

REPORT

of the

AUDITOR GENERAL

on the

Management of Constituency Development Funds

and

Grants to Local Authorities

for the Financial Years up to 2011

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Executive Summary

This report contains findings on the audit of the Constituency Development Funds (CDF) and Grants to Local Authorities as follows:

Finding	HEAD 29 - Constituency Development Funds(CDF) K	HEAD 29 - Grants to Local Authorities K	Total K
Unspent Funds	70,241,048,650	-	70,241,048,650
Irregular Payment of Allowances	39,522,500	-	39,522,500
Misappropriation of Funds	101,525,000	-	101,525,000
Misapplication of Funds	1,225,282,347	7,110,311,486	8,335,593,833
Unapproved Projects	2,356,767,465	-	2,356,767,465
Wasteful Expenditure	788,187,875	58,879,775	847,067,650
Undelivered Stores Items/Equipment	417,457,704	12,500,000	429,957,704
Irregular Payments	1,088,822,040	-	1,088,822,040
Unaccounted for Stores	1,610,241,273	3,470,113,491	5,080,354,764
Unaccounted for funds	110,000,000	79,752,710	189,752,710
Missing Payment Vouchers	2,242,566,567	1,483,954,110	3,726,520,677
Unsupported Payments	3,072,977,543	4,684,507,071	7,757,484,614
Unretired Imprest	102,872,741	1,850,499,492	1,953,372,233

In addition, the CDF guideline No. 7, requires that implementation of projects should be completed within twelve (12) months. Contrary to the guidelines, there were various projects in Luapula, Western and Southern provinces that had not been completed within the stipulated time, some of which had since been abandoned. These projects were funded amounts totalling K3,033,943,186.

The report is being submitted as a special report and an addendum to my report on the Accounts for the Financial Year ended 31st December 2011.

Introduction

- 1** This Report contains findings on the management of the Constituency Development Funds (CDF) and Grants to Local Authorities for the financial year ended 31st December 2011.

The Report is being submitted to the President for tabling in the National Assembly in accordance with the provisions of Article 121 of the Constitution of Zambia.

Audit Scope and Methodology

- 2** This Report is as a result of reviews, test checks, inspections and examination of accounting, stores, projects and other records maintained by public officers and others entrusted with the handling of public resources. The audit programmes were designed to give reasonable assurance that the funds disbursed by the Government have been utilized for the intended purposes.

This report is also intended to provide information that would assist Parliament in its oversight responsibilities over the application of resources and execution of programmes by the Executive. Accordingly, the programmes were designed to highlight areas of weakness to facilitate formulation of recommendations by Parliament for remedial action by the Executive.

In the course of preparing this report, each Controlling Officer was sent appropriate draft paragraphs for comments and confirmation of the correctness of the facts presented. Where the comments varied with the facts presented, and were proved to be valid, the affected draft paragraphs were amended accordingly.

Limitation in Scope

- 3** Audits were planned so as to obtain all the information and explanations which were considered necessary in order to provide sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud, error or other irregularities. The execution of the audit programmes was limited by factors outside my control. In a number of instances, evidence available was limited due to failure by Controlling Officers to give satisfactory responses to audit observations. In certain instances no responses were provided at all.

Head:	29/ Ministry of Local Government and Housing
	04 Local Government Administration
Unit:	04 Local Government Finance and Audit
Programmes:	03 Support to Institutions (Local Councils)
Activities	06 Constituency Development Funds (CDF)

Background

- 4 The CDF was established in 1995 to finance micro-community based projects for poverty reduction and each Local Authority is mandated to include a provision for CDF in its capital budget. The Local Authority is required to account for the funds in accordance with the law. According to the guidelines on the selection of projects, the Constituency Development Committee (CDC) receives project proposals from sub-district development structures such as Area Development Committees (ADCs), Resident Development Committees (RDCs) and representatives of stakeholders from the townships on behalf of communities as the case may be and refer them to the Planning Sub Committee of the District Development Coordinating Committee (DDCC) for appraisal before recommending to the Council for adoption.

According to the guidelines on the management and utilisation of CDF and other related circulars, the CDF was to be managed as follows:

- i. The Council (Local Authority) shall administer the channeling and utilisation of the CDF.
- ii. The authority to decide on the utilisation of the CDF shall be vested in the Council in accordance with Section 45 (1) of the Local Government Act Chapter 281 of the Laws of Zambia.
- iii. All payments to contractors executing constituency projects shall be paid by bank cheques and no payments in cash shall be allowed.
- iv. Duties performed in connection with the administration of the CDF by members shall be part of community contribution. No allowances whatsoever shall be paid from the CDF.
- v. The Council through the Director of Works shall monitor the projects and issue progress reports on behalf of the Community which shall be submitted to the Provincial Local Government Officer for onward submission to the Minister responsible for Local Government and Housing.
- vi. Administrative component of CDF was pegged at K20,000,000 per constituency with effect from January 2010.

During the period from 2006 to 2012, funds for CDF projects had increased from K60,000,000 to K1,000,000,000 per constituency as shown in the table below.

Year	Amount K	Percentage Increase Per Year
2006	60,000,000	0
2007	200,000,000	333
2008	400,000,000	100
2009	600,000,000	50
2010	665,000,000	11
2011	720,000,000	7.5
2012	1,000,000,000	39

4.1. Project Implementation Guidelines

According to the guidelines, the implementation of the projects shall involve community participation in form of labour and use of locally available materials as much as possible.

For specialized works, the Tender Committee at District Level shall use flexible tender system in the invitation of tender offers from eligible contractors or suppliers. The District Tender Committee shall evaluate the bids and recommend to the Council for award of contracts which shall be communicated to the successful contractor or supplier. Preference shall be given to local contractors and suppliers.

The Council, through the Director of Works/ Director of Engineering Services or District Planning Officer/Director of Social Economic Planning Offices from relevant Government Line Departments and the beneficiary Community shall monitor the project implementation monthly or as often as necessary depending on the nature and stage of the project. The Community shall be involved during monitoring. The monitoring team shall prepare progress reports on behalf of the community supported by the accounts for the quarter and submit through the Provincial Local Government Officer to the Minister of Local Government and Housing who shall analyze the reports and advise the Government on progress achieved in the implementation of micro-community projects and programmes in the constituencies.

The types of projects to be financed under Constituency Development Funds shall be developmental in nature and be beneficial to various stakeholders in the Community.

Only projects which have been appraised and approved by the council shall be funded. The Council shall inform the CDC of its decision.

4.2. Budget and Funding

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2010 and 2011, a total provision of K228,000,000,000 was made as CDF to cater for one hundred and fifty (150) Constituencies against which amounts totalling K208,000,000,000 were released to the

Ministry for onward disbursement to the Local Authorities resulting in an underfunding of K20,000,000,000.

Out of the funding of K208,000,000,000 received, amounts totalling K162,000,000,000 were disbursed to the Local Authorities while the balance of K46,000,000,000 had not been disbursed as at 31st December 2011 as shown in the table below.

Year	Provision K	Supplementary K	Total Authorised K	Releases from Ministry of Finance K	Disbursed amount to Councils as at 31 st December 2011 K	Variance K
2010	100,000,000,000	-	100,000,000,000	80,000,000,000	80,000,000,000	-
2011	108,000,000,000	20,000,000,000	128,000,000,000	128,000,000,000	82,000,000,000	(46,000,000,000)
Total	208,000,000,000	20,000,000,000	228,000,000,000	208,000,000,000	162,000,000,000	(46,000,000,000)

The balance of K46,000,000,000 was only disbursed to the local authorities in the subsequent year (2012).

4.3. Weaknesses in the Implementation of CDF Projects and Other Irregularities

An examination of accounting and other records relating to the implementation of the 2010 and 2011 CDF activities and physical inspections of projects carried out in September 2012 in the one hundred and three (103) Constituencies of the fifty one (51) local authorities in the nine (9) provinces revealed weaknesses in the management of projects.

4.4. Luapula Province

A total amount of K19,390,000,000 was released to seven (7) local authorities to cater for the 2010 and 2011 CDF Projects in the fourteen (14) Constituencies of Luapula Province as detailed in the table below.

District	No. of Constituencies	2010 Amount K	2011 Amount K	Total K
Mansa	2	1,330,000,000	1,440,000,000	2,770,000,000
Mwense	3	1,995,000,000	2,160,000,000	4,155,000,000
Nchelenge	1	665,000,000	720,000,000	1,385,000,000
Samfya	3	1,995,000,000	2,160,000,000	4,155,000,000
Chiengi	1	665,000,000	720,000,000	1,385,000,000
Kawambwa	3	1,995,000,000	2,160,000,000	4,155,000,000
Milengi	1	665,000,000	720,000,000	1,385,000,000
TOTAL	14	9,310,000,000	10,080,000,00	19,390,000,000

The following were however observed:

i. Unspent Funds

A total amount of K6,189,207,908 funded in 2010 and 2011 for CDF projects in thirteen (13) constituencies had not been spent as of September, 2012 as shown below.

Constituency	Amount Released K	Unspent Funds K
Chipili	1,385,000,000	699,970,000
Mwense	1,385,000,000	727,000,000
Mambilima	1,385,000,000	654,830,000
Kawambwa Central	1,385,000,000	428,447,028
Mwansabombwe	1,385,000,000	328,517,172
Pambashe	1,385,000,000	237,607,058
Chienge	1,385,000,000	842,520,403
Mansa Central	1,385,000,000	608,289,423
Bahati	1,385,000,000	218,893,246
Nchelenge	1,385,000,000	609,317,767
Chifunabuli	1,385,000,000	54,201,024
Luapula	1,385,000,000	718,720,552
Bangweulu	1,385,000,000	60,894,235
	18,005,000,000	6,189,207,908

Although a total amount of K6,189,207,908 remained unspent as of September 2012, it was observed that a further funding of K14,000,000,000 (2012 CDF) was disbursed in October, 2012 to the thirteen (13) constituencies in the Province bringing the total unspent funds as at 31st December 2012 to K20,189,207,908. The rationale of disbursing the K14,000,000,000 for 2012 CDF before exhausting the previous allocation is questionable.

ii. Weaknesses In Internal Controls

There were weaknesses in internal controls in that payments were not supported with relevant documents, vouchers were missing, imprest not retired and building materials not accounted for. See table below.

District	Constituency	Unsupported Payments		Missing Vouchers		Unretired Imprest		Unaccounted for Building Materials	
		No.	Amount K	No.	Amount K	No.	Amount K	No.	Amount K
Mwense	Chipili	2	179,916,864		-	1	2,415,000	1	636,640
	Mwense	3	20,335,400		-	4	14,124,480	3	49,950,000
	Mambilima	32	387,427,330	6	148,976,005	2	1,587,480	3	60,000,000
Mansa	Mansa Central	10	39,070,000	4	14,000,000	2	5,220,000	19	81,504,220
	Bahati	3	40,600,000	12	45,246,480	4	14,970,000	33	537,482,950
Nchelenge	Nchelenge		-		-	0	-	11	50,355,000
Kawambwa	Mwansabombwe		-		-	0	-	3	56,500,000
	Pambashe		-	7	32,242,500	0	-	0	-
Samfya	Chifunabuli	1	22,175,000	1	20,000,000	2	4,240,000	10	226,509,000
	Bangweulu	6	61,095,000			1	8,000,000	34	339,728,000
	Totals	51	750,619,594	30	260,464,985	16	50,556,960	117	1,402,665,810

iii. Irregular Payment of Allowances

According to CDF Guideline No. 3(d), “duties performed in connection with the administration of the Constituency Development Funds by members shall be part of community contribution and no allowances whatsoever shall be paid from the Constituency Development Funds”. It was however observed that, a total amount of K27,202,500 was paid as sitting allowances to Councilors and CDC members in Mwense (K1,807,500) and Mansa (K25,395,000).

iv. Misapplication of Funds – Kawambwa District Council

Contrary to CDF Guideline No.5, a total amount of K249,280,000 was applied on activities not related to CDF projects such as rehabilitation of the Civic Centre, bursaries and donation to the orphanage, supplementing empowerment funds and facilitating an ordinary full council meeting.

v. Unapproved Projects

Contrary to CDF Guideline No. 7, a total amount of K642,244,000 involving fourteen (14) transactions were spent on unapproved projects as shown in the table below.

District	Constituency	No. of Projects	Amounts Paid K
Mwense	Mwense	5	34,419,000
Kawambwa	Mbambashe	3	275,000,000
	Mwansabombwe	3	220,000,000
Samfya	Chifunabuli	3	112,825,000
	Total	14	642,244,000

vi. Wasteful Expenditure

A total amount of K89,626,000 was spent on the implementation of four (4) projects. It was observed that though these projects were completed during the period under review, they were not in use as of September, 2012 rendering the expenditure wasteful. See table below.

District	Constituency	Name of Project	Date of commencement	Allocated Amount K	Amount Spent K	Remarks
Kawambwa	Mwansabombwe	Construction of a market at Mbereshi	25.05.11	67,752,000	33,876,000	Although the market was complete, it was not in use as its location was away from the community
	Mwansabombwe	Borehole cleanout and supply of 10,000 litres water tank.	01.03.11	22,545,000	20,000,000	At the time of inspection the borehole had dried up.
	Mwansabombwe	Construction of tank stand and supply of a pump.	01.03.11	25,380,000	18,750,000	Stand tank and pump were supplied but not in use
	Chipili	Rehabilitation of Kamani cattle dip tank	16.05.11	17,000,000	17,000,000	Although the dip tank was complete, it was not in use.
Total				132,677,000	89,626,000	

vii. Projects Running for More Than 12 Months

According to the CDF guideline No.7 on the management and utilisation of Constituency Development Fund, “implementation of projects shall be completed within one year”. It was, however, observed that twenty six (26) projects which were funded amounts totalling K1,734,686,186 that commenced during the period March 2011 to July 2011 had either been abandoned or had not been completed as of September, 2012. See table below.

District	Constituency	Project	Contractor	Contract Date	Allocated Amount K	Total spent K	Remarks
Mwense	Mambilima	Construction of Lwamfumu Bridge	Mwense Council	30.06.11	100,000,000	99,995,000	No works done
		Construction of Machiluka Health centre	Chadka Gen. Dealers	11.07.11	50,000,000	50,000,000	Abandoned at ring beam.
		Completion of 1X2 Classroom block - Muchinga community School	Kakis Enterprises	13.07.11	30,000,000	27,000,000	Abandoned at ring beam.
		Construction of 1X2 classroom block - Ifumampelo Community School	Gercha Gen. Dealers	16.05.11	27,000,000	27,000,000	Abandoned at foundation level.
		Construction of 1X2 classroom block - Chebele Basic School	Tresford Mwangata	28.06.11	52,000,000	47,000,000	Abandoned at foundation level.
		Supply of one (1) hammermill and construction of hammermill shed	Tresford Mwangata	14.06.11	22,000,000	22,000,000	Although the hammermill was supplied in July 2011, construction of the shed
	Chipili	Completion of 1x2 Classroom Block - Chulu Luongo Community School	Mwini Suppliers and Contractors	13.05.11	20,000,000	17,000,000	Abandoned at window level.
	Chipili	Electrification of Mwenda Roads Camp	Zesco Ltd	24.05.11	140,000,000	160,416,864	Not electrified
	Mwense	Electrification of Kapena Basic School	Zesco Ltd	11.05.11	90,000,000	87,227,548	Not electrified
Nchelenge	Nchelenge	Completion of 1 x 2 Classroom Block at Chiba Primary School	Machaka Gen. Contractors	16.07.11	82,184,000	41,092,000	The structure was being roofed while Plastering.
		Construction of Mubamba Weighing Post	Pambashe Transport and Food Suppliers	24.07.11	45,000,000	6,750,000	The weighing post was at window level
		Construction of a Docking Bay at Kilwa Island	Aaron's Construction and General Dealers	16.07.11	185,000,000	27,750,000	Only part of the docking jet done
		Rehabilitation of one (1) Staff House and Construction of one (1) VIP Toilet at Toka Toka Primary School	Busuman Banda Enterprises	16.07.11	72,738,000	36,369,000	VIP toilet not done
		completion of Kafutuma Market	ECM Contractors	06.07.11	30,000,000	19,500,000	Abandoned at window level
Mansa	Mansa Central	Construction of Kampwena market stands and flooring	Mansa Council	Mar-11	20,000,000	16,655,000	Flooring had not been done
		Construction of a nursery school at CMML	Mansa Council	29.04.11	6,000,000	6,000,000	As of September 2012, only the foundation had been dug. Further building materials costing K6,000,000 though paid for on cheque No.2363 dated 29.04.11 had not been delivered.
		Completion of Mwana Chama health Outreach post	Mansa Council	Mar-11	10,000,000	6,240,000	Works had not commenced
		Construction of Piggery at Chibalashi Youth project	Mansa Council	Mar-11	20,000,000	20,000,000	Abandoned at lintel level
		Electrification of Mwabu Rural Health centre	Zesco Ltd	06.04.11	52,154,409	52,154,409	The health centre was not electrified only the staff houses were electrified
Chienge	Chienge	Electrification of Chipungu Basic School	Zesco Ltd	06.04.11	73,061,960	73,061,960	Two blocks were not electrified only one block was electrified
		Electrification of Lupiya Market	Zesco Ltd	06.04.11	50,760,545	50,760,545	The market was not electrified
		Electrification of Kazembe Market	Zesco Ltd	12.07.11	170,268,840	170,268,840	The market was not electrified
		Electrification of Lunchinda Basic School	Zesco Ltd	06.04.11	45,883,432	45,883,432	Power was only connected to the staff house and not the classroom blocks.
		Drilling of borehole	Zambezi Drilling	09.11.11	35,000,000	35,000,000	Although a borehole had been drilled, it was not equipped and therefore not in use.
Kawambwa	Mwansabombwe	Purchase of 9 hammer mills, construction of hammer mill sheds.	Various	13.04.11	283,635,000	260,003,750	Although the hammer mills were supplied and the sheds done, the hammer mills had not been mounted and they were not in use.
Mwense	Mambilima	Supply of Hammer mill and construction of Hammer mill shed		14.06.11	22,000,000	22,000,000	Hammer mill had been procured but the shelter had not been constructed
Total					1,734,686,186	1,427,128,348	

4.4.1. Mansa Municipal Council

a. Mansa Central

i. Lack of Expenditure Returns

During the period from March to April, 2011, amounts totalling K100,000,000 involving five (5) transactions were paid to five (5) chiefs for the rehabilitation of their palaces. However, there were no expenditure returns made available for audit making it not possible to ascertain how the funds were utilised.

ii. Delays in the Implementation of Projects

During the period from November 2011 to January 2012, amounts totalling K156,000,000 were funded for various projects. However, despite the availability of funds, implementation was delayed as shown in the table below.

Project Name	Allocated Amount K	Date of Receipt of funds	Date of Commencement of project	Spent Amount to date K	Status/Remarks
Construction of Maternity Ward (Kalyongo Clinic)	50,000,000	20.01.12	14.08.12	39,296,000	Structure at foundation box level
Electrification of Mabumba High School	26,000,000	20.01.12	03.08.12	26,000,000	Power not connected to the school
Construction of staff house (Fikombo Primary School)	40,000,000	20.01.12	24.08.12	28,783,000	Digging of foundation box just commenced
Construction of a staff house (Mibinde Primary school)	40,000,000	20.01.12	09.08.12	27,546,000	At foundation box level
	156,000,000				

b. Bahati Constituency

i. Undelivered Building Materials

Payments totalling K145,810,000 were made to three (3) suppliers for the procurement of various building materials. However, as of October 2012, the materials had not been delivered. See table below

Date	Payee/Supplier	Amount K	Details
24/05/12	Evaget General Dealers	27,950,000	Four hundred and forty (430) pockets of cement
24/06/12	Evaget General Dealers	43,225,000	Six hundred and ninety five (695) pockets of cement
29/05/12	Kass Kass General Dealers	32,500,000	Five hundred (500) pockets of cement
29/05/12	Chipwaila General Dealers	42,135,000	Six hundred and fifty four (654) Iron Sheets
		145,810,000	

ii. Poor Record Keeping – Bahati Constituency, Mansa

Amounts totalling K125,000,000 were funded for the implementation of five (5) projects in Bahati Constituency. However, due to poor record keeping, it was not possible to verify how much had been utilised on these projects. See table below.

Project Name	Allocated Amount K	Date of Receipt of funds	Status/Remarks
Construction of staff house (Bukanda Basic school)	15,000,000	21.11.11	Materials received at the site but project not commenced (Ledgers not maintained)
Construction of staff house (Luchinka Primary School)	25,000,000	21.11.11	Materials received at the site but project not commenced (Ledgers not maintained)
Construction of Makonde foot bridge	10,000,000	21.11.11	Bridge still under construction, it was also observed that poor quality culverts were used
Construction of Market and Public toilets at Musaila	45,000,000	21.11.11	Market was at roof level, however, construction of the toilets had not commenced
Rehabilitation of 1 X 3 CRB (Ntoposhi Primary School)	30,000,000	21.11.11	The structure was roofed with fitting of windows, and panel doors, glazing and painting outstanding
Total	125,000,000		

Further, although the projects were fully funded, as of October 2012, the projects had not been completed.

4.4.2. Kawambwa District Council

a. Questionable Purchase of an Ambulance – Mwansabombwe Constituency

On 20th August, 2012, the Council resolved to procure a mini bus to be modified into an ambulance from Mutombo Suppliers at a cost of K220,000,000 and as of 20th August, 2012 the supplier had been paid in full.

However, the following observations were made:

- Contrary to ZPPA Circular No. 1 of 2011, the Council did not follow the procurement guidelines in that they did not obtain a “no objection” from the Zambia Public Procurement Authority for single sourcing.
- Mutombo Suppliers and Construction Company had no Tax clearance certificate.
- Contrary to the existing payment system which requires that any payment of K100,000,000 and above shall be made using Electronic Funds Transfer Advice (EFTA), the payment of K220,000,000 to Mutombo Suppliers was split into three (3) on the same date to circumvent the prevailing procedure. See table below.

Date	Chq No.	Payee	Amount K	Details
20.08.12	1317	Mutombo Suppliers	90,000,000	Purchase of Ambulance for Mwanabombwe Constituency
20.08.12	1318	Mutombo Suppliers	90,000,000	Purchase of Ambulance for Mwanabombwe Constituency
20.08.12	1319	Mutombo Suppliers	40,000,000	Purchase of Ambulance for Mwanabombwe Constituency
		TOTAL	220,000,000	

As of October 2012, the ambulance had not been delivered.

b. Irregularities in the Procurement of an Ambulance – Pambashe Constituency

In August 2012, the Council paid amounts totalling K275,000,000 to KDG Auto Link for the supply of a Toyota Land Cruiser to be used as an ambulance in the constituency. However the following were observed:

- Contrary to ZPPA Circular No. 1 of 2011, the Council did not follow the procurement guidelines in that they did not obtain a “no objection” from the Zambia Public Procurement Authority.
- Contrary to the existing payment system which requires that any payment of K100,000,000 and above shall be made using Electronic Funds Transfer Advice (EFTA), the payment of K275,000,000 to KDG Auto Link was split into three (3) on the same date to circumvent the prevailing procedure. See table below.

Date	Chq No.	Payee	Amount K	Details
20.08.12	639	KDG Auto Link	95,000,000	Purchase of Toyota Land Cruiser for Pambashe Constituency
20.08.12	640	KDG Auto Link	95,000,000	Purchase of Toyota Land Cruiser for Pambashe Constituency
20.08.12	641	KDG Auto Link	85,000,000	Purchase of Toyota Land Cruiser for Pambashe Constituency
TOTAL			275,000,000	

As of October 2012, the ambulance had not been delivered.

c. Irregular award of Contracts – Mwense District Council

In May 2011, the Council awarded two (2) contracts costing K54,996,650 to Chilumuka Contractors and General Dealers (K34,996,650) and Machaka General Contractors (K20,000,000) for the completion of 1x3 classroom block, rehabilitation of staff house and construction of a staff house in Mambilima Constituency.

However, a review of the Council minutes dated 11th May 2011 revealed that the Council resolved to award the contracts to Nestnal Contractors Ltd and Posmac General Contractors and Suppliers Ltd. In this regard, the award of the contracts to Chilumuka Contractors and General Dealers and Machaka General Contractors who did not take part in the bidding process was irregular.

4.5. Western Province

A total amount of K23,545,000,000 was released to seven (7) local authorities to cater for the 2010 and 2011 CDF Projects in the seventeen (17) Constituencies of Western Province as detailed in the table below.

District	No. of Constituencies	2010 Amount K	2011 Amount K	Total K
Mongu	3	1,995,000,000	2,160,000,000	4,155,000,000
Kaoma	3	1,995,000,000	2,160,000,000	4,155,000,000
Shangombo	1	665,000,000	720,000,000	1,385,000,000
Sesheke	3	1,995,000,000	2,160,000,000	4,155,000,000
Kalabo	3	1,995,000,000	2,160,000,000	4,155,000,000
Lukulu	2	1,330,000,000	1,440,000,000	2,770,000,000
Senanga	2	1,330,000,000	1,440,000,000	2,770,000,000
TOTAL	17	11,305,000,000	12,240,000,000	23,545,000,000

An examination of accounting and other records maintained at four (4) selected local authorities namely Mongu, Kaoma, Shangombo and Sesheke revealed the following:

i. Weaknesses in Internal Controls

There were weaknesses in internal controls in that payments were not supported with relevant documents, vouchers were missing, imprest not retired and unsupported payments. See table below.

District	Constituency	Unsupported Payments K	Missing Vouchers K	Unretired Imprest K
Mongu	Nalikwanda	111,875,000	148,738,000	-
	Mongu Central	286,500,000	-	3,810,999
	Luena	30,000,000	-	18,329,218
Kaoma	Kaoma Central	162,685,000	303,327,488	-
	Mangango	231,872,000	160,998,925	-
	Luampa	144,272,000	138,518,960	-
Shangombo	Sinjembela	262,275,000	-	-
Sesheke	Sesheke Central	24,300,000	-	-
	Mwandi	-	92,220,000	-
Total		1,253,779,000	843,803,373	22,140,217

ii. Misapplication of Funds

Contrary to CDF guideline No. 5, a total amount of K191,020,908 was applied on unrelated activities such as rehabilitation of the council rest house and Mukena house at Lealui Royal Palace and payment of allowances to officers facilitating an ordinary council meeting.

iii. Unapproved Projects

Contrary to CDF Guideline No.7, which requires that all projects be approved by the Council, the Council made payments in amounts totalling K134,065,000 to twenty four (24) projects that were not approved by the Council.

iv. Funding of Individual Business Entities

A total amount of K497,095,500 involving eighty six (86) transactions was paid to private business entities involved in trading activities such as groceries retailing, hardware, poultry business, among others as capital to refinance their operations contrary to the CDF guidelines.

v. Projects Running for More Than 12 Months.

Contrary to the CDF guideline No. 7 on the management and utilisation of Constituency Development Fund, which states that implementation of projects shall be completed within one year, it was observed that twenty eight (28) projects which were funded amounts totalling K1,134,257,000 and commenced during the period March 2011 to August 2011 had either been abandoned or had not been completed as of October, 2012. See table below.

District	Constituency	Project	Contractor	Contract Date	Funded Amount K	Total spent K	Remarks
Mongu	Nalikwanda	Construction of a staff house at Nandinga Basic School	M. Kanala	21.05.11	70,495,000	69,345,000	Project abandoned at window level
		Completion of Staff house at Nakato Basic School	Not Engaged		20,000,000	14,270,000	No works done
		Construction of Maternity wing at Kalundwana Rural Health Center	Mwala Mbumwae	14.02.11	61,700,000	48,433,000	Abandoned with glazing & plastering outstanding.
		Completion of Maternity wing at Luandui rural Health center	Mwala Mbumwae	11.07.11	24,062,000	20,895,000	Abandoned with glazing, plastering, flooring & outstanding.
	Mongu Central	Construction of a Market Shelter at Imwiko Market	Blue Nile	22.07.11	40,000,000	40,000,000	Abandoned after fitting of only 92 iron sheets; 108 iron sheets valued at K8,100,000 unaccounted for

Mongu	Luena	Construction of TB Isolation ward at Limulunga RHC	Musole Songiso	26.01.11	41,000,000	41,000,000	Structure abandoned at roof level
		Construction of a staff House at Mweeke Basic School	Ngunga	13.07.11	10,000,000	10,000,000	Structure abandoned at lower window level
		Construction of 1 x 3 Class Room Block (CRB) at Nangula Basic School	Liyunga Kwando	27.01.11	24,000,000	24,000,000	Structure abandoned at lower window level
		Construction of 1 x 2 CRB at Ndanda Basic School	Mukumbuta Muyunda	25.10.11	33,000,000	33,000,000	Structure abandoned at roof level
		Construction of a Staff House at Malala Basic School	Not engaged		15,000,000	15,000,000	Works not yet commenced
		Construction of a Staff House at Namitome Basic School	Sianga Nasilele	25.10.11	29,000,000	29,000,000	Abandoned with glazing, plastering and flooring outstanding.
Kaoma	Kaoma Central	Construction of a Staff House at Mulalila Basic School	Kumoyo Sitali	01.02.11	60,000,000	54,000,000	Abandoned at slab level
		Construction of 1 x 2 CRB at Kajejeje Basic School	Namba Munanga	18.04.11	60,000,000	54,837,000	Structure at slab level
		Construction of 1 x 3 CRB at Kamuni Basic School	Robby Kalenga	30.06.11	70,000,000	69,600,000	Structure abandoned at gable level
		Construction of a primary health care at Kaposhi	Ndashe Kaoma	25.03.11	40,000,000	34,000,000	Only foundation footing done
		Construction of 1 x 2 CRB at Shambalamina Community School	Not engaged		60,000,000	62,541,000	Works not yet commenced
		Construction of 1 x 2 CRB at Namilangi Community School			80,000,000	65,305,000	Only foundation footing done and abandoned
	Construction of 2 staff houses at Kapili Basic School	M. Mwandiswa	01.02.11	50,000,000	52,416,000	House no. 1 completed; House no. 2 abandoned at lower window level	

Kaoma	Mangango	Construction of 3 Staff houses & 2 VIP toilets		30.09.11	48,000,000	40,800,000	Works on 2 staff house and VIP toilets had not commenced
		Construction of Makembu Bridge	Progress Akamonwa		85,000,000	84,350,000	Bridge constructed but has developed cracks
	Luampa	Construction of a 1x3 CRB at Mwandansengo Basic School	William Siateya Munyika		40,000,000	43,800,000	Structure roofed with plastering, glazing, flooring all outstanding; contractor not on site
		Construction of VIP at Kaoma Basic School	Teddy Kafunte	08.06.11	15,000,000	18,000,000	Works not yet commenced
		Construction of 1 x 3 CRB at Lui Basic School	Gideon Cimunika	12.10.11	30,000,000	29,960,000	Works not yet commenced; materials used to rehabilitate a teachers house
	Construction of 1 x 3 CRB at Kanyenze Basic School		12.10.11	45,000,000	45,000,000	Structure abandoned at slab level	
Shangombo	Sinjembela	Completion of a 1 x 2 CRB at Mambolomoka basic school	Francolins Investments	02.09.11	30,000,000	28,493,000	Structure roofed with plastering, glazing, flooring all outstanding; contractor not on site
		Completion of a 1 x 3 CRB at Matunda Basic School	Siyamana Simafuwa	01.02.11	25,000,000	20,000,000	Structure roofed with glazing, flooring all outstanding; contractor not on site
Sesheke	Sesheke Central	Completion of Maondo Health Centre		02.08.11	20,000,000	20,000,000	Abandoned at roof level
		Water reticulation at Nakatindi Basic School	Osborne Mutuba	02.08.11	8,000,000	8,000,000	Works not yet commenced
						1,076,045,000	

4.5.1. Mongu Municipal Council

a. Nalikwanda Constituency

i. Misapplication of Funds

Contrary to CDF guidelines on the management and utilisation of CDF, an amount of K9,400,000 was applied on the payment of sitting allowances, an activity not related to CDF.

ii. Failure to Certify Works

Amounts totalling K188,600,000 were paid to various contractors for labour works contracted on various CDF projects. However, the payments were made without works being certified by the Buildings or Engineering Department of the local authority contrary to the CDF guidelines.

iii. Failure to Follow Tender Procedures

In July 2011, the Council procured a tractor from CAMCO Equipment of Lusaka for Nalikwanda Development Association in Nakanya at a cost of K113,835,000. However the following were observed:

- The procurement of the tractor was not among the approved projects contrary to CDF Guidelines.
- Contrary to ZPPA Circular No. 1 of 2011 dated 24th January, 2011 which requires that all procurements ranging from K50,000,000 to K500,000,000, the procuring entities should obtain a 'No Objection' from the Zambia Public Procurement Authority (ZPPA), the Council single sourced the procurement of the tractor at a total cost of K113,835,000 without obtaining a 'No Objection' from the ZPPA and authority from the District Tender Committee.

A physical inspection carried out in August 2012 revealed that the tractor had since broken down.

b. Mongu Central Constituency

i. Irregular Payments

During the period from January 2011 to August 2012, the local authority paid out a total amount of K184,000,000 for various projects to thirteen (13) groups that were not registered with either the Local Authority or the registrar of societies contrary to CDF guidelines.

ii. Failure to Execute Works – Sinking of Boreholes

On 24th May 2010, the Mongu Municipal Council single sourced Yelezya Enterprise of Lusaka at a contract price of K150,000,000 for the drilling of ten (10) boreholes in Mandanga, Ilute and Lewanika wards to cater for eight thousand (8,000) households. As of January 2011, the contractor had been paid the full contract price.

The following were however observed:

- Procurement guidelines were not followed in that a “no objection” was not sought from the Zambia Public Procurement Authority (ZPPA) for single sourcing.
- A physical inspection carried out in August 2012 revealed that none of the boreholes had been drilled despite the contractor being paid in full.

iii. Unaccounted for Fuel - Grading of Township Roads

On 17th January 2011, the Council paid amounts totalling K40,000,000 to Kitamuli Investments Ltd (K30,000,000) and Kobil Service Station (K10,000,000) for purchase of fuel and lubricants for the grading of Tungi – SNV, Queen Mother and Chitimukulu Roads in Imwiko, Lewanika and Kanyonyo wards by the Rural Roads Unit.

However, contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of the fuel procured.

Further, an inquiry with the Rural Roads Unit revealed that the grading of the roads was not done.

iv. Rehabilitation of Chisonga Road

In April 2012, Rural Roads Unit (RRU) was engaged to rehabilitate the 2.5 km stretch of Chisonga road at a cost of K70,662,396 (K55,862,396 for fuel and K14,800,000 on allowances).

A physical inspection carried out in September, 2012 revealed that only 1.1 kilometer of the road had been worked on.

Further, contrary to Public Stores Regulation No. 16, there were no records to show how fuel costing K55,862,396 was utilised.

v. Construction of Fee Paying Toilets

On 11th August, 2011, the Mongu Municipal Council paid amounts totalling K24,600,000 to a local supplier for the purchase of building materials (K21,940,000) and transportation (K2,660,000) for the construction of fee paying toilets at Maunyamo Harbor Market.

It was however observed that the building materials were diverted and used to construct VIP toilets at Kapulanga Market without approval from the Council.

A physical inspection of the project at Kapulanga Market revealed that only the super structure had been constructed and the project had since been abandoned as shown in the picture below.



Abandoned VIP Toilet

Further, contrary to Public Stores Regulation No.16, there were no disposal details for building materials costing K21,940,000.

vi. Unaccounted for Building Materials

On 1st February, 2011, Ntonto Koya General Dealers of Mongu was paid an amount of K20,000,000 for the supply of building materials for the construction of a 1 x 3 CRB at Mwelwa Community School in Katongo Ward.

However, contrary to Public Stores Regulation No.16, there were no disposal details for building materials costing K20,000,000.

Further, inquiries made with the Mongu District Education Board Secretary's (DEBS) office revealed that Mwelwa Community School did not exist rendering the expenditure questionable.

c. Misappropriation of Funds - Luena Constituency

During the period from January 2011 to August 2012, amounts totalling K84,150,000 was paid to three (3) suppliers (Luena Hardware K55,600,000; Ntonto Koya General Dealers

K18,550,000 and Arrow Point General Dealers K10,000,000) for the supply of sixty two (62) oxen for seventeen (17) beneficiary groups in the constituency.

It was however observed that amounts totalling K84,150,000 were refunded as cash by the suppliers to the seventeen (17) groups on account that they could not supply the oxen.

As of December 2012, the K84,150,000 had not been recovered from the groups as their whereabouts were unknown.

4.5.2. Kaoma District Council

a. Undelivered Hammer Mill - Mangango Constituency

On 10th October 2011, Kahyata Njamba of Kaoma was paid an amount of K20,000,000 for the supply and delivery of a hammer mill to Kapili Women`s Club..

However, as of September 2012, the hammer mill had not been delivered.

b. Procurement of Hammer Mills - Luampa Constituency

In 2011, Chikanji Construction was engaged for the supply and installation of hammer mills for three (3) community clubs in Naliele, Kanyenze and Kapulanga East. As of November 2011, the contractor had been paid in full as shown in the table below.

Payee	Date	Amount K	Beneficiary Group
Chikanji Construction	30.01.11	20,000,000	Kanyenze Community
Chikanji Construction	26.09.11	20,000,000	Naliele Women`s Club
Chikanji Construction	25.11.11	20,015,000	Kapulanga East Club
Total		60,015,000	

However, the following were observed:

- The hammer mill for Naliele Women`s Club had not been delivered as of October 2012,
- The hammer mill at Kapulanga East community Club was not operational and,
- The hammer mill at Kanyenze had been delivered but not installed.

4.5.3. Shangombo Council - Sinjembela Constituency

a. Procurement of Motor Vehicles

On 18th February, 2011 Fairway Hardware and General Dealers of Lusaka was paid a total amount of K260,000,000 for the supply of a second hand Toyota Hilux Double Cab (K110,000,000) and Mitsubishi truck (K150,000,000). However, the vehicles were single sourced and no authority was obtained from ZPPA to use direct bidding.

In addition, in July 2011, five (5) months after the Toyota Hilux was purchased, the vehicle had broken down and as of September 2012 it had not been repaired. See picture below.



Damaged Toyota Hilux

Further, both vehicles were not insured as of September 2012.

b. Construction of Mother's Shelter

The Council approved K140,000,000 (K70,000,000 in 2010 and K70,000,000 in 2011) for the construction of a mother's shelter at Mulonga Rural Health Centre in Shangombo District.

As of September, 2012 a total of K150,180,000 had been spent (K120,018,000) on building materials and (K30,000,000) on labour.

A review of the records and physical inspection carried out in September, 2012, revealed that although the project was completed, the following were observed:

i. Failure to Produce Contract

Between January, 2011 and March 2011 NATNAM Suppliers were paid a total amount of K30,000,000 as labour for the construction of the Mother's Shelter.

However, there was no labour contract produced for audit.

ii. Over Payment on Supply of Building Materials

On 22nd July, 2011, NATNAM Suppliers were paid K64,537,000 for the supply of various building materials for the project.

However, it was observed that six (6) trusses costing K1,590,000 (K265,000 per unit) were paid for at an amount of K30,687,000 resulting in an overpayment of K29,097,000

As of September 2012 the money had not been recovered from the supplier.

iii. Undelivered Materials

In January 2011, NATNAM Suppliers was paid an amount of K50,000,000 for the supply and delivery of building materials. However, as of September 2012, building materials costing K9,040,000 had not been delivered.

c. Stalled Project - Construction of 1x3 Class Room Block

During the period under review, the local authority spent amounts totalling K80,000,000 (K75,000,000 on materials and K5,000,000 on labour) for the construction of a 1x3 class room block at Sinjembela Basic School.

However, contrary to Public Stores Regulation No. 16, there were no disposal details in respect of building materials costing K75,000,000 making it not possible to ascertain how the materials were utilised.

A physical inspection of the project carried out in September, 2012, revealed that although all the materials had been delivered as at September 2011, the project had stalled at foundation box level.

d. Failure to Commence the Construction of 1x3 Classroom Block

During the period under review, the local authority spent amounts totalling K74,000,000 (K48,000,000 on materials and K26,000,000 on transportation) for the construction of a 1x3 classroom block at Kaungamashi Basic School.

However as of October 2012, despite the availability of materials, the project had not commenced.

Further, the following were observed:

i. Unauthorised Issuance of Building Materials

On 25th September, 2011, the Head teacher issued 86 x 50kg pockets of cement costing K6,020,000 to New Apostolic Church without authority from either the DEBS office or the Council. According to the arrangement the borrowed cement was to be replaced within three (3) weeks. However, as of October, 2012, the cement had not been returned by the Church.

ii. Undelivered Building Materials

Building materials costing K6,974,000 procured from NATNAM (K3,730,000) and Musena Hardware (K3,244,000) had not been delivered as of October 2012.

4.5.4. Sesheke District Council

i. Failure to Appraise Projects

During the period under review, the Council approved one hundred and sixty (160) projects with a value of K72,700,000 related to activities such as village chicken rearing, maize farming, gardening and cattle trading with project values ranging from K500,000 to K5,000,000.

However, there was no record to show that an assessment of the viability of the projects was undertaken before being approved.

ii. Failure to Certify Construction Works

A total amount of K17,000,000 was paid to three (3) contractors for labour works on rehabilitation of Sesheke Post Office and Yeta Hospital. However, the payments were made without being certified by the Buildings or Engineering Department of the Councils contrary to the CDF guidelines.

iii. Stalled Works - Construction of a 1x3 Class Room Block at Katima Basic School

On 26th July 2011, an amount of K10,000,000 was paid to Mubukwanu Lusungo for the purchase of 166 pockets of cement and two (02) reinforcement wires.

However, the labour for the construction of the classroom block was to be provided by the Parents Teachers Association (PTA).

However, as of October 2012, only sixty (60) pockets of cement costing K3,600,000 had been delivered leaving a balance of one hundred and six (106) pockets of cement costing K6,360,000 undelivered.

A physical inspection revealed that the project had stalled at foundation level.

4.5.5. Mwandi Constituency

i. Questionable Payment

In 2011, the Council approved K10,000,000 to Mwandi Development Association for verification of projects in Mwandi constituency. In this regard, on 3rd August 2011, Mr Aggrey Situmbeko Kalumbu, Chairperson of the Association was paid K10,000,000 on behalf of the Association to undertake the exercise.

However, there were no reports produced to show that the activity was undertaken and an inquiry with Council management revealed that the association did not exist.

The rationale of engaging the association to carry out the monitoring which is the responsibility of the Council is questionable.

ii. Unaccounted for Funds - Bush Clearing at Mwandu Cemetery

On 9th August 2011, a total amount of K30,000,000 was paid to two (2) council employees to pay casual workers for bush clearing at Mwandu cemetery.

However, the funds were unaccounted for in that there were no acquittal sheets to support the expenditure.

4.6. Southern Province

A total amount of K26,315,000,000 was released to eleven (11) local authorities to cater for the 2010 and 2011 CDF Projects in the nineteen (19) constituencies of Southern Province as detailed in the table below.

District	No. of Constituencies	Amount Received K		Total K
		2010	2011	
Livingstone	1	665,000,000	720,000,000	1,385,000,000
Kazungula	1	665,000,000	720,000,000	1,385,000,000
Kalomo	3	1,995,000,000	2,160,000,000	4,155,000,000
Choma	3	1,995,000,000	2,160,000,000	4,155,000,000
Monze	3	1,995,000,000	2,160,000,000	4,155,000,000
Sinazongwe	1	665,000,000	720,000,000	1,385,000,000
Gwembe	1	665,000,000	720,000,000	1,385,000,000
Mazabuka	3	1,995,000,000	2,160,000,000	4,155,000,000
Namwala	1	665,000,000	720,000,000	1,385,000,000
Itezhi-Tezhi	1	665,000,000	720,000,000	1,385,000,000
Siavonga	1	665,000,000	720,000,000	1,385,000,000
Total	19	12,635,000,000	13,680,000,000	26,315,000,000

An examination of accounting and other related records maintained at seven (7) local authorities namely Livingstone, Namwala, Gwembe, Monze, Sinazongwe, Choma and Kalomo and physical inspections of selected projects carried out in September 2012, revealed the following:

a. Unspent Funds

Amounts totalling K18,005,000,000 were released to cater for CDF projects in seven (7) local authorities. However, as of September 2012, only amounts totalling K10,006,863,398 had been spent leaving a balance of K7,864,888,089 unutilised as shown in the table below.

District	Constituency	Amount Released K	Unspent funds K
Livingstone	Livingstone	1,385,000,000	1,385,000,000
Gwembe	Gwembe	1,385,000,000	612,397,385
Namwala	Namwala	1,385,000,000	676,315,163
Monze	Monze Central	1,385,000,000	584,160,022
	Bweengwa	1,385,000,000	414,767,683
	Boomba	1,385,000,000	423,743,482
Kalomo	Kalomo Central	1,385,000,000	290,790,122
	Dundumwezi	1,385,000,000	199,144,808
	Mapatizya	1,385,000,000	397,318,578
Choma	Choma Central	1,385,000,000	695,320,847
	Mbabala	1,385,000,000	724,660,554
	Pemba	1,385,000,000	711,450,741
Siavonga	Siavonga	1,385,000,000	749,818,704
Total		18,005,000,000	7,864,888,089

Further, although a total amount of K7,998,136,602 remained unspent as of September 2012, amounts totalling K6,000,000,000 (2012 CDF) were funded in October, 2012 to the six (6) Constituencies in the Province bringing the total unspent funds to K13,998,136,602.

The rationale of disbursing the K6,000,000,000 for 2012 CDF before exhausting the previous allocation is questionable.

b. Missing Payment Vouchers

Contrary to Financial Regulation No.65, six (6) payment vouchers at Kalomo District Council in amounts totalling K23,760,000 were not produced for audit.

c. Misapplication of Funds

Contrary to CDF guideline No.5, an amount of K14,000,000 was paid to Jumbe Sports on 12th July, 2011 at Livingstone City Council for the purchase of sports kits, an activity not related to CDF.

d. Unsupported Payments

Contrary to Financial Regulation No.52, nine (9) payments totalling K54,988,228 made during the year under review were not supported with relevant documents such as quotations, cash sale receipts, acquittal sheets and local purchase orders. See table below.

Station	No. of Transactions	Amount K
Livingstone City Council	1	9,000,000
Namwala District Council	4	36,114,000
Sinazongwe District Council	1	2,404,228
Kalomo District Council	3	7,470,000
	9	54,988,228

e. Unapproved Payments – Namwala District Council

Contrary to Financial Regulation No. 48, which states that, “the original of a payment voucher shall be signed by the Controlling Officer, a warrant holder or by any other officer authorised to sign on their behalf”, it was observed that ten (10) payments totalling K86,721,000, were not signed by authorised warrant holders.

f. Unretired Imprest – Livingstone City Council

Contrary to Financial Regulation No. 96, imprest in amounts totalling K30,175,564 issued to three (3) officers during the period under review had not been retired as of October 2012.

g. Unaccounted For Stores

Contrary to Public Stores Regulation No.16, various stores items costing K39,793,500 procured during the period under review at Namwala District Council had no receipt and disposal details.

4.6.1. Livingstone City Council – Livingstone Constituency

a. Failure to Implement Approved Projects

Five (5) projects that were approved and funded amounts totalling K366,450,200 to be implemented in 2011, had not commenced as of October 2012. See table below.

Project Details	Amount Approved K
Completion of Public Toilet at Nangwenya	60,000,000
Borehole drilling at Natebe	80,000,000
Water Borne Toilet at Victoria Clinic	70,000,000
Pupils Toilet at Maramba Basic	106,450,200
Market Improvement at Ellaine Brittel	50,000,000
Total:	366,450,200

b. Poor Project Management

A review of documents and physical inspections carried out in September 2012 revealed weaknesses in the management of projects in that there was poor workmanship, failure to complete the projects on time, payments not supported with stage completion certificates and overpayment to contractors as detailed in the table below.

Project	Contractor	Contract Period	Contract Amount Allocated K	Amount Paid to Contractor K	Scope of Works	Observations
Mubitana Police Post	JBD Greentech (Z) Ltd	17.11.10 to 16.02.11	176,465,000	186,055,000	Construction of police post	<ul style="list-style-type: none"> • K9,590,000 was paid in excess of the contract sum without variations. • K21,715,000 was paid without stage completion certificates. • Works worth K18,000,000 were not executed though paid for. • The floor was peeling off.
Maramba Police Post	Mawecha Enterprise	-	135,899,044	135,892,050	Construction of Police Post	<ul style="list-style-type: none"> • The contract did not specify the execution period. • Minor works were still outstanding but the contractor was not on site and the building was not secured. • Works worth K9,612,000 were not executed though paid for. • Cracks on the floor had developed.
Construction of Grill Fence	Talk Time Contractors	3 weeks	21,000,000	66,299,000	Construction of grill fence	K45,299,000 was paid in excess of the contract sum.
Completion of Maternity Ward at Mahatma Ghandi	City Council	-	25,000,000	15,213,000	-	<ul style="list-style-type: none"> • The scope of works were not specified • Cracks had developed on the floor, the roof was leaking.
Construction of a 1x2 Classroom Block (CRB) at Lizuma Ward (Pre-School Hall)	JBD Greentech (Z) Ltd	31.05.11 – 30.03.12	94,636,250	85,172,625	Construction of a 1x2 CRB	<ul style="list-style-type: none"> • K85,172,625 was paid without stage completion certificates • Cracks had developed on the floor • The slab plinth was falling off
Construction of Two elevated Water Tanks	City Council	-	35,000,000	20,216,000	Erection of tank stand, and installing water tanks and booster pumps	Although the two tanks had been mounted, water connection and installation of the booster pump had not been done.
Construction of Sewer Network at Kariba Ward	SWSCO	-	298,650,000	298,650,000	Laying of sewer pipes, construction of inspection	Thirteen (13) toilets pans had been vandalized. This rendered the expenditure on this programme being wasteful.

					chamber and 30 toilet slabs fitted with squatting pans.	
Electrification of Simoonga Basic School	ZESCO	-	190,000,000	190,000,000	Erecting of electrical poles and installation of transformer.	Although the payment to ZESCO was done in July 2011, the installation of electricity to the basic School had not been done as of August 2012.

4.6.2. Unaccounted for Hammer Mills - Namwala District Council

On 28th June, 2011, the local authority procured two (2) hammer mills from Saro Agro Industries at a cost of K42,000,000 for Namwala Constituency. However, as of December 2012, the hammer mills had not been delivered more than one year after the payment was made.

4.6.3. Poor Project Management - Gwembe District Council

During the period under review, the Council approved a total of twenty five (25) projects valued at K642,297,000. A review of documents and physical inspections carried out revealed weaknesses in the management of projects in that there was poor workmanship and failure to complete the projects on time as detailed in the table below.

Project	Contractor	Contract Amount Allocated K	Amount Spent K	Scope of Works	Observation
Repair of Council Grader	Kwalise Enterprises	152,200,000	152,200,000	Repair of Council Grader CAT 120	Although guidelines restricts payment of advance to 15% of the contract sum, the council paid Kwalise Enterprise and advance of K75,000,000 representing 49% of the contract price.
Construction of Chitumbi Community school	District Council	29,174,000	25,691,000	Construction of 1x2 CRB	The following works were outstanding: superstructure construction up to wall plate level, roofing, Casting of the floor screed, Plastering and painting, glazing and the construction of spoon drains
Construction of Chimanda Community school	District Council	29,174,000	21,577,000	Construction of 1x2 CRB	Delayed completion of the project which still at slab level.
Construction of Munyumbwe	District Council	29,174,000	22,798,000	Construction of 1x2 CRB	The following works were outstanding: roofing, Casting of the floor screed, fitting of window seals, glazing and the

Community school					construction of spoon drains
Construction of Staff House at Sinafala Primary School	District Council	16,310,000	13,967,000	Construction of staff house	<ul style="list-style-type: none"> • Although the building had not been completed, wall cracks had started developing • The following works were outstanding: roofing the middle part of the house, casting of the slab and floor screed, fitting of window and door frames, fitting of doors and glazing, air vents and the construction of spoon drains
Construction of Staff House at Kkoma Primary School	District Council	17,340,000	16,913,000	Construction of staff house	The following works were outstanding: casting of the slab and floor screed, plastering and painting, fitting of doors and glazing, air vents and the construction of spoon drains
Construction of Labour Ward at Munyumbwe RHC	District Council	80,000,000	69,950,100	Construction of a labour ward	The following works were outstanding: Completion of fixing floor tiles, glazing of two windows, fitting window seal and Zesco power connection to the building
Supply of Mortuary Unit at Chibbobboma RHC	District Council	59,160,000	60,000,000	Supply of Mortuary Unit	<ul style="list-style-type: none"> • Although the mortuary unit had been supplied, a wrong type of three (3) Corpse capacity was supplied contrary to the specification of four (4) corpse capacity. • The mortuary unit had not been operational

4.6.4. Monze District Council - Poor Project Management

A review of documents and a physical inspection carried out in September 2012 revealed weaknesses in the management of projects in that there was poor workmanship, failure to complete the projects on time and uncompleted projects as detailed below.

Constituency	Project	Contractor	Amount Received/Allocated K	Amount Spent K	Scope of Works	Observations
Monze Central	Nchete Play Park	District Council	60,000,000	62,847,500	Erection of 2x3 Meters play box, 4 seater merry go round, 2 seater sea saw, 1.5m high climbing arch, 2m slider, 2M double swing and double door sliding gate with single grill gate.	<ul style="list-style-type: none"> • K2,847,500 was spent over the approved amount • Contrary to the scope of works none of the play park structures was on site. • Instead of fitting the double door sliding gate with single grill gate, a single sliding gate was fitted.
						<ul style="list-style-type: none"> • The CRB was at gabble level with the following works outstanding: roofing, plastering, flooring, fitting

Monze Central	Construction of Bbombo Community School	District council	45,000,000	45,000,000	Construction of 1x3Class Room Block (CRB).	<p>doors, painting and glazing.</p> <ul style="list-style-type: none"> • Thirty - five (35) pockets of cement costing K1,925,000 had caked up. • Building materials valued at K38,875,000 had not been utilized.
	Tusole Community School	District Council	40,000,000	41,170,000	Construction of 1x3CRB	<ul style="list-style-type: none"> • K1,170,000 was spent over the approved amount • The CRB was at gabble level with the following works outstanding: roofing, plastering, flooring, fitting doors, painting and glazing.
	Completion of a Standard Ward at Hamampande RHC	District Council	10,000,000	10,000,000	Completion of a ward	The structure had been roofed, with the following works outstanding: plastering, flooring, erection of a verandah, fitting of doors, painting and glazing.
	Completion of 1x2CRB at Hufwa Primary School	District Council	15,150,000	15,150,000	Completion of 1x2CRB	<ul style="list-style-type: none"> • The project had been completed and in use. • However, cracks had developed on the left front side and behind corners of the building.
Bweengwa Constitution	Construction of a staff house at Nalutanda Basic School	District council	13,000,000	14,900,000	Construction of a staff house.	<ul style="list-style-type: none"> • K1,900,000 was spent over the approved amount. • The house had been roofed, with the following works outstanding: plastering, flooring, painting and glazing
	Construction of a Staff house at Nalutanda Rural Health Post (RHP)	District Council	15,000,000	16,194,000	Construction of a staff house	<ul style="list-style-type: none"> • K1,194,000 was spent above the approved amount. • The house had been roofed, with the following works outstanding ; plastering, flooring, painting, fitting of doors and glazing

4.6.5. Sinazongwe District Council – Poor Project Management

A review of documents and a physical inspection carried out revealed weaknesses in the management of projects in that there was poor workmanship, failure to complete the projects on time and uncompleted projects as detailed below.

Project	Contractor	Contract Amount Allocated K	Amount Spent K	Scope of Works	Observations
Rehabilitation of Siabaswi – Siambondo Road	Zongwe Enterprises Ltd	180,000,000	217,977,747	<ul style="list-style-type: none"> • Light grading from Mweemba turnoff to Siansowa • Spot improvement • Drainage alignment • Excavation from Siansowa turn off to Siabaswi 	Although the works were done, K37,977,747 was spent in excess of the approved amount without the council's authority.
Construction of 1x2CRB at Nyanga Primary School	District council	-	40,602,740	Construction of a 1x2 CRB	<ul style="list-style-type: none"> • Building materials costing K2,895,000 though paid for had not been delivered by the Supplier as of September 2012. • Glass panes valued at K2,200,000 were smaller than window spaces. • The block had been roofed, painted, with the following works outstanding: glazing, final painting and drainage construction.
Construction of Kariba Community Radio station	District council	100,000,000	101,881,300	Construction of Community Radio station office block.	<ul style="list-style-type: none"> • K1,881,300 was spent in excess of the approved amount. • The building had been roofed, plastered, windows and door frames fitted with the following works outstanding: glazing and painting.

4.6.6. Siavonga District Council – Siavonga Constituency

a. Unaccounted for Fuel

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of fuel costing K39,155,230 procured during the period under review.

b. Weaknesses in Project Implementation

A review of documents and a physical inspection carried out in September 2012 revealed weaknesses in the management of projects in that there was poor workmanship, failure to complete the projects on time and uncompleted projects as detailed below.

Project Name	Date of commencement	Amount Allocated K	Amount Spent K	Status of project
Construction of Syamwiinga Rural Health Centre	20.02.12	49,000,000	44,965,000	Only construction of the foundation box had commenced.
Construction of Mothers' shelter at Jamba RHC	05.12.11	22,525,000	20,770,000	The structure was at window level and works had stalled.
Construction of 1x2 CRB at Dambilo Community School	20.02.12	49,000,000	47,794,500	The western wing of the block was at window level while the eastern wing had only one course above the slab.
Construction of mothers' shelter at Lusitu Health Centre	20.02.12	14,000,000	11,595,000	<ul style="list-style-type: none"> • Only the foundation had been done despite all the materials having been delivered and the Contractor was not on site. • 18 x 50kg bags of cement costing K1,080,000 had hardened.
Construction of health centre at T-Junction	05.12.11	18,000,000	15,440,000	Only construction of the foundation box had been done.
Construction of mourners' shelter		45,000,000	34,445,000	Although materials costing K34,445,000 had been paid for, in June, 2012, a site had not been identified as of September 2012.
Construction of drainage at Matua road	05.07.12	4,000,000	4,000,000	No works had been done despite materials such as pipe culverts, stones, con-force wire being on site.
Construction of a staff house at Nkandabwe Basic	20.12.11	35,000,000	22,568,500	As of September 2012, only the foundation footing had been done.
Construction of laboratory at Kapululira High School	05.12.11	30,000,000	44,136,500	Although the structure had been roofed the following works were outstanding: construction of pillars for work stations, fixing of sinks, water taps, gas cylinders and gas taps and electrical fittings.

4.6.7. Choma Municipal Council

a. Mbabala Constituency - Projects Running for More than 12 Months

Contrary to the CDF guideline No. 7 on the management and utilisation of Constituency Development Fund, which states that, “implementation of projects shall be completed within one year”. It was observed that five (5) projects which were funded amounts totalling K165,000,000 which commenced in April 2011 had either been abandoned or had not been completed as of September 2012. See table below.

Project	Contractor	Contract Date	Allocated Amount K	Total Spent K	Remarks
Construction of Maacha Royal Centre	Community supervised by the Council	20/04/2011	50,000,000	39,255,000	Only the foundation had been dug.
Completion of MCH Block at Mbabala RHC	Community supervised by the Council	30/04/2011	35,000,000	29,000,000	<ul style="list-style-type: none"> The project was at roof level and it had stalled. Twenty three (23) iron sheets could not be accounted for
Construction of a shed - Simalumba Farms	Community supervised by the Council	20/04/2011	35,000,000	9,256,000	It was at slab level due to poor community participation
Construction of a 1 x 3 CRB at Silukwiya Basic School	Community supervised by the Council	26/04/2011	30,000,000	23,600,000	The projects were at ring beam level.
Construction 1 x 2 CRB at Luputa Basic School	Community supervised by the Council	20/04/2011	15,000,000	15,001,000	
		Total	165,000,000	116,112,000	

4.6.8. Kalomo District Council

a. Dundumwezi Constituency

i. Non Implementation of Projects

During the period under review, ten (10) projects were approved and funded amounts totalling K23,000,000 for the installation of telephones at two (2) schools and eight (8) clinics, construction of a staff house at Nakatala Basic School and construction of a 1x 3 classroom block at Kalembe Basic to be implemented in 2010.

However as of October 2012, the projects had not been implemented.

ii. Grading of Kalomo Chikanta Road

On 25th March 2011, the Council approved a total amount of K250,000,000 for grading of the 120km Kalomo – Chikanta road. The funds were approved for hire of equipment (K150,000,000) and purchase of fuel (K100,000,000).

The scope of works involved clearing and uprooting of trees near the road and burying of ditches, grading and compacting.

As of September 2012, a total amount of K181,913,200 had been spent on equipment hire (K113,451,800) and fuel (K68,461,400) leaving a balance of K68,086,800.

However, contrary to Public Stores Regulation No. 16, fuel costing K68,461,400 at Dundumwezi Parliamentary Office could not be accounted for in that there were no disposal details.

A physical inspection of the works carried out in September 2012, revealed that the ditches had not been buried and compacting was not done resulting in the road being eroded.

iii. Weaknesses in the Management of Projects – Dundumwezi Constituency

A review of documents and a physical inspection carried out in September 2012 revealed weaknesses in the management of projects in that there was poor workmanship, failure to complete the projects on time and uncompleted projects as detailed below.

Project	Contractor	Contract Date	Allocated Amount K	Total Spent K	Remarks
Construction of maternity wing at Naluja Rural Health Centre	Community	07/06/11	20,000,000	18,000,000	The structure was at roof level and had stalled.
Completion of a staff house and a 1x3 CRB at Kasukwe Basic School	Community	18/05/11	10,000,000	15,031,000	The staff house had been completed while the 1x3 CRB had been partially roofed.
Construction of Kasukwe Clinic	Community	12/05/11	15,000,000	14,992,000	The project had stalled with the following works outstanding painting, fitting window panes, ridges and grill doors.
Construction of a staff house at the Munyike Clinic	Lawrence Phiri	18/05/11	15,000,000	16,500,000	Only the foundation had been dug.

b. Kalomo Central Constituency - Construction of a Bridge

On 18th July 2012, Senanga Hardware and Construction Limited was engaged for the construction of a bridge at Sikweya at a contract price of K60,000,000. As of September 2012, the Contractor had been paid amounts totalling K54,000,000.

A physical inspection carried out in September 2012 revealed that the bridge had collapsed due to poor workmanship. See picture below.



Collapsed bridge

4.7. Lusaka Province

A total amount of K16,620,000,000 was released to four (4) local authorities to cater for the 2010 and 2011 CDF Projects in the twelve (12) constituencies of the Province as detailed in the table below.

District	Constituency	2010 CDF		2011 CDF		Total K
		Date	Amount	Date	Amount	
Lusaka	Lusaka Central	20/12/2010	665,000,000	01-10-12	720,000,000	1,385,000,000
	Kabwata	24/12/2010	665,000,000	01-10-12	720,000,000	1,385,000,000
	Kanyama	20/12/2010	665,000,000	01-10-12	720,000,000	1,385,000,000
	Chawama	24/12/2010	665,000,000	01-10-12	720,000,000	1,385,000,000
	Mandevu	02-10-11	665,000,000	01-10-12	720,000,000	1,385,000,000
	Munali	02-10-11	665,000,000	01-10-12	720,000,000	1,385,000,000
	Matero	20/12/2010	665,000,000	01-10-12	720,000,000	1,385,000,000
Kafue	Kafue	12-06-10	665,000,000	17/06/2011	720,000,000	1,385,000,000
	Chilanga	21/01/2011	665,000,000	01-10-12	720,000,000	1,385,000,000
Chongwe	Chongwe	31/12/2010	665,000,000	17/06/2011	720,000,000	1,385,000,000
	Rufunsa	31/12/2010	665,000,000	17/06/2011	720,000,000	1,385,000,000
Luangwa	Feira	30/11/2010	665,000,000	16/06/2011	720,000,000	1,385,000,000
			7,980,000,000	8,640,000,000		16,620,000,000

An examination of accounting and other related records maintained at four (4) local authorities namely Lusaka, Kafue, Chongwe and Luangwa and physical inspections of selected projects carried out in September 2012, revealed the following:

a. Unspent Funds

Amounts totalling K16,620,000,000 were funded for the implementation of CDF projects in twelve (12) constituencies out of which K6,978,428,873 was utilised leaving a balance of K9,641,571,128 as of September 2012. See table below.

District	Constituency	Amount Released K	Unspent Funds K
Lusaka	Lusaka Central	1,385,000,000	936,981,394
	Kabwata	1,385,000,000	600,679,397
	Kanyama	1,385,000,000	1,305,467,185
	Chawama	1,385,000,000	1,300,346,803
	Munali	1,385,000,000	692,138,350
	Matero	1,385,000,000	1,092,329,457
	Mandevu	1,385,000,000	744,753,886
Kafue	Kafue	1,385,000,000	410,421,360
	Chilanga	1,385,000,000	953,341,494
Chongwe	Chongwe	1,385,000,000	996,656,822
	Rufunsa	1,385,000,000	413,646,431
Luangwa	Feira	1,385,000,000	194,808,489
	Total	16,620,000,000	9,641,571,128

Although a total amount of K9,641,571,128 remained unspent as of September 2012, it was observed that a further funding of K12,000,000,000 (2012 CDF) was disbursed to the twelve (12) Constituencies in the Province bringing the total unspent funds to K21,641,571,128.

The rationale of disbursing the K12,000,000,000 for 2012 CDF before exhausting the previous allocation is questionable.

b. Poor Management of Projects - Lusaka City Council

A review of documents and physical inspections carried out in September 2012 revealed weaknesses in the management of projects in that there was poor workmanship and failure to complete the projects on time as detailed in the table below.

Constituency	Project name	Contractor	Contract Date	Amount Allocated K	Amount Paid K	Status of Project
Lusaka Central	Water Reticulation in Burma and Sikanze camp	Lusaka Water and Sewerage Company	10/2/2012	37,019,965	37,019,965	Borehole not working and installations not complete
Munali	Construction of Chudleigh Police post	Floorlay Enterprises Limited	03/6/2011	292,826,920	283,538,591	Structure at roof level with the following works outstanding; flooring, electrical fitting, glazing and painting.
	Construction of Maternity wing at Chainda Clinic (Phase 1)	Stroitech Construction Ltd	15/4/2011	724,213,000	626,270,386	Maternity Wing incomplete with the following works outstanding; plastering, flooring, fitting of doors and window panes, painting and landscaping.
Kanyama	Rehabilitation of borehole, pump installation of pump and 3 x 10,000 litre water tanks reticulation and four (4) taps stands in Chibolya.	ABC Global Ltd	5/3/2012	203,595,660	30,539,349	The Borehole not working while the other works have not been done. The project had stalled.
Chawama	Construction of Nyerere road	Pamoja Contractors	21/3/2012	371,726,316	332,490,875	The following works were outstanding; construction of stone pitched drainage and loose material silting along both sides of the road.

Kabwata	Alterations and extensions for Kamulanga Clinic	Linen Centrum Limited	10/06/2011	211,647,236	114,029,292	The structure was incomplete with the following outstanding works; plumbing works, septic tank and soakaway, painting, flooring and skating.
	Rehabilitation of Kabwata basic ablution	Ilonda General dealers	24/5/2011	130,476,599	114,248,075	Although the works were completed, the toilets were not flushing, there were leakages in various connection points and the tiles were peeling off.
Matero	Supply and delivery of incinerator at George Clinic	Rachol Marketing	15/3/2012	195,985,500	195,985,500	Although the incinerator was delivered, the installation had not been done.

4.7.1. Chongwe District Council

a. Misapplication of Fund

In February, 2011, a total amount of K168,432,000 was paid to Chongwe Community Radio station from the two Constituencies namely; Chongwe (K84,216,000) and Rufunsa (K84,216,000) for the purchase of equipment.

However, only a total amount of K101,986,202 was used on purchase of equipment while K66,445,798 was applied on unrelated activities such as payment of board meeting expenses (K45,418,114), utilities (K15,027,684) and consultancy (K6,000,000).

Although the equipment had been fitted, the radio station was not operational as of October 2012.

b. Chongwe Constituency

i. Electrification of Schools – Questionable Payment

An amount of K100,000,000 was approved for electrification of schools in the Constituency. In this regard, an amount of K100,000,000 was paid to ZESCO on 25th February, 2011 for the exercise.

However, a review of records revealed that the payment was not supported with a quotation, an invoice and a receipt.

Further, an inquiry with management revealed that the schools to be electrified had not been identified as of September 2012 rendering the payment questionable.

ii. Poor Project Management

A review of documents and a physical inspection carried out revealed weaknesses in the management of projects in that there was poor workmanship, and failure to complete the projects on time as detailed below.

Constituency	Project Name	Contractor	Amount Allocated K	Amount Paid K	Status of project
Chongwe Central	Installation of culverts in Ngwerere ward	Ngwerere ward development committee	13,000,000	33,261,060	Although the 16 x 600mm culverts were delivered to site, the culverts had not been installed as of September 2012.
	Construction of Kumena foot bridge	Council	20,000,000	20,000,000	The foot bridge was not complete in that the embankment had not been done.

c. Rufunsa Constituency

i. Unaccounted for Funds

On 5th June, 2011, an amount of K16,000,000 was paid to the Mwachilele Area Development Committee (ADC) for the construction of Chamulimba Health Post.

It was however observed that as of September 2012, no works had been done and the funds could not be accounted for.

ii. Poor Project Management

A review of documents and a physical inspection carried in September 2012 revealed weaknesses in the management of projects in that there was poor workmanship and failure to complete the projects on time as detailed in the table below.

Project name	Contractor	Amount Allocated K	Amount Paid K	Status of project
Construction of Chomba health post	The Council	38,015,000.00	0	The project has not commenced.
Construction of Lubalashi Health Post	The Council	35,000,000.00	0	The project has not commenced
Construction of staff house at Rufunsa basic school	The Council	15,000,000.00	15,000,000	The staff house has not been completed with the following works outstanding; plastering, flooring, glazing and painting. The project had stalled.
Construction of 1x2 CRB at Tengama basic schools	The Council	13,080,000.00	13,080,000	The project was abandoned at 3 courses.
Installation of Culverts across four streams namely; Mwalusamba, Mwapula, Tengama and Kamwasha	Paumwaka Agencies Ltd	500,000,000	518,753,508	Works had been completed, however the culvert at Tengama had eroded embankments and cracked head walls.

4.7.2. Kafue District Council - Kafue Constituency

a. Unaccounted for Stores

Contrary to Public Stores Regulation No.16, there were no disposal details in respect of building materials costing K131,517,000 procured in the period under review and delivered to four (4) projects as detailed in the table below.

Project	Amount K
Construction of Chiawa Police post and staff house	48,315,000
Chipapa (Mwando) Clinic	32,338,000
Construction of Health Post at Hetty Dennen	31,470,000
Nangongwe School hall	19,394,000
	131,517,000

b. Undelivered Grader

The Council approved an amount of K483,000,000 for the purchase of a grader. In this regard, Arcade Auto Servicing (a UK based Company) was engaged to supply the grader at a total contract sum of K441,981,072 with a delivery period of eight (8) weeks and on 8th May 2012, the whole amount was paid.

As of October 2012, the grader had not been delivered.

c. Poor Project Management

A review of documents and a physical inspection carried out in September 2012 revealed weaknesses in the management of projects in that there was poor workmanship, failure to commence and complete the projects on time as detailed in the table below.

Project name	Contractor	Contract date	Amount Allocated K	Amount Paid K	Status of project
Construction of a bridge across Namilala Stream in Kapongo area	Kafue District Council	17/06/2011	40,000,000	21,446,243	Construction of the bridge had not been completed with the following works outstanding; casting of slab over the culvert, construction of head walls, aprons and wing walls and construction of road embankment.
Construction of Chiawa Police Post and staff house	Kafue District Council	30/12/2010	58,000,000	59,815,000	The construction of the Police post was not complete with following works outstanding; plastering, flooring, fitting of doors and window panes while the staff house had the following outstanding works; plastering, glazing and painting.
Construction of Chisakila Health Post	Kafue District Council	26/05/2011	43,000,000	18,250,000	Although building materials costing K18,250,000 had been paid for in May 2011, they had not been delivered and project had not commenced.

d. Chilanga Constituency - Poor Project Management

A review of documents and a physical inspection carried out in September 2012 revealed weaknesses in the management of projects in that there was poor workmanship, failure to complete the projects on time and undelivered materials as detailed in the table below.

Project Name	Contractor	Contract date	Amount Allocated K	Amount Paid K	Status of project
Installation of submersible pump at game and fisheries	Centre of excellence Hardware	6/06/2011	25,000,000	22,306,000	Although a total amount of K22,306,000 was paid for the procurement of the pump, on 21 st June 2011, the pump had not been delivered.
Construction of Katandabale market Shelter	Kafue District Council		20,000,000	12,780,000	Although the market shelter was completed, the concrete stands were falling down and the roofing timber was untreated while the floor was not done.
Water reticulation at Parklands High School	Water Tech Drilling	4/4/2011	27,840,000	27,840,000	Although the connections and installation of tanks were completed, the borehole was not functional.
Construction of staff house at Mwembeshi Basic School	Kafue District Council	14/06/2011	21,620,000	11, 687,458	The house was incomplete with the following works outstanding: beam filling, plastering outside, fitting of three (3) window frames, roof ridges and doors, plumbing and building of septic tank and soakaway and painting.
Grading of Safari Renova Road in Namulambwe ward	Kafue District Council		K10,000,000	K10,000,000	Although the fuel was procured in April 2011, the works had not commenced.

4.7.3. Luangwa District Council – Feira Constituency

a. Failure to Reimburse Borrowed funds

On 23rd June, 2011, the Council borrowed CDF funds in amounts totalling K10,618,000 to facilitate the payment of food and allowances for the councilors who attended a full council meeting.

However, as of October 2012, the funds had not been reimbursed

b. Unretired imprest

Contrary to Financial Regulation No.96, imprest in amounts totalling K15,081,720 issued to six (06) officers in the period under review had not been retired as of October 2012.

c. Poor Project Management

A review of documents and a physical inspection carried out in September 2012 revealed weaknesses in the management of projects in that there was poor workmanship and failure to complete projects on time as detailed in the table below.

Project Name	Commencement Date	Amount Allocated	Amount Spent K	Status of the Project
Construction of a Staff house at Katondwe Girls High School	15/08/2011	70,000,000	88,405,646	The staff house had not been completed with the following outstanding works; plastering, flooring, fitting of window frames, fitting of 2 door frames, roofing, painting and landscaping. Materials worth K29,252,180, though paid for had not been delivered.
Construction of Staff house at Katondwe Mission Hospital	15/08/2011	225,000,000	210,110,500	The staff house had not been completed with the following outstanding works; plumbing, electrical fittings, fitting of doors and window panes, fitting of 3 hand basins, painting inside and rough casting outside, drainage and landscaping.
Construction of staff house at Mwavi High School	04/05/2011	20,000,000	53,198,200	The staff house was not complete with the following outstanding works; fitting of windows panes, plumbing works, painting inside and rough casting outside, man halls not done, septic tank and soakaway.
Construction of drainage at Munake	14/07/2011	20,000,000	16,710,000	Only excavation works had been done.
Construction of maternity ward at Mandombe RHC	15/06/2011	30,000,000	56,950,000	The structure was at ring beam level and the door frames were fitted. However, an amount of K26,950,000 had been spent in excess of the approved amount.

4.8. Copperbelt Province

A total amount of K30,470,000,000 was released to ten (10) local authorities to cater for the 2010 and 2011 CDF Projects in the twenty two (22) constituencies in the province as detailed in the table below.

Council	No. of Constituencies	Amount Received K		Total K
		2010	2011	
Chililabombwe	1	665,000,000	720,000,000	1,385,000,000
Chingola	2	1,330,000,000	1,440,000,000	2,770,000,000
Kalulushi	1	665,000,000	720,000,000	1,385,000,000
Kitwe	5	3,325,000,000	3,600,000,000	6,925,000,000
Luanshya	2	1,330,000,000	1,440,000,000	2,770,000,000
Lufwanyama	1	665,000,000	720,000,000	1,385,000,000
Masaiti	2	1,330,000,000	1,440,000,000	2,770,000,000
Mpongwe	1	665,000,000	720,000,000	1,385,000,000
Mufulira	3	1,995,000,000	2,160,000,000	4,155,000,000
Ndola	4	2,660,000,000	2,880,000,000	5,540,000,000
Total	22	14,630,002,010	15,840,002,011	30,470,000,000

An examination of accounting and other records maintained at five (5) local authorities namely Ndola, Kitwe, Chililabombwe, Masaiti and Lufwanyama and physical inspections of selected projects carried out in September 2012 revealed the following:

a. Unspent Funds

During the period under review, amounts totalling K18,005,000,000 were funded for the implementation of CDF projects in the thirteen (13) constituencies in five (5) local authorities out of which only K7,849,913,614 was utilised leaving a balance of K10,155,086,386 as of September 2012. See table below.

District	Constituencies	Amount Received K	Unspent Funds K
Chililabombwe	Chililabombwe	1,385,000,000	103,549,133
Kitwe	Wusakile	1,385,000,000	1,107,841,887
	Kwacha	1,385,000,000	1,166,061,611
	Nkana	1,385,000,000	864,074,058
	Chimwenwe	1,385,000,000	1,208,373,305
	Kamfinsa	1,385,000,000	738,946,083
Lufwanyama	Lufwanyama	1,385,000,000	943,029,124
Masaiti	Masaiti	1,385,000,000	365,502,189
	Kafulafuta	1,385,000,000	342,127,881
Ndola	Ndola Central	1,385,000,000	705,990,835
	Chifubu	1,385,000,000	706,582,805
	Kabushi	1,385,000,000	812,786,882
	Bwanamukubwa	1,385,000,000	1,090,220,593
Total	13	18,005,000,000	10,155,086,386

Although a total amount of K10,155,086,386 remained unspent as of September 2012, it was observed that a further funding of K13,000,000,000 (2012 CDF) was disbursed to the constituencies bringing the total unspent funds to K23,155,086,386.

The rationale of disbursing the K13,000,000,000 for 2012 CDF before exhausting the previous allocation is questionable.

b. Weakness in Internal Controls

i. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, eight (8) payment vouchers in amounts totalling K90,721,109 were not produced for audit. See table below.

Constituency	No. of Vouchers	Amount K
Chililabombwe	6	60,145,500
Kitwe	2	30,575,609
Total	8	90,721,109

ii. Unsupported Payments

Contrary to Financial Regulation No. 52, twenty four (24) payments in amounts totalling K352,842,233 made during the period under review were not supported with relevant documents such as quotations, cash sale receipts and completion certificates. See table below.

Constituency	No. of Transactions	Amount K
Kafulafuta	11	87,619,000
Chililabombwe	10	224,798,233
Kitwe	3	40,425,000
Total	24	352,842,233

iii. Lufwanyama District Council - Unauthorised Payments

Contrary to Financial Regulation No. 48, which states that, “the original of a payment voucher shall be signed by the Controlling Officer, a warrant holder or by any other officer authorised to sign on their behalf”, thirty five (35) payments in amounts totalling K228,138,702 were neither signed by authorised warrant holders nor authorised officer.

iv. Unaccounted for Stores Items

Contrary to Public Stores Regulation No. 16, various stores items costing K1,205,080,543 purchased during the period under review had no receipt and disposal details. See table below.

Constituency	No of Transactions	Amount K
Kabushi	12	66,182,454
Ndola Central	56	442,920,852
Chifubu	20	84,968,000
Bwana Mkubwa	28	162,251,248
Chililabombwe	24	394,083,038
Kitwe	4	54,674,951
Total	144	1,205,080,543

c. Misapplication of Funds

Contrary to CDF guideline No. 5, amounts totalling K69,139,000 were applied on unrelated activities such as payment of subscription to Local Government Association of Zambia, advances and procurement of protective clothing for the Council employees. See table below.

Constituency	No. of Transactions	Amount K
Lufwanyama	3	5,100,000
Chililabombwe	5	29,039,000
Kafulafuta	1	15,000,000
Chifubu	2	20,000,000
Total	11	69,139,000

d. Unapproved Projects

According to CDF Guideline No. 7, only projects approved by the Council are supposed to be funded and implemented. However, contrary to the Guideline, twenty eight (28) projects that were funded amounts totalling K1,580,458,465 were not approved by the Council. See table below.

Constituency	District	No. of Projects	Amount K
Lufwanyama	Lufwanyama	5	40,792,500
Nkana	Kitwe	9	838,291,356
Wusakile	Kitwe	8	546,617,391
Kwacha	Kitwe	4	125,345,568
Bwana Mkubwa	Ndola	1	11,911,650
Ndola Central	Ndola	1	17,500,000
Total		28	1,580,458,465

e. Wasteful Expenditure - Procurement of a Grader – Ndola City Council

During the period under review, the council approved K500,000,000 for the procurement of a grader.

In this regard, on 30th May 2011, Mashburn Equipment of United States of America was paid K430,495,000 to supply a second hand grader.

In addition, a total amount of K148,245,875 was spent on related costs such as clearing and transportation of a grader among others, bringing the total expenditure to K578,740,875.

However, the following were observed:

- i. The expenditure of K578,740,875 exceeded the approved amount of K500,000,000 by K78,740,875.
- ii. Contrary to ZPPA Circular No. 1 of 2011, which requires that all procurements ranging from K50,000,000 to K500,000,000, the procuring entities should obtain a 'No Objection' from the Zambia Public Procurement Authority (ZPPA), the Local Authority single sourced the procurement of the grader at a total cost of K430,495,000 without obtaining a 'No Objection' from ZPPA.
- iii. Although the grader was supplied in November 2011, as of September 2012, the grader was not operational. Inquiries with Management revealed that the grader had never worked and K26,921,000 had since been spent on the repairs rendering the expenditure of K605,561,875 wasteful.

f. Poor Management of Projects

A review of documents and physical inspections carried out in September 2012 revealed weaknesses in the management of projects in that there was poor workmanship, failure to complete the projects on time, payments not supported with stage completion certificates and overpayment to contractors as detailed in the table below.

Constituency	Project	Contractor	Contract Period	Contract Amount Allocated K	Amount Paid to Contractor K	Scope of Works	Observations
Kwacha	Construction of Market Shelter in New Kwacha	JK Mwandama Investment	Six (6) weeks	347,617,433	56,529,142	sub-structure, slab, roofing, carpentry and joinery	Roofing to the structure has not yet been done.
	Construction of bus shelter and landscaping at Bulangililo bus station	Tekela Engineering and Suppliers	Five (5) weeks	48,135,037	32,367,462	sub-structure, excavation and earthworks	Only landscaping had been done.
Kamfinsa	Contract of Extension of Maternity Wing at Kamfinsa Clinic	TLOREN investments	Fourteen (14) weeks	87,923,928	42,519,843	Sub-structure, superstructure, carpentry joinery, roofing and metal work.	The following works were outstanding: flooring, painting and plumbing works
	Construction of three (3) dumping bays	Vehiweb investments Limited	Three (3) weeks	22,500,000	12,273,663	substructure and super structure	Construction of one (1) bay had not commenced while the other two (2) bays were complete.

Chililabombwe	Construction of two (2) market shelter at Kasumbalesa - Phase 3	Council workers	Not stated	84,000,000	83,744,000	Superstructure and roof structure	Only one (1) shelter was done, works on the other one had not commenced.
	Construction of Milyashi Road	Local Authority		60,000,000	60,000,000	No BOQ	Pot holes had manifested.
	Construction of VIP toilets at Maina Soko Basic School	Local Authority		10,000,000	9,900,000	No BOQ	Although the VIP toilets were constructed, they were sinking due to poor workmanship.
	Borehole Drilling at Kabushi Clinic	Munchi General Dealers		38,652,000	34,500,000	borehole drilling	Although the borehole was drilled and tank mounted, the borehole was dry
Chifubu	Borehole Drilling at Kanini Clinic – Kaniki Ward	Bayshore Investment		30,000,000	23,000,000		The borehole was dry
	Construction of Chibolele Market			34,000,000	36,832,000		The market was not complete, flooring and construction of concrete tables was not done.
Ndola Central	Construction of Hammer Mill House – DAG RDC	RAZI Investment		20,000,000	14,456,550		Although the hammer mill house was roofed with concrete roof, the roof had since collapsed due to poor workmanship.
	Construction of Nkwazi Market – Nkwazi Ward	Local Authority		K50,000,000	K49,633,000		<ul style="list-style-type: none"> Only the footing, back filling of the box and erecting of poles was done 25 X 50kg bags of cement which were in stock had hardened
	Mapompi Culvert Bridge Construction – Nkwazi Ward			30,000,000	25,714,560	Construction of two bridges	One of the bridges (Chilyelyelye bridge) had cracked and sunk.
	Construction of New Twapia Bus Shelter / Ablution Block	Mr Chinsimba Shindano		30,000,000	29,177,000	Twapia shelter / Ablution block	Both the shelter and the ablution block were not completed. In addition, the following work was outstanding: Bus Shelter – slab, beam filling, plastering and painting Ablution block - Beam filling, fitting of window frames and windows, plastering, painting and construction of the septic tank and soaker way
	Ablution Block Construction – Mapalo RDC	Gentech Limited		45,000,000	44,382,924		The ablution block was not completed with the following works outstanding: Plastering, Painting, Flooring, Air vents, Windows, Spoon drain, Fitting of toilet pans, cisterns and urinals
	Construction of a Market Shelter – Mushili Ward			80,000,000	25,298,453		Works had not commenced.

Bwana Mukubwa	Kamafwesa borehole – Chichele Ward	Bayshore Investment		22,000,000	22,000,000		The borehole was dry.
	Rehabilitation of 1x2 classroom block - Kamifungo Basic School	Kafwembe Engineering		35,000,000	10,500,000		Although the works were completed the workmanship on the floor was poor as the floor was cracking in the classrooms.
Masaiti	Construction of a Market – Mwanakonse Village – Lumano Ward	Loymut General Dealers		70,000,000	47,000,000		The shelter had been roofed with the following outstanding works: flooring, Plastering, Painting beam filling, Fitting of window frames and windows, Fitting of door frames and doors Works were abandoned as contractor was last seen on site in April 2012
	Water Reticulation - Nsandabunga Rest House	Local Authority		25,000,000	7,500,000		No works regarding water reticulation were done at the rest house.
	Construction of 1x3 classroom block – Ifulumo Basic School	Ndola hardware		42,000,000	42,000,000	completion of the classroom block	Although the works were completed, there were cracks on the floor.
Kafulafuta	Construction of Katonte Clinic – Katonte Ward	Ichinga Prime Engineering Limited		105,000,000	104,200,250		The clinic was at window level An amount of K92,000,000 was paid without stage completion certificates.
	Construction of Chimya bridge - Ward	Ichinga Prime Engineering Limited		96,000,000	67,200,000		Works had not commenced on the bridge.
Lufwanyama	Construction of Lumwana Open Market	Council		38,000,000	38,000,000		Although the open market was completed most of the stands had collapsed.
	Construction of Kalumbwa Open Market			38,000,000	38,000,000		<ul style="list-style-type: none"> The open market was complete The floor was peeling off, the roof and the drainage was poorly done.
	Constuction of Health post at Mukutuma			30,000,000	30,000,000		The health post had not been completed with only four courses of brick work done.

4.9. North - Western Province

A total amount of K12,465,000,000 was released to five (5) local authorities to cater for the 2010 and 2011 CDF Projects in nine (9) constituencies in the Province as detailed in the table below.

District	No. of Constituencies	Amount Received K		Total K
		2010	2011	
Kabompo	2	1,330,000,000	1,440,000,000	2,770,000,000
Solwezi	3	1,995,000,000	2,160,000,000	4,155,000,000
Ikelenge	1	665,000,000	720,000,000	1,385,000,000
Mwinilunga	1	665,000,000	720,000,000	1,385,000,000
Zambezi	2	1,330,000,000	1,440,000,000	2,770,000,000
Total	9	5,985,002,010	6,480,002,011	12,465,000,000

An examination of accounting and other records maintained at the five (5) local authorities and physical inspections of selected projects carried out in September 2012 revealed the following:

a. Unspent Funds

During the period under review, amounts totalling K8,310,000,000 were funded for the implementation of CDF projects in three (3) local authorities, out of which K6,020,524,303 were utilised leaving a balance of K2,289,475,697 as of September 2012. See table below.

District	Constituency	Amounts Released K	Unspent Amount K
Solwezi	Solwezi West	1,385,000,000	176,249,840
	Solwezi Central	1,385,000,000	323,337,519
	Solwezi East	1,385,000,000	333,585,671
Kabompo	Kabompo West	1,385,000,000	128,128,818
Zambezi	Zambezi East	1,385,000,000	732,522,134
	Zambezi West	1,385,000,000	595,651,715
Total		8,310,000,000	2,289,475,697

b. Weaknesses In Internal Controls

There were weaknesses in internal controls in that payments were not supported with relevant documents, vouchers were missing, imprest not retired and unaccounted for stores. See table below.

District	Constituency	Unsupported Payments K	Missing Vouchers K	Unretired Imprest K	Unaccounted for Stores K	Unapproved Payments K
Mwinilunga	Mwinilunga West	-	299,808,000	-	-	-
	Kabompo West	365,182,044	-	71,785,000	113,629,000	95,574,000
Kabompo	Kabompo East	-	-	20,640,000	358,002,044	159,493,500
Solwezi	Solwezi West	194,997,500	-	-	189,099,500	86,174,000
	Solwezi East	397,299,000	-	11,650,000	-	-
	Solwezi Central	153,020,400	-	-	153,020,400	289,209,400
	Total	1,110,498,944	299,808,000	104,075,000	813,750,944	630,450,900

c. Misappropriation of Funds

In July 2011, a total amount of K75,000,000 was paid to Trans Power World for the supply of building materials for various projects under Mwinilunga West Constituency. It was however observed that only materials costing K43,144,000 were collected leaving a balance of K31,856,000 worth of materials uncollected.

It was further observed that on 28th July, 2011 the then Area Councilor for Ikelenge Ward, collected an amount of K17,375,000 cash from the supplier against the balance of K31,856,000. As of October 2012, the money had not been accounted for.

d. Undelivered Building Materials

Building materials costing K125,409,500 procured during the period under review had not been delivered as of September 2012. See details in the table below.

Council	Transactions	Amount K
Kabompo	1	35,872,500
Solwezi	6	79,537,000
Mwinilunga	1	10,000,000
Total	8	125,409,500

e. Misapplication of Funds

- i. Contrary to CDF guidelines which prohibit payment of allowances from the Constituency Development Funds, amounts totalling K47,280,000 involving twenty eight (28) transactions were paid as sitting allowances for Tender Committee Meetings.
- ii. During the period under review, amounts totalling K41,070,000 involving six (6) transactions were applied on activities not related to CDF such as servicing of motor vehicles and procurement of fuel for the operation of Kabompo District Council.

f. Questionable Purchase of Toyota Hiace – Solwezi East

On 1st August 2012, the Council procured a used Toyota Hiace 1995 model to be used as an ambulance at Kasapa Rural Health Centre from Tokyo Vehicles Limited at the cost of K108,000,000.

However, there were no tender documents and invoices to support the payment. Further, the payment of K108,000,000 for a used Toyota Hiace Minibus without facilities befitting the ambulance was questionable.

g. Weaknesses in the Management of Projects - Solwezi Municipal Council

A review of documents and physical inspections carried out in September 2012 revealed weaknesses in the management of projects in that there was poor workmanship, failure to complete the projects on time, payments not supported with stage completion certificates and overpayment to contractors as detailed in the table below.

Project	Contractor	Constituency	Contract Amount Allocated K	Amount Paid to Contractor K	Scope of Works	Observations
Sinking of Borehole - Lamba Community	United Drilling	Solwezi East	13,340,000	13,340,000	Drilling of one borehole	Borehole not sunk as of October 2012.
Construction of two (2) VIP Toilets at Kasapa Basic School	Samchar Investment	Solwezi East	20,000,000	20,000,000	Construction of two (2) VIP Toilets	Project stalled due to lack of materials such as brick, cement, sand, roofing sheets.
Construction of Market Shelter-Shafilundu	G and E Forestry	Solwezi East	10,000,000	10,000,000	Construction of Market Shelter	Only poles had been erected.
Construction of Luamala Martenity Wing		Solwezi East	50,000,000	25,000,000		Building is at lintel level
Construction of Staff House - Kamijiji Community School	Kyabaonga Enterprises	Solwezi East	17,500,000	17,500,000	Construction of Staff House	<ul style="list-style-type: none"> Project stalled at gable level Project had remained uncompleted for several years.

4.10. Northern Province

A total amount of K29,085,000,000 was released to thirteen (13) local authorities to cater for the 2010 and 2011 CDF Projects in the twenty one (21) constituencies of the province, as detailed in the table below.

District	No. of Constituencies	2010 Amount K	2011 Amount K	Total K
Kasama	2	1,330,000,000	1,440,000,000	2,770,000,000
Mungwi	1	665,000,000	720,000,000	1,385,000,000
Mbala	2	1,330,000,000	1,440,000,000	2,770,000,000
Luwingu	2	1,330,000,000	1,440,000,000	2,770,000,000
Mporokoso	2	1,330,000,000	1,440,000,000	2,770,000,000
Chilubi	1	665,000,000	720,000,000	1,385,000,000
Mpulungu	1	665,000,000	720,000,000	1,385,000,000
Kaputa	2	1,330,000,000	1,440,000,000	2,770,000,000
Chinsali	2	1,330,000,000	1,440,000,000	2,770,000,000
Mpika	3	1,995,000,000	2,160,000,000	4,155,000,000
Isoka	1	665,000,000	720,000,000	1,385,000,000
Mafinga	1	665,000,000	720,000,000	1,385,000,000
Nakonde	1	665,000,000	720,000,000	1,385,000,000
TOTAL	21	13,965,000,000	15,120,000,000	29,085,000,000

An examination of accounting and other records relating to the management of the funds and the implementation of projects and physical inspections carried out in September 2012 in the six (6)

districts namely, Kasama, Luwingu, Mpulungu, Mungwi, Mbala and Chinsali revealed the following:

a. Unspent Funds

During the period under review, amounts totalling K13,850,000,000 were funded for the implementation of CDF projects in ten (10) constituencies in six (6) district councils, out of which K9,741,399,443 was utilised leaving a balance of K4,108,600,557 as of September 2012. See table below.

District	Constituency	Amounts Released K	Unspent Amount K
Kasama	Kasama Central	1,385,000,000	102,484,600
	Lukashya	1,385,000,000	32,824,110
Luwingu	Lubanseshi	1,385,000,000	289,808,120
	Lupososhi	1,385,000,000	620,957,977
Mbala	Mbala Central	1,385,000,000	818,341,818
	Senga Hill	1,385,000,000	740,692,828
Chinsali	Chinsali Central	1,385,000,000	339,812,621
	Shiwang'andu	1,385,000,000	722,435,733
Mpulungu	Mpulungu	1,385,000,000	237,846,630
Mungwi	Malole	1,385,000,000	203,396,120
Total		13,850,000,000	4,108,600,557

Although a total amount of K4,108,600,557 remained unspent as of September 2012, it was observed that K8,000,000,000 (2012 CDF) was disbursed in October, 2012 to the eight (8) constituencies with exception of Mbala Central and Senga Hill whose funds were withheld.

The rationale of disbursing the K8,000,000,000 for 2012 CDF before exhausting the previous allocation was questionable.

b. Unsupported Payments

Contrary to financial regulation No. 52, nine (9) payments in amounts totalling K55,017,000 were not supported by documents such as invoices and local purchase orders. See table below.

District	No. Of Transactions	Amount K
Kasama Council	6	42,617,000
Chinsali Council	3	12,400,000
Total	9	55,017,000

c. Misapplication of Funds

Contrary to CDF guidelines, amounts totalling K270,386,500 were spent on unrelated activities such as payment of chiefs' subsidies, allowances and accommodation for councillors as shown in the table below.

District	Amount K	Details
Chinsali	4,300,000	Payment of Chiefs' subsidies K4,200,000 and K100,000 airtime for Council Secretary.
Mbala	37,086,500	Payment for allowances and accommodation for Councillors' orientation workshop.
Mungwi	229,000,000	Allowances and accommodation for Councillors' workshop.
Total	270,386,500	

d. Undelivered Building Materials and Equipment

During the period from May 2011 to July 2012, various building materials and equipment costing K293,362,204 were procured at Kasama Municipal Council and Luwingu District Council.

However, as of December 2012, materials and equipment costing K110,224,204 had not been delivered.

e. Poor Management of Projects

A review of documents and physical inspections carried out in September 2012 revealed weaknesses in the management of projects in that there was failure to complete projects within the stipulated twelve (12) months period, poor workmanship and excess expenditure on projects. See tables below.

Table A

District	Constituency	Project	Contractor	Allocated Amount K	Total Spent K	Remarks
Chinsali	Chinsali Central	Rehabilitation of Chinsali District Hospital	Chipande Agencies Charles Mulonga	120,000,000	111,790,000	Fitting of floor tiles was outstanding
	Chinsali Central	Rehabilitation of 1x3 CRB at Shimwalule Basic School	Munadashe Gen Dealers	10,000,000	8,264,000	Glazing not done
		Construction of 1x2 CRB at Nkatye / mwembe Community School	Lovac Gen Dealers	9,000,000	9,000,000	Structure at wall plate level.
	Shiwangandu	Construction of 1x3CRB at Katoma Basic	Waimbila wana Gen Dealers	10,000,000	7,820,000	Foundation box done & the rest outstanding

TABLE B

Local Authority/ Constituency	Constituency	Project	Contractor	Amount Allocated K	Amount Spent K	Remarks
Kasama Municipal Council	Kasama Central	Construction of 1x3 CRB at Shata Community school	The Council	35,000,000	35,000,000	<ul style="list-style-type: none"> • Only the foundation box had been constructed • Building materials valued at K6,550,000 delivered to the project could not be accounted for.
	Kasama Central	Completion of Health Centre at Mumana Lupando Clinic	Everi Suppliers	20,000,000	20,000,000	<ul style="list-style-type: none"> • Partitioning of the building and fitting of door frames had been done with the following works outstanding: plastering, flooring, glazing, painting and Drainage. • Contractor not on site and works had stalled.
	Lukashya	Construction of 1x2 CRB at Chinasho Community School	-	27,000,000	27,000,000	Only the foundation box had been constructed.
	Lukashya	Completion of staff house at Musa Basic School	Brian Singoi	15,000,000	15,000,000	<ul style="list-style-type: none"> • Partial plastering and fitting of door and window frames done. • Outstanding works: beam filling, fitting of glass panes, casting of floor screed were outstanding. • No formal contract signed. •

	Lukashya	Construction of staff house at Kasonde Chisuna Basic School	-	15,000,000	13,500,000	Project stalled at foundation level.
	Lukashya	Construction of 1x2 CRB at Malanda Community School	-	15,000,000	15,000,000	No works had commenced despite materials being in stores
Luwingu	Lubasenshi	Construction of staff house at Nsanja Health Post		30,000,000	34,301,000	<ul style="list-style-type: none"> Structure at roof level. Over expenditure on project by K4,301,000
		Purchase of furniture and completion of hall Ilamfwa Hall at Chief Chipalo	-	35,000,000	15,780,000	No works had commenced and the furniture not procured.
Mbala	Mbala Central	Construction of One (1) Double VIP Toilet Kasenga Market	Council	17,000,000	14,565,000	The VIP toilet had been constructed with the following works outstanding; painting and installation of PVC sewer pipes
		Completion of Two (2) Staff Houses and Rehabilitation of 1x2 CRB Isanya Basic School	Council	35,000,000	35,000,000	<ul style="list-style-type: none"> Rehabilitation of 1x2 CRB completed Only one staff house was worked on while works on the other staff house had not commenced
	Malole	Construction of staff house Sampa Rural Health Centre	Rodinal General Dealers	50,000,000	60,000,000	<ul style="list-style-type: none"> Works at window level. Overpayment of K10,000,000 without authorised variation

Mungwi	Construction of staff house Changala Rural Health Centre	Rodinal General Dealers	20,000,000	29,625,000	<ul style="list-style-type: none"> • Structure done up to ring beam level • Contractor not on site and works have stalled • Pillars constructed on the verandah are bend • Overpayment of K9,625,000 to contractor
Mungwi	Completion of 1x2 CRB Chipalila Community School	-	6,030,000	6,030,000	<ul style="list-style-type: none"> • No works had been done. • Three (3) window frames valued at K900,000 and one (1) door frame at K200,000 were missing/unaccounted for.

4.11. Eastern Province

A total amount of K23,545,000,000 was released to eight (8) local authorities to cater for the 2010 and 2011 CDF projects in the seventeen (17) constituencies of the province, as detailed in the table below.

District	No. of Constituencies	Amount Received K		Total K
		2010	2011	
Chipata	3	1,995,000,000	2,160,000,000	4,155,000,000
Chadiza	2	1,330,000,000	1,440,000,000	2,770,000,000
Katete	2	1,330,000,000	1,440,000,000	2,770,000,000
Petauke	3	1,995,000,000	2,160,000,000	4,155,000,000
Nyimba	1	665,000,000	720,000,000	1,385,000,000
Chama	2	1,330,000,000	1,440,000,000	2,770,000,000
Lundazi	3	1,995,000,000	2,160,000,000	4,155,000,000
Mambwe	1	665,000,000	720,000,000	1,385,000,000
Total	17	11,305,002,010	12,240,002,011	23,545,000,000

An examination of accounting and other records maintained at seven (7) local authorities namely, Chipata, Petauke, Chama, Lundazi, Chadiza, Nyimba and Mambwe revealed the following:

a. Unspent Funds

Amounts totalling K19,390,000,000 were funded for the implementation of CDF projects in fourteen (14) constituencies in six (6) district councils, out of which K16,187,722,403 was utilised leaving a balance of K3,202,277,596 as of October 2012. See table below.

District	Constituency	Amounts Released K	Unspent amount as per bank statement K
Lundazi	Chasefu	1,385,000,000	49,043,130
	Lundazi Central	1,385,000,000	27,352,951
	Lumezi	1,385,000,000	75,804,557
Chadiza	Chadiza	1,385,000,000	466,031,655
	Vubwi	1,385,000,000	624,616,440
Nyimba	Nyimba	1,385,000,000	417,752,938
Mambwe	Malambo	1,385,000,000	206,673,497
Chipata	Chipata Central	1,385,000,000	531,937,997
	Chipangali	1,385,000,000	225,019,965
	Kasenengwa	1,385,000,000	156,104,055
	Luangeni	1,385,000,000	36,602,270
Petauake	Petauke Central	1,385,000,000	9,699,840
	Msanzala	1,385,000,000	58,792,749
	Mukaika	1,385,000,000	316,845,553
Total:		19,390,000,000	3,202,277,596

Although a total amount of K3,202,277,596 had remained unspent, it was observed that a further funding of K14,000,000,000 (2012 CDF) was disbursed in October, 2012 to the fourteen (14) constituencies bringing the total unspent funds to K17,202,277,596 as of October 2012.

The rationale of disbursing the K14,000,000,000 for 2012 CDF before exhausting the previous allocation was questionable.

b. Weaknesses In Internal Controls

There were weaknesses in the internal controls in that some payments were either not supported or missing and building materials not accounted for as detailed in the table below.

District	Constituency	Unsupported Payments K	Missing Voucher K	Unaccounted for Building Materials K
Chama	Chama North	-	507,235,200	-
	Chama South	19,520,000	-	-
Chadiza	Vubwi	125,418,740	191,202,600	194,573,000
	Total	144,938,740	698,437,800	194,573,000

4.11.1. Chama District Council

a. Failure to Raise Payment Vouchers

During the period from December 2010 to February 2012, payments totalling K808,291,000 involving forty eight (48) transactions were made without raising payment vouchers, contrary to the Financial Regulations No. 45(1b).

In addition, amounts totalling K82,780,000 were paid to various officers from the Chama South (K41,258,000) and Chama North (K41,522,000) constituencies' accounts for activities that could not be ascertained. As of December 2012, only an amount of K710,000 was accounted for leaving a balance of K82,070,000.

b. Irregular Payments to Suppliers

- i. CDF guideline No. 3(c) states, “that all payments to contractors executing constituency projects shall be paid by bank cheque and no payments in cash shall be allowed”.

Contrary to the guideline, it was observed that a total amount of K153,200,000 was paid in cash to various suppliers.

- ii. According to CDF guideline No.12, all payments due shall be sanctioned by the Council and shall be payable by cheque in the name of the authorised contractor or supplier and not a Third Party or Individual.

However, three (3) payments totalling K104,400,000 were made to a Third Party (Nash Trading) instead of Tisonenge General Dealers who was engaged by the local authority to transport materials for CDF projects.

It was also observed that the payments were not subjected to tender.

c. Failure to Reimburse Borrowed Funds

On 9th November 2011, an amount of K10,185,000 was borrowed from the Chama South CDF account to facilitate the preparation of the 2012 budget. However, as of October 2012, the funds had not been reimbursed.

d. Irregular Payment of Allowances

Contrary to CDF guidelines which prohibits payment of allowances from CDF funds, amounts totalling K12,320,000 were paid as sitting allowances to councillors and officers for CDF committee meetings.

e. Failure to Deliver Building Materials – Wamwai Plumbing and General Services

During the period from May 2010 to November 2011, a total amount of K153,340,000 involving five (5) transactions was paid to Wamwai Plumbing and General Dealers for the purchase and transportation of various building materials for the implementation of three (3) projects as detailed in the table below.

District	Constituency	Name of Project	Date	Cheque No.	Amount Paid K	Details
Chama	Chama South	Construction of Lunzi Bridge	20/05/10	163	45,950,000	Supply of Building materials
		Construction of Lunzi Bridge	21/05/10	167	45,950,000	Supply of Building materials
	Chama North	Construction of Maternity Ward at Kanverere RHC	1/7/2010	69	33,940,000	Supply of Building materials
		Construction of Maternity Ward at Kanverere RHC	1/7/2010	68	9,500,000	Hire of transport
Lundazi	Chasefu	Construction of Staff House at Khulikuli Middle Basic	17/11/11	368	18,000,000	Supply of Building materials
Total					153,340,000	

As of October 2012, the materials had not been delivered.

f. Failure to Produce Monitoring Reports

During the period from July to November 2011, Chama District Council spent a total amount of K52,761,000 on purchase of stationery and payment of allowances for the monitoring of CDF projects in Chama North (K24,730,000) and Chama South Constituencies (K28,031,000).

However, as of October 2012, no progress reports had been produced by the respective officers to ascertain whether the activities were undertaken.

g. Chama South Constituency

i. Grading of Feeder Road from Chasato River to Junction of Chief Chikwa

In August 2011, Chama District Council engaged Forest Fern Limited of Kitwe for the light grading of 98.5km of the feeder road from Chasato River to the Junction of Chiefs Chikwa/Chifunda in Chama District at a contract price of K438,758,400. The following were observed:

- **Unapproved Project**

The grading of the feeder road was not approved by the Council.

- **Failure to Provide Contract Document**

The contract document was not availed for audit. In this regard, terms and conditions could not be ascertained.

- **Irregular Payment**

CDF guideline No. 12 (a) requires that a maximum of 15% of the contract sum should be paid as advance payment within thirty (30) days after award of the contract.

It was however, observed that on 15th August 2011 Forest Fern Limited was paid an amount of K263,255,040 as advance payments representing 60% of the contract sum

- **Failure to Commence Works**

A physical inspection carried out in September 2012, revealed that although the contractor was paid 60% of the contract sum, no works had been done.

h. Chama North Constituency

i. Unaccounted for Building Materials

On 25th March 2011, an amount of K12,618,000 was paid to Mwanangwa Hardware and General Supplies Limited purportedly for the purchase of assorted building materials for Chama Basic School Project.

However, a physical inspection carried out in December 2012 revealed that the project was non-existent and the materials had not been delivered to the site

ii. Diversion of Funds

In 2011, the Council approved an amount of K100,000,000 for the rehabilitation of the road from Milange Mission to Luangwa River using Rural Roads equipment from Northern Province. In this regard, Chama District Council disbursed the whole amount to the Office of the President-Eastern Province on 31st August 2011 for onward disbursement to Office of the President – Northern Province.

However, a review of records at the Office of the President – Eastern Province revealed that K25,125,000 was diverted to payment of allowances and wages for the rehabilitation of the road from Lundazi to Chama while the balance of K74,875,000 could not be accounted for as of December 2012.

iii. Construction Staff Houses

In 2011, Uneric Investments Ltd was engaged to construct three (3) staff houses at a contract sum of K269,980,000 at Kasempwe Basic School. As of September, 2012, the contractor had been paid amounts totalling K192,000,000.

However, the following were observed:

- **Failure to Follow Procurement Guidelines**

Uneric Investments Ltd was engaged without following the procurement guidelines in that the contract was single sourced and no authority was obtained from ZPPA.

- **Failure to Provide Contract Document**

The contract document was not availed for audit. In this regard, terms and conditions could not be ascertained.

- **Irregular Payment**

CDF guideline No. 12 (a) requires that a maximum of 15% of the contract sum should be paid as advance payment within thirty (30) days after award of the contract.

It was however, observed that on 29th August 2011, Uneric Investments Limited was paid an amount of K192,000,000 as advance payments representing 71% of the contract sum.

A physical inspection revealed that despite the contractor being paid 71% of the contract sum, only digging of the foundation for the two (2) houses had been done and the contractor had since abandoned the project.

iv. Irregular Expenditure – Maintenance of Chilumbi - Muliro Road

In August 2011, Tilinkhezi Construction was engaged to carry out maintenance works on the Chilumbi-Muliro Road at a contract sum of K70,000,000.

However, contrary to the CDF guideline No. 12 (a) which requires that a maximum of 15% of the contract sum should be paid as advance payment within thirty (30) days after award of the contract, the contractor was paid an amount of K42,000,000 as advance payment representing 60% of the contract sum.

Further the maintenance of Chilumbi Muliro Road was not approved by the council.

i. Lundazi District Council - Poor Implementation of Projects

A review of documents and physical inspections carried out in December 2012 revealed weaknesses in the management of projects in that there was poor workmanship, failure to complete the projects on time, payments not supported with stage completion certificates and overpayment to contractors as detailed in the tables below.

Table 1: Chusefu Constituency

Name of Project	Commencement Date	Funds Allocated	Total Expenditure K	Observations
Construction of 1 X 3 classroom block at Munyukwa Basic School	August, 2011	15,000,000	15,000,000	<ul style="list-style-type: none"> Works were incomplete and only the foundation had been dug. Seventy three (73) pockets of cement costing K5,110,000 had hardened.
Completion of Zozo Bridge	July,2011	8,000,000	7,200,000	Although the bridge was completed, cracks had started developing.
Construction of Staff House at Khulikuli Middle Basic School	November, 2011	15,000,000	30,780,000	The staff house had been roofed with the following outstanding works plastering, flooring and painting.
Completion of 1 X 3 Classroom Block at Chahiro Basic School	September, 2011	12,000,000	12,225,000	The classroom had been roofed with the following works outstanding flooring, glazing, painting and fitting of window handles and stays.
Completion of 1 X 3 Classroom Block at Masindila Middle Basic School	March, 2011	19,800,000	20,000,000	The works had been completed with the following works outstanding flooring, plastering, fixing of doors and fixing of window frames.

Table 2: Lundazi Constituency

Date	Name of Project	Total Funds Allocated	Expenditure K	Status of Project after Physical Inspection
	Piggery Project for Chilungamo Womens Project	10,000,000	10,000,000	Materials had been procured however, the works had not yet commenced.
	Completion of 1 X 2 Classroom	18,650,000	18,245,000	The construction of the classroom block had not been completed with the following works outstanding; fixing of glass panes,

	Block at Mchereka Basic School			painting and fixing of doors.
March, 2011	Construction of Agricultural shed at Chiwe Camp	12,000,000	12,000,000	Works had not been completed with the following works outstanding; flooring and plastering.
December, 2011	Rehabilitation of Matipa-Chiwe Road	13,400,000	13,706,000	Out of the planned stretch of 3.3km, only a total of 2.3km of the road was worked on and the project had since stalled.
October, 2011	Construction of 1 X 3 Classroom Block at Matipa Community School	7,000,000	6,692,000	The structure is at window level.
October, 2011	Construction of staff house at Chigona Basic School	5,000,000	4,467,000	The staff house had not been completed with the following works outstanding: plastering and painting.
May 2011	Rehabilitation of Mwase Dam	29,600,000	27,464,000	Works had not commenced and stones costing at K8,850,000 though paid for had not been supplied by Supplier while sixty two (62) building tools valued K8,385,000 could not be accounted for.

Table 3: Lumezi Constituency

Date	Name of Project	Total Funds Allocated	Expenditure K	Status of Project after Physical Inspection
June 2011	Construction of 1 X 3 Classroom Block at Mwasemphan gwe	30,000,000	30,000,000	The construction of the classroom block was not complete with the following outstanding works; glazing, plastering, roofing, fixing of ten (10) window frames and fixing of air vents.
November 2011	Construction of 1 X 3 at	30,000,000	28,000,000	The classroom block is at gable level.

	Diwa Basic School			
May 2011	Construction of Chafisi Basic School	15,000,000	15,000,000	The classroom block had not yet been completed with the following works outstanding; glazing, painting, flooring and fixing of doors.
May 2011	Construction of 1 X 3 classroom block at Chanyumbu Community School	15,000,000	14,000,000	The classroom block had not been completed with the following works outstanding; fixing of sixteen (16) window frames, fixing of three (3) doors, glazing; and painting.
May 2011	Construction of 1 X 3 Classroom Block at Mwimba Basic School	25,000,000	23,500,000	The classroom block had not been completed with the following works outstanding; roofing, plastering, painting, fixing of doors and flooring. The works have since stalled
May 2011	Construction of 1 X 2 Classroom Block at Changulube Middle Basic School	25,000,000	25,000,000	The classroom block was at gable level. Building materials supplied by the local supplier were of wrong specification and could not be used (the spider trusses - K1,500,000 and the window frames - K1,200,000)
October 2011	Construction of 1 X 3 Classroom Block at Lumezi Middle Basic School	25,000,000	22,831,000	The classroom block was at wall plate level with the following outstanding works; roofing, glazing, fixing of window frames, plastering, flooring and fixing of doors.
April 2011	Rehabilitation of 1 X 3 Classroom Block at Nkhanyu Basic School	10,000,000	9,790,000	The rehabilitation works had not been completed as thirty (36) window panes had not been fixed.

4.11.2. Nyimba District Council

a. Misapplication of Funds – Purchase of Motor Vehicles

On 2nd June, 2011 a total amount of K250,700,000 was paid to an individual and Arturo Workshop for the purchase of two (2) used motor vehicles, a used Toyota Hilux registration number ALB 1294 (K68,000,000) and a Toyota Land Cruiser registration number ABJ 2957 (K182,700,000) respectively to be used for the local authority operations contrary to CDF guideline No. 5.

Further, contrary to ZPPA circular No.1 of 2011, the Nyimba District Council did not obtain a “No objection” from ZPPA for single sourcing.

b. Poor Projects Implementation

A review of documents and physical inspections carried out in September 2012 revealed weaknesses in the management of projects in that there was poor workmanship, failure to complete the projects on time and overpayment to contractors as detailed in the table below.

Commencement and Completion Date	Project	Contractor	Amount Allocated K	Amount Spent K	Observations
01/08/2010 to 31/07/2011	Construction of Nyimba Skills Centre	District Council	35,000,000	24,851,500	The project had stalled at roof level.
01/08/2011 to 30/09/2012	Construction of Chambula Universal Child Immunization Shelter (UCI)	District Council	15,000,000	15,145,500	Although the project was roofed, painting, glazing and construction of drainage had not been done.

01/07/2011 to 30/06/2012	Construction of Mother's Shelter and one VIP latrine at Nyimba Hospital	District Council	43,000,000	31,999,000	Although the shelter was roofed and in use, it has not been painted and construction of pit latrine had not commenced
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4.11.3. Mambwe District Council

a. Wasteful Expenditure - Procurement of Motor Vehicle

In April 2010, an amount of K70,000,000 was approved for procurement of an ambulance for Malama Rural Health Centre (RHC). In this regard, on 12th April 2010, the District Tender Committee approved the award of the contract to an individual to procure a 1987 model, Toyota Land Cruiser registration number AUA 506, at the cost of K68,000,000 based on the four (4) quotations obtained from different suppliers as detailed in the table below.

Name of Supplier	Price K	Model	Series
KDG Auto Link	71,000,000	1998	Station Wagon
Noor Motors	75,200,000	1998	Station Wagon
Milomax	72,850,000	1997	Station Wagon
Farook Patel	68,000,000	1987	Station Wagon

A physical inspection and inquiries with management revealed that the vehicle was a non runner and had been parked at the local authority since the time it was procured rendering the expenditure of K68,000,000 wasteful.

b. Irregular Payment - Procurement of Hand Pumps

On 29th August, 2011 an amount of K5,500,000 was paid to the Area Member of Parliament for Malambo constituency as a refund for the purchase of two (2) India Mark II hand pump sets. The payment was irregular in that the supply of the two (2) India Mark II hand pump was not approved by the Council.

4.11.4. Chadiza District Council

a. Irregular Payment

During the period under review, the council paid amounts totalling K101,367,000 to Ulimbe Contractors for the construction of Chintanchi (K35,350,000), Kapundi (K16,318,000) and Katatha (K49,700,000) bridges.

Although the works were done, the payment of K101,367,000 was irregular in that there was no contract entered into with the contractor, as of October 2012.

b. Poor Project Implementation

A review of documents and physical inspections carried out in October 2012 revealed weaknesses in the management of projects in that there was failure to complete the projects on time and overpayment to contractors as detailed in the table below.

Constituency	Start Date	Project	Contractor	Allocated Amount K	Amount Spent K	Observations
Chadiza Central	01/01/2011	Completion of Sinalo Community Health Post	Moses Kunda	50,000,000	49,999,600	The Health Post was incomplete with the following outstanding works: fitting of door frames, door shatters, ceiling boards and blundering, glazing, fixing of fisher boards and the construction of the drainage system
	01/01/2011	Construction of Katembwe Vented Drift	Rural Roads Unit	100,000,000	195,235,195	The project was incomplete with the following outstanding works: gravelling and reshaping, creating

Chadiza Central						mitter drains and stone pitching of the embankments.
Vubwi		Construction of Mwangazi Health Post	The Council	26,000,000	25,930,000	The Health post was at slab level and the work had stalled.

4.12. Central Province

A total amount of K19,390,000,000 was released to six (6) councils to cater for the 2010 and 2011 CDF projects in the fourteen (14) constituencies of the province as detailed in the table below.

District	No. of Constituencies	Amount Received K		Total K
		2010	2011	
Kabwe	2	1,330,000,000	1,440,000,000	2,770,000,000
Chibombo	3	1,995,000,000	2,160,000,000	4,155,000,000
Mumbwa	3	1,995,000,000	2,160,000,000	4,155,000,000
Kapiri - Mposhi	1	665,000,000	720,000,000	1,385,000,000
Serenje	3	1,995,000,000	2,160,000,000	4,155,000,000
Mkushi	2	1,330,000,000	1,440,000,000	2,770,000,000
Total	14	9,310,000,000	10,080,000,000	19,390,000,000

An examination of accounting and other records maintained at six (6) selected councils namely, Kabwe, Kapiri-Mposhi, Serenje, Chibombo, Mumbwa and Mkushi carried out in September 2012, revealed the following:

a. Unspent Funds

During the period under review, amounts totalling K16,620,000,000 were funded for the implementation of CDF projects in twelve (12) constituencies in six (6) district councils, out of which K13,321,736,096 was utilised leaving a balance of K3,298,263,904 as of September 2012. See table below.

Constituency	Amounts Released K	Unspent amount as per bank statement K
Kabwe Central	1,385,000,000	149,849,908
Serenje Central	1,385,000,000	74,422,603
Chitambo	1,385,000,000	118,486,522
Muchinga	1,385,000,000	40,749,534
Mkushi North	1,385,000,000	40,774,705
Kapiri- Mposhi	1,385,000,000	1,319,358,816
Nangoma	1,385,000,000	109,253,302
Mumbwa Central	1,385,000,000	113,688,875
Mwembezhi	1,385,000,000	245,488,607
Chisamba	1,385,000,000	221,860,098
Katuba	1,385,000,000	381,406,701
Keembe	1,385,000,000	482,924,231
	16,620,000,000	3,298,263,904

4.12.1. Kabwe Municipal Council

a. Bwacha Constituency

i. Misapplication of Funds

Contrary to CDF guideline No. 5, amounts totalling K31,235,939 was applied on the payment of salaries and wages to Kabwe Municipal Council staff, activities not related to CDF activities.

ii. Road Rehabilitation

On 2nd April 2012, an amount of K49,949,125 was approved for road rehabilitation in Ngungu ward. In this regard, on 4th June 2012, Chibwelamushi Enterprises was engaged to carry out the works at a contract sum of K49,949,125.

The works involved clearing the drainages, grading and road resurfacing of a stretch of 1 Km from Ngungu Clinic to Bwacha High School. As of September 2012, the Contractor had been paid a total amount of K82,949,125.

The following were however observed:

- **Failure to Follow CDF guidelines**

According to CDF guideline No. 12 (a), the advance payment shall be up to a maximum of 15% of the contract sum and shall be paid to the contractor within 30 days after award of contract. It was observed however that on 4th June 2012, the contractor was paid the whole contract sum of K49,949,125.

- **Excess Payment**

Although the whole contract sum of K49,949,125 was paid to the contractor in June 2012, it was observed that an additional amount of K33,000,000 was paid to the contractor on 27th August 2012 for the same works.

As of December 2012, the amount overpaid had not been recovered from the supplier.

A physical inspection carried out in September 2012, revealed that the drainage works had been completed while the resurfacing had not been done and the contractor was not on site.

b. Construction of Maternity Wing - Kabwe Central Constituency

On 21st June, 2012, an amount of K60,000,000 was approved for the construction of a maternity wing in Waya Ward. In this regard, on 5th July 2012, the Kabwe Municipal Council

engaged Shalnet Contractors Limited to carry out the works at a contract sum of K168,438,180 with a completion period of twelve (12) weeks. As of July 2012, the contractor had been paid an advance payment of K25,300,000 for mobilisation.

It was observed that, although the Council awarded a contract of K168,438,180, only K60,000,000 was approved and available for the project resulting in an over commitment of K108,438,180.

A physical inspection of the project conducted in August 2012, revealed that the project had not commenced.

4.12.2. Serenje District Council

a. Serenje Central Constituency

i. Undelivered Coffin Lowering Tool

An amount of K20,000,000 was paid to Lekanji General Dealers on 28th June 2012 for purchase of a coffin lowering tool to be used by all wards. However, as of September 2012, the coffin lowering tool had not been delivered.

ii. Failure to Follow Procurement Guidelines

On 16th August 2012, Ntembwa Jeliaty Enterprises was engaged to supply a five (5) tonne Hino truck at a sum of K100,000,000 and the whole amount was paid on 22nd August 2012.

However, contrary to ZPPA Circular No. 1 of 2011, the local authority did not obtain a “No Objection” for the single sourcing of the truck.

iii. Tarring of Serenje Bus Station

On 29th March 2012, the Council approved K200,000,000 to tar the Serenje Bus Station from the 2011 funds and Serenje District Council was to carry out the works.

As of September 2012, the whole amount of K200,000,000 had been spent. However, there were no Bill of Quantities prepared for the works making it not possible to ascertain the scope of works.

A physical inspection carried out on 11th September 2012 revealed poor workmanship in that the tar had started peeling off three (3) months after completion of the project.

c. Failure to Commence the Project - Muchinga Constituency

In March 2012, the Council approved an amount of K50,000,000 for the construction of a staff house at Mukopa Primary School. In this regard, in May 2012, the Council delivered various materials costing K45,435,000 to the school.

However as of September 2012, the works had not commenced.

4.12.3. Mkushi District Council - Mkushi North Constituency

i. Failure to Follow Procurement Guidelines

In August 2011, the Mkushi District Council single sourced the procurement of five (5) hammer mills at a total cost of K108,000,000 from SARO AGRO Industries for the farmers and women clubs in the constituency.

However, contrary to ZPPA Circular No. 1 of 2011, the Mkushi District Council did not obtain a “No Objection” for the single sourcing of the Hammer Mills.

ii. Failure to Implement the Project

On 28th June 2011 an amount of K20,000,000 was approved for the rehabilitation of boys’ dormitory at Mkushi High School. In this regard, in October 2011, the Council delivered various building materials costing K20, 000,000 to the school.

However, as of October 2012, the project had not commenced.

iii. Stalled Project - Completion of 1 x 2 Class Room Block

On 28th June 2011 an amount of K10,000,000 was approved by the Council for completion of 1 x 2 classroom block at Shaibila Primary School. In this regard, in August 2011, the council delivered various building materials costing K8,418,000 to the school.

A site visit carried out in September 2012, revealed that the project stalled at window level and thirty (30) pockets of cement valued at K2,040,000 had hardened.

Further, building materials costing K2,028,000 delivered to the school could not be accounted for due to lack of disposal details.

4.12.3.1. Mkushi South Constituency

i. Unaccounted for Equipment

On 22nd July 2011, the Council paid Saro Agro Industries an amount of K19,689,744 for the purchase of four (4) solar panels and four (4) batteries for use at old Mkushi Police Post.

However, an inspection conducted in September 2012 revealed that one solar panel and one battery costing K4,594,000 (K2,944,000 and K1,650,000 respectively) could not be accounted for in that there were no disposal details.

ii. Unaccounted for Building Materials

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of building materials costing K93,000,000 meant for the completion of Mkushi Copper Mine High School Hall procured during the period under review.

4.12.4. Chibombo District Council

a. Unsupported Payments

Contrary to Financial Regulation No.45, there were forty seven (47) payments in amounts totalling K380,399,758 made during the period under review without supporting documents such as receipts, tax invoices, quotations.

4.12.4.1. Katuba Constituency

i. Misapplication of Funds

Contrary to CDF Guideline No. 5, a total amount of K11,700,000 was applied on sports activities not related to CDF activities.

ii. Poor Projects Implementation

A review of documents and physical inspections carried out in September 2012 revealed weaknesses in the management of projects in that there was failure to complete the projects on time and overpayment to contractors as detailed in the table below.

Local Authority/ Constituency	Constituency	Project	Contractor	Amount Allocated K	Amount Spent K	Remarks
Chibombo	Katuba	Construction of Muchenje Dip Tank	The Council	15,000,000	15,000,000	Although building materials costing K15,000,000 had been procured, only the foundation was dug.
		Construction of a Staff	The Council	15,000,000	15,000,000	The structure had stalled at roof level.

Chibombo	Katuba	House at Muchenje Basic School				
		Construction of Muchenje High School	The Council	30,000,000	15,000,000	Only the slab for a 1 x 2 class room block had been done.
		Completion of a staff house in Katuba Basic School	The Council	10,000,000	10,000,000	The staff house had only been partially roofed.
		Construction of Katuba Market Shelter	The Council	15,000,000	27,966,000	The works were not complete in that only the foundation trenches were dug and metal poles erected.

iii. Abandoned Water Project – Mungule Clinic

On 18th August, 2011, Zuju Construction Co Ltd was engaged for the supply of materials and installation of a water line at a contract price of K20,000,000. As of September 2012, the contractor had been paid the full amount of K20,000,000.

A physical inspection carried out in September 2012 revealed that although the contractor had been paid in full, only trenches for the laying of the pipes had been dug and the contractor had abandoned the site.

iv. Wasteful Expenditure - Mulundu Water Trust Project

The project was funded a total of K25,000,000 for connection of the water line to the community around Kabangwe East area. Consequently, the Council on 19th July 2011 paid a total amount of K25,000,000 to Rotor Moulder to supply water pipes and other materials for the project.

A site visit in September 2012 revealed that although the pipes were laid, the water was not connected due to non availability of water connecting points.

4.12.4.2. Chisamba Constituency

i. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, ten (10) payment vouchers in amounts totalling K325,379,300 were not availed for audit.

ii. Unsupported Payment

Contrary to Financial Regulation No.52, thirteen (13) payments made to various suppliers in amounts totalling K80,393,000 were either unsupported or inadequately supported with relevant documentation such as quotations and invoices.

iii. Misapplication of Funds

Contrary to CDF Guideline No. 5, a total amount of K40,070,000 was applied on activities not related to CDF activities such as procurement of tyres and servicing of motor vehicles for the Council operations.

iv. Failure to Produce Monitoring Reports

In October and November 2011, imprest in amounts totalling K6,360,000 was issued to two (2) officers at Chibombo District Council for monitoring and inspection of CDF projects.

However, as of October 2012, no monitoring reports had been produced to ascertain whether the activities were undertaken.

v. Unaccounted for Hammer Mills

An amount of K150,000,000 was approved for the purchase of seven (7) hammer mills for distribution to various clubs in Chisamba constituency. In this regard, on 14th August 2011, SARO Agro Industrial Ltd was paid an amount of K150,000,000 for the supply of the hammer mills.

It was observed that as of December 2012, the hammer mills had not been delivered to the Council for onward distribution to the designated clubs.

Inquiries with management at the Council revealed that the hammer mills were collected from the supplier by the Area Member of Parliament and the whereabouts of the hammer mills are unknown.

vi. Unaccounted for Funds

On 3rd March 2011, the Council paid Musamba Women Association an amount of K80,000,000 for income generating projects such as gardening, chicken and goat rearing to

be implemented by forty (40) women clubs. However, as of December 2012, the funds could not be accounted for in that the clubs on which the funding was based were non-existent.

vii. Weaknesses in the Management of Projects

There were weaknesses in the management of projects, which included failure to complete projects within contract periods, stalled works and delivery of wrong materials.

Local Authority/ Constituency	Constituency	Project	Contractor	Amount Allocated K	Amount Spent K	Observations
Chibombo	Chisamba	Construction of a staff house at Chowa Health Post	Not engaged	50,000,000	12,020,000	Although materials costing K12,20,000 were procured in September 2011, works had not commenced.
		Construction of staff house at Kamulombwe Community School	Community	10,000,000	7,616,500	The structure was at roof level
		Material contribution towards construction of 1 x 2 Class Room Block at Malombe Basic School	Community	10,000,000	10,000,000	Project stalled at lintel level
	Kembe	Construction of Mwachisompola Community School	The Council	10,000,000	K10,000,000	Although building materials costing K10,000,000 were procured in August 2011, works had not commenced on the school which was at slab level.

4.12.5. Mumbwa District Council

a. Weaknesses in the Management of Projects

There were weaknesses in project management including poor workmanship, over expenditure and stalled projects.

Constituency	Project	Contractor	Amount Allocated K	Amount Spent K	Observations
Mumbwa	Construction of 1 x 2 Class Room Block (CRB) at Kalunzyu Basic School	Mulumba Sydney	72,000,000	64,020,000	Although the works had been completed, cracks had developed and the floor had peeled off in some portions.
	Construction of 1 x 2 CRB at Kalisowe Community School	The Council	90,000,000	86,001,000	Works had not been completed and the structures was at window level.
	Construction of a three (3) bed roomed staff house at Miyombe	The Council	50,000,000	47,468,000	Although works commenced in 2011, the house was at lintel level and the works had stalled.
	Construction of 1 x 2 CRB at Shiwezwa Community School	Koko's Construction & General Dealers	60,000,000	70,325,000	The project had stalled at roof level.
Mwembeshi	Construction of 1 x 2 CRB Chabota Basic School	Mr Pumulo Madzimbili	62,000,000	56,934,500	The 1 x 2 CRB was incomplete with the following outstanding works; painting, fitting window panes, ridges, grill doors. The project had stalled
	Construction of a staff house at Mwiimbi Basic School	Mr Cross Himoonga	61,700,000	55,540,500	The staff house was incomplete with the following works outstanding; painting and fitting of doors.
	Construction of staff house at Mukulaikwa Basic School	Mr Winister Bimbe	58,200,000	58,200,000	The staff house was incomplete with the following outstanding works; painting, plastering, glazing and putting of doors.

Nangoma	Construction of 1 x 2 CRB at Chifwembe Community School	Coster Chibala	110,000,000	90,015,000	The 1 x 2 CRB was incomplete with the following outstanding works; painting, fitting of window panes, ridges, grill doors and flooring. The project had stalled.
	Construction of a staff house at Malima Basic School	Boyd Namushiya	50,000,000	45,825,000	The staff house was incomplete with the following outstanding works; painting, fitting of window panes, ridges, grill doors, flooring.

b. Delayed Project

i. Construction of 1 x 2 Class Room Block (CRB)

In 2010, an amount of K117, 500,000 was approved for the construction of a 1x2 class room block at Shikatende Basic School. In this regard, on 8th November 2011 the Council entered into a labour only contract with a local contractor at a sum of K10,000,000 to carry out the works.

As of October 2012, a total amount of K107,449,000 had been spent on building materials.

A physical inspection carried out revealed that the classroom block was at window level and the project had since stalled. See picture below.



1 x 2 CRB at window level

It was further observed that seventy (70) pockets of cement valued at K4,060,000 delivered in 2011 had hardened.

ii. Construction of a Dip Tank

In 2011, the Council approved an amount of K35,000,000 for the construction of a dip tank in Shikatende. In this regard, on 26th October 2011, the Council engaged Martin Daniels of Lusaka to supply building materials and construct the deep tank at a cost of K35,000,000 and as of September 2012 the whole amount had been paid.

A physical inspection carried out in September 2012 revealed that works were not complete as the structure was only partially roofed. See pictures below.



Incomplete Dip Tank

c. Failure to Account for Animals

In 2011, the Council approved an amount of K73,500,000, for the supply of twenty (20) heifers for Muunga Agriculture Cooperative with the objective of empowering members of the cooperative through pass-on method. In this regard, an amount of K72,000,000 was paid to B H Diesel Services on 20th August 2011 for the supply of animals. However the following were observed:

- Contrary to the objective, the community collected thirty three (33) steers (males) instead of twenty (20) heifers (females).
- There was no record to show the beneficiaries of the thirty three (33) steers and as of December 2012, the animals had not been accounted for.

The rationale of collecting thirty three (33) steers as opposed to twenty (20) heifers, without authority, is questionable as it defeats the original objective of the project.

Head: 29 – Ministry of Local Government and Housing
Department: 05 – Local Government Administration
Programme: 03 – Support to Institutions (Local Council)
Activity: Various

- 5 In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2011, a provision of K146,175,420,000 was made to cater for support to the Local Authorities out of which amounts totalling K126,909,258,943 were released resulting in an underfunding of K19,266,161,057 as detailed in the table below.

Type of Grant	Budget K	Funding K	(Under)/Over Funding K
Capital Grants	23,760,000,000	15,980,000,000	(7,780,000,000)
Grant in lieu of rates	23,760,000,000	19,518,297,501	(4,241,702,499)
Recurrent grants	74,895,420,000	67,382,194,743	(7,513,225,257)
Re-structuring grants	23,760,000,000	24,028,766,699	268,766,699
Total	146,175,420,000	126,909,258,943	(19,266,161,057)

Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry headquarters and selected councils carried out in October 2012 revealed the following:

a. Failure to Maintain Accounting Records

Contrary to Financial Regulation No. 197, accounting documents such as ledgers, cash books, bank reconciliation statements among others in respect of the expenditures in amounts totalling K1,464,607,394 for grants received by seven (7) local authorities as shown in the table below were not availed for audit. In this regard, the utilisation of the funds could not be ascertained.

Local Authority	Amount K
Livingstone City	16,401,959
Namwala	155,027,800
Monze	143,459,835
Mwinilunga	150,000,000
Lufwanyama	671,717,800
Ikelenge	328,000,000
Total	1,464,607,394

b. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, one hundred and twenty two (122) payment vouchers in amounts totalling K1,483,954,110 made at thirteen (13) local authorities during the period under review were not availed for audit. See details in the table below.

Local Authority	No. of Payment Vouchers	Amount K
Kawambwa	3	4,077,000
Kaoma	34	631,961,470
Lufwanyama	13	44,543,850
Mwinilunga	36	587,259,000
Luwingu	2	7,860,000
Lusaka	1	9,900,000
Chongwe	1	120,000,000
Chadiza	12	37,206,800
Chama	20	41,145,990
Total	122	1,483,954,110

c. Unsupported Payments

Contrary to Financial Regulation No.45, five hundred and ninety nine (599) payments in amounts totalling K4,684,507,071 made at thirty four (34) local authorities were not supported with relevant documents such as quotations, cash sale receipts and Local Purchase Orders (LPOs). See details in the table below.

Local Authority	No. of Payments	Amount K
Mansa	38	1,300,337,648
Kawambwa	21	319,333,548
Samfya	46	375,770,728
Nchelenge	4	18,500,000
Mongu	6	33,099,370
Sesheke	12	15,385,000
Shangombo	32	326,076,645
Namwala	11	45,826,000
Siavonga	2	15,550,000
Kitwe	3	40,471,237
Lufwanyama	200	636,416,331
Masaiti	16	44,673,512
Kabompo	60	286,342,360
Serenje	3	7,600,000
Mkushi	2	17,133,372
Kasama	7	31,763,700
Luwingu	7	24,623,513
Mbala	35	123,172,178
Chinsali	6	4,481,000
Kafue	24	403,482,977
Luangwa	37	389,452,723
Lusaka	3	100,000,000
Chadiza	6	12,318,029
Mambwe	9	30,551,200
Chama	6	60,010,000
Petauke	3	22,136,000
Total	599	4,684,507,071

d. Unretired Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K1,850,499,492, as shown in the table below issued to one hundred and ninety one (191) officers at twenty five (25) local authorities had not been retired as of December 2012.

Local Authority	No. of Officers	Amount K
Samfya	13	57,637,955
Mwense	10	56,666,520
Mongu	1	54,987,640
Sesheke	3	8,090,000
Kaoma	4	392,540,500
Shangombo	16	264,862,217
Livingstone	3	30,175,564
Namwala	6	14,756,680
Lufwanyama	25	186,172,424
Luanshya	3	13,820,000
Kabompo	18	170,727,000
Mwinilunga	22	416,348,000
Zambezi	2	19,448,000
Mungwi	2	3,375,000
Chinsali	5	9,943,000
Mbala	10	17,371,000
Chongwe	1	1,540,000
Luangwa	5	8,990,000
Lundazi	13	47,846,762
Chama	9	17,294,410
Chadiza	9	38,571,180
Nyimba	2	3,737,520
Petauke	9	15,598,120
Total	191	1,850,499,492

e. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of various stores items costing K3,470,113,491 at thirty one (31) local authorities. See details in the table below.

Local Authority	General Stores K	Fuel K	Total K
Samfya	11,450,000	53,242,000	64,692,000
Mansa	72,134,200	38,433,040	110,567,240
Mwense	151,192,945	5,909,765	157,102,710
Mongu	44,990,000	24,376,620	69,366,620
Sesheke	10,245,000	56,962,728	67,207,728
Shangombo	95,739,000	-	95,739,000
Kaoma	44,302,190	21,812,495	66,114,685
Livingstone	80,352,893	-	80,352,893
Monze	-	61,000,000	61,000,000
Siavonga	61,236,830	-	61,236,830
Lufwanyama	101,847,677	54,655,000	156,502,677
Masaiti	-	16,300,000	16,300,000
Kabompo	136,797,000	68,725,220	205,522,220
Mwinilunga	20,493,500	97,494,000	117,987,500
Ikelenge	-	12,720,000	12,720,000
Zambezi	-	82,040,000	82,040,000
Serenje	43,753,170	-	43,753,170
Mkushi	-	12,004,800	12,004,800
Chibombo	75,404,740	89,313,040	164,717,780
Kasama	3,060,000	32,812,511	35,872,511
Luwingu	46,337,000	-	46,337,000
Mbala	71,015,500	32,882,483	103,897,983
Mungwi	-	4,814,620	4,814,620
Lusaka	388,297,490	-	388,297,490
Kafue	232,219,656	-	232,219,656
Chongwe	120,266,000	35,000,000	155,266,000
Luangwa	335,701,000	-	335,701,000
Lundazi	81,154,321	112,477,100	193,631,421
Chama	51,730,000	30,174,659	81,904,659
Chadiza	40,574,200	83,657,272	124,231,472
Nyimba	52,539,284	60,322,542	112,861,826
Mambwe	-	10,150,000	10,150,000
Total	2,372,833,596	1,097,279,895	3,470,113,491

f. Misapplication of Funds

Contrary to the Appropriation Act for 2011, amounts totalling K7,110,311,486 involving seven hundred and four (704) transactions processed at twenty six (26) local authorities as shown in the table below, were applied on activities such as payment of subsistence allowances, salaries, repair of motor vehicles, rehabilitation of staff houses and legal fees among others not related to the purposes for which funds were disbursed.

Local Authority	No. of Transactions	Amount K
Kawambwa	33	50,070,000
Samfya	11	167,652,216
Nchelenge	19	42,055,795
Mansa	3	165,120,236
Chienge	28	354,758,323
Mwense	66	484,688,469
Mongu	7	236,159,670
Sesheke	12	82,000,000
Livingstone	108	551,403,166
Kitwe	8	1,187,473,840
Lufwanyama	2	82,000,000
Masaiti	4	75,470,573
Luanshya	3	26,769,999
Kabompo	91	371,504,401
Mwinilunga	41	597,016,612
Mkushi	3	8,497,920
Mumbwa	27	365,479,455
Luwingu	32	261,127,389
Mungwi	90	273,100,015
Mbala	42	113,450,941
Chinsali	2	93,087,748
Chipata Municipal	2	371,119,068
Petauke	31	131,754,140
Chama	4	583,817,000
Nyimba	13	152,093,510
Lundazi	22	282,641,000
Total	704	7,110,311,486

As a result, activities relating to service provisions, payment of retirement benefits, construction and rehabilitation of infrastructure among others were adversely affected.

g. Failure to Follow Procurement Procedures

According to the Public Procurement guidelines, the Council Secretary has an approval threshold of K10,000,000.

However, contrary to the requirement, the Council Secretary at Monze District Council approved payments as shown in the table below that were above his threshold.

Payee	Chq No	Date	Amount K	Details
AB Nkhata General Dealers	0006	03.01.11	22,000,000	Building Materials
Acropolis Enterprises	0014	24.01.11	15,747,000	Purchase of building materials
Vulcan Enterprises	0017	01.02.12	32,605,000	Building Materials
Musijo General Dealers	0024	31.03.11	58,200,000	Supply and delivery of River sand and building sand
Rodian Enterprises LTD	0037	20.06.11	15,650,000	Assorted Building Materials, GRN 2033
Kavino Ltd	0046	02.09.11	17,731,000	Electrical materials GRN No. 2132
Kavino Ltd	0047	02.09.11	63,563,800	68 x 6.4mtrs IBR, 184 x 4.4mtrs, 2mtrs x 70 Rigdes, GRN No. 847
Rodian Enterprises LTD	0048	13.09.11	40,470,500	Roofing materials GRN 2122

h. Failure to Remit Statutory Contributions

Amounts totalling K5,695,868,312 deducted from employees in various stations in respect of PAYE, LASF, NAPSA and Workers Compensations contributions had not been remitted to respective institutions as of December 2012. See details in the table below.

Local Authority	NAPSA K	LASF K	PAYE K	Workers Compensations K	Total K
Sesheke	-	-	31,906,638	-	31,906,638
Livingstone City	555,730,302	1,961,146,669	1,117,326,135	-	3,634,203,106
Namwala	32,539,956	4,249,446	388,691,825	12,300,000	437,781,227
Gwembe	31,000,000	34,000,000	70,872,841	44,157,025	180,029,866
Sinazongwe	60,414,874	60,285,769	740,917,117	-	861,617,760
Ndola	-	-	494,026,650	-	494,026,650
Mwinilunga	2,087,454	6,848,175	8,152,687	-	17,088,316
Kasama	-	-	16,317,037	-	16,317,037
Luwingu	-	-	22,897,712	-	22,897,712
Total	681,772,586	2,066,530,059	2,891,108,642	56,457,025	5,695,868,312

i. Undelivered Goods/Services

i. Payroll Package – Shangombo District Council

On 30th September 2011, Shangombo District Council paid K9,000,000 to Dove Computing Services of Lusaka for the supply of a payroll software and training of Council accounting staff on the operation of the software.

However, as of December 2012, the payroll software had not been delivered and the training had not been conducted.

ii. Undelivered Cell Phones – Serenje District Council

On 3rd August 2011, the Council paid Mr. B. Chisangula an amount of K12,500,000 for the supply of five (5) Blackberry Storm (9550) cell phones. However, as of December 2012, the cell phones had not been delivered.

j. Unaccounted for Funds

During the period under review, the Ministry disbursed amounts totalling K483,505,420 to Sinazongwe and Chama District Councils.

However, a verification of receipt of the funds at the two (2) councils revealed that as of December 2012, only K403,752,710 was received while the balance of K79,752,710 had not been received by the Councils and no follow up action had been made by the Ministry. See details in the table below.

Local Authority	Type of Grant	Amount Disbursed K	Amount Received K	Variance
Sinazongwe	Restructuring	82,000,000	32,000,000	(50,000,000)
	Grants in lieu of rates	11,505,420	5,752,710	(5,752,710)
Chama	Capital	390,000,000	366,000,000	(24,000,000)
Total		483,505,420	403,752,710	(79,752,710)

k. Wasteful Expenditure - Kaoma District Council

During the period under review, the Council paid amounts totalling K58,879,775 to Blackwood Hodge Ltd for the repair of a D720 Champion grader.

However, as of December 2012 the grader was not functional rendering the expenditure wasteful.

l. Over Payment to Contractor – Mwinilunga District Council

On 5th May 2011, the Council awarded a contract to Amazing Grace Enterprises of Kabwe to sink and equip ten (10) boreholes at a contract sum of K260,000,000.

However, the Council paid the contractor an amount totalling K385,000,000 resulting in an overpayment of K125,000,000.

As of December 2012, the amount had not been recovered from the contractor.

m. Weaknesses in The Survey of Plots – Chongwe District Council

On 8th February 2012, the Council engaged Kayo Surveyors to survey and demarcate 429 plots in the Sylvia Masebo Compound at a contract sum of K214,500,000 for a period of two (2) months.

It was observed that although the contract was awarded to Kayo Surveyors, the bid document submitted was dated 7th October 2010, thirteen (13) months before the Council invited bids and related to works at Farm 33a with a bid amount of K195,000,000.

The awarding of the contract to Kayo Surveyors was irregular in that they did not bid for the works.

As of December 2012, the Council had paid Kayo Surveyors amounts totalling K125,000,000 and the works had not been completed.

n. Unsupported Cash Withdrawals - Chama District Council

During the period under review, the Council made withdrawals in amounts totalling K208,351,500 from its grant account.

However, contrary to the Financial Regulation No.46, there were no payment vouchers raised to support the withdrawal making it not possible to ascertain the purpose for which the funds were utilised.

o. Management of Capital Projects

During the period under review, the Ministry disbursed a total amount of K15,980,000,000 to various Councils to cater for the construction and rehabilitation of civic centres, motels and staff houses.

A scrutiny of records and a physical inspection of selected projects revealed that there was poor workmanship, incomplete works and /or uncommenced works as shown in the table below.

i. Construction and Rehabilitation of Civic Centres, Motel and Staff Houses

Project	Contractor	Contract Period	Contract Sum (K)	Amount Received (K)	Amount Paid to Contractor / Spent (K)	Scope of Works	Observations/Status
Luapula Province - Kawambwa District Council							
Rehabilitation of Civic Centre-	Labour based	-	-	365,000,000	365,052,095	-	<ul style="list-style-type: none"> The building had been roofed and the ceiling partially done No contract, bills of quantities, and the tender minutes were not availed for audit.

Western Province - Mongu Municipal council							
Rehabilitation and extension of civic Centre	Simunthali General Maintenance	25.05.11 to 15.07.11	215,138,650	500,000,000	193,624,785	Excavation and earth work, block work, replacement of wood trusses, plumbing installation, electrical and air conditioning, glazing and painting among others.	Although the works had been completed, cracks had developed on the wall and on the drainage.
Kaoma District Council							
Construction of new ablution block	Nasangu Handware and contractors	14.12.11 to 13.02.12	117,104,262	100,000,000,	58,296,820	Construction of sub structure, super structure, roofing, plumbing works iron mongery, glazing, painting and erecting of tank stand and mounting a water tank.	<ul style="list-style-type: none"> Structure had been roofed while painting, glazing and erecting of water tank were still outstanding. The contractor was on site carrying out the works though the project had delayed by 6 months.
Construction of market shelter at new market	ABC Global Works	-	15,000,000	80,000,000	31,700,000	Construction of sub structure; super structure; roofing; plastering; painting and flooring.	Sub structure constructed while outstanding works were super structure; roofing; plastering; painting and flooring. The contractor was on site.
Southern Province - Monze District Council							
Construction of a Civic Centre	Labour Based	-	-	850,000,000	540,841,068	Construction of a Civic Centre	Structure had been roofed with the following works outstanding:- fitting of aluminum window frames; glazing; painting; laying of tiles; construction of septic tank and sock

							away, however, no contract, bills of quantities, and tender minutes were availed for audit.
Eastern Province - Chama District Council							
Construction of Council Office block	Uneric Investment Ltd	05/04/11 to 05/08/11	890,000,000	866,000,000	801,000,000	Construction of Council Office block	Structure had been roofed, plastered and plumbing partially done with the following works outstanding: <ul style="list-style-type: none"> • Fitting of doors, ceiling and sockets • Glazing • flooring • Construction of man holes, corridor and roofing of reception office partially done • Painting The contractor was not on site
Chadiza District Council							
Construction of a Civic Centre	Chadiza District Council	-	-	500,000,000	34,495,000	Construction of a Civic Centre	<ul style="list-style-type: none"> • Work had not commenced 13 months from the time the funds were received. • Only Sand and cement had been bought as of September 2012.
Nyimba District Council							
Construction of Nyimba Council Motel	Nyimba District Council	-	-	1,450,000,000	1,103,828,000	Construction of 34 Chalets, conference room, ablution block, Kitchen and restaurant, landscaping,	<ul style="list-style-type: none"> • 30 rooms had been roofed, plastered, ceilings fixed and electrical wiring and landscaping had been

						electrification and provision of water	done • The rest of the works were still outstanding.
Construction of Nyimba Civic Centre	Nyimba District Council	-	-	365,000,000	361,417,189	Not prepared as of September 2012	Foundation excavated, crushed stones, river and building sand had been bought and bricks had been molded.
Mambwe District Council							
Construction of ten low cost houses	-	-	-	450,000,000	-	Not prepared as of September 2012	Project had not yet commenced as of September 2012, 10 months from the time the funds were received.

ii. Construction of Mwinilunga Civic Centre

In August 2011, the Council received an amount of K400,000,000 for the construction of a Civic Centre and had a balance of K500,000,000 brought forward from 2010 bringing the total funds available to K900,000,000.

On 23rd August 2010, the Council engaged a consultant (A+ Urban Technics) at a contract sum of K100,000,000 for the design and supervision of the construction of the Civic Centre Office block. The consulting fees were to be paid as follows:

- 20% on signing of the contract,
- 50% on approval and submission of tender documents,
- 10% when construction commences,
- 15% middle way of the project, and
- 5% final account.

In this regard, on 27th March 2011, the Council engaged Buildtech Contractors for the construction of the middle part of the office block at a contract sum of K400,000,000.

As of September 2012, amounts totalling K746,020,700 (Contractor - K467,000,000, Consultant – K100,000,000 and others – K179,020,700) had been paid in respect of the construction of the Civic Center.

The following observations were made:

○ **Inconsistencies in the Contract Document and Related Documents**

Although Buildtech Contractors were awarded a contract of K400,000,000, the evaluation report by the Tender Committee had recommended a contract sum of K390,516,250. There was no explanation of the difference in the two figures amounting to K9,483,750.

○ **Overpayment to the Contractor**

Although the contractor was paid amounts totalling K467,000,000, the contract sum was K400,000,000, resulting in an overpayment of K67,000,000. As of December 2012, the amount had not been recovered from the contractor.

In addition, the payments made to the contractor were not supported with completion certificates rendering the payments to the contractor questionable.

○ **Questionable Settlement of Debts Accrued by the Contractor**

The Council paid amounts totalling K179,020,700 in respect of debt accrued by Buildtech Contractors. The payments were however questionable in that the Council had already paid the contractor K467,000,000 which was over and above the contract price.

○ **Incomplete Works/Poor Workmanship**

A physical inspection of the project carried out in September 2012 revealed that hardly any works had been done at the site and the little work that had been done was of poor quality as can be seen in the pictures below.



Collapsed foundation walls as of September 2012

It was not clear why the Council paid the contractor amounts totalling K467,000,000 for works that were far from completion.

- **Questionable Payment to the Consultant**

Contrary to the terms of the contract which requires that 15% of the contract amount be paid when the project is 50% complete and 5% when the project is completed, the consultant was paid the full amount of K100,000,000 resulting in an overpayment of K20,000,000.

As of December 2012, the amount had not been recovered from the Contractor.

AUDIT HOUSE
HAILE SELASSIE AVENUE
LUSAKA

ANNA O. CHIFUNGULA FCCA, FZICA
AUDITOR GENERAL
REPUBLIC OF ZAMBIA

