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REPUBLIC OF ZAMBIA

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To the News Editor

PRESS RELEASE *For Immediate Release*

Acting Auditor General Dr. Ron Mwambwa has issued the Report of the Auditor General on the Audit of Constituency Development Funds (CDF) for the financial year ended 31st December 2022.

The report covers all the 156 Constituencies for the period under review (2022); and has revealed the following notable audit findings and implications, among others:

The report highlights cross-cutting audit observations which reveal consistent internal control deficiencies and non-compliance to legal provisions in the management of revenue, stores, human resources, council properties, environmental matters, local government equalization fund and firefighting and rescue services.

1) Implementation of Community Projects

The Ministry of Local Government and Rural Development approved 3,963 community projects to be implemented by the 156 constituencies through the 116 local authorities across the country. The projects included construction of classroom blocks, health posts, crossing points and drilling of boreholes.

As at 31st December 2022, the local authorities had completed 1,316 projects, while 918 were work in progress and 1729 had not been implemented. In addition, there were 595 projects which were approved in 2021 and were brought forward for implementation in 2022. The implication of delayed implementation of the projects is loss of funds as this pushes the project cost upwards.

2) Failure to spend

Despite the availability of funds and the projects having been approved for implementation by the Minister of Local Government and Rural Development during the period under review as at 31st December 2022, all the 116 local authorities had only spent K321,867,208 out of a total allocation of K1,979,193,688 to implement 1,657 out of the 4,168 approved projects. Consequently, 40% of the approved projects had been implemented as at 31st December 2022.

3) Unaccounted for Grant Funds

During the period under review grants in amounts totaling K4,361,682 were disbursed to 387 clubs and cooperatives for execution of various projects. However, there was no evidence supporting the implementation of the intended projects in that there was no evidence supporting the implementation of the

intended projects in that there was neither information on the expenditure nor were the funds found on hand raising concerns on how the funds were utilized.

As at 31st October 2023, the funds remained unaccounted for.

4) Misapplication of Funds – Implementation of Unapproved Projects

Grants in amounts totaling K7,312,795 were disbursed to 353 clubs and cooperatives to support the execution of designated activities and projects outlined in their respective grant agreements. However, these groups and cooperatives deviated from the agreed projects without securing the approval of the Council thereby breaching the terms of the grant agreement.

5) Misappropriation of Funds

15 local authorities disbursed empowerment grants in amounts totaling K2,130,486 to various groups to utilised on projects set out in respective grant agreements. However, it was observed that members of 109 groups that received the funds deviated the funds from implementing the projects agreed upon to personal endeavours resulting in misappropriation of funds.

6) Secondary boarding and Skill development

During the period under review the local authorities through CDF bursaries sponsored 15,029 pupils for boarding school education and 23,327 students for skills training in various secondary schools and training colleges for which cumulative expenditure of K126,501,862 was incurred to facilitate the support. However, the pupils did not attend classes either from inception of the sponsorship or withdrawal prior to the expiry of the sponsored period.

As at 31st October 2023 the funds had neither been returned to local authorities by the schools or colleges nor had the local authorities initiated claims against schools and colleges to recover the funds.

7) Youth, Women and Community Empowerment – Empowerment Grants

Failure to Monitor Empowerment Grants

Fifteen (15) local authorities did not carry out effective monitoring of the implementation of projects despite availability of funds meant for monitoring.

The other key findings raised in the Report include: Disbursements of Funds to Unapproved Beneficiaries; Failure to Issue Soft Loans; Failure to Claim Funds from Schools and Skills Training Institutions; Missing Payment Vouchers; Unacquitted Payments; Unretired Accountable Imprest; and Poor Execution of Projects

The Acting Auditor General recommends revising the legal framework governing procurement process for CDF projects to incorporate special considerations aimed at minimizing lead time in the implementation of the projects and prompt awarding of contracts for community projects is done to ensure that there are no delays in the execution of projects among others.

The report is now available and can be accessed from the Office of the Auditor General website: www.ago.gov.zm .

For further details, contact the undersigned.

(Original Signed)

Issued by: Ellen M. Chikale (Ms.)

Head of Public Relations

FOR/ AUDITOR GENERAL