deeds for parcels of land on which the three (3) council houses, Civic Centre and Area Development Committee building were located.

**e. Management of Local Government Equalization Fund - Wasteful Expenditure on Procurement of a Laptop Computer**

According to the Local Government Act No. 2 of 2019, a Council should use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K8,388,997 were received as equalisation funds out of which amounts totalling K1,677,799 being 20% of the funded amounts were to be transferred to the capital account.

On 25<sup>th</sup> November 2021, the Council procured five (5) laptop computers at a total cost of K70,000 (K14,000 each) from Brilen Technology Limited.

However, a physical inspection carried in September 2022 and inquiries made with management revealed that one laptop had never functioned from the time it was delivered at the Council in November 2020 and no replacement had been made by the supplier rendering the expenditure of K14,000 wasteful.

**f. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a provision of K1,600,000 was made as Constituency Development Fund (CDF) to cater for Mafinga Constituency and the whole amount was released.

In addition, amounts totalling K1,585,234 were brought forward from 2020 bringing the total funds available for expenditure to K3,185,234.

As at 30<sup>th</sup> September 2022, amounts totalling K2,946,891 were spent leaving a balance of K238,343.

A physical inspection of selected (CDF) projects in the district conducted in September 2022, revealed weaknesses in the management of projects such as failure to complete projects on time, lack of supervision and poor workmanship. See table 2 below.

**Table 2: Implementation of Projects**

No	Constituency	Project	Contractor	Contract Date	Contract		Contract Sum K	Amount Paid K	Scope of Works	Project Status and other observations as at 30 <sup>th</sup> September 2022
					Start	End				
1	Mafinga	Completion of 1x3 Classroom Block at Choma Primary School	Tovwicom Construction and Suppliers	3 months	15/01/21	15/04/21	84,586	76,123	Substructure, Concrete work, brick work, iron roofing, iron mongery, carpentry, joinery, floor finish, plastering, and metal works.	The building had not been completed seventeen (17) months after the expected completion date. The outstanding works included; plastering on both internal and external walls, flooring, one (1) grille door, four (4) door frames, three (3) writing boards and roofing.  In addition, it was observed that the workmanship was poor in that the wall on one side of the building had collapsed.  Further, the contractor was not on site and the project had stalled.
		Rehabilitation of 1x3 Muleya Primary School Classroom Block	Zerope General Dealers	3 months	27/01/21	27/04/21	43,369	40,225	Air vents, Floor glazing, Floor and wall finish, carpentry, joinery and ironmongery, Metal works, painting and Decoration and drainage work	The building had not been completed seventeen (17) months after the expected completion date. The outstanding works included; fitting of three (3) doors, fitting four (4) mortice locks union, fitting of a heavy duty padlock, glazing, painting, fitting of window metals and beam filling.  Further, the contractor was not on site and the project had stalled.

3	Construction of Nsami Clinic Lot 3	Growing General Dealers	Tree	3 months	15/01/21	15/04/21	111,550	104,713	Excavation, Concrete work, brick work, Air vents, roofing, iron monger and flooring, finishes, toilet and bath, glazing, painting and decorating	The building had not been completed seventeen (17) months after the expected completion date. The outstanding works included; window metal works, fitting of a door frame, plastering both inside and out and fitting three (3) flush doors  Further, the contractor was not on site and the project had stalled.
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**g. Management of Liabilities**

**i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) among others amounts totalling K5,595,997 in respect of tax, pension, union and insurance contributions some dating from as far back as 2017. See table 3 below.

**Table 3: Unremitted Statutory and Other Obligations**

No.	Institution	Balance as at 31.12.2020 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	2,836,134	609,352	3,445,486	5,000	3,440,486
2	NAPSA	1,429,841	505,800	1,935,552	-	1,935,552
3	LASF	110,493	79,953	190,446	50,317	140,129
4	MADISON	29,844	37,886	67,731	13,029	54,702
5	FIRESUZ		64,779	-	-	-
6	NHIMA	14,941	45,839	79,720	68,392	11,328
7	ZULAWU	3,159	54,474	48,998	35,198	13,800
9	<b>Total</b>	<b>4,424,412</b>	<b>1,398,083</b>	<b>5,767,933</b>	<b>171,936</b>	<b>5,595,997</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K573,215 in respect of settling in allowance and salary arrears some dating from as far back as 2018. See table 4 below.

**Table 4. Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	Salary Arrears	1,108,997	4,458,270	5,567,268	5,027,574	539,694
2	Settling in Allowance	11,890	104,491	116,381	82,860	33,521
	<b>Total</b>	<b>1,120,887</b>	<b>4,562,761</b>	<b>5,683,649</b>	<b>5,110,434</b>	<b>573,215</b>

## 39. Mazabuka Municipal Council

### 39.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K36,608,673 against which amounts totalling K32,848,244 were received and generated resulting in a negative variance of K3,760,429. See table 1 below:

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	12,351,322	11,267,865	(1,083,457)
2	Fees and Charges	5,556,262	3,690,989	(1,865,273)
3	Licences	872,370	763,084	(109,286)
4	Levies	397,809	303,151	(94,658)
5	Permits	1,246,984	1,085,331	(161,653)
6	Commercial Venture	-	43,297	43,297
7	Other Receipts	177,492	164,019	(13,473)
	<b>Sub Total</b>	<b>20,602,239</b>	<b>17,317,736</b>	<b>(3,284,503)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	12,566,434	12,152,708	(413,726)
9	Constituency Development Fund	3,200,000	3,200,000	-
10	Other grants	240,000	177,800	(62,200)
	<b>Sub Total</b>	<b>16,006,434</b>	<b>15,530,508</b>	<b>(475,926)</b>
	<b>Total Income</b>	<b>36,608,673</b>	<b>32,848,244</b>	<b>(3,760,429)</b>

In addition, funds amounting to K5,502,542 were brought forward from the previous year bringing the total funds available to K38,350,786. As at 31<sup>st</sup> December 2021 amounts totalling K37,107,729 had been spent leaving a balance of K1,243,057.

#### b. Operational Matters

##### i. Environmental Management

The Environmental Management Act No. 12 of 2011 states that, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, section 66 (a)(b) of the Solid Waste Management Act of 2018 states that, “a Local authority and licenced solid waste service provider shall undertake community obligations at the direction of the Minister, which may involve any activity aimed at keeping public areas clean and free of solid waste, including— (a) street cleaning and other activities to maintain the cleanliness of public areas; and (b) providing waste receptacles or prescribed containers and other appropriate facilities in public areas in order to minimise and deal with solid waste on public roads and reserves and other areas accessible to the public.”

The following were observed:

- **Management of the West Villa Dumpsite**
  - Contrary to the ZEMA Licence for dumpsite management, the Council did not compact or cover the waste with a layer of soil but instead waste was being burnt thereby exposing the community to health hazards.
  - The dumpsite was not fenced for protection from access by unauthorized persons.
- **Lack of Receptacles at Nakambala Market**

A physical inspection carried out in September 2022 at Nakambala Market revealed that there were no waste holding bays or receptacles and the waste was not being collected but instead was burnt thereby posing health hazards to the community. See picture below.





No waste bin at Nakambala Market

- **Failure to Collect Waste - Mbana Health and Sanitation Co-operative Society Limited**

On 1<sup>st</sup> July 2021, Mazabuka Municipal Council entered into a franchise agreement with Mbana Health and Sanitation Co-operative Society Limited for the collection and transportation of solid waste for a period of five years.

The contract was for the collection of solid waste in Zones J and B. Zone J, involved West Villa, Nkumbula (Apollo), ZIAH and Makalangunzu areas while Zone B, involved Zambia Sugar Company area.

A physical inspection carried out in September 2022, on the management of solid waste in Zone J revealed that waste was not being collected in ZIAH area by Mbana Health and Sanitation Co-operative. Consequently, the community resorted to dumping and burning waste along ZIAH Road which was partially getting covered. See pictures below.



Waste not collected at Nkumbula (Appollo) Area along ZIAH Road

**ii. Failure to Provide Protective and Safety Clothing**

Section 16 and subsection (I) of the Occupational Health and safety Act 36 of 2010 provides that at the employer's expense, an employee be provided with all appropriate protective clothing or equipment to be used in the workplace by employees, who in the course of employment, are likely to be exposed to the risk of bodily injuries, and adequate instructions in the use of such protective clothing or equipment.

Contrary to the Act, the Council did not provide sufficient protective clothing to the fire officers as the department only had six (6) pairs of tunic against twenty eight (28) fire fighters.

**iii. Accounting for Revenue - Failure to Collect Revenue**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

During the period under review, the Council was expected to collect amounts totalling K12,201,872 in property rates, mast levy, billboard fees and rental charges from leased properties. However, as at 30<sup>th</sup> September 2022, amounts totalling K11,318,997 were collected leaving a balance of K832,660. The uncollected amounts were dating from as far back as 2018. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Revenue Type	Expected K	Collected K	Uncollected K
1	Property Rates	11,799,721	11,096,261	703,460
2	Mast Levy -Tospstar	40,500	36,000	4,500
3	Billboards Fees	271,412	146,712	124,700
4	Rent Charges-Bus Operators	-	-	23,200
5	Rental Charges -Leased Properties	90,239	40,024	50,215
	<b>Total</b>	<b>12,201,872</b>	<b>11,318,997</b>	<b>832,660</b>

**c. Management of Payroll and Other Staff Related Matters**

**i. Failure to Confirm Officers**

Section 27 (1) of the Employment Act No. 3 of 2019 states that, “an employee may be employed for a probationary period, not exceeding three months, for the purpose of determining that employees’ suitability for the appointment”, and “(3) Where, during the probation period, an employer determines after an assessment that an employee is not suitable for the job, the employer shall terminate the contract of employment by giving the employee at least twenty-four hours’ notice of the termination”.

Contrary to the Act, the Council had six (6) officers on probation for periods ranging from nine (9) to twenty eight (28) months.

**ii. Employment of Casual Workers**

The Employment Act No. 3 of 2019 section (7) defines casualization as an employment practice where an employer, without permissible reason, engages or re-engages an employee on a temporary or fixed basis, to perform work which is permanent in nature. Further, section 7 (1) of the same Act prohibits persons from engaging employees on casual terms of employment for jobs which are permanent in nature.

However, the Council employed forty five (45) casual workers for more than one (1) year in the categories of Watchmen, General Workers, Sweepers and Refuse

Collectors despite the jobs being permanent in nature. As at 31<sup>st</sup> December 2021, the workers were paid wages in amounts totalling K718,512.

**d. Management of Assets**

**i. Lack of Title Deeds**

Section 41(4) of the Public Finance Management Act, No.1 of 2018, requires that a Controlling Officer should ensure that all public properties under the Controlling Officer's charge are secured with title deeds.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which twenty (22) properties such as dwelling houses, council motel, shops, civic centre, bus station and office buildings were located.

**ii. Failure to Maintain Mazabuka Motel**

The Council had Mazabuka Motel as a Commercial Venture consisting of eight (8) semi-detached housing units and 16 rooms. However, the Motel had not been operational since 2019.

A physical inspection carried out in September 2022, revealed the following;

- **Motel Rooms**

The motel rooms were in a dilapidated state in that they had blown off roofs, damaged doors, broken windows, worn out paint and cracks on walls. See pictures below.



Dilapidated Motel Rooms

- **Semidetached Motel Housing Units**

The housing units had damaged doors, broken windows and worn out paint. See pictures below.



Motel Housing Units

**e. Management of Constituency Development Fund - Delayed Submission of Proposed Projects to the Ministry**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K3,200,000 was made as Constituency Development Fund (CDF) to cater for Mazabuka Central and Magoye Constituencies and the whole amount was released on 30<sup>th</sup> September 2021.

In addition, amounts totalling K3,639,221 were brought forward from 2020 bringing the total funds available for expenditure to K6,839,221.

As at 31<sup>st</sup> December 2021, amounts totalling K3,995,050 were spent leaving a balance of K2,844,171 unspent.

Section 15 (1) of the Constituency Development Fund Act No. 11 of 2018 states that, “Subject to section 6 (e), a Committee shall submit to the Minister a proposed project list and the estimated costs of the proposed projects before the end of the month of March in each year in the prescribed manner and form to ensure timely release of funds”.

However, a scrutiny of the approval letter from the Ministry of Local Government and Rural Development revealed that the Council delayed in submitting the list of proposed projects by ten (10) months.

In addition, four (4) projects which were allocated funds totalling K588,476 had not been implemented as at 30<sup>th</sup> September 2022. See table 3 below

**Table 3: Unimplemented Projects.**

No.	Constituency	Project Name	Date of Funding	Date of Project Approval	Period Project Delayed (Months)	Amount Allocated K
1	Mazabuka Central	Construction of Market Shelter Plan 2000- Phase 2	30.09.2021	11.02.2021	10	258,144
2	Mazabuka Central	Drilling and Installation of Borehole at Shimungalu Police Post	30.09.2021	11.02.2021	10	88,344
3	Mazabuka Central	Completion of 1x3 Classroom Block at Ngoma Primary School	30.09.2021	11.02.2021	10	93,346
4	Magoye	Construction of 1x2 Classroom Block at Magoye Research Primary School-Phase 2	30.09.2021	11.02.2021	10	148,642
		<b>Total</b>				<b>588,476</b>

#### **f. Management of Liabilities**

##### **i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K117,987,325 in respect of tax and pension contributions some dating as far back as 2016. See table 4 below.

**Table 4: Outstanding Statutory Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cumulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	15,949,133	2,716,537	18,665,670	5,093,472	13,572,198
2	NAPSA	6,637,185	94,140,784	100,777,969	-	100,777,969
3	LASF	3,447,138	902,587	4,349,725	712,567	3,637,157
	<b>Total</b>	<b>26,033,456</b>	<b>97,759,908</b>	<b>123,793,364</b>	<b>5,806,039</b>	<b>117,987,325</b>

##### **ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K7,086,618 in respect of settling in allowance, leave terminal benefits, long



service bonus and terminal benefits some dating from as far back as 2010. See table 5 below.

**Table 5: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligations for 2021 K	Cumulative Total K	Payments K	Balance as at 31.12.2021 K
1	Settling in Allowance	1,146,205		1,146,205	608,073	538,132
2	Leave Terminal Benefits	405,449	18,621	424,070	263,489	160,581
3	Long Service Bonus	2,127,963		2,127,963	192,228	1,935,735
4	Terminal Benefits	4,138,361	701,911	4,840,272	388,102	4,452,170
	<b>Total</b>	<b>7,817,978</b>	<b>720,532</b>	<b>8,538,510</b>	<b>1,451,892</b>	<b>7,086,618</b>

## 40. Mbala Municipal Council

### 40.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K19,510,809 against which amounts totalling K16,735,015 were received and generated resulting in a negative variance of K2,775,794. See table 1 below.

**Table 10: Budget and Income**

No.	Sources of Revenue	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	1,606,537	442,447	(1,164,090)
2	Fees and Charges	3,509,524	1,658,230	(1,851,294)
3	Licences	41,800	68,617	26,817
4	Levies	361,648	387,703	26,055
5	Permits	241,690	320,972	79,282
	<b>Sub Total</b>	<b>5,761,199</b>	<b>2,877,968</b>	<b>(2,883,231)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund(LGEF)	11,999,610	11,837,047	(162,563)
8	Constituency Development Fund (CDF)	1,600,000	1,600,000	-
9	Other Grants	150,000	420,000	270,000
	<b>Sub Total</b>	<b>13,749,610</b>	<b>13,857,047</b>	<b>107,437</b>
	<b>Total</b>	<b>19,510,809</b>	<b>16,735,015</b>	<b>(2,775,794)</b>

**b. Operational Matters**

**i. Environmental Management**

The Environmental Management Act No. 12 of 2011 states that, “A Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”. In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

However, the council did not fence the dumpsite for protection from access by unauthorised persons and there were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite.

**ii. Lack of an Integrated Development Plan**

Section 19 (3) of Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an integrated development plan.

**iii. Accounting for Revenue - Failure to Collect Revenue**

Section 9 (h) of the Public Finance Management (General) Regulations, of 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

A review of the valuation roll revealed that the Council was supposed to collect amounts totalling K1,606,537 in respect of property rates. However, as at 30<sup>th</sup> September 2022, the Council had only collected amounts totalling K409,805 leaving a balance of K1,196,732.

**c. Management of Payroll and Other Staff Related Matters - Failure to Fill Vacant Positions**



The Council had an approved establishment of 217 positions out of which 203 were filled leaving fourteen (14) vacant positions as at 30<sup>th</sup> September 2022. Out of the vacant positions, some were key to the smooth running of the Council such as Director Public Health, Senior Building Officer, Chief Health Inspector, Chief Committee Clerk and Stores Controller.

**d. Management of Assets**

**i. Failure to Maintain Public Roads**

Section 13 (1) (2) of the Public Roads Act No. 11 of 2002, provides that the local authority shall be the road authority responsible for construction, care and maintenance of urban roads within its municipal jurisdiction.

An inspection of selected roads carried out in September 2022, revealed that the Council did not maintain the Market Road as shown in the picture below.



Potholes along Market Road

**e. Management of Local Government Equalisation Fund - Failure to Reimburse Borrowed Funds**

The Local Government Act No. 2 of 2019 provides that, a Council shall use at least twenty percent (20%) of the Equalisation Funds received in any financial year, to finance capital expenditure. During the period under review, amounts totalling K11,837,047 were received as equalisation funds out of which K2,392,156 being 20% of the funding was transferred to the capital account.

In addition, an amount of K2,769 was brought forward from the previous year bringing the total funds available in 2021 to K2,394,925 in the capital account.

However, K2,179,000 was borrowed from the capital project account to meet operational expenses. As at 30<sup>th</sup> September 2022, only K141,080 was reimbursed leaving a balance of K2,037,290 resulting in six (6) approved projects which were allocated amounts totalling K1,634,921 not being undertaken. See table 2 below.

**Table 2: Unimplemented Projects**

<b>No.</b>	<b>Project</b>	<b>Estimated Cost (K)</b>
1	Purchase of Utility Vehicle	600,000
2	High Capacity Generator	60,000
3	Boreholes	240,000
4	Council Buildings and Public Places	450,000
5	Trailer and Other Accessories for Tractor	184,921
6	Information Communication Technology	100,000
	<b>Total</b>	<b>1,634,921</b>

**f. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021 a total provision of K1,600,000 was made to cater for CDF projects in Mbala Constituency and the whole amount was released.

In addition, K1,616,078 was brought forward from 2020 bringing the total funds available to K3,216,078.

As at 31<sup>st</sup> December 2021, K1,053,505 had been spent leaving a balance of K2,162,573.

The following were observed:

**i. Failure to Implement Water Reticulation Project**

On 16<sup>th</sup> September 2021, a payment of K15,500 was made to Chambeshi Water and Sewerage Company for the installation of a water reticulation system at Luselwamfumu Village in Moto Moto ward.

However, as at 30<sup>th</sup> September 2022, twelve months after the payment, the project had not been implemented.

**ii. Construction, Completion and Rehabilitation of various Works in Kawimbe Ward (Lot II)**

On 4<sup>th</sup> May 2021, the Council engaged Sun-Sichy Enterprises to undertake three (3) projects in Kawimbe Ward under Lot II at a contract sum of K244,518. The contract period was twelve (12) weeks commencing 5<sup>th</sup> May and ending on 5<sup>th</sup> August 2021 which was later revised to 8<sup>th</sup> October 2021.

The scope of works included the following:

- Completion of 1 x 3 School Laboratory at Kawimbe Day Secondary School
- Construction of 1 x 3 School Laboratory at Kawama Day Secondary School
- Construction of 1 x 2 Class Room Block at Lumi Primary School

As at 30<sup>th</sup> September 2022, the contractor had been paid K231,437 leaving a balance of K13,081.

The following were observed:

**iii. Completion of 1x3 School Laboratory at Kawimbe Day Secondary School – Delayed Completion**

A physical inspection carried out in September 2022, revealed that the project had stalled and the contractor was not on site. The outstanding works included installation of spider trusses and fitting of window and door frames. See picture below.



Stalled School Laboratory

**iv. Construction, Completion and Rehabilitation of various works in Mwamba Ward (Lot III)**

On 4<sup>th</sup> May 2021, the Council engaged Sunzu Investment to undertake two (2) projects in Mwamba Ward under Lot III at a contract sum of K178,876. The contract period was eighty (80) days commencing 5<sup>th</sup> May and ending on 24<sup>th</sup> July 2021 which was later revised to 8<sup>th</sup> October 2021.

The scope of works included the following:

- Construction of 1 x 4 Classroom Block at Mwamba Day Secondary School
- Completion of 1x3 Classroom Block at Kakozya Primary

As at 30<sup>th</sup> September 2022, the contractor had been paid K108,655 leaving a balance of K70,221.

However, the following were observed:

- **Construction of 1 x 4 Classroom Block at Mwamba Day Secondary School**

A physical inspection carried out in September 2022, revealed that the workmanship was poor as the building had collapsed. See picture below.



Collapsed CRB

- **Construction of a 1x3 Classroom Block at Kakozya Primary School - Delayed Completion**

A physical inspection carried out in September 2022 revealed that the project had stalled and the contractor was not on site. The outstanding works included

beam filling, fitting of window and door frames, plastering and flooring. See picture below.



Incomplete CRB

**v. Construction, Completion and Rehabilitation of Various Works in Lwandi Ward (LOT VII)**

On 4<sup>th</sup> May 2021, the Council engaged Sunzu Investment to undertake three (3) projects in Lwandi Ward under Lot VII at a contract sum of K148,000. The contract period was ninety (90) days commencing 5<sup>th</sup> May and ending on 5<sup>th</sup> August 2021 which was later revised to 8<sup>th</sup> October 2021.

The scope of works included the following:

- Completion of 1x3 Classroom Block at Isofu Primary School
- Completion of a Staff House at Chisenga Rural Health Post
- Completion of 1x 4 Classroom Block at Chipoka Day Secondary School

As at 30<sup>th</sup> September 2022, the contractor had been paid K86,232 leaving a balance of K61,768.

However, a physical inspection carried out in September 2022 revealed that the completion of a staff house at Chisenga Rural Health Post had stalled and the contractor was not on site. The outstanding works included installation of air vents, installation of window and door frames, glazing, installation of doors, painting and decorations. See picture below.



Incomplete staff house

**vi. Completion and Rehabilitation of Various Works in Moto Moto Ward (LOT VIII)**

On 4<sup>th</sup> May 2021, the Council engaged Kapsak Investment Limited to undertake two (2) projects in Lwandi Ward under Lot VIII at a contract sum of K134,174. The contract period was six (6) weeks commencing 27<sup>th</sup> May and ending on 7<sup>th</sup> July 2021.

The scope of works included the following:

Completion of a staff house at Kati Community School

Completion of 1x3 Classroom Block at Mwambezi Chilino Comminty School

As at 30<sup>th</sup> September 2022, the contractor had been paid K86,327 leaving a balance of K47,847.

However, a physical inspection carried out in September 2022 revealed that the Completion of a 1x3 classroom block at Mwambezi Chilino Community School had stalled and the contractor was not on site. The outstanding works included roofing, carpentry and metal works. See picture below.



## g. Management of Liabilities

### i. Failure to Remit Statutory and Other Obligations

As at 31<sup>st</sup> December 2021, the Council owed various institutions amounts totalling K16,852,282 in respect of statutory and other contributions. See table 3 below.

**Table 3: Unremitted Statutory and Other Obligations**

No.	Institution	Balance B/F 2020 K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	7,270,754	1,345,593	8,616,347	20,000	8,596,347
2	NAPSA	4,362,524	1,084,208	5,446,732	-	5,446,732
3	LASF	1,842,845	299,962	2,142,807	-	2,142,807
4	FIRESUZ	9,481	18,893	28,375	30,680	(2,306)
5	ZULAWU	111,907	81,636	193,543	62,652	130,891
6	Madison Life Insurance	127,954	93,057	221,011	-	221,011
7	National Health Insurance	154,839	161,961	316,800	-	316,800
	<b>Total</b>	<b>13,880,304</b>	<b>3,085,310</b>	<b>16,965,614</b>	<b>113,332</b>	<b>16,852,282</b>

### ii. Failure to Settle Staff Obligations

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K6,399,648 in respect of terminal benefits, settling in allowances, salary arrears and long service bonus some dating from as far back as 2012. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance B/F 2020 K	Obligations for 2021 K	Cumulative Total K	Payments K	Balance as at 31.12.2021 K
1	Terminal benefits	1,147,377	-	1,147,377	31,000	1,116,377
2	Settling in allowance	252,586	164,385	416,971	140,421	276,550
3	Salary arrears	4,237,250	-	4,237,250	24,364	4,212,886
4	Long service bonus	793,835	-	793,835	-	793,835
	<b>Total</b>	<b>6,431,048</b>	<b>164,385</b>	<b>6,595,433</b>	<b>195,785</b>	<b>6,399,648</b>

## 41. Mitete Town Council

### 41.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of some selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K11,893,361 against which amounts totalling K10,511,765 were actually received and generated resulting in a negative variance of K1,381,916. See table 1 below.

**Table 11: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	6,000	6,075	75
2	Fees and Charges	333,480	60,676	(272,804)
3	Licences	450	400	(50)
4	Levies	390	2,000	1,610
5	Permits	2,950	2,843	(107)
6	Commercial Venture	1,776,100	360,169	(1,415,931)
7	Other Receipts	59,351	59,351	-
	<b>Sub total</b>	<b>2,178,721</b>	<b>491,514</b>	<b>(1,687,207)</b>
	<b>National Support</b>			
8	Other Grants	-	392,453	392,453
9	Local Government Equalisation Fund	8,114,960	8,010,928	(104,032)
10	Constituency Development Fund	1,600,000	1,616,870	16,870
	<b>Sub total</b>	<b>9,714,960</b>	<b>10,020,251</b>	<b>305,291</b>
	<b>Total</b>	<b>11,893,681</b>	<b>10,511,765</b>	<b>(1,381,916)</b>

In addition, amounts totalling K2,872,615 were brought forward from the previous year bringing the total funds available to K13,384,380.

**b. Management of Payroll and Other Staff Matters - Failure to Fill Vacant Positions**

The Council had an approved establishment of ninety (90) positions out of which fifty nine (59) were filled leaving thirty one (31) vacant as at 30<sup>th</sup> September 2022. Out of the vacant positions, some were key to the running of the Council such as District Planning Officer and Deputy Council Treasurer.

**c. Management of Assets - Lack of Title Deeds to Council Guest House**

Section 41(4) of the Public Finance Management Act, No. 1 of 2018 states that, “A Controlling Officer should ensure that all public properties under the Controlling Officer’s charge are secured with title deeds”.



Contrary to the Act, the Council did not secure title deeds for a parcel of land on which guest house was located.

**d. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was made to cater for developmental activities in Mitete constituency and the whole amount was released.

In addition, an amount of K1,611,447 was brought forward from 2020 bringing the total funds available to K3,211,447. As at 31<sup>st</sup> December 2021, amounts totalling K1,004,962 had been spent leaving a balance of K2,206,485.

The following were observed:

**i. Rehabilitation of 1 X 3 CRB at Mbumi Primary School**

On 22<sup>nd</sup> January 2021, the Council engaged Franspin General Dealers to rehabilitate a 1x3 classroom block at Mbumi Primary School at a contract sum of K175,070 with a completion period of three (3) months from 22<sup>nd</sup> January 2021 to 22<sup>nd</sup> April 2021.

The scope of works included brickwork and block work, roofing, carpentry, joinery, metal work, glazing, painting and decorating.

As at 30<sup>th</sup> September 2022, amounts totalling K130,426 had been paid to the contractor.

A physical inspection carried out in September 2022, revealed that the structure had not been completed seventeen (17) months after the expected completion date. The outstanding works included; glazing, roofing, painting and decorations, fitting of door frames and doors, ramps, exterior and interior doors. See picture below.



Incomplete 1x3 CRB at Mbumi Primary school

Further, the contractor was not on site and the works had stalled.

**ii. Construction of 1 X 3 CRB at Chiipepe Community School – Stalled Project**

On 22<sup>nd</sup> January 2021, the Council engaged Y and M General Dealers to rehabilitate a 1x3 classroom block at Chiipepe Primary School at a contract sum of K315,000 with a completion period of two (2) months from 22<sup>nd</sup> January 2021 to 22<sup>nd</sup> March 2021.

The scope of works included construction of substructure, concrete works, brickwork and block work, roofing, carpentry, joinery, metal work, furnishing, glazing, painting and decorating.

As at 30<sup>th</sup> September 2022, the contractor had been paid an advance payment amounting to K157,485. However, the basis for making and advance payment of K157,485 (50% of the contract price) could not be explained.

On 2<sup>nd</sup> March 2022, the Council terminated the contract because the contractor had abandoned the site.

A physical inspection carried out in September 2022, revealed that no work had been done and that fifty (50) Pockets of cement delivered to the site by the contractor had caked while some blocks that were moulded on site were broken. See pictures below:



Caked Cement



Breakages from Moulded Blocks

Further, as at 30<sup>th</sup> September 2022, the Council had not recovered the advance payment from the contractor and neither were liquidated damages claimed nor a new contractor engaged.

### **iii. Construction of 1X3 CRB at Mbao Primary School – Stalled Works**

On 8<sup>th</sup> February 2021, the Council engaged Ruben Sakayi Shopping Centre to construct a 1x3 classroom block at Mbao Primary School at a contract sum of K302,961 with a completion period of three (3) months from 8<sup>th</sup> March, 2021 to 8<sup>th</sup> June 2021.

The scope of works included Excavation works, substructure, concrete works, brickwork and block work, roofing, carpentry, joinery, metal work, floor and wall furnishing, glazing, painting and decorating.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K227,221.

A physical inspection carried out in September 2022 revealed that the project had not been completed thirteen (13) months after the expected completion date. The outstanding works included; block work from wall plate to gable, roofing, plastering, floor Screed, fittings (Door Frames, Window Frames, Glass Panes, Stairs, Ramps, Exterior and Interior Doors) and painting and decorations. See picture below.



Incomplete 1x3 CRB at Mbao

Further, the contractor was not on site and the works had stalled.

**iv. Construction of 1 X 3 CRB at Mataba Secondary School – Stalled Works**

On 8<sup>th</sup> February 2021, the Council engaged C. Mukuku to construct a 1x3 classroom block at Mataba Secondary School at a contract sum of K325,000 with a completion period of three (3) months from 8<sup>th</sup> February,2021 to 8<sup>th</sup> May,2021.

The scope of works included excavation works, substructure, concrete works, brickwork and block work, roofing, carpentry, joinery, metal work, floor and wall furnishing, glazing, painting and decorating.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K162,500.

A physical inspection carried out in September 2022, revealed that the works had stalled at ring beam level and the contractor was not on site fourteen (14) months after the expected completion date.

The following works were outstanding; Gable Block work, Roofing, Plastering, Floor Screed and Fittings of Door Frames, Window Frames, Glass Panes, Stairs, Ramps, Exterior and Interior Doors among others. See picture below.



Mataba Primary School - Stalled Works

Further, the contractor was not on site and the works had stalled.

**e. Management of Liabilities**

**i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and National Health Insurance Management Authority (NHIMA) among others amounts totalling K1,016,852 in respect of Pay as You Earn (PAYE) and Pension contributions some dating as far back as 2017. See table 2 below.

**Table 2: Unremitted Statutory and Other Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligationf for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	1,087,146	840,265	1,927,411	1,167,072	760,339
2	NAPSA	72,791	441,035	513,826	322,844	190,982
	PSPF	20,500	11,589	32,089	9,657	22,431
3	NHIMA	13,794	56,137	69,931	49,397	20,534
4	Madison Insurance	-	32,009	32,009	19,044	12,965
5	Student Loans		48,010	48,010	38,409	9,601
6	<b>Total</b>	<b>1,194,231</b>	<b>1,429,044</b>	<b>2,623,275</b>	<b>1,606,423</b>	<b>1,016,852</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K150,791 in respect of baggage claims, terminal benefits and settling in allowance some dating back as far as 2018. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Totals K	Payments K	Balance as at 31.12.2021 K
1	Baggage Claims	53,000	81,000	134,000	65,500	68,500
2	Terminal Benefits		79,090	79,090	27,859	51,231
3	Leave Travel	16,970	38,440	55,410	24,350	31,060
	<b>Total</b>	<b>69,970</b>	<b>198,530</b>	<b>268,500</b>	<b>117,709</b>	<b>150,791</b>

## 42. Mongu Municipal Council

### 42.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial years ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council received grants from the Ministry of Local Government and Rural Development and to generate income from various sources in amounts totalling K38,741,509 against which amounts totalling of K42,390,168 were received and generated resulting in a positive variance of K3,648,659. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Revenue	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	4,073,929	1,511,538	(2,562,391)
2	Fees and Charges	11,228,899	5,031,260	(6,197,639)
3	Licences	2,388,391	1,383,820	(1,004,571)
4	Levies	285,600	1,950,323	1,664,723
5	Permits	1,656,954	947,313	(709,641)
6	Other Grants	250,000	200,000	(50,000)
7	Commercial Venture	565,069	918	(564,151)
8	Other Receipts	-	13,056,343	13,056,343
	<b>Sub total</b>	<b>20,448,842</b>	<b>24,081,515</b>	<b>3,632,673</b>
	<b>National Support</b>			
9	Local Government Equalisation Fund	15,092,667	15,028,329	(64,338)
10	Constituency Development Fund	3,200,000	3,280,324	80,324
	<b>Sub total</b>	<b>18,292,667</b>	<b>18,308,653</b>	<b>15,986</b>
	<b>Total</b>	<b>38,741,509</b>	<b>42,390,168</b>	<b>3,648,659</b>

In addition, funds amounting to K5,281,735 were brought forward from the previous year bringing the total funds available to K44,023,244’

**b. Operational Matters**

**i. Weaknesses in Management of Markets**

During the year 2021, Mongu District had twelve (12) markets of which seven (7) were under control of Mongu Municipal Council, four (4) were not under the control of the council while one (1) was an illegal market.

The following were observed:

- **Failure to Control and Manage Markets**

Section 5(1) of the Market and bus Station Act No.7 of 2007 stipulates that all markets and bus stations should be under the control of a local authority having jurisdiction in the area in which they are situated.

Contrary to the Act, four (4) markets were not under the control of the Council.

- **Trading from Undesignated places**

Section (7) (1) of the Bus and Markets Act No.7 of 2007, states that a local authority may, on its own motion or on the application of any person, club or co-operative, designate any place for a specified period as a market street.

A physical inspection carried out in September 2022 revealed that traders were operating along Independence Avenue Road adjacent to Black and Green Markets. The trading was illegal as the road was not designated as market street contrary to the Act.

**ii. Maintenance of Townships Roads - Failure to Maintain Roads**

Section 13 (1) (2) of the Public Roads Act No. 11 of 2002, provides that the local authority shall be the road authority responsible for construction, care and maintenance of urban roads within its municipal jurisdiction.

An inspection of selected roads carried out in September 2022, revealed that the Council did not maintain Old Shoprite (3.7km), Kapulanga (2km) and Arthur Wina (2km) roads located within the townships as shown in the pictures below.



Arthur wina Road



Old Shoprite

### **iii. Failure to Conduct Fire Inspections**

Section 102 subsection 4 (1) of CAP 281 of the Laws of Zambia states that: (1) no person shall occupy or use any designated premises in respect of which there is no fire certificate.

Further, according to the provisions of the Trades Licensing Act Cap 393 of the Laws of Zambia, all businesses are required by law to have a fire certificate before they can be issued with a business permit to trade in any premises in the country.

A physical check carried out in September 2022, revealed that, contrary to provisions of the law, Public institutions which included seven (7) government offices, three (3) training institutions and three (3) medical facilities were not inspected and certified by the local authority in terms of fire safety compliances.

### **Failure to provide sufficient protective clothing for Fire fighters**

Contrary to the standing orders, Section 20 Number 4 of the Fire Services Brigade Standing Orders, requires that all Fire Officers should be provided with proper personal protective equipment and clothing, the Council did not procure and provide protective clothing for twenty two (22) fire officers in the Fire Services Unit.



#### **iv. Environmental Management**

The Environmental Management Act No. 12 of 2011 states that, “A Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

Further, the Solid Waste Regulation and Management Act No. 20 of 2018 states that, “A local authority shall within its jurisdiction, collect and dispose of, or arrange for the collection and disposal of, all household waste in accordance with this Act, ensure that waste is collected, transported and disposed of in accordance with this Act, provide litter receptacles in public places; and prepare and submit reports relating to solid waste management to the Ministers responsible for health, environment or water”.

The following were observed:

- **Failure to Provide Protective and Safety Clothing**

Section 16 and subsection (I) of the Occupational Health and safety Act 36 of 2010 provides that at the employer’s expense, an employee be provided with all appropriate protective clothing or equipment to be used in the workplace by employees, who in the course of employment, are likely to be exposed to the risk of bodily injuries, and adequate instructions in the use of such protective clothing or equipment.

Contrary to the Act, personnel handling waste had no adequate protective clothing such as heavy duty PVC gloves and gas mufflers.

- **Failure to Cover Waste During Transportation**

The Council used a tractor to collect and transport waste from the garbage bays to the dumpsite. However, the tractor used to transport waste had no nets or canopy to cover the waste contrary to the Act.



Uncovered waste

- **Lack of Disposal Site**

Contrary to the Environmental Management Act No. 12 of 2011, the Council had no approved dumpsite as of September 2022. Consequently, the waste was disposed of at an undesignated residential area posing a risk to the community.



Kapulanga Dumpsite in residential Area

**c. Accounting for Revenue - Failure to Collect Revenue**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to “collect in a timely manner all revenue due to the local authority.”

During the period under review, the Council was expected to collect amounts totalling K9,768,246 from property rates, rental charges owed from shops, bill boards and plot premiums. However, as at 30<sup>th</sup> September 2022, amounts totalling K5,889,071 were collected leaving a balance of K3,879,175. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Type of Revenue	Expected Amount	Actual Amount	Uncollected
		K	K	K
1	Property Rates	3,472,933	2,706,473	766,460
2	Rentals from Shops	294,780	272,202	22,578
3	Bill Boards	1,292,818	241,368	1,051,450
4	Plot Premiums - Residential	2,620,000	1,178,828	1,441,172
5	Plot Premiums - Commercial	2,087,715	1,490,200	597,515
	<b>Total</b>	<b>9,768,246</b>	<b>5,889,071</b>	<b>3,879,175</b>

**d. Management of Payroll and Other Staff Related Matters**

**i. Payment of Salary to an Officer absent from Duty without Leave**

Section 96 of the Local Government Terms and Conditions of Service of 1996 which 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.

The Director of Legal Services was granted leave for 28 days ending in February 2021.

However, the officer did not report for work at Mongu Municipal Council after the expiry of the leave period and was paid salaries in amounts totalling K254,048.18 between February 2021 and March 2022.

Further, it was observed that amounts totalling K41,108 in respect of fuel, Subsistence allowances and transport refunds were paid to the officer who was absent from duty to travel from Lusaka to Mongu her station of duty making the payment irregular.

**ii. Over Employment of Staff**

An examination of the establishment register revealed that some positions were

Over staffed. In particular, it was observed that there were nine (9) authorised positions which were to be filled by five (5) officers but were instead filled by twenty (20) officers resulting in excess of fifteen (15) officers.

The fifteen (15) officers were paid salaries in amounts totalling K986,336 during the period under review.

**e. Management of Assets**

**i. Fleet Management**

The Council had eighteen (18) motor vehicles and equipment that included Tipper truck, tractors, dump truck, fire tender and utility vehicles such as land cruisers, Toyota Hilux and Mazda among others.

A review of documentations and inquiries made revealed the following:

- **Delayed Repair of Motor Vehicles**

On 5<sup>th</sup> January 2021 the Council paid an amount of K11,000 to Mongu Hardware Limited for the transportation of two (2) Land Cruisers (ABP 6056 and ABJ 780) to Lusaka for repair works. As of September 2022, the vehicles had not been brought back, twenty one (21) months after they were taken to Lusaka and there was no report of work done.

**f. Management of Local Government Equalisation Fund**

The Local Government Act No. 2 of 2019 provides that a Council should use at least twenty (20) percent of the equalisation fund received in any financial year to finance capital expenditure.

During the period under review, amounts totalling K13,638,671 were received as equalisation funds out of which amounts totalling K2,727,734 being 20% of the funded amounts were to be transferred to the capital account.

The following were observed:

**i. Misapplication of Funds**

During the period under review the Council misapplied amounts totalling K623,638 meant for capital projects on operational expenses such as payments for salaries and allowances and procurement of fuel.

As at 30<sup>th</sup> September 2022, the funds had not been reimbursed.

## **ii. Implementation of Projects**

### **• Construction of New Office Block**

The Council approved and allocated amounts totalling K2,100,000 towards the construction of an Office Block at the Mongu Civic Centre in 2019. In this regard, on 13<sup>th</sup> May 2019, the Council commenced the construction of the office block under force accounting at an estimated cost of K2,100,000 with a completion period of six (6) months. As of July 2022, amounts totalling K2,248,145 had been spent on the project. The following were observed:

#### **☉ Failure to Complete a Project**

A physical inspection carried in September 2022 revealed that the project had not been completed thirty one (31) months after the expected completion date. The outstanding works included fitting of ceiling board, painting, wiring, fitting of doors and window frames, flooring and plumbing. See picture below.



#### **☉ Questionable Payment for Building Materials**

Section 72 (1) of the Public Finance Management (General) Regulations, 2020 “A payment voucher with supporting documents and any other forms which support a charge entered in the account, shall be filed, secured against loss and be readily available for audit.

On 6<sup>th</sup> May 2021 an amount of K30,000 was paid through the bank transfer to Tapwell General Dealers for the supply and delivery of building materials

for construction of the new office block. However, the payment was not supported by quotations, LPO, receipt or GRN note. The details of the purported materials procured could not be established or verified making the payment questionable.

**g. Constituency Development Funds (CDF)**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K3,200,000 was made to cater for Mongu Central and Nalikwanda Constituencies and the whole amount was released.

In addition, amounts totalling K3,666,330 were brought forward from 2020 bringing the total funds available for expenditure to K6,866,330.

As at 31<sup>st</sup> December 2021, amounts totalling K2,833,206 were spent leaving a balance of K4,033,124 unspent. See table 3 below.

**Table 3: Unspent Funds**

No.	Constituency	Balance brought forward 2020 K	2020 CDF Funding K	Total K	Expenditure K	Closing Balances K
1	Mongu Central	1,790,667	1,600,000	3,390,667	1,244,799	2,145,868
2	Nalikwanda	1,875,664	1,600,000	3,475,664	1,588,407	1,887,256
	<b>Total</b>	<b>3,666,330</b>	<b>3,200,000</b>	<b>6,866,330</b>	<b>2,833,206</b>	<b>4,033,124</b>

The following were observed:

**i. Delayed Implementation of CDF Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located.”

However, a review of the approved list of projects and progress reports for Constituency Development Fund revealed that forty two (42) projects with a total allocation of K3,040,000 had not been implemented as at 31<sup>st</sup> August 2022 despite being approved and funded by the Ministry of Local Government and Rural Development in March 2021.

## **h. Management of Liabilities**

### **i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K13,116,279 in respect of tax and pension, some dating from as far back as 2017. See table 4 below.

**Table 4: Unremitted Statutory Obligations**

No.	Institution	Balance B/F as of 1.1.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA - PAYE	8,176,986	1,811,715	9,988,701	3,269,663	6,719,038
2	NAPSA	2,928,819	1,011,845	3,940,664	-	3,940,664
3	LASF	2,128,771	377,806	2,506,577	50,000	2,456,577
	<b>Total</b>	<b>13,234,576</b>	<b>3,201,366</b>	<b>16,435,942</b>	<b>3,319,663</b>	<b>13,116,279</b>

### **ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K7,312,350 in respect of salary arrears, settling in allowance and terminal benefits, some dating from as far back as 2010. See table 5 below.

**Table 5: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f as of 1.1.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	Salary Arrears	4,785,203	-	4,785,203	1,082,017	3,703,186
2	Settling In Allowances	1,332,306	-	1,332,306	710,831	621,475
3	Terminal Benefits	3,214,249	-	3,214,249	226,559	2,987,690
	<b>Total</b>	<b>9,331,758</b>	<b>-</b>	<b>9,331,758</b>	<b>2,019,408</b>	<b>7,312,350</b>

## 43. Monze Town Council

### 43.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K28,669,648 against which amounts totalling K27,560,361 were received and generated resulting in a negative variance of K1,109,287. See table 1 below.

**Table 1: Budget and Amounts**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	3,785,113	951,212	(2,833,901)
2	Fees and Charges	6,958,355	2,762,466	(4,195,889)
3	Licences	181,580	243,934	62,354
4	Levies	1,076,500	1,037,162	(39,338)
5	Permits	828,100	275,311	(552,789)
6	Commercial Venture	-	720,332	720,332
7	Other Receipts	540,000	7,759,358	7,219,358
	<b>Sub Total</b>	<b>13,369,648</b>	<b>13,749,775</b>	<b>380,127</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	10,300,000	9,010,586	(1,289,414)
9	Constituency Development Fund	4,800,000	4,800,000	-
10	Other grants	200,000	-	(200,000)
	<b>Sub Total</b>	<b>15,300,000</b>	<b>13,810,586</b>	<b>(1,489,414)</b>
	<b>Total</b>	<b>28,669,648</b>	<b>27,560,361</b>	<b>(1,109,287)</b>

In addition, amounts totalling to K5,591,755 were brought forward from the previous year bringing the total funds available to K33,152,116. As at 31<sup>st</sup> December 2021 amounts totalling K27,304,769 had been spent leaving a balance of K5,847,347.

#### b. Environmental Management

The Environmental Management Act No. 12 of 2011 states that, “A Local Authority shall designate one or more waste disposal sites or waste collection sites within the



waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, the Solid Waste Regulation and Management Act No. 20 of 2018 states that, “A local authority shall within its jurisdiction, collect and dispose of, or arrange for the collection and disposal of, all household waste in accordance with this Act, ensure that waste is collected, transported and disposed of in accordance with this Act, provide litter receptacles in public places; and prepare and submit reports relating to solid waste management to the Ministers responsible for health, environment or water”.

The following were observed:

**i. Management of the Chicheleko Dumpsite**

- The Council operated Chicheleko dumpsite without approval from Zambia Environmental Management Agency (ZEMA).
- The Council did not compact or cover the waste with a layer of soil but instead waste was being burnt thereby exposing the community to health hazards.
- The dumpsite was not fenced for protection from access by unauthorized persons.



Dumpsite not fenced and uncompact solid waste

## **ii. Lack of Receptacles at Markets**

A physical inspection carried out at Hamusonde, Nchete, Njola Mwanza and Manunga Markets revealed that there were no waste holding bays or receptacles and waste was not being collected but instead was burnt thereby posing health hazards to the community. See pictures below.



No waste holding bay at Nchete Market



No waste holding bay at Hamusonde Market



No waste holding bay at Njola Mwanza



Waste not collected at Manunga Market

## **c. Accounting for Revenue**

### **i. Unaccounted for Revenue**

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

Contrary to the Act, amounts totalling K7,476 collected during the period under review could not be accounted for in that funds were neither banked nor was cash found on hand.

**ii. Unaccounted for Revenue - Meat inspection**

During the period under review, the Council inspected 14,920 cows and expected to collect K149,200 as revenue. However, a review of ledgers and receipts revealed that amounts totalling K133,506 was collected, resulting in a variance of K15,694 which could not be accounted for

**iii. Failure to Collect Revenue**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

During the period under review, the Council was expected to collect amounts totalling K2,894,955 in property rates and rental charges. However, as at 30<sup>th</sup> September 2022, amounts totalling K1,218,465 were collected leaving a balance of K1,676,490. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Revenue Type	Expected K	Collected K	Uncollected K
1	Property Rates	2,644,602	1,128,397	1,516,205
2	Rental Charges -Leased Properties	250,353	90,068	160,285
	<b>Total</b>	<b>2,894,955</b>	<b>1,218,465</b>	<b>1,676,490</b>

**iv. Loss of Revenue due to Failure to have an employee database for Personal Levy**

The Personal Levy Act, Chapter 329 of the Laws of Zambia, Section 3 (1) (2) (a) (b) provides for the imposition of payment of personal levy to a Local Authority every year from all adult persons living within the area and received an income every year in excess of K300 per annum and that the maximum payable levy should not exceed K15 per annum.

During the period under review, the Council only charged K15 per registered company which was equal to one adult person/employee. An inquiry and circularisation that was made to five (5) companies/institutions in the district who were charged K15 for Personal Levy for the year under review revealed that there were more adult persons/employees who were in those companies ranging from two (2) to ten (10) employees thereby, resulting in the Council losing revenue due to under collection of personal levy.

**d. Management of Payroll and Other Staff Related Matters**

**i. Over Employment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were three (3) authorised positions which were to be filled by five (5) officers but were instead filled by eight (8) officers resulting in excess of three (3) officers.

The three (3) officers were paid salaries in amounts totalling K163,556 during the period under review.

**ii. Failure to confirm officers**

Section 27 (1) of the Employment Act No.3 of 2019 states that, “an employee may be employed for a probationary period, not exceeding three months, for the purpose of determining that employees’ suitability for the appointment”, and “(3) Where, during the probation period, an employer determines after an assessment that an employee is not suitable for the job, the employer shall terminate the contract of employment by giving the employee at least twenty-four hours’ notice of the termination”.

Contrary to the Act, Monze Town Council had fifteen (15) officers on probation for periods ranging from eight (8) to nineteen (19) months.

### iii. Employees without Requisite Qualifications

Contrary to the individual job descriptions for Local Authorities which provide for minimum qualifications for officers occupying various positions, it was observed that three (3) members of staff did not meet the requisite educational qualifications for the positions they were holding. See table 3 below.

**Table 3: Employees without Requisite Qualifications**

No.	Position	Requisite Qualification	Qualification Held
1	Registry Supervisor	Grade 12 Cert, Diploma in Records Management or equivalent	Certificate in Records Management, Grade 12 Certificate
2	Data Entry Operator	Grade 12 Certificate, Diploma in Computer Studies or equivalent	Computer applications Certificate, Certificate in Computer hardware Maintenance and Repair, Grade 12 Certificate.
3	Community Development Officer	Grade 12 Certificate, Degree in social work or sociology and or equivalent.	Diploma in Rural and Urban Management, Certificate in Computers, Certificate in Local Finance Management, Certificate in Participatory Budgeting, certificate in Leadership, Grade 12 Certificate

### iv. Employment of Casual Workers

The Employment Act No.3 of 2019 section (7) defines casualization as an employment practice where an employer, without permissible reason, engages or re-engages an employee on a temporary or fixed basis, to perform work which is permanent in nature. Further, section 7 (1) of the same Act prohibits persons from engaging employees on casual terms of employment for jobs which were permanent in nature.

However, the Council employed 104 casual workers for more than one (1) year in the categories of night watchmen, truck park controller, sewer management/sanitary workers despite the jobs being permanent in nature. As at 31<sup>st</sup> December 2021, the workers were paid wages in amounts totalling K857,586.

**e. Procurement of Goods and Services**

**i. Failure to Prepare Payment Vouchers**

Section 49 (1) of the Public Finance Management (General) Regulations of 2020 states that, “a payment voucher shall be completed with details indicating coding allocations, date, serial number, quantity, rate, authority and any other relevant description.”

Contrary to the Regulation, the Council did not prepare payment vouchers for expenditure in amounts totalling K106,264 involving twenty one (21) transactions.

**ii. Irregular Use of Accountable Imprest**

Section 94 (3) of the Public Finance Management (General) Regulations of 2020 states that, “accountable imprest means imprest that is issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time of payment for which the imprest holder is required to submit receipts after the purchase of those goods and services.

Contrary to the regulation, the council issued accountable imprest to three (3) officers for purchase of Zesco units and purchase of stationery in amounts totalling K17,400 whose values were obtainable on the market.

**f. Management of Assets**

**i. Lack of Title Deeds**

Section 41(4) of the Public Finance Management Act, No.1 of 2018, requires that a Controlling Officer should ensure that all public properties under the Controlling Officer’s charge are secured with title deeds.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which fifteen (15) properties such as dwelling houses, Civic Centre and guest house were located.



## ii. Failure to Maintain Properties

A physical inspection of selected Council properties carried out in September 2022, revealed the following:

- **Manungu Beer Hall/Store**

The Manungu Office/Beer Hall Store was dilapidated in that it had damaged doors, broken windows, worn out paint and cracks on the wall and floor and was not in use. See pictures below.



Manungu Office, Beer Hall and Store

- **Nchete Hall**

The Nchete Hall was being used as storage for salaula traders at a fee. However, the property was in a dilapidated state in that windows were broken, plaster was

peeling off, paint was worn out, roof was damaged and walls had cracks. See pictures below.



Nchete Hall

**g. Management of Local Government Equalisation Fund - Misapplication of Funds**

The Local Government Act No. 2 of 2019 provides that a Council should use at least twenty (20) percent of the equalisation fund received in any financial year to finance capital expenditure.

During the period under review, amounts totalling K9,901,861 were received as Local Government Equalisation Funds out of which amounts totalling K1,980,372 being 20% of the funded amounts were to be transferred to the capital account.

Contrary to the Act, the Council misapplied amounts totalling K1,556,935 meant for capital projects on operational expenses such as payment of salaries, purchase of work suits and tools for use in cleaning of garbage and other administrative expenses.

As at 30<sup>th</sup> September 2022, the funds had not been reimbursed.

**h. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K4,800,000 was made as Constituency Development Fund (CDF) to cater for three (3) constituencies namely Monze Central, Moomba and Bweengwa Constituencies and the whole amount was released.



In addition, amounts totalling K4,948,222 were brought forward from 2020 bringing the total funds available for expenditure to K9,748,222.

As at 31<sup>st</sup> December 2021, amounts totalling K4,199,303 were spent leaving a balance of K5,548,919.

The following were observed;

**i. Construction of a Weir Dam in Kaumba - Wasteful Expenditure**

During the year 2020, the Council allocated amounts totalling K40,000 towards the construction of a weir dam in Chona Ward. The project was to be done using force account.

The scope of works included excavation, shaping and embankment formations.

As at 30<sup>th</sup> September 2022, amounts totalling K38,615 had been spent on procurement of fuel and other materials.

A physical inspection carried out in September 2022, revealed that the embankment had eroded therefore, resulting in wasteful expenditure of the funds used on the project. See pictures below.



Eroded embankment of the weir dam

**ii. Construction of a Staff House at Sikabenga Primary School**

In 2020, the Council allocated amounts totalling K35,000 towards construction of a staff house at Sikabenga Primary School in Moomba Constituency. In this regard, on 23<sup>rd</sup> February 2021, the Council engaged Vincent Malambo for the construction of a staff house at a labour only contract price of K6,930. However, the contract was not availed for audit.

As at 30<sup>th</sup> September 2022, amounts totalling K31,803 (labour –K3,733 and materials –K28,070) had been spent.

A physical inspection carried out in September 2022 revealed that the project had not been completed. The remaining works included; plastering (interior), fitting of two (2) doors, spoon drain and painting. See pictures below.



Incomplete staff house

Further, the contractor was not on site and the project had stalled.

**iii. Construction of a Staff House at Bweengwa Health Centre**

In 2020, the Council allocated amounts totalling K28,395 towards construction of a staff house at Bweengwa Health Centre in Bweengwa Constituency. In this regard, in 2021, the Council engaged a contractor for the construction of a staff house at a labour only contract price.

However, the contract was not availed for audit and as such the name of the contractor and the terms of the contract could not be established.

As at 30<sup>th</sup> September 2022, amounts totalling K27,970 had been spent on procurement of materials.

A physical inspection carried out in September 2022 revealed that the works had not been completed. The remaining works included; plastering, roofing, fitting of window frames, doors and glass panes, painting and spoon drain. See pictures below.



Incomplete staff house.



Building materials in the storeroom

Further, it was observed that although the materials were in the stores, the contractor was not on site and the project had stalled.

**iv. Completion of 1x3 CRB at Nakasengwe Primary School**

In 2020, the Council allocated amounts totalling K49,000 towards construction of a 1x3 classroom block at Nakasengwe Primary School in Bweengwa Constituency. In this regard, on 6<sup>th</sup> April 2021, the Council engaged Royd Simubali for the completion of the 1x3 classroom block at a labour only contract price of K9,000. The contract duration was two (2) months commencing from 20<sup>th</sup> April and ending on 20<sup>th</sup> June 2021.

The scope of works included; plastering, flooring and fitting of windows and doors.

As at 30<sup>th</sup> September 2022, amounts totalling K40,575 (labour –K8,550 and Material – K32,025) had been spent.

A physical inspection carried out in September 2022, revealed that works had not been completed fifteen (15) months after the expected completion date and the outstanding works included; painting and fitting of doors. See picture below.



Incomplete 1x3 classroom block

**v. Completion of 1x3 CRB at Choongo Primary School**

In 2020 and 2021, the Council allocated amounts totalling K188,850 (K108,850 -2020 and K80,000 – 2021) for the construction of a classroom block at Choongo Primary School in Bweengwa Constituency. In this regard, on 5<sup>th</sup> March 2021, the Council engaged Bubala Fitty Muhuma for the completion of a 1x3 classroom block at a labour only contract price of K15,000. The contract duration was two (2) months commencing from 19<sup>th</sup> March and ending on 20<sup>th</sup> May 2021.



The scope of works included completion of superstructure up to gable level, roofing and fitting of window frames and doors.

As at 30<sup>th</sup> September 2022, amounts totalling K155,226 (labour –K12,920 and K142,306) had been spent.

A physical inspection carried out in September 2022 revealed that the works had not been completed sixteen (16) months after the expected completion date and the outstanding works included; painting and fixing window panes. See picture below.



Incomplete 1x3 classroom block.

## **i. Management of Liabilities**

### **i. Failure to Remit Statutory and Other Obligations**

As of 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) among others amounts totalling K10,406,378 in respect of tax, pension, union contributions and insurance some dating from as far back as 2014. See table 3 below.

**Table 3: Unremitted Statutory and Other Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cumulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	4,552,752	1,051,293	5,604,045	-	5,604,045
2	NAPSA	2,684,248	986,922	3,671,171	-	3,671,171
3	LASF	625,540	203,327	828,867	66,901	761,967
4	ZULAWU	(102,198)	104,714	2,516	69,145	(66,630)
5	FUNERAL SCHEME	113,626	-	113,626	-	113,626
6	MEDICAL INSURANCE	46,364	267,579	313,942	-	313,942
7	ZCTU	8,257	-	8,257	-	8,257
	<b>Total</b>	<b>7,928,588</b>	<b>2,613,835</b>	<b>10,542,424</b>	<b>136,046</b>	<b>10,406,378</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K1,634,726 in respect of terminal benefits, long service bonus, settling in allowances and leave travel benefits some dating from as far back as 2012. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligations for 2021 K	Cumulative Total K	Payments K	Balance as at 31.12.2021 K
1	Terminal Benefits	428,824	-	428,824	10,000	418,824
2	Long Service Bonus	112,487	-	112,487	-	112,487
3	Settling in Allowances	115,062	-	115,062	10,000	105,062
4	Leave Travel Benefits	1,005,054	-	1,005,054	6,700	998,354
	<b>Total</b>	<b>1,661,426</b>	<b>-</b>	<b>1,661,426</b>	<b>26,700</b>	<b>1,634,726</b>

**44. Mporokoso Town Council****44.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from

various sources in amounts totalling K13,786,739 against which amounts totalling K11,164,413 were received and generated resulting in a negative variance of K2,622,326. See table 1 below.

**Table 12: Budget and Income**

No	Sources of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	178,854	40,030	(138,824)
2	Fees and Charges	2,531,555	733,037	(1,798,518)
3	Licences	228,147	126,590	(101,557)
4	Levies	4,920	-	(4,920)
5	Permits	78,069	57,922	(20,147)
6	Other Receipts	433,006	105,126	(327,880)
	<b>Sub total</b>	<b>3,454,551</b>	<b>1,062,704</b>	<b>(2,391,847)</b>
	<b>National Support</b>			
7	Local Government Equalisation fund	8,632,188	8,401,709	(230,479)
8	Constituency Development Fund (CDF)	1,600,000	1,600,000	-
9	Other Grants	100,000	100,000	-
	<b>Subtotal</b>	<b>10,332,188</b>	<b>10,101,709</b>	<b>(230,479)</b>
	<b>Total</b>	<b>13,786,739</b>	<b>11,164,413</b>	<b>(2,622,326)</b>

In addition, amounts totalling K2,520,770 were brought forward from the previous year bringing the total funds available to K13,685,183 during the period under review.

**b. Operational Matters - Failure to Manage Dumpsite**

The Environmental Management Act No. 12 of 2011 states that, “A Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”. In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

The following were observed;

- The council did not fence the dumpsite for protection from access by unauthorised persons,
- There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite, and

- The council did not compact the waste with a layer of soil thereby exposing the community to health hazards. See picture below.



Unfenced dump site

**c. Accounting for Revenue - Failure to Collect Revenue**

Section 9(h) of the Public Finance Management (General) Regulation, 2020 states that, “the Head of the accounting unit of the Local Authority shall collect in a timely manner all revenue and other public monies due and payable to the local authority”.

During the period under review, the Council was expected to collect amounts totalling K505,206 from rental charges and property rates. However, as at 30<sup>th</sup> September 2022, only amounts totalling K24,300 had been collected leaving a balance of K480,906. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Revenue Type	Amount Expected K	Amount Collected K	Uncollected Amount K
1	Rental Charges	39,200	24,300	14,900
2	Property rates	466,006	-	466,006
	<b>Total</b>	<b>505,206</b>	<b>24,300</b>	<b>480,906</b>

**d. Management of Payroll and Other Staff Related Matters - Employment of Casual Workers**

Section 7 (1) of 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, the Council engaged thirty one (31) casual employees for jobs that were permanent in nature and were paid wages in amounts totalling K123,501 for the period they were engaged on a casual basis. As at 30<sup>th</sup> September 2022, the engagement of casual workers had not been normalised.

**e. Management of Local Government Equalisation Fund**

The Local Government Act No 2 of 2019 provides that, a council shall use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K8,401,709 were received as equalization fund, out of which K1,680,342 being 20% of the equalization fund was to be allocated to capital projects while K6,721,367 being 80% of the equalization funds was to be allocated to recurrent expenditure.

In addition, an amount of K251,824 was brought forward from the previous year bringing the total funds available to K1,932,166 during the period under review.

The following were observed:

**i. Construction of Kape Market Shelter - Delayed Completion**

On 5<sup>th</sup> March 2021, the Council engaged Richard M Kambole for the construction of a market shelter at a labour only contract price of K25,600 with a contract period of three (3) months starting on 5<sup>th</sup> March and ending on 6<sup>th</sup> June 2021.

The scope of works included; excavation and earthworks, construction of sub and superstructures, roofing, painting and construction of tables.

As at 30<sup>th</sup> September 2022, amounts totalling K116,880 (materials – K101,280 and labour – K15,600) had been spent.

A physical inspection carried out in September 2022, revealed that the project had not been completed thirteen (13) months after the expected completion date. The outstanding works included; roofing, plastering, painting and construction of tables. See picture below.



Incomplete market shelter at Kape

Further, the contractor was not on site and the works had stalled.

**ii. Construction of Bweupe Market Shelter - Delayed Completion**

On 20<sup>th</sup> November 2020, the Council engaged Joseph Mwila Silas for the construction of a market shelter at a labour only contract price of K24,000 with a contract period of three (3) months starting on 20<sup>th</sup> November 2020 and ending on 20<sup>th</sup> February 2021. The scope of works included; excavation and earthworks, substructure, superstructure, roofing, painting and construction of tables.

As at 30<sup>th</sup> September 2022, amounts totalling K213,339 (materials – K204,915 and labour – K8,424) had been spent.

A physical inspection carried out in September 2022, revealed that the project had not been completed seventeen (17) months after the expected completion date with flooring and painting still outstanding. See picture below.



Incomplete market shelter at Bweupe

Further, the contractor was not on site and the works had stalled.

**f. Management of Liabilities**

**i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF), National Health Insurance Management Authority (NHIMA) among others amounts totalling K4,865,508 in respect of tax, pension and insurance contributions some dating from as far back as 2016. See table 3 below.

**Table 3: Unremitted Statutory and Other Obligations**

No.	Institution	Balance as at 01.01.21 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	1,111,350	763,844	1,875,194	25,000	1,850,194
2	NAPSA	2,336,703	460,844	2,797,547	43,946	2,753,601
3	LASF	345,279	180,439	525,717	321,838	203,879
4	ZULAWU	-	32,612	32,612	30,100	2,512
5	NHIMA	-	64,070	64,070	34,225	29,845
6	Madison Life	-	41,618	41,618	24,291	17,327
7	ZCTU	-	8,151	8,151	-	8,151
	<b>Total</b>	<b>3,793,332</b>	<b>1,551,577</b>	<b>5,344,909</b>	<b>479,400</b>	<b>4,865,508</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K5,323,840 in respect of terminal benefits, settling in allowance, long service bonuses and salary arrear some dating from as far back as 2012. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance B/f as at 01.01.2021 K	Obligation for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	Terminal benefits	1,946,732	-	1,946,732	161,915	1,784,817
2	Settling in allowance	-	136,736	136,736	59,862	76,874
3	Long Service Bonus	202,100	-	202,100	-	202,100
4	Salary Arreas	3,260,049	-	3,260,049	-	3,260,049
	<b>Total</b>	<b>5,408,881</b>	<b>136,736</b>	<b>5,545,617</b>	<b>221,777</b>	<b>5,323,840</b>

## 45. Mpulungu Town Council

### 45.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K21,567,939 against which amounts totalling K14,041,674 were received and generated resulting in a negative variance of K7,526,265. See table 1 below.

**Table 13: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes/Rates	1,087,445	1,641,047	553,602
2	Fees & Charges	948,030	614,848	(333,182)
3	Licenses	11,300	248,147	236,847
4	Levies	7,255,200	475,560	(6,779,640)
5	Charges and other Income	1,318,363	167,770	(1,150,593)
	<b>Subtotal</b>	<b>10,620,338</b>	<b>3,147,372</b>	<b>(7,472,966)</b>
	<b>National Support</b>			
6	Local Government Equalisation Fund	9,347,601	9,294,302	(53,299)
7	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Subtotal</b>	<b>10,947,601</b>	<b>10,894,302</b>	<b>(53,299)</b>
	<b>Total</b>	<b>21,567,939</b>	<b>14,041,674</b>	<b>(7,526,265)</b>

#### b. Management of Assets - Failure to Maintain Public Roads

Section 4(b) of the Local Government Act No. 2 of 2019 states that “A local authority shall, in relation to a public street exercise general control, care and maintenance of all public roads, streets, avenues, lanes, sanitary lanes, and foot walks forming part thereof, bridges, squares, ferries and water courses and to remove all obstacles therefrom.”

Contrary to the Act, the Council had not maintained township roads within the district boundary. See picture below.



Potholes along Mpulungu - Mbala Road

**c. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a provision of K1,600,000 was made to cater for Mpulungu Constituency and the whole amount was released.

In addition, an amount of K1,836,008 was brought forward from 2020 bringing the total funds available to K3,436,008.

As at 31<sup>st</sup> December 2021, amounts totalling K1,649,216 had been spent leaving a balance of K1,786,792.

The following were observed:

**i. Construction of a Staff House at Kapoko Primary School – Stalled Project**

On 18<sup>th</sup> January 2021, the Council engaged Sinyangwe Daniel to construct a staff house at a labour only contract price of K14,000 for a period of eight (8) weeks starting on 20<sup>th</sup> January 2021 and ending on 18<sup>th</sup> March, 2021.

The scope of works included construction of sub and superstructures, roofing, metal work, installation of window and door frames, iron mongery, plastering, flooring and glazing.

As at 20<sup>th</sup> August 2021, amounts totalling K105,648 (materials – K100,648 and labour – K5,000) had been spent.

A physical inspection carried out in September 2022, revealed that the project had not completed eighteen (18) months after expected completion date. The

outstanding works included plastering, flooring, installation of window and door frames, glazing and iron mongery. See picture below.



Incomplete Staff House at Kapoko Primary School

Further, the contractor was not on site and the project had stalled.

**ii. Completion of a 1x2 Classroom Block at Chifungo Community School – Delayed Completion**

During the period under review, the Council allocated an amount of K171,698 for the completion of a 1x2 classroom block at Chifungo Community School. In this regard, on 28<sup>th</sup> December 2020, the Council engaged Simwaya Kelvin Nonde to complete the construction of the classroom block at a labour only contract price of K15,500 for a period of twelve (12) weeks starting on 28<sup>th</sup> December 2020 to 31<sup>st</sup> March 2021.

The scope of works included construction of superstructure, roofing, plastering, metal work, glazing, iron mongery, installation of doors, painting and decoration.

As at 27<sup>th</sup> May 2021, amounts totalling K161,562 (materials – K152,262 and labour – K9,300) had been spent.

A physical inspection carried out in September 2020 revealed that the project was not completed eighteen (18) months after the expected completion date. The outstanding works included glazing, painting, iron mongery and installation of doors. See picture below.



Incomplete Classroom Block at Chifungo Community School

In addition, under coat paint costing K3,040 procured for the project had expired. Further, the contractor was not on site and the project had stalled.

**iii. Completion of a 1x2 Classroom Block at Katulo Primary School – Delayed Completion**

On 11<sup>th</sup> December 2020, the Council engaged Sinyangwe Jackson to complete the construction of a classroom block at a labour only contract price of K14,000 for a period of five (5) weeks starting 11<sup>th</sup> December 2020 to 18<sup>th</sup> January 2021.

The scope of works included construction of superstructure, roofing, plastering, and metal work, carpentry, iron mongery, painting, decoration, installation of chalk board, glazing, flooring and air vents.

As at 7<sup>th</sup> May 2021, amounts totalling K161,562 had been spent in respect of materials.

A physical inspection carried out in September, 2020 revealed that the project was not completed eighteen (18) months after expected completion date. The outstanding works included roofing, plastering, metal work, carpentry, glazing, flooring, painting and installation of chalk board. See picture below.



#### Incomplete Classroom Block at Katulo Primary School

Further, the contractor was not on site and the project had stalled.

#### iv. **Completion of a 1x2 Classroom Block at Kapata Community School – Delayed Completion**

On 14<sup>th</sup> January 2021, the Council engaged Osebia Sinyangwe to complete the construction of a classroom block at a labour only price of K22,000 for a period of six (6) weeks starting 14<sup>th</sup> January 2021 to 28<sup>th</sup> February 2021.

The scope of works included construction of superstructure, roofing, plastering, metal work, flooring, beam filling, installation of doors and door frames and rough casting exterior walls.

As at 27<sup>th</sup> May 2021, amounts totalling K100,558 (materials – K90,558 and labour – K10,000) had been spent.

A physical inspection carried out in September 2020 revealed that the project was not completed eighteen (18) months after the expected completion date. The outstanding works included installation of doors and door frames, flooring and beam filling. See picture below.



Incomplete Classroom Block at Kapata Community School

Further, the contractor was not on site and the project had stalled.

#### v. **Construction of a 1x2 Classroom Block at Yamwela Primary School – Stalled Project**

On 14<sup>th</sup> January 2021, the Council engaged Musonda Richard Kaoma to construct a classroom block at a labour only contract price of K18,000 for a period of eight (8) weeks starting 20<sup>th</sup> January 2021 to 20<sup>th</sup> March 2021.



The scope of works included construction of sub and superstructures, roofing, metal work, iron mongery, plastering and installation of doors.

As at 27<sup>th</sup> May 2021, amounts totalling K155,523 had been spent in respect of building materials.

A physical inspection carried out in September, 2020 revealed that the project was not completed eighteen (18) months after expected completion date. The outstanding works included construction of substructure, superstructure, roofing, plastering, metal work and iron mongery. See picture below.



Classroom at Box level at Yamwela Primary School

Further, the contractor was not on site and the project had stalled.

**d. Management of Local Government Equalisation Fund**

The Local Government Act No. 2 of 2019 provides that a Council should use at least twenty (20) percent of the equalisation fund received in any financial year to finance capital expenditure.

During the period under review, amounts totalling K9,097,354 were received as equalization fund, out of which K1,819,471 being 20% of the equalization fund was to be allocated to capital projects while K7,277,883 being 80% of the equalization fund was to be allocated to recurrent expenditure.

In addition, an amount of K301,608 was brought forward from the previous year bringing the total funds available to K2,121,079 during the period under review.

The following were observed:

**i. Failure to Transfer Funds to the Project Account**

Amounts totalling K1,819,470 being 20% of equalization funds meant for capital expenditure were expected to be transferred to the project account. However, it was observed that only K1,698,927 was transferred to the account leaving a balance of K120,543.

**ii. Misapplication of Funds for Capital Expenditure**

Contrary to the Act, amounts totalling K119,909 meant for capital expenditure were applied on unrelated activities such as purchase of foodstuffs for casual workers, stationary and payment of wages.

**iii. Unreimbursed Borrowings**

During the period under review, the Council borrowed amounts totalling K939,735 from the capital project account to meet operational expenses. As at 30<sup>th</sup> September 2022, only amounts totalling K176,198 had been reimbursed leaving a balance of K763,537.

**e. Management of Liabilities**

**i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and other institutions, amounts totalling K11,179,676 in respect of tax, pension insurance and union contributions some dating from as far back as 2010. See table 4 below.

**Table 4: Unremitted Statutory and Other Obligations**

No.	Institution	Balance at at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021
1	ZRA	2,852,994	952,864	3,805,858	-	3,805,858
2	NAPSA	3,448,904	642,490	4,091,394	24,666	4,066,728
3	LASF	3,201,789	258,315	3,460,104	485,680	2,974,424
4	NHIMA	33,612	107,366	140,978	43,974	97,004
5	MADISON LIFE	40,464	32,923	73,386	29,909	43,477
6	ZULAWU	201,607	65,316	266,923	74,739	192,183
7	FIRESUZ	2,642	12,875	15,517	15,517	-
	<b>Total</b>	<b>9,782,012</b>	<b>2,072,149</b>	<b>11,854,160</b>	<b>674,485</b>	<b>11,179,676</b>

**ii. Failure to Settle Staff Obligations**

As of 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K3,832,689 in respect of terminal benefits, leave travel benefits, salary arrears, long service bonus, gratuity and settling in allowances, some dating from as far back as 2012. See table 5 below.

**Table 5: Outstanding staff obligations**

No.	Type of Dept	Balance b/f as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	Terminal benefits	1,688,390	581,438	2,269,829	83,700	2,186,129
2	Salary arrears	-	1,072,171	1,072,171	-	1,072,171
3	settling in allowance	423,639	-	423,639	196,816	226,823
4	long service bonus	118,945	-	118,945	-	118,945
5	Gratuity	188,636	-	188,636	14,000	174,636
6	Travel benefits	10,174	43,811	53,985	-	53,985
	<b>Total</b>	<b>2,429,784</b>	<b>1,697,420</b>	<b>4,127,205</b>	<b>294,516</b>	<b>3,832,689</b>

**46. Mulobezi Town Council**

**46.1 Audit Findings**

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of some selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K12,272,201 against which amounts totalling K10,517,310 were actually received and generated resulting in a negative variance of K1,754,891. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	13,125	6,985	(6,140)
2	Fees and Charges	1,732,498	358,055	(1,374,443)
3	Licences	10,440	9,420	(1,020)
4	Levies	486,844	283,017	(203,827)
5	Permits	56,400	34,110	(22,290)
6	Other Receipts	138,000	138,075	75
	<b>Sub-Total</b>	<b>2,437,307</b>	<b>829,662</b>	<b>(1,607,645)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	8,134,894	8,048,004	(86,890)
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Other Grants	100,000	39,644.00	(60,356)
	<b>Sub-Total</b>	<b>9,834,894</b>	<b>9,687,648</b>	<b>(147,246.00)</b>
	<b>Total</b>	<b>12,272,201</b>	<b>10,517,310</b>	<b>(1,754,891)</b>

In addition, amounts totalling K2,876,871 were brought forward from the previous year bringing the total funds available to K13,394,181.

**b. Operational Matters**

**i. Management of Land - Failure to Service plots**

In 2013, Mulobezi Town Council advertised and approved the offer of 2,116 plots to the public.

The Ministry of Lands and Natural Resources Circular No. 1 of 1985 requires plots to be surveyed, beacons, numbered and roads created before advertising them for public offering.

Contrary to the Circular, the Council offered 125 plots to the members of the general public in Sichili Area and collected plot premiums in amounts totalling K13,950 without creating access roads.

**ii. Failure to Prepare Integrated Development Plan**

The Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an approved integrated development plan (IDP).

**iii. Environmental Management – Poor Management of Dumpsite**

The Environmental Management Act No. 12 of 2011 states that, “A Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

A physical inspection of Mulobezi dumpsite revealed the following;

- There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite.
- The council did not compact the waste with a layer of soil thereby, exposing the community to health hazards.
- The dumpsite was not fenced for protection from access by unauthorized persons. See picture below.



Uncompacted waste at Mulobezi Dump site

**c. Accounting for Revenue - Failure to Collect Revenue**

Section 9 (h) of the Public Finance Management (General) Regulations 2020 requires the Head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

Contrary to the Regulation, the Council failed to collect revenue in amounts totalling K272,350 in respect telecommunication mast levies and plot premiums. See table 2 below.

**Table 2: Uncollected Revenue**

<b>No.</b>	<b>Type of Revenue</b>	<b>Amount Expected K</b>	<b>Amount Collected K</b>	<b>Uncollected Amount K</b>
1	Telemast levy	15,000	4,000	11,000
2	Plot Application fees	12,500	-	12,500
3	Plot Premiums	248,850	-	248,850
	<b>Total</b>	<b>276,350</b>	<b>4,000</b>	<b>272,350</b>

**d. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of seventy five (75) positions out of which sixty one (61) were filled leaving fourteen (14) vacant as at 30<sup>th</sup> September 2022.

Included in the vacant positions were positions for the Deputy Director of Works and Social Economic Planner that are key to the operations of the Council.

**ii. Irregular Payment of Training Expenses**

The Local Authorities Conditions of Service No. 137 and 144 of 1996 provided for the payment of tuition fees and other training related costs including subsistence allowance to an officer travelling to and from school who is granted paid study leave.

Contrary to the Conditions of Service, amounts totalling K56,130 were irregularly paid to two (2) training Institutions and seven (7) officers without approved paid study leave from the Local Government Service Commission.

**iii. Procurement of Goods and Services - Failure to Withhold Tax on Rentals**

Section 29 of the Zambia Revenue Authority Practice Note No. 1 of 2020 states that, “Rental income receipt by any person is subject to withholding tax at the rate of 10% and it is a final tax”.

Contrary to the Practice Note, amounts totalling K97,650 were paid as rent by the Council without withholding tax amounting to K9,765.

**e. Management of Assets – 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 Council did not secure title deeds for parcels of land on which twenty nine (29) properties such as houses, shops, market and guest house were located.

Consequently, the properties could not be insured.

**f. Management of Constituency Development Fund (CDF)**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was made to cater for developmental activities in Mulobezi constituency and the whole amount was released.

In addition, an amount of K1,812,530 was brought forward from 2020 bringing the total funds available to K3,412,530 during the period under review.

As at 31<sup>st</sup> December 2021, amounts totalling K878,857 had been spent leaving a balance of K2,533,673.

The following were observed:

**i. Construction of 1x2 CRB at Mabombo Primary School**

On 1<sup>st</sup> June 2021, the Council engaged BK Lupote General Dealers Limited to construct a 1x2 Classroom Block (CRB) at Mabombo Primary School at a contract price of K329,240 with a contract period of sixteen (16) weeks commencing on 2<sup>nd</sup> June 2021 and ending on 1<sup>st</sup> October 2021.

The scope of works included; excavation, substructure, concrete slab works, block work, Carpentry, joinery and ironmongery, structural steel work, flooring, glazing, painting and decorating.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K261,169.

A physical inspection carried out in September 2022, revealed that the project had not been completed twelve (12) months after the expected completion date.

The outstanding works included; fitting of window and door frames, internal and external plastering, glazing, construction of apron and drainage and painting. See picture below.



Incomplete 1x2 CRB at Mabombo Primary School

Further, the contractor was not on site and works had stalled.

**ii. Construction of Mortuary RHC – Delayed Completion.**

In June 2021, the Council engaged Detox Engineering to construct a Mortuary unit at Mulobezi Clinic at a contract price of K206,613 with a contract period of eight (8) weeks commencing in June 2021 and ending in July 2021.

The scope of works included; excavation, substructure, concrete and block work, carpentry, joinery and ironmongery, flooring and wall finishing, glazing, electrification, painting and decorating.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K101,583.

A physical inspection carried out in September 2022, revealed that the project had not been completed fifteen (15) months after the expected completion date.

The outstanding works included; wiring and painting, construction of super structure and block work. See picture below.





Incomplete Mortuary

Further, the contractor was not on site and works had stalled.

**g. Management of Liabilities**

**i. Failure to Settle Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and suppliers amounts totalling K1,229,659 in respect of tax, pension contribution and supply of goods and services, some dating from as far back as 2018. See table 3 below.

**Table 3: Outstanding Statutory and Other Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Totals K	Payments K	Balance as at 31.12.2021 K
1	ZRA	508,571	830,406	1,338,977	1,150,797	188,180
2	NAPSA	764,495	442,916	1,207,412	365,137	842,275
3	Suppliers	12,242	374,376	386,618	187,414	199,204
4	<b>Total</b>	<b>1,285,308</b>	<b>1,647,698</b>	<b>2,933,007</b>	<b>1,703,348</b>	<b>1,229,659</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K200,941 in respect of terminal benefits and settling-in allowance, some dating from as far back as 2017. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligations for 2021 K	Cumulative Total K	Payments K	Balance as at 31.12.2021 K
1	Terminal Benefits	227,976	54,437	282,413	85,000	197,413
2	Settling in Allowances	53,670	45,129	98,799	95,270	3,529
	<b>Total</b>	<b>281,646</b>	<b>99,566</b>	<b>381,211</b>	<b>180,270</b>	<b>200,941</b>

## 47. Mungwi Town Council

### 47.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K20,435,759 against which amounts totalling K16,985,786 were received and generated resulting in a negative variance of K3,449,973. See table 1 below.

**Table 14: Budget and Income**

No.	Details	Budget K	Income K	Variation K
1	Local Taxes	301,581	85,213	(216,368)
2	Fees and Charges	3,738,295	914,548	(2,823,747)
3	Licences	174,023	114,648	(59,375)
4	Levies	15,006	52,877	37,871
5	Permits	130,030	35,661	(94,369)
6	Commercial Venture	50,250	412	(49,838)
	<b>sub total</b>	<b>4,409,185</b>	<b>1,203,359</b>	<b>(3,205,826)</b>
	<b>National Support</b>			
7	LGEF (Equalization Grant)	8,449,206	8,305,089	(144,117)
8	Constituency Development Fund (CDF)	1,600,000	1,600,000	-
9	Other Grants	5,977,368	5,877,338	(100,030)
	<b>subtotal</b>	<b>16,026,574</b>	<b>15,782,427</b>	<b>(244,147)</b>
	<b>Grandtotal</b>	<b>20,435,759</b>	<b>16,985,786</b>	<b>(3,449,973)</b>

In addition, amounts totalling K4,139,115 were brought forward from 2020 bringing the total funds available to K21,124,901.

#### b. Accounting for Revenue - Failure to Collect Revenue

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

During the period under review, the Council was expected to collect amounts totalling K1,925,477 from rentals, property rates and hire of equipment. However, as at 30<sup>th</sup>

September 2022, amounts totalling K67,684 were collected leaving a balance of K1,857,793. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Revenue Type	Expected K	Collected K	Uncollected K
1	Rentals	87,570	-	87,570
2	Crop Levy	353,357	-	353,357
3	Property Rates	1,477,050	67,684	1,409,366
4	Lease of Equipment	7,500	-	7,500
	<b>Total</b>	<b>1,925,477</b>	<b>67,684</b>	<b>1,857,793</b>

**c. Management of Payroll and Other Staff Related Matters - Employment of Casual Workers**

The Employment Act No.3 of 2019 section (7) defines casualization as an employment practice where an employer, without permissible reason, engages or re-engages an employee on a temporary or fixed basis, to perform work which is permanent in nature. Further, section 7 (1) of the same Act prohibits persons from engaging employees on casual terms of employment for jobs which were permanent in nature.

However, the Council employed eleven (11) casual workers for more than twelve (12) months in the categories of general workers and revenue collectors despite the jobs being permanent in nature. As at 31<sup>st</sup> December 2021, the workers were paid wages in amounts totalling K102,970 during the period under review.

Further, Section 15 of the NAPSA Act, of 1996, states that, “the employee and employer shall contribute 5% each to the fund”.

Contrary to the Act, the Council paid wages without deducting NAPSA contributions.

**d. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was made to cater for Malole Constituency and the whole amount was released.

In addition, an amount of K2,573,728 was brought forward from 2020 bringing the total funds available to K4,173,728.

As at 30<sup>th</sup> September 2022 amounts totalling K976,751 had been spent leaving a balance of K3,196,977.

The following were observed:

**i. Construction of a 1x2 Classroom Block at Kalembo Community School – Delayed Completion**

On 14<sup>th</sup> April 2021, the Council engaged Consup Investment Limited to construct a 1x2 classroom block at a contract price of K219,000 with a contract duration of eight (8) weeks commencing 14<sup>th</sup> April 2021 and ending on 14<sup>th</sup> June 2021 which was later revised to 31<sup>st</sup> March 2022.

The scope of works included site clearing and set out, excavation and earthwork, sub and superstructures, roofing, plastering, floor screed, iron works, glazing, carpentry and joinery, painting and decorating, other concrete works and other finishes.

As of April 2022, the contractor had been paid amounts K132,216 leaving a balance of K86,784.

A physical inspection conducted in September 2022, revealed that the classroom block had been roofed with the following works still outstanding; glazing, carpentry and joinery, painting and decoration, construction of a spoon drain and supply and installation of chalk boards, notice boards and door stoppers twenty six (26) weeks after the expected completion date. At the time of inspection, the contractor was not on site.

**ii. Construction of a Maternity Annex at Nseluka Rural Health Post**

On 19<sup>th</sup> April 2021, the Council engaged Chalali Construction and General Dealers to construct a maternity annex at a contract price of K199,088 with a contract duration of five (5) weeks commencing 14<sup>th</sup> April 2021 and ending on 21<sup>st</sup> May 2021 which was later extended to 31<sup>st</sup> March 2022.

The scope of works included site clearing and set out, excavation and earthwork, substructure, super structure, roofing, plastering, floor screed, iron works, glazing,

carpentry and joinery, painting and decorating, other concrete works and other finishes.

As of April 2022, the contractor had been paid K114,896 leaving a balance of K84,192.

A review of contract documents and physical inspection of the project revealed the following:

- **Failure to follow Procurement Procedures**

Section 46 (2) (a) of the Public Procurement Act No. 8 of 2020 requires that direct bidding may only be used where the goods, works or non-consulting services are only available from a single source and no reasonable alternative or substitute exists.

Contrary to the Act, procurement procedures were not followed in that the contractor was single sourced.

- **Stalled Works**

The structure had been roofed with the following works still outstanding; glazing, plastering, floor screed, painting and decoration, carpentry and joinery, installation of door frames, construction of a spoon drain and installation of air vents six (6) weeks after the expected completion date. As at the date of inspection the project had stalled. See picture below.



Stalled works at the maternity annex

iii. **Construction of a 1x2 Classroom Block at Chitimukulu Community School – Delayed Completion**

On 14<sup>th</sup> April 2021, the Council engaged Kompes Enterprises Limited to construct a 1x2 classroom block at Chitimukulu Community School at a contract price of K204,550 with a contract duration of fourteen (14) weeks commencing 14<sup>th</sup> April 2021 and ending on 18<sup>th</sup> January 2022. An extension to the contract period was granted to the contractor on 10<sup>th</sup> January 2022 resulting in 31<sup>st</sup> March 2022 as the expected completion date.

The scope of works included site clearing and set out, excavation and earthworks, foundation, superstructure, roofing, plastering, floor screed, iron works, glazing, carpentry and joinery, painting and decoration, construction of spoon drain and stair case and other finishes.

As of April, 2022, the contractor had been paid an advance payment of K30,632.

A physical inspection conducted in September 2022, revealed that the classroom block was at box level with the following works still outstanding; the superstructure, roofing, plastering, floor screed, iron works, glazing, carpentry and joinery, painting and decoration, construction of spoon drain and stair case, supply and installation of chalk and notice boards, door stoppers and air vents six (6) weeks after the expected completion date and the works had stalled. See picture below.



Chitimukulu Community School at box level

**iv. Construction of 1x2 Classroom Block at Maliko Mpange Primary School – Delayed Completion**

On 14<sup>th</sup> April 2021, the Council engaged Structure General Trading and Construction to construct a 1x2 classroom block at Maliko Mpange Primary School at a contract price of K219,480 with a contract duration of three (3) months commencing 14<sup>th</sup> April

2021 and ending on 14<sup>th</sup> July 2021. The contract was later extended to 31<sup>st</sup> March 2022.

The scope of works included site clearing and set out, excavation and earthworks, foundation, superstructure, roofing, plastering, floor screed, iron works, glazing, carpentry and joinery, painting and decoration, construction of spoon drain and stair case and other finishes.

As of April 2022, the contractor had been paid an advance payment of K133,759.

A physical inspection conducted in September 2022, revealed that the classroom block had been roofed with the following works still outstanding; plastering, iron works, glazing, roofing, carpentry and joinery, painting and decoration, construction of spoon drain and stair case, installation of chalk and notice boards, door stoppers and air vents six (6) weeks after the expected completion date. See picture below.



Incomplete classroom block

**v. Construction of 1x2 Classroom Block at Bwebe Community School – Delayed Completion**

On 14<sup>th</sup> April 2021, the Council engaged Best Plough Farming Contractors Limited to construct a 1x2 classroom block at Bwebe Community School at a contract price of K220,000 with a contract duration of three (3) months commencing 14<sup>th</sup> April 2021 and ending on 14<sup>th</sup> July 2021. An extension to the contract period was granted to the contractor on 10<sup>th</sup> January 2022 resulting in 31<sup>st</sup> March 2022 as the expected completion date.

The scope of works included site clearing and set out, excavation and earthworks, foundation, superstructure, roofing, plastering, floor screed, iron works, glazing,

carpentry and joinery, painting and decoration, construction of spoon drain and stair case and other finishes.

As of April 2022, the contractor had been paid an advance payment of K158,137.

A physical inspection conducted in September 2022, revealed that the classroom block had been roofed with the following works still outstanding; glazing, carpentry and joinery, painting and decoration, construction of spoon drain and stair case, supply and installation of chalk and notice boards, door stoppers and air vents six (6) weeks after the expected completion date. See picture below.



Incomplete classroom block

**e. Management of Local Government Equalisation Fund**

The Local Government Act No. (2) of 2019 provides that, a Council shall use at least 20% of the Equalisation Funds received in any financial year to finance capital expenditure.

During the period under review, amounts totalling K8,305,089 were received as equalisation funds out of which amounts totalling K1,527,037 being 20% of the funded amounts were to be transferred to the capital account.

In addition, an amount of K1,209,071 was brought forward from the previous year bringing the total funds available in 2021 to K2,736,108.

**i. Failure to Reimburse Borrowed Funds**

During the period under review, the Council borrowed amounts totalling K327,092 meant for capital expenditure to meet operational expenses out of which only amounts



totalling K124,437 had been reimbursed leaving a balance of K202,655. As at 30<sup>th</sup> September 2022, the funds had not been reimbursed.

Consequently, the construction of a bridge at an estimated cost of K300,000 had not been implemented.

**ii. Construction of Wall Fence at Civic Centre - Delayed Completion**

During the period under review, the Council allocated K100,000 for the construction of a wall fence at the civic center.

In this regard, on 15<sup>th</sup> September 2021, the Council awarded a labour only contract to Mwamba Jannick for the construction of a wall fence around Mungwi Town Council civic centre premises at a sum of K13,000 for the period of twenty (20) days from the date of signing the contract.

The scope of works included; excavation, concrete, footing and construction of a wall fence.

As at 31<sup>st</sup> December 2021, amounts totalling K78,474 (materials - K73,474 and labour-K5,000) were paid towards the project.

A physical inspection conducted in September 2022, revealed that the wall fence was not complete with the left side and back part not constructed twenty six (26) weeks after the expected completion date. The works stalled for a period of seven (7) months.

**f. Management of Liabilities**

**i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), National Health Insurance Management Authority (NHIMA), Local Authorities Superannuation Fund (LASF) and Madison Insurance among others in amounts totalling K7,524,455 in respect of tax, pension and union contributions some dating from as far back as 2014. See table 3 below.

**Table 3: Outstanding Statutory and Other Obligations**

No.	Institution	Balance B/F 01.01.2021 K	Obligations for 2021 K	Cummulative total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	2,221,667	903,016	3,124,683	120,000	3,004,683
2	NAPSA	4,325,647	515,542	4,841,190	509,986	4,331,203
3	NHIMA	26,848	68,310	95,158	66,386	28,772
4	MADISON	6,236	39,907	46,143	46,143	-
5	ZULAWU	16,224	46,420	62,644	33,288	29,356
6	LASF	181,012	180,112	361,124	353,818	7,306
7	Suppliers	141,913	97,887	239,800	116,666	123,134
	<b>Total</b>	<b>6,919,547</b>	<b>1,851,195</b>	<b>8,770,742</b>	<b>1,246,287</b>	<b>7,524,455</b>

## ii. Failure to Settle Staff Obligations

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K1,738,496 in respect of terminal benefits, salaries and wages, settling in allowances, long service bonus, gratuity and leave travel benefits some dating from as far back as 2015. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Obligation	Balance B/F at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	Terminal Benefits	1,245,851	-	1,245,851	109,509	1,136,343
2	Salary Areas	207,876	-	207,876	8,551	199,325
3	Settling in Allowances	21,954	88,522	110,476	71,886	38,589
4	Long Service Bonus	132,204	-	132,204	-	132,204
5	Gratuity			-		-
6	Travel Benefits	240,034	-	240,034	8,000	232,034
	<b>Total</b>	<b>1,847,920</b>	<b>88,522</b>	<b>1,936,441</b>	<b>197,946</b>	<b>1,738,496</b>

## 48. Mwandi Town Council

### 48.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate income from various sources in amounts totalling K11,325,704 against which amounts totalling K10,564,733 were received and generated resulting in a negative variance of K760,971. See table 1 below.

**Table 15: Budget and Income**

No.	Source of funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	14,250	15,073	823
2	Fees and Charges	484,050	261,835	(222,215)
3	Licences	9,700	10,450	750
4	Levies	205,749	248,846	43,097
5	Permits	10,360	1,420	(8,940)
6	Other receipts	782,780	172,933	(609,847)
	<b>Subtotal</b>	<b>1,506,889</b>	<b>710,557</b>	<b>(796,332)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	8,018,815	7,920,792	(98,023)
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Other Grants	200,000	333,384	133,384
	<b>Subtotal</b>	<b>9,818,815</b>	<b>9,854,176</b>	<b>35,361</b>
	<b>Total</b>	<b>11,325,704</b>	<b>10,564,733</b>	<b>(760,971)</b>

In addition, amounts totalling K3,360,851 were brought forward from the previous year bringing the total funds available to K13,925,584.

**b. Operational Matters**

**i. Lack of Fire Fighting Services**

Section (16) (2) of the Local Government Act No. 2 of 2019 states that, “A Local Authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have firefighting and prevention services as at 30<sup>th</sup> September 2022.

## ii. **Environmental Management**

The Environmental Management Act No. 12 of 2011 states that, “A Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites.”

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, the Solid Waste Regulation and Management Act No. 20 of 2018 states that, “A local authority shall within its jurisdiction, collect and dispose of, or arrange for the collection and disposal of all household waste in accordance with this Act, ensure that waste is collected, transported and disposed of in accordance with this Act, provide litter receptacles in public places and prepare and submit reports relating to solid waste management to the Ministers responsible for health, environment or water.”

The following were observed:

- **Poor Management of the Mwandu Dumpsite**
  - ⊙ The Council did not compact or cover the waste with a layer of soil but instead waste was being burnt thereby exposing the community to health hazards.
  - ⊙ The dumpsite was not fenced for protection from access by unauthorized persons. See picture below.



Waste being burnt at the site

- **Lack of Waste Receptacles at the Market**

A physical inspection carried out at the Market revealed that there were no waste holding bays or receptacles resulting in indiscriminate dumping of waste. See picture below.



Worn-out waste bin not in use



Disposal of waste at undesignated place

**c. Accounting for Revenue – Failure to Collect Plot Premiums**

Section 9(h) of the Public Finance Management (General) Regulations, of 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

During the period under review, the Council was expected to collect amounts totalling K303,500 from successful applicants in form of plot premiums. However, as at 30<sup>th</sup> September 2022, amounts totalling K138,000 were collected leaving a balance of K165,500.

**d. Management of Local Government Equalisation Fund - Construction of a Shopping Complex**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the Equalisation Fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K7,920,792 were received as equalisation funds, out of which 20% amounting to K1,584,158 was allocated to capital projects while 80% amounting to K6,336,634 was allocated to recurrent expenditure.

In 2017, the Council allocated an amount of K1,750,000 for the construction of a Shopping Complex at a site designated for a new district administration in Lutaba area.

In this regard, Dukwi Mubi Contractors was engaged at a contract sum of K1,324,631 to construct the shopping mall. However, the contract was not availed for audit and as such, the scope of works, contract period and other terms of the contract could not be ascertained.

As at 31<sup>st</sup> March 2019, the contractor was paid a total amount of K861,217 before the contract was terminated due to delays in completing the project.

On 1<sup>st</sup> July 2021, the Council engaged Mulala Construction Enterprise Limited to complete the construction of the Shopping Mall at a contract sum of K491,430 with a completion period of three (3) months commencing in July 2021 and ending in September 2021.

The scope of works included block and framed timber works, framed steel works, lipped channels, roofing, plastering, glazing, painting and decorations.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K393,701.

A physical inspection carried out in September 2022 revealed that the works had not been completed twelve (12) months after the expected completion date. The outstanding works included block and framed timber works, framed steel works, lipped channels, roofing, plastering, glazing, painting and decorations. See pictures below.



Trusses falling on the unroofed part



Front view of the complex

The following were observed:

- The wooden trusses on part of the complex which was not roofed were damaged due to exposure to rain and were falling off.
- The project had stalled and the contractor was not site.

**e. Management of Constituency Development Fund - Failure to Utilise Completed Projects**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a provision of K1,600,000 was made to cater for Mwandia Constituency and the whole amount was released.

In addition, an amount of K1,773,038 was brought forward from 2020 bringing the total funds available to K3,373,039. As at 31<sup>st</sup> December 2021, amounts totalling K1,418,599 had been spent leaving a balance of K2,004,439.

The following were observed:

Between 2017 and 2021, the Council Constructed and completed three (3) projects namely, health post, mothers' shelter and a staff house at a total cost of K430,677.

However, as at 30<sup>th</sup> September 2022, the project structures were not being utilised. See table 2 below.

**Table 2: Unutilised Projects**

<b>No.</b>	<b>Project Name</b>	<b>Date project was completed</b>	<b>Cost of the Project K</b>
1	Lusinina Mothers' shelter	August 2021	105,000
2	Lusinina Health post	December 2017	165,954
3	Sikuze Staff House	August 2021	159,723
	<b>Total</b>		<b>430,677</b>

A physical inspection carried out in September 2022 revealed that the buildings had deteriorated as paint on walls was peeling off while fittings such as doors were eaten by termites. See pictures below.



Health Post completed



Complete Mothers shelter



Once painted walls peeling off at Sikuze.



Flush doors eaten up by termite

It was not clear why the buildings were not being utilised.

## 49. Nakonde Town Council

### 49.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate income from various sources in amounts totalling K37,481,445 against which amounts totalling



K32,926,515 were received and generated resulting in a negative variance of K4,554,930. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally generated</b>			
1	Local taxes	34,710	37,831	3,121
2	Fees and Charges	25,145,266	15,317,680	(9,827,586)
3	Licences	133,000	36,348	(96,652)
4	Levies	141,362	994,552	853,190
5	Permits	606,673	281,251	(325,422)
6	Commercial Venture	-	872,074	872,074
7	Other receipts	1,116,836	177,845	(938,991)
	<b>Subtotal</b>	<b>27,177,847</b>	<b>17,717,581</b>	<b>(9,460,266)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	8,703,598	8,343,426	(360,172)
9	Constituency Development Fund	1,600,000	1,602,400	2,400
10	Other Grants	-	5,263,108	5,263,108
	<b>Sub Total</b>	<b>10,303,598</b>	<b>15,208,934</b>	<b>4,905,336</b>
	<b>Total</b>	<b>37,481,445</b>	<b>32,926,515</b>	<b>(4,554,930)</b>

In addition, amounts totalling K2,754,124 were brought forward from the previous year bringing the total funds available to K35,680,639.

**b. Accounting for Revenue - Under Collection of Motor Vehicle Charges**

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

The Council levies motor vehicles entering and exiting the Nakonde border at a rate of K150 per truck.

A scrutiny of records maintained by Zambia Revenue Authority at Nakonde Border revealed that a total number of 111,147 trucks entered into and exited the Republic of Zambia through the Border Post during the period under review. In this regard, the Council was expected to collect K16,672,350 out of which amounts totalling K12,062,710 were collected resulting in an under collection of K4,609,640. See table 2 below.

**Table 2: Under collection of Motor Vehicle Charges**

No.	Source of Revenue	No. of Trucks as per ZRA	Minimum Charge Per Truck	Expected Amount K	Actual Collections K	Variance K
1	Inbound Trucks (Loaded)	109,490	150	16,423,500	12,062,710	(4,360,790)
2	Inbound Truck (Empties)	1,659	150	248,850	-	(248,850)
	<b>Subtotal</b>	<b>111,149</b>		<b>16,672,350</b>	<b>12,062,710</b>	<b>(4,609,640)</b>

**c. Management of Payroll and Other Staff Related Matters**

**i. Over Employment of Staff**

An examination of the staff establishment register revealed that some positions were overstaffed. In particular, it was observed that there were six (6) authorized positions which were to be filled by eight (8) officers but were instead filled by twenty-one (21) officers resulting in excess of thirteen (13) officers.

The thirteen (13) officers were paid salaries in amounts totalling K573,523 during the period under review.

Further, the Council paid salaries in amounts totalling K391,600 to six (6) officers who were on positions which were not provided for in the approved staff establishment such as Market Master, Senior Health Inspector, Assistant Community Development Officer, Environmental Health Technologist and Community Development Officer.

**ii. Failure to Confirm Staff**

Section 27 (1) of the Employment Act No.3 of 2019 states that, “an employee may be employed for a probationary period, not exceeding three months, for the purpose of determining that employees’ suitability for the appointment”, and “(3) Where, during the probation period, an employer determines after an assessment that an employee is not suitable for the job, the employer shall terminate the contract of employment by giving the employee at least twenty-four hours’ notice of the termination”.

Contrary to the Act, Nakonde Town Council had eleven (11) officers on probation for periods ranging from four (4) to sixteen (16) months.

**d. Management of Assets - Failure to Claim Insurance**

Public Finance Management Regulation No. 9 (v) states that “the head of accounting unit for the local authority ensure that insurable risks of the local authority are covered by an adequate insurance policy.” In this regard, the following observations were made;

- On 4<sup>th</sup> June 2021, a Toyota Hilux registration No. BAJ 9979ZM which was comprehensively insured with Zambia State Insurance Corporation (ZSIC), was extensively damaged in a road traffic accident along Nakonde- Mbala Road. Although the accident was reported to the police, the council only notified the insurance company in August 2021, two (2) months after the accident occurred.

As at 30<sup>th</sup> September 2022, the insurance company had not compensated the council and the vehicle was parked at the premises of the council.

- On 23<sup>rd</sup> March 2021, a Mazda BT50 registration No. NAK 1 which was comprehensively insured with Zambia State Insurance Corporation (ZSIC), was extensively damaged in a road traffic accident along Great North Road. Although the accident was reported to the police, the council only notified the insurance company in 7<sup>th</sup> December 2021, nine (9) months after the accident occurred.

As at 30<sup>th</sup> September 2022, the insurance company had not compensated the council. Further, the damaged vehicle was not at the station and its whereabouts could not be ascertained.

- Between July and September 2021, a Toyota Hilux registration No. ALL 7325 which was comprehensively insured with Zambia State Insurance Corporation (ZSIC), was extensively damaged in a road traffic accident along Great North Road. Although the accident was reported to the police, the council did not notify the insurance company and lodge in a claim for compensation. Instead, the vehicle was taken to a private garage in Serenje and a total amount of K37,230 was paid for repairs. It was not clear why the Council opted to pay for repairs instead of claiming for compensation from the insurance company.

**e. Failure to Set Aside and Use 5% of Locally Generated funds on Wards**

Ministerial minute No. MLG/71/1/91 requires that 5% of locally generated funds should be used for infrastructure development in the wards falling under the district. The projects to be undertaken include water and sanitation, health services, recreational amenities, local roads, markets, sports and agriculture.

According to the cash books, the Council generated funds in amounts totalling K17,832,932 from locally generated funds during the period under review out of which K891,647 representing 5% was to be used for infrastructure development in the wards.

Contrary to the guideline, only amounts totalling K137,449 were spent on Ward Development Projects leaving a balance of K754,198.

**f. Management of Liabilities - Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Madison General Insurance, National Health Insurance Management Authority (NHIMA), Zambia United Local Authorities Workers Union (ZALAWU) amounts totalling K6,859,179 in respect of tax, pension, union and insurance contributions some dating from as far back as 2017. See table 3 below.

**Table 3: Unremitted Statutory and Other Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	1,081,076	1,343,340	2,424,416	184,589	2,239,827
2	NAPSA	1,267,463	1,563,773	2,831,236	105,778	2,725,458
3	NAPSA	1,840,985	-	1,840,985	180,000	1,660,985
4	LASF	8,416	127,963	136,379	45,577	90,802
5	MADISON	15,712	39,302	55,014	3,291	51,723
6	FIRESUZ	2,947	20,260	23,207	525	22,682
7	NHIMA	-	75,553	75,553	45,390	30,163
8	ZCTU	12,400	27,463	39,863	2,324	37,539
9	ZULAWU	15,781	109,853	125,634	87,749	37,885
	<b>Total</b>	<b>4,244,780</b>	<b>3,307,507</b>	<b>7,552,287</b>	<b>655,223</b>	<b>6,859,179</b>

## 50. Nalolo Town Council

### 50.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of some selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K11,747,324 against which amounts totalling K10,580,958 were actually received and generated resulting in a negative variance of K1,166,366. See table 1 below.

**Table 16: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Local Generated</b>			
1	Local taxes	115,000	150,870	35,870
2	Fees and Charges	1,122,618	133,699	(988,919)
3	Licences	2,500	1,250	(1,250)
4	Levies	322,646	29,142	(293,504)
5	Permits	500	100	(400)
	<b>Subtotal</b>	<b>1,563,264</b>	<b>315,061</b>	<b>(1,248,203)</b>
	<b>National Support</b>			
6	Local Government Equalisation Fund	8,584,060	8,581,496	(2,564)
7	Constituency Development Fund	1,600,000	1,600,000	-
8	Other Grants	-	84,401	84,401
	<b>Subtotal</b>	<b>10,184,060</b>	<b>10,265,897</b>	<b>81,837</b>
	<b>Total</b>	<b>11,747,324</b>	<b>10,580,958</b>	<b>(1,166,366)</b>

In addition, funds amounting to K3,997,596 were brought forward from the previous year bringing the total funds available to K14,578,554. As at 31<sup>st</sup> December 2021 amounts totalling K11,682,164 had been spent leaving a balance of K2,896,390.

#### b. Operational Matters – Environmental Management

The Environmental Management Act No. 12 of 2011 states that, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, the Solid Waste Regulation and Management Act No. 20 of 2018 states that, “a local authority shall within its jurisdiction, collect and dispose of, or arrange for the collection and disposal of, all household waste in accordance with this Act, ensure that waste is collected, transported and disposed of in accordance with this Act, provide litter receptacles in public places; and prepare and submit reports relating to solid waste management to the Ministers responsible for health, environment or water”.

The following were observed:

**i. Poor Management of the Muoyo Dumpsite**

A physical verification of the dumpsite at Mouyo carried out in September 2022 revealed the following:

- There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite.
- The Council did not compact or cover the waste with a layer of soil.
- The dumpsite was not fenced for protection from access by unauthorized persons. See picture below.



Waste not covered with soil at Muoyo Dumpsite

**ii. Failure to Provide Waste Receptacles**

A physical inspection carried out at Muoyo Royal and Litoya Markets revealed that there were no waste holding bays or receptacles resulting in indiscriminate dumping of waste. See picture below.



No waste holding bay at Muoyo Market

**c. Management of Payroll – Employees Without Requisite Qualifications**

Contrary to the individual job descriptions for Local Authorities which provide for minimum qualifications for officers occupying various positions, it was observed that two (2) members of staff did not meet the requisite educational and professional qualifications for the positions they were holding. See table 2 below.

**Table 2: Employees without Requisite Qualifications**

No.	Position	Requisite Qualification	Qualification Held
1	Assistant Internal Auditor	Diploma in Accountancy or other professional qualifications such as ZICA licentiate, ACCA II, CIMAIL or equivalent.	Grade 12 Certificate, ZICA Technician
2	Deputy Council Secretary	Grade 12 Certificate, Degree in Public Administration, Law, Economics, Business Administration, HRM, Master's Degree (added advantage)	No Grade 12, Member of ILGAZ, Certificate in Local Govt.

**d. Procurement of Goods and Services - Unsupported Payments**

Section 62(b) of the Public Finance Management (General) Regulations, 2020 requires that an officer responsible for officer transmission of payment instruction to ensure that, “original documents such as invoices, salary sheets, claim forms and other relevant supporting documents are attached to the authority for the payment”.

Contrary to the regulation, eleven (11) payments in amounts totalling K146,427 made during the period under review were not supported with relevant documents such as receipts, invoices, acquittal sheets, reports or expenditure returns.

**e. Management of Assets - Lack of 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 Council did not secure title deeds for parcels of land on which five (5) properties such as the Civic centre, lodge, pre-school and office block were located.

**f. Management of Local Government Equalisation Fund**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the Equalisation Fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K8,591,496 were received as equalisation fund, out of which 20% amounting to K1,718,299 was allocated to capital projects while 80% amounting to K6,873,197 was allocated to recurrent expenditure.

The following were observed;

**i. Failure to Reimburse Borrowings**

During the period under review, the Council borrowed amounts totalling K384,764 from the capital project account to meet operational expenses. As at 30<sup>th</sup> September 2021, the borrowed funds had not been reimbursed.

**ii. Project Implementation**

- **Construction of a Modern Market – Poor Workmanship**

On 19<sup>th</sup> November 2019, the Council engaged Haz-Maz Investments Limited to construct 1x6 shops at a contract sum of K317,825 over a period of three (3) months commencing in November 2019 and ending in February 2020.

The scope of works included; construction of sub and super structures, roofing, metal work, plastering, painting and decorating.



As at 30<sup>th</sup> September 2022, amounts totalling K332,359 had been paid to the contractor.

A physical inspection carried out in September 2022 and inquiries made with management revealed that the project was completed and handed over to the Council in 2020. However, as at 30<sup>th</sup> September 2022 the market was not in use. It was not clear why the market was not in use.

It was also observed that there was poor workmanship in that iron sheets of the roof left spaces that allowed water to seep through and the floor had developed cracks. See pictures below.



Spaces between iron sheets



Cracks on the floor

**g. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a provision of K1,600,000 was made to cater for Nalolo Constituency and the whole amount was released.

In addition, an amount of K1,874,737 was brought forward from 2020 bringing the total funds available to K3,474,737.

As at 31<sup>st</sup> December 2021, amounts totalling K2,122,216 had been spent leaving a balance of K1,352,251.

The following were observed;

**i. Completion of 1x2 CRB at Lushushwa Primary School**

In August 2021, the Council engaged Natok Construction & G.D on a labour based contract to complete the works at Lushushwa Primary School at a contract price of

K7,000 with a completion period of three (3) months commencing in August and ending in November 2021.

The scope of works included; roofing, glazing, beam filling and fixing of doors.

As at 30<sup>th</sup> September 2022 the Council had spent amounts totalling K212, 995 on procurement of building materials.

A physical inspection carried out in September 2022 revealed that the project was not completed eight (8) months after the expected completion date despite the availability of materials such as cement, iron sheets, window and door frames and paint. The outstanding works included: roofing, beam filling, fixing of doors, painting and glazing. See picture below.



Incomplete 1x2 CRB at Lushushwa Primary School

Further, the contractor was not on site and works had stalled.

## **ii. Construction of 1x2 CRB at Sinungu Primary School**

In March 2022, the Council engaged Lilato Construction to construct a 1x2 Class Room Block (CRB) at a labour only contract price of K30,000.

The scope of works included; construction of sub and super structures, roofing, ironmongery, glazing, beam filling, fixing of doors, plastering and painting.

As at 30<sup>th</sup> September 2022, the Council had spent amounts totalling K212,995 on procurement of building materials.

A physical inspection carried out in September 2022 revealed that the project was not completed despite the availability of materials such as cement, iron sheets, window and door frames and paint. The outstanding works included: super structure, roofing,

ironmongery, glazing, beam filling, fixing of doors, plastering and painting. It was also observed that thirty-seven (37) pockets of cement costing K5,920 had hardened/caked. See picture below.



Incomplete 1x2 CRB at Sinungu Primary School

Further, the contractor was not on site and works had stalled.

## **h. Managing of Liabilities**

### **i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Zambia State Insurance Corporation (ZSIC) amounts totalling K1,303,569 in respect of tax, pension contributions and insurance premiums, some dating from as far back as 2018. See table 3 below.

**Table 3: Unremitted Statutory and Other Obligations**

No.	Institution	Balance B/f as at 01.01.2021 K	Obligations for 2021 K	Cummulative Totals K	Payments K	Balance as at 31.12.2021 K
1	ZRA	618,813	673,178	1,291,991	673,178	618,813
2	NAPSA	820,787	359,009	1,179,796	593,406	586,390
3	LASF	97,292	193,823	291,115	244,571	46,544
4	PSPF	15,504	11,524	27,028	6,578	20,450
5	ZISC	54,057	77,315	131,372	100,000	31,372
	<b>Total</b>	<b>1,606,453</b>	<b>1,314,849</b>	<b>2,921,303</b>	<b>1,617,734</b>	<b>1,303,569</b>

### **ii. Failure to Settle Staff & Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K489,204 in respect of terminal benefits and settling in allowance some dating from as far back as 2018. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance B/f as at 01.01.2021 K	Obligations for 2021 K	Cummulative Totals K	Payments K	Balance as at 31.12.2021 K
1	Leave days	66,281	-	66,281	48,381	17,900
2	Settling in Allowances	58,372	7,306	65,678	51,994	13,685
3	Allowances to ouncilors	30,000	258,000	288,000	288,000	-
4	Terminal Benefits	-	405,132	405,132	28,013	377,119
5	Sub- Allowance /Transport	-	89,500	89,500	9,000	80,500
	<b>Total</b>	<b>154,654</b>	<b>759,938</b>	<b>914,592</b>	<b>425,388</b>	<b>489,204</b>

## 51. Namwala Town Council

### 51.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K15,073,483 against which amounts totalling K12,692,582 were received and generated resulting in a negative variance of K2,380,901. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	76,020	12,840	(63,180)
2	Fees and Charges	3,093,704	1,399,607	(1,694,097)
3	Licences	50,438	80,750	30,312
4	Levies	1,048,372	1,143,104	94,732
5	Permits	395,382	170,841	(224,541)
6	Commercial Venture	-	(2,610)	(2,610)
7	Other Receipts	207,583	-	(207,583)
	<b>Sub Total</b>	<b>4,871,499</b>	<b>2,804,532</b>	<b>(2,066,967)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	8,601,984	8,288,050	(313,934)
9	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Sub Total</b>	<b>10,201,984</b>	<b>9,888,050</b>	<b>(313,934)</b>
	<b>Total Income</b>	<b>15,073,483</b>	<b>12,692,582</b>	<b>(2,380,901)</b>

In addition, funds amounting to K2,165,295 were brought forward from the previous year bringing the total funds available to K14,857,877 during the period under review.

**b. Environmental Management**

**i. Management of Chinyemu Dumpsite**

The Environmental Management Act No. 12 of 2011 states that, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, Section 46 (3) of the Solid Waste Regulation and Management Act No.20 of 2018 states that, “An application for a permit shall comply with the Environmental Management Act of 2011, and be made in the prescribed manner and form on payment of a prescribed fee”.

The following were observed;

- The Council operated Chinyemu dumpsite without approval from Zambia Environmental Management Agency (ZEMA).
- The Council did not compact or cover the waste with a layer of soil but instead waste was being burnt thereby exposing the community to health hazards.
- The dumpsite was not fenced for protection from access by unauthorized persons. See pictures below.



Dumpsite not fenced and Uncompacted solid waste

**ii. Lack of Receptacles at Markets and Bus Station**

Section 66 (a)(b) of the Solid Waste Management Act of 2018 states that, “a Local authority and licenced solid waste service provider shall undertake community obligations at the direction of the Minister, which may involve any activity aimed at keeping public areas clean and free of solid waste, including— (a) street cleaning and other activities to maintain the cleanliness of public areas; and (b) providing waste receptacles or prescribed containers and other appropriate facilities in public areas in order to minimise and deal with solid waste on public roads and reserves and other areas accessible to the public”.

A physical inspection carried out at Namwala Market and the Bus Station revealed that there were no waste holding bays or receptacles and the waste was not being collected but burnt thereby posing health hazards to the community. See pictures below.



Waste burnt at Namwala  
Market



No waste bin at the Bus Station

**c. Accounting for Revenue**

**i. Unaccounted for Revenue**

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

Contrary to the Act, amounts totalling K7,370 collected during the period under review could not be accounted for in that funds were neither banked nor was cash found on hand.

**ii. Failure to Update the Valuation Roll**

Section 9 (4) of the Rating Act No. 21 of 2018 states that, “the rating authority shall not less than once in every five (5) years or such longer period as the Minister may approve, cause to be prepared a new main roll”.

Contrary to the Act, as at 30<sup>th</sup> September 2022, the Council did not have an updated valuation Roll twenty (20) years after the expiry of the valuation roll in 2001.

**iii. Failure to Collect Revenue**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

During the period under review, the Council was expected to collect amounts totalling K1,498,000 from rental charges and plot premiums. However, as at 30<sup>th</sup> September 2022, amounts totalling K1,022,850 were collected leaving a balance of K475,150. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Revenue Type	Expected K	Collected K	Uncollected K
1	Rental Charges	48,000	32,000	16,000
2	Plot Premiums -Market Stalls	570,000	480,550	89,450
3	Plot Premiums -Residential & Commercial	880,000	510,300	369,700
	<b>Total</b>	<b>1,498,000</b>	<b>1,022,850</b>	<b>475,150</b>

**iv. Failure to Avail Authority for Plots Offered at Discounted Prices**

A review of the receivables ledger revealed that thirty one (31) plots with total collectable premiums amounting to K305,000 were offered to fifteen (15) Councillor’s and sixteen (16) Council employees at a discount of 90% of the total commercial amount which was applicable to the general public. As a result, the Council was expected to collect K30,500 resulting in under charging of plot premiums by K274,500.

However, as at 30<sup>th</sup> September 2022, the Council did not provide authority from the Ministry to offer the plots to the Councillors and Council employees at discounted prices.

**d. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of 294 positions out of which 128 were filled leaving 166 positions vacant as at 30<sup>th</sup> September 2022.

Out of the vacant positions some were key to the running of the Council such as Programmer, Senior Building Inspector, Environmental Planner, Land Surveyor and Senior Environmental Health Technologist.

**ii. Over Employment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there was one (1) authorised position which was to be filled by ten (10) officers but was instead filled by fourteen (14) officers resulting in excess of four (4) officers.

The four (4) officers were paid salaries in amounts totalling K114,114 during the period under review.

**iii. Failure to Confirm Officers**

Section 27 (1) of the Employment Act No.3 of 2019 states that, “an employee may be employed for a probationary period, not exceeding three months, for the purpose of determining that employees’ suitability for the appointment”, and “(3) Where, during the probation period, an employer determines after an assessment that an employee is not suitable for the job, the employer shall terminate the contract of employment by giving the employee at least twenty-four hours’ notice of the termination”.

Contrary to the Act, Namwala Town Council had ten (10) officers on probation for periods ranging from eleven (11) to fifteen (15) months.

**iv. Employees without Requisite Qualifications**

Contrary to the individual job descriptions for Local Authorities which provide for minimum qualifications for officers occupying various positions, it was observed that



six (6) members of staff did not meet the requisite educational and professional qualifications for the positions they were holding. See table 3 below.

**Table 3: Employees without Requisite Qualifications**

No.	Position	Requisite Qualification	Qualification Held
1	Deputy Council Secretary	Full Grade 12 Certificate/ 5 'O'Levels, Degree in Public Administration and Human Resources Management or Equivalent	Diploma in Local Government Administration, Diploma in Business Management and Administration, Diploma in Human Resources and Business Management I, Grade 12 Certificate
2	Deputy Director of Works	Full Grade 12 Certificate/ 5 'O'Levels, Degree in Engineering	Diploma in Civil Engineering, Grade 12 Certificate
3	Water and Sanitation Co-ordinator	Full Grade 12 Certificate/ 5 'O'Levels, Degree in Water Engineering or equivalent	Diploma in Water Engineering, Grade 12 Certificate
4	Assistant Procurement Officer	Full Grade 12 Certificate/ 5 'O'Levels, Graduate Diploma in Purchasing and Supply (CIPS) or equivalent.	Certificate in purchasing and Supply, Grade 12 Certificate
5	Stores Officer	Full Grade 12 Certificate/ 5 'O'Levels, Graduate Diploma in Purchasing and Supply (CIPS) or equivalent	Advanced Certificate in Purchasing and Supply, Certificate in Purchasing and Supply, Grade 12 Certificate
6	Library Assistant	Full Grade 12 Certificate/ 5 'O'Levels, Diploma in Records Management or equivalent	Certificate in Library and Information studies, Certificate in marketing, certificate in Business studies. Grade 12 Certificate

**v. Delayed Disposal of Disciplinary case**

A review of Minutes of the Disciplinary Committee meeting held on 16<sup>th</sup> September, 2021 revealed that a Revenue Collector could not account for revenue amounting to K7,361 collected during the period under review and that the Council wrote the Commission recommending a summary dismissal of the officer.

However, as at 30<sup>th</sup> September 2022, the commission had not taken any action and the officer was still working.

**e. Management of Assets**

**i. Failure to Insure Assets**

Section 41 (1) of the Public Finance Management (General) Regulations, 2020 states that, “a public body shall insure public assets with an insurance company registered under the Insurance Act, 1997”.

Contrary to the Regulation, the Council did not insure five (5) motor vehicles valued at K7,762,300 as at 30<sup>th</sup> September 2022.

**ii. Failure to Maintain Council Property**

During the period under review, the Council owned nine (9) properties. A physical inspection of selected properties belonging to the Council carried out in September 2022, revealed that the Old Stores Office was dilapidated in that some windows were broken, walls were cracked and had worn out paint. See pictures below.



Dilapidated Old Stores Office

**f. Management of Local Government Equalisation Fund –Misapplication of Funds**

The Local Government Act No. 2 of 2019 provides that, a Council should use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K8,288,050 were received as equalisation funds out of which amounts totalling K1,657,610 being 20% of the funded amounts were to be transferred to the capital account.

In addition, an amount of K301,464 was brought forward from the previous year bringing the total funds available to K1,768,018 during the period under review.

However, during the period under review the Council misapplied amounts totalling K674,105 meant for capital projects on operational expenses such as refund of GIZ Funds, payments of salaries and other administrative expenses.

As at 30<sup>th</sup> September 2022, the funds had not been reimbursed.

**g. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a provision of K1,600,000 was made as Constituency Development Fund (CDF) to cater for Namwala Constituency and the whole amount was released.

In addition, amounts totalling K1,359,372 were brought forward from 2020 bringing the total funds available for expenditure to K2,959,372.

As at 31<sup>st</sup> December 2021, amounts totalling K2,127,388 were spent leaving a balance of K831,984.

The following were observed;

**i. Maintenance of Namusonde – Maala Road**

During the period under review, the Council allocated amounts totalling K301,865 for maintenance of Namusonde – Maala Road (2020 - K100,000 and 2021- K201,865).

The scope of works included grading, spot gravelling and installation of 24 culverts x 600mm x 2m.

The works were to be done using force account.

As at 30<sup>th</sup> September 2022, amounts totalling K272,328 (labour- K43,280 and materials - K229,048) had been spent.

A physical inspection carried out in September 2022, revealed that the works had not been completed and the project had stalled since April 2022. See pictures below.



Incomplete/Stalled project

It was also observed that the workmanship was poor. In particular the drift bridge that was installed at point +9.3 Kilometres along the Namusonde-Maala Road did not have concrete wall and was not plastered while there was no concrete levelled approaches on both sides. See pictures below.



Drift Bridge without levelled concrete approaches

## ii. Drilling of Sixteen (16) Boreholes-Delayed Completion

During the period under review, the Council allocated an amount of K462,016 for the drilling of sixteen (16) Boreholes using force account in various places within the Constituency. The amounts were to cater for materials and each borehole was allocated K28,876.

As at 30<sup>th</sup> September 2022, amounts totalling K162,102 (labour- K7,500 and materials – K154,602) had been spent.

A physical inspection carried out in September 2022, revealed that out of Sixteen (16) boreholes, only six (6) were drilled leaving a balance of ten (10) not drilled. See table 4 below.

**Table 4: Delayed Completion of Drilling ten (10) Boreholes**

Project Name	No.	Location	Status
Drilling of Sixteen (16) Boreholes	1	Chibunze Health Post	Not Drilled
	2	Kalueza Health Post	Not Drilled
	3	Bwizu East Mbeza Ward	Not Drilled
	4	St. Margaret in Moobola Ward	Not Drilled
	5	Chitumbi Community School	Not Drilled
	6	Mphili Community School in Itapa Ward	Not Drilled
	7	Hamukuwa Community in Namakube Ward	Not Drilled
	8	Namusanga Primary in Namakube	Not Drilled
	9	Chibilika Moobola Ward	Not Drilled
	10	Sikwindi in Chitongo Ward	Not Drilled

## h. Management of Liabilities

### i. Failure to Remit Statutory and Other Obligations

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation

Fund (LASF) and other institutions amounts totalling K16,612,110 in respect of tax, pension and insurance contributions dating as far back as 2013. See table 5 below

**Table 5: Unremitted Statutory Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cumulative Total K	Payment K	Balance as at 31.12.2021 K
1	ZRA	3,845,115	754,873	4,599,988	1,490,073	3,109,915
2	NAPSA	1,871,008	11,016,569	12,887,577	-	12,887,577
3	LASF	263,513	246,358	509,871	30,000	479,871
4	PSPF	19,171	-	19,171	-	19,171
5	Madison Insurance	50,438	-	50,438	-	50,438
6	NHIMA	8,390	-	8,390	-	8,390
7	ZULAWU	38,413	66,197	104,610	47,862	56,748
	<b>Total</b>	<b>6,096,048</b>	<b>12,083,996</b>	<b>18,180,045</b>	<b>1,567,935</b>	<b>16,612,110</b>

## ii. Failure to Settle Staff Obligations

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K3,328,242 in respect of terminal benefits, leave travel benefits, settling in allowance and salary arrears dating from as far back as 2016. See table 6 below.

**Table 6: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligations for 2021 K	Cumulative Total K	Payments K	Balance as at 31.12.2021 K
1	Terminal Benefits	1,418,231	-	1,418,231	120,000	1,298,231
2	Leave Travel Benefits	505,286	72,762	578,049	72,762	505,286
3	Settling in Allowances	274,182	38,638	312,820	2,500	310,320
4	Salary Arrears	1,417,308	-	1,417,308	202,903	1,214,404
	<b>Total</b>	<b>3,615,007</b>	<b>111,400</b>	<b>3,726,407</b>	<b>398,166</b>	<b>3,328,242</b>

## 52. Nchelenge Town Council

### 52.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate income from various sources in amounts totalling K17,088,852 against which amounts totalling K12,871,313 were received and generated resulting in a negative variance of K4,217,539. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	560,562	32,730	(527,832)
2	Fees and Charges	4,536,619	929,662	(3,606,957)
3	Licences	5,390	11,255	5,865
4	Levies	560,068	439,067	(121,001)
5	Permits	38,500	31,895	(6,605)
6	Other Receipts	-	3,606	3,606
	<b>Subtotal</b>	<b>5,701,139</b>	<b>1,448,215</b>	<b>(4,252,924)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	9,687,713	9,723,098	35,385
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Other Grants	100,000	100,000	-
	<b>Subtotal</b>	<b>11,387,713</b>	<b>11,423,098</b>	<b>35,385</b>
	<b>Total</b>	<b>17,088,852</b>	<b>12,871,313</b>	<b>(4,217,539)</b>

In addition, amounts totalling K3,161,777 were brought forward from the previous year bringing the total funds available to K16,033,090.

**b. Operational Matters**

**i. Environmental Management**

The Environmental Management Act No. 12 of 2011 states that, “A Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, the Solid Waste Regulation and Management Act No. 20 of 2018 states that, “A local authority shall within its jurisdiction, collect and dispose of, or arrange for

the collection and disposal of, all household waste in accordance with this Act, ensure that waste is collected, transported and disposed of in accordance with this Act, provide litter receptacles in public places; and prepare and submit reports relating to solid waste management to the Ministers responsible for health, environment or water”.

The following were observed:

- **Poor management of Nchelenge Dump Site**

- ⊙ The Council did not compact or cover the waste with a layer of soil but instead waste was being burnt thereby exposing the community to health hazards.
- ⊙ The dumpsite was not completely fenced for protection from access by unauthorized persons. See pictures below.



Unfenced dumpsite and Uncompacted waste

- **Indiscriminate Dumping of Waste**

Waste was being indiscriminately dumped at the Council Guest House. See picture below.



Waste indiscriminately dumped at the Council Guest House

**ii. Failure to Develop an Integrated Development Plan**



Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an integrated development plan.

**iii. Failure to Maintain Firefighting and Prevention Services**

Section (16) (2) of the Local Government Act No. 2 of 2019 states that, “A Local Authority shall, establish and maintain fire-fighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have firefighting and prevention services.

**c. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of seventy-seven (77) positions out of which fifty six (56) were filled leaving twenty eight (28) vacant as at 30<sup>th</sup> September 2022. Out of the vacant positions, some were key to the smooth running of the Council such as Senior Human Resource Officer, Assistant Internal Auditor and Building Inspector.

**ii. Over Employment of Staff**

An examination of the establishment register revealed that two (2) positions were overstaffed. In particular, it was observed that there two (2) authorised positions which were to be filled by two (2) officers but were instead filled by five (5) officers resulting in excess of three (3) officers.

The three (3) officers were paid salaries in amounts totalling K80,227 during the period under review.

**iii. Failure to Confirm Officers**

Section 27 (1) of the Employment Act No.3 of 2019 states that, “an employee may be employed for a probationary period, not exceeding three months, for the purpose of determining that employees’ suitability for the appointment”, and “(3) Where, during the probation period, an employer determines after an assessment that an employee is not suitable for the job, the employer shall terminate the contract of



employment by giving the employee at least twenty-four hours' notice of the termination".

Contrary to the Act, the Council had nine (9) officers on probation for periods ranging from eleven (11) to twenty (20) months as at 30<sup>th</sup> September 2022.

**d. Procurement of Goods and Services - Printing of Receipt Books from Private Institutions**

Cabinet Office Circular No. 11 of 2020 which was effected in September 2020 abolished the procurement and printing of Government/Parastatals documents from private institutions.

Contrary to the Circular, Nchelenge Town Council spent amounts totalling K14,700 during the period under review on printing general receipts books from private institutions.

**e. Management of Assets**

**i. Failure to Maintain Properties**

A physical inspection of selected Council properties carried out in September 2022, revealed the following:

- **Civic Centre – Ladies' Toilet**

The toilets at the Civic Centre were in a deplorable state in that the ceiling board had fallen in some parts of the building, the cisterns were broken and the water pipes were disconnected as a result, toilets were non-functional. See pictures below.



Non-functional sinks and taps



Damaged Ceiling



Non-functional cistern and broken toilet cover

- **Kashikishi Rest House**

The Kashikishi Rest House was in a dilapidated state in that the ceiling boards along the corridor, rooms and kitchen were damaged, kitchen fittings and utensils were vandalized, septic tank was blocked causing water to stagnate along the corridor and mattresses in the rooms were worn out. See pictures below.



Dilapidated Ceiling Boards in the kitchen, rooms and along the Corridors



Worn-out mattress



Broken Septic Tank



Stagnated water in the corridor

- **Council Ablution Block at Kashikishi Market**

Kashikishi Market ablution block was poorly maintained in that the toilets and shower rooms were in a deplorable state in that ceiling boards were falling, cisterns were broken and water pipes were disconnected as a result both showers and toilets were non-functional. See pictures below.



Non-functional cisterns and sinks in the ablution block

#### **f. Management of Local Government Equalisation Fund**

The Local Government (Amendment) Act No.2 of 2019 requires that a Council should use at least 20% of the equalization fund received in any financial year to finance capital expenditure.

During the period under review, amounts totalling K9,723,098 were received as equalisation funds out of which amounts totalling K1,944,620 being 20% of the funded amounts were to be transferred to the capital account.

The following were observed:

#### **i. Failure to Maintain Street Lights**

Section 5 (b) of the Local Government Act No. 2 of 2019 states that, “a Local Authority shall in relation to community development, establish and maintain a system of lighting in streets and other public places”.

During the period under review, the spent amounts totalling K163,475 on the maintenance of street lights. However, a physical verification carried out in September 2022 revealed that twenty (20) out of the fifty two (52) street lights installed in the town centre were not functional. See pictures below.



Non-Functional Street Lights

**ii. Construction of a Dry Port (Parking Bay for Trucks)**

In January 2021, the Council allocated amounts totalling K424,800 for the construction of a Dry Port in Mubamba area. In this regard, on 2<sup>nd</sup> February 2021 the Council engaged Mwefew Contractors and Suppliers on a labour only contract price of K80,849 with a contract period of ten (10) months commencing on 2<sup>nd</sup> February and ending on 30<sup>th</sup> November 2021.

The scope of works included; fencing of 300 x 200 area, construction of an erosion protect slab of 1000m perimeter and drilling and fabrication of water tank (water supply).

As at 30<sup>th</sup> September 2022, amounts totalling K554,442 (labour – K80,849, materials – K344,525 and electricity –K129,068) had been spent.

A physical inspection carried out in September 2022, revealed that the project had not been completed ten (10) months after the expected completion date. The outstanding works included; construction of an erosion protect slab of 1000m perimeter and drilling and fabrication of water tank (water supply).

Further, as at 30<sup>th</sup> September 2022, electricity had not been connected by ZESCO Ltd despite the Council paying an amount of K129,068 on 4<sup>th</sup> November 2021. See pictures below.



Incomplete Truck packing bay

Further, the contractor was not on site and works had stalled.

**g. Management of Liabilities**

**i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) among others amounts totalling K4,218,129 in respect of tax and Pension contributions. See table 2 below.

**Table 2: Unremitted Statutory and Other Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cumulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	1,851,543	1,851,543	3,703,086	322,959	3,380,127
2	NAPSA	501,678	501,678	1,003,355	250,266	753,089
3	LASF	84,255	84,255	168,509	132,793	35,716
4	NHIMA	24,599	24,599	49,197	-	49,197
	<b>Total</b>	<b>2,462,074</b>	<b>2,462,074</b>	<b>4,924,148</b>	<b>706,019</b>	<b>4,218,129</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K1,189,683 in respect of settling in allowances, leave days commutations and long service bonuses some dating from as far back as 2016. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligations for 2021 K	Cumulative Total K	Payments K	Balance as at 31.12.2021 K
1	Long Service Bonus	237,220	237,220	474,440	-	474,440
2	Leave Days Commutation	214,883	214,883	429,767	49,017	380,750
3	Settling in allowance	167,247	167,247	334,494	-	334,494
	<b>Total</b>	<b>619,350</b>	<b>619,350</b>	<b>1,238,700</b>	<b>49,017</b>	<b>1,189,683</b>

**53. Ndola City Council**

**53.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K130,765,655 against which amounts totalling K128,081,223 were actually received and generated resulting in a negative variance of K2,684,432. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated Funds</b>			
1	Local Taxes	40,896,706	25,258,618	(15,638,088)
2	Fees and Charges	18,099,203	36,141,276	18,042,073
3	Licences	5,294,298	5,046,902	(247,396)
4	Permits	11,046,500	15,103,230	4,056,730
5	Commercial Venture	-	63,275	63,275
	<b>Sub Total</b>	<b>75,336,707</b>	<b>81,613,301</b>	<b>6,276,594</b>
	<b>National Support</b>			
6	Local Government Equalisation Fund	27,195,810	25,617,922	(1,577,888)
7	Constituency Development Fund	6,400,000	6,400,000	-
8	Other Grants	-	14,450,000	14,450,000
9	Other Receipts	21,833,138	-	(21,833,138)
	<b>Sub total</b>	<b>55,428,948</b>	<b>46,467,922</b>	<b>(8,961,026)</b>
	<b>Total</b>	<b>130,765,655</b>	<b>128,081,223</b>	<b>(2,684,432)</b>

In addition, funds amounting to K22,590,513 were brought forward from the previous year bringing the total funds available to K150,671,736. As at 31<sup>st</sup> December 2021 amounts totalling K126,906,364 had been spent leaving a balance of K23,765,372.

**b. Management of Payroll and Other Staff Related Matters**

**i. Employees without Requisite Qualification**

Contrary to the individual job descriptions for Local Authorities which provide for minimum qualifications for officers occupying various positions, it was observed that twenty-one (21) members of staff did not meet the requisite educational and professional qualifications for the positions they were holding. See table 2 below.

**Table 2: Employees Without Requisite Qualifications**

<b>Position</b>	<b>Requisite Qualification</b>	<b>Qualification Held</b>
Assistant Human Resource Officer	Certificate in Public Administration or equivalent	Grade 12 certificate
Senior Administrative Officer	Diploma in Public Administration, Human Resource Management or equivalent	Certificates in Public Administration & Local Government Administration
Senior Accountancy Assistant	Degree in Accountancy or professional qualifications such as ZICA Licentiate ACCA II, CIMA II or equivalent	ZICA Technician Certificate
Senior Accountancy Assistant	Degree in Accountancy or professional qualifications such as ZICA Licentiate ACCA II, CIMA II or equivalent	ZICA Technician Certificate
Senior Accountancy Assistant	Degree in Accountancy or professional qualifications such as ZICA Licentiate ACCA II, CIMA II or equivalent	ZICA Technician Certificate
Accounts Officer	ZICA Technician or equivalent	Grade 12 certificate
Accounts Officer	ZICA Technician or equivalent	Grade 12 certificate
Internal Audit Assistant	Diploma in Accountancy or other professional qualifications such as ZICA licentiate, ACCA II, CIMA II or equivalent.	Grade 12 certificate
Programmer	Degree in computer science	International Certificate in Computer Studies

Data Entry Operator	Diploma in Computer Studies or equivalent	Certificates in Information Technology and CISCO
Market Master	Diploma in Business Administration or equivalent	No qualifications
Market Master	Diploma in Business Administration or equivalent	Certificate in Hotel and Tourism Catering
Community Development Officer	Degree in social work or sociology and/or its equivalent	Certificates in Early childhood Education, Social Work and Computer Technology, Diploma in Social Work
Assistant Community Development Officer	Diploma in social work or sociology or equivalent	Certificate in Community Development Theory and Practice
Assistant Community Development Officer	Diploma in social work or sociology or equivalent	Psycho-social Counselling
Library Assistant	Diploma in Library Studies or equivalent	Certificate in Library and Information Studies
Library Assistant	Diploma in Library Studies or equivalent	Certificate in Library and Information Studies
Assistant Settlement Officer	Diploma in social work or equivalent	No qualifications

**ii. Failure to Confirm Officers on Probation**

Section 27 (1) of the Employment Act No. 3 of 2019 states that, “An employee may be employed for a probationary period, not exceeding three (3) months, for the purpose of determining that employee’s suitability for appointment”.



Contrary to the Act, as at 30<sup>th</sup> September 2022, the Council had twenty (20) officers on probation for sixteen (16) months.

**c. Management of Constituency Development Fund - Undelivered Building Materials**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K6,400,000 was made to cater for four (4) constituencies namely Ndola Central, Kabushi, Chifubu and Bwana Mukubwa and the whole amount was released.

In addition, an amount of K7,345,652 was brought forward from 2020 bringing the total funds available to K13,745,652.

As at 31<sup>st</sup> December 2021, amounts totalling K4,303,819 had been spent leaving a balance of K9,441,834. See table 3 below.

**Table 3: Income and Expenditure**

No.	Constitituency	Balance B/f 1/01/2021 K	Funding Received 1/08/2021 K	Total Funds Available K	Payments K	Balance as 31.12.2021 K
1	Ndola	2,047,965	1,600,000	3,647,965	1,043,027	2,604,938
2	Kabushi	1,772,197	1,600,000	3,372,197	971,820	2,400,377
3	Chifubu	1,950,802	1,600,000	3,550,802	1,422,473	2,128,329
4	Bwana Mukumbwa	1,574,688	1,600,000	3,174,688	866,498	2,308,190
	<b>Total</b>	<b>7,345,652</b>	<b>6,400,000</b>	<b>13,745,652</b>	<b>4,303,819</b>	<b>9,441,834</b>

During the period under review, the Council purchased materials costing K173,366 for a block making project for Chapamo Youth Club in Kabushi Constituency.

However, a review of records and physical inspection carried out in September 2022, revealed that building materials costing K82,800 comprising 600 pockets of cement (K76,800) and twenty-five (25) pieces of timber (K6,000) had not been delivered to the Club. Although management stated that failure to deliver the remaining materials was as a result of succession wrangles between the club members and that the supplier was asked to refund the money, as at 30<sup>th</sup> September 2022 the funds had not been refunded.

It was also observed that on 7<sup>th</sup> May 2021 the Council paid ZESCO Ltd an amount of K13,536 for connection of power to Chapamo Youth Club. However, as at 30<sup>th</sup> September 2022, the funds had not been refunded.

**d. Management of Liabilities**

**i. Failure to Remit Statutory and other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K124,049,446 in respect of Tax, Pension and Insurance contributions some dating as far back as 2007. See table 4 below

**Table 4: Unremitted Statutory and Other Obligations**

No.	Institution	Balance as at 01.1.2021 K	Obligation for 2021 K	Cummulative Total K	Payment K	Balance as at 31.12.2021 K
1	PAYE	53,180,445	7,344,878	60,525,323	-	60,525,323
2	NAPSA	22,474,850	5,007,397	27,482,247	428,774	27,053,473
3	LASF	32,795,456	2,471,100	35,266,556	700,000	34,566,556
4	ZULAWU	424,213	482,060	906,273	482,198	424,075
5	Madison Funeral	227,744	372,683	600,427	32,872	567,555
6	NHIMA	173,375	771,962	945,337	32,872	912,465
	<b>Total</b>	<b>109,276,083</b>	<b>16,450,079</b>	<b>125,726,162</b>	<b>1,676,716</b>	<b>124,049,446</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K33,182,420 in respect of settling in allowances, long service bonus and terminal benefits some dating from as far back as 2013. See table 5 below.

**Table 5: Outstanding Staff Obligations**

No	Type of Date	Balanace as at 01.1.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.21 K
1	Terminal Benefits	19,562,366	4,242,423	23,804,789	2,996,871	20,807,917
2	Long Service Bonus	11,008,343	90,461	11,098,804	741,888	10,356,916
3	Half Pay - Salaries	728,262	51,994	780,256	627,378	152,878
4	Legal Cases	3,019,874	2,203,280	5,223,154	3,358,445	1,864,709
	<b>Total</b>	<b>34,318,845</b>	<b>6,588,158</b>	<b>40,907,003</b>	<b>7,724,583</b>	<b>33,182,420</b>

**e. Land Management**

In 2019, the Chichele National Forest No. F 39 which had 875 hectares was degazetted through the evocation of statutory instrument No. 35 of 2019. In this regard, 2,095 plots were created out of which the Council was to offer 1,540 plots to the public. The planned area was approved by the Ministry of Lands and Natural Resources on 23<sup>rd</sup> March 2020. See table 6 below.

**Table 6: Distribution of plots**

<b>No.</b>	<b>Category</b>	<b>Number of Plots</b>
1	Ministry of Lands	274
2	Forestry Plots	181
3	Ministry Of Works And Supply	100
4	Council Plots	1540
	<b>Total Number of Plots Created</b>	<b>2095</b>

However, the following were observed;

**i. Unaccounted for Plots**

A review of records at the Council revealed that 1,540 plots were offered to the public in 2021. However, sixty seven (67) plots (first time applicants – 31 and alternative plots – 36) could not be accounted for in that there were no records to show who the plots were offered to.

**ii. Irregular Offer of Land by Ministry of Lands and Natural Resources**

On 23<sup>rd</sup> March 2021, the Ministry of Lands and Natural Resources issued an invitation to treaty to an individual on property number L/36303/M covering 12.6 hectares for agricultural purposes and subsequently issued title to the individual on 28<sup>th</sup> September 2021.

However, the land that was given to the individual was part of the 2,095 plots that the Ministry of Lands and Natural Resources had approved in 2020 for the Council to allocate and issue to the public. In this regard, sixty six (66) plots that were already allocated and offered to the public were affected.

As at 30<sup>th</sup> September 2022, there was no evidence that the Ministry had cancelled the title issued to the individual.

## 54. Ngabwe Town Council

### 54.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K12,569,123 against which amounts totalling K10,367,095 were received and generated resulting in a negative variance of K2,202,028. See table 1 below.

**Table 17: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	15,000	4,905	(10,095)
2	Fees & charges	650,650	89,539	(561,111)
3	Licences	50,800	71,822	21,022
4	Levies	516,366	319,982	(196,384)
5	Permits	17,550	200	(17,350)
6	Commercial Venture	198,257	-	(198,257)
7	Othe income	940,500	69,330	(871,170)
	<b>Sub total</b>	<b>2,389,123</b>	<b>555,779</b>	<b>(1,833,344)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	8,280,000	8,160,311	(119,689)
9	Other Grants	300,000	51,005	(248,995)
10	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Sub Total</b>	<b>10,180,000</b>	<b>9,811,316</b>	<b>(368,684)</b>
	<b>Total</b>	<b>12,569,123</b>	<b>10,367,095</b>	<b>(2,202,028)</b>

In addition, amounts totalling K1,186,980 were brought forward, bringing the total funds available to K11,554,075. As at 31<sup>st</sup> December 2021, amounts totalling K9,867,898 had been spent leaving a balance of K1,686,177.

**b. Operations - Failure to Prepare an Integrated Development Plan**

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an integrated development plan as at 30<sup>th</sup> September 2022.

**c. Accounting for Revenue - Failure to Collect Revenue from Successful Plot Applicants**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

During the period under review, the Council was expected to collect amounts totalling K684,250 in plot premiums. However, as at 30<sup>th</sup> September 2022, amounts totalling K48,750 were collected leaving a balance of K635,500.

**d. Management of Payroll and Other Staff Related Matters - Failure to confirm staff**

Section 27 (1) of the Employment Act No.3 of 2019 states that, “An employee may be employed for a probationary period, not exceeding three months, for the purpose of determining that employee’s suitability for appointment”.

Contrary to the Employment Act, the Council had four (4) officers that had not been confirmed for periods ranging from fifteen (15) to twenty-three (23) months.

**e. Management of Assets - Failure to avail Title Deeds**

Section 41(4) of the Public Finance Management Act, No. 1 of 2018 states that, “A Controlling Officer should ensure that all public properties under the Controlling Officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for five (5) parcels of land on which Chishimu Market and VIP toilets, Council houses, Luabala office and VIP toilets

were located. Consequently, the market, Council houses and Luabala office could not be insured as at 30<sup>th</sup> September 2022

**f. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was made to cater for Lufubu Constituency and the whole amount was released.

In addition, an amount of K1,621,099 was brought forward from 2020 bringing the total funds available to K2,221,099.

As at 31<sup>st</sup> December 2021, amounts totalling K591,186 were spent leaving a balance of K1,629,912.

The following were observed:

**i Completion of Lwamala Health Post and Staff House and construction of 2 double VIP toilets - Delayed Completion**

During the period under review, the Council allocated an amount of K120,524 for the project. In this regard, on 14<sup>th</sup> May 2021, the Council engaged Bothstone Contractor and General Maintenance for the completion of a Health Post, staff house and construction of two (2) double VIP toilets at Luamala Health Post at a labour only contract price of K20,000 with the completion period of 14<sup>th</sup> August 2021. The scope of works included the following:

- **Health Post**

Carpentry, joinery and ironmongery, metal work, glazing, finishing and painting.

- **VIP Toilet for the Health Post**

Substructure, concrete works, block work, roofing, carpentry and iron mongery, structural steel, metal works, glazing, finishing and painting.

- **Staff House**

Carpentry, joinery and iron mongery, metal work, glazing, finishing and painting.

- **VIP Toilet for the Staff house**

Substructure, concrete works, block work, roofing, carpentry and iron mongery, structural steel, metal works, glazing, finishing and painting.

As at 30<sup>th</sup> September 2022, amounts totalling K102,627 (labour -K5,500 and materials - K97,127) had been spent.

A physical inspection carried out in September 2022, revealed that the project had not been completed fourteen (14) months after the expected completion date. It was also observed that the contractor was not on site and the project had stalled. The outstanding works were as follows:

- **Health Post**

Fitting of six (6) doors and glazing remained outstanding. See picture below.



Incomplete Health post

- **VIP Toilet for the Health Post**

Completion of block work, roofing, plastering, flooring and painting remained outstanding. See picture below.



Incomplete VIP toilet

- **Staff House**

Fixing glass panes and completion of painting remained outstanding. See picture below.



Staff house under construction

- **VIP Toilet for the Staff house**

Block work, roofing, plastering, flooring and painting remained outstanding.  
See picture below.



Incomplete VIP toilet

## ii **Completion of Chishimu Health post and staff house and construction of 2 double VIP toilets - Delayed Completion**

During the period under review, the Council allocated an amount of K157,580 for the project. In this regard, on 20<sup>th</sup> January 2021, the Council engaged Bothstone Contractor and General Maintenance for the completion of a Health Post, Staff House and construction of two (2) Double VIP Toilets at Chishimu Health Post at a labour only contract price of K20,000 with a completion period ending on 20<sup>th</sup> April 2021. The scope of works included the following:

- **Health Post**

Carpentry, joinery and iron mongery, metal work, glazing, finishing's and painting

- **VIP Toilet for the Health Post**

Substructure, concrete works, block work, roofing, carpentry and iron mongery, structural steel, metal works, glazing, finishing's and painting

- **Staff House**

Carpentry, joinery and iron mongery, metal work, glazing, finishing and painting.



As at 30<sup>th</sup> September 2022, amounts totalling K149,080 (labour. –K7,000 and materials – K142,080) had been spent.

A physical inspection carried out in September 2022, revealed that the project had not been completed fourteen (14) months after the expected completion date and the following works were outstanding:

- **Health Post**

Completion of finishing's remained outstanding. See picture below.



Incomplete Health Post

- **Double VIP Toilets**

Completion of sub structure, concrete works, block work, roofing, plastering, flooring and painting remained outstanding. See picture below.



Incomplete Double VIP toilet

- **Staff House**

Repainting the lower part of the house and completion of finishes remained outstanding. See picture below.



Staff house under construction

**g. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA) and National Pension Scheme Authority (NAPSA) amounts totalling K10,826,464 in respect of tax and pension contributions dating as far back as 2018. See table 2 below.

**Table 2. Unremitted Statutory Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligation for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	3,529,682	1,102,961	4,632,643	-	4,632,643
2	NAPSA	5,892,402	530,924	6,423,326	229,505	6,193,821
	<b>Total</b>	<b>9,422,084</b>	<b>1,633,885</b>	<b>11,055,969</b>	<b>229,505</b>	<b>10,826,464</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former employees amounts totalling K3,053,641 in respect of retirement benefits dating from as far back as 2018.

**55. Nsama Town Council**

**55.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following.

**a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K13,212,785 against which amounts totalling K11,316,896 were received and generated resulting in a negative variance of K1,895,889. See table 1 below.

**Table 18: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	21,790	7,175	(14,615)
2	Fees and Charges	1,056,017	388,725	(667,292)
3	Licences	9,500	2,194	(7,306)
4	Levies	931,902	427,103	(504,799)
5	Permits	19,265	2,250	(17,015)
6	Other receipts	120,000	32,747	(87,253)
7	Commercial Venture	48,000	37,210	(10,790)
	<b>Sub total</b>	<b>2,206,474</b>	<b>897,404</b>	<b>(1,309,070)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	9,106,311	8,638,893	(467,418)
9	Constituency Development Fund	1,600,000	1,630,599	30,599
10	Other Grants	300,000	150,000	(150,000)
	<b>Sub-total</b>	<b>11,006,311</b>	<b>10,419,492</b>	<b>(586,819)</b>
	<b>Total</b>	<b>13,212,785</b>	<b>11,316,896</b>	<b>(1,895,889)</b>

In addition, funds amounting to K1,953,123 were brought forward from the previous year bringing the total funds available to K13,849,012 during the period under review.

**b. Operational Matters - Failure to Develop Integrated Development Plan**

Section 19 (1) and (3) of the Urban and Regional Planning Act No. 3 of 2015 requires that a Local Authority prepares an Integrated Development Plan (IDP) for its area which shall be a principal planning instrument to guide and inform all planning and development in the area of the local authority and all planning decisions of a planning authority.

Contrary to the Act, the Council did not have an Integrated Development Plan.

**c. Management of Payroll and Other Staff Related Matters - Failure to Fill Vacant Positions**

The Council had an approved establishment of seventy four (74) positions out of which Sixty nine (69) were filled leaving five (5) positions vacant as at 30<sup>th</sup> September 2022.

Out of the vacant positions, some were key to the smooth running of the Council such as Chief Human Resource Officer, Grader Operator, Accounts Officer and Accountancy Assistant.

**d. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a provision of K1,600,000 was made as Constituency Development Fund (CDF) to cater for Chimbamilonga Constituency and the whole amount was released.

In addition, an amount of K1, 425,380 was brought forward from 2020 bringing the total funds available to K3, 025,380 during the period under review.

As at 31<sup>st</sup> December 2021, amounts totalling K1,309,172 had been spent leaving a balance of K1,716,208.

The following were observed;

**i. Construction of Kampinda Police Post – Delayed Completion**

On 23<sup>rd</sup> February 2021, the Council engaged Robucon Construction Limited for the construction of Kampinda Police Post at a contract sum of K199,052 with a completion period of thirty (30) days starting on 23<sup>rd</sup> January and ending on 1<sup>st</sup> March 2021.

The scope of works included; substructure, concrete and walling, roofing, metal works, finishes, joinery, carpentry, painting and construction of spoon drain and double VIP latrine.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K189,149.

A physical inspection carried out in September, 2022 revealed that the project had not been completed sixteen (16) months after the expected completion date in that although the main building was completed, the spoon drain and double VIP latrine were not constructed. See picture below.



Incomplete Kampinda Police Post

Further, the contractor was not on site and works had stalled.

**e. Management of the Local Government Equalisation Fund**

The Local Government Act No.2 of 2019 provides that, a Council shall use at least twenty (20) percent of the equalisation fund received in any financial year to finance capital expenditure.

During the period under review, amounts totalling K8,638,893 were received as equalisation funds out of which amounts totalling K1,727,779 being 20% of the funded amounts were transferred to the capital account.

In addition, an amount of K379,349 was brought forward from 2020 bringing the total funds available to K2,107,128 during the period under review.

The following were observed:

**i. Failure to Reimburse Borrowings**

The Council borrowed amounts totalling K130,000 from the capital account to meet operational expenses relating to orientation of Councillor's. However, as at 30<sup>th</sup> September 2022, the amount borrowed had not been reimbursed.

**ii. Rehabilitation of Council Staff House – Delayed Completion**

In 2021, the Council allocated funds amounting to K150,000 for the rehabilitation of a staff house in Nsumbu. In this regard, on 28<sup>th</sup> January 2022, the Council engaged R.K. Chomba General Dealers for the rehabilitation of a staff house in Nsumbu at a contract price of K41,888 with a contract period of thirty (30) days starting on 28<sup>th</sup> January and ending on 2<sup>nd</sup> March 2022.

The scope of works included; roof works, flooring and plaster works, painting, ceiling board, electrical and plumbing works.

As at 30<sup>th</sup> September 2022, amounts totalling K186,410 had been spent on materials. A physical inspection carried out in September, 2022 revealed that the staff house had not been completed eight (8) months after the expected completion date. The outstanding works included; roofing, painting, installation of ceiling board, plumbing, glazing and installation of flush doors. See picture below.



Incomplete staff house

Further, the contractor was not on site and the works had stalled.

**iii. Delayed Completion of the Supply and Installation of Solar Power and Water Supply Systems at The Guest House**

On 26<sup>th</sup> February 2021, the Council engaged Jonko Contractors and General Dealers for the supply and installation of solar power and water supply systems to the Council Guest House at a contract sum of K248,000.

The scope of works included; supply and installation of solar power system and supply and installation of water supply system.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K235,600.

A physical inspection carried out in September 2022, revealed that the project had not been completed as plumbing works on the supply and installation of the water system were still outstanding.

Further, the contractor was not on site and the works had stalled.

**f. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) among others amounts totalling K9,582,289 in respect of tax, pension and insurance contributions dating as far back as 2015. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	5,917,685	665,695	6,583,380	72,000	6,511,380
2	NAPSA	2,937,767	551,115	3,488,883	454,284	3,034,599
3	NHIMA	16,736	66,482	83,218	61,083	22,135
4	Madison Life	10,261	42,502	52,763	38,588	14,175
	<b>Total</b>	<b>8,882,449</b>	<b>1,325,794</b>	<b>10,208,243</b>	<b>625,954</b>	<b>9,582,289</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K699,233 in respect of terminal benefits, salary arrears, settling in allowance and leave travel benefits dating from as far back as 2018. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	Terminal Benefits	307,717	68,664	376,381	70,000	306,381
2	Salary Arrears	543,253	-	543,253	185,901	357,352
3	Settling in Allowance	20,827	46,059	66,886	56,886	10,000
4	Travel Benefits	25,500	26,500	52,000	26,500	25,500
	<b>Total</b>	<b>897,297</b>	<b>141,223</b>	<b>1,038,520</b>	<b>339,287</b>	<b>699,233</b>

## 56. Nyimba Town Council

### 56.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review the Council had budgeted to receive grants from the Ministry of Local Government and Rural Development and to collect locally generated income from various sources in amounts totalling K21,745,435 out of which amounts totalling K19,336,469 were received and generated resulting in a negative variance of K2,408,966. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Income	Budget K	Income K	Variance K
1	Local Taxes	1,315,923	1,092,752	(223,171)
2	Fees and Charges	3,700,029	2,036,789	(1,663,240)
3	Licences	158,000	25,470	(132,530)
4	Levies	1,140,900	961,779	(179,121)
5	Permits	171,100	238,279	67,179
6	Commercial Venture	96,000	19,961	(76,039)
7	Other Income	4,707,669	4,935,777	228,108
	<b>Sub Total</b>	<b>11,289,621</b>	<b>9,310,807</b>	<b>(1,978,814)</b>
	<b>National Support</b>			
9	Local Government Equalization Fund	8,255,814	8,080,662	(175,152)
10	Grants in Lieu of Rates	600,000	345,000	(255,000)
11	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Sub Total</b>	<b>10,455,814</b>	<b>10,025,662</b>	<b>(430,152)</b>
	<b>Total Income</b>	<b>21,745,435</b>	<b>19,336,469</b>	<b>(2,408,966)</b>

In addition, funds amounting to K2,855,009 were brought forward from the previous year bringing the total funds available to K22,191,478. As at 31<sup>st</sup> December 2021 amounts K19,113,280 had been spent leaving a balance of K3,078,198.



**b. Accounting for Revenue -Failure to Collect Plot Premiums**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

During the period under review, the Council was expected to collect amounts totalling K495,200 in plot premiums from 65 plots that were offered to successful applicants.

However, as at 30<sup>th</sup> September 2022, only amounts totalling K459,600 had been collected leaving a balance of K35,600. See table 2 below.

**Table 2: Uncollected Plot Premiums**

No.	Category of plots Issued	No. of Plots	Average Size	Application Fee K	Plot Premium K	Expected Amount K	Amounts Collected K	Balance K
1	Residential (Low Cost)	8	20x30	200	4,000	33,600	32,000	1,600
2	Residential (Medium Cost)	37	25x40	300	6,500	251,600	217,600	34,000
3	Residential (High Cost)	20	35x45	500	10,000	210,000	210,000	-
	<b>Total</b>	<b>65</b>				<b>495,200</b>	<b>459,600</b>	<b>35,600</b>

**c. Management of Assets - Failure to Obtain Title Deeds**

Section 41(4) of the Public Finance Management Act, No. 1 of 2018 requires that a Controlling Officer should ensure that all public properties under the Controlling Officer's charge are secured with title deeds.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which old council houses, office block, bus station, new council houses, new council houses, office block-extension, motel and council taxi rank were located.

**d. Management of Payroll and Other Staff Related Matters**

**i. Over Employment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were three (3) authorised positions which were to be filled by three (3) officers but were instead filled by six (6) officers resulting in excess of three (3) officers.

The three (3) officers were paid salaries in amounts totalling K355,193.

**ii. Employees Without Requisite Qualifications**

Contrary to the individual job descriptions for Local Authorities which provide for minimum qualifications for officers occupying various positions, it was observed that three (3) members of staff did not meet the requisite educational and professional qualifications for the positions they were holding. See table 3 below.

**Table 3: Employees without Requisite Qualifications**

No.	Position	Requisite Qualification	Qualification Held
1	Clerical Officer	Certificate in records management or equivalent	Certificate in Child Counselling(6 weeks)
2	Sub-Inspector	Security Certificate	Grade 12
3	Sub-Inspector	Security Certificate	Grade 12

**iii. Employment of Staff without Authority**

A comparison of the approved staff establishment, payroll, starters and leavers reports for the year under review revealed that six (6) General workers and a Council police Officer were employed in March 2021 without authority from the Ministry or Local Government Service Commission. As at 31<sup>st</sup> August 2022, the irregularly employed officers were paid salaries in amounts totalling K388,773.

**e. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was made to cater for Nyimba Constituency and the whole amount was released.

In addition, an amount of K1,918,876 was brought forward from 2020 bringing the total available funds to K3,518,876.

As at 31<sup>st</sup> December 2021, amounts totalling K946,856 had been spent leaving a balance of K2,510,210.

**i. Failure to Implement Approved Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

However, a review of the approved list and progress reports for the Constituency Development Fund revealed that six (6) approved projects with a total allocated amount of K1,814,614 had not been implemented as at 30<sup>th</sup> September 2022, despite being approved by the Ministry of Local Government and Rural Development on 10<sup>th</sup> March 2022 and funding received on 1<sup>st</sup> October 2021. See table 4 below.

**Table 4: Unimplemented Approved Projects**

No.	Constituency	Project Name	Date of Project Approval	Date of Funding	Project Period Delayed Months	Amount Allocated K
1	Nyimba	Grading of Daniel Village Road	07.12.2020	18.08.2020	24	349,614
2	Nyimba	Construction of a Bridge	10.03.2022	01.10.2021	13	225,512
3	Nyimba	Completion of 1x3 CRB at Ndake Day Secondary School	10.03.2022	01.10.2021	13	370,795
4	Nyimba	Rehabilitation of 1x3 CRB at Ngambwa Primary School	10.03.2022	01.10.2021	13	192,666
5	Nyimba	Construction of 1x2 CRB at Beulani Community School	10.03.2022	01.10.2021	13	386,773
6	Nyimba	Construction of semi-detached staff house at Kalulu Primary School	10.03.2022	01.10.2021	13	289,254
		<b>Total</b>				<b>1,814,614</b>

**f. Management of Liabilities - Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) among others amounts totalling K5,318,646 in respect of PAYE, Pension contributions, Funeral scheme, medical insurance and union contributions some dating from as far back as 2013. See table 5 below.

**Table 5: Unremitted Statutory and Other Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA(PAYE)	1,100,000	1,144,984	2,244,984	55,000	2,189,984
2	NAPSA	1,919,232	787,722	2,706,953	-	2,706,953
3	LASF	502,437	105,153	607,590	360,774	246,816
4	FIRESUZ	-	6,700	6,700	2,034	4,666
5	ZULAWU	-	72,543	72,543	17,758	54,785
6	NHIMA	-	98,034	98,034	8,176	89,858
7	Funeral Scheme	-	29,709	29,709	4,126	25,583
	<b>Total</b>	<b>3,521,669</b>	<b>2,244,845</b>	<b>5,766,513</b>	<b>447,868</b>	<b>5,318,646</b>

**57. Rufunsa Town Council****57.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K16,966,600 against which amounts totalling K12,564,935 were received and generated resulting in a negative variance of K4,401,665. See table below.

**Table 1: Budget and Income**

No.	Sources of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	26,634	23,766	(2,868)
2	Fees and Charges	2,801,254	905,220	(1,896,034)
3	Licences	310,622	59,339	(251,283)
4	Levies	508,600	268,985	(239,615)
5	Permits	69,361	91,858	22,497
7	Other Income	2,872,000	1,117,925	(1,754,075)
	<b>Sub Total</b>	<b>6,588,471</b>	<b>2,467,093</b>	<b>(4,121,378)</b>
	<b>National Support</b>			
9	Local Government Equalization Fund (LGEF)	8,478,129	8,367,842	(110,287)
10	Grants in Lieu of Rates	300,000	130,000	(170,000)
11	Constituency Development Fund (CDF)	1,600,000	1,600,000	-
	<b>Sub Total</b>	<b>10,378,129</b>	<b>10,097,842</b>	<b>(280,287)</b>
	<b>Total Income</b>	<b>16,966,600</b>	<b>12,564,935</b>	<b>(4,401,665)</b>

In addition, funds amounting to K2,681,069 were brought forward from the previous year 2020 bringing the total funds available to K15,246,004. As at 31<sup>st</sup> December 2021, amounts totalling K13,134,046 had been spent leaving a balance of K2,111,958.

**b. Operational Matters**

**i. Lack of an Integrated Development Plan (IDP)**

Section 19 (3) of Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an approved integrated development plan (IDP).

**ii. Environmental Management**

The Environmental Management Act No. 12 of 2011 states that, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, Section 46 (3) of the Solid Waste Regulation and Management Act No.20 of 2018 states that, “An application for a permit shall comply with the Environmental Management Act of 2011, and be made in the prescribed manner and form on payment of a prescribed fee”.

The following were observed:

- The Council operated Manenekela dumpsite without approval from Zambia Environmental Management Agency (ZEMA).
- The Council did not compact or cover the waste with a layer of soil but instead waste was being burnt thereby exposing the community to health hazards.
- The dumpsite was not fenced for protection from access by unauthorized persons. See pictures below.
- There were no warning signs displayed at the dumpsite. See picture below.



Unfenced Dumpsite and waste not compacted

**c. Management of Payroll and Other Staff Related Matters - Failure to fill vacant positions**

The Council had an approved establishment of 123 positions out of which fifty (50) were filled leaving sixty three (63) position vacant as at 30<sup>th</sup> September 2022. Out of the vacant positions, some were key to the service delivery such as Human Resource Officer, Administrative Officer, Committee Clerk and Assistant Accountant.

**d. Management of Assets - Lack of 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 Council did not secure title deeds for parcels of land on which council houses, newly constructed council lodge and the Civic Centre were located.

**e. Management of Local Government Equalisation Fund - Failure to complete the Guest House**

The Local Government Act No. (2) of 2019 provides that, a Council shall use at least 20% of the Equalisation Funds received in any financial year to finance capital expenditure. During the period under review, amounts totalling K8,226,553 were received as equalisation fund out of which amounts totalling K1,645,311 being 20% of the funded amounts was transferred to the capital account.

In 2017, the Council embarked on the construction of four (4) roomed guest house, kitchen, restaurant and bar using force account.

The scope of works included construction of substructure, superstructure, roofing and ceiling, iron monger, carpentry, plumbing and drainage, electricals works, septic tank and soak way landscaping external work, painting and decoration.

As at 31<sup>st</sup> July 2022, amounts totalling K899,587 had been spent on the project.

A physical inspection carried out in September, 2022 revealed that the project had not been completed and the following works were outstanding; installation of kitchen counters, construction of apron and spoon drain in the front. See pictures below.



Incomplete Guest House

**f. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was provided for Constituency Development Fund (CDF) to cater for Rufunsa Constituency and the whole amount was released.

In addition, an amount of K1,714,399 was brought forward from 2020 bringing the total funds available to K3,314,399.

As at 31<sup>st</sup> December 2021, amounts totalling K539,617 had been spent leaving of a balance of K2,774,782.

The following were observed:

**i. Failure to Implement Approved Projects**

A review of the approved list and progress reports for the Constituency Development Fund revealed that five (5) approved projects with a total allocated amount of K1,520,000 had not been implemented as at 30<sup>th</sup> September 2022, despite being approved by the Ministry of Local Government and Rural Development on 8<sup>th</sup> June 2022 and funding received on 1<sup>st</sup> October 2021. See table 2 below.

**Table 2: Unimplemented Approved Projects**

No.	Constituency	Project Name	Date of Funding	Date of Project Approval	Project Period Delayed	Amount Allocated K
1	Rufunsa	Completion of a 1x2CRB at Kalombe Primary School	01.10.2021	08.06.2022	13	367,230
2	Rufunsa	Rehabilitation of a 1x3CRBat Namanongo Primary School	01.10.2021	08.06.2022	13	296,055
3	Rufunsa	Completion of Semi-Detached flat at Chiyota Primary School	01.10.2021	08.06.2022	13	392,758
4	Rufunsa	Completion of Munyta Rural Health Post	01.10.2021	08.06.2022	13	105,939
5	Rufunsa	Coctruction of a Staff House at Kazemba Rural Health Post	01.10.2021	08.06.2022	13	358,018
		<b>Total</b>				<b>1,520,000</b>



**ii. Construction of 1x3 CRB at Kampishi Primary School- Delayed Completion**

On 12<sup>th</sup> February 2021, the Council engaged Moses Chobwa Contractors and General Suppliers at a contract price of K433,182 for the construction of a 1x3 classroom block in Lukwipa Ward of Rufunsa District with an expected completion period of two (2) months starting on 12<sup>th</sup> February 2021 and ending on 30<sup>th</sup> April 2021.

The scope of works included; excavations and earth works, construction of substructure and superstructure, concrete works, brickwork, roofing, carpentry, joinery and ironmongery, metal works, electrical work, structural steel works, flooring, plastering, glazing, painting and decorations and drainage works.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K359,977.

A physical inspection carried out in September 2022, revealed that the works on the project had not been completed sixteen (16) months after the expected completion date. The works outstanding included; roofing, carpentry, joinery and ironmongery, metal work, electrical work, structural steel works, flooring, plastering, glazing, painting and decorations and drainage works. See pictures below.



Incomplete 1x3 CRB at Kampishi Primary School

Further, the contractor was not on site and the works had stalled.

**g. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA) and National Pension Scheme Authority (NAPSA) amounts totalling K6,025,559 in respect of tax and pension contributions some dating from as far back as 2014. See table 3 below.

**Table 3 - Unremitted Statutory Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payment K	Balance as at 31.12.2021 K
1	ZRA	3,888,222	1,065,718	4,953,940	-	4,953,940
2	NAPSA	872,384	219,235	1,091,619	20,000	1,071,619
	<b>TOTAL</b>	<b>4,760,606</b>	<b>1,284,953</b>	<b>6,045,559</b>	<b>20,000</b>	<b>6,025,559</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K820,749 in respect of salary arrears dating from as far back as 2015.

**58. Senanga Town Council**

**58.1 Audit Findings**

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of some selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K14,250,406 against which amounts totalling K16,969,567 were received and generated resulting in a positive variance of K2,719,161. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	685,090	436,940	(248,150)
2	Fees and Charges	2,385,652	791,310	(1,594,342)
3	Licences	216,183	262,271	46,088
4	Levies	184,700	92,914	(91,786)
5	Permits	175,940	151,245	(24,695)
6	Commercial Venture	146,295	249,877	103,582
7	Other Receipts	484,995	5,213,287	4,728,292
	<b>Sub-Total</b>	<b>4,278,855</b>	<b>7,197,844</b>	<b>2,918,989</b>
	<b>National Support</b>			
8	Local Government Equalisation	8,371,551	8,171,723	(199,828)
9	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Sub-Total</b>	<b>9,971,551</b>	<b>9,771,723</b>	<b>(199,828)</b>
	<b>Total</b>	<b>14,250,406</b>	<b>16,969,567</b>	<b>2,719,161</b>

In addition, amounts totalling K3,619,732 were brought forward from the previous year bringing the total funds available to K20,589,299. As at 31<sup>st</sup> December 2021 amounts totalling K18,339,521 had been spent leaving a balance of K249,778.

**b. Operational Matters**

**i. Lack of Firefighting and Prevention Services**

Section (16) (2) of the Local Government Act No. 2 of 2019 states that, “A Local Authority shall, establish and maintain fire-fighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have firefighting and prevention services.

**ii. Environmental Management - Waste Management**

The Environmental Management Act No. 12 of 2011 states that, “a local authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, the Solid Waste Regulation and Management Act No. 20 of 2018 states that, “a local authority shall within its jurisdiction, collect and dispose of, or arrange for the collection and disposal of, all household waste in accordance with this Act, ensure that waste is collected, transported and disposed of in accordance with this Act, provide litter receptacles in public places; and prepare and submit reports relating to solid waste management to the Ministers responsible for health, environment or water”.

The following were observed:

**iii. Poor Management of the Senanga Dumpsite**

A physical inspection of the site carried out in September 2022 revealed that;

- The dump site was not approved by Zambia Environmental Management Agency (ZEMA).
- The Council did not compact or cover the waste with a layer of soil but instead waste was being burnt thereby exposing the community to health hazards.
- The dumpsite was not fenced for protection from access by unauthorized persons. See picture below.



Burnt waste at dump site

**c. Accounting for Revenue - Missing Receipt Books**

The Public Finance Management (General) Regulations No.17 (1) (b) of 2020 states that, “Receipts of all types shall be preserved for a period of ten (10) years”.

Contrary to the Regulation, two (2) General Receipt books and two (2) Business Levy receipt books issued to revenue collectors were not availed for audit verification as at 30<sup>th</sup> September 2022.

**d. Management of Payroll and Other Staff Related Matters - Irregular Payment of Non-Detrimental and Outlier Allowances**

In 2012, Government introduced non-detrimental and outlier allowances at the time of harmonisation of salaries in local authorities to cater for the disparities that existed in salaries for the same position between councils.

During the year under review, a total amount of K69,651 was paid to two (2) officers as non-detrimental and outlier allowances. However, the payments were not supported by documentations to prove that the officers were eligible to receive the allowances.

**e. Procurement of Goods and Services**

**i. Unsupported Payments**

Section 72 (1) of the Public Finance Management Act (General) Regulations, 2020 states that, “a payment voucher with supporting documents, and any other forms which support a charge entered in the accounts, shall be filed, secured against loss, and be readily available for audit”.

Contrary to the regulation, fifty-two (52) payments in amounts totalling K107,552 made during the period under review were not supported with relevant documentation such as cash receipts and authority letters.

**ii. Debt Management Strategy Formulation - Wasteful Expenditure**

During the period under review, the Council spent a total amount of K19,594 on subsistence allowances for dissemination of the Local Authorities debt management strategy for the period 2021-2025.

However, as at 30<sup>th</sup> September 2022, there was no evidence to show that the council had formulated the debt management strategy.

**f. Management of Assets**

**i. Procurement of Global Positioning System – Wasteful Expenditure**

In 2019, the Council procured a Global Positioning System (GPS) from East Rand Traders at a cost of K200,000. The equipment was to be used in land management

processes such as beckoning, re-planning and demarcation of land. The contract involved the supply of the GPS and training of the Council officers in the use of the equipment.

The supplier delivered the equipment in April 2019. However, the equipment was supplied without the activation key and could not be used. Further, the officers had not been trained.

As at 30<sup>th</sup> September 2022, the activation key had not still been supplied and the equipment was not in use rendering the expenditure wasteful.

**ii. Lack of 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 Council did not secure title deeds for parcels of land on which eighteen (18) properties such as the office block, motel, houses and markets were located.

**g. Management of Local Government Equalisation Fund - Failure to Maintain Street Lights**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the Equalisation Fund received in any financial year to finance capital expenditure.

During the period under review, amounts totalling K8,171,723 were received as equalisation fund, out of which 20% amounting to K1,634,345 was allocated to capital projects while 80% amounting to K6,537,378 was allocated to recurrent expenditure.

Section 5(b) of the Local Government Act No. 2 of 2019 states that, “a local authority shall in relation to community development, establish and maintain a system of lighting in streets and other public places”.

During the period under review, the Council installed forty (40) street lights between the Council Motel and the Senanga roundabout procured at a total cost of K480,000.

However, as at 30<sup>th</sup> September 2022, the solar panels and bulbs on ten (10) poles had been vandalised and had not been replaced.

**h. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a provision of K1,600,000 was made to cater for Senanga Constituency and the whole amount was released.

In addition, an amount of K1,815,736 was brought forward from 2020 bringing the total funds available to K3,415,736.

As at 31<sup>st</sup> December 2021, amounts totalling K577,589 had been spent leaving a balance of K2,838,147.

The following were observed;

**i. Construction of 1x3 CRB at Sibukali Secondary School – Stalled Works**

On 29<sup>th</sup> April 2021, the Council engaged Napaul Investments to construct a 1x3 CRB at Shibukali Secondary school at a contract price of K414,828 with a contract period of twelve (12) weeks commencing in May and ending in July 2021.

The scope of works included; construction of sub and super structures, roofing, carpentry and iron mongery, flooring, wall finishing, painting and decorating.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K210,649.

A physical inspection carried out in September 2022 revealed that the project was at window level thirteen (13) months after the expected completion date with the following works outstanding; construction of super structure, roofing, carpentry and iron mongery, flooring, wall finishing, painting and decorating. See picture below.



Incomplete 1x3 CRB at Sibukali Secondary School

Further, the contractor was not on site and works had stalled.

**ii. Construction of Toilet at Suunda Primary School – Stalled Works**

The Council engaged Akwiza Construction on 29<sup>th</sup> April 2021 to construct five (5) double VIP toilets at Suunda Primary School at a contract sum of K98,820 with a contract period of twelve (12) weeks commencing in May and ending in August 2021.

The scope of works included construction of sub and super structures, roofing, fitting of doors and plastering.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K73,126.00.

A physical inspection carried out in September 2022, revealed that the project was not completed, thirteen (13) months after the expected completion date. It was observed that four (4) VIP toilets were roofed with plastering, floor, fixing of doors, erection of ventilation pipes still outstanding, while no work had commenced on the fifth (5<sup>th</sup>) toilet. See pictures below.



Incomplete construction of VIP toilets

Further, the contractor was not on site and work had stalled.

**iii. Completion of Namukokoba Rural Health Post – Stalled Works**

On 14<sup>th</sup> March, 2021, the Council engaged Nepal Investments to complete a Rural Health Post at Namukokoba at a contract price of K70,000 with a contract period of twelve (12) weeks commencing in March and ending in June 2021.

The scope of works included flooring, internal and external wall finishing, painting, installation of solar electricals and supply and installation of the solar battery 200AH with accessories (inventor and regulator).



As at 30<sup>th</sup> September 2022, the contractor had paid been paid amounts totalling K17,500.

A physical inspection carried out in September 2022, revealed that the structure had not been completed fifteen (15) months after the expected completion date with the following works outstanding; floor screed, internal wall finishes, painting and supply and installation of solar electricals, solar battery 200AH, invertor and regulator. See picture below.



Incomplete structure for health post

Further, the contractor was not on site and work had stalled.

## **i. Management of Liabilities**

### **i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K5,086,249 in respect of tax and pension contributions some dating from as far back as 2012. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Accumulated Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	1,678,588	229,122	1,907,710	20,000	1,887,710
2	NAPSA	2,521,465	112,243	2,633,708	74,816	2,558,892
3	LASF	606,843	49,206	656,049	16,402	639,647
	<b>Total</b>	<b>4,806,895</b>	<b>390,571</b>	<b>5,197,467</b>	<b>111,218</b>	<b>5,086,249</b>

### **ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K2,577,414 in respect of leave terminal benefits, long service

bonus, leave travel benefits, settling in allowances and salary arrears some dating from as far back as 2012. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligations for 2020 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	Terminal Benefits	343,095	162,101	505,196	6,000	499,196
2	Long Service Bonus	302,294	-	302,294	3,000	299,294
3	Leave Travel Benefits	313,866	-	313,866	4,500	309,366
4	Settling in Allowances	142,333	-	142,333	14,800	127,533
5	Salaries	1,365,811	-	1,365,811	23,787	1,342,024
	<b>Total</b>	<b>2,467,400</b>	<b>162,101</b>	<b>2,629,501</b>	<b>52,087</b>	<b>2,577,414</b>

## **59. Serenje Town Council**

### **59.1 Audit Findings**

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### **a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K24,333,022 against which amounts totalling K18,588,910 were received and generated resulting in a negative variance of K5,544,112. See table 1 below.

**Table 19 Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	695,854	461,269	(234,585)
2	Fees & charges	8,523,776	5,056,602	(3,467,174)
3	Licences	352,870	146,412	(206,458)
4	Levies	1,109,610	579,575	(530,035)
5	Permits	1,146,830	680,815	(466,015)
6	Commercial Venture	253,847	52,301	(201,546)
7	Other Income	162,250	-	(162,250)
	<b>Total</b>	<b>12,245,037</b>	<b>6,976,974</b>	<b>(5,268,063)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	8,687,985	8,311,936	(376,049)
9	Grant In Lieu of Rates	200,000	100,000	100,000
10	Constituency Development Fund	3,200,000	3,200,000	-
	<b>Sub Total</b>	<b>12,087,985</b>	<b>11,611,936</b>	<b>(276,049)</b>
	<b>Total</b>	<b>24,333,022</b>	<b>18,588,910</b>	<b>(5,544,112)</b>

In addition, K6,053,962 was brought forward from the previous year bringing the total funds available to K24,642,872. As at 31<sup>st</sup> December 2021 amounts totalling K18,321,845. had been spent leaving a balance of K6,321,027.

**b. Operational Matters**

**i. Under Collection of Dog Levy**

Section 3 (e) and (f) of the Control of Dogs Act No 13 of 1994 requires the council to provide for registration of dogs in any particular area, the forms to be used, the badges to be issued and the fees to be paid, issue certificates on all dogs tamed or partly tamed by an individual. During the period under review the Council budgeted to collect K10,000 from registration of 200 dogs, but only thirty- six (36) were registered and K1,800 was collected.

However, according to the 2021 report obtained from the Veterinary Department, 4,927 dogs were vaccinated in Serenje and as such the Council was expected to have registered the same number of dogs and should have collected K246,350 in form of dog registration fees. In this regard the Council did not register 4,891 dogs resulting in a loss of income of K244,550.

**ii. Failure to Control and Manage Markets**

Section 5 (1) of the Markets Act No. 7 of 2007 states that, “All markets and bus stations shall be under the control of a local authority having jurisdiction in the area in which they are situated”.

Contrary to the Act, the Council did not control or manage seven (7) markets under its jurisdiction.

**iii. Failure to Provide Refuse Bays at Markets**

Section 6 subsection 5 (e) of the Solid Waste Regulation and Management Act No. 20 of 2018 states that, “the functions of a local authority, with respect to solid waste, provide for the systematic collection, transportation and disposal of solid waste in service zones falling under its jurisdiction”.

Contrary to the Act, the Council did not provide bins or refuse bays at Ibolelo and New Markets. Consequently, waste was indiscriminately dumped. See picture below.



No waste holding bay at Ibolelo Market along a road

**c. Accounting for Revenue - Failure to collect Revenue**

Section 9 (h) of the Public Finance Management (General) Regulations, of 2020 requires the head of the accounting unit of the Local Authority to “collect in a timely manner all revenue due to the local authority”.

During the period under review, the Council was expected to collect amounts totalling K660,970 from rentals, property rates, personal levy and plot premiums.

However, as at 30<sup>th</sup> September 2022, amounts totalling K317,490 were collected leaving a balance K343,480. See table 2 below.

**Table 2: Uncollected Revenue**

<b>No.</b>	<b>Revenue Type</b>	<b>Expected Collection K</b>	<b>Amount Collected K</b>	<b>Uncollected Amount K</b>
1	Rentals	343,320	317,490	25,830
2	Personal Levy	84,015	-	84,015
3	Plot Premiums	24,000	-	24,000
4	Property Rates	209,635	-	209,635
	<b>TOTAL</b>	<b>660,970</b>	<b>317,490</b>	<b>343,480</b>

**d. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of one hundred and eighty-two (182) positions out of which one hundred and thirty-six (136) positions were filled leaving forty-six (46) vacant positions as at 30<sup>th</sup> September 2022. Out of the vacant positions, some were key to the smooth running of the Council such as Systems Analyst, Food and Beverage Supervisor (Commercial Venture), Auto Electrician, Superintendent Parks and Gardens.

**ii. Over Employment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were eight (8) authorised positions which were to be filled by thirty seven (37) officers but were instead filled by fifty two (52) officers resulting in excess of fifteen (15) officers.

The excess fifteen (15) officers were paid salaries in amounts totalling K960,508 during the period under review.

**iii. Employees without Requisite Qualifications**

Contrary to the individual job descriptions for Local Authorities which provide for minimum qualifications for officers occupying various positions, it was observed that nine (9) members of staff did not meet the requisite educational and professional qualifications for the positions they were holding. See table 3 below.

**Table 3 Officers without Minimum Qualifications**

No.	Position	Requisite Qualifications	Qualifications Held by the Employee
1	Inspector	Grade XII Certificate and Certificate in Security Operations	Grade 12, Certificate
2	Water and Sanitation Cordinator	Degree in Civil or Water Engineering or Equivalent	Grade 12, Diploma in Water Engineering
3	Internal Auditor	Degree in Accountancy and other proffessional qualifications such as ACCA, CIMA and ZICA	Grade 12 Certificate Accounting Technician, Accounting Technician Diploma
4	Fire Fighter	Basic Fire Fighter Certificate	Grade 12 Certificate
5	Fire Fighter	Basic Fire Fighter Certificate	Grade 12 Certificate
6	Electrician	Craft Certificate Engineering (Electrical, Electrical/Electronic, Electrical/Mech. and Electrical/IT)	Grade 12 Certificate, Trade Test Cert II&III
7	Stores Officer	Graduate Diploma in Purchasing and Supply (CIPS) or equivalent	Grade 12 Certificate,Cert in Local Government in Finance
8	Community Development Officer	Degree in social work or sociology and/or its equivalent	Grade 12 Certificate, Secondary Teacher's Diploma and Certificate from Teaching Council of Zambis
9	Assistant Building Inspector	Diploma in Construction or equivalent	Grade 12 Certificate, Technician Certificate in Construction and Certificate in Mining First Aid

**iv. Failure to confirm staff**

Section 27 (1) of the Employment Act No.3 of 2019 states that, “an employee may be employed for a probationary period, not exceeding three months, for the purpose of determining that employees’ suitability for the appointment”, and “(3) Where, during the probation period, an employer determines after an assessment that an employee is not suitable for the job, the employer shall terminate the contract of employment by giving the employee at least twenty-four hours’ notice of the termination”.

Contrary to the Act, Serenje Town Council had twenty nine (29) officers on probation for periods ranging from nine (9) to twenty -four (24) months.

**e. Management of Assets**

**i. Failure to avail 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 Council had not secured title deeds for parcels of land on which seventeen (17) properties such as the Civic Centre, Council Rest House, Council hall, markets and council houses were located.

**ii. Failure to Maintain Markets and Toilets**

A physical inspection carried out in September 2022 of selected markets under the control of the council revealed the following:

- **Ibolelo Market**

Part of the market had collapsed and the market had no running water.

- **New Market**

Some fittings to the toilets were broken and no running water.

- **Main Market**

Some fittings to the toilets were broken. See pictures below



Dirty entrance at the main market toilet



Broken Sink at the main market

**f. Management of Constituency Development Fund - Completion of Nakalengule Health Post and construction 2 No. double VIP latrines – Delayed Completion**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K3,200,000 was made to cater for Muchinga and Serenje Central Constituencies and the whole amount was released.

In addition, an amount of K 3,745,880 was brought forward from 2020 bringing the total funds available to K 6,945,880.

As at 31<sup>st</sup> August 2022, amounts totalling K1,845,497 had been spent leaving a balance of K5,100,383.

During the period under review, the Council allocated amounts totalling K100,000 for the completion of a Health Post and Construction of two (2) double VIP latrines toilets. In this regard on 28<sup>th</sup> January 2021, the Council engaged Calvety Kunda Elisala to complete a health post and construct two (2) double VIP latrines at a labour only contract price of K23,000 with a contract period of three (3) months commencing 28<sup>th</sup> January 2021 and ending on 28<sup>th</sup> April 2021.

The scope of works included: block work, roofing, ironmongery, fitting doors, glazing, interior and external plastering, spoon drain, painting and construction of a two (2) double VIP latrines.

As at 30<sup>th</sup> September 2022, amounts totalling K89,565 (labour -K17,100 and materials - K72,465) had been spent.

A physical inspection carried out in September 2022, revealed that the project had not been completed sixteen (16) months after the expected completion date. The outstanding works included; interior and exterior plastering, glazing, spoon drain, fitting of doors, painting inside and outside and construction of two (2) double VIP latrines. See picture below.



Incomplete Nakalengule Health Post

**g. Management of Liabilities**

**i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed Zambia Revenue Authority (ZRA) and National Pension Scheme Authority (NAPSA) amounts totalling K23,579,868 in



respect Pay As You Earn, pension, insurance and union contributions some dating from as far back as 2018. See table 4 below.

**Table 4: Unremitted Statutory and Other Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligation 2021 K	Cummulative Total K	Payments 2021 K	Balance as at 31.12.2021 K
1	ZRA	10,264,092	1,243,405	11,507,497	-	11,507,497
2	LASF	2,053,862	351,124	2,404,987	10,000	2,394,987
3	NASPSA	8,569,812	854,291	9,424,103	-	9,424,103
4	Health Insurance - NHIMA	50,219	131,902	182,121	53,929	128,192
5	FIRESUZ	2,662	13,989	16,651	3,844	12,807
6	Funeral Scheme - MADISON	28,619	79,867	108,487	37,288	71,199
7	ZULAWU	31,741	70,620	102,362	61,279	41,083
	<b>Total</b>	<b>21,001,008</b>	<b>2,745,200</b>	<b>23,746,207</b>	<b>166,340</b>	<b>23,579,868</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K5,976,804 in respect of settling in allowances, terminal benefits, salary arrears, long service bonus, leave travel benefits and Councillors' allowances some dating from as far back as far as 2012. See table 5 below.

**Table 5: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total	Payments K	Balance as at 31.12. 2021
1	Settling In Allowance	269,839	158,482	428,321	95,020	333,301
2	Long Service Bonus	1,699,226	-	1,699,226	36,500	1,662,726
3	Terminal Benefits	3,751,598	-	3,751,598	125,485	3,626,113
4	Leave Travel Benefits	32,500	3,000	35,500	-	35,500
5	Salary Allowances	523,652	-	523,652	234,487	289,165
6	Councillors Allowances	87,400	-	87,400	57,400	30,000
	<b>Total</b>	<b>6,364,214</b>	<b>161,482</b>	<b>6,525,696</b>	<b>548,893</b>	<b>5,976,804</b>

## 60. Shiwang'andu Town Council

### 60.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K13,792,716 against which amounts totalling K11,366,888 were received and generated resulting in a negative variance of K2,425,828. See table 1 below:

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally generated</b>			
1	Local taxes	23,760	25,682	1,922
2	Fees and Charges	3,377,470	1,009,549	(2,367,921)
3	Licences	138,200	6,385	(131,815)
4	Levies	55,850	58,072	2,222
5	Permits	74,525	25,570	(48,955)
6	Other Receipts	-	50	50
	<b>Subtotal</b>	<b>3,669,805</b>	<b>1,125,308</b>	<b>(2,544,497)</b>
	<b>National support</b>			
7	Local Government Equalisation Fund	8,522,911	8,475,246	(47,665)
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Other Grants	-	166,334	166,334
	<b>Sub Total</b>	<b>10,122,911</b>	<b>10,241,580</b>	<b>118,669</b>
	<b>Total</b>	<b>13,792,716</b>	<b>11,366,888</b>	<b>(2,425,828)</b>

In addition, funds amounting to K2,905,510 were brought forward from the previous year bringing the total funds available to K14,272,398.

#### b. Operation of Markets - Abandoned Market - Kalalantekwe Market

Section 16(g) of the Markets and Bus Station Act No. 2 of 2007 states that, “A local authority shall prevent vending and illegal trading in the market or bus station's vicinity.”

Contrary to the Act, a physical inspection carried out in September 2022, revealed that the traders had abandoned Kalalantekwe Market and were trading along the streets of the central business district.

**c. Management of Payroll and Other Staff Related Matters - Failure to Confirm Officers on Probation**

Section 27 (1) of the Employment Act No. 3 of 2019 states that, “An employee may be employed for a probationary period, not exceeding three (3) months, for the purpose of determining that employee’s suitability for the appointment,” and “(3) Where, during the probation period, an employer determines after an assessment that an employee is not suitable for the job, the employer shall terminate the contract of employment by giving the employee at least twenty four (24) hours’ notice of the termination.”

Contrary to the Act, Shiwangandu Town Council had two (2) officers on probation for over thirteen (13) months.

**d. Accounting for Revenue - Failure to Set Aside and Use 5% of Locally Generated Funds on Wards**

Ministerial Minute No. MLG/71/1/91 requires that 5% of locally generated funds should be used for infrastructure development in the wards falling under the district. The projects to be undertaken include water and sanitation, health services, recreational amenities, local roads, markets, sports and agriculture.

A review of cash books revealed that the Council generated funds in amounts totalling K1,085,886 from locally generated funds during the period under review out of which K54,294 representing 5% was to be used for infrastructure development in the wards.

Contrary to the Guideline, management did not set aside for use the amount of K54,294 on infrastructure development in the wards.

**e. Management of Local Government Equalization Fund**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty per cent (20%) of the Equalisation Funds received in any financial year to finance capital expenditure.

During the period under review, amounts totalling K8,475,246 were received as equalisation funds out of which amounts totalling K1,695,049 being 20% of the funded amounts were to be transferred to the capital account.

The following were observed;

**i. Misapplication of Funds**

During the period under review the Council misapplied amounts totalling K274,564 meant for capital projects on operational expenses such as payments for salaries and purchase of stationery.

As at 30<sup>th</sup> September 2022, the funds had not been reimbursed.

**ii. Construction of Ablution Block at Matumbo Dry Port**

On 21<sup>st</sup> May 2020, the Council engaged James Mulenga to construct an ablution block at Matumbo dry port at a labour only contract price of K36,200 with a contract period of three (3) months commencing on 21st May 2020 and ending on 21st August 2020. The scope of works included; excavation of foundations for ablution block and septic tank, construction of sub and super structures, roofing, covering of septic tank with concrete slab, plastering, painting, fitting of door and window frames, fitting of doors, glazing, construction of spoon drain, electrical installations and tiling.

As at 30<sup>th</sup> September 2022, amounts totalling K176,448 (materials – K140,248 and labour K29,200) had been spent.

A physical inspection carried out in September 2022, revealed that the project had not been completed thirty one (31) months after the expected completion date. The outstanding works included; painting, fitting of doors, electrical wiring and installations, construction of a septic tank and soak away.

In addition, due to poor workmanship the septic tank had been demolished for reconstruction. See pictures below.



Incomplete Ablution Block



Demolished Septic Tank

**f. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a provision of K1,600,000 was made as Constituency Development Fund (CDF) to cater for Shiwangandu Constituency and the whole amount was released.

In addition, amounts totalling K1,740,254 were brought forward from 2020 bringing the total funds available for expenditure to K3,340,254.

As at 31<sup>st</sup> December 2021, amounts totalling K1,199,808 had been spent leaving a balance of K2,140,446.

The following were observed;

**i. Failure to Implement Approved Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located.”

However, a review of the approved list and progress reports for the Constituency Development Fund revealed that ten (10) approved projects with a total allocated amount of K1,520,396 had not been implemented as at 30<sup>th</sup> September 2022, despite being approved by the Ministry of Local Government and Rural Development on 2<sup>nd</sup> February 2022 and funding having been received on 4<sup>th</sup> October 2021. See table 2 below.

**Table 2: Unimplemented Funded Projects**

No.	Constituency	Name of Project	Date of Funding	Approval Date	Period Project Delayed (Months)	Approved Amount K
1	Shiwang'andu	Completion Of 1X 3 Classroom Block At Lwisheshe Primary School (Kalebe Ward)	10/4/2021	2/11/2022	8	223,732
2	Shiwang'andu	Completion Of 1X3 Classroom Block At Manshya Primary School (Mwiche Ward)	10/4/2021	2/11/2022	8	122,647
3	Shiwang'andu	Completion Of 1X3 Classroom Block At Kalesha Primary School (Nkulungwe Ward)	10/4/2021	2/11/2022	8	237,615
4	Shiwang'andu	Completion Of 1X3 Classroom Block At Ketain Primary School (Kalebe Ward)	10/4/2021	2/11/2022	8	150,457
5	Shiwang'andu	Completion Of Staff House At Mugulube Primary School (Kalebe Ward)	10/4/2021	2/11/2022	8	128,543
6	Shiwang'andu	Completion Of 1X3 Classroom Block At Chilombo Primary School (Mayembe Ward)	10/4/2021	2/11/2022	8	129,608
7	Shiwang'andu	Completion Of 1X3 Classroom Block At Kasangula Primary School (Chandaula Ward)	10/4/2021	2/11/2022	8	150,440
8	Shiwang'andu	Completion Of Two Staff Houses At Esau Primary School (Ichingo Ward)	10/4/2021	2/11/2022	8	210,000
9	Shiwang'andu	Installation of Solar Electrical Works At Katoma And Chabala Health Posts (Chandaula And Kulamwele Ward)	10/4/2021	2/11/2022	8	88,473
10	Shiwang'andu	Completion Of Mortuary At Matumbo Clinic (Muchinga Ward)	44473	44603	8	78,881
	<b>TOTAL</b>					<b>1,520,396</b>

**ii. Construction of 1x2 Classroom Block at Mufushi Primary School**

On 31<sup>st</sup> May 2021, the Council engaged Machipisha General Trading to construct a 1x2 classroom block at Mufushi Primary School at a contract price of K205,000 with a contract period of six (6) weeks commencing on 31<sup>st</sup> May 2021 and ending on 5<sup>th</sup> July 2021.

The scope of works included; excavation of foundations, construction of sub and super structures, roofing, plastering, painting, fitting of door and window frames, fitting of doors, flooring, glazing and finishings.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K181,350.

A physical inspection carried out in September 2022, revealed that the project had not been completed, fifteen (15) months after the expected completion date. The outstanding works included; fitting of three (3) hard wood doors, fitting of three (3) lever spider lock, mortice locks, fitting nineteen (19) window handles and window peg stays.

**iii. Construction of 1x2 Classroom Block at Nabutende Primary School – Delayed Completion**

On 31<sup>st</sup> May 2021, the Council engaged Buildlux Company Limited to construct a 1x2 classroom block at Nabutende Primary School at a contract price of K228,615 with a contract period of eight (8) weeks commencing on 24<sup>th</sup> May 2021 and ending on 12<sup>th</sup> July 2021.

The scope of works included excavation of foundations, construction of sub and super structures, roofing, plastering, painting, fitting of door and window frames, fitting of doors, flooring, glazing and finishing.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K97,139. A physical inspection carried out in September 2022, revealed that the project had not been completed, fourteen (14) months after the expected completion date. The outstanding works included; roofing, carpentry, metal work, finishes glazing and painting.

**g. Management of Liabilities**

A review of records relating to staff liabilities revealed the following:

**i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) among others amounts totalling K3,998,983 in respect of tax, pension and union contributions, some dating from as far back as 2018. See table 3 below.

**Table 3: Unremitted Statutory and Other Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cumulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	1,918,416	670,185	2,588,601	105,000	2,483,601
2	NAPSA	570,594	520,664	1,091,258	-	1,091,258
3	LASF	155,686	74,985	230,670	30,914	199,756
4	MADISON	25,514	44,993	70,508	25,905	44,603
5	FIRESUZ	-	484	484	-	484
6	NHIMA	49,137	60,759	109,896	34,632	75,264
7	ZULAWU	100,004	40,627	140,631	36,615	104,016
	<b>Total</b>	<b>2,819,351</b>	<b>1,412,697</b>	<b>4,232,049</b>	<b>233,066</b>	<b>3,998,983</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former and existing employees amounts totalling K1,117,278 in respect of settling in allowances and salaries arrears dating from as far back as 2018. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligations for 2021 K	Cumulative Total K	Payments K	Balance as at 31.12.2021 K
1	Settling in allowance	234,121	50,950	285,071	34,926	250,145
2	Salary arrears	881,215	-	881,215	14,082	867,133
	<b>Total</b>	<b>1,115,336</b>	<b>50,950</b>	<b>1,166,286</b>	<b>49,008</b>	<b>1,117,278</b>

**61. Siavonga Town Council**

**61.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate income from various sources in amounts totalling K27,466,031 against which amounts totalling K23,084,851 were received and generated resulting in a negative variance of K4,381,180. See table 1 below.



**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	7,090,899	6,479,147	(611,752)
2	Fees and Charges	2,857,360	773,658	(2,083,702)
3	Licences	78,900	71,825	(7,075)
4	Levies	2,682,335	2,458,577	(223,758)
5	Permits	214,750	237,180	22,430
6	Commercial Ventures	-	184,255	184,255
7	Other Income	3,757,999	1,386,021	(2,371,978)
	<b>Sub Total</b>	<b>16,682,243</b>	<b>11,590,663</b>	<b>(5,091,580)</b>
	<b>National Support</b>			
8	Local Government Equalization Fund	9,183,788	9,000,544	(183,244)
9	Other Grants	-	893,644	893,644
10	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Sub Total</b>	<b>10,783,788</b>	<b>11,494,188</b>	<b>710,400</b>
	<b>Total Income</b>	<b>27,466,031</b>	<b>23,084,851</b>	<b>(4,381,180)</b>

**b. Accounting for Revenue - Failure to Recover Outstanding Debts (Fish Levy)**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

Contrary to the regulation, as at 30<sup>th</sup> September 2022, the Council had not collected fish levy amounting to K1,567,311 from five (5) fishing companies.

**c. Management of Assets - Failure to Claim Insurance**

In Paragraph 74 of the Report of the Auditor General on the audit of accounts of Local Authorities for the financial year ended 31<sup>st</sup> December 2020, mention was made on the failure by the Council to make any claim with the Zambia State Insurance Corporation (ZSIC) on the Scania Fire Tender registration number GRZ 844 CN. The Vehicle was involved in a road accident on 7<sup>th</sup> November 2020 and was extensively damaged.

In their Report for the First Session of the Thirteenth National Assembly, the Committee on Local Government Accounts (CLGA) found it unacceptable that the Council's failure to claim insurance was on account of the parent Ministry's failure to address the

matter and the Committee sternly cautioned the Ministry of Local Government and Rural Development for this lapse.

A review of the situation in September 2022, revealed that the Council had still not claimed for compensation from ZSIC eighteen (18) months after the accident.



Scania Fire tender GRZ 844 CN

**d. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a provision of K1,600,000 was made to cater for CDF projects in Siavonga constituency and the whole amount was released. In addition, K2,361,814 was brought forward from 2020 bringing the total funds available to K3,961,814.

As at 31<sup>st</sup> December 2021, amounts totalling K1,167,697 had been spent leaving a balance of K2,794,117.

The following were observed:

**i. Failure to Implement Projects**

A review of the approved list and progress reports for the Constituency Development Fund revealed that two (2) approved projects with a total allocated amount of K893,200 had not been implemented as at 30<sup>th</sup> September 2022, despite being funded in October 2021 and approved by the Ministry of Local Government and Rural Development on 26<sup>th</sup> January 2022. See table 2 below.

**Table 2: Unimplemented Approved 2020 CDF Projects**

No.	Constituency	Project Name	Date of Funding	Date of Project Approval	Period Project Delayed (Months)	Amount Allocated K
1	Siavonga	Construction of 1x2 CRB, staff house and ablution block	1.10.2021	26.01.2022	9	446,600
2	Siavonga	Construction of 1x2 CRB at Makakanya Community School	1.10.2021	26.01.2022	9	446,600
	<b>Total</b>					<b>893,200</b>

**ii. Completion of 1x2 Classroom block at Mundulundulu Community School**

On 23<sup>rd</sup> March 2021, the Council entered into a contract with Assertma Enterprise for the completion of a 1x 2 classroom block at Mundulundulu Community School at a contract price of K200,000. The duration of the contract was 12 weeks starting from 23<sup>rd</sup> March and ending on 30<sup>th</sup> June 2021.

The scope of works included construction of substructure and superstructure, fitting of window and door frames, glazing, flooring, roofing, plastering, painting and decorations and other external works.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K120,000.

On 9<sup>th</sup> December 2021, the Council terminated the contract as the contractor could not continue with the works due to the escalation of prices of building materials.

A physical inspection of the project carried out in September 2022 revealed that the project was at gable level with the following outstanding works; roofing, fitting of window frames and plastering.

It was also observed that the Council had not engaged a new contractor nine (9) months after the first contract was terminated. See pictures below.



*Incomplete 1x2 classroom block at Mundulundulu Community School*

**e. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2021, the Council owed Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K10,187,429 in respect of Pay as You Earn (PAYE) and pension contributions some dating from as far back as 2017. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cumulative Total K	Payment K	Balance as at 31.12.2021 K
1	ZRA	5,592,676	4,379,767	9,972,443	1,131,658	8,840,785
2	NAPSA	1,226,682	1,061,521	2,288,203	1,171,300	1,116,903
3	LASF	298,376	306,788	605,164	375,423	229,741
		<b>7,117,734</b>	<b>5,748,076</b>	<b>12,865,810</b>	<b>2,678,381</b>	<b>10,187,429</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former employees amount totalling K688,223 in respect of leave days and long service bonuses some dating from as far back as 2012. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payment K	Balance as at 31.12.2021 K
1	Long Service Bonus	1,326,833	-	1,326,833	712,620	614,213
2	Leave Days	74,010	-	74,010	-	74,010
	<b>Total</b>	<b>1,400,843</b>	<b>-</b>	<b>1,400,843</b>	<b>712,620</b>	<b>688,223</b>

## 62. Sinazongwe Town Council

### 62.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K23,611,522 against which amounts totalling K21,959,157 were received and generated resulting in a negative variance of K2,615,741. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	5,306,299	5,191,794	(114,505)
2	Fees and Charges	2,262,070	1,538,794	(723,276)
3	Licences	693,750	572,910	(120,840)
4	Levies	4,006,334	2,822,053	(1,184,281)
5	Permits	291,000	147,820	(143,180)
6	Other Receipts	598,000	475,029	(122,971)
	<b>Sub total</b>	<b>13,157,453</b>	<b>10,748,400</b>	<b>(2,409,053)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	9,404,069	9,410,757	(6,688)
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Other Grants	-	200,000	(200,000)
	<b>Sub total</b>	<b>11,004,069</b>	<b>11,210,757</b>	<b>(206,688)</b>
	<b>Total</b>	<b>24,161,522</b>	<b>21,959,157</b>	<b>(2,615,741)</b>

In addition, funds amounting to K5,330,124 were brought forward from the previous year bringing the total funds available to K27,289,281 during the period under review. As at 31<sup>st</sup> December 2021 amounts totalling K25,419,908 had been spent leaving a balance of K1,869,373.

**b. Operational Matters -Environmental Management –Poor Management of Maamba Dumpsite**

The Environmental Management Act No. 12 of 2011 states that, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

However, the Council did not compact or cover the waste with a layer of soil but instead waste was being burnt thereby exposing the community to health hazards. See picture below.



Uncompact waste being burnt

**i. Accounting for Revenue - Failure to Collect Revenue from Sale of Residential plots**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

During the period under review, the Council offered thirteen (13) residential plots to successful applicants from whom amounts totalling K98,800 (Application fees – (K10,400, Premium fees - K84,500 and Interview fees – K3,900) were expected to be collected. However, as at 30<sup>th</sup> September 2022, the Council had only collected a total amount of K43,800 leaving a balance of K55,000.

**c. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of sixty (69) positions out of which sixty four (64) were filled leaving five (5) positions vacant as at 30<sup>th</sup> September 2022.

Out of the vacant positions, some were key to the smooth running of the Council such as District Accountant, Land Surveyor and Data Entry Operator.

**ii. Irregular Payments for Officers' Lodging Bills**

Section 72 (e) of the Local Government Conditions of Service of 1996 states that, "when an officer is transferred to a station where he is entitled to council accommodation and he cannot be allowed to be allocated such accommodation immediately, he may temporarily be accommodated in a hotel with his family with the approval of the principal officer at the expense of the receiving council.

During the period under review, the Council paid amounts totalling K25,230 to Lake View lodge for accommodation on behalf of officers that had been transferred from various Councils to Sinazongwe Town Council.

However, the payments were irregular in that the officers were not entitled to council accommodation as they were in receipt of housing allowance and had also been paid settling in allowance.

**d. Management of Assets – Failure to Secure Title Deeds**

Section 41(4) of the Public Finance Management Act No.1 of 2018, requires that a Controlling Officer should ensure that all public properties under the Controlling Officer's charge are secured with title deeds.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which nine (9) properties such as the Guest House, Markets, and Office Buildings were located.

**e. Management of Local Government Equalisation Fund**

The Local Government Act No. 2 of 2019 provides that, a Council should use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K9,010,757 were received as equalisation funds out of which amounts totalling K1,802,151 being 20% of the funded amounts were transferred to the capital account.

In addition, an amount of K2, 201,351 was brought forward from the previous year 2020 bringing the total funds available to K4, 003,502 during the period under review.

The following were observed:

**i. Drilling of Boreholes Lot 1**

On 25<sup>th</sup> November 2020, the Council awarded a contract to Ddype Company Limited for borehole siting, development, pump testing and equipping with India Mark II hand pumps at a contract price of K496,727 with a completion period of seven (7) weeks starting on 3<sup>rd</sup> December 2020 and ending on 21<sup>st</sup> January 2021.

The Scope of works included borehole siting, development, pump testing and equipping with India Mark II hand pumps in Kabanana, Siluwe, Simankwala, Jobwedo, Mabugu, Sindebuka and Simagwali villages.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K293,472.

A physical inspection carried out in September 2022 revealed that although the contractor had completed the works, the following were observed;

- One (1) borehole drilled at Simagwali Village was not functional due to three (3) worn out pipes. Further, it was also observed that the Community had replaced two (2) PVC pipes with GI pipes making the hand pump vulnerable to corrosion and damage.
- The borehole that was drilled at Kabanana Village was pumping out milky like water which was not usable by the community.
- The contractor drilled a dry borehole at Sinachilundu Village and had not drilled another one.

**ii. Drilling of Boreholes Lot 2**

On 3<sup>rd</sup> December 2020, the Council engaged STs Drilling and Exploration Limited for borehole siting, development, pump testing and equipping with India Mark II hand



pumps at a contract price of K490,883 with a completion period of four (4) weeks starting on 7<sup>th</sup> December 2020 and ending on 7<sup>th</sup> January 2021.

The Scope of works included borehole siting, development, pump testing and equipping with India Mark II hand pumps in Siakuku, Chooka, Siamukaala, Siatwiinda, Tenkanya and Nyeleti villages and Mangonda School.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K294,346.

A physical inspection carried out in September 2022 revealed the following;

- One (1) borehole in Nyeleti Village and not been drilled.
- The borehole that had been drilled at Mangoda School in Nyeleti village had dried.

**f. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was made as Constituency Development Fund (CDF) to cater for Sinazongwe Constituency and the whole amount was released.

In addition, amounts totalling K2,005,486 were brought forward from 2020 bringing the total funds available to K3,605,486 during the period under review.

As at 30<sup>th</sup> September 2021, amounts totalling K761,842 were spent leaving a balance of K2,843,644.

The following were observed;

**i. Delayed Implementation of Approved Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “a project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

However, a review of the approved list and progress reports for the Constituency Development Fund revealed that six (6) approved projects with a total allocated amount of K1,435,000 had not been implemented as at 30<sup>th</sup> September 2022, despite being approved by the Ministry of Local Government and Rural Development on 22<sup>nd</sup> November 2021 and funding received on 1<sup>st</sup> October 2021. See table 2 below.

**Table 2: Unimplemented Approved Projects**

No.	Constituency	Project Name	Date of Funding	Date Projects Approved	Period Project Delayed (Months)	Amount Allocated K
1	Sinanzongwe	Construction of Health Post at Lusinga Village	01.10.2021	22.11.2021	13	200,000
2	Sinanzongwe	Construction of a Computer Laboratory at Ngoma Primary	01.10.2021	22.11.2021	13	320,000
3	Sinanzongwe	Construction of 1x3 CRB at Kalilambizi Community School	01.10.2021	22.11.2021	13	515,000
4	Sinanzongwe	Completion of the Bus Stop in	01.10.2021	22.11.2021	13	100,000
5	Sinanzongwe	Completion of Kanzinze Community Radio Station in	01.10.2021	22.11.2021	13	100,000
6	Sinanzongwe	Completion of Male and Female Cells at Maamba Police Station	01.10.2021	22.11.2021	13	200,000
		<b>Total</b>				<b>1,435,000</b>

**ii. Construction of 1x2 Classroom Block at Sichitando Community School**

On 1<sup>st</sup> November 2019, the Council engaged Mwanabene General Dealers for the construction of a 1x2 Classroom Block at Sichitando Community School at a contract price of K250,995 with a contract period of sixteen (16) weeks commencing on 2<sup>nd</sup> November 2019 and ending on 22<sup>nd</sup> February 2020.

The scope of works included excavation, foundation and walling, substructure, concrete work, plastering and painting, roofing, fixing of door frames and four (4) mukwa or rosewood doors, windows (frames and panes) and concrete apron and drainage, installation of black boards in both classes and installation of a grille gate at the main entrance.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K83,777.

A physical inspection of the works carried out in September 2022, revealed that works had not been completed 124 weeks (22 months) after the expected completion date. The outstanding works included; painting both inside and outside, spoon drain, fitting of two (2) doors, flooring, installation of black boards in both classes and installation of a grill gate at the main entrance. See pictures below.



Incomplete 1x2 Classroom Block at Sichitando Community School

Further, the contractor was not on site and works had stalled.

### **iii. Construction of 1x3 Classroom Block at Chisuku Community School**

On 8<sup>th</sup> April 2021, Council engaged Integrity Enterprise for the construction of a 1x3 Classroom Block at Chisuku Community School at a contract price of K445,766. The contract period was eight (8) months commencing on 19<sup>th</sup> April and ending on 19<sup>th</sup> December 2021.

The scope of works included; substructure works, excavation, footing and slab construction, foundation walling, superstructure, roofing and rainwater disposal, plastering and painting, fixing of doors and window frames, three (3) mukwa or rosewood doors, windows panes, concrete apron and drainage.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K190,704. A physical inspection carried out in September 2022, revealed that the project had not been completed ten (10) months after the expected completion date.

The outstanding works included; casting of ring beam and superstructure up to roof level, plastering and painting, roofing, fitting of doors and window frames, window panes, concrete apron and drainage. See picture below.



Incomplete 1x3 Classroom Block at Chisuku Community School

**iv. Construction of 1x3 Classroom Block at Sianyuka Primary School**

On 13<sup>th</sup> April 2021, the Council engaged Rasaka Contractor for the construction of a 1x3 Classroom Block at Sianyuka Primary School at a contract sum of K440,674 with a contract period of six (6) months commencing on 24<sup>th</sup> April to 13<sup>th</sup> October 2021.

The scope of works included; substructure works, excavation, footing and slab construction, foundation walling, superstructure, roofing, plastering and painting, fixing of doors and window frames, doors and window panes, concrete apron and drainage.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K171,217. A physical inspection carried out in September 2022, revealed that the project had not been completed twelve (12) months after expected completion date.

The outstanding works included; roofing, plastering and painting, fitting of window and door frames, window panes and doors, floor screed and spoon drain. See picture below.



Incomplete 1x3 Classroom Block at Sianyuka Primary School

**g. Management of Liabilities -Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) among others amounts totalling K6,744,577 in respect of tax, pension and union contributions, some dating from as far back as 2015. See table 3 below.

**Table 3: Outstanding Statutory and Other Obligations**

No.	Institution	Balance as at 01.01.2021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	3,504,117	1,566,715	5,070,832	161,180	4,909,652
2	NAPSA	1,429,795	949,049	2,378,844	738,565	1,640,279
3	LASF	315,403	384,956	700,359	549,900	150,458
4	ZULAWU	74,589	87,565	162,154	128,867	33,286
5	ZCTU	26,294	21,891	48,185	37,283	10,902
	<b>Total</b>	<b>5,350,198</b>	<b>3,010,175</b>	<b>8,360,373</b>	<b>1,615,796</b>	<b>6,744,577</b>

## **63. Vubwi Town Council**

### **63.1 Audit Findings**

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2021 and a physical inspection of selected projects revealed the following:

#### **a. Budget and Income**

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate income from various sources in amounts totalling K11,517,940 against which amounts totalling K10,650,847 were received and generated resulting in a negative variance of K867,093. See table 1 below.

**Table 20: Budget and Income**

No	Source of Funds	Budgeted K	Income K	Variance K
1	<b>Locally Generated</b>			
2	Local taxes	17,010	12,045	(4,965)
3	Fees and Charges	1,653,563	548,498	(1,105,065)
4	Licences	7,250	8,660	1,410
5	Levies	45,370	83,435	38,065
6	Permits	3,600	2,440	(1,160)
7	Other Receipts	70,000	75,306	5,306
	<b>Sub total</b>	<b>1,796,793</b>	<b>730,384</b>	<b>(1,066,409)</b>
	<b>National Support</b>			
8	Local Governemnt Equalisation Fund	8,121,147	8,320,463	199,316
9	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Sub total</b>	<b>9,721,147</b>	<b>9,920,463</b>	<b>199,316</b>
	<b>Total</b>	<b>11,517,940</b>	<b>10,650,847</b>	<b>(867,093)</b>

In addition, amounts totalling K1,986,186 were brought forward from the previous year bringing the total funds available to K12,637,033 during the period under review.

**b. Operational Matters - Environmental Management**

The Environmental Management Act No. 12 of 2011 states that, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition the Solid Waste Regulation and Management Act No. 20 of 2018 states that, “A local authority shall within its jurisdiction, collect and dispose of, or arrange for the collection and disposal of, all household waste in accordance with this Act, ensure that waste is collected, transported and disposed of in accordance with this Act, provide litter receptacles in public places; and prepare and submit reports relating to solid waste management to the Ministers responsible for health, environment or water”.

The following were observed:

**iii. Failure to Operate a Dumpsite**

The council had not designated an area as dumpsite for disposing of waste thereby posing a health risk to the community.

**iv. Failure to Provide Waste Receptacles or Refuse Bays**

A physical inspection of the market carried out in September 2022, revealed that the Council did not provide waste holding bays or receptacles. See pictures below.



No waste holding bays at the Market

**c. Accounting for Revenue**

**i. Failure to Collect Plot Premiums**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the Head of the Accounting Unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

During the period under review, the Council was expected to collect amounts totalling K682,500 in plot premiums from 150 plots that were offered to successful applicants. However, as at 30<sup>th</sup> September 2022, only amounts totalling K15,550 had been collected leaving a balance of K666,950.

**ii. Failure to Register Dogs**

Section 6 (1) of the Control of Dogs Act No. 13 of 1994 states that, “every owner or other person having the custody of a dog of the apparent age of three months or over shall register such dog and take in respect thereof a badge and certificate of registration as hereinafter provided”.

Contrary to the Act, the Council did not carry out any dog registration and did not collect any revenue regarding dog levy despite being a registration authority.

**d. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of eighty one (81) positions out of which forty five (45) were filled leaving thirty six (36) vacant as at 30<sup>th</sup> September 2022.

Out of the vacant positions, some were key to the smooth running of the Council such as Environmental planner, Senior Health Inspector, Human Resource officer District Accountant, Town Planner and Internal Auditor.

**ii. Employees without Requisite Qualifications**

Contrary to the individual job descriptions for Local Authorities which provide for minimum qualifications for officers occupying various positions, it was observed that the staff returns and staff establishment register revealed that three (3) employees did not have the minimum educational requirements to hold their respective positions. See table 2 below.

**Table 2: Employees without Requisite Qualifications**

No.	Position	Requisite Qualification	Qualification Held
1	District accountant	Grade 12 Certificate, Degree or Professional Qualification such as ZICA Licentiate, ACCA II, CIMA II or equivalent	Grade 12 Certificate, ZICA Technician Certificate, Diploma in Accountancy
2	Stores Officers	Grade 12 Certificate, Degree in Socio Work or equivalent	Grade 12 Certificate, Diploma in Rural and Urban Management
3	Community Development Office	Grade 12 Certificate, Diploma in Purchasing and Supply	Grade 12 Certificate, Certificate in Purchasing and Supply



**e. Management of Assets – 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 Council had not secured title deeds for parcels of land on which fifteen (15) properties such as Civic Centre building, twelve (12) low cost houses, slaughter house and Zozwe bar were located.

**f. Management of Local Government Equalisation Fund**

The Local Government Act No. 2 of 2019 provides that, a Council should use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K8,009,463 were received as equalisation funds out of which amounts totalling K1,601,893 being 20% of the funded amounts were to be transferred to the capital account.

In addition, an amount of K359,683 was brought forward from the previous year bringing the total funds available to K1,961,576 during the period under review.

The following were observed:

**i. Delayed Completion of a Semi-Detached Commercial House**

On 30<sup>th</sup> August 2021, the Council engaged TP and L Enterprises Limited for the completion of a Semi detached commercial house at a contract price of K458,316 with a contract period of three (3) months commencing on 3<sup>rd</sup> August 2021 and ending on 2<sup>nd</sup> November 2021.

The scope of works included; metal work, carpentry and ironmongery, roofing, fitting of floor tiles, finishes and electrical works, plumbing works and external works.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K293,536.

A physical inspection carried out in September 2022, revealed that the project had not been completed twelve (12) months after the expected completion date.

The outstanding works included; fitting of floor tiles, fitting of doors and windows and painting outside, electrical works and completion of septic tank. See picture below.



Incomplete Semi Detached Commercial House

Further, the contractor was not on site and the works had stalled.

**ii. Delayed Completion of a 1x3 CRB at Changoma Community School**

On 9<sup>th</sup> October 2021, the Council engaged Kholowa General Dealers for the construction of a 1x3 classroom block at Changoma Community School at a contract price of K45,000 with a contract period of three (3) months commencing on 9<sup>th</sup> October 2021 and ending on 8<sup>th</sup> January 2022.

The scope of works included; construction of the sub and super structures, fabrication of roof frame and roof cover, installation of fittings such as blackboards, fitting of door and window frames, locks, glazing, plastering, flooring and drainage works.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K3,500.

A physical inspection carried out in September 2022, revealed that the project had not been completed ten (10) months after the expected completion date. The outstanding works included; installation of fittings such as blackboards, fitting of door and window frames, glazing, plastering, flooring and drainage works. See picture below.



Incomplete 1x3 CRB at Changoma School

Further, the contractor was not on site and the works had stalled.

**g. Management of Constituency Development Fund - Delayed Implementation of Approved Projects for 2021**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “a project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2021, a total provision of K1,600,000 was made to cater for Vubwi Constituency and the whole amount was released.

In addition, an amount of K1,607,037 was brought forward from 2020 bringing the total funds available to K3,207,037 during the period under review.

As at 31<sup>st</sup> December 2021, amounts totalling K1,461,912 had been spent leaving a balance of K 1,745,125.

However, a review of the approved list and progress reports for the Constituency Development Fund revealed that two (2) approved projects with a total allocated amount of K440,000 had not been implemented as at 30<sup>th</sup> September 2022, despite being approved by the Ministry of Local Government and Rural Development on 11<sup>th</sup> February 2022 and funding received on 1<sup>st</sup> October 2021. See table 3 below.

**Table 3: Unimplemented Approved Projects**

No.	Constituency	Project Name	Date of Funding	Date Projects Approved	Period Project Delayed (Months)	Amount Allocated K
1	Vubwi	Equipment of Radio Station				390,000
2	Vubwi	Fuel and Lubricants for grading of Kampisandondo to Manota Road				50,000
		<b>Total</b>				<b>440,000</b>

**h. Management of Liabilities****i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2021, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Professional Insurance amounts totalling K2,034,513 in respect of tax, pension and health insurance contributions, some dating from as far back as 2018. See table 4 below.

**Table 4: Unremitted Statutory and Other Obligations**

No.	Institution	Balance as at 01.012021 K	Obligations for 2021 K	Cummulative Total K	Payments K	Balance as at 31.12.2021 K
1	ZRA	1,242,960.00	938,820.00	2,181,780.00	328,455.00	1,853,325.00
2	NAPSA	142,419.00	465,156.00	607,575.00	511,209.00	96,366.00
3	Professional Insurance	88,000.00	180,000.00	268,000.00	183,178.00	84,822.00
	<b>Total</b>	<b>88,000.00</b>	<b>180,000.00</b>	<b>268,000.00</b>	<b>183,178.00</b>	<b>84,822.00</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2021, the Council owed former employees amounts totalling K825,463 in respect of terminal benefits some dating from as far back as 2019.

## Recommendations

In order to improve Public Financial Management and ensure that the local authorities 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. 8 of 2020, Appropriations Act of 2020, the Local Government Act No. 2 of 2019, the Constituency Development Fund Act No. 11 of 2018 and any other relevant laws and regulations, the following are recommended:

- i. The Controlling Officer and Principal Officers must ensure that revenue collection and expenditure are appropriately planned and controlled. This should be done by:
  - Adhering to relevant laws, regulations, circulars, and minutes,
  - Establishing and maintaining an effective, efficient, and transparent system of financial and risk management as well as adequate and robust internal controls, safeguarding and managing prudently public resources,
  - Taking effective and appropriate steps to collect revenues due to Councils that are 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 local authorities under their charge, and
  - Taking immediate and appropriate action on internal and external audit observations and recommendations.
- ii. The general revenue collected by appointed agents on behalf of local authorities should be promptly brought to account,
- iii. The Controlling Officer should explore ways of assisting local authorities in updating the valuation rolls timely,
- iv. The Controlling Officer and Principal Officers should ensure that project funds under CDF and LGEF are properly managed in accordance with guidelines,

- v. The Controlling Officer and Principal Officers should ensure that there is strict adherence to procurement procedures and contract provisions,
- vi. The Controlling Officer and Principal Officers should ensure that dumpsites are properly managed,
- vii. The Controlling Officer and Principal Officers must ensure that all the assets under their charge are appropriately secured and insured,
- viii. The Controlling Officer and Principal Officers must ensure that all taxes and other statutory contributions are deducted and timely remitted to the respective institutions,
- ix. The Controlling Officer must ensure that local authorities use a standardised and integrated ICT system for ease of reporting and management of information,
- x. The Controlling Officer and Principal Officers must ensure that local authorities prepare and submit financial statements together with the underlying records for audit on time, and
- xi. The Controlling Officer and Principal Officers must ensure that local authorities maintain their buildings regularly.

### **Acknowledgements**

I wish to thank all my staff for their hard work during the course of the audits to ensure that this report is produced despite challenges faced during the audit process. I also wish to express my gratitude to the Minister and the Permanent Secretary for the Ministry of Local Government and Rural Development as well as Principal Officers of the Local Authorities and their staff for their cooperation. It is because of their cooperation that I was able to carry out the audits in an objective, efficient and effective manner.

## **Recommendations of the Committee on Local Government Accounts**

The outstanding issues in this Report do not include outstanding matters in the Report of the Auditor General on the Accounts of Local Authorities for financial years ended 31<sup>st</sup> December 2018 and 2019 and 2020 as the Action Taken Reports 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 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.

## **Conclusion**

This Report has highlighted various areas of weaknesses in the management of local authorities and it is imperative that these weaknesses are addressed for these institutions to achieve their mandates effectively in the delivery of basic social and economic services to the people.

## **PART III**

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## **APPENDICES**





## **Appendix 1**

### **Appendix 1 – Summary of Outstanding Issues as at 31<sup>st</sup> December 2021**

#### **OUTSTANDING ISSUES FROM THE TREASURY MINUTE ON THE REPORT OF THE COMMITTEE ON LOCAL GOVERNMENT ACCOUNTS ON THE REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS FOR THE FINANCIAL YEARS ENDED 31<sup>ST</sup> DECEMBER 2014 TO 2017**

##### **Chingola Municipal Council**

*Paragraph 6 (6) Equalisation Fund i. Failure to Avail Tender Document– K1, 750,084, Failure to Collect Revenue from Debtors - K9, 552,695, Failure to Collect Penalties from Illegal Settlers - K4,602,500 e) Uncollected revenue for plots in Gymkhana Township- K534,900 f) Failure to allocate Plots in Gymkhana- K897,600 g) Failure to Collect Land Development Fees from sale of plots – K 858,160 Failure to Pay Staff Obligation- K10, 874,161 Failure to Remit Statutory Obligations, PAYE and Contributions to Union- K4, 767,982 Management of Non-Current Assets i. Lack of Title Deeds – K26,255,791 Lack of Maintenance Policy*

##### **Chinsali Municipal Council**

*Paragraph 7 (7) a) Failure to Transfer Commercial Plots c) Failure to Adopt Information and Communication Technology (ICT) Frameworks d) Lack of Title Deeds and Insurance e) Failure to Fill Key Positions f) Failure to Remit Statutory Contributions, PAYE and Contributions to Unions K3,388,051(PAYE – K2,595,908, NAPSA – K442,630, Contributions to Unions - K5,149 and LASF – K344,364) g) Outstanding Staff Obligations K1, 184,990 h) Outstanding Receivables K966,467*

##### **Chipata City Council**

*Paragraph 8 (8) a) Lack of Strategic Plan b) Lack of Risk Management Policy c) Outstanding Receivables- K6,011,207 d) Failure to Fill Vacant Positions e) Failure to Obtain Title deeds - K180,000 f) Failure to Transfer Funds to the Project Account - K1,151,872 g) Failure to Remit Statutory obligations and PAYE - K10, 061,323*

##### **Chipili District Council**

*Paragraph 9 (9) a) Failure to Fill Vacant Positions b) Failure to Adopt ICT Frameworks*

##### **Chisamba District Council**

*Paragraph 10 (10) (b)Unaccounted for Revenue – K5,260 b) Un acquitted Allowances - K82,347 c) Unsupported Payments – K344,124 d) Unaccounted for Stores and Undelivered Materials h) Unretired Accountable Imprest – K14,118 j) Failure to Remit Tax to ZRA – K97,890*

##### **Choma Municipal Council**

*Paragraph 11(11) Equalisation Funds i. Failure to Transfer Funds to the Project Account - K1,558,064.51 ii. Misapplication of Funds – K348,558.67 i. Outstanding Receivables – K2,060,5865*

ii. Failure to Pay Payables (Creditors) – K13,188,129.76 iv. Weakness in Management of Properties  
a) Lack of Title Deeds for Properties

### **Chongwe Municipal Council**

Paragraph 12(12) i. Failure To Avail Assets Ownership Documents; Land and Buildings iii. Failure To Change Ownership of Motor Vehicles – K610,000 iv. Failure To Value Disposed of Motor Vehicles v. Failure To Revalue Council Properties vi. Failure to Maintain the Council Abattoir; Failure to Remit Statutory and Union Contributions – K8, 727,570; Outstanding Staff Obligations – K3, 804,549; Equalisation Fund - K11, 569,330

### **Kabwe Municipal Council**

Paragraph 13(13) Failure to Collect Land Charges on Plots - K10, 893,503 c) Outstanding Receivables - K3,019,965 q) Failure to Remit Statutory Contributions and PAYE - K11,932,377 t) Outstanding Staff Obligations - K20,022,827 u) Environmental Audits i. Failure to Produce Waste Management Reports

### **Kalomo District Council**

Paragraph 14(14) Failure to Prepare Financial Statements a) Outstanding Receivables – K1,046,952 b) Outstanding Statutory and Other Obligations – K5,720,777 c) Weaknesses in the Management of Properties; Lack of Title Deeds for Properties

### **Kaoma District Council**

Paragraph 15(15) e) Outstanding Receivables – K18,400 f) Failure to Collect Quarry Levy – K375,900; Lack of Billboard Policy r) Misapplication of Funds – K11,208; Misapplication of Equalisation Fund- K1, 424,612 t) Failure to Settle Personal Emolument Arrears – K1,111,122 u) Over - Payment of Settling in Allowance – K111,753 i. Lack of Title Deeds; Failure to Dispose of Unserviceable Plant, Vehicles and Equipment – K560, 000; Illegal Occupation of Council Hall – K73, 200 bb) Failure to Prepare an Integrated Waste Management Plan

### **Kapiri Mposhi District Council**

Paragraph 16(16) a. Unaccounted for Funds K23,580 j. Failure to Obtain Title deeds p. Outstanding Obligations-K16,211,613 q. Equalisation Funds (i) Irregular Payment of Value Added Tax (VAT)- K10,678 (ii) Misapplication of Equalisation Funds-K169,029; Environmental Management i. Lack of Environmental Management Policy and By laws

### **Kasama Municipal Council**

Paragraph 17(17) i. Failure to Remit Statutory Contributions- K8,924,471; Rehabilitation of 1x3 CRB at Milungu Primary School - Julia Chikamoneka Ward

### **Kasempa District Council**

*Paragraph 18(18) a) Lack of a Strategic Plan b) Failure to Update Valuation Roll c) Unaccounted for Revenue- K747,547 i. Lack of Title Deeds ii. Failure to Dispose of Unserviceable Vehicles d) Staff Related Matters i. Failure to fill Key positions ii. Outstanding Staff Obligations – K1,179,763*

#### **Kazungula District Council**

*Paragraph 19(19) Misapplication of Funds - K201,881 b) Misapplication of Funds - Plot Fees - K822,922 e) Outstanding Receivables – K251,180; Outstanding Statutory and Other Obligation- K962, 996 j) Weaknesses in the Management of Properties i. Lack of Title Deeds for Properties*

#### **Kitwe City Council**

*Paragraph 20(20) Failure to Prepare Financial Statements c) Outstanding Receivables – K98,652,195; Unremitted Pay As You Earn (PAYE)-K43,705,000; Non-Remittance of Pension Contributions – NAPSA and LASF – K34,929; Irregularities in the Management of Assets i. Dilapidated Kitwe Bamboo Workshop Buildings ii. Failure to Maintain a Shop , Bakanda Hall, Plot 4149 Nyerere Road, Stand No. 1301- Council Abattoir, Stand No. 68 BUC – Buchi Domestic Science Training Centre, Stand No. 66BUC- Buchi Hotel, Block Three Shop No. 7 Buchi Kamitondo v. Lack of Title Deeds; Staff Related Matters i. Failure to Fill Vacant Posts*

#### **Livingstone City Council**

*Paragraph 21(21) a) Outstanding Receivables – K248,783*

#### **Luangwa District Council**

*Paragraph 22(22) a) Lack of Title Deeds; Failure to Remit Statutory Contributions and PAYE – K3, 924,756 k) Failure to Pay Benefits – K2,374,772 l) Lack of Billboard Policy; Failure to Dispose of Unserviceable Motor Vehicles m) Equalisation Fund Misapplication*

#### **Luanshya Municipal Council**

*Paragraph 23(23) Failure to Pay Benefits – K26,030,716 b) Income i) Failure to Collect Property Rates - K21, 899,325; Failure to Collect Revenue - Bill Boards and Outdoor Advertising – K278,700 iii. Uncollected Rental Charges – K1,389,705 ii. Failure to Remit Statutory Obligations – K13,939,124.71*

#### **Lusaka City Council**

*Paragraph 24(24) c) Outstanding staff Obligations – K27, 816,181 Terminal Benefits and K20, 038,195 Long Service Bonuses. d) Failure to Remit Statutory Contributions and PAYE – K106,336,983*

#### **Luwingu District Council**

*Paragraph 25(25) a) Lack of Title Deeds b) Outstanding Receivables – K586,770 c) Outstanding Debts – K5,545,910*

### **Mansa Municipal Council**

*Paragraph 26(26) a) Misapplication of Equalisation Funds-K3,088,164 b) Outstanding Obligations-K18,310,407 k) Failure to Acquire Title Deeds*

### **Mkushi District Council**

*Paragraph 27(27) Lack of a Strategic Plan c) Outstanding Receivables - K3,890,647 d) Outstanding Statutory Obligations and PAYE - K7,188,470 e) Outstanding Staff Obligations - K2,539,589 f) Failure to Fence the Dumpsite*

### **Mongu Municipal Council**

*Paragraph 28(28) b) Management of Land; Failure to Collect Revenue from the Residential Plot Premium j) Maintenance of Parks and Gardens k) Illegal Development of Structures on Council Property (Bus Station) o) Failure To Remit Statutory Contributions – K882,388 i. Construction of Shops at the Main Station; Construction of Wall Fence at Main Bus Station*

### **Mporokoso District Council**

*Paragraph 29(29) Outstanding Receivables – K2,622,249; Poor Debt Management – K12,734,511 (Statutory contribution - K2, 987,486, Trade creditors - K5, 246,930 and Staff creditors - K4, 500,094). Equalisation Fund i. Misapplication of Equalisation Fund – K47,100; Double payments for Building Materials - Rehabilitation of Mikomba Guest House*

### **Mufurila Municipal Council**

*Paragraph 30(30) a) Failure to Prepare Financial Statements b) Amounts Owed to Retirees c) Property Management ii) Physical Status of Houses and Buildings – K1,345,692.41 ● House Number 1911(3) Fairview ● House Number 1911(2) ● Plot No. 1182 – Minambe Tarven – Mupambe T/ship ● Plot No. 1182 (a) – Kamuchanga Medium Shops – Kamuchanga ● Part of 1182 (b) – Bwangalo Tavern – Kamuchanga T/ship ● Farm No. 932 (a) – Buseko Tavern – Kankoyo T/ship ● Farm No. 932 (b) – Malela Rest House – Malela*

### **Mumbwa District Council**

*Paragraph 31(31) a) Outstanding Receivables – K6,303,439 a) Failure to Settle Outstanding Bills – Payables; Unremitted Statutory Contributions and PAYE – K16,497,458 d) Lack of Title Deeds – K781,000 i. Deplorable State of Mumbwa Tavern – K235,000 and K416,000*

### **Mwense District Council**

*Paragraph 32(32) Failure to acquire title deeds; Failure to remit PAYE, Statutory and other Contributions*

### **Nakonde District Council**

*Paragraph 33(33) Failure to Prepare Financial Statements b) Lack of Strategic Plan c) Failure to Update Asset Register d) Failure to Fill Key Positions f) Misappropriation of Funds – K40,530 q) Failure to Remit Statutory Contributions and PAYE – K2,864,651 r) Outstanding Staff Obligations – K159,850*

### **Nchelenge District Council**

*Paragraph 34(34) Misapplication of Equalisation Fund – K388,721; Unaccounted for Revenue – K318, 351 d) Loss of funds through Penalties on Outstanding NAPSA Obligations – K143, 119*

### **Ndola City Council**

*Paragraph 35(35) General Administration i. Failure to Fill Vacant Positions; Employment of Unqualified Officers to Key Positions; Employment of Casual Workers g) Failure to Remit Tax*

*h) Payments of Long Service Bonus i) Failure to Produce Title Deeds and to Insure Properties i. Failure to Remit VAT ii. Failure to Maintain Kafubu Inn r) Overdrawn Bank Accounts – K5,885,827 s) Unremitted Statutory Contribution and PAYE t) Outstanding Staff Obligations – K66,754,892 u) Unsettled Liabilities i. Joint Venture with Henan Guoji Group for Development of Housing Units – Dola Hill ii. Uncollected Land Fees from the Sale of Plots iv. Unallocated Plots – Dola hill LN1002683, Dola Hill DH and Itawa*

### **Pemba District Council**

*Paragraph 36(36) Establishment –Failure to Fill Key Positions; Failure to Collect Rentals – K10,500; Misapplication of Funds – K2, 317,425; Lack of Maintenance Policy; Failure to Pay Benefits; Illegal Developers along Kasiya Road*

### **Petauke District Council**

*Paragraph 37(37) Misapplication of Funds for Capital Projects; Failure to Prepare Financial Statements; Under-collection of Receivables d) Lack of a Strategic Plan e) Lack of a Procurement Plan f) Lack of a Risk Management Policy; Failure to Fill Vacant Posts; Failure to Remit Value Added Tax (VAT); Lack of Title Deeds for Council Property; Failure to Remit Statutory Obligations*

### **Serenje District Council**

*Paragraph 38(38) a) Failure to Fill Vacant Positions b) Lack of Strategic Plan i. Failure to Prepare Financial Statements ii. Outstanding Receivables iii. Misapplication of Equalisation Funds; Failure to Remit Statutory Obligations and PAYE h) Indebtedness of the Council to its Employees/Staff Obligations; Recreation Centre; Outstanding Rentals*

### **Siavonga District Council**

*Paragraph 39(39) Lack of Strategic Plan a) Lack of Title Deeds b) Failure to fill staff establishment h) Non-Remittance of Statutory Obligations and PAYE; Outstanding long service Bonus; Delay in Construction of Siavonga District Fire Station; High staff Turnover of Chief Officers*

## **Solwezi Municipal Council**

*Paragraph 40(40) a) Failure to Reimburse Borrowed Funds- K105,036 b) Failure to Deduct Tax- K549,880 m. Failure to Install Land and Property Management Information System n. Irregularities in the Management of Assets i. Failure to Collect Lease Rentals – Mutanda Rest House – K350,100; Failure to Collect Shop Rentals – Kyawama Market Shops- K756,000 i. Lack of Title Deeds ii. Failure to Dispose of Unserviceable Vehicles ii. Failure to Fill Key Positions iii. Failure to Remit Statutory Obligations and PAYE – K25,172,411*

*Paragraph 31 (31) 2010 ( c ) (ii) Central Province – Kabwe Municipal Council • Non-Delivery of Motor Vehicles –K55,107,000*

*Paragraph 35 (35) g. ii. 2013 Irregularities in the Purchase of Graders – Chama Council*

*Paragraph 42 (42) z. 2014 Undelivered Tipper Truck – Ndola City Council*

*Paragraph 42 (42) cc. ii. 2014 Construction of a Clinic at Soloboni Community*

*Paragraph 42 (42) cc. ii. 2014 Market Shelter at Chipongwe*

*Paragraph 43 (43) j. 2014 Unsupported Payments • Shangombo District Council - K803,428*

## **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 Agency.

### **Delayed Banking**

Failure to bank moneys received not later than the next business day following the day of receipt of revenue.

<b>Excess Expenditure</b>	Expenditure incurred above the authorised budget amounts without the authorisation.
<b>Failure to Follow Procurement Procedures</b>	Non-Compliance with the Zambia Public Procurement Act and Procurement guidelines in the purchase of goods and services.
<b>Irregular payments</b>	Payments made outside the normal practice or acceptable regulations or norms.
<b>Irregularity</b>	Breach of laws, regulations or rules.
<b>Imprest</b>	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.
<b>Misapplication</b>	Use of funds budgeted for a programme on an unrelated programme without authority.
<b>Misappropriation</b>	Use of public funds for personal purposes or crediting public funds to a private bank account.
<b>Outstanding Issues</b>	These are audit queries that remain unresolved in the Treasury Minutes (Action Taken Reports) prepared by the Ministry of Finance on the Reports of the Auditor General.
<b>Overpayments</b>	Payments made above the correct price or rate.
<b>Parliament</b>	Legislative organ of Government.
<b>Committee on Local Government Accounts</b>	A sessional committee of the National



	(CLGA)	Assembly established in terms of the standing orders. The committee examines the Auditor General's Report, as part of their mandate of examining the accounts showing the appropriation of the sums approved by the Ministry of Local Government and Rural Development.
<b>Unaccounted for Revenue</b>		Revenue collected but neither banked nor cash found on hand.
<b>Unvouched Expenditure</b>		Payment vouchers not availed for audit because they are either missing or payment vouchers that are not adequately supported with documentation.
<b>Unretired Imprest</b>		Imprest not accounted for.
<b>Unauthorised Expenditure</b>		Funds spent without approval by a responsible officer.
<b>Unacquitted Payments</b>		Payments made without evidence of having been received by the intended beneficiaries.
<b>Unaccounted for Stores</b>		Missing stores items without evidence of how they were received and utilised.
<b>Undelivered Materials</b>		Goods paid for but not received.
<b>Non-Submission of Expenditure Returns</b>		Failure to provide details of how funds disbursed were utilised.
<b>Unaccounted for Funds</b>		Missing funds without expenditure records.
<b>Wasteful Expenditure</b>		Expenditure incurred without benefits derived.
<b>Reconciliation</b>		The process of ensuring that two (2) or more sets of records agree.





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