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REPUBLIC OF ZAMBIA

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3rd February, 2021

To the News Editor

PRESS RELEASE *For Immediate Release*

Auditor General Dr. Dick Chellah Sichembe has released the Report of the Auditor General on the Audit of Accounts of Local Authorities for the financial years ended 31st December 2018 and 2019.

The Report was produced in accordance with the Provisions of Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, the Public Audit Act No. 13 of 1994, the Local Government (Amendment) Act No. 12 of 2014, the Local Government Act No. 2 of 2019, the Constituency Development Fund Act No. 11 of 2018 and the Public Finance Management Act No.1 of 2018.

The Report has revealed Failure to Remit Statutory Obligations as the highest irregularity at K1,693,684,384, Failure to Settle Staff Obligations at K276,689,804 and Failure to Collect Revenue at K108,885,954.

The implication for Failure to Remit Statutory Obligations is that this may disadvantage employees of their benefits at the time of leaving service, while the implication for Failure to Settle Staff Obligations may result in low staff morale, ultimately affecting service delivery negatively and possible litigation. In the case of Failure to Collect Revenue, this

deprives Government and respective institutions of the much-needed revenue for provision of social services for improved service delivery and operations.

The report also revealed Unsupported Payments which stood at K20, 762,409, whilst Missing Payment Vouchers were at K19, 265,971. The implication of the Unsupported Payments and Missing payment vouchers is that, they promote concealment of wrong doing due to lack of audit trail and supporting documents.

Other findings raised in the report are Failure to Develop Integrated Development Plans, Poor Management of Solid Waste, Failure to Update Valuation Rolls, Failure to Control Markets by the Councils, Weaknesses in procurement and Contract Management. The audit also revealed Weaknesses in the management of Local Government Equalisation and Constituency Development Funds.

The implications of the above findings range from, the country having Unplanned Settlements, Poor Management of Waste to Poor Service Delivery among others.

The Auditor General is concerned that Local Authorities that are expected to provide service at local level have continued to exhibit poor governance in the management of public resources.

He has appealed to those charged with the responsibility to manage the resources to address these issues seriously and urgently if Local Authorities are to provide quality service delivery and development in their respective communities.

The report is now available and can be accessed from the Office of the Auditor General in Long Acres or the Office's website www.ago.gov.zm.

For details, contact the undersigned.

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FOR/ AUDITOR GENERAL