REPUBLIC OF ZAMBIA

REPORT

of the

AUDITOR GENERAL

ON THE ACCOUNTS OF THE REPUBLIC

for the

Financial Year Ended 31st December 2019
OFFICE OF THE AUDITOR GENERAL

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

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

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

CORE VALUES: Integrity

Professionalism

Objectivity

Teamwork

Confidentiality

Excellence

Innovation

Respect
PREFACE

It is my honour and privilege to submit the Report of the Auditor General on the Accounts of the Republic of Zambia for the financial year ended 31st December 2019 in accordance with Article 212 of the Constitution, the Public Audit Act No.13 of 1994 and the Public Finance Management Act No.1 of 2018.

The main function of my Office is to audit the accounts of Ministries, Provinces and Agencies (MPAs) and other institutions financed from public funds. In this regard, this report covers MPAs that appeared in the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019 (Appropriation Act No. 22 of 2018). I conducted audits on the institutions to examine whether the funds appropriated by Parliament or raised by Government and disbursed had been accounted for.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAI) which are the standards relevant for the audit of Public Sector entities.

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

Dr. Dick Chellah Sichembe
AUDITOR GENERAL
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Executive Summary

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

During the audit process, there were various levels at which the Office interacted and communicated with Controlling Officers whose accounts were audited. The purpose of this interaction was to provide an opportunity for the Controlling Officers to clarify and take corrective action on the findings of the audits.

The audit findings mentioned in this Report are those which were not resolved during the audit of accounts for the financial year ended 31st December 2019 and outstanding matters as reported in the Treasury Minute (Action Taken Report) for the period 2012 to 2016 from the Ministry of Finance.

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

Some of the findings raised in this Report are:

i. Weaknesses in the implementation of Information and Communications Technology (ICT) systems,

ii. Failure and delays in the collection of Government revenue,

iii. Failure to maintain books of accounts and accounting records,

iv. Weaknesses in procurement and contract management,

v. Failure to update and reconcile the Establishment Register and the Staff Assignment,

vi. Failure to deduct and remit statutory contributions,

vii. Failure to secure properties with title deeds, and

viii. Failure to insure Government assets.
The table 1.1 and figure 1 below show a comparative summary of other audit findings contained in the report.

**Table 1: Summary of the Audit Findings**

<table>
<thead>
<tr>
<th>No.</th>
<th>Details</th>
<th>2019 K</th>
<th>2018 K</th>
<th>2017 K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Unaccounted for Revenue</td>
<td>528,431</td>
<td>143,179</td>
<td>873,649</td>
</tr>
<tr>
<td>2</td>
<td>Unaccounted for Funds</td>
<td>183,886</td>
<td>26,000</td>
<td>31,200,930</td>
</tr>
<tr>
<td>3</td>
<td>Misapplication of Funds</td>
<td>7,455,275</td>
<td>62,432,136</td>
<td>61,657,450</td>
</tr>
<tr>
<td>4</td>
<td>Unretired Accountable Imprest</td>
<td>480,660</td>
<td>667,703</td>
<td>4,073,434</td>
</tr>
<tr>
<td>5</td>
<td>Unvoschded Expenditure</td>
<td>1,539,431</td>
<td>1,033,754</td>
<td>14,137,189</td>
</tr>
<tr>
<td>6</td>
<td>Unaccounted for Stores</td>
<td>56,220,368</td>
<td>133,815,072</td>
<td>6,370,531</td>
</tr>
<tr>
<td>7</td>
<td>Irregular Payments</td>
<td>8,952,156</td>
<td>12,767,837</td>
<td>21,791,360</td>
</tr>
<tr>
<td>8</td>
<td>Non Recovery of Loans and Advances</td>
<td>-</td>
<td>201,572</td>
<td>901,507</td>
</tr>
<tr>
<td>9</td>
<td>Failure to Follow Procurement Procedures</td>
<td>504,500</td>
<td>879,000</td>
<td>1,051,686</td>
</tr>
<tr>
<td>10</td>
<td>Undelivered Materials</td>
<td>23,510,118</td>
<td>9,195,241</td>
<td>1,486,568</td>
</tr>
<tr>
<td>11</td>
<td>Non - Submission of Expenditure Returns</td>
<td>502,250</td>
<td>301,830</td>
<td>29,409,484</td>
</tr>
<tr>
<td>12</td>
<td>Wasteful Expenditure</td>
<td>3,730,864</td>
<td>222,534</td>
<td>7,865,395</td>
</tr>
<tr>
<td>13</td>
<td>Overpayments</td>
<td>1,109,176</td>
<td>15,824,166</td>
<td>7,437,149</td>
</tr>
<tr>
<td>14</td>
<td>Misappropriation of Funds</td>
<td>-</td>
<td>61,354</td>
<td>5,036,051</td>
</tr>
</tbody>
</table>

**Figure 1: Comparative Summary of the Audit Findings**
PART I
PREAMBLE
1 Introduction

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

Article 212 requires me to, not later than nine (9) months after the end of a financial year, submit an audit report to the President and the National Assembly, on the accounts of the Republic audited in respect of the preceding financial year.

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

i. The accounts of State organs, State institutions, Provincial Administration, Local Authorities and institutions financed from public funds,

ii. The accounts that relate to the stocks, shares and stores of the Government,

iii. Financial and value for money audits, including forensic audits and any other type of audit, in respect of a project that involves the use of public funds, and

iv. Ascertain that money appropriated by Parliament or raised by the Government and disbursed;
   • has been applied for the purpose for which it was appropriated or raised,
   • was expended in conformity with the authority that governs it, and
   • was expended economically, efficiently and effectively.

2 Scope of Audit

The audit scope covered the accounts and records of Ministries, Provinces and Agencies (MPAs) and other institutions financed from public funds for the financial year ended 31st December 2019. Although the Report is for the financial year ended 31st December 2019, in some cases observations that required updating were reported as of September 2020.

3 Constraints

i. Staff

The staffing position in the Office has over the years been improving. However, staffing levels are still not commensurate with the number of Government programmes being undertaken throughout the Country.
As at 31st December 2019, the Office had an establishment of 736 positions of which 634 were available while the balance of 102 were frozen. Out of the available positions, 618 were filled while sixteen (16) were vacant.

ii. Transport

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

During the period under review, the Office faced a challenge of inadequate and aging fleet of motor vehicles required for use in executing our mandate as most of the vehicles were procured between 2007 and 2015. Consequently, this has continued to negatively impact the targeted time of completing the audit activities.

iii. Information and Communications Technology Equipment

During the period from 2017 to 2019, the number of staff increased from 524 to 618. This resulted in the need to provide Information and Communications Technology (ICT) equipment for the new staff. Although the Office received support from Government and Cooperating Partners in ICT, the gap still exists.

iv. Coronavirus Disease 2019 (COVID-19)

The audits of accounts for the financial year ended 31st December 2019 conducted in 2020 were adversely affected by the COVID-19 pandemic.

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

4 Audit Methodology

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

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

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

The reporting process involves three (3) major stages. The first stage is where the Management Letter is sent to the Controlling Officer and is required to respond to the audit queries raised within fourteen (14) days. Where the Controlling Officer does not respond to the queries or where the responses are not satisfactory, the Management Letter is upgraded to an Audit Reference (AR) Sheet. At AR stage (second stage), the Controlling Officer is then required to respond within seven (7) days. If the queries in the AR are not addressed, the AR is upgraded to a Draft Annual Report Paragraph (DARP) which is the third and final stage and the Controlling Officer is given up to seven (7) days in which to confirm as to whether the contents are factually correct or not. At every stage where responses received are satisfactory, amendments are made accordingly.

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

Governance

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

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

Management

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

Information and Communications Technology

The Government operated various ICT systems to improve service delivery. The following are the major systems operated by MPAs:
### Table 8.1: Some of the ICT Systems in Use

<table>
<thead>
<tr>
<th>No.</th>
<th>Institution</th>
<th>Name of System</th>
<th>Description/Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ministry of Finance</td>
<td>Integrated Financial Management Information Systems (IFMIS)</td>
<td>This is an Integrated Financial Management Information System which is used for administration of financial transactions in the MPAs.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Treasury Single Account (TSA)</td>
<td>This is a business solution that is used for facilitating of payment on IFMIS. It is a unified structure of bank accounts that gives a consolidated position of cash resources.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Payroll Management and Establishment Control System (PMEC)</td>
<td>The system is used for Payroll Management and Establishment Control.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Debt Management and Financial Analysis System (DMFAS)</td>
<td>The system is used for debt management and is installed at the Central Bank and Ministry of Finance.</td>
</tr>
<tr>
<td>2</td>
<td>Ministry of Agriculture</td>
<td>Zambia Integrated Agriculture Management Information System (ZIAMIS)</td>
<td>The system is a web-based application used for the administration of the Farmer Input and Support (FISP) activities.</td>
</tr>
<tr>
<td>3</td>
<td>Ministry of Lands</td>
<td>Zambia Integrated Land Management Information System (ZILMIS)</td>
<td>The system is used for administration of land, billing of properties for ground rent and receipting of revenue among others.</td>
</tr>
<tr>
<td>4</td>
<td>Ministry of Home Affairs-Passport Office</td>
<td>Personalised Passport System (PPS)</td>
<td>This is an application that is used in the production of ordinary and diplomatic passports. The application runs on the oracle database.</td>
</tr>
<tr>
<td>5</td>
<td>Ministry of Home Affairs-Department of Immigration</td>
<td>Zambia Immigration Management System (ZIMS)</td>
<td>The system is used for the management of immigration processes such as the facilitation of entry and exit and processing of visas among other processes.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>6</td>
<td>Road Transport and Safety Agency</td>
<td>e-ZamTIS</td>
<td>The system is used to collect, receipt and record revenue.</td>
</tr>
<tr>
<td>7</td>
<td>Zambia Revenue Authority</td>
<td>Tax Online System</td>
<td>This system is used for administration of domestic taxes.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ASYCUDA World</td>
<td>This system is used for administration of customs duties and taxes.</td>
</tr>
<tr>
<td>8</td>
<td>National Road Fund Agency</td>
<td>Yascn Toll Management System (Cash Management Systems)</td>
<td>This system is used for administration and collection of inland tolls.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Necor Toll Management System (Cash Management Systems)</td>
<td>This system is used for administration and collection of inland tolls.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Efkon Toll Management System (Cash Management Systems)</td>
<td>This system is used for administration and collection of inland tolls.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>e-Toll Management Information System</td>
<td>This is an electronic payment system used for collection of tolls.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>WBX and Axle Loop</td>
<td>These systems are used in the administration of toll and weighbridge fines.</td>
</tr>
</tbody>
</table>
PART II
PARAGRAPHS
## REVENUE

<table>
<thead>
<tr>
<th>Head:</th>
<th>Ministry of Finance - Zambia Revenue Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme:</td>
<td>Tax Revenue</td>
</tr>
<tr>
<td>Activities:</td>
<td>Income Tax</td>
</tr>
<tr>
<td></td>
<td>Customs and Excise</td>
</tr>
<tr>
<td></td>
<td>Value Added Tax</td>
</tr>
</tbody>
</table>

### 1.1 Background

#### a. Mandate

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

#### b. Governance

The Authority is governed by the Board of Directors comprising nine (9) members responsible for providing strategic oversight and direction to the Institution. The tenure of office for the Board of Directors is three (3) years.

#### c. Management

The operations of the Authority is a responsibility of the Commissioner General (CG) who is appointed by the President and is assisted by four (4) Commissioners responsible for Customs, Domestic Taxes, Modernisation and Corporate Strategy and Finance.

### 1.2 Audit Findings

An examination of accounting and other records maintained at the ZRA Headquarters and selected stations for the period under review revealed the following:
a. Budget against Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a revenue provision of K51,844,168,213 was made against which amounts totalling K52,968,961,004 were collected resulting in an over collection of K1,124,792,791. See table 1.1.

Table 1.1: Budget against Collections

<table>
<thead>
<tr>
<th>No.</th>
<th>Tax Description</th>
<th>Provision K</th>
<th>Collection K</th>
<th>Variance K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Company Tax</td>
<td>7,221,608,108</td>
<td>7,566,242,305</td>
<td>344,634,197</td>
</tr>
<tr>
<td>2</td>
<td>Individuals (self-employed)</td>
<td>130,099,314</td>
<td>106,628,807</td>
<td>(23,470,507)</td>
</tr>
<tr>
<td>3</td>
<td>Advance Income Tax</td>
<td>319,617,960</td>
<td>174,341,102</td>
<td>(145,276,858)</td>
</tr>
<tr>
<td>4</td>
<td>Pay As You Earn</td>
<td>11,230,900,231</td>
<td>11,361,326,382</td>
<td>70,426,151</td>
</tr>
<tr>
<td>5</td>
<td>Withholding Tax (Rent, Interest and Royalties)</td>
<td>3,584,915,359</td>
<td>3,474,315,404</td>
<td>(105,599,955)</td>
</tr>
<tr>
<td>6</td>
<td>Withholding Tax (Dividends)</td>
<td>363,300,315</td>
<td>430,141,269</td>
<td>66,840,954</td>
</tr>
<tr>
<td>7</td>
<td>Withholding Tax (Lump Sum Payment)</td>
<td>22,914,904</td>
<td>8,826,431</td>
<td>(14,088,473)</td>
</tr>
<tr>
<td>8</td>
<td>Withholding Tax (Contractors)</td>
<td>100,048,561</td>
<td>92,076,011</td>
<td>(7,972,550)</td>
</tr>
<tr>
<td>9</td>
<td>Property Transfer Tax</td>
<td>257,947,489</td>
<td>368,055,154</td>
<td>110,107,665</td>
</tr>
<tr>
<td>10</td>
<td>Mineral Royalty Tax</td>
<td>4,887,597,864</td>
<td>3,968,301,100</td>
<td>(919,296,764)</td>
</tr>
<tr>
<td>11</td>
<td>Customs Duty</td>
<td>2,993,818,811</td>
<td>2,721,025,602</td>
<td>272,066,209</td>
</tr>
<tr>
<td>12</td>
<td>Excise Duty - Motor Vehicles</td>
<td>607,652,175</td>
<td>263,917,953</td>
<td>(343,734,222)</td>
</tr>
<tr>
<td>13</td>
<td>Excise Duty - Soft drinks</td>
<td>3,000,000</td>
<td>3,302,699</td>
<td>(302,699)</td>
</tr>
<tr>
<td>14</td>
<td>Excise Duty on non alcoholic beverages</td>
<td>-</td>
<td>12,642,908</td>
<td>12,642,908</td>
</tr>
<tr>
<td>15</td>
<td>Excise Duty - Cigarettes</td>
<td>89,799,252</td>
<td>109,403,369</td>
<td>19,604,117</td>
</tr>
<tr>
<td>16</td>
<td>Excise Duty - Carbon</td>
<td>62,297,139</td>
<td>61,058,804</td>
<td>(1,238,335)</td>
</tr>
<tr>
<td>17</td>
<td>Excise Duty - Opaque Beer</td>
<td>45,792,306</td>
<td>29,347,092</td>
<td>(16,445,214)</td>
</tr>
<tr>
<td>18</td>
<td>Excise Duty - Clear beer</td>
<td>896,870,671</td>
<td>688,085,629</td>
<td>(208,785,042)</td>
</tr>
<tr>
<td>19</td>
<td>Excise Duty - Hydro Carbon Oils</td>
<td>1,022,254,378</td>
<td>495,665,711</td>
<td>(526,588,667)</td>
</tr>
<tr>
<td>20</td>
<td>Excise Duty - Spirits</td>
<td>87,140,335</td>
<td>147,093,161</td>
<td>59,952,826</td>
</tr>
<tr>
<td>21</td>
<td>Excise Duty - Wines</td>
<td>41,857,584</td>
<td>28,939,849</td>
<td>(12,917,735)</td>
</tr>
<tr>
<td>22</td>
<td>Excise Duty - Cosmetics</td>
<td>50,659,014</td>
<td>38,747,084</td>
<td>(11,911,930)</td>
</tr>
<tr>
<td>23</td>
<td>Excise Duty - Air time</td>
<td>833,465,505</td>
<td>698,911,789</td>
<td>(134,553,716)</td>
</tr>
<tr>
<td>24</td>
<td>Export Duty - Timber</td>
<td>848,556</td>
<td>12,493,730</td>
<td>11,645,194</td>
</tr>
<tr>
<td>25</td>
<td>Export Duty Scrap metal</td>
<td>77,592</td>
<td>77,592</td>
<td>0</td>
</tr>
<tr>
<td>26</td>
<td>Export Duty - Maize</td>
<td>3,847,600</td>
<td>7,279</td>
<td>(3,400,321)</td>
</tr>
<tr>
<td>27</td>
<td>Rummage Sales</td>
<td>13,224,806</td>
<td>7,774,112</td>
<td>(5,450,694)</td>
</tr>
<tr>
<td>28</td>
<td>Export Duty - Copper Concentrates</td>
<td>8,856,743</td>
<td>34,131,724</td>
<td>25,274,981</td>
</tr>
<tr>
<td>29</td>
<td>Fines</td>
<td>26,210,186</td>
<td>53,242,450</td>
<td>27,032,264</td>
</tr>
<tr>
<td>30</td>
<td>Excise duty - Plastics</td>
<td>13,925,837</td>
<td>14,600,330</td>
<td>674,493</td>
</tr>
<tr>
<td>31</td>
<td>Excise duty - Gases</td>
<td>52,794</td>
<td>53,024</td>
<td>230</td>
</tr>
<tr>
<td>32</td>
<td>Excise Duty on Juices</td>
<td>-</td>
<td>3,355,686</td>
<td>3,355,686</td>
</tr>
<tr>
<td>33</td>
<td>Warehouse Rent</td>
<td>828,539</td>
<td>1,167,866</td>
<td>339,327</td>
</tr>
<tr>
<td>34</td>
<td>Surtax on Selected Goods</td>
<td>436,312,561</td>
<td>213,552,881</td>
<td>(222,759,680)</td>
</tr>
<tr>
<td>35</td>
<td>Accounting Fees</td>
<td>890,358</td>
<td>1,442,275</td>
<td>551,917</td>
</tr>
<tr>
<td>36</td>
<td>Excise Duty - Cement</td>
<td>99,965,082</td>
<td>101,760,907</td>
<td>1,795,825</td>
</tr>
<tr>
<td>37</td>
<td>Licence Fees</td>
<td>5,876,356</td>
<td>6,250,175</td>
<td>373,819</td>
</tr>
<tr>
<td>38</td>
<td>Excise Duty - Electricity</td>
<td>166,634,091</td>
<td>222,397,232</td>
<td>55,763,141</td>
</tr>
<tr>
<td>39</td>
<td>Fuel Levy</td>
<td>495,522,964</td>
<td>1,015,379,999</td>
<td>519,257,035</td>
</tr>
<tr>
<td>40</td>
<td>Export Duty - Precious minerals and anodic slimes</td>
<td>135,600,000</td>
<td>271,859,586</td>
<td>136,259,586</td>
</tr>
<tr>
<td>41</td>
<td>Licence - Motor vehicle</td>
<td>105,879,760</td>
<td>26,099,277</td>
<td>(79,780,483)</td>
</tr>
<tr>
<td>42</td>
<td>Motor vehicle Surtax</td>
<td>60,269,388</td>
<td>54,389,640</td>
<td>(5,879,748)</td>
</tr>
<tr>
<td>43</td>
<td>Excise duty - Water</td>
<td>-</td>
<td>234,717</td>
<td>234,717</td>
</tr>
<tr>
<td>44</td>
<td>Export duty hides</td>
<td>-</td>
<td>5,277,678</td>
<td>5,277,678</td>
</tr>
<tr>
<td>45</td>
<td>Tourism Levy</td>
<td>13,837,396</td>
<td>21,105,859</td>
<td>7,268,463</td>
</tr>
<tr>
<td>46</td>
<td>Insurancy Premium Levy</td>
<td>108,241,682</td>
<td>91,109,452</td>
<td>(17,132,230)</td>
</tr>
<tr>
<td>47</td>
<td>Skills Development Levy</td>
<td>163,993,696</td>
<td>158,376,545</td>
<td>(5,617,151)</td>
</tr>
<tr>
<td>48</td>
<td>Other Revenue</td>
<td>316,904</td>
<td>834,350</td>
<td>517,446</td>
</tr>
<tr>
<td>49</td>
<td>Domestic VAT</td>
<td>5,051,235,793</td>
<td>6,620,023,599</td>
<td>1,568,787,806</td>
</tr>
<tr>
<td>50</td>
<td>Import VAT</td>
<td>9,811,239,846</td>
<td>10,634,153,411</td>
<td>822,913,565</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>51,844,168,213</td>
<td>52,968,961,004</td>
<td>1,124,792,791</td>
</tr>
</tbody>
</table>
b. **Loss of Revenue to Government – Domestic VAT**

During the period under review, thirty-three (33) suppliers supplied standard rated goods and services to two (2) companies and raised tax invoices in amounts totalling K61,205,219 which included output Value Added Tax (VAT) of K8,422,092. However, it was observed that although the two (2) companies claimed input VAT of K8,422,092 on the procured goods and services, the thirty three (33) suppliers filed in nil returns during the period under review thereby under declaring VAT by the same amount.

In this regard, the Government lost revenue in amounts totalling K8,422,092.

c. **Unaccounted for Removals in Transit**

Automated System for Customs Data (ASYCUDA) has a transit module that handles transactions for Removals in Bond (RIB) and Removals in Transit (RIT) such as goods moving from one customs control area to another without duty being paid but under surety of a bond issued by banks or insurance companies.

According to the Customs procedures, transit documents are generated at the port of entry and are acquitted at the port of exit as the goods are leaving the country within ten (10) days for RIB and five (5) days for RIT. Therefore, clearance of all transits on the system is done by the destination exit office as indicated on the transit documents after checking that all goods that entered the country were not consumed within the country in case of RIT and that taxes have been paid before ex-bonding in case of RIB.

In the Report of the Auditor General on the Accounts of the Republic for the financial year ended 31st December 2018, mention was made of 551 RITs with guaranteed amounts totalling K96,313,164 which had entered the country but had not exited and were not accounted for.

A review of records carried out in July 2020 revealed that the practice had continued in that 752 RITs with guaranteed amounts totalling K47,180,798 that entered the country through seven (7) ports during the period under review had not exited the country as at 31st August 2020. Further, there was no evidence that ZRA had redeemed the bonds. See table 1.2.
Table 1.2: Unaccounted for Transits

<table>
<thead>
<tr>
<th>No</th>
<th>Station</th>
<th>No of Transaction</th>
<th>Guaranteed Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chirundu</td>
<td>512</td>
<td>16,955,748</td>
</tr>
<tr>
<td>2</td>
<td>Kasumbalesa</td>
<td>154</td>
<td>16,398,826</td>
</tr>
<tr>
<td>3</td>
<td>Katima Mulilo</td>
<td>6</td>
<td>252,961</td>
</tr>
<tr>
<td>4</td>
<td>Kazungula</td>
<td>11</td>
<td>4,434,375</td>
</tr>
<tr>
<td>5</td>
<td>Nakonde</td>
<td>34</td>
<td>8,198,715</td>
</tr>
<tr>
<td>6</td>
<td>Ndola Port Office</td>
<td>2</td>
<td>59,993</td>
</tr>
<tr>
<td>7</td>
<td>Victoria Falls</td>
<td>33</td>
<td>880,181</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>752</strong></td>
<td><strong>47,180,798</strong></td>
</tr>
</tbody>
</table>

d. Weaknesses in the Usage of X-Ray Fluorescence Spectrometers Machine

The Zambia Revenue Authority (ZRA) uses X-Ray Fluorescence spectrometers (XRF) machines to identify percentages of elements contained in the mineral consignments being exported for verification and reconciliation with underlying documentation.

The Ministry of Mines and Minerals Development requires a person or company intending to export minerals, ores, or mineral products to attach five (5) supporting documents namely:

- invoice(s) from the seller of the mineral,
- Mineral Analysis Certificate and Evaluation Report or Mineral Valuation Certificate obtainable from the Director of Geological Survey Department,
- Police Clearance from the town where the mine is situated,
- completed application forms for an export permit obtainable from the Director of Mines, and
- Mineral Royalty clearance from ZRA.

The mineral contents are inspected using the XRF machine in the customs yard.

The mineral contents and percentages on the Mineral valuation certificate should match with the results of the XRF machine and mineral royalty return.

After inspection, the results are manually forwarded to the Customs Processing Centre (CPC) where the examiners compare them with the figures appearing on the mineral valuation certificate from the Ministry of Mines and Minerals Development. If the
physical inspection report is in conformity with the mineral valuation certificate, the examiner proceeds to assess the entry for export.

The following were observed:

i. **Inadequate Storage Capacity**

   An examination of XRF machines at six (6) stations revealed that the machines have limited memory capacity as data could only be stored for not more than three (3) days. As a result, it was not possible to validate and analyse the minerals exported to determine the taxes payable to Government during the period under review.

ii. **Lack of Interface with ASYCUDA World**

   A physical inspection of the processing of the data captured by the XRF machine revealed that results of mineral analysis by XRF machines are entered in ASYCUDA World manually as the XRF machine and ASYCUDA World are not interfaced. In this regard, the inputting of data manually exposed it to the risk of manipulation and human error.

iii. **Failure to Confirm Mineral Content at Export**

   A review of export transactions processed through ASYCUDA World during the period under review, revealed that the Authority did not confirm mineral content for mineral exports valued at US$2,739,920,933 (K39,400,063,017) exported via Katima Mulilo, Chirundu, Kazungula and Victoria Falls. In addition, enquiries at Nakonde ZRA station revealed that the XRF machines were not operational for the period under review.
2.1 Mandate

The Ministry of Lands and Natural Resources (MLNR) is mandated to superintend over land matters in the country.

In respect of revenue collections, the Ministry draws its mandate from various pieces of legislation, among them, Article 253 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, Lands Act No. 29 of 1995, Land and Deeds Registry Act No. 13 of 1994.

2.2 Audit Findings

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

a. Budget against Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a revenue provision of K370,832,426 was made against which amounts totalling K233,497,875 were collected resulting in an under collection of K137,334,551. See table 2.1.

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Revised Estimates</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>K</td>
<td>K</td>
<td>K</td>
</tr>
<tr>
<td>1</td>
<td>Forestry Revenue</td>
<td>35,454,725</td>
<td>50,129,924</td>
<td>14,675,199</td>
</tr>
<tr>
<td>2</td>
<td>Document and Registration Fees</td>
<td>34,904,747</td>
<td>29,539,085</td>
<td>(5,365,662)</td>
</tr>
<tr>
<td>3</td>
<td>Survey Fees</td>
<td>8,590,447</td>
<td>7,612,214</td>
<td>(978,233)</td>
</tr>
<tr>
<td>4</td>
<td>Consent Fees</td>
<td>2,747,299</td>
<td>2,717,853</td>
<td>(29,446)</td>
</tr>
<tr>
<td>5</td>
<td>Consideration Fees</td>
<td>160,606,054</td>
<td>92,028,913</td>
<td>(68,577,141)</td>
</tr>
<tr>
<td>6</td>
<td>Preparation Fees</td>
<td>2,630,352</td>
<td>1,906,049</td>
<td>(724,303)</td>
</tr>
<tr>
<td>7</td>
<td>Interest on Late Payments</td>
<td>2,163,566</td>
<td>5,999,512</td>
<td>3,835,946</td>
</tr>
<tr>
<td>8</td>
<td>Ground Rent</td>
<td>123,735,236</td>
<td>43,564,265</td>
<td>(80,170,971)</td>
</tr>
<tr>
<td>9</td>
<td>Rent of Government Premises</td>
<td>-</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>370,832,426</strong></td>
<td><strong>233,497,875</strong></td>
<td><strong>(137,334,551)</strong></td>
</tr>
</tbody>
</table>

Table 2.1: Budget against Collections
b. **Unaccounted for Revenue**

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

Contrary to the regulation, amounts totalling K1,455,676 were collected at three (3) stations in respect of ground rent, consideration, consent and survey fees out of which K1,376,266 was deposited leaving a balance of K79,410 unaccounted for in that no cash was found on hand as at 31st August 2020. See table 2.2.

**Table 2.2: Unaccounted for Funds**

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>Amount Collected K</th>
<th>Amount Deposited K</th>
<th>Variance K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mongu Lands Office</td>
<td>1,145,252</td>
<td>1,137,178</td>
<td>8,074</td>
</tr>
<tr>
<td>2</td>
<td>Mongu Survey Office</td>
<td>227,264</td>
<td>225,528</td>
<td>1,736</td>
</tr>
<tr>
<td>3</td>
<td>Mongu District Forestry Office</td>
<td>83,160</td>
<td>13,560</td>
<td>69,600</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>1,455,676</strong></td>
<td><strong>1,376,266</strong></td>
<td><strong>79,410</strong></td>
</tr>
</tbody>
</table>

In addition, amounts totalling K11,481 collected at Mongu Provincial Lands Office were unaccounted for in that neither cash was found on hand nor deposit slips availed for audit.

c. **Delayed Banking**

Financial Regulation No.121 (1) requires that all Government revenues collected be deposited by the following working day. It was however observed that during the period under review, there were delays in banking of revenue in amounts totalling K301,618 collected at three (3) stations for periods ranging from three (3) to ninety eight (98) days. The days over which the banking was delayed did not include the weekends and public holidays. See table 2.3.

**Table 2.3: Delayed Banking**

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>Revenue Type</th>
<th>Amount K</th>
<th>Delay in Days</th>
<th>Distance to Bank Km</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lusaka South Forestry Office</td>
<td>Forestry revenue</td>
<td>1,530</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Mongu District Forestry Office</td>
<td>Forestry revenue</td>
<td>280,061</td>
<td>4 to 98</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Nalwei Check Point</td>
<td>Forestry revenue</td>
<td>20,027</td>
<td>3 to 18</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>301,618</strong></td>
</tr>
</tbody>
</table>
d. **Failure to Collect Ground Rent and Other Fees**

During the period under review, there were 687,190 properties on the database that were on title. A review of collections for various fees revealed that amounts totalling K134,082,514 for ground rent, consent, consideration, numbering and other fees were received in respect of 165,912 properties leaving a balance of 521,278 unpaid for as at 31st August 2020.

In addition, the 521,278 properties that were not paid for did not have dimensions indicated on the database. As a result, it was not possible to estimate the revenue which could have been collected from these properties as the amounts to be paid were dependent on the size of the property.

e. **Failure to Maintain a General Revenue Cashbook**

Financial Regulation No. 145 requires Controlling Officers to maintain cash books for bank accounts held at the Bank of Zambia and Commercial Banks. The cash book shows in detail all the transactions on receipts and payments and should be reconciled to the bank statements on a monthly basis.

Contrary to the regulation, Chipata Survey and Livingstone and Monze Lands Offices did not maintain cashbooks during the period under review. Consequently, it was not possible to ascertain the completeness of the revenue collected at the stations.

f. **Irregular Issuance of Licences**

The Conveyance and Production Licence provides for among other clauses a fourteen (14) day validity period from the date of issue.

However, it was observed that Mongu and Senanga District Forestry Offices irregularly issued licences whose validity periods ranged from thirty (30) to thirty-six (36) days contrary to the terms of the licence. See table 2.4.
In this regard, the issuance of licences in excess of the validity period resulted in loss of revenue to the Government.

g. Lack of Safes in Eastern Province

Lands and Forestry District Offices in the thirteen (13) districts of Eastern province did not have safes for keeping of revenues and accountable documents. In this regard, revenues collected and accountable documents in the custody of the district offices were not secured.

3 Head: 51 Ministry of Transport and Communications, Road Transport and Safety Agency

Programme: 2020 Non – Tax Revenue

Activities: 122070 Road Traffic Collections

3.1 Background

a. Mandate

The Road Transport and Safety Agency (RTSA) is a Statutory Body under the Ministry of Transport and Communication (MTC) whose responsibility is to provide a system of road safety and traffic management in the Country.

In respect of revenue collections, RTSA draws its mandate from the Road Traffic Act No. 11 of 2002.

---

Table 2.4: Irregularly Issued Licences

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>Period of Licences Issued</th>
<th>No. of Days Exceeded</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mongu District Forestry Office</td>
<td>05.03.19-10.04.19</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16.03.19-18.04.19</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>Senanga District Forestry Office</td>
<td>03.06.19-03.07.19</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11.03.19-11.04.19</td>
<td>18</td>
</tr>
</tbody>
</table>
b. Governance

RTSA is governed by a Board of Directors consisting of thirteen (13) non-executive members appointed by the Minister for renewable three (3) year terms.

c. Management

The operations of the Agency is the responsibility of the Chief Executive Officer (CEO) who is appointed by the Board of Directors. The CEO is assisted by eight (8) managers who are appointed on renewable contracts of three (3) years.

3.2 Audit Findings

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

a. Budget against Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a revenue provision of K509,608,038 was made against which amounts totalling K505,824,022 were collected resulting in under collection of K3,784,016.

b. Information and Communications Technology - Administration of Active Directory

An Active Directory (AD) is a directory service implemented by Microsoft for Windows domain networks which can have one or more domains. A domain controller is used to administer and manage network resources through authentication and authorisation of all users and computers, assigning and enforcing security policies for all computers and installing or updating software in a windows domain network, thereby improving the organisation’s security.

The following were observed:

i. Separated Employees Still Active on the AD

ISO/IEC 27001A 8.3.3 requires that access rights for all employees, contractors and third-party users to information and information processing facilities be
removed upon termination of their employment, contract or agreement or adjusted upon change.

Contrary to the standard, user accounts in respect of fifteen (15) officers who were separated from RTSA between 25th January and 29th November 2019 had not been deactivated as at 31st August 2020.

ii. **Failure to De-activate Dormant User and Computer Accounts**

RTSA ICT policy number 2.5.1(j) on password creation requires that a user account that has been dormant for more than three (3) months shall be deleted or locked and the owner of the account will have to apply, as a new user, to reactivate his/her account.

Contrary to the policy, RTSA had 319 dormant accounts on the active directory as at 31st August 2020.

c. **Delayed Transfer of Revenue to Bank of Zambia**

The Service Level Agreement (SLA) signed in January 2018 between the Ministry of Finance and commercial banks stipulates that banks were to remit funds collected and deposited in the revenue accounts twice a week. Deposits were to be done on Tuesdays based on Mondays’ balances and on Fridays based on Thursdays’ balances and that remittances would be through the Real Time Gross Settlement System (RTGS) into the relevant accounts at the Bank of Zambia. Further, the agreement stipulates that any delays in transferring the funds to Bank of Zambia would attract a penalty of 10% simple interest, calculated on the overnight balance remaining on the account.

Contrary to the SLA, there were delays in transfer of revenue to the Bank of Zambia in amounts totalling K12,905,956 which was collected during the period under review ranging from one (1) to two (2) days. In this regard, the involved banks were liable for penalties in amounts totalling K1,290,596 which had not been paid by 31st August 2020.

d. **Unaccounted for Revenue**

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

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During the period under review, RTSA Premium House collected amounts totalling K29,505,573 out of which K29,386,351 was banked resulting in a balance of K119,222 unaccounted for in that there was no cash on hand contrary to the regulation.

In addition, amounts totalling K71,995 in respect of eighty-three (83) cross border permits issued at Ndola RTSA Station were not accounted for in that there was no evidence that the money was banked nor was cash found on hand.

As at 31st August 2020, the amounts had not been accounted for.

e. **Undercharging of Road Service Licences**

Section 108 (21) of the Road Traffic Act No 11 of 2002 states that, “for the issue of every Road Service Licence or duplicate of the Road Service Licence, for every variation of such licence, and for each authorised vehicle specified in the Road Service Licence, there shall be paid the prescribed fee”. In addition, condition number two (2) on the Road Service Licence (Form PSV 5) stipulates that the licence should be valid for use by one vehicle only.

Further, a review of the Road Traffic and Safety Agency fee chart revealed that the prescribed fee for each vehicle was K156.90.

Contrary to the Act, RTSA charged K156.90 as long-term service licences per operator instead of motor vehicles owned by the operators.

Consequently, the Agency issued 811 long term service licences to 811 transporters at K156.90 and only realised amounts totalling K127,247 instead of K1,460,739 for 9,310 vehicles operated by the transporters resulting in revenue loss of K1,333,492. See table 3.1.

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>No. of Operators</th>
<th>No. of Vehicles</th>
<th>Amount Charged K</th>
<th>Authorised Amount as Per Act K</th>
<th>Under Charge K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Premium</td>
<td>735</td>
<td>8,731</td>
<td>115,322</td>
<td>1,369,894</td>
<td>1,254,572</td>
</tr>
<tr>
<td>2</td>
<td>Chipata</td>
<td>42</td>
<td>388</td>
<td>6,590</td>
<td>60,877</td>
<td>54,287</td>
</tr>
<tr>
<td>3</td>
<td>Choma</td>
<td>19</td>
<td>134</td>
<td>2,981</td>
<td>21,025</td>
<td>18,044</td>
</tr>
<tr>
<td>4</td>
<td>Livingstone</td>
<td>15</td>
<td>57</td>
<td>2,354</td>
<td>8,943</td>
<td>6,589</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>811</td>
<td>9,310</td>
<td>127,247</td>
<td>1,460,739</td>
<td>1,333,492</td>
</tr>
</tbody>
</table>
f. **Failure to Manage Towing Services**

Statutory Instrument No. 81 of 2016 on Road Traffic (Removal of Vehicles) Regulations Part 4 states that, “an owner of a motor vehicle which has been removed, or in respect of which arrangements have been made for the removal by an authorised officer, shall pay the expenses for the removal and storage set out in the schedule”. See table 3.2.

**Table 3.2: Towing Services**

<table>
<thead>
<tr>
<th>No.</th>
<th>Type of Vehicle</th>
<th>Distance</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Motor Vehicle Moved</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Heavy Vehicles</td>
<td>20km or Less</td>
<td>450</td>
</tr>
<tr>
<td>2</td>
<td>Any other Vehicle</td>
<td>20km or Less</td>
<td>300</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Every Kilometer after 20Km</td>
<td>75</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Every Kilometer after 20Km</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Motor Vehicle Stored</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Heavy Vehicles per Day</td>
<td></td>
<td>450</td>
</tr>
<tr>
<td>2</td>
<td>Any other Vehicle per Day</td>
<td></td>
<td>225</td>
</tr>
</tbody>
</table>

The following were observed:

i. **Failure to Collect Towing Fees**

A scrutiny of the towing fees charged during the period from 20\textsuperscript{th} January to 26\textsuperscript{th} December 2019 revealed that amounts totalling K222,385 remained outstanding as at 31\textsuperscript{st} August 2020 resulting in a delay of eight (8) to nineteen (19) months contrary to the provisions of the statutory instrument.

ii. **Unaccounted for Mileage**

A review of the log books maintained for vehicle Nos. ALT 8435 and BAA 2860 revealed that there was unaccounted for mileage totalling 1,217 and 8,404 kilometres respectively, which resulted in a revenue loss in amounts totalling K690,457 (K69,082 and K621,375 for vehicle Nos. ALT 8435 and BAA 2860 respectively).

iii. **Failure to Maintain Tow Truck Log Book Chipata Station**

In March 2019, Chipata RTSA collected K13,950 from towing services. However, it was not possible to ascertain the completeness of the reported revenue in that the station did not maintain a logbook for the tow truck.
g. **Unaccounted for Drivers’ Licences**

A review of stock records for drivers’ licence cards at five (5) stations revealed that 19,389 licences were unaccounted for in that there was no evidence that they were issued or damaged or transferred contrary to Public Stores Regulation No.16. See table 3.3.

**Table 3.3: Unaccounted for Driver Licence Fees**

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>Quantity Unaccounted for</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ndola</td>
<td>2,458</td>
</tr>
<tr>
<td>2</td>
<td>Copperhill</td>
<td>8,913</td>
</tr>
<tr>
<td>3</td>
<td>Kitwe Main</td>
<td>5,482</td>
</tr>
<tr>
<td>4</td>
<td>Chingola</td>
<td>2,536</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>19,389</strong></td>
</tr>
</tbody>
</table>

h. **Delayed Banking of Revenue**

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

Contrary to the regulation, there were delays of periods ranging from three (3) to seven (7) days in banking of revenue in amounts totalling K110,809 collected at Zambia Postal Services Corporation in Livingstone during the period under review.

---

4 Head: 64 Ministry of Works and Supply - National Road Fund Agency

Programme: 2021 Non - Tax Revenue – Toll Fees

Activities: 129 Other Revenue

4.1 Background

a. **Mandate**

The National Road Fund Agency (NRFA) is mandated to mobilise, administer, and manage all financial resources in the road sector.

In respect of revenue collections, the Agency draws its mandate from the National Road Fund Act No.13 of 2002.
b. **Governance**

The Agency is governed by a Board of Directors consisting of thirteen (13) non-executive members appointed by the Minister for renewable three (3) year terms.

d. **Management**

The operations of the Agency is the responsibility of the Executive Director who is appointed by the Board of Directors and is assisted by five (5) Directors who are appointed on renewable contracts of three (3) years.

4.2 **Audit Findings**

An examination of accounting and other records maintained at the National Road Fund Agency Headquarters and selected toll stations for the period under review revealed the following:

a. **Budget against Collections**

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a revenue provision of K1,070,342,996 was made against which amounts totalling K1,232,740,201 were collected resulting in over collection of K162,397,205. See table 4.1.

**Table 4.1: Budget against Collections**

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>Approved Estimates K</th>
<th>Actual Revenue K</th>
<th>Over Collections K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighbridge Charges</td>
<td>10,292,303</td>
<td>20,739,901</td>
<td>10,447,598</td>
</tr>
<tr>
<td>Road Tolls</td>
<td>1,060,050,693</td>
<td>1,212,000,300</td>
<td>151,949,607</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,070,342,996</strong></td>
<td><strong>1,232,740,201</strong></td>
<td><strong>162,397,205</strong></td>
</tr>
</tbody>
</table>

b. **Information and Communications Technology – Lack of Escrow Agreement**

Good practice requires that a software escrow is signed to help protect all parties involved in a software licence by having a neutral third-party escrow agent hold the source code, data, and documentation until a mutually-agreed-upon event occurs.

However, it was observed that there was no software escrow agreement between NRFA and the developer of the e-toll NRFA system.
As a result, NRFA had no recourse in terms of software technical updates and maintenance in case of any eventualities such as disputes between parties involved and the software developer winding up business.

c. **Questionable Award of Discounts**

A review of Frequent and Local User Discount transactions at Katuba, Chongwe and Shimabala Toll Stations revealed that ninety-eight (98) motor vehicles were awarded discounts.

However, the transactions were questionable in that the vehicles travelled in the same direction on any day using the same lane and toll collector without a corresponding return passage. In this regard, NRFA lost a minimum estimated revenue of K13,580 as at 31st December 2019. See 4.2 table.

**Table 4.2: Questionable Award of Discounts**

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>No of Vehicles</th>
<th>No of Transactions</th>
<th>No of Toll Collectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shimabala</td>
<td>83</td>
<td>443</td>
<td>23</td>
</tr>
<tr>
<td>2</td>
<td>Katuba</td>
<td>15</td>
<td>236</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>98</strong></td>
<td><strong>679</strong></td>
<td></td>
<td><strong>33</strong></td>
</tr>
</tbody>
</table>

d. **Management of Weighbridges**

The Public Road Act No. 12 of 2002 provides that any excess weights should be charged at prescribed fees contained in the third, fourth, fifth and sixth schedules and the Road Development Agency is responsible for the weighbridge systems. The fee is collected on the overload of either the axle or Gross Volume Mass (GVM) or both. Additional fees are charged on defaulting drivers and transporters in form of fines and penalties. The Weighbridges system uses either the axle loop or WBx system in the collection, receipting and recording of weighbridge charges. The WBx system is used at Kafue and Kapiri Mposhi while the axle loop is used at Kazungula, Mpika, and Livingstone weighbridges.

The weighbridge charges and tolls are collected at the weighbridges from local and transiting trucks. The drivers are required to present a cargo or passenger manifest, or consignment note in the case of goods. The documents are checked by the Toll
Collector and used to determine the destination of the motor vehicle and the distance. This is done to ensure that the payments made are as per toll fee schedule and according to the destination (distance) of the vehicle and its contents.

A review of the operations of axle loop and WBx systems at selected stations revealed the following:

**i. Non-Operational Weighbridge Management Systems**

Physical inspections conducted in July 2020 at four (4) weigh bridge stations revealed that the weighbridge management systems had not been in operation since January 2019 and that operators were raising manual weigh bridge certificates to certify compliance. See table 4.3.

<table>
<thead>
<tr>
<th>No.</th>
<th>Weigh Bridge</th>
<th>Type of System</th>
<th>Reason for Non Operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kapiri Mposhi</td>
<td>WBx</td>
<td>Failure to Pay License</td>
</tr>
<tr>
<td>2</td>
<td>Kafue</td>
<td>WBx</td>
<td>Failure to Pay License</td>
</tr>
<tr>
<td>3</td>
<td>Livingstone</td>
<td>Axle Loop</td>
<td>Technical Issue</td>
</tr>
<tr>
<td>4</td>
<td>Kazungula</td>
<td>Axle Loop</td>
<td>Technical Issue</td>
</tr>
</tbody>
</table>

**ii. Failure to Issue Weighbridge Certificates – Kapiri Mposhi**

Statutory Instrument (SI) No. 2837 (3) of 2007, stipulates that the authorised officer should fill in a weighbridge certificate set out in Form PR2 with respect to all loaded vehicles. During the period under review 172,250 vehicles were weighed out of which 3,375 were issued with certificates whilst 168,875 were not issued with certificates contrary to the SI. In this regard, there is a likelihood of damage to the roads due to overloading and loss of revenue.

**iii. Failure to Maintain a Register of Accountable Documents – Kapiri Mposhi**

Financial Regulation No. 103 (1) stipulates that every officer who is required to hold accountable documents shall maintain a register of accountable documents in which the receipt and issue of all accountable documents should be promptly entered.
However, Kapiri Mposhi weighbridge station did not maintain a register of accountable documents for weighbridge certificates (Form 2), notification to detain a vehicle (Form 3) and notification to release a vehicle form (Form 4).

5 Head: 18 Judiciary

Programmes 121 Fines

123 Fees

Activities 121010 Fines of Court

123043 Court Fees

123045 Library Services

5.1 Background

a. Mandate

The Judiciary is mandated to preside over civil, criminal, and constitutional matters under Article 119 of the Constitution of Zambia (Amendment) Act No. 2 of 2016.

In respect of revenue, the Judiciary collects court fees and fines through civil and criminal court processes.

b. Governance

The Judiciary is overseen by the Judicial Service Commission comprising eight (8) Commissioners including the Chairperson. The Commissioners serve on five (5) year renewable terms. The Chairperson and two (2) other Commissioners are appointed by the Republican President while other members are nominated by other bodies/ institutions.

c. Management

The operations of the Judiciary is the responsibility of the Chief Administrator who is appointed by the President and is assisted by Director Human Resource and Administration, Chief Accountant and Head Court Reporting.
5.2 Audit Findings

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

a. Budget against Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31\textsuperscript{st} December 2019, a revenue provision of K26,487,812 was made against which amounts totalling K28,280,454 were collected resulting in an over collection of K1,792,642. See table 5.1.

<table>
<thead>
<tr>
<th>No.</th>
<th>Revenue Type</th>
<th>Revenue Provision K</th>
<th>Actual Collections K</th>
<th>Variance K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fines of Court</td>
<td>9,497,870</td>
<td>7,439,082</td>
<td>(2,058,788)</td>
</tr>
<tr>
<td>2</td>
<td>Court Fees</td>
<td>16,635,578</td>
<td>19,789,969</td>
<td>3,154,391</td>
</tr>
<tr>
<td>3</td>
<td>Library Services</td>
<td>354,364</td>
<td>219,493</td>
<td>(134,871)</td>
</tr>
<tr>
<td>4</td>
<td>Miscellaneous fees</td>
<td></td>
<td>831,910</td>
<td>831,910</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>26,487,812</td>
<td>28,280,454</td>
<td>1,792,642</td>
</tr>
</tbody>
</table>

b. Delayed Banking of Revenue

Financial Regulation No. 121 (1) requires that all Government revenues collected be deposited by the following working day. It was however observed that there were delays in banking of court fees collected in amounts totalling K10,824 for periods ranging from three (3) to thirty three (33) days at three (3) stations, despite proximity to banking facilities. The delays in days did not include weekends and public holidays. See table 5.2.

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>Amount K</th>
<th>Delay in days</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Supreme Court - Court fees</td>
<td>1,651</td>
<td>5 to 15</td>
</tr>
<tr>
<td>2</td>
<td>Mwenechifungwe Local Court</td>
<td>4,042</td>
<td>3 to 19</td>
</tr>
<tr>
<td>3</td>
<td>Litoya Local Court</td>
<td>5,131</td>
<td>15 to 33</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>10,824</td>
<td></td>
</tr>
</tbody>
</table>
c. Client Accounts

A client account is established for a court to hold monies deposited by defendants for onward payment to the plaintiffs as settlement of debt, which may arise from the court judgment.

A scrutiny of records for the client accounts revealed the following:

i. Failure to Maintain an Updated List of Unpaid Clients

As at 31st December 2019, the High Court – Commercial List Court and Lusaka Sheriff’s Office had closing balances in amounts totalling K23,092,213 in respect of clients’ accounts.

Although the Lusaka High Court Commercial List Court had bank balances in amounts totalling K19,531,175 in the client accounts, the Court did not maintain a record of clients that made deposits in the account. In this regard, it was not possible to establish the owners of the funds and how long the amounts had been held in the accounts.

ii. Insufficient Funds to Meet Clients’ Claims – Kitwe Subordinate Courts

The total amount for unpaid clients at the Kitwe Subordinate Court was K440,803 while the bank balances as at 31st December 2019 in respect of the client Account was K335,124. In this regard, the funds were insufficient to cover the claims by an amount of K105,679.

d. Missing Receipt Books – Serenje Urban Local Court

Financial Regulation No. 10 (n) stipulates that an accounting officer should produce all books and records or accounting documents in the accounting officer’s charge when required to do so by the Secretary to the Treasury, the Controlling Officer or the Auditor General.

Contrary to the regulation, a receipt book with serial numbers ranging from 7201001 to 7201050 allocated for the collection of fines during the period under review was not availed for audit.
6  Head:  11  Ministry of Home Affairs – Zambia Police

Programme:  2021

Activities:  122040  Firearm Licence

123098  Fingerprints

123010  Interpol

121020  Admission of guilt

123099  Miscellaneous

6.1  Mandate

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

In respect of revenue collections, the Service draws its mandate from Article 193 of the Constitution of Zambia (Amendment) Act No.2 of 2016 and Zambia Police Act Chapter 107.

6.2  Audit Findings

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

a.  Budget against Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a revenue provision of K66,501,389 was made against which amounts totalling K92,618,030 were collected resulting in an over collection of K26,116,641. See table 6.1.

<table>
<thead>
<tr>
<th>No.</th>
<th>Revenue Type</th>
<th>Approved Budget K</th>
<th>Actual Collections K</th>
<th>Variance K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Admission of Guilt</td>
<td>49,119,330</td>
<td>74,006,380</td>
<td>24,887,050</td>
</tr>
<tr>
<td>2</td>
<td>Fire Arms</td>
<td>257,177</td>
<td>290,180</td>
<td>33,003</td>
</tr>
<tr>
<td>3</td>
<td>Interpol</td>
<td>6,248,422</td>
<td>6,260,956</td>
<td>21,534</td>
</tr>
<tr>
<td>4</td>
<td>Finger Prints</td>
<td>5,558,059</td>
<td>5,798,553</td>
<td>240,494</td>
</tr>
<tr>
<td>5</td>
<td>Other</td>
<td>5,318,401</td>
<td>6,252,961</td>
<td>934,560</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>66,501,389</td>
<td>92,618,030</td>
<td>26,116,641</td>
</tr>
</tbody>
</table>

Table 6.1: Budget against Collections
b. **Under Charged Fees – Police Reports**

During the period under review, two (2) stations in the Eastern and Southern Divisions issued 1,050 police reports at reduced rates of K22.50 and K50 respectively instead of the prescribed fee of K84. In this regard, amounts totalling K35,395 were collected instead of K88,200 resulting in a loss of K52,805. See table 6.2.

**Table 6.2: Undercharged Fees**

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>No. of Police Reports Issued</th>
<th>Approved Rate</th>
<th>Expected Amount to be Collected</th>
<th>Rate Charged</th>
<th>Amount Collected</th>
<th>Total Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chipata</td>
<td>622</td>
<td>84</td>
<td>52,248</td>
<td>22.5</td>
<td>13,995</td>
<td>38,253</td>
</tr>
<tr>
<td>2</td>
<td>Choma</td>
<td>428</td>
<td>84</td>
<td>35,952</td>
<td>50</td>
<td>21,400</td>
<td>14,552</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,050</td>
<td></td>
<td>88,200</td>
<td></td>
<td>35,395</td>
<td>52,805</td>
</tr>
</tbody>
</table>

c. **Failure to Collect Revenue from Road Traffic Accidents and Offences**

The Road Traffic Act No. 11 of 2002 read together with Statutory Instrument No. 41 of 2015 specifies a schedule of 118 traffic offences, penalty units and the admission of guilt fines to be collected for each offence.

During the period under review, 339 traffic accidents and other traffic offences were recorded at four (4) stations from which fines in amounts totalling K82,875 were to be collected. However, as at 31st August 2020, the funds had not been collected from the offenders. See table 6.3.

**Table 6.3: Uncollected Revenue – Traffic Offences**

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>No. of Offences</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kabwe Central Division</td>
<td>174</td>
<td>45,675</td>
</tr>
<tr>
<td>2</td>
<td>Chongwe Police</td>
<td>69</td>
<td>2,475</td>
</tr>
<tr>
<td>3</td>
<td>Chipata Central Police</td>
<td>13</td>
<td>15,525</td>
</tr>
<tr>
<td>4</td>
<td>Emmasdale Police</td>
<td>83</td>
<td>19,200</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>339</td>
<td>82,875</td>
</tr>
</tbody>
</table>

d. **Weaknesses in Revenue Collection – Charge Sheets**

The charge sheet is a document used by the police to record and charge traffic offenders for various offences upon which a receipt is issued after payment.
It was however observed that there were internal control weaknesses in the collection of revenue from traffic offenders in that the charge sheets were not serially numbered. Further, there were no copies of charge sheets retained at the stations for further use.

In this regard, although amounts totalling K39,729,268 were collected at eight (8) stations using charge sheets for various traffic offences, it was not possible to ascertain the number of offenders and types of offences committed to confirm the completeness of the revenue receivable. See table 6.4.

Table 6.4: Revenue Collected using Charge Sheets

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>Amount (K)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Head Office</td>
<td>682,031</td>
</tr>
<tr>
<td>2</td>
<td>Lusaka Division</td>
<td>8,433,770</td>
</tr>
<tr>
<td>3</td>
<td>Chinsali</td>
<td>3,585,036</td>
</tr>
<tr>
<td>4</td>
<td>Chipata</td>
<td>2,939,865</td>
</tr>
<tr>
<td>5</td>
<td>Choma</td>
<td>5,471,390</td>
</tr>
<tr>
<td>6</td>
<td>Kabwe</td>
<td>4,910,145</td>
</tr>
<tr>
<td>7</td>
<td>Solwezi</td>
<td>3,115,068</td>
</tr>
<tr>
<td>8</td>
<td>Ndola</td>
<td>10,591,964</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>39,729,268</td>
</tr>
</tbody>
</table>

7 Head: 68 Ministry of Tourism and Arts

Programmes: 122 Licences

123 Fees

129 Other Fees

Activities: Various

7.1 Mandate

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

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

a. Budget against Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a revenue provision of K161,502,140 was made against which amounts totalling K176,923,801 were collected resulting in an over collection of K15,421,661. See table 7.1.

<table>
<thead>
<tr>
<th>No.</th>
<th>Revenue Type</th>
<th>Budget K</th>
<th>Collections K</th>
<th>Variance K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Casino Fees</td>
<td>3,557,577</td>
<td>2,538,927</td>
<td>(1,018,650)</td>
</tr>
<tr>
<td>2</td>
<td>Hotel manager registration fees</td>
<td>1,668,743</td>
<td>643,380</td>
<td>(1,025,363)</td>
</tr>
<tr>
<td>3</td>
<td>Tourism Enterprise fees</td>
<td>4,665,728</td>
<td>3,296,257</td>
<td>(1,369,471)</td>
</tr>
<tr>
<td>4</td>
<td>Hunting and Park Fees</td>
<td>151,536,599</td>
<td>170,333,279</td>
<td>18,796,680</td>
</tr>
<tr>
<td>5</td>
<td>Miscellaneous</td>
<td>73,493</td>
<td>111,958</td>
<td>38,465</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>161,502,140</strong></td>
<td><strong>176,923,801</strong></td>
<td><strong>15,421,661</strong></td>
</tr>
</tbody>
</table>

Although the Ministry recorded an over collection of K15,421,661, there was an under collection of K3,413,484 in respect of casino, hotel manager registration and tourism enterprise fees.

b. Delayed Banking

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

It was however observed that during the period under review, there were delays in banking of revenue in amounts totalling K68,756 and US$29,615 collected at three (3) stations for periods ranging from three (3) to fifty four (54) days after taking into account 15 days provision as the stations were not in proximity to banking facilities. The days over which the banking was delayed did not include the weekends and public holidays. See table 7.2.
### Table 7.2: Delayed Banking

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>Amount K</th>
<th>Amount US$</th>
<th>Delay in Days</th>
<th>Distance to Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dundumwezi</td>
<td>53,841</td>
<td>27,700</td>
<td>4 to 54</td>
<td>129 Km</td>
</tr>
<tr>
<td>2</td>
<td>Musa</td>
<td>14,915</td>
<td>-</td>
<td>3 to 4</td>
<td>36 Km</td>
</tr>
<tr>
<td>3</td>
<td>Chunga</td>
<td>-</td>
<td>1,915</td>
<td>13 to 19</td>
<td>196 Km</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>68,756</strong></td>
<td><strong>29,615</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### c. Failure to Collect Revenue

During the period under review, the Ministry failed to collect revenue from casinos and hunters, among others.

In particular, the following were observed:

i. **Annual Retention Fees – Casino Operators**

The Tourism and Hospitality (Casino) Regulation No. 93 of 2016, requires Casino Operators to obtain a licence upon payment of an annual retention fee from the Ministry. Contrary to the regulation, eight (8) Casinos operated without obtaining a licence and did not pay annual retention fees in amounts totalling K24,000. As at 31\(^{st}\) August 2020, no action had been taken by the Ministry against the defaulters.

ii. **Hotel Manager Registration Fees**

Section 59 of the Tourism and Hospitality Act No. 13 of 2015 requires a registered hotel manager to obtain a certificate of registration, practicing certificate or certificate of exemption at a prescribed fee. It was however observed that 124 accommodation establishments were operated by managers who did not have practicing or exemption certificate resulting in revenue loss in amounts totalling K273,000. As at 31\(^{st}\) August 2020, no action had been taken by the Ministry against the defaulters.

iii. **Tourism and Hunting Concession Fees**

A review of tourism and hunting concession agreements that were in force and payments of land-user-rights fees, outfitters and animals’ fees revealed that amounts totalling K2,139,631 and US$693,091 were outstanding from various
hunting outfitters and tour operators. Some of the fees had been outstanding since 2013. See table 7.3.

Table 7.3: Outstanding Tourism and Hunting Concession Fees

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>K US$</td>
</tr>
<tr>
<td>1</td>
<td>Chilanga - Department of National Parks and Wildlife</td>
<td>352,000 52,415</td>
</tr>
<tr>
<td>2</td>
<td>Mosi-o-Tunya Area Management Unit</td>
<td>32,244 169,034</td>
</tr>
<tr>
<td>3</td>
<td>Lower Zambezi Area Management Unit</td>
<td>331,825 265,986</td>
</tr>
<tr>
<td>4</td>
<td>South Luangwa Area Management Unit</td>
<td>114,427 205,657</td>
</tr>
<tr>
<td>5</td>
<td>Kafue National Park</td>
<td>1,309,133 -</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>2,139,631 693,091</strong></td>
</tr>
</tbody>
</table>

As at 31st August 2020, the amounts had not been paid.

iv. **Failure to Obtain Permits to Keep Game in Captivity**

Section 43 (1) (b) of the Zambia Wildlife Act No. 14 of 2015, requires a person who keeps any wild animal in captivity on a ranch, farm, zoo, or any other place to obtain a permit from the Director of Wildlife. However, thirty-five (35) estates operated without licences resulting in loss of revenue in amounts totalling K38,970.

8 **Head:** 64 Ministry of Works and Supply

**Programmes:** 122 Licences

123 Fees

123 Other Revenue

**Activities:** Various

8.1 **Mandate**

The Ministry of Works and Supply (MWS) is mandated to superintend over the preventive maintenance and government housing policies, control of government transport, evaluation of government property, government printing and gazetting, insurance of government property, office accommodation and maintenance services, state functions and government fleet management.
The Ministry is mandated to collect revenue from rent, sale of Government assets, weight charges and printing services, among others.

8.2 Audit Findings

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

a. Budget against Collections

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, revenue provisions of K10,280,001 were made against which amounts totalling K9,774,507 were collected resulting in an overall under collection of K505,494. See table 8.1.

Table 8.1: Budget against Collection

<table>
<thead>
<tr>
<th>No</th>
<th>Revenue Type</th>
<th>2018</th>
<th>2019</th>
<th>Total Provision K</th>
<th>2018</th>
<th>2019</th>
<th>Total Collections K</th>
<th>Variance K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Registration fees</td>
<td>211,685</td>
<td>515,958</td>
<td>727,643</td>
<td>514,810</td>
<td>533,000</td>
<td>1,047,810</td>
<td>320,167</td>
</tr>
<tr>
<td>2</td>
<td>Survey fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Other fees</td>
<td>4,270</td>
<td>-</td>
<td>4,270</td>
<td>-</td>
<td>-</td>
<td>223,860</td>
<td>219,590</td>
</tr>
<tr>
<td>4</td>
<td>Rent of Government premises</td>
<td>41,502</td>
<td>273,377</td>
<td>314,879</td>
<td>50,212</td>
<td>132,496</td>
<td>182,708</td>
<td>(132,171)</td>
</tr>
<tr>
<td>5</td>
<td>Proceeds from Sale of properties</td>
<td>66,419</td>
<td>2,980,177</td>
<td>3,046,596</td>
<td>124,035</td>
<td>51,086</td>
<td>175,101</td>
<td>(2,171,495)</td>
</tr>
<tr>
<td>6</td>
<td>Proceeds from Sale of Government vehicles</td>
<td>1,485,440</td>
<td>33,964</td>
<td>1,519,404</td>
<td>1,398,939</td>
<td>1,273,629</td>
<td>2,672,568</td>
<td>1,153,164</td>
</tr>
<tr>
<td>7</td>
<td>Printing Supplies</td>
<td>836,084</td>
<td>4,079,103</td>
<td>4,915,187</td>
<td>2,708,529</td>
<td>2,310,576</td>
<td>5,019,105</td>
<td>103,918</td>
</tr>
<tr>
<td>8</td>
<td>Flower sales</td>
<td>1,804</td>
<td>2,891</td>
<td>4,695</td>
<td>2,400</td>
<td>1,505</td>
<td>3,905</td>
<td>(790)</td>
</tr>
<tr>
<td>9</td>
<td>Renewal of Certificates</td>
<td>-</td>
<td>146,585</td>
<td>146,585</td>
<td>-</td>
<td>80,200</td>
<td>80,200</td>
<td>(66,385)</td>
</tr>
<tr>
<td>10</td>
<td>Office equipment and maintenance services</td>
<td>99,498</td>
<td>146,470</td>
<td>245,968</td>
<td>171,015</td>
<td>52,285</td>
<td>223,300</td>
<td>(22,668)</td>
</tr>
<tr>
<td>11</td>
<td>Ministry of Government Vehicles</td>
<td>20,144</td>
<td>34,350</td>
<td>54,494</td>
<td>27,700</td>
<td>117,000</td>
<td>144,700</td>
<td>90,206</td>
</tr>
<tr>
<td>12</td>
<td>Damage of Government Property</td>
<td>-</td>
<td>280</td>
<td>280</td>
<td>-</td>
<td>1,000</td>
<td>1,280</td>
<td>970</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>2,767,126</td>
<td>7,512,875</td>
<td>10,280,001</td>
<td>4,997,870</td>
<td>4,776,637</td>
<td>9,774,507</td>
<td>(505,494)</td>
</tr>
</tbody>
</table>

b. Failure to Collect Revenue from Sale of Personal to Holder Vehicles

Cabinet Circular No. 6 of 2001 stipulates that Officers allocated Personal to Holder Motor vehicles shall be permitted to buy their respective vehicles on retirement, death or after the life span of the vehicle which is five (5) years whichever comes first.

In 2018 and 2019 sixteen (16) officers were sold Personal to Holder Vehicles valued at K519,172 with a payment period of three (3) months from the date of offer. However, the officers had not paid for the vehicles as at 31st August 2020, nine (9) to twenty-nine (29) months after the vehicles were offered for sale. See table 8.2.
Table 8.2: Uncollected Revenue from Sale of Personal to Holder Vehicles

<table>
<thead>
<tr>
<th>No.</th>
<th>Year</th>
<th>No. of Officers</th>
<th>Value K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2018</td>
<td>13</td>
<td>321,963</td>
</tr>
<tr>
<td>2</td>
<td>2019</td>
<td>3</td>
<td>197,209</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>16</td>
<td>519,172</td>
</tr>
</tbody>
</table>

c. **Failure to Collect Revenue from Rental Arrears – Government Complex**

A review of receipt books and Tenancy records revealed that eleven (11) tenants occupying Government Complex failed to settle rental arrears in amounts totalling K399,712 for the period from 1st January 2018 to 30th September 2019. As at 31st August 2020, the amounts were still outstanding, and the tenants were still occupying the premises.

d. **Failure to Collect Debt**

During the period under review, the Office Equipment and Government Printing Departments under the Ministry of Works and Supply were owed amounts totalling K4,386,218 by various institutions in respect of maintenance of equipment, furniture, and printing services. The debt accrued from 1st January 2015 to 31st December 2019. See table 8.3.

Table 8.3: Uncollected Debt

<table>
<thead>
<tr>
<th>No.</th>
<th>Department</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Office Equipment - Lusaka</td>
<td>95,225</td>
</tr>
<tr>
<td>2</td>
<td>Office Equipment - Solwezi</td>
<td>9,250</td>
</tr>
<tr>
<td>3</td>
<td>Government Printers</td>
<td>4,281,745</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>4,386,220</td>
</tr>
</tbody>
</table>

As at 31st August 2020, the departments had not collected the amounts owed.

e. **Delayed Banking**

Financial Regulation No. 121 provides that all monies received by any accounting officer should be deposited not later than the next business day following the day of receipt.
Contrary to the regulation, it was observed that, there were delays in banking of revenue in amounts totalling K13,500 for periods ranging from four (4) to seventy (70) days by the Controller of Government Transport.

9 Head: 14 Ministry of Mines and Minerals Development
Programmes: 122 Licences
129 Other Revenue
Activities: 122050 Mining Licence
129015 Fees and Surface Rental Charges
129099 Miscellaneous

9.1 Mandate

The Ministry of Mines and Minerals Development is mandated to develop and manage minerals in a sustainable manner for the benefit of the country.

In respect of revenue collections, the Ministry draws its mandate from the Mines and Minerals Development Act No. 11 of 2015.

9.2 Audit Findings

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

a. Budget against Collections

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a revenue provision of K89,113,386 was made against which amounts totalling K88,139,442 were collected resulting in an under collection of K973,944. See table 9.1.
Table 9.1: Budget against Collections

<table>
<thead>
<tr>
<th>No.</th>
<th>Revenue Type</th>
<th>Provision</th>
<th>Collections</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2018 K</td>
<td>2019 K</td>
<td>Total K</td>
</tr>
<tr>
<td>1</td>
<td>Mining Licence</td>
<td>36,936,195</td>
<td>45,689,665</td>
<td>82,625,860</td>
</tr>
<tr>
<td>2</td>
<td>Fees and Surface Rental Charges</td>
<td>1,606,567</td>
<td>916,635</td>
<td>2,523,202</td>
</tr>
<tr>
<td>3</td>
<td>Miscellaneous</td>
<td>1,853,832</td>
<td>2,110,492</td>
<td>3,964,324</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>40,396,594</td>
<td>48,716,792</td>
<td>89,113,386</td>
</tr>
</tbody>
</table>

b. Deposits not Reflected on the Bank Statements

Financial Regulation Nos. 129, 130 and 138 require collectors of revenue to bring to account daily, the whole amount of collections that should be reconciled and deposited to the credit of the Treasury Account (Control 99) at the Bank of Zambia.

Contrary to the regulations, revenue in amounts totalling K17,850 collected at the Mine Safety Department in Kitwe, though purported to have been banked as evidenced by deposit slips, did not reflect on the bank statements.

As at 31st August 2020, the amount had not been accounted for.

c. Under Charging of Area Charges

Section 72 (1-2) of the Mines and Minerals Development Act No. 11 of 2015 read together with Section 57(3) of the Mines and Minerals Development (General) Regulations of 2016 provides that payment of area charges should be based on hectares owned by mining right holders.

During the period under review, the Act provided for a rate of K16.80 per hectare for large scale mining right holders.

However, it was observed that a large-scale mining company owning 8,316.56 hectares of mining right was charged and paid an amount of K93,145 as opposed to K139,718 resulting in an under charging of K46,573. As at 31st August 2020, no recovery had been made.

d. Failure to Collect Outstanding Area Charges from Mineral Right Holders

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

Contrary to the provisions, the Ministry failed to collect area charges in amounts totalling K21,199,692 from 1,477 mining right holders as at 31st August 2020.

10  Head: 15 Ministry of Home Affairs – Department of National Registration, Passport and Citizenship

Programmes:  123  Fees

Activities:  123020  Passports

10.1 Mandate

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

In respect of revenue collections, the Department derives its mandate from the Passport Act No. 28 of 2016 and Citizenship Act No. 33 of 2016.

10.2 Audit Findings

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

a.  Budget against Collections

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a revenue provision of K34,248,020 was made against which amounts totalling K36,621,023 were collected resulting in an over collection of K2,373,003.
b. **Duplicate Receipts**

The procedure for application for a passport requires that an applicant be issued with a receipt upon depositing the applicable fees into a designated bank account. Further, one receipt cannot be used for issuance of more than one passport.

During the period under review, three (3) stations processed 605 passports based on the original receipts issued. It was however observed that, an additional 602 passports were processed using duplicate receipts from the 605 passports already issued resulting in revenue loss of K220,340. See table 10.1.

**Table 10.1: Duplicate Receipts**

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>No. of Receipts</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lusaka</td>
<td>532</td>
<td>194,640</td>
</tr>
<tr>
<td>2</td>
<td>Ndola</td>
<td>62</td>
<td>22,940</td>
</tr>
<tr>
<td>3</td>
<td>Livingstone</td>
<td>8</td>
<td>2,760</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>602</td>
<td>220,340</td>
</tr>
</tbody>
</table>

c. **Use of Obsolete/ Unsupported Software and Devices**

ISO/IEC 27001:2005 A12.6.1 Control of Technical Vulnerabilities, requires the organisation to obtain timely information about technical vulnerabilities of information systems being used, the exposure of such vulnerabilities evaluated and appropriate measures taken to address the associated risk. This control measure reduces the risk resulting from exploitation of published technical vulnerabilities.

The following were observed:

i. **Use of Unsupported Operating Systems**

The work stations at the Production Centre were running on Windows XP operating system, a software whose end of life support ended on 8th April 2014.

In addition, the server for the Personalised Passports System was running on windows Server 2003 R2, whose end of life support ended on 14th July 2015.
ii. Use of Unsupported Network Devices

The networking solution installed at the production centre such as routers and switches were running on CISCO 1800 series and CISCO ASA 5505, whose end of lives support ended on 6th August 2015 and 31st May 2019 respectively.

Therefore, the business continuity aspect for Personalised Passports System was at high risk of failure.

11 Head: 33 Ministry of Commerce, Trade and Industry - Patents and Companies Registration Agency (PACRA)

Programmes: 122 Licences

Activities: 122072 PACRA Collections

11.1 Background

a. Mandate

The Patents and Companies Registration Agency (PACRA) is mandated to provide business and intellectual property registration services.

In respect of revenue collections, the PACRA draws its mandate from the PACRA Act No. 15 of 2010, Companies Act No. 10 of 2017, Registration of Business Names Act No. 16 of 2011, Patents Act No. 40 of 2016 and Trademarks Act No. 2 of 2010.

b. Governance

The PACRA is governed by a Board of Directors consisting of seven (7) non-executive members who are appointed by the Minister for renewable terms of three (3) years.

c. Management

The operations of the Agency is the responsibility of the Registrar and Chief Executive Officer and is assisted by the Assistant Registrar – Commercial Unit and the Assistant Registrar – Intellectual Property.
11.2 Audit Findings

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

a. Budget against Collections

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a revenue provision of K166,783,931 was made against which amounts totalling K153,052,800 were collected, resulting in an under collection of K13,731,131. See table 11.1.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
<th>Provision K</th>
<th>Collections K</th>
<th>Variance K</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>PACRA Collections</td>
<td>81,454,344</td>
<td>78,333,444</td>
<td>(3,120,900)</td>
</tr>
<tr>
<td>2019</td>
<td>PACRA Collections</td>
<td>85,329,587</td>
<td>74,719,356</td>
<td>(10,610,231)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>166,783,931</td>
<td>153,052,800</td>
<td>(13,731,131)</td>
</tr>
</tbody>
</table>

b. Unaccounted for Revenue

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

Contrary to the regulation, amounts totalling K1,721,154 were collected at two (2) stations out of which K1,707,170 were deposited leaving a balance of K13,984 unaccounted for as neither cash was found on hand nor were deposit slips availed for audit as at 31st August 2020. See table 11.2.

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>Year</th>
<th>Amount Collected K</th>
<th>Amount Deposited K</th>
<th>Variance K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Livingstone</td>
<td>2018</td>
<td>974,263</td>
<td>966,988</td>
<td>(7,275)</td>
</tr>
<tr>
<td>2</td>
<td>Solwezi</td>
<td>2019</td>
<td>746,891</td>
<td>740,182</td>
<td>(6,709)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>1,721,154</td>
<td>1,707,170</td>
<td>(13,984)</td>
</tr>
</tbody>
</table>

c. Failure to Submit Annual Returns, Non-Payment of Annual and Penalty Fees

The Companies Act No. 10 of 2017 requires that all companies registered with PACRA submit annual returns within three (3) months after the end of the financial year which
must be followed by a payment and that the annual return that is not filed within the period specified, will attract a penalty fee of K100 for each year that the annual return has not been submitted.

Contrary to the Act, 547 companies at four (4) stations did not submit annual returns resulting in uncollected revenue of K256,073 comprising annual fees (K177,273) and penalty fee (K78,800). See table 11.3.

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>No. of Company</th>
<th>Annual Fee K</th>
<th>Penalty Fee K</th>
<th>Total K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Choma</td>
<td>32</td>
<td>20,708</td>
<td>12,300</td>
<td>33,008</td>
</tr>
<tr>
<td>2</td>
<td>Livingstone</td>
<td>214</td>
<td>73,800</td>
<td>36,500</td>
<td>110,300</td>
</tr>
<tr>
<td>3</td>
<td>Chipata</td>
<td>87</td>
<td>9,508</td>
<td>8,600</td>
<td>18,108</td>
</tr>
<tr>
<td>4</td>
<td>Kabwe</td>
<td>214</td>
<td>73,257</td>
<td>21,400</td>
<td>94,657</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>547</td>
<td>177,273</td>
<td>78,800</td>
<td>256,073</td>
</tr>
</tbody>
</table>

Table 11.3: Non-Payment of Annual and Penalty Fees
Expenditure

12 Head: 11 Zambia Police Service

Programmes: Various

Activities: Various

12.1 Mandate

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

12.2 Audit Findings

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

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a provision of K1,495,560,533 was made to cater for operations of the Zambia Police Service against which amounts totalling K1,235,363,782 were released resulting in an under funding of K260,196,751.

As at 31st December 2019, amounts totalling K1,235,019,232 had been spent.

b. Procurement of Goods and Services – Failure to Deliver Procured Items

On 23rd December 2019, the Zambia Police Service engaged Gun Pro Africa Limited for the supply and delivery of various types of munitions at a contract sum of K499,827 with a delivery period of four (4) to eight (8) weeks from the date of signing the contract.

In this regard, an amount of K430,886 was paid to the supplier on 27th December 2019 leaving a balance of K68,941.
However, as at 31st August 2020, the procured items had not been delivered, six (6) months after the expected date of delivery and the Service had not taken any action against the supplier.

c. **Accounting Irregularities – Unaccounted for Stores**

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

Contrary to the regulation, various stores items costing K38,738 procured by the service were unaccounted for in that there were no receipt and disposal details.

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

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

Contrary to the Act, the Service did not secure title deeds for four (4) properties as at 31st August 2020. See table 12.1.

<table>
<thead>
<tr>
<th>No.</th>
<th>Property</th>
<th>District</th>
<th>Hectarage</th>
<th>Year of Acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shimabala Farm</td>
<td>Kafue</td>
<td>210</td>
<td>1986</td>
</tr>
<tr>
<td>2</td>
<td>Lusaka West Farm</td>
<td>Chilanga</td>
<td>920</td>
<td>1986</td>
</tr>
<tr>
<td>3</td>
<td>Nkeyema Farm</td>
<td>Nkeyema</td>
<td>250</td>
<td>2013</td>
</tr>
<tr>
<td>4</td>
<td>Air Wing</td>
<td>Lusaka</td>
<td>20</td>
<td>2014</td>
</tr>
</tbody>
</table>

e. **Infrastructure Development – Construction of Police Posts**

An amount of K5,226,000 was budgeted for construction of police posts against which the Treasury only released K50,000 representing 0.9% leaving a balance of K5,176,000.

In this regard, the Service was unable to settle outstanding amounts totalling K6,457,299 in respect of certified works for nine (9) infrastructure projects. See table 12.2.
It was also observed that two (2) other infrastructure projects that commenced during the period from August 2012 to January 2016 had not been completed as at 31st August 2020 and there was no evidence of extension of the contracts. See table 12.3.

**Table 12.3: Projects not completed within Contract Periods**

<table>
<thead>
<tr>
<th>No.</th>
<th>Project</th>
<th>Contractor</th>
<th>Year</th>
<th>Contract Price K</th>
<th>Amount Paid K</th>
<th>Outstanding Amount on Contract K</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sichili Police Post</td>
<td>Raymond Contractor</td>
<td>2013</td>
<td>1,305,458</td>
<td>261,092</td>
<td>1,044,367</td>
<td>Works Stalled</td>
</tr>
<tr>
<td>2</td>
<td>Zambezi East Police Post</td>
<td>Pavesi Marketing</td>
<td>2015</td>
<td>4,118,789</td>
<td>1,029,697</td>
<td>3,089,091</td>
<td>Works Stalled</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>5,424,247</strong></td>
<td><strong>1,290,789</strong></td>
<td><strong>4,133,458</strong></td>
<td></td>
</tr>
</tbody>
</table>

**f. Transport and Fleet Management – Failure to Insure Marine Equipment and Motor Vehicles**

The Road Traffic Act No. 11 of 2002 requires all users of motor vehicles or trailers to have at least third-party insurance.

The Service had a fleet of 1,098 motor vehicles out of which only 45 were insured as at 31st August 2020.

It was also observed that the Service had a fleet of 22 boats that had not been insured.
13 Head: Ministry of Chiefs and Traditional Affairs

Departments: Various
Units: Various
Programmes: Various
Activities: Various

13.1 Mandate

The Ministry of Chiefs and Traditional Affairs is mandated to provide policy formulation, planning, effective coordination and implementation of chiefs and traditional affairs programmes in the country.

13.2 Audit Findings

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

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a provision of K128,509,688 was made to cater for the operations of the Ministry.

In this regard, amounts totalling of K92,338,365 were released by the Treasury resulting in an under funding of K36,171,323. See table 13.1.

<table>
<thead>
<tr>
<th>No.</th>
<th>Department</th>
<th>Provision K</th>
<th>Amount Released K</th>
<th>Under/(over) Funding K</th>
<th>Amount Spent K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Headquarters</td>
<td>42,064,119</td>
<td>31,371,445</td>
<td>10,692,674</td>
<td>31,259,207</td>
</tr>
<tr>
<td>2</td>
<td>Human Resources and Administration</td>
<td>26,196,190</td>
<td>18,416,907</td>
<td>7,779,223</td>
<td>18,416,747</td>
</tr>
<tr>
<td>3</td>
<td>House of Chiefs</td>
<td>3,910,470</td>
<td>3,845,920</td>
<td>64,550</td>
<td>3,577,333</td>
</tr>
<tr>
<td>4</td>
<td>Chiefs and Traditional Affairs</td>
<td>54,126,647</td>
<td>37,345,000</td>
<td>16,781,647</td>
<td>37,266,993</td>
</tr>
<tr>
<td>5</td>
<td>Planning, Research and Information</td>
<td>972,600</td>
<td>430,000</td>
<td>542,600</td>
<td>395,759</td>
</tr>
<tr>
<td>6</td>
<td>Finance</td>
<td>1,239,662</td>
<td>929,033</td>
<td>310,629</td>
<td>929,015</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>128,509,688</td>
<td>92,338,365</td>
<td>36,171,323</td>
<td>91,845,054</td>
</tr>
</tbody>
</table>

As at 31st December 2019, amounts totalling K91,845,054 had been spent.
b. Accounting Irregularities

i. Unacquitted Payments

Financial Regulation No. 45 (3) stipulates that any document which is acquitted, certified, and approved by a responsible officer should form part of cash sale receipts.

Contrary to the regulation, payments respect of allowances in amounts totalling K6,100 was not acquitted by the beneficiary.

ii. Unretired Accountable Imprest

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

Contrary to the regulation, accountable imprest in amounts totalling K264,292 issued to several officers, had not been retired as at 31st August 2020.

iii. Missing Payment Vouchers

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

Contrary to the regulation, a payment voucher amounting to K12,800 was not availed for audit.

c. Failure to Remit NAPSA Contributions – Chiefs’ Retainers’ Wages

Section 15 (1) of the National Pensions Scheme Act, of 1996 states that “a contributing employer shall pay contributions to the Authority at the end of each month and such employer shall submit, with such payment, all prescribed supporting particulars concerning his identity, period of employment and earnings of the member to whom the contributions relate”.

Contrary to the Act, NAPSA contributions in amounts totalling K134,500 deducted from chiefs’ retainers’ wages at three (3) Councils were not remitted to NAPSA.
It was also observed that three (3) Councils owed NAPSA amounts totalling K1,713,350 in accumulated penalty charges as at 31st December 2019 bringing the total amounts owed to NAPSA to K1,847,850. See the table 13.2.

Table 13.2: Failure to Remit NAPSA Contributions

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Council</th>
<th>Unremitted Deductions K</th>
<th>Accumulated Penalty Charges K</th>
<th>Total K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Eastern</td>
<td>Nyimba</td>
<td>12,000</td>
<td>271,977</td>
<td>283,977</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chipata</td>
<td>80,000</td>
<td>987,660</td>
<td>1,067,660</td>
</tr>
<tr>
<td>2</td>
<td>Northen</td>
<td>Kasama</td>
<td>-</td>
<td>453,713</td>
<td>453,713</td>
</tr>
<tr>
<td>3</td>
<td>Central</td>
<td>Serenje</td>
<td>42,500</td>
<td>-</td>
<td>42,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>134,500</strong></td>
<td><strong>1,713,350</strong></td>
<td><strong>1,847,850</strong></td>
</tr>
</tbody>
</table>

As at 31st August 2020, the outstanding amounts had not been settled by the Ministry.
14 Head: Ministry of Mines and Minerals Development

Departments: Various
Units: Various
Programmes: Various
Activities: Various

14.1 Mandate

The Ministry of Mines and Minerals Development (MMMD) is mandated to develop and manage minerals in a sustainable manner for the benefit of the country.

14.2 Audit Findings

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

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a provision of K39,323,927 was made to cater for the operations of the Ministry against which amounts totalling K37,816,019 were released resulting in an under funding of K1,507,908.

As at 31st December 2019, amounts totalling K37,712,135 had been spent.

b. Operational Matters

i Failure to Collect Fines from Mining Companies

During the period under review, several companies did not comply with safety requirements and consequently the Ministry fined the companies amounts totalling K835,000.

As at 31st August 2020, the amounts had not been collected.

ii Low Staffing Levels – Regional Bureaus

During the period under review, the Ministry operated six (6) Regional Mining Bureaus namely Choma, Mansa, Chipata, Solwezi, Mkushi and Kitwe. However, a
visit to the Bureaus revealed that out of the total establishment of sixty (60) only twenty-four (24) positions were filled resulting in an under staffing of thirty-six (36). Included in the unfilled positions were that of Technologist and Surveyor Technician whose responsibilities were among others are to;

- Effectively undertake the collection of mining operations information to facilitate assessment of compliance to the programme of mining operations
- Effectively undertake the assessment of mine sites to determine the appropriate interventions, among others.

As at 31st August 2020, the vacant positions remained unfilled.

c. Management of Assets

i. Failure to Claim Insurance

The Ministry accumulated K296,489 in unpaid insurance premiums with an insurance company for the cover of a fleet of motor vehicles. In this regard, the Ministry was unable to claim insurance for the two (2) motor vehicles (Toyota Land Cruiser GRZ 720 BX and Ford Ranger GRZ 977 CB) that were involved in road traffic accidents in 2016 and 2019.

ii. Failure to Insure Office Equipment, Fixtures and Fittings

The Ministry did not insure 417 various pieces of office furniture, fixture, and equipment. As at 31st August 2020, the assets had still not been insured.
15.1 Mandate

The Ministry of Home Affairs (MHA) is mandated to provide and maintain internal security in order to promote sustainable social-economic development for the country.

15.2 Audit Findings

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

a. **Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, the Ministry of Home Affairs had a total provision of K179,318,040 to cater for operations against which amounts totalling K122,068,772 were released, resulting in an underfunding of K57,249,268. See table 15.1.

<table>
<thead>
<tr>
<th>No.</th>
<th>Department</th>
<th>Provision K</th>
<th>Releases K</th>
<th>Underfunding K</th>
<th>Expenditure K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Headquarters</td>
<td>67,632,842</td>
<td>35,407,941</td>
<td>(32,224,901)</td>
<td>34,549,332</td>
</tr>
<tr>
<td>2</td>
<td>Passport and Citizenship</td>
<td>7,070,439</td>
<td>7,070,439</td>
<td>-</td>
<td>6,931,055</td>
</tr>
<tr>
<td>3</td>
<td>National Archives of Zambia</td>
<td>2,047,773</td>
<td>1,122,558</td>
<td>(925,215)</td>
<td>1,118,721</td>
</tr>
<tr>
<td>4</td>
<td>Immigration</td>
<td>28,987,238</td>
<td>24,461,237</td>
<td>(4,526,001)</td>
<td>23,110,132</td>
</tr>
<tr>
<td>5</td>
<td>National Registration</td>
<td>62,773,637</td>
<td>49,961,544</td>
<td>(12,812,093)</td>
<td>14,703,577</td>
</tr>
<tr>
<td>6</td>
<td>Research and Information</td>
<td>4,545,744</td>
<td>1,774,310</td>
<td>(2,771,434)</td>
<td>1,753,549</td>
</tr>
<tr>
<td>7</td>
<td>Internal Audit</td>
<td>606,558</td>
<td>279,364</td>
<td>(327,194)</td>
<td>279,280</td>
</tr>
<tr>
<td>8</td>
<td>Registrar of Societies</td>
<td>3,001,516</td>
<td>1,114,386</td>
<td>(1,887,130)</td>
<td>576,773</td>
</tr>
<tr>
<td>9</td>
<td>Finance</td>
<td>2,652,293</td>
<td>876,993</td>
<td>(1,775,300)</td>
<td>876,863</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>179,318,040</strong></td>
<td><strong>122,068,772</strong></td>
<td><strong>(57,249,268)</strong></td>
<td><strong>83,899,282</strong></td>
</tr>
</tbody>
</table>

As at 31st December 2019, amounts totalling K83,899,282 had been spent.
b. **Procurement of Goods - Failure to Deliver Paid for Uniforms**

On 9\textsuperscript{th} December 2019, the Ministry of Home Affairs ordered seven hundred (700) combat uniforms from Prime Link Investments limited costing K343,000 and the supplier was paid in full on 25\textsuperscript{th} December 2019.

On 22\textsuperscript{nd} November 2019, the supplier delivered 514 combat uniforms costing K250,900 leaving a balance of 186 costing K91,140 not delivered as at 31\textsuperscript{st} July 2020.

c. **Infrastructure Development**

i. **Delayed Completion - Construction of District Immigration Office - Mwandi**

In February 2015, the Ministry engaged Lamusa Construction Limited to construct the District Immigration Office block in Mwandi at a contract sum of K2,948,325 with a completion period of seven (7) weeks.

As at 30\textsuperscript{th} June 2020, the contractor had been paid a total amount of K1,290,343 leaving a balance of K1,657,983 outstanding.

The project had delayed for over five (5) years after the planned completion date and there was no evidence that the contract had been extended.

A physical inspection of the project carried out in June 2020 revealed that the project had stalled at 87\% and the contractor was not on site. The outstanding works included plastering, electrical fittings, fitting of windows and doors, plumbing, flooring and painting. See pictures below.

![Mwandi District Immigration Office under Construction](image-url)
ii. **Delayed Completion - Construction of Department of National Registration Passport and Citizenship Office – Senanga**

On 7th March 2014, the Ministry of Home Affairs engaged Kisukami Construction Limited to construct the National registration, Citizenship and Passport Office at a contract sum of K1,024,309 with a completion period of twenty four (24) weeks.

As at 30th June 2020, the contractor had been paid a total amount of K546,337 leaving a balance of K477,972 outstanding.

The project had delayed for over six (6) years after the planned completion date and there was no evidence that the contract had been extended.

A physical inspection of the project carried out in June 2020 revealed that the project had stalled and the contractor was not on site. The outstanding works included plastering, electrical fittings, fitting of windows and doors, plumbing, flooring and painting. See pictures below.

![Senanga - Department of National Registration Passport and Citizenship Office Under Construction](image)

**d. Management of Assets**

i. **Failure to Avail Report on Public Assets and Stores**

Section 41(6) of the Public Finance Management Act No. 1 of 2018 requires a Controlling Officer to submit reports on public assets and stores to the Treasury one (1) month after the end of the current financial year.

Contrary to the Act, there was no evidence that the report on the public assets and stores was prepared.
Consequently, assets such as computers, furniture and motor vehicles costing K7,510,349 procured during the year under review were not reported.

ii. **Failure to Secure Title Deeds**

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

However, the Ministry had not secured title deeds for its land and buildings.

iii. **Wasteful Expenditure – Storage Charges**

In May 2016, the Ministry took five (5) motor vehicles to a garage for service and retrieved them in October 2018 without being serviced. Consequently, the Ministry paid storage charges amounting to K45,000 on 18th June 2019 rendering the payment wasteful.

16 **Head: 15/02: Ministry of Home Affairs – Zambia Correctional Service**

**Units:** Prisons and Reformatory Unit

**Programmes:** Various

**Activities:** Various

16.1 **Mandate**

The Ministry of Home Affairs – Zambia Correctional Service is mandated to manage, regulate and ensure the security of Prisons and Correctional Centres and inmates.

16.2 **Audit Findings**

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

a. **Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a provision of K61,954,611 was made to cater for operations of the
Service against which amounts totalling K41,113,148 were released resulting in an under funding of K20,841,463.

b. Accounting Irregularities

i. Unauthorised Transfer of Funds - Headquarters

Section 32(5) of the Public Finance Management No.1 of 2018 requires that a transfer of public money should not be made between accounts at the same bank or different banks without the written approval of the Secretary to the Treasury.

On 14th February 2019, the Service borrowed and transferred an amount of K70,000 from General Administration account to the Prisons Industries and Revolving Fund (PIRF) account.

However, the transfer was done without authority of the Secretary to the Treasury. As at 31st August 2020, the funds had not been re-imbursed.

ii. Variances between Inmates’ Dietary Scale and Rations Ledger - Lusaka Central Correctional Facility

A review of the inmates dietary scale and the rations ledger at Lusaka Central Correctional Facility revealed that 2,687kgs of beans, mealie meal and meal samp costing K271,374 was supposed to be issued from stores to the kitchen according to the number of inmates at the facility in May, June and December 2019. However, it was observed that a total of 2,971kgs of the rations costing K287,992 was issued resulting in a variance of 284kgs costing K16,618.

iii. Non Remittance of Pay As You Earn – Central Region

The Income Tax Act Chapter 323 of the Laws of Zambia requires that tax be deducted from individuals and remitted to the Zambia Revenue Authority (ZRA). Contrary to the Act, the Service did not remit Pay As You Earn to ZRA in amounts totalling K15,452 deducted from payments of settling in allowances to two (2) officers.
iv. Failure to Claim Compensation – North-Western Region

In 2019, a Mitsubishi L200 motor vehicle baring registration No. PS 2097 B for Solwezi Central Correctional Facility valued at K222,530 was involved in a road traffic accident. Although the motor vehicle was insured, no claim of compensation had been lodged with the insurance company as at 31st August 2020. See picture below.

![Figure 1: Damaged PS 2097B](image)

17 Head: 15/02 Ministry of Home Affairs – Zambia Correctional Service

Units 01 Prisons and Reformatory Unit

Programmes: Various

Activities: 001 Animal Husbandry and Management

005 Industrial Workshops

17.1 Introduction

The Zambia Correctional Service operates a Prisons Industries Revolving Fund (PIRF) as part of revenue generation and feeding of inmates.

17.2 Audit Findings

An examination of accounting and other records maintained at the Zambia Correctional Service for the period under review revealed the following:
a. **Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31\textsuperscript{st} December 2019, a provision of K120,000 was made to cater for operations of the PIRF and no amounts were released.

However, revenue in amounts totalling K9,570,196 was generated from PIRF activities. In addition, funds amounting to K2,110,671 were brought forward from the previous year bringing the total funds available to K11,680,867.

As at 31\textsuperscript{st} December 2019, the Service had spent amounts totalling K9,950,493 leaving a balance of K1,646,874.

b. **Accounting Irregularities**

i. **Failure to Remit Funds To PIRF**

The Zambia Prison Service Standing Orders No. 674 (1) stipulates that revenue received in respect of Prison Industries will be credited to the Prisons Industries Revolving Fund Account.

During the period under review, nine (9) correctional facilities in Central Province generated amounts totalling K732,175 from sale of maize and mealie meal.

As at 31\textsuperscript{st} August 2020, only K2,250 had been remitted and credited to the Fund while the balance of K729,925 was applied on administrative expenses contrary to the Standing Orders.

ii. **Failure to Collect Revenue for Credit Sales**

During the period under review, various farm produce amounting to K18,185 were sold on credit by Mwinilunga Remand Correctional Facility. However, as at 31\textsuperscript{st} August 2020, revenue from the credit sales had not been collected.

iii. **Use of Revenue at Source – Milima and Kamwala Remand Correctional Facilities**

Section 28 (3) of the Public Finance Management Act No. 1 of 2018 stipulates that a Controlling Officer or an office holder who without reasonable cause fails to
deposit public monies received as provided under sub section (1) commits financial misconduct.

However, amounts totalling K40,631 generated from PIRF activities at Milima and Kamwala Remand Correction Facilities in Kasama and Lusaka respectively were not deposited into the PIRF account but were utilised at source.

iv. Delayed Banking

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

Contrary to the regulation, there were delays in banking revenue generated from sale of various products in amounts totalling K44,062 for periods ranging from two (2) to twenty-eight (28) days at four (4) correctional facilities. See table 17.1.

<table>
<thead>
<tr>
<th>No.</th>
<th>Facility Name</th>
<th>Amount K</th>
<th>Days Delayed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kalonga Farm</td>
<td>2,820</td>
<td>2 - 4</td>
</tr>
<tr>
<td>2</td>
<td>Ndola Region Headquarters</td>
<td>1,250</td>
<td>4 - 11</td>
</tr>
<tr>
<td>3</td>
<td>Kamfinsa Correctional Facility</td>
<td>5,040</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Kaoma Correctional Facility</td>
<td>34,952</td>
<td>8 - 28</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>44,062</td>
<td></td>
</tr>
</tbody>
</table>

v. Lack of Safe Facilities

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

However, it was observed that Solwezi Regional Office, Mukobeko Maximum, Solwezi, Isoka, Mpika and Chinsali Correctional Facilities operated without safes thereby rendering public funds, articles, and accountable documents unsecured.

vi. Unretired Accountable Imprest

Financial Regulation No. 96 (1) requires that special and accountable imprest should be retired immediately the purpose for which they are issued has been fulfilled.
Contrary to the regulation, accountable imprest in amounts totalling K47,114 issued to several officers had not been retired as at 31st August 2020. See table 17.2.

### Table 17.2: Unretired Imprest

<table>
<thead>
<tr>
<th>No.</th>
<th>Facility Name</th>
<th>No. of Transactions</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mwembeshi Open Air</td>
<td>3</td>
<td>15,000</td>
</tr>
<tr>
<td>2</td>
<td>Mwembeshi Maximum</td>
<td>2</td>
<td>3,080</td>
</tr>
<tr>
<td>3</td>
<td>Kalonga Milling Plant</td>
<td>3</td>
<td>29,034</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>8</strong></td>
<td><strong>47,114</strong></td>
</tr>
</tbody>
</table>

vii. **Irregular Use of Imprest**

Financial Regulation No. 86 (c), states that, “accountable imprest is imprest that is issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time”.

Contrary to the regulation, imprest in amounts totalling K102,819 was issued to several officers to procure goods and services whose values were obtainable on the market. See table 17.3.

### Table 17.3: Irregular Use of Imprest

<table>
<thead>
<tr>
<th>No.</th>
<th>Facility Name</th>
<th>No. of Transactions</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kalonga Farm</td>
<td>2</td>
<td>4,100</td>
</tr>
<tr>
<td>2</td>
<td>Maximum Correctional Facility</td>
<td>2</td>
<td>8,905</td>
</tr>
<tr>
<td>6</td>
<td>Kawambwa Correctional Facility</td>
<td>3</td>
<td>12,916</td>
</tr>
<tr>
<td>7</td>
<td>Mwense Correctional Facility</td>
<td>3</td>
<td>16,911</td>
</tr>
<tr>
<td>8</td>
<td>Luwingu Correctional Facility</td>
<td>8</td>
<td>40,487</td>
</tr>
<tr>
<td>9</td>
<td>Lusaka Central Correctional Facility</td>
<td>1</td>
<td>3,000</td>
</tr>
<tr>
<td>10</td>
<td>Mwembeshi Open Air</td>
<td>2</td>
<td>14,000</td>
</tr>
<tr>
<td>11</td>
<td>Mpika Correctional Facility</td>
<td>3</td>
<td>2,500</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>24</strong></td>
<td><strong>102,819</strong></td>
</tr>
</tbody>
</table>

viii. **Failure to Avail Activity Reports**

Mukobeko Maximum Correctional Facility issued imprest in amounts totalling K34,790 to four (4) officers to carry out exhibitions at the agricultural and commercial show and attend a senior management course in Lusaka.

However, no activity reports were availed for audit to confirm whether the activities were undertaken.
ix. **Failure to Follow Procurement Procedures – Irregular Approval of Payments above Threshold**

The Public Procurement Act No. 12 of 2008 stipulates that the Head of Department can approve payments up to K10,000.

However, the Regional Commanding Officer at Chitumba Correctional Facility authorised seven (7) payments in amounts totalling K504,500 which were above the K10,000 threshold.

x. **Management of Assets**

- **Failure to Insure Animals**

  During the period under review, 382 animals were not insured by three (3) correctional facilities. Consequently, the correctional facilities could not be compensated for the loss of sixty-one (61) animals by death. See table 17.4.

  **Table 17.4: Uninsured Animals**

<table>
<thead>
<tr>
<th>No.</th>
<th>Facility Name</th>
<th>Animal Category</th>
<th>No.of Animals</th>
<th>Mortalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Samfya</td>
<td>Cattle</td>
<td>42</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Goats</td>
<td>76</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sheep</td>
<td>15</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pigs</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>Mwense</td>
<td>Goats</td>
<td>26</td>
<td>28</td>
</tr>
<tr>
<td>3</td>
<td>Mukuyu farm</td>
<td>Cattle</td>
<td>207</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>382</td>
<td>61</td>
</tr>
</tbody>
</table>

- **Failure to Tag and Brand Animals – Luapula**

  The Animal Identification Act No.28 of 2010 Clause 6 (1) requires that owners of animals should mark them with an identification mark.

  Contrary to the Act, 159 animals belonging to Samfya and Mwense correctional facilities whose costs could not be ascertained were not tagged and branded with markings as at 31st August 2020. See table 17.5.
Table 17.5: Animals not Tagged and Branded

<table>
<thead>
<tr>
<th>No.</th>
<th>Facility Name</th>
<th>Types of Animals</th>
<th>Total No. of Animals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Samfya</td>
<td>Cattle</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Goats</td>
<td>76</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sheep</td>
<td>15</td>
</tr>
<tr>
<td>2</td>
<td>Mwense</td>
<td>Goats</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>159</td>
</tr>
</tbody>
</table>

• Failure to Secure Title Deeds and Insure Property

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

Contrary to the Act, title deeds for farmlands and parcels of land on which correctional facilities and other buildings are located had not been secured as at 31st August 2020.

In addition, the assets were not insured.

18 Head: 17 Ministry of Foreign Affairs

Programmes: Various

Activities: Various

18.1 Mandate

The Ministry of Foreign Affairs is mandated to formulate, administer Zambia’s foreign policy, maintain international relations, and coordinate the signing of treaties.

18.2 Audit Findings

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

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a provision of K1,366,680,247 was made to cater for operations of
the Ministry against which amounts totalling K934,076,604 were released resulting in an under funding of K432,603,643.

In addition, a revenue provision of K17,100,210 was made against which amounts totalling K22,563,838 were collected.

As at 31st December 2019, amounts totalling K779,409,917 had been spent.

b. **Staff Related Matters – Failure to Redeploy Recalled and Appointed Diplomats**

During the period under review, amounts totalling K5,991,972 were spent on the appointment and recalling of diplomats.

However, three (3) diplomats recalled from Missions Abroad during the period from January 2018 to December 2019 had not been redeployed and received salaries in amounts totalling K341,318 without providing a service to Government.

c. **Infrastructure Development**

i. **Construction of the Conference Hall – Increase in Contract Price**

On 20th July 2017, the Government of the People’s Republic of China made a donation to the Government of the Republic of Zambia for the construction of a conference hall at the Ministry Headquarters, with a condition that China Civil Engineering Construction Corporation (Zambia) Limited be the company to be engaged to execute the works.

In this regard, in August 2017, an amount of K2,598,418 was received from the Government of the People’s Republic of China and deposited into the Third Party Account for the Ministry while the Government of the Republic of Zambia was to provide counterpart funding of K1,180,207.

On 3rd August 2018, a contract was signed between the Ministry of Foreign Affairs and Messrs China Civil Engineering Construction Corporation (Zambia) Limited for the construction of the conference hall at a contract sum of K3,778,625, VAT inclusive with a completion period of six (6) months ending on 2nd February 2019.
The scope of works included design, excavation earthworks, substructure, superstructure, roofing, carpentry, joinery and ironmongery, plumbing and electrical installation, flooring, wall and ceiling finishing and painting and decorating.

The site possession certificate was signed on 30th August 2018.

On 23rd October 2018, the contractor requested for an advance payment of K944,656 VAT inclusive which was not paid as the Ministry had misapplied the funds received on unrelated activities such as air tickets, subsistence allowances and stationary. In this regard, the execution of the works could not commence as the funds were only reimbursed on 18th September 2019.

Consequently, on 31st January 2020, the contractor requested the Ministry to extend the completion date from February 2019 to September 2020 and adjust the contract sum from K3,778,624 to K4,987,785 VAT inclusive. Further, the contractor requested for an increase of the advance payment from 25% to 50% of the contract sum. Subsequently, the Ministry approved the contract price variation on 5th May 2020.

As at 31st August 2020, no payments had been made to the contractor as the revised contract had not been signed. In addition, on 19th August 2020, the contractor requested for a further revision of the advance payment from 50% to 80%.

A physical inspection of the site carried out in July 2020 revealed that only site clearing had been done.

ii. **Purchase of Properties in Missions Abroad – Mortgage Finance Lease**

In 2018, Ministry of Finance sourced a mortgage financing facility from Atlas Mara Bank for the purpose of construction and purchase of properties in missions abroad to release the pressure on the Treasury on rented properties.

On 29th June 2018, the Bank disbursed funds amounting to K199,000,000 into Ministry of Foreign Affairs bank account after deducting arrangement fees of K1,000,000.

The following were observed:
• Unappropriated and Subsequent Delayed Disbursement of Funds

Although the funds were disbursed into the Ministry’s bank account on 29th June 2018, the funds had not been appropriated by Parliament at the time of funding in June 2018.

The Ministry instructed the bank to disburse US$20,000,000 to eleven (11) Missions on 26th December 2018, which was six (6) months after receipt of the funds.

However, the Bank disbursed the funds between 3rd and 16th January 2019. The total funds disbursed amounted to US$16,488,967.24 at rates ranging from K12.06 to K12.08 per US$1 resulting in exchange loss of US$3,511,032.76. See table 18.1.

Table 18.1: Foreign Exchange Losses

<table>
<thead>
<tr>
<th>No.</th>
<th>Mission</th>
<th>Request Date</th>
<th>Date Disbursed</th>
<th>Amount Requested to be Disbursed US$</th>
<th>Rate Used</th>
<th>Amount Remitted US$</th>
<th>Exchange Loss US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Washington</td>
<td>26.12.2018</td>
<td>03.01.2019</td>
<td>1,861,541.26</td>
<td>12.08</td>
<td>1,533,305.98</td>
<td>328,235.28</td>
</tr>
<tr>
<td>2</td>
<td>New York</td>
<td>26.12.2018</td>
<td>07.01.2019</td>
<td>2,500,000.00</td>
<td>12.07</td>
<td>2,060,894.77</td>
<td>439,105.23</td>
</tr>
<tr>
<td>3</td>
<td>Addis Ababa</td>
<td>26.12.2018</td>
<td>03.01.2019</td>
<td>3,000,000.00</td>
<td>12.08</td>
<td>2,471,026.48</td>
<td>528,973.52</td>
</tr>
<tr>
<td>4</td>
<td>Abuja</td>
<td>26.12.2018</td>
<td>04.01.2019</td>
<td>750,000.00</td>
<td>12.07</td>
<td>618,268.43</td>
<td>131,731.57</td>
</tr>
<tr>
<td>5</td>
<td>New Delhi</td>
<td>26.12.2018</td>
<td>03.01.2019</td>
<td>3,500,000.00</td>
<td>12.06</td>
<td>2,887,645.10</td>
<td>612,354.90</td>
</tr>
<tr>
<td>6</td>
<td>Maputo</td>
<td>26.12.2018</td>
<td>04.01.2019</td>
<td>750,000.00</td>
<td>12.07</td>
<td>618,268.43</td>
<td>131,731.57</td>
</tr>
<tr>
<td>7</td>
<td>Windhoek</td>
<td>26.12.2018</td>
<td>04.01.2019</td>
<td>1,165,390.00</td>
<td>12.07</td>
<td>960,698.46</td>
<td>204,691.54</td>
</tr>
<tr>
<td>9</td>
<td>Harare</td>
<td>26.12.2018</td>
<td>04.01.2019</td>
<td>1,500,000.00</td>
<td>12.07</td>
<td>1,236,536.86</td>
<td>263,463.14</td>
</tr>
<tr>
<td>10</td>
<td>Geneva</td>
<td>26.12.2018</td>
<td>03.01.2019</td>
<td>4,000,000.00</td>
<td>12.06</td>
<td>3,300,165.82</td>
<td>699,834.18</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>20,000,000.00</td>
<td></td>
<td>16,488,967.24</td>
<td>3,511,032.76</td>
</tr>
</tbody>
</table>

Further, the basis of the amounts disbursed to the Missions was not clear as no contracts had been entered into at the time of disbursement.

Although management in their response dated 17th July 2020 stated that the delay was due to lack of a budget line and that supplementary approval by Parliament is done bi-annually in June and December, the above measures were supposed to be planned for at the time the decision to borrow was made.
• **Delayed Commencement of Projects**

During the period under review, only seven (7) Missions had formerly signed contracts for the acquisition or rehabilitation of Mission properties. However, it was observed that the contracts were signed between five (5) months to one (1) year after the date of disbursement of funds while four (4) Missions were still addressing tender procedures as at 31st August 2020, twenty (20) months after funds were disbursed.

As a result, the various Missions kept the money in the accounts without earning interest. See table 18.2.

**Table 18.2 Project Status**

<table>
<thead>
<tr>
<th>No.</th>
<th>Mission</th>
<th>Amount US$</th>
<th>Amount K</th>
<th>Remit Date</th>
<th>Project Status</th>
<th>Scope of Works</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Washington</td>
<td>1,533,306</td>
<td>18,522,336</td>
<td>03.01.2019</td>
<td>Contract signed on 15.08.2019 at US$2,547,628.71 (K33,144,649.51).</td>
<td>Rehabilitation of Chancery.</td>
</tr>
<tr>
<td>2</td>
<td>New York</td>
<td>2,060,895</td>
<td>24,875,000</td>
<td>07.01.2019</td>
<td>Tender Running</td>
<td>Rehabilitation of Chancery.</td>
</tr>
</tbody>
</table>
| 3   | Addis Ababa   | 2,471,026   | 29,850,000   | 03.01.2019 | Tender for construction of Chancery and Flats | i. Design, Bill of Quantities, and supervision of works.  
<pre><code> |               |             |              |            |                                        | ii. Construction of new Chancery and Block of Flats. |
</code></pre>
<p>| 4   | New Delhi     | 2,887,645   | 34,830,000   | 03.01.2019 | Awaiting Evaluation of Bids            | Construction of Residence and Chancery.            |
| 5   | Maputo        | 618,268     | 7,462,500    | 04.01.2019 | Contract signed on 4th December,2019    | Rehabilitation of Chancery.                         |</p>
<table>
<thead>
<tr>
<th>Mission</th>
<th>City</th>
<th>Contract</th>
<th>Total Cost</th>
<th>Value</th>
<th>Contract Details</th>
<th>Works Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Brussels</td>
<td>468,943</td>
<td>5,660,144</td>
<td></td>
<td>Contract Signed On 10.11.2017</td>
<td>Rehabilitation works to the Chancery Building.</td>
</tr>
<tr>
<td>8</td>
<td>Harare</td>
<td>1,236,537</td>
<td>14,924,999</td>
<td></td>
<td>For Euro 571,364.33</td>
<td>Rehabilitation works to Chancery Building, Residence &amp; Twelve (12) Staff houses.</td>
</tr>
<tr>
<td>10</td>
<td>Paris</td>
<td>333,214</td>
<td>4,021,889</td>
<td></td>
<td>Contract signed for EURO296,865.31 ON 27.12.2018</td>
<td>Rehabilitation works to the Property held in Lisbon.</td>
</tr>
<tr>
<td>11</td>
<td>Abuja</td>
<td>618,268</td>
<td>7,462,500</td>
<td></td>
<td>CONTRACT SIGNED ON 20.06.2019 US$660,841.78 VAT EXCLUSIVE FOR A PERIOD OF 49 DAYS</td>
<td>Rehabilitation works of the Four (4) Storey Chancery.</td>
</tr>
</tbody>
</table>

**Total** | 16,488,967 | 199,004,999 |

- **Contracts Above Disbursed Amounts – Over Commitment**

It was observed that three (3) Missions entered contracts with total sums of US$3,868,269.10 against disbursements in amounts totalling

64
US$2,769,842.84 resulting in over commitment of US$1,098,426.26. See table 18.3.

### Table 18.3: Contracts above Disbursed Amounts

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Washington</td>
<td>1,533,305.98</td>
<td>2,547,628.71</td>
<td>(1,014,322.73)</td>
</tr>
<tr>
<td>2</td>
<td>Maputo</td>
<td>618,268.43</td>
<td>659,799.11</td>
<td>(41,530.68)</td>
</tr>
<tr>
<td>3</td>
<td>Abuja</td>
<td>618,268.43</td>
<td>660,841.28</td>
<td>(42,572.85)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,769,842.84</strong></td>
<td><strong>3,868,269.10</strong></td>
<td></td>
<td><strong>(1,098,426.26)</strong></td>
</tr>
</tbody>
</table>

**d. Accounting Irregularities – Unsupported Payments**

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

Contrary to the regulation, several payments in amounts totalling K60,669 (Ministry Headquarters – K15,000 and Zambia Institute of Diplomacy and International Studies (ZIDIS) – K45,669) processed at the two (2) stations were not supported with documents such as authority to travel abroad, quotations and receipts.

**e. London Mission**

**i. Outstanding Bills not Settled by Re-called Diplomat**

Upon expiry of contract, the former High Commissioner was recalled and returned to Zambia on 19th November 2019. However, the officer left an unsettled bill of K80,165 (£4,134.77) for heating services. As at 31st August 2020, the bill had not been settled.

**ii. Management of Mission Properties**

The Mission had four (4) properties comprising the Chancery, the Official Residence and two (2) houses. See table 18.4.
### Table 18.4: London Mission Properties

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Location</th>
<th>Date of Acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chancery</td>
<td>Zambia House, 2 Palace Gate, Kensington</td>
<td>1971</td>
</tr>
<tr>
<td>2</td>
<td>Official Residence</td>
<td>Green Banks Residence, 17 Courtenay Avenue, High Gate</td>
<td>1983</td>
</tr>
<tr>
<td>3</td>
<td>House</td>
<td>13 Foscote Road, Hendon</td>
<td>1979</td>
</tr>
<tr>
<td>4</td>
<td>House</td>
<td>12 Chelmsford Square, Willesden, London</td>
<td>1984</td>
</tr>
</tbody>
</table>

However, though amounts totalling K1,416,068 (£86,005.08) had been spent on maintenance on the properties, a review of records and a physical inspection of the properties in February 2020 revealed the following:

- **The Chancery**

  The Chancery had the following defects:
  - leaking roof,
  - non-operational elevator,
  - leaking pipes in the basement, and
  - worn out carpets.

![Signs of leaking roof](image1.jpg) ![Marks of leaking roof](image2.jpg)

- **The Residence**

  The Residence had the following defects:
  - fallen wall bordering the lawn,
  - leaking roof at the back of the house,
  - fallen wooden fence at the backyard,
  - two (2) non-operational automatic gate motors,
• leakages through the walls of the basement,
• no shower mixers in one bathroom on the upper floor.

12 Chelmsford Square – Willesden

The property had the following defects:

• worn out carpet, leaking roof in one of the bedrooms,
• leaking roof in the master bedroom and the ceiling had cracked.

See picture.

Stained ceiling due leaking roof

Zambian Institute of Diplomacy and International Studies (ZIDIS) – Non-Remittance of Taxes

Income Tax Act Chapter 323 of the Laws of Zambia requires that tax be deducted from personnel emoluments and remitted to Zambia Revenue Authority (ZRA).

Contrary to the Act, Pay As You Earn in amounts totalling K31,349 deducted from part time lecturers had not been remitted to the ZRA as at 31st August 2020.
19.1 Mandate

The Disaster Management and Mitigation Unit (DMMU) is mandated to ensure the achievement of the nation’s Disaster Management Objectives.

19.2 Audit Findings

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

a. **Budget against Funding**

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a provision of K27,872,298 was made to cater for the operations of the Unit against which amounts totalling K26,430,694 were released resulting in an under funding of K1,441,615.

As at 31st December 2019, amounts totalling K26,430,683 had been spent.

b. **Operational Matters – Failure to Operationalise National Disaster Relief Trust Fund**

Section 30 (1) and (2) of the Disaster Management Act No. 13 of 2010 provides for the establishment of the National Disaster Relief Trust Fund.

Further, the Act provides under section 32 that the Fund would be used for any matter relating to the preparedness, prevention, mitigation of any recovery from disasters.

However, as at 31st August 2020, ten (10) years after being established by the Act, the Fund had not been operationalised.
c. Procurement of Goods and Services

i. Contract with Delicious Milling Limited

On 30th August 2019, DMMU and Delicious Milling Limited signed a contract for the milling, packing and branding of relief maize and ancillary services at a contract price of K39,200,000 with a delivery period of eight (8) months.

A review of the records revealed the following:

- **Failure to Follow Tender Procedures**

  Public Procurement Regulation No. 39 (4) of 2011 requires that where an emergency situation affects the choice of procurement method, the procuring entity shall not automatically exclude competitive methods of procurement but shall obtain competition to the maximum extent practical in the circumstances.

  Contrary to the regulation, no evaluation report of the Procurement Committee on the award of the contract to Delicious Milling Limited was availed for audit. Therefore, it could not be determined if tender procedures were followed in the engagement of the miller.

- **Undelivered Mealie Meal and Maize Bran**

  The contract required DMMU to provide maize to the miller who was expected to produce and deliver mealie meal and maize bran to DMMU.

  An examination of records relating to the contract revealed that the Miller did not deliver the expected 101,203 x 12.5-kilogram bags of mealie meal and 13,769 x 25-kilogram bags of maize bran from the 2,259 metric tonnes of maize that it had received from DMMU. As at 31st August 2020, the DMMU had not taken action against the Miller.

ii. Contract with Choma Milling Company Limited - Undelivered Maize Bran

On 30th April 2019, the Disaster Management and Mitigation Unit (the Procuring Entity), signed a contract with Choma Milling Company Ltd (the Miller) for the
milling, packing and branding of relief maize and ancillary services at a sum of K20,384,000 with a delivery period of eight (8) months.

During the period under review, DMMU released to Choma Milling Company Limited a total of 9,400 metric tonnes of maize valued at K18,424,000 out of which a total of 421,120 x 12.5 kg bags of mealie meal and 52,640 x 25 kg bags of maize bran where expected to be produced for DMMU.

A scrutiny of records revealed that 5,370 x 25 kg bags of maize bran whose value could not be ascertained at the time of the audit had not been delivered to DMMU as at 31st August 2020 and no action had been taken.

d. **Infrastructure Development – Construction of Lusaka City/Lumumba Market – Delayed Completion of the Main Market and Small Market**

On 4th July 2017, Lusaka City Market was gutted by fire. The extent of damage to the market called for a reconstruction of both the market and the surrounding areas.

DMMU was selected to spearhead the construction of the new market along Simon Mwewa Lane in Lusaka at a total estimated cost of K64,557,098. The project was scheduled to commence on 17th July 2017 with a completion period of six (6) months. The scope of the works included, the construction of the main market, small market, 4 x ablution blocks, pump house and external works.

The project technical team comprised of Zambia Army (contractor), Lusaka City Council (client) and the Ministry of Housing and Infrastructure Development (consultant).

DMMU was to procure and deliver materials directly to the site while Zambia Army was to be responsible for receiving and issuance of the materials.

As of July 2020, a total amount of K49,034,732 had been spent on the project.

A review of the progress report dated 31st July 2020 revealed that the main market was 88% complete whilst the small market was at 60% complete, thirty (30) months after the expected completion date.
20.1 Mandate

The Ministry of Local Government is mandated to promote a decentralised good local governance system and facilitate delivery of quality municipal services. The Ministry also oversees the implementation of delegated functions and responsibilities by the Local Authorities.

20.2 Audit Findings

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

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31\textsuperscript{st} December 2019, a provision of K1,799,457,083 was made to cater for the operations of the Ministry against which amounts totalling K1,314,028,862 were released resulting in an under funding of K485,428,221.

As at 31\textsuperscript{st} December 2019, amounts totalling K1,313,860,946 had been spent.

b. Infrastructure Development

i. Rehabilitation of Selected Urban Roads 25.01km to Bituminous Standard in Mpika District in Muchinga Province

On 18\textsuperscript{th} August 2014, the Ministry engaged China Henan International Corporation Group Company Limited in joint venture with ALD Plant and Fleet Management Limited for the rehabilitation and upgrading of selected urban roads (25.01km) to bituminous standard in Mpika District at a contract sum of K267,712,404 VAT
inclusive with completion period of twenty (24) months. Works were expected to commence on 1st September 2014 and end on 26th September 2016.

The scope of works included:

- Drainage related works
- Road reconstruction/completion of construction of some existing pavement layers
- Road markings
- Pothole patching
- Double seal surface works and asphalt concrete layer works

The contract under Clause 43.1 provided that certified payment certificates should be paid within twenty-eight (28) days failure to which simple interest at the prevailing Bank of Zambia lending rate will be charged on the outstanding amount.

As at 31st August 2020, the contractor had been paid K13,500,000 out of K113,716,044 of claims made on interim payment certificates numbers 1 to 10 leaving a balance of K100,216,044.

The following were however observed:

- **Failure to Settle Interim Payment Certificates and Interest Charges**
  
  Contrary to Clause 43.1, the Ministry did not settle the claims on time resulting in the contractor claiming interest totalling K36,206,046 as at 31st December 2019.

- **Expired Contract**

  In a letter dated 29th August 2016, the contractor raised concerns over the status of the project and asked the Ministry to make its decision to either terminate or extend the contract.

  In this regard, on 12th April 2017, the Ministry suspended the contract for twelve (12) months due to budgetary constraints. After suspension of the
contract, the Ministry extended it for twelve (12) months from 23\textsuperscript{rd} May 2018 to 23\textsuperscript{rd} May 2019.

As at 31\textsuperscript{st} July 2020, there was no correspondence availed for audit showing the status of the contract.

- **Physical Inspection**

  A physical inspection carried out in July 2020 revealed the following:
  
  o Only 11.98 of the 25.01 km road had been upgraded to bituminous standard
  
  o The contractor demobilised in 2016 due to non-payment of IPC’s.

ii. **Construction and Rehabilitation of Old Mushili Market in Ndola on the Copperbelt Province – Contract No. MLGH/W/004/2014**

On 6\textsuperscript{th} November 2015, the Ministry of Local Government and Housing engaged Messrs Triple V Property Investments Limited to construct a market and related external works in Ndola on the Copperbelt Province at a contract sum of K13,403,408 VAT inclusive with a completion period of fifty – five (55) weeks ending 31\textsuperscript{st} December 2017.

As at 31\textsuperscript{st} December 2019, a total amount of K5,089,403 had been paid to the contractor.

The terms of the contract regarding payments under Clause 43.1 provided that the client should pay the contractor the amount certified by the project manager within twenty-eight (28) days of the date of each certificate.

The following were observed:

- **Failure to Pay Interim Payment Certificates**

  Contrary to Clause 43.1, as at 31\textsuperscript{st} August 2020, the Ministry had not settled IPCs in amounts totalling K825,949 which had been outstanding since August 2019 resulting in the contractor claiming interest in amounts totalling K209,328.
• **Failure to Meet Contractual Obligations**

The bill of quantities required the contractor to provide equipment/requisites which include 2 laptops, 1 desktop computer, 1 plotter HP design jet 510 or Canon printer, bond papers and 2 double cab motor vehicles to Ndola City Council who were the Project Managers.

However, as at 31st August 2020, the contractor had not provided the equipment/requisites.

• **Delayed Execution of Works**

On 1st March 2017, the contractor requested for an extension of the contract due to delayed submission of reviews by the Ndola City Council on the revised designs by two (2) months.

However, the designs were only finalised on 7th June 2018 which was six (6) months after the initial completion date of 31st December 2017.

A physical inspection conducted in July 2020 revealed that the roof had not been completed.

As at 31st August 2020, the contract had expired and the contractor was not on site.

---

21 **Head:** 45 **Ministry of Community Development and Social Services**

**Departments:** Various

**Units:** Various

**Programme:** Various

**Activities:** Various

21.1 **Mandate**

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

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

a. **Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31\textsuperscript{st} December 2019, a provision of K1,191,867,153 was made to cater for the operations of the Ministry against which amounts totalling K413,599,050 were released resulting in under funding of K778,268,103.

As at 31\textsuperscript{st} December 2019, amounts totalling K408,952,925 had been spent.

b. **Food Security Pack (FSP)**

i. **Background**

The Food Security Pack (FSP) Programme was introduced in November 2000 and is implemented by the Department of Community in the Ministry of Community Development and Social Services. The programme targets the poor and vulnerable but viable farming households and provides them with inputs (fertilizer, seed and livestock) to ensure household food security and nutrition at household and community level.

The FSP requires beneficiaries to pay back a part of their harvest in kind (10% of the produce) which promotes communities’ food security grain banks. Once collected, the district offices were empowered to sell and deposit the funds in the recovery accounts maintained in the districts. The funds were to be applied for such similar undertakings of empowering vulnerable households to enable them achieve food security which includes purchasing of hammer mills and tractors.

ii. **Budget, Funding and Expenditure**

During the period under review, the Ministry had a provision of K100,000,000 to cater for FSP activities against which amounts totalling K63,000,000 were received resulting in an underfunding of K37,000,000.

The following were observed:
• **Late Delivery of Fertiliser – Copperbelt Province**

On 3rd December 2018, the Ministry engaged Kalula Express Limited to transport fertiliser to Copperbelt, Luapula, Muchinga, Northern and North Western provinces at a total cost of K5,778,743 with a delivery period of three (3) weeks up to 24th December 2018 and the transporter was paid in full.

However, it was observed that the delivery of the fertiliser on the Copperbelt Province was delayed by over three (3) months. See table 21.1.

**Table 21.1: Late Delivery of Fertiliser**

<table>
<thead>
<tr>
<th>No.</th>
<th>District</th>
<th>No. of beneficiaries</th>
<th>No. of Bags for Compound D (50kg)</th>
<th>Date of Delivery</th>
<th>Period of Delay</th>
<th>No. of Bags for Urea (50kg)</th>
<th>Date of Delivery</th>
<th>Period of Delay</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Mufulira</td>
<td>486</td>
<td>972</td>
<td>29-12-18 02-02-19</td>
<td>5 Days 40 Days</td>
<td>972</td>
<td>01-02-19 02-02-19 24 02-19</td>
<td>39 Days 40 Days</td>
</tr>
<tr>
<td>3</td>
<td>Kitwe</td>
<td>487</td>
<td>974</td>
<td>01.11.18 17.12.19</td>
<td></td>
<td>974</td>
<td>06.12.18 29.01.19</td>
<td>36 Days</td>
</tr>
<tr>
<td>4</td>
<td>Luanshya</td>
<td>438</td>
<td>876</td>
<td>02.01.19 07.02.19</td>
<td>9 Days 45 Days</td>
<td>876</td>
<td>26.02.19 01.03.19</td>
<td>64 Days 67 Days</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>1896</strong></td>
<td><strong>3792</strong></td>
<td></td>
<td></td>
<td><strong>3792</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

• **Under Collection of Recoveries**

From the distributed inputs in twelve (12) districts, it was expected that amounts totalling K883,145 were to be realised from the sale of 10% harvest collected from beneficiary farmers. However, only amounts totalling K348,697 were realised resulting in an under recovery of K534,448 contrary to the FSP guidelines. See table 21.2.
Table 21.2: Under Collection of Recoveries

<table>
<thead>
<tr>
<th>Province</th>
<th>District</th>
<th>Expected Recovery K</th>
<th>Deposited K</th>
<th>Uncollected K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>Chisamba</td>
<td>90,675</td>
<td>-</td>
<td>90,675</td>
</tr>
<tr>
<td></td>
<td>Kabwe</td>
<td>57,000</td>
<td>9,255</td>
<td>47,745</td>
</tr>
<tr>
<td></td>
<td>Kapiri Mposhi</td>
<td>84,150</td>
<td>27,652</td>
<td>56,498</td>
</tr>
<tr>
<td></td>
<td>Itezhitezhi</td>
<td>49,500</td>
<td>25,115</td>
<td>24,385</td>
</tr>
<tr>
<td></td>
<td><strong>Sub Total</strong></td>
<td><strong>281,325</strong></td>
<td><strong>62,022</strong></td>
<td><strong>219,303</strong></td>
</tr>
<tr>
<td>Copperbelt</td>
<td>Ndola</td>
<td>116,400</td>
<td>80,000</td>
<td>36,400</td>
</tr>
<tr>
<td></td>
<td>Mufulira</td>
<td>129,360</td>
<td>91,405</td>
<td>37,955</td>
</tr>
<tr>
<td></td>
<td>Kitwe</td>
<td>94,520</td>
<td>46,200</td>
<td>48,320</td>
</tr>
<tr>
<td></td>
<td>Luanshya</td>
<td>140,160</td>
<td>52,850</td>
<td>87,310</td>
</tr>
<tr>
<td></td>
<td><strong>Sub Total</strong></td>
<td><strong>480,440</strong></td>
<td><strong>270,455</strong></td>
<td><strong>209,985</strong></td>
</tr>
<tr>
<td>Western</td>
<td>Kaoma</td>
<td>57,960</td>
<td>-</td>
<td>57,960</td>
</tr>
<tr>
<td></td>
<td>Mongu</td>
<td>-</td>
<td>16,220</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Sesheke</td>
<td>63,420</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>Sub Total</strong></td>
<td><strong>121,380</strong></td>
<td><strong>16,220</strong></td>
<td><strong>105,160</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>883,145</strong></td>
<td><strong>348,697</strong></td>
<td><strong>534,448</strong></td>
</tr>
</tbody>
</table>

- **Failure to Reimburse Borrowed Funds**

During 2019/2020 farming season, the Ministry disbursed FSP inputs to seven (7) districts for various beneficiaries without disbursing funds to facilitate the distribution of the inputs. In this regard, the District Community Offices borrowed amounts totalling K195,248 from the recovery account for distribution of the inputs. The funds in the recovery account were meant for empowering vulnerable households to enable them achieve food security which included purchasing of hammer mills and tractors.

However, as at 31st August 2020, the Ministry had not reimbursed the recovery account. See table 21.3.

Table 21.3: Unreimbursed Borrowed Funds

<table>
<thead>
<tr>
<th>No.</th>
<th>District</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sesheke</td>
<td>42,396</td>
</tr>
<tr>
<td>2</td>
<td>Kaoma</td>
<td>36,678</td>
</tr>
<tr>
<td>3</td>
<td>Itezhitezhi</td>
<td>33,025</td>
</tr>
<tr>
<td>4</td>
<td>Chisamba</td>
<td>32,474</td>
</tr>
<tr>
<td>5</td>
<td>Ndola</td>
<td>29,992</td>
</tr>
<tr>
<td>6</td>
<td>Kitwe</td>
<td>8,662</td>
</tr>
<tr>
<td>7</td>
<td>Luanshya</td>
<td>12,021</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>195,248</strong></td>
</tr>
</tbody>
</table>
c. Social Cash Transfer Scheme (SCT)

i. Background

The Government through the Ministry of Community Development and Social Services has been implementing the Social Cash Transfer Scheme (SCT) in 116 districts across the country with the objective of reducing extreme poverty and vulnerability at household level.

These households need regular and continuous social assistance to survive and invest in the education of their children. The Scheme is administered by way of bi-monthly cash payments to the eligible beneficiaries.

ii. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a provision of K699,494,400 was made to cater for the implementation of Social Cash Transfer programmes against which amounts totalling K105,779,645 were released resulting in an under funding of K593,714,755.

The Administration of the Social Cash Transfer Programme provides that 90% of the funded amount should be spent on the programme beneficiaries while 10% should be spent on the administration. In this regard, K95,201,681 (90%) was to be spent on programme beneficiaries while K10,577,964 (10%) was to be spent on administrative activities.

During the period under review, an amount of K3,939,902 was brought forward from 2018, in respect of administrative funds bringing the total available funds for administration to K14,517,866.

As at 31st December 2019, amounts totalling K90,462,009 had been spent on the programme beneficiaries resulting in under expenditure of K4,739,672 while K16,672,829 was spent on administrative activities resulting in over expenditure of K2,100,963.

The following were observed:
• **Under Disbursement of Social Cash Transfer Funds**

During the period under review, the Ministry had a total of 632,327 Social Cash Transfer beneficiaries located countrywide who should have been paid amounts totalling K542,772,052. See table 21.4.

**Table 21.4: Beneficiaries**

<table>
<thead>
<tr>
<th>No.</th>
<th>Provinces</th>
<th>No. of Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lusaka</td>
<td>31,768</td>
</tr>
<tr>
<td>2</td>
<td>Western</td>
<td>82,801</td>
</tr>
<tr>
<td>3</td>
<td>Eastern</td>
<td>88,516</td>
</tr>
<tr>
<td>4</td>
<td>Luapula</td>
<td>104,932</td>
</tr>
<tr>
<td>5</td>
<td>Southern</td>
<td>63,972</td>
</tr>
<tr>
<td>6</td>
<td>Muchinga</td>
<td>39,789</td>
</tr>
<tr>
<td>7</td>
<td>Central</td>
<td>41,846</td>
</tr>
<tr>
<td>8</td>
<td>Northern</td>
<td>68,974</td>
</tr>
<tr>
<td>9</td>
<td>Copperbelt</td>
<td>56,095</td>
</tr>
<tr>
<td>10</td>
<td>North Western</td>
<td>53,634</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td><strong>632,327</strong></td>
</tr>
</tbody>
</table>

According to the programme, the beneficiaries were entitled to social cash payments every two (2) months to assist in poverty alleviation.

However, the 632,327 programme beneficiaries were only paid amounts totalling K90,462,009 out of an expected amount of K542,772,052 representing 16.67% of entitlement.

• **Management of Payroll and Staff Related Matters – Overpayment of Salaries to Officers on Contract**

In July 2017, the Ministry engaged 253 SCT programme employees on three (3) years renewable contracts. In this regard, amounts totalling K10,841,841 were released for personal emoluments during the period under review, against a provision of K16,509,333.

It was however observed that the employees were paid salaries in amounts totalling K10,841,428 instead of K9,959,481 resulting in an over payment of K881,947 due to higher basic salaries than those in their contracts.

As at 31st August 2020, the overpayment had not been recovered.
22.1 Mandate

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

22.2 Audit Findings

An examination of accounting and other records for the financial year ended 31st December 2019 maintained at the Ministry Headquarters, Provincial Health Offices (PHOs) and selected District Health Offices (DHOs), Hospitals and Nursing Schools revealed the following:

a. Budget, Funding and Expenditure

In the Estimate of Revenue and Expenditure for the financial year ended 31st December 2019, a provision of K7,874,189,078 was made to cater for operations of the Ministry against which amounts totalling K4,725,770,037 were released resulting in underfunding of K3,148,419,041.

As at 31st December 2019, amounts totalling K4,662,109,334 had been spent.

In addition, user fees in amounts totalling K79,621,974 were collected by twelve (12) Schools of Nursing and six (6) Hospitals.

b. Accounting Irregularities

i. Uncollected Revenue

During the period under review, five (5) Schools of Nursing were to collect fees such as tuition and boarding in amounts totalling K23,013,505. However, fees in amounts totalling K19,757,642 had been collected leaving a balance of K3,255,863 as at 31st August 2020. See table 22.1.
Table 22.1: Uncollected Revenue

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Institution</th>
<th>Fees to be Collected K</th>
<th>Actual Fees Collected K</th>
<th>Uncollected Fees K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North Western</td>
<td>Solwezi School of Nursing</td>
<td>8,101,380</td>
<td>6,163,226</td>
<td>(1,938,154)</td>
</tr>
<tr>
<td>2</td>
<td>Muchinga</td>
<td>Chilonga School of Nursing</td>
<td>2,583,621</td>
<td>2,316,202</td>
<td>(267,419)</td>
</tr>
<tr>
<td>3</td>
<td>Central</td>
<td>Kabwe School of Nursing</td>
<td>1,089,695</td>
<td>880,364</td>
<td>(209,331)</td>
</tr>
<tr>
<td>4</td>
<td>Copperbelt</td>
<td>Ndola School of Nursing and Midwifery</td>
<td>10,001,304</td>
<td>9,522,666</td>
<td>(478,638)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ndola Community Health Assistant training School</td>
<td>1,237,505</td>
<td>875,184</td>
<td>(362,321)</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>23,013,505</td>
<td>19,757,642</td>
<td>(3,255,863)</td>
</tr>
</tbody>
</table>

In addition, two (2) hospitals had not collected medical fees in amounts totalling K7,430,944 in respect of clients on medical schemes as at 31st August 2020. See table 22.2.

Table 22.2: Uncollected Medical Fees

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Institution</th>
<th>Uncollected Medical Fees K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Central</td>
<td>Kabwe Women and Newborn Children's Hospital</td>
<td>1,013,614</td>
</tr>
<tr>
<td>2</td>
<td>Copperbelt</td>
<td>Ndola Teaching Hospital</td>
<td>6,417,330</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>7,430,944</td>
</tr>
</tbody>
</table>

ii. Failure to Maintain General Revenue Cashbook – Kapiri Mposhi District Urban Clinic

Financial Regulation No. 128 (1) states that, “Collectors of revenue shall keep a General Revenue Cash Book (Accounts Form 47B) which shall be written up daily”.

Contrary to the regulation, Kapiri Mposhi District Urban Clinic did not maintain General Revenue Cash Book. Consequently, the completeness of revenue collected in amounts totalling K54,900 could not be validated.

iii. Illegible Details on Duplicate Receipts – Kapiri Mposhi District Urban Clinic

Financial Regulation No. 113 (2) states that, “Counterfoils or copies of receipt forms shall contain exactly the same details as those appearing on the original receipt form”.
Contrary to the regulation, twenty-six (26) duplicate receipts were illegible, as a result, the revenue collected could not be ascertained.

iv. Unaccounted for Funds – Kapiri Mposhi District Urban Clinic

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

Contrary to the regulation, medical fees in amounts totalling K54,900 were collected during the period under review, out of which K34,785 were banked leaving a balance of K20,115 unaccounted for in that the money was not reflected on the bank statement and no cash was found on hand. As at 31st August 2020, the funds had not been accounted for.

v. Failure to Sign Contracts for Communication Towers – Ndola Teaching Hospital

During the period under review, Airtel Zambia, and Vodafone Zambia erected communication towers within the hospital premises. In this regard, rentals in amounts totalling K16,200 were received by the Hospital from Airtel Zambia whilst no amount had been received from Vodafone.

However, Airtel Zambia and Vodafone did not sign contracts with the Ministry of Health. As a result, it was not possible to ascertain the validity of the rental amounts payable by the companies.

c. Management of Payroll and Staff Related Matters

i. Failure to Remove Deceased Officers from Payroll

Public Service Management Division Circular No. B1 of 2019 requires that deceased employees who are not eligible for post humus retirement be deleted from the payroll with effect from the date of their demise.

Contrary to the circular, six (6) officers from four (4) stations who were separated from the service through death during the period under review had not been removed from the payroll at the time of the audit and had been paid salaries and allowances in amounts totalling K160,381. See table 22.3.
Table 22.3: Deceased Officers on the Payroll

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>No. of Officers</th>
<th>Salaries and Allowances Paid K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Solwezi DHO</td>
<td>1</td>
<td>4,149</td>
</tr>
<tr>
<td>2</td>
<td>Kabompo DHO</td>
<td>1</td>
<td>7,285</td>
</tr>
<tr>
<td>3</td>
<td>Zambezi DHO</td>
<td>2</td>
<td>9,062</td>
</tr>
<tr>
<td>4</td>
<td>Lusaka DHO</td>
<td>2</td>
<td>139,885</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>6</td>
<td>160,381</td>
</tr>
</tbody>
</table>

ii. Irregular Payment of Salaries to an Absentee Officer – Senanga General Hospital

Sections (a) and (b) of Part 60 of Chapter 4 of the Terms and conditions of Service for the Public Service requires that an officer who is absent from duty without leave for a continuous period of ten (10) or more working days be liable for dismissal and should not be paid a salary for the period they were absent from duty.

Contrary to the Terms and Conditions of Service, a Senior Resident Medical Officer at Senanga General Hospital who was absent from duty from 2014 had not been separated from the Service and was irregularly paid salaries in amounts totalling K1,981,551. As at 31st August 2020, the funds had not been recovered.

iii. Irregular Payment of Salaries to Officers that Resigned from the Civil Service

Cabinet Office Circular No. B1 of 2019 (3) (d) stipulates that employees who are separated from employment by way of resignation, dismissal or discharge should be terminated from the payroll with effect from the date of resignation, dismissal or discharge.

However, eight (8) officers who resigned from the Public Service were not removed from the payroll with effect from the date of resignation and were consequently paid salaries totalling K751,781. As at 31st August 2020, the salaries had not been recovered.
Further, an officer whose contract was terminated on 21st October 2019, had not been removed from the payroll as at 31st December 2019. In this regard, the officer was irregularly paid salaries totalling K25,389.

d. Procurement of Goods and Services

i. Irregular Use of Imprest to Procure Goods and Services

Financial Regulation No. 86 (c), defines accountable imprest as imprest which is issued to facilitate purchase of goods and services whose value cannot be ascertained at the time.

Contrary to the regulation, two (2) institutions issued accountable imprest in amounts totalling K39,899 to seven (7) officers to procure goods and services whose values could be ascertained. See table 22.4.

Table 22.4: Accountable Imprest Issued

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>No. of Officers</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chilanga DHO</td>
<td>5</td>
<td>8,949</td>
</tr>
<tr>
<td>2</td>
<td>Matero 1st Level</td>
<td>2</td>
<td>30,950</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>7</td>
<td>39,899</td>
</tr>
</tbody>
</table>

ii. Workshops Held without Authority

Cabinet Office Circular Minute dated 24th November 2016 requires that authority be obtained from the Secretary to the Cabinet for government departments to use private facilities where conference facilities are unavailable or insufficient in terms of capacity.

Contrary to the circular, amounts totalling K369,380 were spent on conference facilities without authority from the Secretary to the Cabinet. See table 22.5 below.
### Table 22.5: Payments for Workshops Held

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Institution</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Luapula</td>
<td>Mansa General Hospital</td>
<td>150,762</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nchelenge DHO</td>
<td>35,910</td>
</tr>
<tr>
<td>2</td>
<td>Central</td>
<td>Kapiri Mposhi Hospital</td>
<td>24,750</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kabwe Women and Newborn Children’s Hospital</td>
<td>69,286</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Provincial Health Office</td>
<td>17,875</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kabwe School of Nursing</td>
<td>59,777</td>
</tr>
<tr>
<td>3</td>
<td>Western</td>
<td>Provincial Health Office</td>
<td>11,020</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>369,380</strong></td>
</tr>
</tbody>
</table>

iii. **Tender for Supply of 50,000 Health Centre Kits – MOH/SP/032/19**

On 26th July 2019, the Director, Clinical Care and Diagnostics Services sought authority from the Permanent Secretary-Administration to urgently procure 50,000 Health Centre Kits.

According to the bidding document, the tender was split into five (5) lots to ensure that the Ministry would not be reliant on a single supplier for the delivery of the Health Centre Kits. See table 22.6.

### Table 22.6: Lots for Health Care Kits

<table>
<thead>
<tr>
<th>Lot No.</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>15,000</td>
</tr>
<tr>
<td>2</td>
<td>15,000</td>
</tr>
<tr>
<td>3</td>
<td>7,500</td>
</tr>
<tr>
<td>4</td>
<td>7,500</td>
</tr>
<tr>
<td>5</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50,000</strong></td>
</tr>
</tbody>
</table>

In November and December 2019, the Ministry engaged three (3) suppliers to supply and deliver 50,000 health centre kits at total contract sum of US$35,651,700. See table 22.7.
Table 22.7: Engaged Suppliers

<table>
<thead>
<tr>
<th>No</th>
<th>Date</th>
<th>Supplier</th>
<th>Quantity</th>
<th>Contract Sum US$</th>
<th>Delivery Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>11/25/2019</td>
<td>Artemis Pharmaceutical Zambia Limited</td>
<td>22,500</td>
<td>14,139,450</td>
<td>6 -10 weeks</td>
</tr>
<tr>
<td>2</td>
<td>11/22/2019</td>
<td>Honeybee Pharmacy</td>
<td>22,500</td>
<td>17,958,150</td>
<td>8 -12 weeks</td>
</tr>
<tr>
<td>3</td>
<td>12/6/2019</td>
<td>Pharmanova Zambia Limited</td>
<td>5,000</td>
<td>3,554,100</td>
<td>14 -16 weeks</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>50,000</strong></td>
<td><strong>35,651,700</strong></td>
<td></td>
</tr>
</tbody>
</table>

As at 24th September 2020, only Honeybee Pharmacy had supplied 4,752 health centre kits worth US$3,792,761.28 which was invoiced to the Ministry and had not been settled while the contracts for Pharmanova Zambia Limited and Artemis Pharmaceutical Zambia Limited were in the process of being terminated by the Ministry due to failure to provide performance bonds.

The following were observed:

- **Questionable Referral Letters – Preliminary Evaluation**

  Public Procurement Regulation No. 69 requires that an evaluation committee should conduct a preliminary examination to determine whether bids are complete and responsive to the basic instructions and requirements of the solicitation document.

  A review of Phase 2 of the Preliminary Evaluation of bidders to consider in part whether the bidder had over two (2) years’ experience in dealing with pharmaceuticals revealed that Honeybee Pharmacy had passed the evaluation based on referral letters of having supplied similar products to two (2) of its customers.

  However, Honeybee Pharmacy’s responsiveness was questionable in that

  - The evidence provided by Honeybee Pharmacy comprised of referral letters from two (2) customers from Malawi and South Africa who had been supplied 16,000 units of health centre kits and 20,000 units of male condom kits respectively.

  - The referral letters lacked details such as contact details of the referees (including the names of the directors who signed the letters, the
physical and postal addresses, phone numbers, and email addresses) and the letters had no dates. The referral letters did not therefore allow for follow up to verify the legitimacy of the references.

- Further, the pharmaceutical license which allows trade in wholesale was only issued on 28th August 2019 which was less than four (4) months at the time of signing the contract and therefore Honeybee could not have been supplying for more than two years.

- **Questionable Capacity to Perform the Contract – Post Qualification Evaluation**

The Evaluation committee in carrying out its Post Qualification Evaluation considered the ability of the successful bidders to perform the contract using three (3) criteria as indicated below;

1. Audited Financial Statements for the past three (3) years must be included in the bid unless the bidder was a new entity in which case statements for the period in business (Financial Capability),

2. Average turnover for the last three (3) years should be equivalent to at least three (3) times the total value of the bid under consideration (Financial Capability), and

3. Bidders must furnish evidence of having previously (in the last three years) supplied not less than the equivalent of the same quantity of similar goods to demonstrate that it meets the experience requirements for the procurement.

According to the results of the Post Qualification Evaluation, the three (3) bidders were responsive.

However, an analysis of the financial statements submitted by the three (3) bidders revealed that the average turnover from 2016 to 2018 did not meet the criteria as they fell below the value of the bid. See table 22.8.
Table 22.8: Revenue Analysis of Companies

<table>
<thead>
<tr>
<th>Year</th>
<th>Vishwamitra DMCC (Artemis Parent Company)</th>
<th>Artemis Pharmaceuticals (Z) Limited</th>
<th>Honeybee Pharmacy</th>
<th>Pharmanova (Z) Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>414,417,658</td>
<td>5,200,505.00</td>
<td>N/a</td>
<td>43,890,207.00</td>
</tr>
<tr>
<td>2017</td>
<td>384,731,927</td>
<td>10,783,806.00</td>
<td>-</td>
<td>40,917,063.00</td>
</tr>
<tr>
<td>2018</td>
<td>452,232,053</td>
<td>11,470,111.00</td>
<td>39,419,610.00</td>
<td>46,762,419.00</td>
</tr>
<tr>
<td>Total</td>
<td>1,251,381,638</td>
<td>27,454,422.00</td>
<td>39,419,610.00</td>
<td>131,569,689.00</td>
</tr>
<tr>
<td>Average Annual Revenue (ZMW)</td>
<td>417,127,212.58</td>
<td>9,151,474.00</td>
<td>19,709,805.00</td>
<td>43,856,563.00</td>
</tr>
<tr>
<td>Value of Bid (US$)</td>
<td>14,139,450.00</td>
<td>14,139,450.00</td>
<td>17,958,150.00</td>
<td>3,554,100.00</td>
</tr>
<tr>
<td>Value of Bid (ZMW)</td>
<td>186,553,075.41</td>
<td>186,553,075.41</td>
<td>236,936,239.47</td>
<td>46,892,084.58</td>
</tr>
</tbody>
</table>

- Other Findings – Honeybee Pharmacy
  - Failure to Provide Power of Attorney Written by Lawyer
    ITB 14.1 required the bidder to include in its bid a written power of Attorney from a Lawyer authorising the signatory of the bid to commit the bidder and that bids not including the power of attorney would be considered non-responsive.
    Contrary to the Instruction to Bidders, the power of attorney attached was signed by an employee of the company who nominated himself and not by a lawyer as required.
  - Questionable Responsiveness on ZAMRA Registration
    ITB 14 1 (h) required that the bidder should furnish a certificate from the competent appropriate drug Regulatory Authority (RA) and that bidders should submit a Manufacturer Authorisation.
    However, a review of the evaluation report at the technical stage revealed that out of the sixty (60) items bid, Honeybee Pharmacy did not have manufacturers’ authorisation but were found to be responsive.
  - Sourcing of Medicines and Medical Supplies from Unapproved Manufacturers
    The schedule of requirements contained in the contract had listed the manufacturers of the medicines and medical supplies.
It was observed that the supplier sourced various medicines and medical supplies from unapproved manufacturers. In this regard, fifty-eight (58) out of the sixty (60) items with an invoice value of US$3,400,151.04 that constituted the health centre kits supplied were sourced from non-contract stated manufacturers.

- **Questionable Supply of Unregistered Goods**
  
  The contract required that the goods supplied under the contract shall be registered for use in the procuring entity’s country.

  It was observed that the medicines and allied substances contained in the 4,752 health centre kits with an invoice value of US$3,792,761.28 delivered in August and September 2020 were not registered with the Zambia Medicines Regulatory Authority.

- **Failure to Avail Quality Control Test Certificates**
  
  The Special Conditions of the Contract Clause (Delivery and Documents) requires among others that the original certificate of quality control test results in conformity with the World Health Organisation “Certification Scheme on the Quality of Pharmaceutical Products Moving in International Trade” be availed to the procuring entity.

  A review of the letter of Goods Acceptance Certificate by Medical Stores Limited revealed that the Health Centre Kits were not accompanied by the Certificate of Analysis from the Manufacturer / Supplier.

  In this regard, tests were carried out by ZAMRA and Zambia Bureau of Standards to assess the quality of the medicines and medical supplies and the results were as follows:

  - **Tests on Paracetamol Tablets**

    ZAMRA undertook tests on the paracetamol tablets (BP100mg and BP500mg) contained in the health centre kits that had been supplied and had an invoice value of US$179,074.37.
A review of the Certificate of Analysis dated 10th September 2020 on paracetamol tablets BP500mg revealed that the tablets had mould like growth on the surfaces and that the sample did not meet acceptance criteria for appearance test. See pictures below.

Sample of discoloured BP500mg paracetamol tablets

In addition, a review of Certificate of Analysis dated 16th September 2020 on paracetamol BP100mg revealed that the sample did not meet the acceptable criteria for Assay and Friability Tests.

cción

Lubricated Latex Condoms

A laboratory test report dated 22nd September 2020 from Zambia Bureau of Standards revealed that the condoms supplied with an invoice value of US$114,428.16 had failed on the following parameters:

- bursting volume,
- hang and roll (water tightness),
- length, and
- package integrity.

Latex Examination Gloves

A laboratory test report dated 22nd September 2020 from Zambia Bureau of Standards revealed that the latex examination gloves supplied with an invoice value of US$109,961.28 had failed the water tightness test.
Other Observations

- The soap bar supplied in the kits with an invoice value of US$13,068 did not have a trade and manufacturer’s name.

![Soap bar supplied without manufacturers name](image)

- Diazepam injection with an invoice value of US$4,656.96 was missing from the health centre kits supplied.

- 4g of Tetracycline HCL 1% eye ointment tube was supplied instead of 5g which had an invoice value of US$22,952.16.

e. Infrastructure Development – Contract with Megha Engineering and Infrastructure Ltd – MOH/W/02/-13

Megha Engineering and Infrastructure Ltd was engaged to construct 195 prefabricated structures, supply and install essential equipment and associated external works at a contract sum of US$18,387,160 as part of the 650 health posts.

The financing arrangements were that US$16,429,977.98 was to be financed through the Line of Credit extended by the Government of India/EXIM Bank of India to the Government of Zambia while the balance of US$1,957,182.02 was to be financed by the Government of Zambia.

The Health Posts were to be constructed in three (3) provinces. See table 22.9.
Table 22.9: Location of Health Posts

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>No. of Districts</th>
<th>No. of Health posts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Western</td>
<td>13</td>
<td>64</td>
</tr>
<tr>
<td>2</td>
<td>Southern</td>
<td>6</td>
<td>99</td>
</tr>
<tr>
<td>3</td>
<td>Lusaka</td>
<td>6</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
<td><strong>195</strong></td>
</tr>
</tbody>
</table>

The following were observed:

- In May 2017, Megha Engineering and Infrastructure Ltd demobilized from site due to failure by the Government to pay the contractor amounts totalling US$1,957,182.02 which had been outstanding for a period of up to sixteen (16) months.

- At the time of demobilisation, 123 out of 195 health posts had been completed and handed over to the Ministry leaving a balance of 72 health posts.

- On 11th October 2018, the Ministry and Megha Engineering and Infrastructure Ltd signed an Addendum to amend the contract sum from US$18,387,160 to US$19,087,160. The additional amount of US$700,000 was to cover the cost of remobilisation and setting up of site (US$300,000) and payment of idle charges during the period from August 2016 to May 2017 (US$400,000). Consequently, the completion date was revised to 31st July 2020.

- A review of progress reports availed by Southern, Western and Lusaka Provincial Health Offices revealed that there were delays in the completion of the Health Posts in that as at 30th April 2020, only thirty seven (37) had been completed out of the seventy two (72) leaving a balance of thirty five (35) health posts that were still under construction.

f. Management of Assets

i. Failure to Secure Title Deeds

Section 41 (4) of the Public Finance Management Act No. 1 of 2018 requires that controlling officers shall ensure that all public properties under their charge are secured with title deeds.
Contrary to the Act, title deeds for parcels of land on which 246 properties were located were not secured as at 31\textsuperscript{st} August 2020. See table 22.10.

Table 22.10: Assets without Title Deeds

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Institution</th>
<th>No. of Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lusaka</td>
<td>Provincial Health Office</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kalumbila DHO</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Provincial Health Office</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>North Western</td>
<td>Solwezi DHO</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Solwezi General Hospital</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Solwezi Urban Clinic</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lumwana District Hospital</td>
<td>15</td>
</tr>
<tr>
<td>2</td>
<td>Copperbelt</td>
<td>Provincial Health Office</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ndola Teaching Hospital</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ndola School of Nursing and Midwifery</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ndola Community Assistant Training School</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ndola DHO</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kitwe DHO</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kalulushi DHO</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chingola DHO</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chililabombwe DHO</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>Luapula</td>
<td>Provincial Health Office</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mansa General Hospital</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mansa DHO</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kawambwa DHO</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nchelenge DHO</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>246</strong></td>
</tr>
</tbody>
</table>

ii. Failure to Insure Motor Vehicles

The Road Traffic Act No. 11 of 2002 requires all users of motor vehicles or trailers to have at least third-party insurance.

Contrary to the Act, sixteen (16) motor vehicles whose values could not be ascertained at five (5) stations were not insured as at 31\textsuperscript{st} December 2019. See table 22.11.
Table 22.11: Uninsured Motor Vehicles

<table>
<thead>
<tr>
<th>No.</th>
<th>Institution</th>
<th>No. Of Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Solwezi DHO</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Kalumbila DHO</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>Lusaka DHO</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Kabwe Women and Newborn Children's Hospital</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Mongu PHO</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>16</strong></td>
</tr>
</tbody>
</table>

Consequently, two (2) motor vehicles belonging to Lusaka DHO and Kabwe Women and Newborn Children’s Hospital that were involved in road traffic accidents, were repaired at a total cost of K65,529 during the period under review.

iii. **Failure to Inscribe Government Assets - Solwezi College of Nursing and Midwifery**

Public Stores Regulation No. 154, stipulates that all furniture and equipment belonging to the Government should be clearly marked with distinguishing letters of GRZ in an inconspicuous part of the asset to identify it as a Government property.

Contrary to the regulation, assets such as water dispensers, office chairs, a table, a laptop and a printer all costing K53,400 procured by the College had no identification marks as at 31st August 2020.

iv. **Failure to Report Road Traffic Accident to Standing Accidents Board**

Public Stores Regulation No. 122 D (3) requires the driver or the officer who had charge of the vehicle when it was involved in an accident to make a preliminary report within forty eight (48) hours of the accident and submit traffic accident form to the board or committee concerned within seven (7) days of the submission of the preliminary accident report form.

Contrary to the regulation, a motor vehicle registration No. ABR 1470 belonging to Levy Mwanawasa Teaching Hospital in Lusaka which was involved in road traffic accidents in 2019 had not been reported to the Standing Accidents Committee as at 31st August 2020.
v. Wasteful Expenditure – Lundazi DHO

On 1\textsuperscript{st} October 2018, a Toyota Land Cruiser, registration No. GRZ 816 CN, was involved in a road traffic accident a day after expiry of insurance policy cover on 30\textsuperscript{th} September 2018 and was extensively damaged. See pictures below.

![Damaged Toyota Land Cruiser GRZ 816 CN](image1)

On 9\textsuperscript{th} October 2018, the District Office signed a credit agreement with the insurer to renew the policy in respect of the same vehicle whose premium amounted to K46,855. The payment was scheduled to be made in two (2) instalments within sixty (60) days.

In this regard, a first instalment of K23,807 was made on 9\textsuperscript{th} October 2018 and the second instalment of K22,999 was paid on 7\textsuperscript{th} March 2019 which was 121 days after the due date of 30\textsuperscript{th} November 2018.

Although the total premium had been paid, the insurer ZSIC General Insurance refused to compensate the District Health Office resulting in wasteful expenditure of K46,806.

The rationale of renewing an insurance policy for a wreckage of a motor vehicle is questionable.

g. Management of Liabilities

i. Failure to Withhold Value Added Tax (VAT)

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

Contrary to the Act and Circular, the Ministry paid amounts totalling K4,930,405 to various suppliers without withholding VAT of K680,056 during the period under review.

ii. **Failure to Withhold Tax on Rental Payments – Senanga School of Nursing**

Section 82a (1c) of the Income Tax Act No. 3 of 1997 requires that every person or partnership making a payment of rent from a source within a Republic should before making any other deduction deduct tax from the payment.

In this regard, during the period under review the withholding tax on rental income was at ten percent (10%).

Contrary to the Act, amounts totalling K164,500 were paid as rent by Senanga School of Nursing without withholding tax at 10% amounting to K16,450 as at 31st August 2020.

h. **Management of Stores – Unaccounted for Stores**

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

Contrary to the regulation, stores items costing K108,907 procured at five (5) stations had no receipt and disposal details. See table 22.12.

### Table 22.12: Unaccounted for Stores

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Station</th>
<th>No. of Transactions</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North Western</td>
<td>Kalumbila DHO</td>
<td>2</td>
<td>8,675</td>
</tr>
<tr>
<td>2</td>
<td>Southern</td>
<td>Kaputa DHO</td>
<td>2</td>
<td>3,645</td>
</tr>
<tr>
<td>3</td>
<td>Lusaka</td>
<td>Lusaka DHO</td>
<td>3</td>
<td>31,670</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chilanga DHO</td>
<td>2</td>
<td>5,284</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Matero 1st Level Hospital</td>
<td>24</td>
<td>59,633</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>33</strong></td>
<td><strong>108,907</strong></td>
</tr>
</tbody>
</table>

As a result, it was not possible to establish whether the goods procured were used for the intended purpose.
23.1 Mandate

The Ministry of Works and Supply (MWS) is mandated to oversee the preventive maintenance of government housing policies, control of government transport, evaluation of government property, government printing and gazetting, insurance of government property, office accommodation and maintenance services, state functions and government fleet management.

23.2 Audit Findings

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

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31\textsuperscript{st} December 2019, a provision of K88,489,789 was made to cater for operations of the Ministry against which amounts totalling K68,627,965 were released resulting in an under funding of K19,861,824.

As at 31\textsuperscript{st} December 2019, amounts totalling K68,499,221 had been spent.

b. Operational Matters – Failure to Maintain an Inventory for Government Infrastructure

The Ministry’s mandate includes the general management of Government properties and conducting inventory and conditional surveys of buildings.

However, the Ministry did not maintain an inventory of Government properties such as buildings, aerodromes, and land contrary to the mandate of the Ministry.

Further, the Ministry did not have a maintenance policy.
c. **Procurement of Goods and Services**

i. **Irregular Use of Accountable Imprest to Procure Goods and Services**

Financial Regulation No. 86 (c), states that “Accountable imprest is imprest that is issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time”.

Contrary the regulation, accountable imprest in amounts totalling K1,534,457 (K28,600 - Ministry operations and K1,505,857 – State functions) issued to several officers was used to procure materials for painting, cleaning, sanitation and printing among others, whose values could be ascertained.

ii. **Failure to Withhold VAT from Payments to Suppliers**

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

Contrary to the Act and circular, the Ministry procured various goods and services in amounts totalling K1,934,722 without withholding VAT in amounts totalling K266,857. See table 23.1.

**Table 23.1: VAT not Withheld**

<table>
<thead>
<tr>
<th>No.</th>
<th>Details</th>
<th>No. of Transactions</th>
<th>Amount Paid K</th>
<th>VAT Component K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Treasury Single Account</td>
<td>14</td>
<td>203,522</td>
<td>28,072</td>
</tr>
<tr>
<td>2</td>
<td>Third Part Account</td>
<td>9</td>
<td>1,731,200</td>
<td>238,785</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>23</strong></td>
<td><strong>1,934,722</strong></td>
<td><strong>266,857</strong></td>
</tr>
</tbody>
</table>

iii. **Failure to Obtain Authority for Conference Services**

Cabinet Office Circular Minute dated 24th November 2016 requires that authority be obtained from the Secretary to the Cabinet for government departments to use private facilities where conference facilities are unavailable or insufficient in terms of capacity.
Contrary to the circular, on 24th May 2019, the Ministry paid a local hotel an amount of K30,575 for conference facilities without obtaining authority from the Secretary to the Cabinet.

iv. Management of Contracts

Clause 18(3) of the Public Procurement Regulations of 2011 provides that all contract management records maintained should contain documents such as signed contract documents, amendments and any variations, minutes and progress reports, completion certificates and cumulative payment worksheets.

The following were observed:

- **Failure to Provide Documentation/Information for Contracts**

  During the period from 2013 to 2019, the Ministry engaged ten (10) contractors and two (2) suppliers for total contract sums of K24,865,908 to undertake rehabilitation works at selected residences and Government departments, and to supply equipment for Government Printers.

  However, documentation such as contracts, variation orders, interim certificates, progress reports and completion certificates for three (3) contracts with total sums of K10,364,192 were not availed for audit as at 31st August 2020.

  In addition, the Ministry engaged three (3) other contractors for construction and renovation of various infrastructure. However, the contract amounts and documentation such as contracts, variation orders, interim certificates, progress reports and completion certificates were not availed for audit.

- **Failure to Maintain Vendors’ Cumulative Payment Worksheets**

  Payments in amounts totalling K10,747,359 were made to twenty (20) vendors for various projects and supply of goods and services.

  However, cumulative payment worksheets for all payments made to each vendor were not maintained by the Ministry.
d. Accounting Irregularities

i. Unsupported Payments

Financial Regulation Nos. 45 (2) and 52 (1) require that all payments by cheque or cash for goods, services and works should be supported by cash sale receipts, official orders and suppliers’ invoices.

Contrary to the regulations, payments in amounts totalling K920,808 processed by the Ministry were not supported with documentation such as acquittal sheets, receipts and purchase orders.

ii. Unretired Accountable Imprest

Financial Regulation No. 96 (1) requires that accountable imprest should be retired immediately the purpose for which it was issued had been fulfilled.

Contrary to the regulation, accountable imprest in amounts totalling K16,086 issued to several officers had not been retired as at 31st August 2020.

iii. Unaccounted for Stores

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

Contrary to the regulation, stores items costing K976,626 (general stores – K585,952 and fuel – K390,674) procured by the Ministry was not accounted for in that there were no receipt and disposal details. See table 23.2.

<table>
<thead>
<tr>
<th>No.</th>
<th>Details</th>
<th>General Stores K</th>
<th>Fuel K</th>
<th>Total K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ministry - Operations</td>
<td>367,328</td>
<td>25,302</td>
<td>392,630</td>
</tr>
<tr>
<td>2</td>
<td>State Functions</td>
<td>218,624</td>
<td>365,372</td>
<td>583,996</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>585,952</td>
<td>390,674</td>
<td>976,626</td>
</tr>
</tbody>
</table>

Table 23.2: Unaccounted for Stores

As at 31st August 2020, the procured stores remained unaccounted for. Further, there were no monthly reconciliations performed for the fuel account.
e. **Management of Assets**

i. **Failure to Insure Assets**

During the period under review, the Ministry had assets comprising office buildings, furniture, fixtures, and equipment. However, as at 31st August 2020, the assets had not been insured.

ii. **Failure to Insure Motor Vehicles**

The Road Traffic Act No. 11 of 2002 requires all users of motor vehicles or trailers to have at least third-party insurance.

Contrary to the Act, ten (10) motor vehicles were not insured as at 31st August 2020.

iii. **Failure to Secure Title Deeds**

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

Contrary to the Act, as at 31st August 2020, the Ministry had not secured a title deed for the parcel of land on which its Headquarters building is located.

f. **Infrastructure Development - Failure to Commission a Commercial Web Offset Printing Press**

In an effort to improve the operations of the Government Printing Department, the Government embarked on an exercise to modernize the operations of the Department in 2011, by procuring new printing equipment and improving the security system.

To achieve this, a company was engaged to supply a web printing press while another was engaged to install a closed-circuit television (CCTV), access control and fire detection system.

In paragraph (40) of the Report of the Auditor General on Accounts of the Republic for the financial year ended 31st December 2015, mention was made of the failure to commission a commercial web offset printing press for Government Printing Department.
In their Report for the Fifth Session of the Eleventh National Assembly, the Public Accounts Committee urged the Controlling Officer to ensure that the web printing press was commissioned.

A review of the situation in August 2020 revealed that the printing press had not been commissioned and the following were further observed:

- The contractor had been paid amounts totalling US$8,668,570.63, representing 97.6% of the contract sum, leaving a balance US$211,429.37.

- The equipment was not fully installed in that some components such as the log stacker (bar code), stitcher with four (4) stations, three (3) knife trimmer and a 750 KVA standby generator set were not installed.

- A physical inspection of the installed components of the web press revealed that the combination folder had developed rust. See pictures.

![Rusty Components of the Web Printing Press](image-url)
24.1 Mandate

The Ministry of Defence is mandated to preserve, protect and defend the sovereignty and territorial integrity of Zambia for the sole purpose of ensuring that the country, its citizens and residents are safeguarded from both internal and external aggression.

24.2 Audit Findings

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

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31\textsuperscript{st} December 2019, a provision of K290,026,833 was made to cater for operations of the Ministry Headquarters against which amounts totalling K143,442,337 were released.

As at 31\textsuperscript{st} December 2019, amounts totalling K141,458,943 had been spent.

b. Failure to Produce Activity Reports

Imprest in amounts totalling K126,366 was issued to several officers to carry out activities such as monitoring, inspection of projects and assessments. However, no activity reports were availed for audit.

c. Procurement of Goods and Services – Supply, Delivery, Installation and Commissioning of Oxygen Plant – Maina Soko Hospital

In Paragraph 34 of the Report of the Auditor General for the financial year ended 31\textsuperscript{st} December 2018, mention was made of the failure to supply, deliver, install and commission an Oxygen Plant at Maina Soko Military Hospital at a contract sum of K1,450,400 (US$148,000), by On Site Gas Systems International (PTY) Limited of the Republic of South Africa.
As at 31st March 2016, a total amount of K501,892 (US$56,480.20) had been paid to the supplier representing 38% of the contract sum leaving a balance of K813,265 (US$91,250).

A review of the situation conducted in February 2020 revealed that the Oxygen Plant had still not been delivered and the Ministry had not claimed a refund while the slab where the plant was to be installed had been demolished.

d. **Contract for Restoration and Upgrading of the Production Line – Mupepetwe Engineering and Constructing Company**

On 23rd September 2013, the Ministry engaged China North Industries Corporation (NORINCO) to supply equipment for restoration and upgrading of the MECCO production line at a contract sum of US$19,524,912.60. According to the agreement, the equipment was to be delivered within a period of two (2) months while the restoration and upgrading works were expected to be completed within two (2) years.

In December 2013, the supplier was paid a sum of US$4,881,228.15 representing 25% of the contract sum leaving a balance of US$14,643,684.45. In this regard, in December 2016, the supplier delivered the first batch of equipment equivalent to the amount paid.

As at 31st August 2020, the upgrading and restoration of the company production line had stalled due to non-payment of the outstanding balance.

e. **Failure to Secure Title Deeds**

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

Contrary to the Act, the Ministry had not secured title deeds for parcels of land on which the Northern Command Military Hospital and Mupepetwe Engineering and Constructing Company are located.
f. **Infrastructure Development**

i. **Rehabilitation and Upgrading of Maina Soko Medical Centre**

On 10\(^{th}\) May 2017, the Ministry engaged Ashtrom B.V of the Netherlands to finance, design, upgrade and rehabilitate Maina Soko Medical Centre in Lusaka at a contract price of US$140,000,000 exclusive of VAT. The contract period was for 782 days with an expected completion date of 27\(^{th}\) February 2021.

The contractor took possession of the site on 5\(^{th}\) February 2018. A review of the minutes of the 24\(^{th}\) site meeting held on 7\(^{th}\) January 2020 revealed that the project was 74.2\% complete.

The following were observed:

- **Failure to Provide Information for Audit**

  Section 73 (1) of the Public Finance Management Act requires that the Auditor General and an office holder, agent or specialist consultant authorised by the Auditor-General, shall in the performance of duties under the Constitution, or any other law; have access to all the books, records, returns, reports, other documents and financial management systems, in electronic or any other form, relating to the accounts of public bodies as the Auditor-General considers necessary.

  Contrary to the Act, the under listed information that was required for the purpose of the audit was not availed as at 31\(^{st}\) August 2020;

  - The expenditure records and interim payment certificates
  - Documentation of the selection process of Investec Bank Plc. and repayment details
  - The procurement plan and
  - Bank guarantee against the advance payment
ii. **Construction of the 6th Construction Engineer Regiment**

On 30th December 2016, the Ministry engaged Zhongmei Engineering Group Ltd to finance, design and build the 6th Construction Engineer Regiment (also referred to as Buffalo Development Project – Chalala) at a contract sum of US$201,391,650.69 exclusive of VAT.

The scope of works included designing and building of fully functional 6th Construction Engineering Regiment for the Zambia Army composed of:

- Housing Units,
- Regimental HQ,
- Office Block (01 No),
- Squadron HQ Offices (05 No),
- Officers Mess (01 No.),
- Warrant Officers and Sergeants Mess (01 No),
- Corporals Club (01 No.),
- Mechanical Transport Yard (01 No.),
- Mechanical Transport Yard (01 No.),
- Construction of Equipment Yard, and
- Camp Facilities and Services.

The contractor took possession of the site on 1st August 2019. The contract duration was three (3) years with a completion date of September 2022. The physical progress towards completion was at 35% as of May 2020.

A scrutiny of documentation revealed the following:

- **Failure to Issue Performance Security**

  Section 127 (1) of the Public Procurement Regulations states that “A procuring entity shall request a performance security for all contracts for goods, works
and non-consulting services with a value greater than K500,000, to secure the supplier’s obligation to fulfil the contract.”

Contrary to the regulation, the contract did not provide for the performance security.

- **Questionable Waiver of Advance Payment Guarantee**

  On 3rd July 2019, the contractor applied for a waiver of the advance payment guarantee that was required as per Clause 41.2.1 of the General Condition and the special conditions of the contract. This was granted by the Permanent Secretary Defence on 5th July 2020. However, it was questionable as to why the contractor was granted a waiver on advance payment guarantee as this was a condition in the signed contract which was meant to safeguard the funds.

- **Failure to Provide Information for Audit**

  Section 73(1) of the Public Finance Management Act No. 1 of 2018 requires that the Auditor General and an office holder, agent or specialist consultant authorised by the Auditor-General, shall in the performance of duties under the Constitution, or any other law; have access to all the books, records, returns, reports, other documents and financial management systems, in electronic or any other form, relating to the accounts of public bodies as the Auditor-General considers necessary.

  Contrary to the Act, the under listed information that was required for audit was not availed as at 31st August 2020:

  - Ministerial Procurement Committee Minutes and Evaluation Report, and
  - Payment details.
25.1 Mandate

The Zambia Army is mandated to defend the territorial integrity of Zambia from external and internal aggression.

25.2 Audit Findings

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

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a provision of K1,673,311,077 was made to cater for operations of the Army against which amounts totalling K1,604,328,788 were released resulting in an under funding of K68,982,289.

As at 31st December 2019, amounts totalling K1,594,222,652 had been spent.

In addition, the Army received amounts totalling K290,584,874 (K158,367,143 for troop allowances and K132,217,731 to cater for Contingent Owned Equipment) as reimbursement from the United Nations (UN) out of which K287,980,144 had been spent leaving a balance of K2,604,729.

b. Procurement of Goods and Services – Undelivered Fuel

During the period under review, the Army paid a service station amounts totalling K249,680 for the supply of fuel. However, the supplier delivered fuel costing K237,656 leaving a balance of fuel costing K12,023 undelivered as at 31st August 2020.

c. Failure to Report Accident Vehicles to the Board of Inquiry

In June 2002, the Ministry of Works and Supply issued guidelines on the procedure of handling accidents which required that the Transport officer on receipt of the report should immediately report the accident to the Standing Accidents Board. The Zambia
Army constitutes Boards of Inquiry each time there is an accident in order to investigate circumstances which led to the particular accident and to make recommendations accordingly. These Boards of Inquiry are decentralised to Formations.

Contrary to the requirement, Zambia Army did not report ten (10) vehicles that were involved in road traffic accidents to the Board of Inquiry as at 31st July 2020.

d. United Nations Peace Keeping in Central African Republic

On 8th February 2016, a Memorandum of Understanding (MOU) was signed between the UN and the Government through the Ministry of Defence on behalf of the Army to support peace keeping activities in the Central African Republic.

The UN reimburses the Government in respect of expenses for personnel provided, major equipment and provision of self-sustainment goods and services that the Government provides to the UN Operation.

The following were observed:

i. Wasteful Expenditure – Purchase of Crown Heavy Duty Universal Knee Milling Machine

On 14th July 2017, the Army entered into a contract with Spear Head Management Services Limited for the supply, delivery and installation of Crown Heavy Duty Universal Knee Milling Machine at Central Mechanical Workshop (CMW) at a total contract price of K319,328, VAT inclusive with a delivery period of thirty (30) days after the date of signing the contract.

The terms of payment were an advance payment of 25% within thirty (30) days of signing the contract secured against a valid advance bank guarantee and 75% upon submission of an invoice, delivery note and after the Procurement entity has accepted it.

As of February 2020, the Army had paid the supplier in full.

The following were observed:
• **Delayed Delivery of the Equipment**

Clause 3.0 of the contract provided for the delivery of the machine to be made within thirty (30) days after signing the contract. However, the machine was only delivered on 9th February 2018 while the advance payment was made on 21st July 2017. No explanation was given by management for the delay.

• **Questionable Certificate of Inspection**

Clause 4.0 on Inspection provided that prior to delivery, the seller (Spear Head Management Services Limited) was to arrange an inspection visit by the representative of the buyer (Zambia Army).

After the Crown Heavy Duty Universal Knee Milling Machine has been satisfactorily tested, both parties were to sign the Certificate of Inspection in line with the specifications.

Contrary to the clause, on 9th February 2018, the Certificate of Inspection was issued and the knee milling machine was certified as received in good condition without the machine being tested and put to use. The issuance of the Certificate of Inspection was therefore questionable as the machine was not tested and commissioned as per agreement.

• **Expired Warranty**

The contract provided for a twelve (12) months warranty which expired in January 2019 before the machine was tested and commissioned.

• **Failure to Use the Crown Heavy Duty Universal Knee Milling Machine**

A physical verification carried out at Central Mechanical Workshop (CMW) in February 2020 revealed that the machine had been installed but was not in use as the cutting tools had not been bought.
ii. Failure to Supply and Deliver Mobile Field Kitchen and Raincoats

On 30th September 2017, the Ministry engaged Lendor and Burton Limited on behalf of Zambia Army to supply and deliver mobile field kitchen and various clothing at a contract sum of K26,350,562 with a delivery period ranging from six (6) to twenty (20) weeks. The contract was divided into five (5) Lots as shown in table 25.1.

Table 25.1: Supply and Delivery of Mobile Field Kitchen and Raincoats

<table>
<thead>
<tr>
<th>Item</th>
<th>Details</th>
<th>Quantity</th>
<th>Delivery Period</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot 1</td>
<td>Field Mobile Kitchens</td>
<td>50</td>
<td>16 - 20 weeks</td>
<td>18,941,425</td>
</tr>
<tr>
<td>Lot 2</td>
<td>Double and Single Rain Coats</td>
<td>15,000</td>
<td>06 - 10 weeks</td>
<td>2,890,321</td>
</tr>
<tr>
<td>Lot 3</td>
<td>Staff Shoes</td>
<td>8,500</td>
<td>06 - 10 weeks</td>
<td>2,072,987</td>
</tr>
<tr>
<td>Lot 4</td>
<td>Metres of Materials; Light Green, Serge Green, Navy Blue, Red Scarlet and Cream White</td>
<td>60,000</td>
<td>06 - 10 weeks</td>
<td>2,104,603</td>
</tr>
<tr>
<td>Lot 5</td>
<td>Socks Green And Socks Black For General Staff</td>
<td>12,000</td>
<td>06 - 10 weeks</td>
<td>341,226</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td><strong>26,350,562</strong></td>
</tr>
</tbody>
</table>

The terms of payment were as follows:

- 25% of the contract sum to be paid within thirty (30) days of signing the contract against a bank guarantee for the equivalent amount and in the form provided in the bidding documents or another form acceptable to the procuring entity,
- 50% to be paid within sixty (60) days on receipt of goods and upon submission of documents, and
- 25% within sixty (60) days after the date of acceptance certificate for the respective delivery.

On 30th October 2018, an advance payment of K6,587,640 was made to the supplier and a further K500,000 was paid in July 2019 bringing total payments to K7,087,640.
The following were observed:

- **Delayed Payment of Advance**

  Contrary to the condition on the advance payment, the Army paid the advance thirteen (13) months after the date of signing the contract.

- **Failure to Deliver Goods**

  General Condition of Contract (GCC) Clause 28.3 required that goods were to be delivered within six (6) to twenty (20) weeks after the date of signing the contract.

  Although an amount of K7,087,640 had been paid in advance, only goods costing K4,518,816 had been delivered. In addition, the advance security expired on 31\textsuperscript{st} July 2019 and had not been renewed despite the supplier having a balance on the advance of K2,568,825 unrecovered.

  Further, as at 31\textsuperscript{st} August 2020, the balance of goods worth K21,831,746 had not been delivered contrary to the clause. See table 25.2.

  **Table 25.2: Undelivered Mobile Field Kitchen and Raincoats**

<table>
<thead>
<tr>
<th>Item</th>
<th>Details</th>
<th>Quantity</th>
<th>Delivery Period</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot 1</td>
<td>Field Mobile Kitchens</td>
<td>50</td>
<td>16 - 20 weeks</td>
<td>18,941,425</td>
</tr>
<tr>
<td>Lot 2</td>
<td>Double And Single Rain Coats</td>
<td>15,000</td>
<td>06 - 10 weeks</td>
<td>2,890,321</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>21,831,746</td>
</tr>
</tbody>
</table>

- **Failure to Issue Performance Security**

  Clause 18.1 states that, “performance security shall be five percent (5%) of the contract sum and that the performance security shall be discharged by the procuring entity and returned to the supplier not later than the twenty eight (28) days following the date of completion of the supplier’s performance obligation under the contract”.

  Contrary to the contract clause, no performance security was issued by the supplier.
iii. **Supply of a Small 100 Engine Type ADE-442**

On 3rd September 2019, the Zambia Army engaged GCP Trading Limited at a total contract price of K371,000 to supply a 100 Engine Type ADE-442 Turbo Charged with auxiliary component parts for Mercedes Benz truck. The delivery period was thirty (30) days after signing the contract.

The terms of payment were as follows:

- An advance payment of 25% within thirty (30) days of signing the contract against a bank guarantee for the equivalent amount,
- 50% upon receipt of the goods and submission of the invoice and delivery note, and
- 25% shall be paid after the date of acceptance certificate for the respective delivery issued by the Zambia Army.

On 13th September 2019, a payment of K92,750 was made to the supplier as advance payment following the submission of the advance payment guarantee which was valid up to 8th January 2020.

The following were observed:

- **Failure to Deliver Small 100 Engine for Mercedes Benz Truck**
  Contrary to the agreement, the engine had not been delivered as at 31st July 2020, nine (9) months after the expected delivery date.

- **Failure to Recover Advance Payment Guarantee and Terminate the Contract**
  General Condition of Contract Clause 14.2 states that, “the procuring entity may terminate the contract if the seller does not remedy a failure in the performance of their obligation under the contract, within thirty (30) days after being notified or within any further period as the procuring entity may have subsequent approved in writing”.

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Contrary to the condition, the Zambia Army neither claimed the advance payment of K92,750 nor gave notice to terminate the contract for failure to deliver the engine within thirty (30) days and the bank guarantee had expired.

26 Head: 77/03 Ministry of Defence – Zambia Air Force

Units: Various
Programmes: Various
Activities: Various

26.1 Mandate

The Zambia Air Force (ZAF) is mandated to safeguard the sovereignty of the Country against all enemy air threats and renders support to land forces in defence of the country.

26.2 Audit Findings

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

a. **Budget, Funding and Expenditure**

   In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a provision of K1,071,194,416 was made to cater for the operations of the Air Force against which amounts totalling K1,052,326,250 were released resulting in an underfunding of K18,868,167.

   As at 31st December 2019, amounts totalling K1,044,511,865 had been spent.

b. **Procurement of Goods and Services**

   i. **Supply and Delivery of 1,900 – Airmen Jerseys**

   On 27th July 2019, Zambia Air Force awarded two (2) contracts to L.W. Vass Limited, a company incorporated under the laws of the United Kingdom to supply and deliver 1,900 Airmen Jerseys comprising Round-neck 950 and V-neck 950 at
total contract sums of £58,900 (K973,028) with a delivery period of eight (8) to twelve (12) weeks upon award and signing of the contracts.

The contracts provided for among other terms an advance payment of 25% upon signing the contract secured against a valid bank guarantee equivalent to the advance payment and the balance of 75% to be paid within thirty (30) working days after the supply and delivery of the goods.

In this regard, the supplier was paid total advance payments of £7,735.76 (K136,266.29) on 11th February and 4th March 2020. See table 26.1.

Table 26.1: Payments for Procurement of Jerseys

<table>
<thead>
<tr>
<th>No.</th>
<th>Details</th>
<th>Contract Sum £</th>
<th>Date</th>
<th>Quantity</th>
<th>Amount £</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Round neck jersey</td>
<td>29,450</td>
<td>11.02.2020</td>
<td>950</td>
<td>5,221.93</td>
<td>86,266</td>
</tr>
<tr>
<td>2</td>
<td>V- neck jersey</td>
<td>29,450</td>
<td>04.03.2020</td>
<td>950</td>
<td>2,513.83</td>
<td>50,000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>58,900</td>
<td></td>
<td>1,900</td>
<td>7,735.76</td>
<td>136,266</td>
</tr>
</tbody>
</table>

The following were observed:

- **Contracts without Approval of the Attorney General**

  Public Procurement Act Clause 4 (1) (2) stipulates that a procuring entity should, before entering into any international agreement relating to procurement, obtain the approval of the authority, and the advice of the Attorney General and that any agreement purportedly entered into without the approval of the Attorney General is void.

  Contrary to the Act, there was no approval by the Attorney General for the contracts entered into with the supplier.

- **Failure to Avail Bank Guarantee and Deliver Goods**

  Clause 18.1 requires the supplier within fourteen (14) days of the notification of contract award to provide advance payments guarantee in the equivalent amount of the advance payment prior to receipt of any payment.

  Contrary to the clause, no bank guarantee was provided against the advance payment of £5,221.93 (round neck) and £2,513.83 (V-neck) paid.
As at 31st August 2020, the goods had not been delivered while the advance payments had not been recovered.

c. Management of Assets – Lack of Title Deeds for Properties

Public Finance Management Act No. 1 of 2018 (4) stipulates that a controlling officer should ensure that all public properties under the controlling officer’s charge are secured with title deeds.

Contrary to the Act, ZAF had not secured title deeds for four (4) properties as at 31st August 2020. See table 26.2.

<table>
<thead>
<tr>
<th>No.</th>
<th>Details</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Samora Machel</td>
<td>No title deed</td>
</tr>
<tr>
<td>2</td>
<td>Mumbwa</td>
<td>No title deed</td>
</tr>
<tr>
<td>3</td>
<td>Milken Airstrip - Kabwe</td>
<td>No title deed</td>
</tr>
<tr>
<td>4</td>
<td>Livingstone</td>
<td>No title deed</td>
</tr>
</tbody>
</table>

d. Infrastructure Development – Construction of Ground Training School – (Samora Machel) – Delayed Completion and Hand Over of the Project

On 22nd August, 2018 Zambia Air Force received an amount of K6,057,188 from the Ministry of Transport and Communication through the Ministry of Defence to construct a New Ground Training School (GTS) using force accounting following the commercialisation of the Samora Machel Airport.

Out of the K6,057,188 funded, the Air Force remitted amounts totalling K2,432,837 to Samora Machel base. As at 31st August 2020, amounts totalling K2,236,534 had been spent.

The scope of works included: substructure, reinforcement, block and brick works, structural steel and carpentry, aluminium and metal works, plumbing, engineering and electrical installations, floor, wall and ceiling finishes, glazing, painting and decorating, parade square (concrete), walk ways, car park and swimming pool. The works were to take eighteen (18) months from 19th November 2018 to 30th April 2020.
An inspection of the school carried out in August 2020 revealed that the project was at 40% completion four (4) months after the expected completion date and the following works were outstanding:

- Carpentry,
- Aluminium and metal works,
- Plumbing,
- Engineering and electrical installation,
- Floor, wall and ceiling finishes,
- Glazing, painting and decorating,
- Parade square (concrete),
- Walk ways,
- Car park, and
- Swimming pool.

**27 Head:** 77/04 Ministry of Defence - Zambia National Service

**Programmes:** Various

**Activities:** Various

27.1 Mandate

The Zambia National Service (ZNS) is a defence force wing whose mandate is to train citizens to serve the Republic, develop infrastructure, enhance national food security and contribute to the social economic development.

27.2 Audit Findings

An examination of accounting and other records maintained at the Zambia National Service for the period under review revealed the following:
a. **Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31\textsuperscript{st} December 2019, a provision of K1,039,344,312 was made to cater for operations at the Zambia National Service against which amounts totalling K958,580,531 were released resulting in an under funding of K80,763,781.

As at 31\textsuperscript{st} December 2019, amounts totalling K946,777,967 had been spent.

b. **Operational Matter – Industries and Operations Account**

The Land Development Branch is a Unit under Zambia National Service whose core function is to provide services such as road construction, dam construction and land clearing.

During the year under review, the Units under Land Development Branch and Production realised amounts totalling K71,259,252 against expenditure of K97,428,670 resulting in a deficit of K26,169,418. See table 27.1.

<table>
<thead>
<tr>
<th>No</th>
<th>Unit</th>
<th>Cost of Production K</th>
<th>Amount realised K</th>
<th>Deficit K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Land Development Branch</td>
<td>55,882,214</td>
<td>33,983,887</td>
<td>21,898,327</td>
</tr>
<tr>
<td>2</td>
<td>Production Unit</td>
<td>41,546,456</td>
<td>37,275,365</td>
<td>4,271,091</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>97,428,670</strong></td>
<td><strong>71,259,252</strong></td>
<td><strong>26,169,418</strong></td>
</tr>
</tbody>
</table>

Table 27.1: Land Development Branch and Production deficits

c. **Infrastructure Development**

i. **Construction of Perimeter Wall Fence-Kabwe Training School-Phase II**

On 18\textsuperscript{th} January 2019, the ZNS engaged Dakwa General Dealers to construct a perimeter wall fence Phase II measuring 124 metres in length and 2.5 metres in height at the Training School in Kabwe at a contract sum of K415,690.

The scope of works included footing and block work. The contract period was for two (2) months. The contractor took possession of the site on 25\textsuperscript{th} January 2019 and works were to be completed on 25\textsuperscript{th} March 2019.

The terms of payment as provided for in Clause 2.3 of the contract were:
• an advance payment of 25% of the contract sum shall be paid prior to the commencement of the works on production of a valid bank guarantee by the contractor,
• 50% shall be paid when 75% of the works have been completed, and
• the balance of 25% of the contract sum shall be paid after the works have been satisfactorily completed and upon signing the certificate of completion.

As at 14th November 2019, the contractor had been paid the total contract sum of K415,690. See table 27.2.

Table 27.2: Payments to Contractor

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>17.05.19</td>
<td>103,923</td>
</tr>
<tr>
<td>2</td>
<td>12.07.19</td>
<td>207,845</td>
</tr>
<tr>
<td>3</td>
<td>14.11.19</td>
<td>103,923</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>415,690</td>
</tr>
</tbody>
</table>

A scrutiny of documents revealed that the works had been completed and the site handed over to ZNS on 12th February 2019. However, a physical inspection carried out in July 2020 revealed that 102 metres of the fence had been constructed out of 124 despite the contractor being paid in full contrary to the contract terms.

ii. Construction of an Ablution Block at ZNS Airport Farm

On 8th August 2018, the Zambia National Service engaged Chris Valley Traders to construct an ablution block at Airport farm at a contract sum of K383,393. The scope of works included excavation, block work, roofing, and carpentry. The contract was for a duration of eight (8) weeks. The contractor took possession of the site on 13th September 2018 and works were to be completed on 15th November 2018.

The terms of payment as provided for in Clause 2.3 of the contract were:
• an advance payment of 25% of the contract sum shall be paid prior to the commencement of the works on production of a valid bank guarantee by the contractor,

• 50% shall be paid when 75% of the works have been completed, and

• the balance of 25% of the contract sum shall be paid after the works have been satisfactorily completed and upon signing the certificate of completion.

As at 31st December 2019, the contractor had been paid the full contract sum of K383,393. See table 27.3.

Table 27.3: Payments to Contractor

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>K</td>
</tr>
<tr>
<td>1</td>
<td>02.10.18</td>
<td>95,848</td>
</tr>
<tr>
<td>2</td>
<td>05.11.18</td>
<td>191,697</td>
</tr>
<tr>
<td>3</td>
<td>31.12.19</td>
<td>95,848</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>383,393</strong></td>
</tr>
</tbody>
</table>

A physical inspection carried out in July 2020 revealed that various works costing K30,030 were not done despite the project having been handed over and the contractor paid in full. See table 27.4.

Table 27.4: Outstanding Works

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Unit</th>
<th>BOQ Qty</th>
<th>Qty Done</th>
<th>Qty not Done</th>
<th>Unit Cost K</th>
<th>Total K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ceiling board</td>
<td>m2</td>
<td>46</td>
<td>33</td>
<td>13</td>
<td>280</td>
<td>3,640</td>
</tr>
<tr>
<td>2</td>
<td>Door rubber stop</td>
<td>-</td>
<td>7</td>
<td>-</td>
<td>7</td>
<td>50</td>
<td>350</td>
</tr>
<tr>
<td>3</td>
<td>Towel rails</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>3</td>
<td>350</td>
<td>1,050</td>
</tr>
<tr>
<td>4</td>
<td>Mirror</td>
<td>-</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>5</td>
<td>Window 800x1200mm</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>2</td>
<td>2,000</td>
<td>4,000</td>
</tr>
<tr>
<td>6</td>
<td>Soap dispenser</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>2</td>
<td>500</td>
<td>1,000</td>
</tr>
<tr>
<td>7</td>
<td>Carpark shade</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>15,100</td>
<td>15,100</td>
<td>15,100</td>
</tr>
<tr>
<td>8</td>
<td>Tilling of floor</td>
<td>m2</td>
<td>46</td>
<td>33</td>
<td>13</td>
<td>330</td>
<td>4,290</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>30,030</strong></td>
</tr>
</tbody>
</table>
28.1 Mandate

The Mandate of the Ministry of General Education (MoGE) is to formulate and implement Education and Science Policies, set and enforce standards and regulations, licence, supervise and provide education and skills development, as well as promote science, technology and innovation education.

28.2 Audit Findings

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

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a provision of K10,219,542,865 was made to cater for operations of the Ministry against which amounts totalling K8,842,161,152 were released resulting in an under funding of K1,377,381,713.

As at 31st December 2019, amounts totalling K8,841,516,682 had been spent.

b. Management of Payroll and Staff Related Matters

i. Introduction on the Payroll without Authority

Terms and Conditions of Service for the Public Service No. 4 (a) states that, “subject to the provisions of the Constitution of Zambia, appointments to the public service shall be made by the President or by a Service Commission acting in the name and on behalf of the President”.

Contrary to the Terms and Conditions of Service, two (2) officers were employed and introduced on the payroll without appointment letters from the Teaching
Service Commission. In this regard, salaries in amounts totalling K70,886 paid to them during the period under review were irregular. See table 28.1.

**Table 28.1: Officers Introduced on Payroll without Authority**

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Station</th>
<th>No. of Officers</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North Western</td>
<td>Solwezi DEO</td>
<td>1</td>
<td>3,990</td>
</tr>
<tr>
<td>2</td>
<td>Northern</td>
<td>Mpulungu DEO</td>
<td>1</td>
<td>66,896</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>2</strong></td>
<td><strong>70,886</strong></td>
</tr>
</tbody>
</table>

**ii. Unknown Officers Drawing Salaries**

During the period under review, salaries in amounts totalling K321,827 were paid to thirteen (13) officers who were not known by the Heads of stations where the officers were assigned. See table 28.2.

**Table 28.2: Unknown Officers Drawing Salaries**

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Station</th>
<th>No. of Officers</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Luapula</td>
<td>Nchelenge DEO</td>
<td>10</td>
<td>191,674</td>
</tr>
<tr>
<td>2</td>
<td>North Western</td>
<td>Solwezi DEO</td>
<td>3</td>
<td>130,154</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>13</strong></td>
<td><strong>321,827</strong></td>
</tr>
</tbody>
</table>

As at 31st August 2020, the officers had not been identified.

**iii. Irregular Payment of Allowances**

- **Housing Allowance**

  Cabinet Office Circular No. B2 of 2010 (2) (b) provides that housing allowance should only be paid to employees who are not accommodated by Government and that employees accommodated in a standard house shall not qualify for the payment of housing allowance.

  Contrary to the circular, amounts totalling K24,711 were paid as housing allowances to two (2) officers who were accommodated in Government institutional houses.

- **Rural and Remote Hardship Allowances**

  Terms and Conditions of Service for the Public Service No. 166 read together with Public Service Management Division Circular No. B6 of 2010 requires an
officer serving in an area declared to be in a rural and remote area to be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

Contrary to the Terms and Conditions of Service, amounts totalling K503,279 were paid as Rural Hardship (K134,705) and Remote Hardship (K368,575) allowances to sixty-seven (67) officers who were not eligible in that their work stations were not designated for payment of such allowances. See table 28.3.

Table 28.3: Hardship Allowances Irregularly Paid

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Station</th>
<th>No. of officers</th>
<th>Rural Hardship K</th>
<th>Remote Hardship K</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Northern</td>
<td>Mbala DEO</td>
<td>1</td>
<td>10,694</td>
<td>-</td>
<td>10,694</td>
</tr>
<tr>
<td>2</td>
<td>Southern</td>
<td>Choma DEO</td>
<td>1</td>
<td>9,767</td>
<td>-</td>
<td>9,767</td>
</tr>
<tr>
<td>3</td>
<td>Lusaka</td>
<td>Chirundu DEO</td>
<td>4</td>
<td>6,022</td>
<td>-</td>
<td>6,022</td>
</tr>
<tr>
<td>4</td>
<td>Muchinga</td>
<td>Mpika DEO</td>
<td>61</td>
<td>108,221</td>
<td>368,575</td>
<td>476,796</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>67</strong></td>
<td><strong>134,705</strong></td>
<td><strong>368,575</strong></td>
<td><strong>503,279</strong></td>
</tr>
</tbody>
</table>

- **Responsibility Allowances – Kapiri Mposhi DEO**

Section 7 of the Public Service Management Division (PSMD) Circular No. B.31 of 2017 stipulates that teachers eligible for payment of responsibility allowances are:

a. Degree holders teaching ‘A’ level classes,
b. Advanced diploma holders teaching either senior or ‘A’ level classes at a Secondary School,
c. Diploma holders teaching senior classes, and

Contrary to the circular, responsibility allowance in amounts totalling K157,145 were irregularly paid to thirty-one (31) teachers who were not eligible.

iv. **Irregular Payment of Salaries to Seconded Officers**

Terms and Conditions of Service for the Public Service No. 34 (d) requires that a seconded officer should not receive a salary from the Public Service during the
period of secondment as payment of his or her salary should be the responsibility of the organisation they are seconded to.

It was however observed that six (6) officers who went on secondment during the period from March 2017 to December 2019 were irregularly paid salaries in amounts totalling K427,794 for the period they were on secondment. As at 31st August 2020, no recoveries had been made. See table 28.4.

Table 28.4: Irregular Salaries paid to Seconded Officers

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Station</th>
<th>No of Officers</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Southern</td>
<td>PEO</td>
<td>1</td>
<td>163,229</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Choma DEO</td>
<td>2</td>
<td>108,137</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Livingstone DEO</td>
<td>1</td>
<td>22,931</td>
</tr>
<tr>
<td>2</td>
<td>Luapula</td>
<td>PEO</td>
<td>1</td>
<td>61,219</td>
</tr>
<tr>
<td>3</td>
<td>Western</td>
<td>Mongu DEO</td>
<td>1</td>
<td>72,277</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>6</td>
<td>427,794</td>
</tr>
</tbody>
</table>

v. **Payment of Allowances without Authority**

During the period under review, double class and responsibility allowances in amounts totalling K1,676,587 (Double Class – K9,055) (Responsibility – K1,667,532) were paid to 169 teachers without authority from the responsible officers. See table 28.5.

Table 28.5: Allowances Paid without Authority

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Station</th>
<th>No. of Teachers</th>
<th>Double Class Allowance K</th>
<th>Responsibility Allowance K</th>
<th>Total K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Central</td>
<td>Kabwe DEO</td>
<td>1</td>
<td>-</td>
<td>10,076</td>
<td>10,076</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kapiri Mposhi DEO</td>
<td>159</td>
<td>-</td>
<td>1,598,442</td>
<td>1,598,442</td>
</tr>
<tr>
<td>2</td>
<td>Muchinga</td>
<td>Mpika DEO</td>
<td>5</td>
<td>9,055</td>
<td>19,329</td>
<td>28,384</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shiwang’andu DEO</td>
<td>4</td>
<td>-</td>
<td>39,685</td>
<td>39,685</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>169</td>
<td>9,055</td>
<td>1,667,532</td>
<td>1,676,587</td>
</tr>
</tbody>
</table>

vi. **Failure to Remove Deserters from Payroll**

Terms and Conditions of Service for the Public Service No. 60 (a) and (b) requires that an officer who is absent from duty without leave for a continuous period of ten (10) or more working days should be liable to dismissal. In addition, such an officer
should not be paid a salary for the period of absence from duty without leave unless they produce satisfactory evidence justifying such absence.

Contrary to the Terms and Conditions, eight (8) officers who were absent from duty for periods ranging from one (1) to thirty-two (32) months, had not been separated from the service. As at 31st July 2020, the officers had been irregularly paid salaries in amounts totalling K671,295.

vii. Delayed Removal of Separated Officers

Public Service Management Division (PSMD) Circular No. B1 of 2019 provides that deceased employees who are not eligible for posthumous retirement should be deleted from the payroll with effect from the date of their demise and clause (d) stipulates that employees who are separated from employment by way of resignation, dismissal or discharge should be terminated from the payroll with effect from the date of resignation, dismissal or discharge.

However, forty-two (42) officers who were separated from the service through death, resignation or dismissal were retained on the payroll for periods ranging from one (1) to forty-two (42) months. In this regard, the officers were irregularly paid amounts totalling K1,363,185. See table 28.6.

Table 28.6: Salaries Paid to Separated Officers

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Station</th>
<th>No. of Officers</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North Western</td>
<td>Solwezi DEO</td>
<td>5</td>
<td>257,543</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kabompo DEO</td>
<td>2</td>
<td>41,757</td>
</tr>
<tr>
<td>2</td>
<td>Southern</td>
<td>Choma DEO</td>
<td>10</td>
<td>583,502</td>
</tr>
<tr>
<td>3</td>
<td>Luapula</td>
<td>Nchelenge DEO</td>
<td>5</td>
<td>185,176</td>
</tr>
<tr>
<td>4</td>
<td>Muchinga</td>
<td>Mpika DEO</td>
<td>10</td>
<td>181,133</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shiwang’andu DEO</td>
<td>5</td>
<td>36,452</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chinsali DEO</td>
<td>5</td>
<td>77,622</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>42</strong></td>
<td><strong>1,363,185</strong></td>
</tr>
</tbody>
</table>

viii. Failure to Remove Convicted Officer from Payroll – Mansa DEO

Contrary to the Public Service Commission Disciplinary Code and Procedures for handling offences in Public Service Nos. 58 and 59, an officer who was convicted in 2017 for the offence of obtaining money by false pretence had not been removed
from the payroll. During the period under review, the officer had been paid salaries in amounts totalling K47,750 for the period from January to December 2019. Further, as at 31st August 2020, no action had been taken against the officer who was still on the payroll.

ix. Failure to Conclude Staff Disciplinary Cases

- Livingstone DEO

An Accounts Assistant at Livingstone DEO was suspended on 10th October 2011 for absconding from work for nine (9) consecutive months. However, as at 31st July 2020, nine (9) years after being suspended, management had not resolved the disciplinary case and the officer had been paid half salaries in amounts totalling K52,931 for the period from January 2018 to December 2019.

- North-Western Province

A review of staff personal files and minutes of the disciplinary committee at the PEO revealed that eleven (11) officers from four (4) DEOs were suspended and subsequently recommended for dismissal for committing offences such as absconding from teaching duties for periods exceeding ten (10) days and abrogating the Code of Ethics for the Public Service.

However, it was observed that the cases had not been concluded by the Teaching Service Commission and that officers had continued drawing salaries in amounts totalling K961,420 for periods ranging from eight (8) to eleven (11) months after their recommendation for dismissal. See table 28.7.

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>No. of Officers</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Solwezi DEO</td>
<td>7</td>
<td>594,769</td>
</tr>
<tr>
<td>2</td>
<td>Manyinga DEO</td>
<td>1</td>
<td>47,876</td>
</tr>
<tr>
<td>3</td>
<td>Ikelenge DEO</td>
<td>1</td>
<td>143,628</td>
</tr>
<tr>
<td>4</td>
<td>Mufumbwe DEO</td>
<td>2</td>
<td>175,146</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>11</td>
<td>961,420</td>
</tr>
</tbody>
</table>

As at 31st August 2020, the cases had not been concluded.
c. Accounting Irregularities

i. Failure to Collect School Fees

During the period under review, school fees in amounts totalling K99,708,153 were expected to be collected by thirty-one (31) institutions out of which K90,098,389 was collected leaving a balance of K9,609,764. See table 28.8.

Table 28.8: Uncollected School Fees

<table>
<thead>
<tr>
<th>No</th>
<th>Province</th>
<th>Institution</th>
<th>Expected Revenue K</th>
<th>Revenue Collected K</th>
<th>Uncollected K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Western</td>
<td>Sefula Secondary School</td>
<td>2,246,165</td>
<td>2,018,400</td>
<td>227,765</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Masala Secondary School</td>
<td>1,695,953</td>
<td>1,254,833</td>
<td>441,120</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kansenshi Combined School</td>
<td>551,192</td>
<td>523,332</td>
<td>27,860</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Temwendi Secondary School</td>
<td>1,029,181</td>
<td>791,240</td>
<td>237,941</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Helen Kaunda Secondary School</td>
<td>1,578,520</td>
<td>1,441,485</td>
<td>137,035</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chavuma Secondary School</td>
<td>586,364</td>
<td>507,406</td>
<td>78,958</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lubuto Secondary School</td>
<td>1,823,859</td>
<td>966,300</td>
<td>857,559</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ndola Skills</td>
<td>770,090</td>
<td>668,701</td>
<td>101,389</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kitwe College of Education</td>
<td>16,310,540</td>
<td>15,948,940</td>
<td>361,600</td>
</tr>
<tr>
<td>2</td>
<td>Copperbelt</td>
<td>Chisamba Boarding Secondary School</td>
<td>3,056,000</td>
<td>2,702,664</td>
<td>353,336</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kapiri Girls National Secondary School</td>
<td>2,894,153</td>
<td>2,599,838</td>
<td>294,315</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Malcolm Moffat College of Education</td>
<td>29,692,094</td>
<td>28,121,877</td>
<td>1,570,217</td>
</tr>
<tr>
<td>3</td>
<td>Northern</td>
<td>Kasama Girls Secondary School</td>
<td>4,093,029</td>
<td>4,012,629</td>
<td>80,400</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lupososhi Secondary School</td>
<td>625,200</td>
<td>476,383</td>
<td>148,817</td>
</tr>
<tr>
<td>4</td>
<td>Central</td>
<td>Chinsali Girls Secondary School</td>
<td>3,480,000</td>
<td>3,189,112</td>
<td>290,888</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chinsali Girls Secondary School</td>
<td>3,762,063</td>
<td>3,624,143</td>
<td>137,920</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mulukupika Secondary School</td>
<td>181,500</td>
<td>133,800</td>
<td>47,700</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chitulika Secondary School</td>
<td>620,900</td>
<td>558,893</td>
<td>62,007</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chinsali Day Secondary School</td>
<td>690,440</td>
<td>561,073</td>
<td>129,367</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mununga Day Secondary School</td>
<td>216,000</td>
<td>177,124</td>
<td>38,876</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mishinduno Day Secondary School</td>
<td>553,600</td>
<td>517,125</td>
<td>36,475</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chama Boarding Secondary School</td>
<td>1,992,100</td>
<td>1,768,040</td>
<td>224,060</td>
</tr>
<tr>
<td>5</td>
<td>Eastern</td>
<td>Nyimba Boarding Secondary School</td>
<td>2,109,200</td>
<td>1,724,644</td>
<td>384,556</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mambwe Boarding Secondary School</td>
<td>2,363,500</td>
<td>2,200,916</td>
<td>162,584</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kapoela Boarding Secondary School</td>
<td>1,565,500</td>
<td>1,482,711</td>
<td>82,789</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lusaka Girls Secondary School</td>
<td>2,870,700</td>
<td>1,759,520</td>
<td>1,111,180</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>99,708,153</td>
<td>90,098,389</td>
<td>9,609,764</td>
</tr>
</tbody>
</table>

ii. Failure to Disburse Grants to Schools

During the period under review, amounts totalling K770,394 were released by the Ministry to three (3) DEOs to cater for grants to community and primary schools. However, amounts totalling K507,998 were disbursed leaving a balance of K262,396 which was applied on administrative activities at the DEOs. See table 28.9.
### Table 28.9: Amounts not Disbursed to Schools

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Station</th>
<th>Grants Received K</th>
<th>Grants Disbursed K</th>
<th>Undisbursed Grants K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Western</td>
<td>Mongu DEO</td>
<td>219,866</td>
<td>218,701</td>
<td>1,165</td>
</tr>
<tr>
<td>2</td>
<td>Northern</td>
<td>Mbala DEO</td>
<td>363,983</td>
<td>110,100</td>
<td>253,883</td>
</tr>
<tr>
<td>3</td>
<td>Eastern</td>
<td>Katete DEO</td>
<td>186,546</td>
<td>179,197</td>
<td>7,349</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>770,394</strong></td>
<td><strong>507,998</strong></td>
<td><strong>262,396</strong></td>
</tr>
</tbody>
</table>

### Misapplication of Funds

**Ministry Headquarters**

During the period under review, the Ministry Headquarters misapplied funds in amounts totalling K2,030,195 meant for Primary Education – Home Grown School Feeding and Secondary Educations programmes on administrative activities. See table 28.10.

### Table 28.10: Misapplied Funds - Headquarters

<table>
<thead>
<tr>
<th>No.</th>
<th>Programme</th>
<th>Purpose of Fund</th>
<th>Misapplied on</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Primary Education - Home Grown School Feeding</td>
<td>purchase of food commodities for use in the Home Grown School Meals (HGSM) programme, facilitating transport &amp; administration costs of food commodities, workshops to review &amp; validate School Health Nutrition (SHN)</td>
<td>subsistence allowance, purchase of stationery, book allowance and servicing motor vehicles</td>
<td>525,241</td>
</tr>
<tr>
<td>2</td>
<td>Secondary Education</td>
<td>capacity building of teachers on the new content in the revised and new school curriculum, sponsoring secondary school teachers for the Fast Track Teacher Education upgrading, conducting review and planning meetings with TRC coordinators, rehabilitation and completion of secondary schools</td>
<td>subsistence allowances, purchase of goods and services</td>
<td>1,504,953</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>2,030,195</strong></td>
</tr>
</tbody>
</table>

**Provincial and District Education Offices**

During the period under review, twenty (20) stations misapplied funds in amounts totalling K4,695,155 meant for school grants on activities such as procurement of fuel, imprest, and payment of subsistence allowances. See table 28.11.
Table 28.11: Misapplied Funds

<table>
<thead>
<tr>
<th>No.</th>
<th>Institution</th>
<th>Amount Misapplied K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chibombo DEO</td>
<td>125,678</td>
</tr>
<tr>
<td>2</td>
<td>Mumbwa DEO</td>
<td>342,625</td>
</tr>
<tr>
<td>3</td>
<td>Shibuyunji DEO</td>
<td>226,595</td>
</tr>
<tr>
<td>4</td>
<td>Luanshya DEO</td>
<td>168,609</td>
</tr>
<tr>
<td>5</td>
<td>Mpongwe DEO</td>
<td>125,655</td>
</tr>
<tr>
<td>6</td>
<td>Chikankata DEO</td>
<td>190,353</td>
</tr>
<tr>
<td>7</td>
<td>Monze DEO</td>
<td>498,764</td>
</tr>
<tr>
<td>8</td>
<td>Sinazongwe DEO</td>
<td>598,239</td>
</tr>
<tr>
<td>9</td>
<td>Southern PEO</td>
<td>166,448</td>
</tr>
<tr>
<td>10</td>
<td>Choma DEO</td>
<td>122,881</td>
</tr>
<tr>
<td>11</td>
<td>Central PEO</td>
<td>300,000</td>
</tr>
<tr>
<td>12</td>
<td>Kabwe DEO</td>
<td>18,206</td>
</tr>
<tr>
<td>13</td>
<td>Kapiri Mposhi DEO</td>
<td>702,473</td>
</tr>
<tr>
<td>14</td>
<td>Mkushi DEO</td>
<td>486,042</td>
</tr>
<tr>
<td>15</td>
<td>Chisamba Boarding Secondary School</td>
<td>41,014</td>
</tr>
<tr>
<td>16</td>
<td>Katete DEO</td>
<td>7,349</td>
</tr>
<tr>
<td>17</td>
<td>Nchelenge DEO</td>
<td>252,515</td>
</tr>
<tr>
<td>18</td>
<td>Luangwa DEO</td>
<td>40,635</td>
</tr>
<tr>
<td>19</td>
<td>North Western PEO</td>
<td>74,432</td>
</tr>
<tr>
<td>20</td>
<td>Kalumbila DEO</td>
<td>196,642</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>4,695,155</strong></td>
</tr>
</tbody>
</table>

iv. **Missing Grade four (4) Literacy Books - Mpongwe DEO**

During the period under review, Mpongwe DEO received 23,310 Grade four (4) Literacy Books from Ministry Headquarters out of which 22,257 books were distributed leaving a balance of 1,053. However, a review of records and physical count conducted in June 2020 revealed that 343 books were missing.

v. **Failure to Collect Revenue – Solwezi Technical Secondary School**

Six (6) churches rented classrooms at the school for worship at monthly rental charges of K300 from which rentals totalling K21,600 was to be collected during the period under review. However, only K1,600 was collected leaving a balance of K20,000 as at 31st August 2020.

Further, no lease agreements were availed for audit.

vi. **Failure to Collect Rental Income – Ndola PEO**

The PEO was owed amounts totalling K45,500 as at 31st December 2019 by six (6) tenants that occupied its workshop in Masala. The debt was outstanding for periods ranging from seven (7) to twenty-four (24) months. As at 31st August 2020, no action had been taken against defaulting tenants and the amount remained outstanding.
vii. **Unsupported Payments**

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

Contrary to the regulations, eighteen (18) payments in amounts totalling K41,699 processed in seven (7) stations in three (3) provinces were not supported with documents such as leave forms, transfer letters, quotations, cash sales receipts and purchase orders. See table 28.12.

**Table 28.12: Unsupported Payments**

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Institution</th>
<th>No. of Transactions</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North Western</td>
<td>Lamba Day Secondary School</td>
<td>4</td>
<td>5,970</td>
</tr>
<tr>
<td>2</td>
<td>Luapula</td>
<td>PEO</td>
<td>1</td>
<td>13,059</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kawambwa DEO</td>
<td>5</td>
<td>4,700</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nchelenge DEO</td>
<td>5</td>
<td>11,390</td>
</tr>
<tr>
<td>3</td>
<td>Lusaka</td>
<td>Luangwa DEO</td>
<td>1</td>
<td>900</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kabulonga Boys Secondary School</td>
<td>1</td>
<td>4,680</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Luangwa Boarding Secondary School</td>
<td>1</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>18</strong></td>
<td><strong>41,699</strong></td>
</tr>
</tbody>
</table>

viii. **Irregular Use of Accountable Imprest**

Financial Regulation No. 86 (c) define accountable imprest as imprest issued to facilitate the purchase of goods and services whose value cannot be ascertained at the time.

Contrary to the regulation, accountable imprest in amounts totalling K742,899 was issued to seventy-one (71) officers to procure goods and services whose values could be ascertained and procured directly from suppliers. See table 28.13.
Table 28.13: Irregular Use of Accountable Imprest

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Institution</th>
<th>No. of Officers</th>
<th>Amounts K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North Western</td>
<td>Kalumbila DEO</td>
<td>5</td>
<td>32,127</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Solwezi Technical Secondary School</td>
<td>7</td>
<td>17,030</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Maheba Secondary School</td>
<td>2</td>
<td>13,550</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lamba Day Secondary School</td>
<td>5</td>
<td>27,175</td>
</tr>
<tr>
<td>2</td>
<td>Luapula</td>
<td>Mansa College of Education</td>
<td>4</td>
<td>34,155</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mansa DEO</td>
<td>1</td>
<td>87,322</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kawambwa DEO</td>
<td>2</td>
<td>8,650</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kawambwa Central Secondary School</td>
<td>7</td>
<td>32,960</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chitamba Secondary School</td>
<td>3</td>
<td>20,736</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nchelenge Secondary School</td>
<td>2</td>
<td>74,017</td>
</tr>
<tr>
<td>3</td>
<td>Western</td>
<td>Sefula Secondary School</td>
<td>2</td>
<td>21,760</td>
</tr>
<tr>
<td>4</td>
<td>Central</td>
<td>Chisamba Boarding secondary school</td>
<td>6</td>
<td>21,700</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kapiri Girls National Secondary School</td>
<td>6</td>
<td>238,295</td>
</tr>
<tr>
<td>5</td>
<td>Muchinga</td>
<td>Lwitikila Girls Secondary School</td>
<td>2</td>
<td>28,174</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mulakupikwa Secondary School</td>
<td>6</td>
<td>13,407</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chitulika Secondary School</td>
<td>2</td>
<td>13,650</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Munungu Day Secondary School</td>
<td>9</td>
<td>58,191</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>71</strong></td>
<td><strong>742,899</strong></td>
</tr>
</tbody>
</table>

ix. **Unaccounted for Funds**

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

A scrutiny of bank statements revealed that amounts totalling K41,124 involving thirteen (13) transactions were drawn at two (2) stations for unknown activities.

Contrary to the regulation, there were no expenditure details such as payment vouchers, acquittals and receipts and no cash was found on hand. See table 28.14.

Table 28.14: Unaccounted for funds

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Institution</th>
<th>No. of Transactions</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North Western</td>
<td>PEO</td>
<td>2</td>
<td>2,970</td>
</tr>
<tr>
<td>2</td>
<td>Lusaka</td>
<td>Luangwa Boarding Secondary School</td>
<td>11</td>
<td>38,154</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>13</strong></td>
<td><strong>41,124</strong></td>
</tr>
</tbody>
</table>
x. **Failure to Submit Expenditure Returns for School and Orphaned and Vulnerable Children (OVC) Grants**

Financial Regulation No. 10 (k), stipulates that accounting officers should prepare and dispatch all financial statements and returns in the prescribed format.

Contrary to the regulation, 226 schools which received grants from the PEOs and DEOs in amounts totalling K502,250, did not submit returns to show how the grants were utilised.

As at 31st August 2020, no action had been taken against the schools for non-submission of returns. See table 28.15.

**Table 28.15: Failure to Submit Expenditure Returns**

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Institution</th>
<th>No. of Schools</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Central</td>
<td>Kabwe DEO</td>
<td>35</td>
<td>41,438</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kapiri Mposhi DEO</td>
<td>68</td>
<td>252,459</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mkushi DEO</td>
<td>96</td>
<td>183,976</td>
</tr>
<tr>
<td>2</td>
<td>Eastern</td>
<td>Chipata DEO</td>
<td>23</td>
<td>19,335</td>
</tr>
<tr>
<td>3</td>
<td>Lusaka</td>
<td>Luangwa DEO</td>
<td>4</td>
<td>5,042</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>226</strong></td>
<td><strong>502,250</strong></td>
</tr>
</tbody>
</table>

xi. **Irregular Contributions by Schools – Solwezi PEO**

Minute No. MOGE/101/4/2 dated 25th July 2019 issued by the Permanent Secretary – Technical Services under the Ministry of Education, abolished the practice of the PEOs and DEOs soliciting for contributions from schools for various activities.

Contrary to the Minute, amounts totalling K313,718 were contributed towards the selection process for Grades 8 and 10, Grade 9 GCE and subject associations among others by all secondary schools in North – Western Province under the directive of the PEO.

d. **Management of Stores – Unaccounted for Stores**

Public Stores Regulation No. 16 states that every stores officer or any other officer having in his charge any public stores or other articles of public property must keep and maintain record of the receipt and issue of such public stores.
Contrary to the regulation, stores items costing K308,352 comprising general stores (K274,264) and fuel (K34,089) procured at several stations were not accounted for in that there were no receipt and disposal details. See table 28.16.

Table 28.16: Unaccounted for Stores

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Institution</th>
<th>General Stores K</th>
<th>Fuel K</th>
<th>Total K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North Western</td>
<td>Solwezi Technical Secondary School</td>
<td>21,022</td>
<td>-</td>
<td>21,022</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Maheba Boarding Secondary School</td>
<td>142,356</td>
<td>-</td>
<td>142,356</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lamba Day Secondary School</td>
<td>3,410</td>
<td>-</td>
<td>3,410</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kalumbila DEO</td>
<td>-</td>
<td>9,813</td>
<td>9,813</td>
</tr>
<tr>
<td>2</td>
<td>Luapula</td>
<td>Mansa College of Education</td>
<td>50,740</td>
<td>-</td>
<td>50,740</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nhelenge DEO</td>
<td>24,276</td>
<td>-</td>
<td>24,276</td>
</tr>
<tr>
<td>4</td>
<td>Central</td>
<td>Kapiri Mposhi DEO</td>
<td>3,844</td>
<td>-</td>
<td>3,844</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chisamba Secondary School</td>
<td>30,448</td>
<td>-</td>
<td>30,448</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Malcolm Moffat College of Education</td>
<td>10,694</td>
<td>-</td>
<td>10,694</td>
</tr>
<tr>
<td>4</td>
<td>Eastern</td>
<td>Kacholola Secondary School</td>
<td>11,750</td>
<td>-</td>
<td>11,750</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>274,264</td>
<td>34,089</td>
<td>308,352</td>
</tr>
</tbody>
</table>

e. Management of Assets

i. Failure to Secure Title Deeds

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

Contrary to the Act, title deeds for several parcels of land on which twenty-eight (28) properties are located had not been secured as at 31st August 2020. See table 28.17.

Table 28.17: Unsecured Public Properties

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>No. of Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Luapula</td>
<td>7</td>
</tr>
<tr>
<td>2</td>
<td>Northern</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Copperbelt</td>
<td>12</td>
</tr>
<tr>
<td>4</td>
<td>North Western</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>Central</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>28</td>
</tr>
</tbody>
</table>

Further, two (2) schools were not fenced, as a result, illegal structures such as houses and shops had been erected on the school land. See table 28.18.
Table 28.18: Encroachment on the School Land

<table>
<thead>
<tr>
<th>No.</th>
<th>Institution</th>
<th>Name</th>
<th>Position</th>
<th>Type of Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Solwezi Technical Secondary School</td>
<td>Yikona Damson</td>
<td>Former Head teacher</td>
<td>Dwelling houses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Muleya Stephen</td>
<td>Former Bursar</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mutoya John</td>
<td>Former teacher</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Siwali Charles</td>
<td>Former teacher</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kafwinbi Gloria</td>
<td>Current Boarding mistress</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kikwato Fredson</td>
<td>Current teacher</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kang’wanda</td>
<td>Current teacher</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Maheba Secondary School</td>
<td>Settlers</td>
<td>Settlers</td>
<td>Shops</td>
</tr>
</tbody>
</table>

ii. **Uninsured Motor Vehicles**

The Road Traffic Act No. 11 of 2002 requires all users of motor vehicles or trailers to have at least third-party insurance.

Contrary to the Act, fourteen (14) motor vehicles and six (6) motorcycles were not insured as at 31st August 2020. See table 28.19.

**Table 28.19: Uninsured Motor Vehicles**

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Institution</th>
<th>No. of Motor Vehicles</th>
<th>No. of Motorcycles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Luapula</td>
<td>PEO</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kawambwa DEO</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Northern</td>
<td>Mpulungu DEO</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Southern</td>
<td>PEO</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Choma DEO</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Zimba DEO</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>14</strong></td>
<td><strong>6</strong></td>
</tr>
</tbody>
</table>

iii. **Failure to Mark Animals – Malcolm Moffat College of Education**

Clause 6 (1) of the Animal Identification Act No.28 of 2010 requires an owner of the animal to mark an animal with an identification mark as prescribed.

Contrary to the Act, forty-eight (48) animals (sheep – 24 and cattle – 24) at Kabanda Campus Farm had not been marked.

iv. **Failure to Insure Animals – Malcolm Moffat College of Education**

During the period under review, sixteen (16) herds of cattle costing K96,000 died. However, the animals were not insured and as such the College could not claim compensation for the loss.
v. Missing Motor Vehicle Engines

- **Solwezi Technical Secondary School**

  In 2017, a Mitsubishi Rosa Bus Registration No. ACL 2967 belonging to the school developed an engine fault.

  A physical inspection of the vehicle carried out on 20th March 2020 revealed that the engine was missing. See pictures below.

- **Solwezi College of Education**

  In 2015, a Mitsubishi Rosa Registration No. GRZ 599 BM developed an engine problem in Kisasa and was taken to Shamma Garage for repairs. In 2017, the college decided to collect the vehicle from the garage as the repair could not be done due to lack of finances.

  A physical inspection carried out in April 2020 revealed that the engine was missing. See picture below.
Cannibalisation of Motor Vehicle – Solwezi College of Education

In 2018, a Toyota Land Cruiser registration No. GRZ 786BM belonging to Solwezi College of Education was involved in an accident and was parked at the PEO in Solwezi.

A physical inspection carried out in March 2020 revealed that the vehicle had been cannibalized as all the parts had been removed without authority. See pictures below.

Shell of GRZ 786BM Cannibalized Landcruiser

Interior of GRZ 786BM

Management of Liabilities

Failure to Deduct Tax and NAPSA Contributions

Contrary to the Treasury and Management Circular No. 6 of 2017 and National Pension Scheme Authority (NAPSA) Act of 1996, payments in amounts totalling K1,896,444 (VAT – K1,743,931 and NAPSA – K152,513) involving 136 transactions at six (6) stations were made without deducting VAT and pension contributions. See table 28.20.

Table 28.20: Failure to Deduct Tax and Pension Contributions

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Institution</th>
<th>No. of Transactions</th>
<th>VAT K</th>
<th>NAPSA K</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Central</td>
<td>Malcolm Moffat College of Education</td>
<td>20</td>
<td>112,274</td>
<td>-</td>
<td>112,274</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chisamba Boarding School</td>
<td>2</td>
<td></td>
<td>152,513</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>North Western</td>
<td>PEO</td>
<td>10</td>
<td>104,658</td>
<td>-</td>
<td>104,658</td>
</tr>
<tr>
<td>3</td>
<td>Eastern</td>
<td>Mambwe Boarding Secondary School</td>
<td>37</td>
<td>291,019</td>
<td>-</td>
<td>291,019</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kacholola Boarding Secondary School</td>
<td>14</td>
<td>536,081</td>
<td>-</td>
<td>536,081</td>
</tr>
<tr>
<td>4</td>
<td>Muchinga</td>
<td>PEO</td>
<td>53</td>
<td>699,899</td>
<td>-</td>
<td>699,899</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>136</td>
<td>1,743,931</td>
<td>152,513</td>
<td>1,896,444</td>
</tr>
</tbody>
</table>
ii. Failure to Remit Tax

The Income Tax Act Chapter 323 of Laws of Zambia requires that Pay As You Earn (PAYE) be deducted from officers’ emoluments and be remitted to the Zambia Revenue Authority (ZRA).

Contrary to the Act, PAYE in amounts totalling K22,114 deducted from several officers had not been remitted to the ZRA as at 31st August 2020. See table 28.21.

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Institution</th>
<th>PAYE Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North Western</td>
<td>PEO</td>
<td>14,716</td>
</tr>
<tr>
<td>2</td>
<td>Central</td>
<td>Malcolm Moffat College of Education</td>
<td>7,398</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
<td><strong>22,114</strong></td>
</tr>
</tbody>
</table>

iii. Wasteful Expenditure – NAPSA Penalties

During the period under review, amounts totalling K41,606 were paid to National Pension Scheme Authority (NAPSA), as penalties at three (3) institutions for failure to meet the monthly payment deadlines of contributions deducted from employees’ earnings. However, the expenditure was wasteful in that the penalties arose as a result of failure to timely settle NAPSA contrary to the Pensions Acts of 1996. See table 28.22.

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Institution</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Luapula</td>
<td>Nchelenge Secondary School</td>
<td>2,480</td>
</tr>
<tr>
<td>2</td>
<td>Southern</td>
<td>Batoka Secondary School</td>
<td>6,080</td>
</tr>
<tr>
<td>3</td>
<td>Central</td>
<td>Malcolm Moffat College of Education</td>
<td>33,046</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
<td><strong>41,606</strong></td>
</tr>
</tbody>
</table>
29.1 Mandate

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

29.2 Audit Findings

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

a. **Budget, Funding and Expenditure**

   In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a provision of K230,093,729 was made to cater for the operations of the Ministry against which amounts totalling K99,786,252 were released resulting in an under funding of K130,307,477.

   As at 31st December 2019, amounts totalling K96,056,998 had been spent.

b. **Management of Information and Communications Technology Systems – Lack of Continuity and Disaster Recovery Plans**

   The Ministry is responsible for maintaining a National Database for ownership of various properties in the Country. However, the Ministry did not have Information and Communications Technology (ICT) continuity and disaster recovery plans to mitigate against loss of data.
c. **Operational Matters**

i. **National Land Titling Programme**

During the period under review, an amount of K30,000,000 was budgeted and released for the National Land Titling Programme (NLTP) to produce 1,000,000 certificates of title.

Although K30,000,000 was spent on the programme, it was observed that, as at 31st December 2019, only 10,280 certificates of title were produced, resulting in a deficit of 989,720.

ii. **Over Payment on Administrative Costs – Land Development Funds (LDF)**

Clause 1.7 of the LDF guidelines states that “the administrative costs shall not be more than 5% of the total disbursed funds and must be used on activities related to the LDF projects such as stationary, bank charges, fuel and allowances”.

During the period under review, amounts totalling K12,527,173 were available for LDF activities. According to the guideline, a sum of K626,359 being 5% of the available funds should have been spent on administrative activities.

It was however observed that a total of K738,210 was spent on administrative activities representing 6% of the total available funds resulting in over expenditure of K125,686.

d. **Management of Payroll and Staff Related Matters – Failure to Deduct Pension Contributions**

The National Pension Scheme Act No. 40 of 1996 stipulates that contributing employers should pay contributions to the Authority at the end of each month and such employers should submit all prescribed particulars.

Contrary to the Act, wages in amounts totalling K428,361 were paid to fifty-one (51) Scanning Assistants without deducting the 5% pension employee contributions in amounts totalling K21,418.
e. **Failure to withhold VAT from Payments to Suppliers**

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

Contrary to the circular, the Ministry did not withhold VAT in amounts totalling K56,037 on payments made to various suppliers of goods and services.

f. **Accounting Irregularities – Inadequately Supported Payments**

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

Contrary to the regulations, payments in amounts totalling K34,914 processed by the Ministry were not supported with documents such as cash sale receipts, purchase orders, goods received notes, attendance registers, invitation letters, contracts, and authority.

g. **Management of Stores – Unaccounted for Stores**

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

Contrary to the Regulation, fuel costing K85,846 procured by the Ministry was not accounted for in that there were no receipt and disposal records as at 31st August 2020.

h. **Operations of Zambia Forestry College**

Zambia Forestry College (ZFC) located in Kitwe, Mwekera Forest No.6 is responsible for providing long-term and short-term technical training in management of the forestry sector, including other natural resources. The mandate of the College is to provide training and education in the sustainable management and utilisation of the environment and natural resources for socio-economic development to benefit the present and future generations.
During the period under review, the college received amounts totalling K1,900,000 to cater for its operations.

In addition, funds in amounts totalling K3,190,391 were generated from various sources including students’ fees, timber sales and charges for school tours, bringing the total available funds to K5,090,391.

An examination of financial and other records at the College review revealed the following:

i. **Failure to Insure Motor Vehicles**

   The Road Traffic Act No. 11 of 2002 requires all users of motor vehicles or trailers to have at least third-party insurance.

   Contrary to the Act, four (4) motor vehicles were not insured during the period under review.

ii. **Management of Institutional Houses – Irregular Occupation of Institutional Houses by Non – Government Employees**

   A review of the register for Institutional houses revealed that the College had one hundred (100) housing units.

   A review of occupants of the houses revealed that eight (8) houses were occupied by either retired or spouses of deceased employees who were not owed any funds by Government.

iii. **Failure to Secure Title Deeds**

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

   Contrary to the Act, the title deeds for a parcel of land on which the College is located was not secured.
iv. Construction of a College Library

On 6th June 2014, the Provincial Administration, Copperbelt Province engaged Horizon Properties Limited to construct a two (2) storey building at the Zambia Forestry College at a contract sum of K1,916,158, with a completion period of thirty two (32) weeks.

As at 31st July 2020, the contractor had been paid amounts totalling K1,549,755 representing 80% of the contract sum.

The following were observed:

- **Uncompleted Works**
  
  A physical inspection of the structure conducted on 26th June 2020, revealed that the works were not completed, and the contractor had abandoned the site.

- **Failure to Terminate the Contract**
  
  Although the contractor failed to complete the works within the contract period, the Provincial Administration failed to terminate the contract and invoke the clause on liquidated damages.

  As at 31st August 2020, no decision had been made on the progression of the works. See pictures below.

*Front view of the incomplete Library*  
*Back view of the incomplete Library*
30.1 Mandate

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

30.2 Audit Findings

An examination of financial and other records maintained at the Ministry Headquarters, Provincial Fisheries and Livestock Coordinating Offices (PFLCOs) and selected District Fisheries and Livestock Coordinating Offices (DFLCOs) for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a provision of K1,171,709,231 was made to cater for the operations of the Ministry against which amounts totalling K291,783,442 were released resulting in an under funding of K879,925,789.

As at 31st December 2019, amounts totalling K288,860,877 had been spent.

b. Procurement of Goods and Services

i. Failure to withhold VAT from Procurements

The Value Added Tax (VAT) Amendment Act No.12. of 2017 read together with the Treasury and Financial Management Circular No. 6 of 2017 directed all institutions which were appointed as tax agents to withhold and remit VAT from payments to suppliers of goods and services to the Zambia Revenue Authority (ZRA).
Contrary to the Act and circular, the Ministry did not deduct VAT in amounts totalling K45,269 during the period under review.

ii. Unretired Accountable Imprest

Financial Regulations No. 96 (1) stipulates that accountable imprest should be retired immediately the purpose for which it was issued had been fulfilled.

Contrary to the regulation, accountable imprest in amounts totalling K53,520 issued to two (2) officers to pay subsistence allowance for monitoring and evaluation of Foot and Mouth Disease vaccination exercise had not been retired as at 31st August 2020.

iii. Wasteful Expenditure – Failure to Utilise Insecticides

On 27th July 2017, the Ministry engaged a joint venture of Share Mix Limited and Avima Pty Limited of South Africa to supply and deliver 425,489 Litres of Deltamethrin ULV Insecticide at a contract sum of K14,420,627 (US$1,621,114.80) with a delivery period of two (2) weeks.

The joint venture was also required to oversee the application of the insecticide in an aerial spraying operation, to control tsetse flies and trypanosomiasis in livestock and in humans in parts of Rufunsa, Luano and Nyimba districts.

As at 31st December 2018, the supplier had been paid amounts totalling K7,748,902 (US$810,554.64), for the delivery of the first consignment of 212,744.50 litres, being 50% of the contracted quantity.

In this regard, on 15th June 2018, the Ministry engaged a joint venture of CK Scientific Group (Zambia) Limited and Sandriver Crop Protection of South Africa to provide night time aerial spraying services to control tsetse flies (Glossina Morsitans and G. Pallidipes) in a 9,293 km² area covering parts of Rufunsa, Luano and Nyimba districts. The contract sum was US$3,192,000 (K31,812,429.60) with a delivery period of three (3) months ending on 15th September 2018. The contract was further extended for another three (3) months from 1st May 2019 to 31st July 2019 at no additional cost.

The terms of the contract included the following:
• The starting date for the commencement of services was seven (7) days after contract signing.

• 10% performance security of the contract price shall be provided within 14 days of contract signing.

• Advance payment of 25% of the contract price shall be paid on the commencement date against the submission of a bank guarantee for the equivalent amount.

As at 31st December 2019, the contractor had been paid amounts totalling K6,602,522 (US$452,262.98) representing 14.17% of the contract sum as advance payment instead of 25%.

However, as at 31st August 2020, the contractor had not executed the works despite the works being rescheduled three (3) times between 2018 and 2020 while 90,000 litres of insecticide valued at K3,278,124 (US$342,900) delivered by a joint venture of Share Mix Limited and Avima Pty Limited of South Africa in October 2017 had expired rendering the expenditure of K3,278,124 (US$342,900) wasteful.

iv. **Contract with Botswana Vaccine Institute (BVI)**

On 21st December 2018, the Ministry engaged Botswana Vaccine Institute to supply and deliver Contagious Bovine Pleuropneumonia (CBPP) vaccine TI/14 Strain and Foot and Mouth Disease vaccine (FMD) on a three (3) year running contract.

During the period under review, the supplier had been paid amounts totalling K3,280,780 for the supply of 840,500 doses of FMD and 100,000 doses of CBPP vaccines.

The terms of the contract included the following:

• The supplier shall at its own expense and at no cost to the procuring entity carry out all such tests and/or inspections of the goods and related services.

• The supplier shall provide the procuring entity with a report of the results of any such tests and/or inspections.
• Physical inspections and laboratory tests of the vaccines prior to acceptance by the purchaser shall be conducted on delivery at Central Veterinary Research Institute (CVRI).

The following were observed:

• **Failure to Perform Pre-inspection Tests on Delivered Vaccines**

  Although the contract provided for the vaccines to be inspected physically and tested at the CVRI, there was no evidence of physical inspections and/or laboratory tests before acceptance of the vaccines.

• **Unaccounted for Vaccines**

  During the period under review, 840,500 doses of FMD vaccine valued at K3,097,100 and 100,000 doses of CBPP vaccines valued at K183,680 were distributed to thirty-four (34) districts that were affected by the disease.

  However, a physical inspection of vaccines distributed to seven (7) selected District Fisheries and Livestock Offices carried out in June 2020 revealed that 323,000 vaccines costing K1,005,397 were unaccounted for in that there were no disposal details.

  Further, it was observed that Mongu Provincial Fisheries and Livestock Office did not have cold rooms to store the vaccines and relied on a third party for the storage.

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

i. **Irregular Payment of Rural Hardship Allowances**

  Terms and Conditions of Service for the Public Service No. 166 read together with Public Service Management Division Circular No. B6 of 2010 requires an officer serving in an area declared to be in a rural and remote area to be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.
Contrary to the Terms and Conditions of Service, rural hardship allowance in amounts totalling K27,950 was paid to three (3) officers who worked at two (2) stations that did not qualify for the allowances. See table 30.1.

Table 30.1: Rural Hardship Allowances

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Station</th>
<th>No. of Officers</th>
<th>Rural Hardship Allowance K</th>
<th>Total K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Southern</td>
<td>PFLCO</td>
<td>1</td>
<td>9,767</td>
<td>9,767</td>
</tr>
<tr>
<td>2</td>
<td>Muchinga</td>
<td>PFLCO</td>
<td>2</td>
<td>18,183</td>
<td>18,183</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total</td>
<td>27,950</td>
</tr>
</tbody>
</table>

ii. Irregular Payment of Housing Allowance

The Public Service Management Division Circular No. B 24 of 2013 requires housing allowance to be paid to officers not accommodated by Government in standard/pool houses through the payroll.

Contrary to the Circular, twenty-seven (27) officers who were accommodated in institutional houses were irregularly paid housing allowance in amounts totalling K257,815. See table 30.2.

Table 30.2: Payment of Housing Allowances

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Station</th>
<th>No. of Officers</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North Western</td>
<td>PFLCO</td>
<td>3</td>
<td>29,609</td>
</tr>
<tr>
<td>2</td>
<td>Northern</td>
<td>PFLCO</td>
<td>1</td>
<td>10,076</td>
</tr>
<tr>
<td>3</td>
<td>Western</td>
<td>PFLCO</td>
<td>22</td>
<td>214,867</td>
</tr>
<tr>
<td>4</td>
<td>Muchinga</td>
<td>PFLCO</td>
<td>1</td>
<td>3,263</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total</td>
<td>27</td>
</tr>
</tbody>
</table>

iii. Irregular Payment of Salaries to an Officer Absent from Duty without Leave-Vubwi DFLCO – Eastern Province

Terms and Conditions of Service for the Public Service No. 60 (a) and (b) stipulate that an officer who is absent from duty without leave for a continuous period of ten (10) or more working days, should be liable for dismissal and should not be paid a salary for the period he or she was absent from duty.
Contrary to the Terms and Conditions of Service, a Veterinary Officer absconded from duty for eight (8) months and was irregularly paid salaries in amounts totalling K107,232 for the period from January to August 2019.

d. **Accounting Irregularities**

i. **Lack of Safe Facilities – North Western Province**

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

However, the Provincial and Solwezi District Fisheries and Livestock Offices operated without safe facilities rendering public funds, articles and accountable documents unsecured.

ii. **Delayed Banking of Revenue**

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

Contrary to the regulation, there were delays in banking of revenue in amounts totalling K72,531 collected at three (3) stations for periods ranging from 1 to 139 days. See table 30.3.

**Table 30.3: Delayed Banking**

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Station</th>
<th>Amount K</th>
<th>Days Delayed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Copperbelt</td>
<td>PFLCO</td>
<td>61,926</td>
<td>1-100</td>
</tr>
<tr>
<td>2</td>
<td>Muchinga</td>
<td>Chama DFLCO</td>
<td>7,255</td>
<td>4-135</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mpika DFLCO</td>
<td>3,350</td>
<td>4-139</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>72,531</strong></td>
<td></td>
</tr>
</tbody>
</table>

iii. **Unsupported Payments**

Financial Regulation Nos. 45 and 52 require that all payments by cheque or cash for goods, services and works should be supported by cash sale receipts and that vouchers relating to purchases be supported by an official order and the supplier’s invoices.
Contrary to the regulations, thirteen (13) payments in amounts totalling K68,290 processed at three (3) stations were not supported with documentation such as invitation letters, receipts, and list of beneficiaries. See table 30.4.

### Table 30.4: Unsupported Payments

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Institution</th>
<th>No. of Transactions</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Central</td>
<td>Chibombo DLFO</td>
<td>3</td>
<td>8,180</td>
</tr>
<tr>
<td>2</td>
<td>Muchinga</td>
<td>Lavuchimanda DFLCO</td>
<td>3</td>
<td>26,040</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mbesuma Livestock Breeding Centre</td>
<td>7</td>
<td>34,070</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>13</strong></td>
<td><strong>68,290</strong></td>
</tr>
</tbody>
</table>

iv. **Unretired Accountable Imprest – Chibombo DFLCO**

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

Contrary to the regulation, accountable imprest in amounts totalling K49,735 issued to an officer for various activities had not been retired as at 31st August 2020.

v. **Irregular Payment of Subsistence Allowance – Muchinga Province**

Cabinet Circular Minute of 2015 dated 30th December 2015, on Implementation of Cost Saving Measures No. 9, defines workstation as a place of work within the district boundary and prohibits payment of subsistence allowance while at workstation.

Contrary to the circular minute, subsistence allowance in amounts totalling K132,683 was paid to twenty-five (25) officers at two (2) stations in respect of for activities undertaken within the district boundaries. See table 30.5.

### Table 30.5: Subsistence Allowances Irregularly Paid

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>No. of Officers</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chama DFLCO</td>
<td>18</td>
<td>104,605</td>
</tr>
<tr>
<td>2</td>
<td>Lavushimanda DFLCO</td>
<td>7</td>
<td>28,078</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
<td><strong>132,683</strong></td>
</tr>
</tbody>
</table>
vi. **Unaccounted for Funds – Chibombo – Central Province**

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

A scrutiny of bank statements and cash book revealed that amounts totalling K20,292 involving seven (7) transactions were paid to an officer to carry out various activities.

Contrary to the regulation, there were no expenditure details such as payment vouchers, acquittals and receipts and no cash was found on hand.

e. **Management of Assets**

i. **Failure to Insure Motor Vehicles and Motorcycles**

The Road Traffic Act No. 11 of 2002 requires all users of motor vehicles or trailers to have at least third-party insurance.

Contrary to the Act, eighteen (18) motor vehicles and thirty-two (32) motorcycles whose value could not be ascertained, were not insured. See table 30.6.

**Table 30.6: Uninsured Motor Vehicles and Motorcycles**

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Station</th>
<th>No. of Vehicles</th>
<th>No. of Motorcycles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Southern</td>
<td>PFLCO</td>
<td>6</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Choma DFLCO</td>
<td>2</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Zimba DFLCO</td>
<td>1</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>Central</td>
<td>Mkushi DFLCO</td>
<td>1</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>3</td>
<td>Western</td>
<td>PFLCO</td>
<td>6</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DFLCO Mongu</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kalabo DFLCO</td>
<td>0</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sesheke DFLCO</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Eastern</td>
<td>Chpata DFLCO</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>18</strong></td>
<td><strong>32</strong></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>

Consequently, Chipata DFLCO could not be compensated for its motorcycle (GRZ 10 FT) that was stolen on 28th May 2019.
ii. **Failure to Operationalise Regional Laboratory – North Western Province**

The Ministry constructed a regional laboratory block in 2015 at a total cost of K3,770,836 which was handed over to the Government in 2017.

However, a physical inspection carried out in May 2020 revealed that although the building was completed, it had not been operationalised thirty-six (36) months after handing over.

iii. **Failure to Claim Compensation for Insured Animals – Mbesuma Breeding Centre - Chinsali District**

During the period from August 2019 to February 2020, four (4) insured cattle died. However, as at 31st July 2020, the Breeding Centre had not processed the insurance claims, three (3) to nine (9) months after the death of the animals.

Further, the Breeding Centre could not be compensated for three (3) cattle that died in March and June 2019 as they were not insured.

### 31 Head: 89 Ministry of Agriculture

**Departments:** Various  
**Units:** Various  
**Programmes:** Various  
**Activities:** Various

#### 31.1 Mandate

The Ministry of Agriculture is mandated among others to promote and strengthen efficient and effective management of agricultural production and productivity to ensure sustainable household and national food and nutrition security and increased incomes.

#### 31.2 Audit Findings

An examination of accounting and other records maintained at the Ministry Headquarters, Provincial Agriculture Coordinating Offices (PACOs), selected District Agriculture
Coordinating Offices (DACOs), Agriculture Training Institutions and physical inspections revealed the following:

a. **Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a provision of K5,213,434,633 was made to cater for operations of the Ministry against which amounts totalling K1,865,970,074 were released resulting in an under funding of K3,347,464,558.

As at 31st December 2019, the Ministry had spent K1,789,489,872.

b. **Ministry Headquarters – Farmer Input Supply Programme (FISP)**

i. **Direct Input Supply**

The Government of the Republic of Zambia through the Ministry of Agriculture designed the Farmer Input Support Programme (FISP) in 2002, which was aimed at improving access of small scale farmers to inputs and enhancing the participation and competitiveness of the private sector in the supply and timely distribution of agricultural inputs in adequate amounts. In this regard, the Ministry supported and facilitated the implementation of FISP to small scale but viable farmers to access inputs for 2019/2020 farming season through direct input supply and e-voucher programmes.

Each farmer under this modality was to be assisted with Urea and D–Compound fertilisers and maize, sorghum, groundnut, and soya bean seeds after making a contribution of K400.

During the period under review, the direct input supply programme was implemented in seventy-four (74) districts of the country. The number of targeted beneficiaries in the 2019/2020 agricultural season was 688,931 small-scale farmers.

However, out of the targeted beneficiaries, 688,376 deposited farmer contributions totalling K275,350,400 while the remaining 555 farmers did not benefit from the programme as they did not deposit the contributions.
The Government planned to support small scale farmers with 277,384.81 metric tonnes (MT) of inputs as shown in table 31.1.

### Table 31.1: Direct Input Supply

<table>
<thead>
<tr>
<th>No.</th>
<th>Input Type</th>
<th>Metric Tonnes (MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Fertilisers</strong></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Urea</td>
<td>101,822.15</td>
</tr>
<tr>
<td>2</td>
<td>D Compound</td>
<td>148,253.22</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal</strong></td>
<td><strong>250,075.37</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Seeds</strong></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Maize Seed</td>
<td>6,338.21</td>
</tr>
<tr>
<td>2</td>
<td>Sorghum Seed</td>
<td>674.84</td>
</tr>
<tr>
<td>3</td>
<td>Groundnut Seed</td>
<td>6,085.74</td>
</tr>
<tr>
<td>4</td>
<td>Soya bean Seed</td>
<td>14,210.65</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal</strong></td>
<td><strong>27,309.44</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Overall Total</strong></td>
<td><strong>277,384.81</strong></td>
</tr>
</tbody>
</table>

The following were observed:

- **Procurement of Seeds**
  - **Failure to Deliver Inputs**

The Ministry engaged ten (10) companies to supply, deliver and distribute 27,309.44 MT of assorted seed varieties with a delivery date of 31st December 2019, out of which 18,897.24 MT were delivered leaving a balance of 8,412.20 undelivered as at 31st August 2020. See table 31.2.

### Table 31.2: (Under)/Over Supply

<table>
<thead>
<tr>
<th>No.</th>
<th>Supplier</th>
<th>Maize MT</th>
<th>Sorghum MT</th>
<th>Groundnuts MT</th>
<th>Soya Beans MT</th>
<th>Total MT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Zambezi</td>
<td>1,336.75</td>
<td>516.60</td>
<td>1,683.62</td>
<td>1,569.03</td>
<td>5,106.00</td>
</tr>
<tr>
<td>2</td>
<td>Stewards Globe</td>
<td>-</td>
<td>-</td>
<td>76.84</td>
<td>450.80</td>
<td>527.64</td>
</tr>
<tr>
<td>3</td>
<td>MRI</td>
<td>579.93</td>
<td>-</td>
<td>-</td>
<td>1,801.10</td>
<td>2,381.03</td>
</tr>
<tr>
<td>4</td>
<td>Seed Co</td>
<td>1,160.06</td>
<td>-</td>
<td>-</td>
<td>1,420.85</td>
<td>2,580.91</td>
</tr>
<tr>
<td>5</td>
<td>Klein Karoo</td>
<td>100.00</td>
<td>-</td>
<td>-</td>
<td></td>
<td>100.00</td>
</tr>
<tr>
<td>6</td>
<td>Zamseed</td>
<td>538.55</td>
<td>-</td>
<td>-</td>
<td>132.00</td>
<td>670.55</td>
</tr>
<tr>
<td>7</td>
<td>Pannar</td>
<td>1,385.83</td>
<td>-</td>
<td>-</td>
<td>140.00</td>
<td>1,525.83</td>
</tr>
<tr>
<td>8</td>
<td>Farmers Barn</td>
<td>820.26</td>
<td>-</td>
<td>991.82</td>
<td>1,517.50</td>
<td>3,329.58</td>
</tr>
<tr>
<td>9</td>
<td>Pioneer</td>
<td>702.99</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>702.99</td>
</tr>
<tr>
<td>10</td>
<td>Kamano</td>
<td>231.41</td>
<td>220.00</td>
<td>900.00</td>
<td>621.00</td>
<td>1,972.41</td>
</tr>
</tbody>
</table>

|       | **Delivered MT**  | **6,855.78** | **736.60** | **3,652.28** | **7,652.28** | **18,896.94** |
|       | **Targeted Amount as per FISP guideline 1.2 (MT)** | 6,338.21 | 674.84 | 6,085.74 | 14,210.65 | 27,309.44 |
|       | **Shortfall (MT)** | (517.57) | (61.76) | 2,433.46 | 6,558.07 | 8,412.20 |
o  **Failure to Conduct Inspections and Tests**

General Conditions of Contract (GCC) Clause 23.1 stipulates that the supplier should at its own expense and at no cost to the procurement entity carry out tests and inspections of goods and related services in selected district central warehouses and provide the procurement entity with a report of the results of any such test or inspections.

Contrary to the clause, there were no inspections conducted on the delivered seeds by the ten (10) suppliers.

- **Unaccounted for Inputs**

A scrutiny of records at three (3) stations revealed that 326,720 bags of inputs were received out of which 323,046 were distributed leaving a balance of 3,674 bags costing K1,890,929 unaccounted for as they were not in the warehouses as at 31st August 2020. See table 31.3.

**Table 31.3: Unaccounted for Inputs**

<table>
<thead>
<tr>
<th>No.</th>
<th>District</th>
<th>Fertiliser (50 Kgs)</th>
<th>Seed (10kgs)</th>
<th>Fertiliser (50 Kgs)</th>
<th>Seed (10kgs)</th>
<th>Fertiliser (50 Kgs)</th>
<th>Seed (10kgs)</th>
<th>Cost K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Katete</td>
<td>177,098</td>
<td>26,869</td>
<td>177,098</td>
<td>26,716</td>
<td>-</td>
<td>153</td>
<td>49,436</td>
</tr>
<tr>
<td>2</td>
<td>Lufwanyama</td>
<td>81,924</td>
<td>20,746</td>
<td>81,701</td>
<td>18,561</td>
<td>223</td>
<td>2,185</td>
<td>1,481,871</td>
</tr>
<tr>
<td>3</td>
<td>Petauke</td>
<td>-</td>
<td>20,083</td>
<td>-</td>
<td>18,970</td>
<td>-</td>
<td>1,113</td>
<td>359,621</td>
</tr>
<tr>
<td></td>
<td>Sub total</td>
<td>259,022</td>
<td>67,698</td>
<td>258,799</td>
<td>64,247</td>
<td>223</td>
<td>3,451</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Grand Total</td>
<td>326,720</td>
<td>323,046</td>
<td>3,674</td>
<td>1,890,929</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Failure to Supply Groundnut Seed – Mansa District**

On 23rd July 2019, the Ministry engaged Farmers Barn Limited to supply and deliver 50 metric tonnes of groundnut seed to Mansa District in Luapula Province at a contract sum of K2,107,960 with a delivery date of 31st December 2019. However, as at 31st August 2020, the company had not delivered the seed.

- **Failure to Deliver Inputs**

On 12th August 2019, the Ministry engaged Zambia Seed Company Limited (Zamseed) to supply and deliver 2,000 x 10 kgs bags of maize seed to Mansa District at a contract sum of K646,220 and a delivery date of 31st December
2019. However, as at 31st August 2020, the Company had delivered 1,500 x 10kgs bags of seed leaving a balance of 500 bags costing K161,555 undelivered.

ii. Management of Assets – Failure to Insure Motor Vehicles

The Road Traffic Act No. 11 of 2002 requires all users of motor vehicles or trailers to have at least third-party insurance.

Contrary to the Act, 105 motor vehicles belonging to the Ministry were not insured during the period under review.

c. Provincial and District Agriculture Coordinating Offices and Training Institutions

i. Management of Payroll and Staff Related Matters

• Unknown Officers Drawing Salaries – Eastern Province

During the period under review, salaries in amounts totalling K904,328 were paid to sixteen (16) officers who were not known by the heads of stations where they were purportedly assigned.

• Salary Overpayment due to Wrong Salary Scale – Copperbelt Province

Terms and Conditions of Service for the Public Service No. 32 states that “no officer shall be transferred to a post carrying a different salary scale to that applicable to his or her present salary scale without the consent of the Service Commission or the responsible officer as the case may be”.

Contrary to Terms and Conditions of Service, in June 2018, an Agriculture Officer (salary scale I) was transferred from Northern to Copperbelt Province – Kitwe DACO and placed on a salary scale of a Senior Irrigation officer (Salary Scale J) without authority.

In this regard, the officer was irregularly paid salaries in amounts totalling K223,446 instead of K121,903 resulting in an overpayment of K101,543. As at 31st August 2020, the overpayment of salary had not been recovered.
- **Irregular Payment of Salaries to Officers Absent from Duty Without Leave**

  Terms and Conditions of Service for the Public Service No. 60 (a) and (b) state that “an officer who absents himself or herself from duty for a period of ten (10) days or more shall be liable for dismissal from the service and shall not get a salary for the period he/she is absent from duty”.

  Contrary to the Terms and Conditions of Service, no action had been taken against six (6) officers who were absent from duty for periods ranging from one (1) to twelve (12) months and were irregularly paid salaries in amounts totalling K544,434 during the period of absence. See table 31.4.

  **Table 31.4: Payment of Salaries to Officers absent from Duty**

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Station</th>
<th>No. of Officers</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Copperbelt</td>
<td>Ndola</td>
<td>3</td>
<td>438,035</td>
</tr>
<tr>
<td>2</td>
<td>Northwestern</td>
<td>Solwezi</td>
<td>1</td>
<td>24,896</td>
</tr>
<tr>
<td>3</td>
<td>Western</td>
<td>Mongu</td>
<td>2</td>
<td>81,503</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>6</td>
<td>544,434</td>
</tr>
</tbody>
</table>

- **ii. Procurement of Goods and Services – Unsupported Payments – Chibombo DACO**

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

  Contrary to the regulation, payments in amounts totalling K124,593 made to several officers and suppliers for various activities were not supported, in that documentation such as payment vouchers, imprest retirements and receipts were not availed for audit.

- **iii. Management of Assets**

  - **Failure to Insure Motor Vehicles and Motorcycles**

    The Road Traffic Act No 11 of 2002 requires all users of motor vehicles or trailers to have at least third-party insurance.
Contrary to the Act, twenty one (21) motor vehicles and fifty one (51) motorcycles were not insured during the period under review. See table 31.5.

**Table 31.5: Motor Vehicles and Motorcycles Not Insured**

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Institution</th>
<th>No. of Vehicles</th>
<th>No. of Motorcycles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Southern</td>
<td>Choma PACO</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Choma DACO</td>
<td>1</td>
<td>15</td>
</tr>
<tr>
<td>2</td>
<td>Muchinga</td>
<td>Shiwangandu DACO</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>3</td>
<td>Eastern</td>
<td>Chadiza DACO</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>4</td>
<td>Western</td>
<td>Mongu PACO</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mongu DACO</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kalabo DACO</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shesheke DACO</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>21</strong></td>
<td><strong>51</strong></td>
</tr>
</tbody>
</table>

As at 31st August 2020, the assets were still not insured.

- **Lack of Title Deeds**

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

Contrary to the Act, title deeds for parcels of land on which 384 properties such as administration blocks, institutional and guest houses are located, were not secured. Consequently, the properties were not insured. See table 31.6.

**Table 31.6: Lack of Title Deeds**

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Institution</th>
<th>No. of Properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Eastern</td>
<td>Chipata PACO</td>
<td>234</td>
</tr>
<tr>
<td>2</td>
<td>Luapula</td>
<td>Mansa PACO</td>
<td>93</td>
</tr>
<tr>
<td>3</td>
<td>NorthWestern</td>
<td>Solwezi PACO</td>
<td>14</td>
</tr>
<tr>
<td>4</td>
<td>Southern</td>
<td>Choma PACO</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Zimba DACO</td>
<td>7</td>
</tr>
<tr>
<td>6</td>
<td>Western</td>
<td>Mongu PACO</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mongu DACO</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kalabo DACO</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shesheke DACO</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>384</strong></td>
</tr>
</tbody>
</table>
32.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

32.2 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Headquarters and selected districts for the period under review revealed the following:

a. **Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a provision of K87,078,733 was made to cater for operations of the Provincial Administration against which amounts totalling K72,131,528 were released resulting in an under funding of K14,947,205.

As at 31st December 2019, amounts totalling K72,082,309 had been spent.

In addition, the Provincial Administration raised amounts totalling K3,861,213 for the Copperbelt Investment Expo (CIEX) from various stakeholders out of which K3,729,595 had been spent.

b. **Management of Payroll and Staff related Matters – Misplacement of Payroll Area**

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

Contrary to the Circular, a reconciliation of the payroll and staff returns at five (5) stations revealed that as at 31st December 2019, there were 147 officers who drew
salaries in amounts totalling K8,601,356 from pay-points that were different from their physical stations. See table 32.1.

Table 32.1: Misplaced Officers

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>No. of Officers</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Provincial Administration</td>
<td>136</td>
<td>7,893,615</td>
</tr>
<tr>
<td>2</td>
<td>Kitwe District Administration</td>
<td>4</td>
<td>221,222</td>
</tr>
<tr>
<td>3</td>
<td>Kalulushi District Administration</td>
<td>5</td>
<td>350,108</td>
</tr>
<tr>
<td>4</td>
<td>Chingola District Administration</td>
<td>1</td>
<td>69,514</td>
</tr>
<tr>
<td>5</td>
<td>Chililabombwe District Administration</td>
<td>1</td>
<td>66,896</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>147</strong></td>
<td><strong>8,601,356</strong></td>
</tr>
</tbody>
</table>

As at 31st August 2020, the pay-points had not been normalised.

c. Accounting Irregularities

i. Delayed Banking

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

Contrary to the regulation, there were delays in banking of revenue collected in amounts totalling K28,250 for periods ranging from three (3) to eleven (11) days despite proximity to banking facilities. The delay did not include weekends and public holidays. See table 32.2.

Table 32.2: Delayed Banking

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>Amount Banked K</th>
<th>Days Delayed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kitwe District Administration</td>
<td>5,550</td>
<td>6 to 8</td>
</tr>
<tr>
<td>2</td>
<td>Kalulushi District Administration</td>
<td>22,700</td>
<td>3 to 11</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>28,250</strong></td>
<td></td>
</tr>
</tbody>
</table>

ii. Copies of Receipt Forms without Details – Ndola District Administration

Financial Regulation No. 113 (1) and (2) requires that receipt forms be completed either in ink or in indelible pencil and copies should contain the same details as those appearing on the original.
Contrary to the regulation, there were six (6) duplicate receipts that did not show the details of the original.

In addition, the details of the receipts were not entered in the cash book and no deposit slips were availed for audit in respect of the amounts receipted. See table 32.3.

### Table 32.3: Receipt Numbers with no Details

<table>
<thead>
<tr>
<th>No.</th>
<th>Receipt Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>7630501</td>
</tr>
<tr>
<td>2</td>
<td>7630507</td>
</tr>
<tr>
<td>3</td>
<td>7630523</td>
</tr>
<tr>
<td>4</td>
<td>7630526</td>
</tr>
<tr>
<td>5</td>
<td>7630529</td>
</tr>
<tr>
<td>6</td>
<td>7630547</td>
</tr>
</tbody>
</table>

In this regard, it was not possible to ascertain the amounts that were collected on the receipts.

### iii. Unsupported Payments

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

Contrary to the regulations, nine (9) payments in amounts totalling K78,601 processed at two (2) stations were not supported with documents such as quotations, invoices, and receipts. See table 32.4.

### Table 32.4: Unsupported Payments

<table>
<thead>
<tr>
<th>No</th>
<th>Station</th>
<th>Account Type</th>
<th>No. of Transactions</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Provincial Administration</td>
<td>EXPO</td>
<td>5</td>
<td>59,615</td>
</tr>
<tr>
<td>2</td>
<td>Ndola District Administration</td>
<td>General Administration</td>
<td>4</td>
<td>18,985</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>9</strong></td>
<td><strong>78,601</strong></td>
</tr>
</tbody>
</table>

160
iv. **Irregular Use of Accountable Imprest**

Financial Regulation No. 86 (c) stipulates that accountable imprest is imprest that is issued to facilitate the purchase of goods and services whose value cannot be ascertained at the time.

Contrary to the regulation, imprest in amounts totalling K123,995 was issued to seventeen (17) officers to facilitate the purchase of fuel, stationery, cleaning materials, motor vehicle repairs, mineral water and hire of chairs whose values could be ascertained and procured directly from the suppliers. See table 32.5.

**Table 32.5: Accountable Imprest**

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>Account Type</th>
<th>No. of Officers</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ndola District Administration</td>
<td>State Functions</td>
<td>3</td>
<td>27,700</td>
</tr>
<tr>
<td>2</td>
<td>Chingola District Administration</td>
<td>General Administration</td>
<td>9</td>
<td>12,150</td>
</tr>
<tr>
<td></td>
<td></td>
<td>National Events</td>
<td>3</td>
<td>79,945</td>
</tr>
<tr>
<td>3</td>
<td>Chililabombwe District Administration</td>
<td>General Administration</td>
<td>1</td>
<td>2,900</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Events</td>
<td>1</td>
<td>1,300</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>17</td>
<td>123,995</td>
</tr>
</tbody>
</table>

v. **Unaccounted for Stores**

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

Contrary to the regulation, there were no receipt and disposal details in respect of various stores items costing K84,403 comprising general stores (K73,968) and fuel (K10,435) procured at two (2) stations. See table 32.6.

**Table 32.6: Unaccounted for Stores**

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>General Stores K</th>
<th>Fuel K</th>
<th>Total K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chingola District Administration</td>
<td>30,673</td>
<td>-</td>
<td>30,673</td>
</tr>
<tr>
<td>2</td>
<td>Chililabombwe District Administration</td>
<td>43,295</td>
<td>10,435</td>
<td>53,730</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>73,968</td>
<td>10,435</td>
<td>84,403</td>
</tr>
</tbody>
</table>

Consequently, it was not possible to ascertain whether the stores items were received and used for the intended purpose.
d. **Weaknesses in Management of Assets – Failure to Secure Title Deeds for Properties**

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

Contrary to the Act, the Provincial Administration did not secure title deeds for the office block and eighty-three (83) other properties. It was also observed that the properties had not been insured as at 31st August 2020.

e. **Management of Liabilities**

i. **Failure to Settle Outstanding Bills**

A review of records revealed that, the Provincial Administration had accrued debts in amounts totalling K17,922,898 in respect of personal emoluments, utility bills and other supplies of goods and services dating as far back as 1st December 1993. As at 31st August 2020, the bills had not been settled.

ii. **Failure to Remit Taxes**

Income Tax Act Chapter 323 of the Laws of Zambia requires that tax be deducted from personal emoluments and remitted to Zambia Revenue Authority (ZRA).

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

Contrary to the Acts, tax in amounts totalling K68,498 deducted from officers’ dues and withheld from payments for goods and services had not been remitted to ZRA. See table 32.7.
Table 32.7: Unremitted Taxes

<table>
<thead>
<tr>
<th>Station</th>
<th>VAT K</th>
<th>PAYE K</th>
<th>Total K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provincial Administration</td>
<td>-</td>
<td>59,955</td>
<td>59,955</td>
</tr>
<tr>
<td></td>
<td>8,543</td>
<td>-</td>
<td>8,543</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,543</strong></td>
<td><strong>59,955</strong></td>
<td><strong>68,498</strong></td>
</tr>
</tbody>
</table>

As at 31st August 2020, the taxes had not been remitted.

In addition, two (2) District Offices did not withhold VAT in amounts totalling K12,822 from payments for procurement of goods and services. See table 32.8.

Table 32.8: VAT not withheld

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ndola District Administration</td>
<td>9,648</td>
</tr>
<tr>
<td>2</td>
<td>Chingola District Administration</td>
<td>3,174</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>12,822</strong></td>
</tr>
</tbody>
</table>

33  Head:  92  Office of the President – Central Province

Departments:  Various

Units:  Various

Programmes:  Various

Activities:  Various

33.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

33.2 Findings

An examination of accounting and other records maintained at the Provincial Administration Headquarters and selected districts for the period under review revealed the following:
a. **Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a provision of K89,219,993 was made to cater for operations of the Provincial Administration against which amounts totalling K70,296,067 were released resulting in an under funding of K18,923,926.

As at 31st December 2019, amounts totalling K70,169,587 had been spent.

b. **Management of Payroll and Staff Related Matters – Failure to Transfer Officers from the Payroll**

During the period under review, the Ministries of Agriculture and Fisheries and Livestock in the provinces were separated from the Provincial Administration. However, it was observed that 539 officers under the departments in the province were not removed from the Provincial Administration payroll.

In this regard, salaries in amounts totalling K28,679,494 were paid to the officers on the Provincial Administration payroll during the period under review. As at 31st August 2020, the matter had not been addressed.

c. **Accounting Irregularities**

i. **Irregular Payment of Transport and Meal Allowances**

Cabinet Office Circular No. 11 of 2013, Clause 7 (iv) states that “Meal allowance shall only be paid to an officer who travels away from his/her normal station of duty on official duty for eight (8) hours or more but not including an overnight stay. This allowance is only paid in circumstances where lunch is not provided.”

Further, Cabinet Office Circular Minute of 2015 referenced CO.101/4/531 stipulates that a workstation shall mean a place of work within a district boundary. Contrary to the circulars, transport and meal allowances in amounts totalling K20,400 were paid to officers for activities carried out within the district boundary.
ii. **Failure to Obtain Authority to Travel Abroad**

In October 2018, two (2) officers travelled to China to attend a workshop on social security. On 7th March 2019, the officers were paid amounts totalling K6,000 out of a total claim of K37,842 leaving a balance of K31,842.

However, the payment was irregular in that there was no authority to travel abroad from the Secretary to the Cabinet.

iii. **Failure to Prepare Bank Reconciliations – Chibombo District Administration**

Financial Regulation No. 138 Section (1) to (3) states that “Bank reconciliations for Government accounts at the Bank of Zambia and commercial banks shall be submitted to the Office of the Accountant General by the fifteenth day of the following month.”

Contrary to the regulation, bank reconciliations for the General Administration Account for the period under review were not done. As a result, errors, omissions and fraudulent activities on the account could not be corrected and/or detected.

It was further observed that on 10th and 12th June 2019, the Office issued two (2) cheques in amounts totalling K17,200 on an insufficiently funded bank account Contrary to the National Payment System Act of 2007 which criminalises issuance of cheques on bank accounts which are not sufficiently funded.

iv. **Payments Made without Processing Vouchers – Chibombo District Administration**

Financial Regulation No. 45 requires that all payments be vouched for on a payment voucher.

Contrary to the regulation, fourteen (14) payments in amounts totalling K19,673 were processed by the District Administration Office without preparing payment vouchers and no expenditure details were availed for audit.
v. **Unaccounted for Stores**

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

Contrary to the regulation, stores items costing K33,591 comprising fuel (K20,306) and general stores (K13,285) procured at three (3) stations had no receipt and disposal details. See table 33.1.

**Table 33.1: Unaccounted for Stores**

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>Fuel (K)</th>
<th>General Stores (K)</th>
<th>Total (K)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Provincial Administration</td>
<td>2,306</td>
<td>-</td>
<td>2,306</td>
</tr>
<tr>
<td>2</td>
<td>Kabwe District Administration</td>
<td>5,000</td>
<td>13,285</td>
<td>18,285</td>
</tr>
<tr>
<td>3</td>
<td>Luano District Administration</td>
<td>13,000</td>
<td>-</td>
<td>13,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>20,306</strong></td>
<td><strong>13,285</strong></td>
<td><strong>33,591</strong></td>
</tr>
</tbody>
</table>

**d. Management of Assets – Uninsured Motor Vehicles**

The Road Traffic Act No. 11 of 2002 requires all users of motor vehicles or trailers to have at least third-party insurance.

Contrary to the Act, twenty-eight (28) motor vehicles were not insured by the Provincial Administration during the period under review. See table 33.2.

**Table 33.2: Uninsured Motor Vehicles**

<table>
<thead>
<tr>
<th>No.</th>
<th>Station</th>
<th>No. of Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Provincial Administration (HQ)</td>
<td>23</td>
</tr>
<tr>
<td>2</td>
<td>Mkushi District Administration</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Luano District Administration</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>28</strong></td>
</tr>
</tbody>
</table>

As at 31st August 2020, the vehicles had not been insured.

**e. Management of Liabilities – Failure to Remit Tax – Kabwe District Administration**

Income Tax Act Chapter 323 of the Laws of Zambia requires that tax be deducted from
personnel emoluments and remitted to Zambia Revenue Authority (ZRA).

Contrary to the Act, Pay as You Earn (PAYE) in amounts totalling K13,692 deducted from payments made to two (2) officers in respect of settling in allowances had not been remitted to ZRA as at 31st August 2020.

f. Irregular Issuance of Imprest – Central Province Planning Authority Account

The Ministry of Finance Treasury and Financial Circular No. 01 of 2019 requires that payments relating to conditions of service such as subsistence and other allowances be paid directly into the beneficiaries’ accounts.

Contrary to the circular, imprest in amounts totalling K1,576,488 was issued to thirty-nine (39) officers to facilitate the payments of subsistence allowances to several officers instead of paying directly into the beneficiaries’ accounts.

34 Head: 92 Office of the President – Central Province

Departments: Various

Units: Various

Programmes: Various

Activities: Various

34.1 Background

During the financial year ended 31st December 2019, amounts totalling K2,533,493 were deposited in the General Deposit Account for activities such as presidential visits, national day of prayers and Board of Survey.

In addition, amounts totalling K479,927 were brought forward from the previous year, bringing the total amount available to K3,013,420. See table 34.1.
### Table 34.1: Deposits and Other Income

<table>
<thead>
<tr>
<th>No.</th>
<th>Source</th>
<th>Activity</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Balance Brought Forward</td>
<td></td>
<td>479,927</td>
</tr>
<tr>
<td>2</td>
<td>Ministry of Finance</td>
<td>Presidential Visits</td>
<td>1,305,332</td>
</tr>
<tr>
<td>3</td>
<td>Ministry of National Guidance and Religious Affairs</td>
<td>National Day of Prayers</td>
<td>70,530</td>
</tr>
<tr>
<td>4</td>
<td>Revenue from Board of Survey</td>
<td>Sale of Obsolete Assets</td>
<td>1,079,740</td>
</tr>
<tr>
<td>6</td>
<td>Others (Cash Deposits)</td>
<td>Sale of Tender Documents and Cash Refunds</td>
<td>77,892</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>3,013,420</strong></td>
</tr>
</tbody>
</table>

As at 31st December 2019, amounts totalling K3,069,377 had been spent.

### 34.2 Audit Findings

An examination of accounting and other records relating to the General Deposit Account maintained at the Provincial Administration for the period under review revealed the following:

a. **Unauthorised Borrowing of Funds**

   Contrary to the Appropriation Act No. 22 of 2018, during the period under review, amounts totalling K307,451 were borrowed from the General Deposit Account for general administrative activities such as payment of allowances for investment expo, audits, Minister’s tour of districts, infrastructure verifications, and procurements of service parts for motor vehicles without authority from the Secretary to the Treasury.

b. **Management of Assets – Irregularities in the Board of Survey**

   During the period under review, the Secretary to the Treasury authorised Provincial Administration in Central Province to dispose of all unserviceable or obsolete assets valued at a total reserve price of K968,730 through public auction sale as provided in Section 46 sub-section 2I of the Public Finance Management Act No. 1 of 2018.

   In this regard, a Board of Survey (BOS) Committee was appointed to carry out the exercise.

   A review of records revealed that K1,118,340 was realised from the sale of obsolete assets out of which K381,514 was spent on allowances for several officers who undertook the survey (K332,753) and other expenses (K48,761).

   The following were observed:
i. Use of Revenue without Treasury Authority

Section (44) Sub-section (4) of the Public Finance Management Act No.1 of 2018 stipulates that all proceeds from disposal of public assets and stores except those that belong to local authorities and statutory corporations should be transmitted to the Consolidated Fund.

Out of the net revenue of K1,118,340 realised from the auction of boarded assets, K699,645 was remitted to Control 99 and K37,181 was paid as commission to the auctioneer leaving a balance of K381,514 which was used on payments of allowances and other expenses without authority from the Secretary to the Treasury. See table 34.2.

Table 34.2: Revenue Generated from Sale of Obsolete Assets

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of Obsolete Assets</td>
<td>1,058,970</td>
</tr>
<tr>
<td>Sale of Tender Documents</td>
<td>59,370</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>1,118,340</strong></td>
</tr>
<tr>
<td>Less: Auctioners Commission</td>
<td>37,181</td>
</tr>
<tr>
<td><strong>Net Revenue Amount</strong></td>
<td><strong>1,081,159</strong></td>
</tr>
<tr>
<td>Less: Funds remitted to Control 99</td>
<td>699,645</td>
</tr>
<tr>
<td>Unremitted funds to Control 99</td>
<td>381,514</td>
</tr>
</tbody>
</table>

ii. Delayed Banking

Financial Regulation No. 121 provides that all monies received by any accounting officer should be deposited not later than the next business day following the day of receipt.

Contrary to the regulation, there were delays in banking of revenue collected from BOS in amounts totalling K197,450 for periods ranging from thirteen (13) to thirty-six (36) days excluding weekends and public holidays. See table 34.3.
### Table 34.3: Delayed banking

<table>
<thead>
<tr>
<th>No.</th>
<th>Date Receipted</th>
<th>Receipt Range</th>
<th>Amount K</th>
<th>Date Deposited</th>
<th>Period of Delay</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>26.06.19</td>
<td>8497701 to 8497707</td>
<td>1,900</td>
<td>02.08.19</td>
<td>36 days</td>
</tr>
<tr>
<td>2</td>
<td>27.06.19</td>
<td>8497708 to 8497728</td>
<td>5,000</td>
<td>02.08.19</td>
<td>35 days</td>
</tr>
<tr>
<td>3</td>
<td>28.06.19</td>
<td>8497729 to 8497740</td>
<td>2,300</td>
<td>02.08.19</td>
<td>34 days</td>
</tr>
<tr>
<td>4</td>
<td>03.07.19</td>
<td>8497741 to 84977504</td>
<td>2,000</td>
<td>02.08.19</td>
<td>30 days</td>
</tr>
<tr>
<td>5</td>
<td>04.07.19</td>
<td>84977505 to 84977535</td>
<td>6,400</td>
<td>02.08.19</td>
<td>29 days</td>
</tr>
<tr>
<td>6</td>
<td>05.07.19</td>
<td>84977536 to 84977568</td>
<td>6,000</td>
<td>02.08.19</td>
<td>28 days</td>
</tr>
<tr>
<td>7</td>
<td>8.07.19 to 09.07.19</td>
<td>84977569 to 8770917</td>
<td>142,930</td>
<td>02.08.19</td>
<td>24 days</td>
</tr>
<tr>
<td>8</td>
<td>16.07.19 to 19.07.19</td>
<td>8771009 to 8771055</td>
<td>30,920</td>
<td>02.08.19</td>
<td>13 days</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>197,450</td>
</tr>
</tbody>
</table>

35 Head: 94 Office of the President, Western Province

Units: Various

Programmes: Various

Activities: Various

#### 35.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

#### 35.2 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Headquarters and selected districts for the period under review revealed the following:

**a. Budget, Funding and Expenditure**

In the Estimates of Revenue and Expenditure for the financial year ended 31\textsuperscript{st} December 2019, a provision of K106,589,668 was made to cater for operations of the Provincial Administration against which amounts totalling K63,115,041 were released resulting in an under funding of K43,474,627.

As at 31\textsuperscript{st} December 2019, amounts totalling K62,805,237 had been spent.

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

During the period under review, amounts totalling K55,591,738 were released and spent on personnel emoluments.
The following were observed:

i. **Misplacement of Payroll Area**

Cabinet Office Circular No.13 of 2019 requires that all employees not operating from designated duty stations should be placed in their designated duty stations and any employee who shall not be at their duty stations by 30<sup>th</sup> September 2019 would be removed from the payroll.

However, a review of the Provincial Administration payroll and staff returns revealed that seven (7) officers drew salaries in amounts totalling K403,596 when they were serving at Chilanga District Education Board Office, Zambia National Service Headquarters and Ministry of Home Affairs Headquarters in Lusaka among others. As at 31<sup>st</sup> August 2020, the paypoints for the officers had not been normalised.

ii. **Irregular Payment of Salaries to Officers Absent from Duty without Leave**

Sections (a) and (b) of Part 60 of Chapter 4 of the Terms and Conditions of Service for the Public Service requires that an officer who is absent from duty without leave for a continuous period of ten (10) or more working days, be liable for dismissal and should not be paid a salary for the period they were absent from duty.

Contrary to the Terms and Conditions of Service, three (3) officers who were absent from duty for periods ranging from three (3) to twelve (12) months had not been separated from the Civil Service and were paid salaries in amounts totalling K160,289. As at 31<sup>st</sup> August 2020, the officers had not been separated from the service.

c. **Accounting Irregularities**

i. **Unaccounted for Revenue – Kalabo District Forestry Office**

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

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Contrary to the regulation, revenue in amounts totalling K187,424 and K24,840 collected from issuance of Production and Conveyance Licences respectively, were unaccounted for in that the funds were neither banked nor was cash found on hand as at 31st August 2020.

ii. Unsupported Payments

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

Contrary to the regulations, fifty-three (53) payments in amounts totalling K139,975 were not supported with documents such as cash sales receipts and invitation letters. See table 35.1.

Table 35.1: Unsupported Payments

<table>
<thead>
<tr>
<th>No.</th>
<th>Account</th>
<th>No. of Transactions</th>
<th>Amount K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Treasury Single Account</td>
<td>39</td>
<td>112,371</td>
</tr>
<tr>
<td>2</td>
<td>Rural Sawmill</td>
<td>3</td>
<td>9,986</td>
</tr>
<tr>
<td>3</td>
<td>Value Added Tax</td>
<td>11</td>
<td>17,618</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>53</strong></td>
<td><strong>139,975</strong></td>
</tr>
</tbody>
</table>

iii. Single Sourcing – Procurement of Casing Pipes and Gravel Packs – Department of Water Affairs

Section 38 (2) (a) to (d) of the Public Procurement Regulations of 2011 provides guidelines on the procedures to be followed on procurement of goods and services when single sourcing which include getting a “No Objection” from the Zambia Public Procurement Authority (ZPPA).

Contrary to the regulation, in April and December 2019 the Department of Water Affairs single sourced the procurement of casing pipes (K92,400) and gravel packs (K14,490) for borehole drilling from two (2) suppliers.
iv. Unaccounted for Stores

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

Contrary to the regulation, various stores items costing K122,470 comprising general stores (K30,433) and fuel (K92,038) procured at four (4) stations were not accounted for in that there were no receipt and disposal details such as stores ledgers, stock control cards, Goods Received Vouchers (GRVs) and Goods Issued Vouchers (GIVs). See table 35.2.

Table 35.2: Items without Receipt and Disposal Details

<table>
<thead>
<tr>
<th>No.</th>
<th>Institution/Department</th>
<th>General Stores K</th>
<th>Fuel K</th>
<th>Total K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Provincial Administration</td>
<td>28,433</td>
<td>65,228</td>
<td>93,661</td>
</tr>
<tr>
<td>2</td>
<td>Sesheke DC</td>
<td>2,000</td>
<td>-</td>
<td>2,000</td>
</tr>
<tr>
<td>3</td>
<td>Lands Department</td>
<td>-</td>
<td>18,620</td>
<td>18,620</td>
</tr>
<tr>
<td>4</td>
<td>Kalabo DC</td>
<td>-</td>
<td>8,190</td>
<td>8,190</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>30,433</td>
<td>92,038</td>
<td>122,470</td>
</tr>
</tbody>
</table>

As a result, it was not possible to ascertain whether the stores items procured were received and used for the intended purpose.

v. Failure to Insure Assets

The Road Traffic Act No. 11 of 2002 requires all users of motor vehicles or trailers to have at least third-party insurance.

Contrary to the Act, forty-four (44) motor vehicles whose cost could not be ascertained were not insured during the period under review. As at 31st August 2020, the vehicles had still not been insured.
36.1 Mandate

The Provincial Administration is mandated to coordinate and implement national programmes and policies at the provincial level.

36.2 Audit Findings

An examination of accounting and other records maintained at the Provincial Administration Headquarters and selected districts for the period under review revealed the following:

a. Budget, Funding and Expenditure

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a provision of K89,105,306 was to cater for operations of the Provincial Administration against which amounts totalling K54,609,096 were released resulting in an under funding of K34,496,210.

As at 31st August 2020, amounts totalling K54,345,130 had been spent.

In addition, amounts totalling K51,753 were brought forward from the previous year and K2,016,327 were realised during the period under review. See table 36.1.

<table>
<thead>
<tr>
<th>No.</th>
<th>Department</th>
<th>Balance b/f K</th>
<th>Amount Received/Collected K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Forestry</td>
<td>12,740</td>
<td>475,275</td>
</tr>
<tr>
<td>2</td>
<td>Physical Planning and Housing</td>
<td>14,455</td>
<td>262,778</td>
</tr>
<tr>
<td>3</td>
<td>Water Affairs</td>
<td>24,558</td>
<td>1,278,274</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>51,753</td>
<td>2,016,327</td>
</tr>
</tbody>
</table>

b. Accounting Irregularities

i. Irregular Issuance of Accountable Imprest

Treasury and Financial Management Circular No. 5 of 2018 abolished issuance of accountable imprest and instructed that if a Ministry, Province or a Government
Agency is faced with a disaster, such an institution may apply to the Secretary to the Treasury for consideration to issue accountable imprest.

Contrary to the circular, accountable imprest in amounts totalling K473,679 was issued to several officers to undertake activities such as monitoring of concession areas in the districts without authority from the Secretary to the Treasury.

In addition, accountable imprest in amounts totalling K49,913 issued to five (5) officers had not been retired as at 31st August 2020 contrary to Financial Regulation No. 96.

ii. **Unaccounted for Stores**

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

Contrary to the regulation, stores items costing K91,097 comprising general stores (K79,519) and fuel (K11,578) procured by three (3) departments were unaccounted for as there were no receipt and disposal details. See table 36.2.

<table>
<thead>
<tr>
<th>No.</th>
<th>Department</th>
<th>General stores K</th>
<th>Fuel K</th>
<th>Total K</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Provincial Administration</td>
<td>12,037</td>
<td>11,578</td>
<td>23,615</td>
</tr>
<tr>
<td>2</td>
<td>Forestry</td>
<td>59,172</td>
<td>-</td>
<td>59,172</td>
</tr>
<tr>
<td>3</td>
<td>Physical Planning and Housing</td>
<td>8,310</td>
<td>-</td>
<td>8,310</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>79,519</strong></td>
<td><strong>11,578</strong></td>
<td><strong>91,097</strong></td>
</tr>
</tbody>
</table>

**Table 36.2: Unaccounted for Stores**

c. **Management of Assets**

i. **Failure to Insure Motor Vehicles**

The Road Traffic Act No. 11 of 2002 requires all users of motor vehicles or trailers to have at least third-party insurance.

Contrary to the Act, forty-eight (48) motors vehicles were not insured during the period under review. As at 31st August 2020, the motor vehicles remained uninsured.
ii. Failure to Safeguard Motor Vehicles

- **Nissan Hard Body – Registration No. GRZ 551 BX**

  Motor vehicle registration number GRZ 551BX – Nissan Hard Body belonging to Department of Labour which was parked at Government premises in Solwezi was moved to a private residence by the Assistant Controller of Government Transport without authority from the Permanent Secretary.

  A physical inspection carried out on 8\textsuperscript{th} April 2020 revealed that the vehicle was cannibalised in that engine parts, seats, dashboard, right and left fenders, gearbox, radiator, bonnet, front grill and bumper among others had been removed. See pictures below.

![](image1)

*Cannibalised Motor Vehicle – GRZ 551 BX*

- **Toyota Land Cruiser GX – ABC 3006**

  A Toyota Land Cruiser GX bearing registration number ABC 3006 belonging to Local Government Department was taken to a private garage in 2013 for repairs. A physical inspection conducted in April 2020 revealed that the motor vehicle had been cannibalised. See pictures below:

![](image2)

*Cannibalised Motor Vehicle – ABC 3006*
iii.  **Failure to Produce Accident Report – Provincial Planning Unit**

Public Stores Regulation No. 122 D (2) requires that all accidents which take place should be reported to the Police, the Standing Accidents Committee, the Provincial Commissioner of Works and the Permanent Secretary for the Province.

On 14\textsuperscript{th} April 2019, a Mitsubishi Sportero (GRZ 486 CB) whose value could not be ascertained was involved in a road traffic accident. However, there was no evidence that the accident was reported to the Police and Standing Accidents Committee.

At the time of the accident the motor vehicle was not insured and as at 31\textsuperscript{st} August 2020, the motor vehicle had not been repaired. See pictures below.

![Damaged motor vehicle – GRZ 486 CB](image)

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d. **Management of Liabilities – Failure to Remit Tax**

The VAT Amendment Act of 2017 and Treasury and Financial Management Circular No. 6 of 2017, requires all Government institutions to collect and remit withheld Value Added Tax (VAT) from payments to suppliers of goods and services to the Zambia Revenue Authority (ZRA).

Contrary to the Act, VAT in amounts totalling K80,056 withheld from various suppliers of goods and services during the period under review had not been remitted as at 31\textsuperscript{st} August 2020.
Recommendations

In order to improve Public Financial Management and ensure that the Ministries, Provinces and Agencies (MPAs) are operating within the financial management and accounting framework as set out in the Constitution of Zambia (Amendment) Act No. 2 of 2016, Public Finance Management Act No. 1 of 2018, Public Procurement Act No. 12 of 2008, Appropriations Act No. 22 of 2018 and any other laws and regulations, the following are recommended:

i. Controlling Officers must ensure that revenue collection and expenditure is appropriately planned and controlled. This should be done by:
   - Adhering to relevant laws, regulations, circulars, and minutes,
   - Establishing and maintaining an effective, efficient, and transparent system of financial and risk management as well as adequate and robust internal controls,
   - Managing prudently public resources and safeguarding them.
   - Taking effective and appropriate steps to collect revenues due to the Government that is under their charge,
   - Prevention of irregular or wasteful expenditure, misapplication of funds, theft or loss resulting from negligence or criminal conduct,
   - Taking immediate, effective, and appropriate disciplinary steps against erring office holders in the ministry or department under their charge, and
   - Taking immediate and appropriate action on internal and external audit observations and recommendations.

ii. The general revenue collected by appointed agents on behalf of Government should be promptly remitted to the Consolidated Fund,

iii. Controlling Officers should ensure that there is strict adherence to procurement procedures and all contract provisions,

iv. Controlling Officers should ensure prompt updating of the Establishment Register and placement of staff in designated duty stations,
v. Controlling Officers must ensure that all the assets under their charge are appropriately secured and insured, and

vi. Controlling Officers must ensure that all taxes and other statutory contributions are deducted and timely remitted to the respective institutions.
38 Acknowledgements

I wish to thank all my staff for their hard work in ensuring that this report is produced despite the constraints highlighted in this report. I also wish to express my gratitude to the Secretary to the Treasury, the Accountant General and Controlling Officers and their staff for their cooperation during the audit process which enabled me to execute my duties diligently.

39 Recommendations of the Public Accounts Committee

In 1992, the Public Accounts Committee (PAC) resolved to appoint a Committee of Officials comprising officers from the Ministry of Finance, National Assembly and Office of the Auditor General to exclusively deal with the outstanding issues on a continuous basis.

However, it is important to note that the outstanding issues in this report do not include matters for the financial years 2017 and 2018 as the Action Taken Report from the Ministry of Finance had not been adopted by Parliament at the reporting date.

Appendix 1 to this Report summarises the status of the unresolved issues as at 31st December 2019 for which necessary remedial action is required.

Appendix 2 is the Glossary of Terms which has been included to make the report clearer and assist the users of the report fully understand the issues raised.
PART III

OUTSTANDING AUDIT MATTERS
Appendix 1 – Summary of Outstanding Issues as at 31st December 2019

OUTSTANDING ISSUES FROM THE TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY.

Zambia Revenue Authority


Ministry of Communication and Transport


Paragraph 37 (37) b. Aircraft Lease Agreement

Ministry of Communication and Transport


Paragraph 39 (39) e. Abandoned Works, Nyangwe Airstrip; h. Interest Erroneously Charged by the Bank.

Ministry of Transport Works, Supply and Communication


Paragraph 50 (50) o. Construction of fire Station at Chipata Airport
Paragraph 51 (51) i. Construction of a Fore Station at Chipata Airport; ii. Abandoned Works; iii Failure to Submit Claims for Certification; iv. Sub Contracted Works

Ministry of Transport and Communication

Report of the Auditor General on the Accounts for the Financial Year ended 31st December 2016 (Road Transport and Safety Agency)- Road Traffic Collections


Ministry of Tourism and Arts


Paragraph 13 (13) a. Outstanding Hotel License Fees, Complexity of the Application Cycle, Inadequate budget Releases, Creation of E-payment System for Tourism Licences; b. Poor Monitoring and Reconciliation of Tourism Development Credit Facility (TDCF) Loans

Ministry of Tourism and Arts


Ministry of Tourism and Arts


Paragraph 22 a. Delays in Banking Revenue Collection – Ministry Headquarters – K1,246,888;
b. Outstanding Lease Fees – South Luangwa National Park K105,959.

Ministry of Finance


Paragraph 33(33) f. weaknesses in the Administration of Outstanding Bills (JJ Lowe Ltd – Kashikishi – Lunchinda Road – Overstatement K20, 040, 096, 855 and JJ Lowe Ltd (Mbesuma Bridge – K14, 437, 218,315) and NCC Phoenix (Kashikishi – Luchinda Road – K72, 095, 637, 323)

Ministry of Finance


Paragraph 12 (12) a. failure to collect arrears on rent of government premises

Paragraph 13 (13) a. Un-presented receipt books

Ministry of Finance


Paragraph 32 (32) – c. (i) Eurobond Proceeds – Zambia Railways (Failure to recover advance payment guarantee)

Ministry of Finance


Paragraph 14 (14) I.i. Property without Land Size/Area; I.ii Property without Names of Owners; I.iv Properties without Property type; o.ii Weaknesses in the ZILMIS Oracle Database Management. Lack of a Database Management Policy; s. Failure to interface ZILMIS with Critical External Systems
Ministry of Commerce, Trade and Industry

Report of the Auditor General on the Accounts for the Financial Year ended 31\textsuperscript{st} December 2016


Ministry of Information and Broadcasting Services

Report of the Auditor General on the Accounts for the Financial Year ended 31\textsuperscript{st} December 2016

Paragraph 35 a. Failure to Recover Advances

Cabinet Office

Report of the Auditor General on the accounts for the financial year ended 31\textsuperscript{st} December 2013.

Paragraph 13 (13) a.i. Procurement of Works for Rehabilitation of Kenneth Kaunda International Airport (KKIA), Questionable justification for Direct Bidding; a.ii. Lack of Contract; a.iii. Moving on Site before Award of the contract; a.iv. Non Compliance with ZPPA Regulation on Advance Payment; v. Payments made to the Contractor without issuing certificates of Completion; vi. Inflating Quantities curtaining Materials Contract for fitting of carpets; b.i. Questionable payment of contract sum; b.ii Inflation of Office Space floor area; c. Failure to follow procurement procedures – Contracting; c. VVIP and VIP Meals; h. Undelivered Services FICOM Limited

Ministry of Mines and Minerals Development

Report of the Auditor General on the accounts for the financial year ended 31\textsuperscript{st} December 2013.

Exploration of more than permitted minerals quantities 6,241,628 kg; Non-enforcement of export permit returns

Paragraph 8 (8) d. Unreconciled Revenue.

Ministry of Energy, Mines and Minerals Development

Report of the Auditor General on the accounts for the financial year ended 31\textsuperscript{st} December 2015.

Paragraph 8 (8) c. Non-payment of area charges by active mineral rights holders 617 mining rights. D. Missing accountable documents (10) general receipt books.
Paragraph 11 (11) a. Failure to collect outstanding ERB Fees K54,078,218; b. Failure to collect outstanding water board fees K3,553,332

Paragraph 18 (18) a. Questionable transfer of funds – Revolving fund account K150,000; b. Unsupported transfers K156,283; c. Failure to Recover advances K40,525; d. Failure to Remit tax K173,914

Failure to meet revenue targets on some individual tax types – K2,057,789,533, b. Treasury unit – failure to recover domestic tax debt and failure to honour time to pay agreements.

Paragraph 6 (6) b.(i) Failure to recover domestic debt, (ii)Failure to honour time to pay agreement (iii) Failure to seize Assets from Taxpayers after expiry of warrant of distress; (iv) Reduction in Tax Arrears without supporting payments;

Paragraph 6 (6) c. Domestic Taxes: (i) Failure to file tax declarations, (ii) Failure to collect mineral royalty tax, (iii) Property transfer tax – lack of supporting documentations;

Paragraph 6 (6) d. Custom taxes: (i) Uncollected duties and Transits, (ii) Failure to recover guarantied amounts on blocked accounts of Agents with Outstanding Transits, (iii) Amounts owed in customs Taxes, (iv) Motor vehicles Report order not on ZRA database of cleared vehicles, (v) Failure to provide Post Clearance Audit Reports – CACP

Paragraph 8 (8) a. Lack of Inspections at exit points; b. Exportation of more than Permitted Mineral Quantities – 6,241,628 kg; c. Non-enforcement of export permit returns; d. Non-payment of area charges by Active mineral rights holders 617 mining rights; e. Missing Accountable documents (10) general receipt books

Paragraph 11 (11) a. Failure to collect outstanding ERB Fees, K54,078,218; b. Failure to collect outstanding water board fees, K3,553,332.

Paragraph 18 (18) a. Questionable transfer of funds – Revolving Fund Account K150,000; b. Unsupported transfers K156,283; c. Failure to recover advances K40,525; d. Failure to remit tax K173,914; e. Failure to prepare accurate bank reconciliations; f. (i) five (5) missing payment vouchers K55,527, (ii) Payment not captured in the IFMIS K1,537,046; h. (i) Sitting and Audit Committee Allowance K125,275, (ii) Meal/lunch allowances K183,554, (iii) Transport refunds K749,995; i. Unretired accountable imprest K133, 253; j. Failure to produce activity reports K3,691,950; k. Unsupported payments (38) K1,157,814; (18) l. Unaccounted for stores K523,752;
m. Unaccounted for furniture and equipment K54,366; n. Geological survey department – Infrastructure development; o. Construction of rural filling stations at Mporokoso and Luwingu in Northern province; p. Contract for consultancy services for the development and establishment of an integrated mining information system for the mineral economics unit.

Ministry of Mines and Minerals Development

Report of the Auditor General on the accounts for the financial year ended 31st December 2016

Paragraph 25 a. Unaccounted for fuel – K28,000; b. Failure to Recover Advances K47,663

Ministry of Local Government and Housing


Paragraph 31(31) I. Questionable Payment of Allowances and Understanding of Activities; n. (i) Disbursements to Provincial Department of Housing and Infrastructure Development (DHID) Offices and Councils, Failure to implement Funded Activities; g. (ii) Irregularities in the purchase of Graders – Choma Council; g. (iv) Construction of an Administration Block at Chinsali Day Secondary K73,316; g.iv Construction of a Police Cell at Thendele Police Post K27,850; h. (ii) Kafue, Construction of 1 x2 Teachers Houses at Chikwama Basic School; h.(ii) Copperbelt Province, Project Management Masaiti District Council,

Ministry of Local Government and Housing


Paragraph 40(40) f. Markets and Bus Station, Construction of a Bus Station in Mpika District; f. Construction of a Bus Station in Chinsali District; c. Failure to avail activity Report; d. Unaccounted for Stores; e. Water Supply and Sanitation Projects, Rehabilitation and Expansion of Chinsali Water Supply and Sanitation Infrastructure in Chinsali District; e. Network Expansion of Mufumbwe Water Supply System in Mufumbwe District; e, Rehabilitation and Expansion of

Paragraph 42 (42) n. Unaccounted for Storee Solwezi Municipal Council; t. Failure in implement Funded Projects, Chipata Municipal Council – K3,235,000; t. Mongu Municipal Council; t. Ndola City Council K137,000; z. Undelivered Tipper Truck – Ndola City Council; bb. Unreimbursed Borrowing – Mulobezi District Council; cc.i. Project Management, Western Province, Construction of 1 x 3 Semidetached Staff Houses at Kaama Basic School and Construction of 1 x3 Classroom Block at Ndau Basic School; cc. ii Other Infrastructure Project Western Province, Construction of Yuka Traditional Court; cc.ii Rehabilitation of Brown off Roof at Looma Primary School; cc. Mulobezi (ii) Procurement; cc. (ii) Shangombo (Sinjembela) – Construction of Kwandu Community Radio Station; cc. (ii) Completion of 1x2 classroom block at Malala community school; cc. (ii) Completion of staff house at Liyuwayuwa; cc. (ii) Rehabilitation of 1x2 classroom block Mashitolo Primary school in Samfya, Chifunabuli Constituency, Luapula province; cc. (ii) Mwense – Construction of 1x3 staff house block at Lwamfwe primary school, Luapula province; cc. (ii) Construction of 1x3 staff house block at Kakomba Primary School, Luapula province; cc. (ii) Construction of water borne toilets at Nsakaluba Primary School, Luapula Province; cc. (ii) Construction of Market Shelter at Namwandwe, Luapula Province

Copperbelt Province – Kalulushi

Paragraph 42 (42) cc. (ii) Construction of 1x2 classroom block and double VIP Latrine at Musakashi Primary School.
**Eastern Province – Katete**

Paragraph 42 (42) cc. (ii) Construction of a staff house with a kitchen at Chavuka Community School; cc. (ii) Construction of 1x3 Classroom Block at Vulamukoko; cc. (ii) Construction of Mwaziputa Health Post; cc. (ii) Rehabilitation of D128 Road from Chainage 0.0 Km to Chiyambi Primary School.

**Muchinga Province**

Paragraph 42 (42) cc. (ii) a project at Nakonde Council.

**Central Province – Mumbwa**


**Ministry of Works and Supply**

**Report of the Auditor General on the accounts for the financial year ended 31st December 2015.**

Paragraph 40 (40) Unaccounted for Stores K120,000; b.i. Partial Delivery of Equipment and Passenger Vessels; b.ii. Partial Delivery of Equipment and Passenger Vessels; c. Failure to Commission Commercial Web Offset Printing Press


**Ministry of Works and Supply**


Paragraph 44 a. Grant Aided Institution under Hostels Boards – (i) Failure to Abide by the Contract Terms in the Supply of Air Conditioners – Lothian House – K333,023
Ministry of Works and Supply


Paragraph 45 a. Abandoned works and fundamental breach by the contractor- (i) Construction of a Post Office and Associated External Works in Mpongwe District by T.I investments at a Contract sum of K2,131,891; Construction of a Post Office in Mulobezi District by Zambica Trading Limited at a Contract Sum of K2,054,057; Construction of a Single Storey Office Block and Associated External Works in Mpongwe district by Kawazane Investment Limited at a Contract Sum of K4,124,319.55; Construction of a Post Office in Rufunsa District by Lumworks Enterprises Limited at a contract sum of – K2,391,895

Paragraph 45 b. Abandoned works and fundamental breach by the contractor (i) Construction of 10 Medium Cost Houses and Associated External Works in Mpongwe District at a Contract Sum of K7,109,315.00 by Kawazane Investment Limited; Construction of No. 20 Low Cost Houses in Shibuyunji District by Shumpe Investment Limited at contract sum of K7,885,956; Construction of a Post Office in Siavonga District by Contech Engineering Limited at a contract sum of K2,203,505; Construction of District Administration Blocks in Mwandi District by Harbour side Enterprises limited at a contract sum of K5,710,028; Construction of a Post Office in Mwandi District by Lukanko Investments Limited at a contract sum of K3,638,554;

Paragraph 45 b Payments on Unpriced Works – Swadocom Trading Limited – K27,660; Conquest limited – K11,943; Kawazene Enterprises (Zambia) Limited – K179,504; Ngalitas Hardware and Electrical Limited – K73,557; Talo Investment – K59,581; Henina Engineering Limited – K73,643; Dove Enterprises Limited – K327,641

Ministry of Chiefs and Traditional Affairs


Paragraph 15 (15) Unaccounted for Stores K512,112

Ministry of Chiefs and Traditional Affairs


Paragraph 17 (17) a. Failure to Settle Insurance Premuims K1,144,000; b. Irregular Payments of Loans K88,000
Ministry of Community Development, Mother and Child Health


Paragraph 43(43) g.i. Weaknesses in Accounting for Drugs and Other Medical Supplies,
Unaccounted for Drugs and Medical Supplies ;(43)g.ii undelivered Drugs and Medical Supplies- Mumbwa DCMO

Ministry of Community Development Mother and Child Health


Paragraph 35 (35) a. Missing Payment Vouchers K240,103; b. Unsupported Payments K345,969; c. Unapproved Payments K3,000; d. failure to correct errors on the Bank Statement K26,839; e. Questionable Encashment of Stale Cheques – Kasama DMO K21,940; f. Unretired Accountable Imprest K1,113,056; g. Questionable Retirement of Imprest K279,466; i. Irregular Payments i. Subsistence Allowance on First Appointment K113,651; i. ii. Payment of Meal Allowances within the Station K123,153; i. iii. Payment of Out of Pocket Allowance – Solwezi DCMO K23,659; i.vi. Payment of Subsistence Allowance for Working within the District K479,200; i.v. Use of Imprest to Procure Goods and Service K187,990; i.vi. Over payment of Subsistence Allowances – Lundazi DCMO K22,800; j. Unauthorised Retention of Standing Imprest K75,729; Failure to follow procurement K26,652; l. Workshops held outside government meeting facilities without Authority K204,942; m. Failure to Refund Accountable Imprest K138,000; n. Questionable Servicing of Motor Vehicles – Katete DCMO K14,140; o. Failure to produce activity reports K212,478; p. Misapplication of Funds; q. Failure to produce Expenditure Returns K433,743; r. Failure to Report Road Traffic Accident to Standing Accidents Board; s. Failure to Inscribe Government Assets K422,768; t. Failure to Deduct tax – Kabwe DCMO K144,472; u. Failure to insure Motor Vehicles; v. Unlicensed Motorcycles operators; w. Failure to Register Motorcycles; x. Wasteful Expenditure; y. Unacquitted Allowances K23,272; z. Outstanding Bills K5,824,915; a. a.
Questionable Engagement of Contractor for Maintenance Services – Mansa DCMO K32,600; bb.
1 unaccounted for Stores and Fuel; bb. ii. Fuel drawn by Vehicles not belonging to DCMO K40,398; bb. iii. Fuel drawn by unknown vehicles – Chama DCMO K1,974; bb. iv. Unaccounted for Spare Parts – Kapiri Mposhi DCMO K287,558; bb. V. Unaccounted for drugs and Medical Supplies; cc. Infrastructure Development i. Misapplication of Funds – Kaputa DCMO K222,039; cc. ii. Construction of a Wall Fence and a Drainage with a Soak Away – Chelstone Health Centre – Lusaka DCMO K38,393; cc. iii. Rehabilitation of the Maternal Child Health and Outpatient Department – Kanyama 1st Level Hospital.

Paragraph 36 (36) a. Employee on payroll (PMEC) but not at their Stations K272,460; b. Failure to take Disciplinary Action K91,137; c. Payment of Salaries to Unknown Officers K147,226; d. Introduction on Payroll without Authority K1,109,506; e. Irregular Payment of Salaries to Officers Attending Studies without Leave K1,640,604; f. ii Irregular payment of Allowances, i. Irregular payment of housing Allowances K2,197,903; f. iii. Irregular payment of Health Personnel Shift Deferential K384,048; f. iv. Irregular Payment of Allowances K63,658; f. v. Irregular payment of Rural and Remote Hardship Allowance K1,271,550; f.vi. Irregular payment of remote instead of Rural Hardship Allowance K86,635; g. Failure to deduct Statutory Contributions; h. Delay to Remove Officers from payroll K349,127.

Ministry of Youth and Sport


Paragraph 49 (49) a. Failure to recover Loans – Youth Development Fund (YDF)

Ministry of Youth and Sports


Paragraph 52 (52) c.i Youth Development Fund (YDF) lack of Records – Loan Recoveries; c.iii. Irregular Transfer of YDF Funds; c.vi. Yahweh Embassy Ministry
Ministry of Youth and Sports


Paragraph 42(42) a. Unsupported Payments K185,; b. Failure to Avail Details of Recoveries of Loans and Advances K35,765,772 ; c. Failure to effect Recoveries of Loans and Advances K121,000; d. Unaccounted for Stores K32,725

Ministry of Gender and Child Development


Ministry of Education

Report of the Auditor General on the accounts for the financial year ended 31st December 2012


Ministry of Education


Paragraph 53 (53) b. Bursaries Abroad, Failure to Recover Student Loans; h. Infrastructure Development, Abandoned Projects
Paragraph 54 (54) p. Failure to procure a Scania F95 HB 65 Seater Bus – Mongu PEO; i. Mbunde Primary School, Construction of a Staff House and a Single VIP Latrine; ii. Kalabo Resource Centre Construction of 3 Double VIP Latrines Maoma; iii. Primary School, Construction of a Staff House and a Single VIP Latrine; b. Construction of 2 Staff Houses and a VIP Toilet – Kaikumbe Primary School, Chipata, Project, and Status

Ministry of Education


Paragraph 55(55) Wasteful Expenditure, Luansobe Boarding, Secondary School, Chikando Day High School, Chalibana University, Kapekesa, Umi Primary School; i. Chikowa Basic School

Paragraph 59(59) t. ii. Western Province, Failure to Account for Receips – Luampa Secondary School

Paragraph 59 (59) t. iv Employees not Paying Statutory Contributions, Chama Boarding Secondary

Ministry of Education


Paragraph 45 (45) a. Failure to Prepare Accurate Bank Reconciliations; b. Failure to Remit Funds to Lower Level Institutions; c. (35) Missing Payment Vouchers K23,181,533; d. Irregular Payments, i. Out of Pocket Allowance K241,066; d.ii Parliamentary and Meal Allowances K1,183,525; d.iii Sitting and Audit Committee Allowances K421,624; d. iv. Transport Allowances/Refunds K992,205; d.v. Payment of Overtime Allowances K703,059; e. Payment of Accountable Imprest, i. Failure to disclose details on Budgets K814,454; e.ii. Failure to Provide Activity Reports; f. Irregular use of accountable imprest to procure Goods and Services K500,474; g. Unretired Accountable Imprest; h. Unaccounted for Stores K3,462,017; i. bursaries i. Misapplication of Funds – Bursaries for Orphans and Vulnerable Children K15,648,435, i.ii. Lack of Cash Book and Bank Reconciliation Statement and Bank Recommendation; i.iii. Irregularities in the Payment of Top UP Allowances K4,150; i.iv Questionable Payments of Top Up Allowances K2,131,690; i.v. Lack of Expenditure Returns K431,009 (UU$46,345); j. Misapplication of Funds K500,000; k. Undistributed Educational Equipment K84,300,300; m. Undelivered Educational Equipment, African Brothers Corporation
Ltd; n. Failure to insure Motor Vehicles; o. Infrastructure development i. Unpaid Certificates; o.ii Wasteful Expenditure- Interest Paid on Delayed Payments;

Paragraph 46 (46) a. Irregularities in Establishment Register over staffing of 1,246 positions; b. Misplacement of Payroll Arrear K45,060, 222; c. Irregular Payment of Salaries to Officers absent from Duty without Official Leave; d. Unknown Officers Drawing Salaries K18,839,673; e. Payment of Full Salary to an Officer on Suspension Sesheke District K36,750; f. Questionable Payment of Salaries – Sichili Secondary School K34,172; g. Failure to remove Retired and Deceased Officers from the payroll K1,119,989; h. Failure to Retire Officers after Attaining Retirement Age of 55 - Western Province K563,296; i. Allowances Paid to Officers without Authority- Western Province K337,025; j. Questionable payment of Double Class Allowances K559,340; k. Irregular payment of Rural Hardship Allowance K8,319,244; l. Officers getting Acting Allowance without Authority – Southern Province K1,624,965; m. Irregular payment of Housing Allowance K8,902,784; n. Irregular payment of Responsibility Allowance K373,930; o. Payment of Remote instead of Rural Hardship Allowance K48, 816; p. Failure to Constitute Medical Boards K976,535; q. (34) Staff employed on positions not on Establishment K1,490,840; r. (27) Employees without National Registration Cards on Payslips K212,430; s. (8) Officers with Duplicate National Registration Card on Payslips K115,282; t. Officers Drawing Double Salaries K40,560; u. Drawing of Salaries on Wrong Salary Scales – Central Province K724,019; v. Irregular payment of Responsibility Allowance to Senior Officers – Central Province K46,862

Paragraph 47 (47 a. (18) Missing Payment Vouchers K235,176; b. Unsupported Payment K547, 045; c. Unapproved Payments K8,000; d. Officers on Studies without Approved Leave K59,600; e.i Unacquainted funds K7,200; e. ii. Unacquainted funds K24,008; f. Unretired Accountable Imprest K1,257,434; g. Failure to provide Monitoring/Activity Reports; i. Failure to follow Tender Procedures K199,661; j. Failure to Inscribe Government Assets K135,505; k. Unaccounted for Stores K396,309; l. Fuel Drawn by Private Vehicles K5,399; n. Misapplication of Funds K1,599,033; o. Failure to Deduct Tax K64,530; p. Failure to Remit Tax K11,160; q. Failure to Collect Loans and Salary Advances – Revolving Fund Account K42,250; r. Irregular Payment of Teachers Subsidies and Incentives K222,620; s. Unaccounted for Funds K11,516; t. Failure to Collect User Fees K2,231,778; u. North-Western Province, i. Theft of Building Materials, Mukumbi Secondary School K31,147. i.ii Undelivered Building Materials- Solwezi
District Education Board Secretary K140,176; v. Copperbelt Province, i. Irregular Drawings of Fuel – Mpongwe District Education Board Secretary K7,825; v.ii. Irregular fuel drawings by Private Vehicle- Lufwanyama, District Education Board Secretary 6,518; v.iii Irregular Procurement of Computers – Ndola District Education Board Secretary K168,000; w. Irregular Procurement of ICT Equipment- Petauke District Education Board Secretary K456,766; x. Lusaka Province Revolving Account, i. Failure to collect Materials – Kafue District Education Board Secretary K3,459; x.ii Hire of Conference Facility without Authority, Sports Account-Lusaka PEO K38,900; y. Unreceived School Grants – Western Province K263,449; z. Muchinga Province, i. Unreimbursed Borrowings – Chinsali Provincial Education Office, Revolving Fund Account K30,746; z. ii Uninsured Motor vehicles – Chinsali Kafue District Education Board Secretary; aa. Over Payment of Subsistence Allowance K6,160; bb. Funds for Orphans and Vulnerable Childred (OVCS) K1,226,48; cc. Irregular Procurement – Nyimba Kafue District Education Board Secretary K164,500

Paragraph 48(48) a. Failure to produce Activity Report K650,215; b. irregular use of imprest to procure Goods and Service K51,022 c. Unaccounted for Stores K106,394; d. i. failure to Provide Contracts – Zambia Education Publishing House K8,155,245; d. ii. Failure to Provide disposal Zambia Education Publishing House K8,155,245; e. Supply and Delivery of Textbooks for Grade1, 5,8 and 10, i. Lack of Bidding Documents and Evaluation Reports; e.ii. Lack of Variation Order; e.iii. Undelivered Textbooks K3,119,463; f. Unaccounted for Textbooks between DEBS and Schools K440,194; g. Failure to Distribute Books to Primary Schools K477,010; h. Failure to Deliver Free Education Materials to Schools, Chembe District K3,330; i. Failure to Distribute Books – Ikelenge DEBS Office K94,054; j. Failure to Delivers Books to Schools as Per Allocation, District Education Board Office, Zimba K4,086; k. Failure to Delivers Mobile Science Laboratories – National Science Centre; i. Missing Laboratory, Apparatus Provincial Education Officer, Mongu K27,300; k. ii Failure to use Mobile Science Laboratories Provincial Education Officer, Mongu; l. Failure to Supply Mathematical Graph Boards- National Science; Centre, i. Undistributed Mathematical Graph Boards- Western Province K19,600; ii. Failure to Distribute Mathematical Graph Boards, Southern Province; iii. Failure to Distribute Graph Boards to schools, Chisamba District Education Board Secretary K8,750; m. Contract for the Construction of Wall Fence – Ya Investments Limited i. Failure to Provide Pre-award of Contract Documents;
m. ii. Questionable Payment K178,840.22; n. Construction of Administration Block – October First Enterprises; o. Failure to procure Apparatus and SWAP Chemicals K4,355,993

Ministry of General Education


Paragraph 52 a. Weaknesses in the management of Bank Account – RDCs (i) Failure to prepare timely bank reconciliation: Uncorrected Bank Errors and Omissions – K8, 230,471; Questionable Payments – K3, 488,327; Failure to Rectify Double Payments – K324, 571; (ii) Failure to Remit Funds to Lower Level Institutions K3,420,435; (iii) Inadequate Funds to Pay Unpresented Cheques K15, 674,251; (iv) Clearance of Cheques on Uncredited Backing Sheets – K571,610; b. Unsupported Payments – K125, 982,274; c. Irregularities in Imprests and related transactions: (i) Failure to Avail Activity Reports – K3, 344,236; (ii) Failure to Avail Acquittal Sheets K1, 170,521; (iii) Over Payments of Subsistence Allowance – K611, 730; (iv) Over Payment of Fuel Imprest – K74, 042; (v) Payment for Accountable Imprest for Refreshments –K25, 500; d. Misapplication of Funds – K141, 512,928; e. Management of the teacher accreditation board (TAB) account – (i) Opening of Account without Authority; (ii) Questionable Location of the Account; (iii) Misapplication of Funds – K2, 705,000; (iv) Questionable Retirement of Accountable Imprest – K2, 484,653; Irregular Payment of Transport Allowance/Refunds – K100, 025; h. Home grown school feeding program (HGSFG): (i) Lack of details of Maize Supplied – K16,200,000; (ii) Imprest for verification HGSFP: Irregular Payment of Imprest K401, 410; Incorrect use of Subsistence Rates – K56, 100; Questionable Distances Used in Calculations for Fuel Imprest – K36, 080; i. Secondary Education Infrastructure – Over Expenditure on Infrastructure Supervision – K2, 416,631; j. Educational Equipment: (i) Partial Deliveries of Music Equipment – Muleka Investments Ltd; (ii) Undistributed Equipment (Muleka Investments Ltd); (iii) Supply of Educational Equipment (Ngwala Electrical Limited); k. Failure to insure Motor Vehicles; l. Poor Maintenance of Records of Procurement Process and Contract.


Implementation Framework (NIF III) in the provinces: (i) Copperbelt Province: Failure to avail NIF Fund Leders – Ndola DEB – K29, 785; Failure to Disburse Grants by Ministry Headquarters – K36, 174; (ii) Lusaka Province – Lack of Documentation – Book Hut Limited; (iii) Central Province – Irregular Bank Charges – K8, 398; (iv) Undelivered Science Apparatus - Muchinga Province; (v) Western Province: Failure to follow Tender Procedures- Nalolo DEB Office – K22, 000; Distribution of Text Books of Subjects not Offered by the Schools – K2, 005; Distribution of Grade 3 Term 1 Silozi Books by ZEPH; Unaccounted for Books – Sioma DEB Office; Failure to use computers (vi.) Southern Province: Double Payments of Grants to Schools – Choma DEB Office – K26, 814; Non-Receipt of Funds from the Ministry – Monze DEB Office – K76, 517; (vii.) Northern Province – Failure to Mark Assets with GRZ Numbers – K44, 500; (viii) North western province: Misapplication of Funds – Grants for Distribution of Books – K24, 549; Irregular Payment of Subsistence Allowances – Kasempa DEB – K13, 040; i Management of National Science Centre (i) Contract for Construction of a wall Fence – Ya Investment Limited; (ii) Construction of Administration Block – October First Enterprises; (iii) Procurement of Apparatus and SWAP Chemicals; In Lot 4, distillers costing K192,042 were rejected by the National Science Centre as they did not meet the specifications, however, they had not been replaced by the contractor as at 31st August 2017; In Lot 2 chemicals costing K127,494 had not been supplied as at 31st August 2017; In Lot 1 and 3, although the supplier had delivered the science apparatus to the National Science Centre, the apparatus had not been distributed to the school as at 31st August, 2017 (iv) Distribution of Mathematical Graph Boards – K2, 081,450.

Secondary School – K3, 000; jjj. Irregular Procurements from Members of Staff – K266, 99; kkk. Procurements Supported by Forged Quotations – Mungwi Technical Secondary School- K62, 707; lll. Procurement of Sick Bay Medicines from Unlicensed Dealer – Mungwi Technical Secondary School – K12, 258; mmm. Irregular Payment of DSTV Subscription – Luwingu Secondary School – K2, 600; nnn. Irregular Drawing of Fuel – St Theresa Secondary School- K28, 196/2,221; ooo. Irregular Procurement of a Motor Vehicle – St Theresa Secondary School K40,000. The Payment for the motor vehicle were paid as imprest to the School Accounts Assistant instead of directly to the supplier, No explanation was given for using this mode of payment; The letter of sale signed between the school authorities and the seller did not indicate the price of the motor vehicle and the date when the agreement was entered into; The ownership of the motor vehicle had not changed as records pertaining to the vehicle were still bearing the names of the seller; ppp. (i) Hardened Cement – K6,154; ppp. (ii) Infrastructure Management.

Ministry of Science Technology and Vocational Training


Paragraph 46(44) c. Management of Contracts i. Kasiya Trades Training Institute, Male Hostels.

Ministry of Science Technology and Vocational Training

Report of the Auditor General on the Accounts for the Financial Year ended 31st December 2010

Paragraph 39 (39) a. Rehabilitation of Technical, Education Vocational and Entrepreneurship Training Authority (TEVETA) Building; iii. Substandard Electrical Installations; iv. Poor workmanship on Carpentry and Joinery and ironmongery; e. Trades Training Institute ;( iii.) Kabwe Trades Training Institute; (iv) Kasiya Secretarial and Business College K366,116,700; Office of the President – Southern Province.

Paragraph 75 (76) b. Extension of an Office Block and Rehabilitation of two (2) Staff Houses at Nanga in Mazabuka; (iii) Questionable Issuance of Certificates; Irregular Payment; Failure to Effect Contract clauses; Office of the President – Copperbelt Province

Paragraph 57(58) a. Headquarters Infrastructure Development; (ii.) Construction of District Commissioner’s House – Ndola; (iii) Construction of Teachers House in Kafubu Block Resettlement
Ministry of Higher Education


Paragraph 46 a. (i) Failure to Avail Activity Reports – K996, 832; (ii) Failure to Avail Acquittal Sheets – K1, 186,081; (iii) Questionable Payments of Imprest for Selection of First Year Students – K159, 000; Overpayment of Subsistence Allowance – K87, 900; b. (i) Irregular Payment of out of Pocket Allowance – K31, 545; (ii) Transport Allowances/Refunds – K183, 830; (iii) Meal/Lunch Allowances – K35, 700; c. Lack of Receipts and Disposal Details – Fuel – K40, 000; d. (i) Unreconciled Student Tuition and Accommodation Cost – UNZA and CBU – K242, 083,333 – Copper belt University and University of Zambia; (ii) Irregularities in Payments of Allowances – Students Loan and Bursary Awards; (iii) Students Bursary Awards – Abroad K6,750,000; Failure to Correct Double Posting; Top up allowances – Student on Bursary Committee Schedule but not on Bank Statement; Overpayment of allowances; Underpayment of Allowances; e. Science, Technology and Innovation – Contract for supply, delivery and installation of a Ground Receiving Station; The advance payment expired on 15th March, 2016 and performance security expired on 15th January, 2017 prior to delivery of the equipment; f. Misapplication of Funds (i) University Education – Kapasa Makasa University – K15, 000,000; (ii) Skills Development – TEVET Bursary – K10, 000,000; g. Infrastructure Development: (i) Construction of Four Hostel Blocks at UNZA (Lot 1); (ii) Construction of five Hostel Blocks at UNZA (Lot 4); (iii) Construction of Four Hostel Blocks UNZA (Lot 5); (iv) Construction of External Works (Lot 7); (v) Delayed Completion of Projects – Construction of Four Hostel Blocks at UNZA (Lot 3)

Ministry of Health


Paragraph 42(40) d. Drugs without disposal details K5,406,298,725; n. Infrastructure development.

Ministry of Health


Paragraph 44(43) b. Tender and award of contract to AVIC international limited, (i) Irregular award of the contract.
Ministry of Health


Ministry of Health


Paragraph 46 (46) o. Infrastructure Development – Lewanika School of nursing construction of student hostel; o Lusaka province – Kanyama and Chelstone Maternity.

Ministry of Health (Headquarters)

Report of the Auditor General on the accounts for the financial Year ended 31st December 2016

Paragraph 39 a. Failure to Replace Returned Drugs and Medical Supplies – K943,889;

Ministry of Health (Personnel Emoluments)

Report of the Auditor General on the accounts for the financial year ended 31st December 2016

Paragraph 39 a. Irregular Payment of Salaries – Isoka DMO – K97,646; b. Irregular Payment of Housing Allowances – K535,944; c. Payment of Acting Allowance to ineligible Employees-Northern Province – K81,248; d. Employees on Wrong Salary Scale – K2,843,239, K101,720; e. Employees on Wrong Basic Salaries – K74,551

Ministry of Health (Various)


Paragraph 41 a. Unsupported Payment – K41,324; b. Unretired Accountable Imprest – K256,302; c. Irregular Payment of Allowances – K59,706; d. Failure to Remit Tax – Central Provincial
Health Office – K31,425; e. (i) Unaccounted for Drugs and Medical Supplies – Mambwe District Health Office – K18,559; f. Unaccounted for Stores – K247,093; g. Weaknesses in the Management of Assets ( (i) Questionable Payment for Repairs of Motor Vehicle GRZ 139 CK – Mporokoso District Health Office – K67,500; (ii) Non-Functional Mobile Hospital Equipment – Mongu Provincial Health Office.)

Paragraph 41 b. Transport Management – Delays in Payment of the Insurance Claim for GRZ 552 CK – Mporokoso District Health Office – K200,000; c. Weakness in the Management of Loans and Advances – K33,800; d. Masaiti District – Construction of Masaiti District Hospital Phase III; (i) Nchanga North – Construction of Lecture Theatre; (ii) Ndola Central Hospital – Psychiatric Unit; (iii) Kitwe District Mindolo Clinic 1 – Standard Maternity Block; (iv) Ndola District CIMAS Hostel – Construction of a Kitchen and Dining Hall; (v) Masaiti District – St Theresa – Renovation of X-Ray Department; (vi) Ndola District – Kabushi Health Centre – Construction of a Maternity Wing; a. Mpika District – Kaonda Rural Health – Construction of Post Maternity Wing – PMO 004/15; Kaonda Rural Health Centre – Construction of Post-Mother’s Shelter – PMO 006/15; Construction of Katozi Rural Health Centre (initially Mbuko HP); Ntaumbila Rural Health Centre – Construction of Maternity Wing; Shiwangndu District – Construction of Mukwille Rural Health Post; Construction of Lwanya Health Post; Construction of Chibamba Rural Health Centre; a. Mbulungu District – Construction of Ten Staff Houses

Paragraph 41 Construction of Male Ward; Mbala District – Renovations of the Female Ward and Ablution Block at Mbala General Hospital; c. Nalolo District – Out Patient Department (OPD) and X-Ray Block; d. Limulunga District – Limulunga District Hospital Phase I

Paragraph 41 Administration Block; Mongu District – Lecture Theatre at Lewanika Nursing School; e. Kaoma District – Construction of Laboratory at Kaoma District Hospital; a. Namwala District – Construction of Namwala District Hospital Phase III; Female Ward; Two Staff Houses; Four Staff Houses; b. Gwembe District – Construction of Gwembe District Hospital Phase II and Maternity, Theatre and Service Block; Incinerator; Mortuary; Staff Houses; c. Kazungula District – Construction of Kazungula District Phase I and Out Patient Department (OPD); Administration Block; d. Kalomo District – Construction of the Kalomo District Hospital Phase II; e. Macha School of Nursing – Construction of Dinning Hall and Demonstration Laboratory; Chitambo District – Construction of Staff House and VIP at Nakatamba in Chitambo; Completion
of Student Hostels at Chitambo Nursing School; Construction of a Staff House at Chitambo Hospital; f. Mumbwe District – Construction of Staff House and VIP Toilet at Naluvwi Rural Health Centre in Mumbwa District; Construction of Maternity Ward at Naluvwi Rural Health Centre (RHC) in Mumbwa District; a. Chisamba District – Electrification of Malombe Rural Health Centre; Chibombo District – Completion of Theatre at Mwachisompola Health Demonstration Zone; Construction of the Dining Hall and the Kitchen at Mwachisompola Health Demonstration Zone in Chibombo; Kapiri – Mposhi District- Construction of Staff House VIP at Kakulu Health Post in Kapiri-Mposhi; Completion of Two Staff Houses at Kapiri – Moshi District Hospital; Construction of Lukali Rural Health Post, Staff Houses and Three VIP Toilets in Kapiri-Mposhi

g. Serenje District – Construction of Serenje District Hospital Phase III; h. Mkushi District- Construction of Mkushi District Hospital Phase II; Construction of Mkushi District Hospital Phase III; a. Chembe District – Maternity Annex at Chipete Rural Health Centre; b. Mansa District – OPD and Ablution Block at Mibenge; Construction of OPDs at Kapopwa, Lwingishi, Mupita, Lukali, Changila, Mupofwe and Noonga; Construction of OPD, Ablution Block and Associated works at Matenda; e. Nchelenge District- Reconstruction of Guttered Hostels and Ablution Block at St Paul’s School of Nursing; Construction of Operation Theatre at St Pauls Hospital; a. Kafue District – Construction of Health Post and Staff House at Kanyangala; b. Chirundu District – Completion of staff house at Chiawa Health Centre; c. Shibuyunji District – construction of a rural health post in Shibuyunji (Masteak rural health centre).

Ministry of Health

Report of the Auditor General on the accounts for the financial year ended 31st December 2016

Paragraph 37 a. Unsupported payments K980,974; b. Failure to Recover Salary Advances K65,000; c. Medical Supplies; i. Procurement of Drugs with Short Shelf Life, Questionable Procurement of Laboratory commodities K1,998,913; c. i. Supply of Laboratory Commodities with Remaining Short Life Span K1,998,913, Supply of Expired Miniclean, Delivery of damaged Minidil; c. i Rejected Minidil, Supply of short Shelf Life Minolyse and Minidil ; d. Undelivered Medical Equipment K23,122,641;7 (37) e. Outstanding Suppliers Bills K505,343,095.

Ministry of Health

Paragraph 38 a.i. Unaccounted for Drugs K3,115,385; b. Failure to dispose off Expired Drugs K506,448; c. Under supply of Medical Supplies K98,825.
Ministry of Health

Paragraph 39 a. (2) Missing Payment Vouchers K19,446; b. Unsupported Payments K318,377; c. Weaknesses in the Management of imprest; (39) i. Unretired Accountable imprest K400,290; c. ii. Irregular use of Accountable imprest to procure goods and services K68,596; c. iii. Questionable Retirement of Imprest – PHO-Western Province K8,940; c. iv. Failure to compute Fuel imprest using prescribed formula – Southern Province (PMO) K6,845; c.v. Failure to produce Activity Reports K153,197; d. Failure to produce Expenditure Returns – PMO (Copperbelt Province) K2,400; e. Irregular Payment of Allowances, i. Subsistence K199,169; e. ii. Night Coverage Allowance – Solwezi General Hospital (North-Western Province) K43,800; e. iii. Responsibility Allowance – Mukinge School of Nursing (N/Western Province) K6,500; f. Failure to Recover Loans and Advances K162,167; g. Questionable Refunds Kabwe PMO K13,414; h. Unaccounted for Stores K96,420; i. Irregular Procurement of Graduation Attire – Mukinge School of Nursing (N/Western Province) K15,000; j. Cannibalising of Government Vehicle- Kasama School of Nursing (Northern Province) K57,141; k. Failure to Mark GRZ Property K472.259; l. Failure to insure Government Properties; m. Failure to use GRZ receipts – (N/Western Province) K2,699.018); n. Unaccounted for Revenue – Solwezi General Hospital (N/Western Province) K59,876; o. Infrastructure Development, i. Violation of Public Procurement Act/Regulations Central Province; o. ii. Delayed completion of projects and poor workmanship, Eastern Province Vubwi- Construction of District Hospital Phase I, Vubwi Pharmacy Block Chadiza District, Nzadzu Health Post; o. ii. Construction of Lundazi District Hospital Phase III Southern Province, Namwala District Hospital Phase III, Gwembe District Hospital- Phase II; o. ii. Southern Province, Kazungula District Hospital, Phase I; o. ii. Western Province, Mongu District Hospital – Phase III, Lukulu District Hospital – Phase II; o. ii. North-Western Province, Ikelenge; .i. Northern Province, Chilubi District Hospital – Phase II; Mungwi District Hospital – Phase I

Paragraph 39 (39) o. ii. Central Province, Kabwe completion of Chililalila Health Post, Kabwe, Construction of Staff house and VIP at Muunga Health Post. Chibombo, Construction of Staff House at Chibombo Health Centre

Paragraph 39(39) o.ii Central Province, Chibombo – Construction of staff house and 3 No. VIPs at Namakolongo Health Post. Chitambo- Construction of Staff House and VIP at
Katikulula Health Post, Serenje-Construction of Serenje District Hospital Phase III, Mkushi – Construction of Mkushi District Hospital Phase III

Paragraph 39 (39) o.ii. Central Province, Chibombo- Construction of staff house and 3 No. VIPs at Namakolongo Health Post, Chitambo – Construction of Staff House and VIP at Katikulula Health Post., Serenje- Construction of Serenje District Hospital Phase III

Paragraph 39 (39) o.ii Central Province, Serenje Construction of Staff house and VIP at Muzamni Health Post, Mkushi- Construction of Mkushi District Hospital Phase II, Mkushi-

Construction of Mkushi District Hospital Phase III

Paragraph 39 (39) o.ii Central Province, Kapiri Mposhi- Construction of Kashitu Health Post, Kapiri Mposhi Construction of Kakulu Health Post.

Paragraph 39 (39) o.ii. Muching Province, Mpika Urban Clinic – Staff House

Ministry of Home Affairs


Paragraph 18 (16) m. Failure to Operationalise Photo capturing facility

Paragraph 10 (8) a. Misappropriation of Revenue – K3,746,266,735, Immigration Headquarters; (8) dishonoured Cheques – K13,000,000.

Ministry of Home Affairs


Paragraph 18 (17) c. Construction of the National Registration Offices, i. Kapiri Mposhi Office Block – K3,074,445,907; (ii) Luangwa Office Block – K3,255,724,418

Paragraph 19 (18) a. Construction of Administration, Reception and Duty Rooms – Kalabo State Prison

Paragraph 19(18) Drilling of a borehole and mounting of overhead tank had not been done

Paragraph 20(20) c. Irregular Payment of House Rentals K160,249,191
Ministry of Home Affairs


Passports

Paragraph 10 (10) d. Passports Produced without Payment; e. Failure to Present Accountable Documents

Paragraph 16 (16) g. Lack of Comprehensive Data on Property; Rehabilitation of the Office Block for National Registration and Passport in Mporokoso

Paragraph 19 (19) Western Region, construction of two low cost houses at Kalabo State Prison

Ministry of Home Affairs Zambia Police


Paragraph 7 (7) a. Failure to Reconcile Revenue K3,668,952; b. Delayed Banking – HQ K4,770,988

Paragraph 16(16) a. i. Irregular Payment of Rural Hard and Remote Hardships Allowances K391,104; a. ii. Irregular Payment of Housing Allowances K226,444; b. Failure to deduct taxes K38,162; c. Unretired Accountable Imprest K106,375; d. Overpayment of Subsistence Allowance K20,597; a Undelivered Goods I, Supply and Delivery of one Explosive trace particulate and vapour K299,00; e. ii. Supply and Delivery of Test Bench K265,000

Ministry of Home Affairs Prisons and Reformatories


Paragraph 20 (20) a. Undelivered Soya Beans Seed K125,000; b. Weaknesses in the Management of Infrastructure Projects; c. Failure to insure farm equipment – Chitumba Prison farm

Paragraph 22 (22) a. Inadequately Supported payment K595,977; b. Misapplication of funds K1,402,510; c. Other Personal Emoluments I, under deduction of PAYE K25,335; c. ii Failure to Deduct Tax from Settling in Allowances – Eastern Province K19,149; d. Transport Management, i. Failure to Report Road Traffic Accidents to Standing Accidents Board K34,453; d. ii. Failure to insure 4 Motor Vehicles, Northern Region; e. Unaccounted for Uniforms and Accessories – Central Province K133,350; f. Staff Uniforms distributed by HQ but not received by the intended stations K141,215; g. Failure to Deliver Stores Items – North Western Region K4,176; h. Unaccounted for General Stores K259,390; i. Unaccounted for fuel K102,735; j. i. Unretired Accountable Imprest K151,736; j. ii. Irregular Payment of Subsistence Allowance – Northern Western Region K9,100; j. iii. Failure to produce activity reports K73,098; j. iv. Irregular use of Accountable Imprest K21,850; k. Committing Government to Debt K8,976,829; l. Procurement Management–Delivery of food Rations to North Western Region Office instead of Prison Stations K310,310;

Paragraph 9 (9) a. Failure to reconcile revenue K1,453,596; b. Failure to Replace Stale Cheques K12,000; c. Failure to Adopts N-ZIMS Computer Generated Receipts as Official Accountable Documents; d. i Failure to Adopt ICT Frameworks; d. ii. Failure to Capture Key Fields – New Zambia Immigration Management System (N-ZIMS); d. iii. Failure to Insure ICT Equipment; d. iv. Lack of interface between N-ZIMS and Other Systems; d. v. Failure to implement Electronic Payment Methods on N-ZIMS System; d. vi Failure to Implement System Automated Reminders/Alerts on N-ZIMN; d. vii. Lack of Control over Personal Identification Security

Paragraph 19 (19) a. Misapplication of Funds K77,822; b. Issuance of National Identity Documents; c. Failure to claim Compensation for insured Motor vehicles K1,141,000; d. i. Failure to Obtain performance security; d. ii. Failure to obtain Advance Guarantee K311,000; d. iii. Failure to Deliver Generators K155,500

Ministry of Home Affairs

Report of the Auditor General on the accounts for the financial year ended 31st December 2016

Paragraph 16 a.(i) Missing Permits not Availed for Audits – K255,000; a. (ii) Reversals of Credited Cheque – K104,000; a. (iii) Unaccounted for Revenue – K103,550; b. (i) Failure to record Permits in the Register of Accountable Documents; b. (ii) Unaccounted for Revenue – Permits and VISAs – K24,000 (US$9,620);b. (iii) Unaccounted for Revenue – Mongu Regional
Immigration Office K24,000; c. (i) Application Sharing Case Numbers on the System; c. (ii) Lack of Awareness of Information Security Policy.

**Ministry of Home Affairs**

**Report of the Auditor General on the accounts for the financial year ended 31st December 2016**


**Ministry of Home Affairs**

**Report of the Auditor General on the accounts for the financial year ended 31st December 2016**


Paragraph 27 a. Failure to Deduct and Remit PAYE to ZRA – K14,583; b. Weaknesses in the Management of Infrastructure Projects.

**Ministry of Home Affairs**

**Report of the Auditor General on the accounts for the financial year ended 31st December 2016**

Paragraph 24 a, Unaccounted for Stores – K546,187; b. Supply and Delivery of an Automated Fingerprint Identification System Machine (AFIS)

**Prison and Reformatories**

Paragraph 19 (19) i. Western Region, construction of two low cost houses at Kalabo State Prison

**Ministry of Justice**

**Report of the Auditor General on the accounts for the financial year ended 31st December 2012.**

Paragraph 35 (35) i.v. Un-reconciled Payments voluntary Separatees Association (VSA)-K472,843,648,093
Ministry of Justice


Paragraph 31 (31) a. Misapplication of Funds K750,929; b. Delays in Settling Compensation and Award; c. Judgement Entered in Default K1,674,752; d. Loss of Public Funds Through Negligence by Public Workers K2,606,049

Ministry of Justice

Report of the Auditor General on the accounts for the financial year ended 31st December 2016

Paragraph 36. Irregular Use of Imprest to Procure Goods and Services – K105,713; Delays in Settling Compensation and Awards – K1,759,083,266; Judgement Entered in Default – K949,766; Failure to Recover Funds from Negligent Public Officers- K2,949,931; Unsupported Payments – Funds Remitted to Law Firms – K10,554,178; Payments for incurred by Other Institutions K88,333,910.

Judiciary


Paragraph 10 (10) a. variances between revenue returns and receipted revenue K485,986; b. Unaccounted for Revenue K7,338; c. Delayed Banking of Revenue K568,937; d. Missing Receipt Page – Choma Subordinate Court; e. Lack of Safe – Monze Urban Local Court

Judiciary

Report of the Auditor General on the accounts for the financial year ended 31st December 2016


Luapula Province

Paragraph 17 (i) Unbanked Revenue – K12,972; (ii) Missing accountable documents at Kawambwa Local Court.
**Muchinga Province**

Paragraph 17 (i) Kasoka Local Court – K2,241; (ii) Unaccounted for Revenue K2,546

**Southern Province**

Paragraph 17 (i) Monze Magistrate Court – K728; (iii) Failure to Maintain a Register of Accountable Documents; (iv) Lack of Safe Facilities (iii) Failure to Maintain a Record of Cause Lists – Ndola Main and Nchelenge Local Courts.

**Ministry of Lands**


**Ministry of Lands and Natural Resources**

*Report of the Auditor General on the accounts for the financial year ended 31st December 2016*


**Ministry of Mines and Minerals Development**

*Report of the Auditor General on the accounts for the financial year ended 31st December 2016*

Paragraph 19 a. Expired Mining Licenses – K315,000; b. Failure to Collect Outstanding Area Charges for Mineral Right Holders – K11,102,566.

**Ministry of Lands, Natural Resources and Environmental Protection**

*Report of the Auditor General on the accounts for the financial year ended 31st December 2016*

Ministry of Energy and Water Development

Report of the Auditor General on the accounts for the financial year ended 31st December 2016


Ministry of Energy

Report of the Auditor General on the accounts for the financial year ended 31st December 2016

Paragraph 15 a. Failure to Collect Outstanding ERB Fees – 109,654,366; b. Failure to Reconcile the OMCs Sales and ERB Licence.

Ministry of Defence


HQ (Medical Services)

Paragraph 48 (47) d. Construction of Housing Units for Defence, I. Non – Adherence to Contract Terms and Conditions; (ii). Rehabilitation of Bon Accord Building for Zambia Army in Livingstone

Zambia National Service

Paragraph 50 (49) c. Renovation of Deputy Commandant’s Residence – Outstanding works and defects, i. Non- Adherence to Agreed Specifications, ii. Physical Inspection

Ministry of Defence


Paragraph 53 (53) f. Outstanding Arrears; g. Drilling and installation of Boreholes – Zambia Army Operation area; h. Procurement of Subdivision Farm 688 (Lusaka West) – Failure to transfer Title

Paragraph 54 (54) a. Irregular Drawing of Salary; c. Unaccounted for Funds – Renovation of Officers Quarters- ZNS Luanshima
**Ministry of Defence**

**Report of the Auditor General on the accounts for the financial year ended 31st December 2015.**


**Ministry of Defence**

**Report of the Auditor General on the accounts for the financial year ended 31st December 2016**


**Ministry of Defence – Zambia Army**

**Report of the Auditor General on the accounts for the financial year ended 31st December 2016**


**Ministry of Defence – Zambia National Service**

**Report of the Auditor General on the accounts for the financial year ended 31st December 2016**

Paragraph 50 a. Rural Roads Unit (i) Failure to transfer Payroll – K20, 459,693; (ii) Failure to Report for Duty; (iii) Failure by Provincial Administration to Hand over Motor Vehicles; (iv) Failure to Avail Records for Spare Parts.
Ministry of Defence – Zambia Air Force


Ministry of Lands and Water Development

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Paragraph 46 (46) c. Failure to Collect Materials K1,745,179,459; c. failure to collect materials K1,745,179,459; e. (i). Misapplication of Funds Customary Land Identification and Acquisition K1,680,217,478; e. (ii) Misapplication of funds customary land identification and acquisition K1,680,217,478

Ministry of Lands


Paragraph 14 (14) a. Unaccounted Revenue- ZILMIS (Lands Survey Collections); d. Manipulated Receipts; e. Failure to Collect Grounds Rent; j (ii) Revenue Generated from Survey Departments. Use of Revenue without Treasury Authority;

Paragraph 60 (60) a. Unvouched Expenditure K94,072; b. Failure to Reimburse Funds K223,898

Ministry of Youth, Sport and Child Development

Report of the Auditor General on the accounts for the financial year ended 31st December 2012

Paragraph 36(36) e.i. Youth Development Fund (YDF) irregular Disbursement of Loans

Ministry of Youth, Sport and Child Development

Report of the Auditor General on the accounts for the financial year ended 31st December 2016

Paragraph 47 a. Failure to Distribute Sports Items; b. Failure to Avail Details of Recoveries for the Youth Development Fund Loans; c. Procurement of Higher Buses for Youth Empowerment: (i) Facilitating acquisition of land for setting up garages had not been done as of May, 2017; d.
Failure to Avail Details for Empowerment Scheme for Youth Street Vendors; e. Youth Development Fund (YDF): (i) Northern Province – Kasama – Poor Record Keeping – K1,262,620; Non-Repayment of Loans – K472,656; Non monitoring and evaluation of funded projects; (ii) Muchinga Province – Mpika District: Non repayment of loans – K76,350; (iii) Eastern Province – Chipata District and Lundazi – Non Repayment of Loans – K266,875.

Ministry of Local Government and Housing

Report of the Auditor General on the accounts for the financial year ended 31st December 2010


Ministry of Local Government and Housing

Report of the Auditor General on the accounts for the financial year ended 31st December 2011

Paragraph 38(37) e. Failure to Submit Expenditure Returns – K70,000,000; g.Weaknesses in the Management of Revolving Fund Account.

Ministry of Local Government and Housing


Paragraph 31(31) i.iii. Decentralisation Secretariat, Disbursements to the District Councils, Chadiza District Council – Failure to Provide Accounting Records; Questionable Payment of Allowances

Ministry of Transport Works and Supply and Communication


Paragraph 46 (45) d. Upgrading of Kasaba Bay Run Way; e. District Aerodromes K3,939,432,900, Provincial Administration Western Province, Shangombo, Lack of Receipt and Disposal Details for fuel, Senanga District, Unretired Imprest Sesheke District, and Kalabo District.
Ministry of Transport and Communication


Ministry of Agriculture and Cooperatives

Report of the Auditor General on the accounts for the financial year ended 31st December 2010

Paragraph 40 (50) a. Construction and Rehabilitation of Disease Free Zone infrastructure i. Renovation of Central Veterinary Research Institute (CVRI) (a) Nelkan Industrial Construction, i.v. Construction of Office Block and 2x3 Bed Roomed Houses at Luangwa Bridge – Lot 7; v. Renovation of a House and Construction of an Office Block at Nkalambwe – Lot 9;) Renovation of Four Houses at Nkalambwe Site – Lot 10;

Paragraph 50 (51) a. Stores – No. Receipt and Disposal Details – K555,441,356) ( No. Disposal details – K1,028,074,881); b. Unretired imprest K1,281,928,738;


Ministry of Agriculture

Report of the Auditor General on the accounts for the Financial Year ended 31st December 2011

Paragraph 54 (54) a. Misplacement of Officers on the Payroll K5,987,513; b. Irregular Payment of Acting Allowance K1,756,266; c. Irregular Payment of Salaries to Separated Staff K385,627; d.(i) Allowances Paid to Ineligible Officers K682,094; d. (ii) Payment of Remote instead of Rural Hardship Allowances K109,018; d. (iii) Overpayment of Rural Hardship Allowance K14,660; e. Irregular Payment of Housing Allowances: e. (i) Allowances Paid to Ineligible Officers K320,832;
e. (ii) Overpayment of Housing Allowance Muchinga; f. (i) Payment of Salaries to Officers absent from work without Official Leave K238,851; f. (ii) Failure to effect Half pay, Southern Province PACO K220,587; f. (iii) Payment of Salaries Resigned Senanga District Agricultural Coordinator K27,300; f. (iv) Questionable Payment of Salary Arrears – National Agriculture Research and Development Centre (NARDC) – Kitwe K14,066; g. Introduction to Payroll without Authority K467,113; h. Failure to recover Salary Advances – Lusaka PACO K6,400

Ministry of Agriculture and Co-operatives

Report of the Auditor General on the accounts for the Financial Year ended 31st December 2011

Paragraph 14 (13) a. Unaccounted for Revenue, Zambia Agriculture Research Institute K147,417,300

Ministry of Agriculture

Report of the Auditor General on the accounts for the Financial Year ended 31st December 2011

Paragraph 55 (55) a. Missing Payment Vouchers K116,941; b. Unsupported Payments K478,925; c. Misapplication of Funds – Southern Province K281,036; d. Irregular Refunds – Chinsali District Agricultural Coordinator K51,868; e. (i) Irregularities in the payment of Allowances K86,197; e. (ii) Out of Pocket Allowance – Western Province K5,416; e.(iii) Meal Allowance; f. Irregularities in the payment of imprest; f (i) Unretired Accountable Imprest K163,463; f. (ii) Retirement of Imprest; f (iii) Failure to Produce Activity or Monitoring Reports K208,611; f(iv) Irregular use of Accountable imprest K41,626; g. Management of Stores; g (i) Unaccounted for Stores K1,203,585; g.(ii) Failure inscribe Government Assets K465,503; g.(iii) Failure to insure Assets; h. Failure to Remit Pay As You Earn Tax K87,753; i. Failure to Sign Payment Vouchers – Chipata Provincial Agricultural Coordinator; j. Failure to Report A Road Traffic Accident – Ndola PACO; k. Irregular Payment of Wages – Chapula Zambia Horticulture Training Centre Kalulushi; l. Questionable Drawing of Fuel; m. Irregular Management of Infrastructure, Senanga, Livingstone, Mansa, Samfya, Masaba, Katebe and Chongwe.

Eastern Province


Southern Province

Paragraph 56 (56) b.i. Nega Nega Dip Tank – Mazabuka; b. (vii) Construction of an Office Block Sinazongwe; b. (viii) Construction of Two Low Cost Houses- Sinazongwe; b.(ix) Construction of One (1) Medium Cost House – Sinazongwe;

Copper Belt

Paragraph 56 (56) c. Copperbelt – Rehabilitation of the Exhibition Stand at the Show Grounds

Ministry of Agriculture


Paragraph 15 (15) d. Missing Accountable Documents

Chitundwa Camp; jjj.ii. Copper belt, Mufulira; jjj.iii. Kasaka Fisheries Training Institute- Kafue, Failure to adhere to Procurement Guidelines.

Paragraph 67 (67) b. Drawing of Salaries on Wrong Salary Scales; b. Irregular Payment of Rural and Remote Hardship Allowances; d. Irregular Payment of Housing Allowances

Paragraph 68 (68) a. Failure to undertake Paid for Activities; x.v. Missing ATDs Deposit Slips and ATCs; f.vii. Weaknesses in internal Controls, Irregular Payments of Sitting Allowances

Paragraph 14(14) a. Permits not Supported with Deposit Slips 2,509 permits at K87,815; b. Delayed Banking of Revenue K9,183; c. Missing Accountable Documents 117 imports and Export at K204,750

Ministry of Agriculture


Paragraph 57 (57) a.i Failure to recover funds for Fertiliser not supplied – Nyiombo K9,696,240; a.ii. Irregularities in the supply of seed K29,371,644 and Unsupported Invoices K258,500; b.i Failure to Collect Revenue – farmer input Support Programme Ring Fence Accounts; b. ii. Failure to Avail Bank Statements – Lusaka K138,990; c. ii. Late Delivery of Inputs; c. ii. Late Distribution of Inputs to Farmers; c. iii. Expired Inputs; c. iv. Unacquainted for Farming inputs K417,30; c.v. Stolen Farm inputs – Mpulungu K35,190; c.vi. Issuance of Inputs to Unqualified farmers K584,930; c.vi. Undelivered Farming Inputs K584,450; c. viii. Inputs paid for but not delivered K460,630; c. ix. Excess Delivery of inputs K1,718,090; c. x. Unaccounted for input K224,940 ; c. xi. Unsupported Collection of Inputs K2,571,630; c. xii. Questionable Acquittals of Inputs – Rufunsa K10,800; c. xiii. Excess Issuance of Inputs – Luampa; d. xiv. Loss of Fertilizer in Transit – Manyinga K22,950; d. i Failure to provide Bank Statements; d. iii. Failure to Load E. Voucher Cards, (Choma, Pemba, Kalomo, Mazabuka, Chikankanta, Chongwe, Ndola, Monze); d.vi. Beneficiaries with E.Voucher Cards Berring same Numbers; d. v. Failure to Distribute E.Voucher Cards- Kalomo; d.vi. Unqualified Farmer Groups/Co-operatives; d. vii. Issuance of Unapproved Items by Agro Dealers – Monze K37,909; d. viii. Irregular Drawing of Cash from an ATM using E. Voucher Cards K19,590; d. ix. Issuance of Cards to ineligible Farmers- Monze; e. i. Missing Payment Vouchers; d. ii. Misapplication of Funds K180,387; d. iii. Unsupported Payments Headquarters K1,174,251; d.vi. Unretired Accountable imprest K166,918; d. v. Failure to provide breakdowns of inputs procured from agro dealers K109,718,700
Ministry of Agriculture


Paragraph 62 a. Camp House at Kafubu Block – Ndola District – K35,491: (i) Construction of Farmers Shelters and VIP Toilets – Luanshya District – K83,579; a. (ii) Rehabilitation of a Camp House at Mukolwe – Masaiti District – K62,884; a. (iii) Construction of a Camp House at the Boma – Lufwanyama District – K66,826; a. (iv) Rehabilitation of a Dormitory at Mibenge Farmers Training Centre – K13,297; (v) Completion of Executive Dormitory at the Farmers Training Centre – Luwingu District – K14,600; a. (iv) Construction of an Office Block – Rufunsa – K131,169; b. Unsupported Claims – Contracts Awarded for the Supply of Seed – K204,071,651; c. Unaccounted for Funds – Luangwa District – K74,250; d. Weakness in the management of inputs: (i) Late Distribution of Inputs to Farmers; d. (ii) Unacquitted for Farming Inputs – K50,800; d. (iii) Issuance of inputs to Unqualified Farmers – Shiawangandu DACO- K42,000; d. (iv) Failure to Distribute Inputs – K422,270; d. (v) Failure to Replace Damaged inputs – K179,270; e. Electronic Voucher – FISP Programme:. (i) Failure to Provide Bank Statements – K803,706,000; e. (ii) Un-reconciled Revenue – K55,001,600; e. (iii) Deposits Not Reflecting on Bank Statements – K1,798,400; e. (iv) Irregular Deposits – Monze; e. (v) Failure to Load E-Voucher Cards – K89,166,000; e. (vi) Beneficiaries wit E-Voucher Cards Bearing same Numbers K552,300; e. (vii) Drawing of Cash from ATM using E-Voucher Cards – Mungwi District- K4,420; e. (x) Failure to Replace Cards – K1,121,400; e. (xi) Retention of E-Vouchers Cards by Agro – Dealers

Paragraph 64 a. Misplacement of Payroll area – K41,524,367; b. Employees on Wrong Salary – K162,139; c. Irregular Payment of Housing Allowance and Salary Arrears – Central Province – K37,807

Ministry of Livestock and Fisheries Development

Report of the Auditor General on the accounts for the Financial Year ended 31st December 2010

Paragraph 53 (53) a. Payment of Rural and Remote Hardship Allowance to Ineligible Officers K708,799; b. Failure to submit monthly Expenditure Returns to the Ministry Headquarters K4,420,757; c. Inadequately Supported Payments K1,460,188; d. Unretired Accountable Imprest K933,411; e. Unaccounted for Stores K1,028,845; f. Misapplication of Funds K62,380; g. Delays in Settling Outstanding Bills K2,609,980 (US$388,769.41);
Ministry of Livestock and Fisheries Development

Report of the Auditor General on the accounts for the Financial Year ended 31st December 2011

Paragraph 53 (52) b. Unretired imprest K299,425,500; c. Non-recovery of Loans and Advances K847,000,000; d. Unaccountable for fuel K1,394,100,000; f. Chilanga Department of Fisheries, (i) Non-recovery of Loans and Advances K155,000,000; (ii) Failure to utilise boats

Office of the President, Western Province


Paragraph 66 (64) a. Construction of Health Posts; g. Completion of Construction of a Clinic, (i) Failure to prepare Bill of Quantities – K169,744,898; (ii) Unverified Building Materials K91,375,898; (iii) Physical Inspection of the Project.

Office of the President- Western Province

Report of the Auditor General on the accounts for the Financial Year ended 31st December 2011

Paragraph 80 (79) c. Weaknesses in the Management of PRP Projects, i. Kalabo – Kalongola Road (D319)

Office of the President- Western Province

Report of the Auditor General on the accounts for the financial year ended 31st December 2011

Paragraph 66 (66) a. Rehabilitation of Training Centre at Namushakende; b. Un-Completed Works – Construction of Limulunga – Ushaa Road

Office of the President- Western Province

Report of the Auditor General on the accounts for the Financial Year ended 31st December 2012

Paragraph 57 (56) b. Unretired Imprest K78,822,560; c. Unaccounted for fuel –K81,165, 611
Paragraph 58 (57) c. Unretired impres K47,703,500; d. Questionable Retirement Imprest i. Mongu District livestock and Fisheries Office – K1,393,700; e. Unaccounted for Fuel and Store – K290,664,214
Paragraph 75 (75) d. Installation of Street lights Along Airport Road in Kalabo; i. Construction of Office Block – Shangombo DC
Paragraph 76(76) a. Failure to Implement Funded Projects; c. Construction of Liulunga – Ushaa Road; d.ii. Construction of Culverts on Kalabo Mapungu Road, Project Status.

Office of the President- Western Province


Paragraph 84 (84) i. Overpayment of Fuel Imprest; i. Rehabilitation of Mulobezi Dam – Department of Water Affairs; b. Failure to implement funded project; c. Drilling of Boreholes in Kalumwange Resettlement Scheme

Office of the President- Western Province


Paragraph 74 (74) a. Delays in Deleting Officers from the Payroll i. Separated Officers K180,308; a. ii. Officers transferred out of the Province K957,012; a.iii. Officer Retired from the Civil Service (Still Drawing a Salary) K327,896; b. Payment of Salaries to Employees not on their Duty Statation K1,719,641; c. Irregular Payment of Rural Hardship Allowances K11,920; d. Irregular Payment of Housing Allowances K120,474; e. Irregular Payment of Double Class Allowance K3,500; f. Irregular Payment of Responsibility Allowance K1,400; g. Irregularities in the Appointment of Former Sesheke District Commissioner K122,440; h. Questionable introductions on the Payroll K478,179; i. Irregular Payment of Salary to an Employee K222,882; j. Revolving Account i. Failure to recover Salary and Tuition Advances
K98,734; j.ii. Salary Advances paid to Officers with Net Pay less than 40 Percent of Basic Pay;

Paragraph 75 (75) a. Misapplication of Funds K163,362; b. Unretired Accountable Imprest K57,451; c. Irregular payment, i. Subsistence Allowances K1,220; c.ii. Payment of Overtime Allowances K3,331; d. Questionable Payment of Accountable imprest for Sensitisation on Salary Advances K41,865; e. Questionable Payment for Repair of Damaged Vehicle GRZ 536 CL K28,850; f. Unaccounted for Stores K18,622; g. Questionable Payment of Imprest K6,863; h. Survey of 1,500 Plots in Sikongo District; i. Construction of Chiefs’ Palaces – Ministry of Chiefs and Traditional Affairs; i. Construction of the Chief’s Palace at Namayuka Lukulu District

Paragraph 76 (76) a. Misapplication of Funds K689,458; b. Unretired Accountable Imprest K69,156; c. Questionable Payment and Retirement of Imprest K20,144; d. Construction of a Crossing Point at Lunyati Dam, i. Undelivered Building Materials, fifty pockets of Cement K4,500; d. ii Stalled Works; e. Construction and Rehabilitation of Boreholes – Water Affairs; f. Rehabilitation of the Assistant Secretary’s Residence; g. Rehabilitation of the Deputy Permanent Secretary’s Residence

Office of the President – Western Province (PRP)

Report of the Auditor General on the accounts for the financial year ended 31st December 2016

Paragraph 78 a. (i) Misapplication of Funds – K241,400; (ii) Misapplication of K200,000.


Office of the President – Northern Province

Report of the Auditor General on the accounts for the financial year ended 31st December 2012

Paragraph 60 (60) e.ii. Construction of Rice Dehuller Shelter at Chiwenge; e.iii. Completion of Police Post at Matipa in Chilubi District; a. Contract for Drilling of Borehole and Irregular payment

Paragraph 74 (74) a.i. Irregular payments, irregular Award of Tender; a.ii. Undelivered items; g. Irregular payment on the provision of Security Services; a. Resettlement Department, Failure to implement projects, Storage Shed – Janyauki Resettlement Scheme; b. Rehabilitation and Maintenance of Solwezi Sports Complex; c.i Magrade Extension Road Works paid for but not done; c.ii. Delayed Completion; d. Solwezi College Road; d. Questionable payments; e. failure to follow tender procedures; b.i. Implementation of Road chikonkwelo- Kayombo Road Kabompo District Incomplete works

Office of the President – Northern Province


Paragraph 56 (55) a. Unremitted funds K337,987,650

Paragraph 71 (71) Irregular Award of Contracts

Paragraph 72 (72) a. i. Rehabilitation of Feeder Roads – Luwingu District, Irregular payments to the Contractor; a.ii Failure to Enforce Performance Security Bond

Office of the President – Northern Province


Paragraph 80 (80) a. Rehabilitation of Feeder Roads – Mipita Lundu Road;

Paragraph 82, (82) a. Failure to Deliver a Generator; b. Fish cages – Livestock and Fisheries Development
Office of the President – Northern Province


Paragraph 69 (69) a. Failure to correct errors on the Banks Statements K35,862; b. (5) Missing payment vouchers K39,166; c. Unretired Accountable Imprest K95,269; d. Failure to Insure Assets; e. Failure to Report Accident – GRZ 883 CH

Paragraph 70 (70) a. Irregular payment of Salaries K1,887,930; b. Misplacement of Payroll Area K430,416; c. Irregular payment of Rural and Remote Hardship Allowance K195,315; d. Failure to recover Tuition and Salary Advances K63,924; e. Issuance of Concurrent Salary Advances K145,060

Paragraph 71 (71) a. Failure to Correct Errors on the Bank Statement K12,972; b. Unaccounted for Fuel K129,096

Paragraph 72 (72) a. Misapplication of Funds – Construction of Mbala Youth Skills Training Centre K26,097; b. Failure to insure Building – Mwela Rocks Cultural Village K293,40; c. Construction of Mpulungu Youth Training Workshop Block – Mpulungu District K35,000; d. Failure to Reimburse Borrowed Funds K540,497

Office of the President – Northern Province


Paragraph 74 a. Bank Reconciliation – K8,450; b. Questionable Payment of Imprest – K10,613.

Paragraph 75 a. Unaccounted for Stores – K105,885; b. Failure to insure Motor Vehicles – K522,000.


Office of the President – Muchinga Province


Paragraph 58 (58) a. Failure to recover Funds – Contract for installation of Water tank; b. Rehabilitation of Five (5) Offices at the Marketing Department under Ministry of Agriculture and Livestock in Chinsali


Office of the President – Muchinga Province


Paragraph 61 (61) g. Construction of a Police Post at Ntantumbila – Nakonde District Administration; b. Construction and Rehabilitation of Feeder Road; c. Drilling of Boreholes in Kaozi Resettlement Scheme; a. Construction of a Cultural Village – Failure to Sink a Borehole

Paragraph 64 (64 b. Access Roads Development Project; c. Construction of Permanent Wells

Office of the President – Muchinga Province


Paragraph 49 (49) a. Construction of a Six Storey Office Block for the Provincial Administration Chinsali K33,468,792; b. Construction of a four Storey Office Block for Provincial Administration in Chinsali K16563,290; c. Construction of Thirty Medium Cost Houses in Chinsali K10,774,303; d. Construction of a Two Storey Office Block for Office of the President, (Special Division) K10,333,170; e. Construction of Twenty Low Cost Houses, Ten Medium Cost Houses and Ten High Cost Houses K24,693,704; f. Construction of One (1) Minister’s House and One (1) Permanent Secretary’s House in Chinsali; g. Construction of Three (3) Storey Civic Centre for Chinsali Municipal Council K18,089,434; h. Construction of a Post Office Block in Shiwaingandu K852,648; i. Construction of an Office Block for Shiwainganu District Administration K7,542,636; j. Construction of Ten (10) Medium Cost Houses in Shiwaingandu
District K5,029,633; k. Construction of a Post Office Block in Mafinga K2,490,825; l. Construction of Ten (10) Medium Cost Houses in Mafinga District K6,335,839; p. Failure to Renew performance Security Bonds K11,102,614; q. Use of Incorrect Rates in the Payment of Subsistence Allowances K24,820; r. Inadequately Supported payments K2,683


Paragraph 51 (51) a. Inadequately Supported payments K24,330; b.i. Irregular Drawing of Fuel K3,005; b ii. Unaccounted for Fuel K42,443; biii. Irregular Drawing of Fuel K17,508; c. Irregular payment of Subsistence Allowances K5,490; d. Use of incorrect rated in the payment of subsistence Allowances K3,150; e. Irregular use of Accountable imprest to procure Goods K20,140; f. Failure to produce an Activity Report K29,023; h. Failure to Remit tax to ZRA K54,302; i. Over Expenditure on Other Emoluments K232,718; j. (2) Missing Payment Vouchers K44,808; k. Failure to Recover Salary Advances K10,000;

Paragraph 52 (52) a. Excess Employees K6,219,881; b. Employees on the Payroll for the Provincial Administration but not working in Muchinga Province K66,591; c. Rural Hardship Allowance Paid to Ineligible Employees K291,956; d. Irregular Payment of fuel Allowance K22,958; e. Salary Overpayment due to Employees being on Wrong Salary Scales

Paragraph 52 (52) f. Irregular Payment of Housing Allowances K9,183

Office of the President – Muchinga Province


Paragraph 59 a. Irregular Payments for Accommodation – Mafinga DC- K5, 000


Office of the President – Lusaka Province


Paragraph 64 (64) b.ii. Construction of Community Hall – Shibuyunji District, Unaccounted for Building Materials

Paragraph 65 (65) f. D177 Kalubwe Road, D482 (Ngombe Ilede and Imbwe Munyama Roads); f. Mutimbisha Road 8.6 Km, Chishiko Kabeleka Road – 5.5 Km; f. Nchute Lukoshi Road 4.3 Km, Mpango Road 7.8 Km; f. Water falls Road, Luangwa – Other Roads; f. D168 Kacheta Road, Chilanga District, Kabanana/C hisakila Road –Kafue District.

Office of the President – Lusaka Province


Paragraph 70 (70) a. Unsupported Payments; d. Unaccounted for Stores Items and Fuel; e. Fuel drawn unauthorised Motor Vehicles;

Paragraph 71 (71) a. i Rehabilitation of Feeder Roads, Grading Spot Gravelling and Culvert Installation – 22 km Other Roads Luangwa (Chilombwe Road); a.xii Gravelling and Culvert Installation – 25 Km Nampundwe Mine Road and 24 Km Situmbeko Chimbotela Road, Nampundwe Mine Road, 24 Km Situmbeko Chimbotela Road

Paragraph 72 (72) c.ii. Questionable payments for certificates for abandoned works on Rehabilitation of Dams, Rehabilitation on the Zemba Dam

Office of the President Lusaka Province


c. Failure to value and insure an Office Block – Lusaka Provincial Administration; d. Unsupported payments K489,789.

Paragraph 59 (59) a. Failure to Produce Activity Reports K206,753; b. Failure to Reimburse Funds; c. Unaccounted for Buildings Materials – Construction of Chieftainess Nkomeshya’s Palace K128,148

Paragraph 60 (60) a. Payroll Irregularity Officer on Secondment but still drawing salary K67,695

Paragraph 61 (61) a. Construction of Funzwe Damin Kafue District K3,883,408

Office of the President – Lusaka Province


Paragraph 65 a. Unretired Accountable Imprest – K13, 000; b. Irregular Use of Accountable Imprest to Procure Goods and Services – K75,293; c. Disbursement of Loans from the Revolving Fund Account; d. Failure to Recover Loans and Advances – K93, 200

Office of the President – North Western Province


Paragraph 60 (59) unretired Imprest K158,721,950; c. Unaccounted for Stores and Fuel K57,489,285.60

Paragraph 83 (83) a. Failure to follow Procurement Procedures; b.i. Infrastructure development – Headquarters- Construction of Dining Hall at Mutanda High School, Poor Workmanship; b.ii. Rehabilitation of Kabompo Rest House Delayed Completion; b.iii Rehabilitation of Kabompo Rest House Poor Workmanship; b.ii. Implementation of Road Projects, Rehabilitation of Kanongesha Road; b.iii. Rehabilitation Kakela Kakoma Road.

Office of the President – North-Western Province


Paragraph 96 (96) b. Rehabilitation of Manyimga Choonga Road

Paragraph 97 (97) c. Infrastructure Development, Construction of Zambia Compound
Health Centre Staff houses and Three Pit Latrines K473,688; c. Construction of Zangamenu Health Centre, Staff House and Three Pit Latrines; c. Construction of Weighbridge Health Centre, Staff house and Three Pit Latrines

Office of the President – North Western Province


Paragraph 81 (81) a. Unvouched Expenditure K78,767; b. Questionable Air Travel K33,513; c. failure to provide Expenditure Return K270,020; d. Unaccounted for Funds K11,252; e. Payment of Overtime Allowance Outside the Payroll; f. Failure to Remit income Tax K140,731; g. failure to Provide Activity Reports K30,895; h. Irregular use of Accountable Impres K80,435; i. Questionable payment of Subsistence Allowances K158,100; j. irregular payment of Meal Allowances K5,370; k. Failure to insure Motor Vehicle and Report motor Vehicle Accident K345,000; l. Unaccounted for Fuel K13,606

Paragraph 82 (82) a. Employees on Payroll but not at Station K80,912; b. Misapplication of Officers on the payroll K1,225,211; c. Irregular Payment of Acting Allowance K415,905; d. Irregular payment of Rural and Remote Hardship Allowance; e. Irregular payment of Salaries to Officers Absent from Duty without Leave K11,760; a. Misapplication of Funds K156,280; b. Failure to Reimburse Borrowed Funds K338,042; c. Construction of Kankujere Earth Fill Dam

Paragraph 84 (84) a. Misapplication of Funds K831,544; b. Payment of Overtime Allowance Outside the Payroll K10,498; c. Questionable Air Travel K18,347; d. Construction of kasempa Meterological Office; i. Payment of VAT to a Non-Registered Supplier; d. ii Poor Workmanship; e. Construction of Chiefs Palaces, i. Contract for the Supply of Building Material; e. ii. Construction of Chieftainess Ikelenge’s Palace (Wastafe of Cement and Abandoned Works); e. iii. Delay in Completion of Chief Kalilele’s Palace.

Paragraph 32(32) a. Unsupported payments K2,521,647; b. Stores without receipt and disposal details K40,000

Office of President – Southern Province


Paragraph 87 (86) h. Rehabilitation Aerodromes, i. Choma, Lack of Bills of Quantities (BOQs); incomplete works and poor workmanship
Paragraph 88 (87) a. Failure to Account for Funds K121,365,177

Paragraph 89 (88) ii. Procurement of two Graders K997,600,000; c. Procurement of Tyres Tubes and Spare Parts K841,884,198

Paragraph 89 (88) f. Road Rehabilitation and Construction; (ii) Questionable usage of Fuel – Grading and Rehabilitation of Choma Roads

Office of President – Southern Province


Paragraph 80 (80) PRP Projects Implementation incomplete Works/poor Workmanship

Office of the President – Southern Province


Paragraph 55 (54) e. Unaccounted Stores K499,755,279; g. Infrastructure – Provincial Livestock and Fisheries Office

Paragraph (86) (86)a.ii. Infrastructure Project, Construction of Duty Room and Ablution Block at Monze State Prison


Paragraph 90 (90) Failure to Implement Projects

Office of the President – Southern Province


Paragraph 98 (98) j. Failure to Collect Outstanding Rentals

Office of the President – Southern Province


Paragraph 85 (85) a. Misapplication of Funds K148,123; b. Failure to Remit Tax K158,058; (85) c. Unaccounted for Funds K110,090; d. Unretired Accountable Imprest K12,000; e. Irregular Payment of Overtime Allowances K47,917

Paragraph 87 (87) a. Employees on the Payroll (PMEC) but not at the Station K366,834; b. Failure to Update Payroll; c. Failure to remove retired or deceased officer from payroll K332,907; d. Officers with Duplicate National Registration Card on Payslips K204,335; e. Non-Recovery of Salary Advances

Paragraph 88 (88) a. i. Misapplication of Funds K321,683; a. ii. Misapplication of Funds K588,522; b. Rehabilitation of a Community Hall that was not Budgeted for i. Irregular charge of VAT; i. Physical Inspection;

Paragraph 88 (88) a. Misapplication of Funds K262,483; b. Failure to Remit Tax to ZRA K61,869; c. Questionable Procurement of Turbo Charger K13,100

Office of the President – Southern Province (Various)


Office of the President – Southern Province (Gda)


Office of the President – Southern Province (GA)


Office of the President – Luapula Province


Paragraph 71 (70) e. Infrastructure Development – Funds Released K1,440,000,005 i. Construction of Institutional House - Chongwe Over Commitment K359,779,750

Office of the President – Luapula Province

Report of the Auditor General on the accounts for the financial year ended 31st December 2012

Paragraph 71 (71) i.ii. Construction of Chipungu Boarder Post, K800,000,000 Failure to follow Procedures on the Cancellation of Contract Paragraph 71 (71) i.vi. Incomplete Works

Luapula Province

Report of the Auditor General on the accounts for the financial year ended 31st December 2013

Paragraph 36(36) h.ix. Mwense District Council, Construction of Kalanga Market –(Over-commitment of K394,638); h. ix. Chipili District Council, Construction of Ten (10) Three Bedroom Medium Cost Houses (over commitment of K2,774,094); h.ix. Mwansabobwe District Council – Construction of Ten Three- Bedroom Medium Cost Houses (Over –commitment of K3,156,774)

Paragraph 81 (81) d.i. Failure to Implement projects, Rehabilitation of Mulwe Road Kawambwa District; d.ii. Rehabilitation of Feeder Roads – Mwansambwe District; d.iii. Rehabilitation of Senama – Fiyongoli Road; d.vi. Construction of a Bridge on Mansa Tayali Road, Mansa District; d.v. Rehabilitation of Chembe Kasmalwela Road – Chembe District

Office of the President – Luapula Province


Paragraph 92 (92) b. Failure to implement funded activities – Rehabilitation of Roads in Mwansa bombwe District; c.i Failure to complete Projects, Chienge District; c.ii. Mansa District, Kapesha
Paragraph 93 (93) b. Oil Palm Out-growers Scheme – Stalled Project

Office of the President – Luapula Province


Paragraph 79 (79) a. Failure to Settle Insurance Premius K296,008; b. Failure to insure Buildings; c. Failure to insure Motor Vehicles

Paragraph 80 (80) a. Irregular use of Accountable Imprest K28,200; b. Chieftainess Kanyembo’s Palace – Nchelenge District; c. Chief Mununga’s Palace – Chiengi District

Office of the President – Luapula Province (Ga)


Office of the President – Copperbelt Province


Paragraph 69(69) a. Undelivered Stores; c. Failure to Supply a Grader

Paragraph 73 (72) d. Rehabilitation of Kitwe little Theatre K156,655,100

Paragraph 75 (74) g. Failure to implement Projects, I. Drilling and Rehabilitation of Boreholes; h. Construction of Youth Skills Centre in Masaiti

Office of the President – Copperbelt Province


Paragraph 52(52) d. Infrastructure Development, Levy Mwanawasa Stadium Car Park, Poor Workmanship

Office of the President – Copperbelt Province


Paragraph 54(53) e. Unaccounted for Store K6,945,000; d. Unretired imprest K24,597,000
Office of the President – Copperbelt Province


Paragraph 74 (74) d. i Poor project implementation, Rehabilitation of Kalulushi Township, Mwambashi Road

Paragraph 75 (75) d. Water Affairs Department Borehole Setting and Drilling in Masati; c. Road formation in Resettlement – Schemes Kambilombilo

Office of the President – Copperbelt Province


Paragraph 64 (64) a. Delayed Completion Lufwanyama Government Houses; b. Poor Workmanship – Masaiti Youth Training Centre; c. Delayed Completion of Works – Youth Training Centre

Office of the President – Copperbelt Province


Paragraph 66 a. Misplacement of Payroll Area – K2,244,986; b. Payment of Acting Allowances for More than Six Months K517,270; c. Irregular Payment of Rural and Remote Hardship Allowance – K189,619; d. Irregular Payments of Salaries to an Officer absent from Duty without Leave – K224,564; e. Failure to Conclude Staff Disciplinary Cases – K545,212; f. Irregular Payment of Salaries to an Officer absent from Duty without Leave – K224,564; g. Failure to conclude Staff Disciplinary Cases – K545,212; h. Revolving fund account: (i) Non-recovery of advances – K49,399; h. (ii) Misapplication of Funds.

Paragraph 67 a. Unauthorised Swapping of Motor Vehicles Engines – Department of Labour and Factories
Office of the President – Central Province


Paragraph 37 (36) b. Provinces, ii. Central Province

Paragraph 77 (76) a. Wasteful Expenditure Repairs of a Low Bed Truck K132,922,560

Office of the President – Central Province


Paragraph 58 (58) a. Non delivery of Materials

Office of the President – Central Province


Paragraph 66  a. Unauthorised Excess Staff on the Payroll K8,895,258; b. Misapplication of Payroll Area K919,854; c. Starters and Leavers; c.(i) Introduction of Officers on the Payroll without Authority K56,570; c. ii. Failure to remove officers from payroll K153,469; c. (iii) Failure to terminate officers from the payroll K152,772; d. Questionable Basic pay K5,441; e. Questionable payments of salary arrears K46,832; f. Questionable payment of allowances: f (i) Commutate night Duty allowance; f. (ii) Irregular Payment of Night Duty and Health Shift Allowance K1,434; g. Irregular payment of Rural and Remote Hardship Allowances K29,460; h. Acting Allowance: h (i) Irregular Payment of Acting Allowances for more than six months K743,806; h. (ii) questionable payment of Acting Allowance to Officers not in Acting positions K6,218; h. (iii) Over and under Payment of Transport and Housing Allowances K10,060; i. Failure to deduct National Pensions Scheme Authority Contributions K655,663; j. Irregular payment of salary Advances K100,000; k. Officers with Net pay less than 40 percent K102,600; l. Non recovery of salary and Tuition Advances K92,000.
Office of the President – Central Province


Paragraph 72 a. Failure to Provide Funding Guidelines – K487, 741; b. Misapplication of Funds K438, 308; c. Unretired Accountable Imprest – K47, 815; d. Failure to Prepare Activity Reports – K94, 025; e. (i) Irregular use of imprest for Procurement – K11,068; e. (ii) Irregular issuance of fuel imprest – K50, 972; e. (iii) Lack of Record for the Extension of Programme – K5,600; e. (iv) (i) Lack of Terms of Engagement; (ii) Stalled Works; (v) Construction of Broken Cultural Village.

Office of the President – Eastern Province


Paragraph 82 (82) c. Unaccounted for Store K39,990.00; i. Unaccounted for bags of cement – 666 bags; i. Undelivered Plumbing and Electrical Materials K21,914,500

Office of the President – Eastern Province


Paragraph 68 (68) b. Drilling of Boreholes – Kaozi Ressettlement Scheme in Chama District

Office of the President – Eastern Province


Paragraph 36(36) Project Management, Completion of a 1 X 2 Class Room Block at Chidolo Primary School K14,805.

Paragraph 59 (58) d. Unretired Imprest K37,288,810

Paragraph 77 (77) a. Construction of Vubwi DCs Office Block; b. Construction of Vubwi DCs Staff House; c. Construction of a Low Cost House at Ukwimi Basic School ;) b.i. Rehabilitation and Construction of Drainage Structures NonDelivery of Culverts; Kampondwe – Chanyalubwe Road (Via Kapongolo Lundazi District)

Office of the President – Eastern Province


Paragraph 88(88) e.i. Grading and Reshaping of R296 Undi Off Road (T4 to msoro), Poor compaction of Embankments on culvert’s

Paragraph 89 (89) d.ii construction of Chalets at Cultural Centre in Chipata, Delayed in completion of the Project; e.i Construction of Boundary wall Fence – David Kaunda Stadium

Irregular Engagement of a Contractor; e.ii. Construction of Boundary wall fence – David Kaunda Stadium Abandoned Project
Office of the President Eastern Province


Paragraph 78 (78) a. Inconsistent Expenditure Reporting; b. Irregular Payment of Salaries to Deceased Employees K22,407; c. Irregular payment of Rural Hardship Allowance K9,995; d. Failure to deduct Statutory Contribution K8,060; e. Failure to recover Tuition and salary Advances K20,000

Ministry of Foreign Affairs


Mission Abroad Lubumbashi

Paragraph 22 (21) iii. Staff Houses; b. Delayed replacement of Title Deeds; c. Rehabilitation of Properties, i. Termination of contract

Mission Abroad Washington

Paragraph 23 (22) b. Failure to recover Security Deposit; c. Properties (i) Chancery – 2419 Massachusetts Ave (ii) 2300 Wyoming; (iii) Wasteful Expenditure on Rentals

Mission Abroad – Lilongwe

Paragraph 24 (23) b. Repairs maintenance Residence K55,588,776 (US$10,548)

Mission Abroad – London

Paragraph 25 (24) a. internal Control Weaknesses, ii. Unclaimed Rental Security Deposits K197,444,063 (25,539 pound)

Paragraph 25(24) g. Inspection of 13 Foscote Road, Hendon NW4

Mission Abroad Dar-Es-Salaam

396 Toure Drive Masaki, iv Plot No. 22 Ocean Road

**Mission Abroad – Gaborone**

Paragraph 27 (26) The Chancery – 1118-1119- Main Mall Gaborone, ii. Plot No. 4703/105 – Mongana Close

Mission Abroad 29 (28) c. Prperties i. The Residence – 1 George Hunter Street Olympia, ii. House No. 14 Lydia Street- Ludwigsdorf, iii. 93 –Gever Street Ludwigsdorf i.v. 17 Veronica Street Ludwigsdorf

**Mission Abroad Brussels**

Paragraph 30 (29) h. Failure to 240ehabilitee the Residence- 260 Dreve Richele Waterloo

**Mission Abroad Paris**

Paragraph 34 (33) iii. Property Management: The Chancery and the Residence. The Chancery – 18 Avenue de Trouville 75007

**Ministry of Foreign Affairs**


**Mission Abroad – New York**

Paragraph 20 (20) c. (i) Property Management, 201 Wyndcliff Road Residence; c. (ii). 237 East 52nd Street Chancery

**Ministry of Foreign Affairs**

**Report of the Auditor General on the accounts for the Financial Year ended 31st December 2013.**

**Mission Abroad London**

Paragraph 20 (20) a. Transfer of Revenue without Authority; f.ii Property Management, Lack of Title Deeds for Mission Properties

**Mission Abroad Maputo**

Paragraph 24(24) c. Rehabilitation of the Official Residence at Plot 20 Don Alfonso Henrique Avenue – Maputo; d. Chancery plot No. 1286 Kenneth Kaunda Avenue

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Mission Abroad Brussels

Paragraph 26 (26) c. Rehabilitation of the Chancery – Avenue Moliere 469 1050 Bruxelles

Ministry of Agriculture (PACOs) and (DACOs)

Paragraph 60 (60) hh. Li. Construction of a Dip Tank at Kalovya – Chama DACO Paragraph 60 (60) nn. Construction of Chasato Earth Dam, Chama DACO; oo. Other Projects, Western Province, Construction of a Regional Veterinary Laboratory, Mongu K4,299,995; oo. Southern Province, Rehabilitation of One Staff House and construction of a Double Pit Latrine- K84,840; oo. Choma Mochipapa Research Station construction of an Office Block K158, 450 (Materials K107,505 and Labour K50,945; oo. Lusaka Province construction of a Breeding Centre K814,043.04; oo. Muchinga Province, construction of Medium Cost Houses atMbesuma State Ranch – K803,096

Mission Abroad Harare

Paragraph 27 (27) c.i.ii.iii.iv.vi Weaknesses in the Management of Properties Chancery, House No.8 Simms Road Mount Pleasant, House No.44, Sloans Road Highlands, 10 Turnsteas the garage, 5 Cowden, Close, Chisipite, 7 Samson Road Mount Pleasant

Missions Abroad 2009 – Berlin

Paragraph 30 (28) b. Properties, i. Vorschchoro 23 Berlin-Pankow, Repairs on the Ambassador’s Residence

Paragraph 34 (32) b. Unclaimed Rental Security deposit – Balance of K27,984,004 (5,500 pound)

Ministry of Foreign Affairs


Mission Abroad Lubumbashi

Paragraph 23(23) e. Rehabilitation of Mission Properties, Mission Properties, House No. 6 Lundula Avenue, House No. 18 Kamanyola Avenue, House, No. 26 Luvua Avenue (Residence) House |No. 1332 Kapenda Avenue, House No. 6 Tshinyama Avenue. The Chancery, Servants Quarters (x4), House No.6 Lundula Avenue, House No. 18, Kamanyola
Avenue. House No. 26 Luvua Avenue (Residence). House No. 1332 kapenda Avenue House No. 56 Tshinyama Avenue. Kitchen Units (x6). Construction of the Wall Fences, Screening Room.

**Mission Abroad – Addis Ababa**

Paragraph 28 (28) b.iv. Undeveloped Land

**Mission Abroad Windhoek**

Paragraph 32(32) e.i. State of Mission Properties, The chancery- No. 22 Sam Nujuma/Mandume Ndemufayo Street; e.ii. Official Residence – No. 1 George Hunter Street Olympia; e. iv (9) Schwerinburg Street, Luxury Hill

**Ministry of Foreign Affairs-**

**Report of the Auditor General on the accounts for the Financial Year ended 31st December 2015.**

**Ministry of Foreign Affairs H/Q**

Paragraph 23 (23) a. Failure to Redeploy Recalled Diplomats K320,208

**Washington DC**


**Mission Abroad – London**

Paragraph 25 (25) a. Revenue, i. Unaccounted for Revenue K19,531 (1,563 pound), ii.

Delayed banking K532,938 (42,635 pound), iii. Irregular Transfers of Revenue K625,888 (52,231 pound); a.iv. Irregular Transfer of Fund into a Personal Account K25,000 (2,000 pound); b. Expenditure i. (3) Missing Payments Vouchers; b.iii Overpayment of Foreign Service Allowances K35,832 (2,755.48)

**Mission Abroad – Paris**

Paragraph 28 (28) a. Overpayment of Foreign Services Allowances K480,164 (US$78,307.48); b. Overpayment of Rentals for Officers K3,783 (US$694.72); c. Failure to Dispose of Boarded Items K18,334; d. Irregular Payment for Works Carried Out at a Rented
House – First Secretary – Economic and Trade K44,486 (4,000 pound); e. Property Management
Irregular Engagement of a Contractor – The Residence

Mission Abroad Harare

Paragraph 29(29) a. Uncollected Rental Arrears from Leased Properties K624,415 (US$98,364);
b. Property Management I, Properties without Title Deeds; b. ii. 48 Kwame Nkrumah – The
Chancery; b. iii. 4 Kevin Road Chisipite – The Residence; b. iv 10 Turnstead the Grange; b. v. 16
Cockington Mandara; b. iv. 5 Cowden

Mission Abroad – Beijing

Paragraph 26(26) a. Stores without Receipt and Disposal Details K41,325; b. Unauthorised
Procurement of Carpet; c. Failure to Mark Assets with CRZ Serial Numbers; d. Failure to dispose
of Motor Vehicles (6); e. Increment of Commuted Overtime without Approval K19,551 (RMB 13,
500)

Mission Abroad Stockholm

Paragraph 27 (27) a. Mission Performance; b. Failure to Dispose a Boarded Vehicle and
Obsolete Assets; c. The Residence i. Engagement of a Consultant; c.ii. Payment of Heating and
Lighting Bills for a Vacated House K54,051 (SEK 48,096); c.iii. Defects at the Residence

Mission Abroad Seoul

Paragraph 30 (30) a. Failure to recover contribution Towards Utility Bills K30,042,
(US$4,026.48); b. Failure to recover contributions towards Medical Bills K9,406 (US$1,008.76);
c. Unretired Accountable Imprest K333,610 (US$52,819.62); d. Unapproved Payments
K11,140,487 (US$ 1,545,366.72); e. Unsupported Payment K1,663,037 (US$ 262,058.92); f.
Stores without Receipt and Disposal Details K1,110,912 (US$177,392.93); g. Failure to Mark
Assets with GRZ Serial Numbers; h. Payment of Rentals in Excess of Entitlement K747,420
(US$60,000)
Ministry of Foreign Affairs –

Report of the Auditor General on the accounts for the financial year ended 31st December 2016

Headquarters


Mission Abroad – Cairo


Mission Abroad – Dar-es-Salaam

Paragraph 29 a. Unsupported Payments – K441, 298; b. Irregular Payment of Allowances – Former Deputy High Commissioner K85, 961; c. Irregular Payment of Education Allowances – K15, 469; d. Property Management:Irregular Refunds – Repairs and Maintenance

Outstanding works –Plot 39 Ali Hassan Mwinyi; 22 Ocean Road – Upanga; 396 Toure Drive – Masaki; 350/351 Lugalo Road – Upanga; 484 Mindu Street – Upanga; The Chancery.

Mission Abroad – Addis Ababa

Paragraph 31 a. Delayed Banking – K17612; b. Unaccounted for Stores – K82, 651; c. Failure to Update Assets Register – K21,212; d. Failure to follow Procurement Procedures – Approval of Procurement Above Threshold – K46,365; e. Payments of Subsistence Allowances and Penalties Without Authority – K57,033;. Over Payment on Cost of Living Allowance Contrary to the regulations; Over Payment of Education Allowance – K85,087; Unauthorised Use of Funds from the Revolving Account – K287,008;. (i) Failure to insure Buildings

Paragraph 31 d. (ii) The Chancery

Mission Abroad – Gaborone

Paragraph 32 a. Irregular Payment of Spouses Allowance – K47,670; b. Failure to Mark Assets with GRZ Serial Numbers; e. (i) Failure to Avail Title Deeds; (ii) Vacant Properties (Plot 3036
and 3037 Sobhuza close – old residence; Plot 48/59 – Dinatra Close; 118 Morukuru Close; Plot 105, Mongana close; Plot 262 Kgari close - the new residence; plot 280 – Tawana close and plot 1121 and 1122 – formerly Zambia Airways Offices)

**Mission Abroad – Nairobi**

Paragraph 33 a. Unauthorised Financial Assistance – K17,125; b. Questionable Payment of Education Allowances – K874,327; c. Failure to recover Funds Paid for Medical Bills – K4,369; d. Failure to recover Security Deposits – K119,415; e. Irregularities in the Management of Lease Agreement – K60,566; e. (i) failure to Dispose of Boarded Items; f. Property management ((i) the Chancery; (ii) High Commissioner’s residence – K33,424)

**Mission Abroad – Berlin**

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Accountable Documents</td>
<td>Documents such as receipts, licences, certificates, discs or tokens and others used in the collection of Revenues.</td>
</tr>
<tr>
<td>Audit Finding</td>
<td>The result of audit procedures and tests conducted by the auditor.</td>
</tr>
<tr>
<td>Controlling Officer</td>
<td>An officer designated as such by the Secretary to the Treasury to maintain accounts of a Ministry, Province or Spending Agency.</td>
</tr>
<tr>
<td>Delayed Banking</td>
<td>Failure to bank moneys received not later than the next business day or at least twice every month where banking facilities do not exist.</td>
</tr>
<tr>
<td>Excess Expenditure</td>
<td>Expenditure incurred above the authorised budget amounts without the authorisation of Parliament.</td>
</tr>
<tr>
<td>Failure to Follow Procurement Procedures</td>
<td>Non-Compliance with the Zambia Public Procurement Act and Procurement guidelines in the purchase of goods and services.</td>
</tr>
<tr>
<td>Irregular payments</td>
<td>Payments made outside the normal practice or acceptable regulations or norms.</td>
</tr>
<tr>
<td>Irregularity</td>
<td>Breach of laws, regulations or rules.</td>
</tr>
<tr>
<td>Imprest</td>
<td>Funds or monies issued out to facilitate payments of a minor nature, meet expenses when the officer is travelling on duty or to facilitate the purchase of goods and services whose value cannot be ascertained at the time.</td>
</tr>
<tr>
<td>Misapplication</td>
<td>Use of funds budgeted for a programme on an unrelated programme without authority from the Secretary to the Treasury.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>-----------------------------</td>
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<tr>
<td><strong>Misappropriation</strong></td>
<td>Use of public funds for personal purposes or crediting public funds to a private bank account.</td>
</tr>
<tr>
<td><strong>Outstanding Issues</strong></td>
<td>These are audit queries that remain unresolved in the Treasury Minutes (Action Taken Report) prepared by the Ministry of Finance on the Reports of the Auditor General.</td>
</tr>
<tr>
<td><strong>Overpayments</strong></td>
<td>Payments made above the correct price or rate.</td>
</tr>
<tr>
<td><strong>Parliament</strong></td>
<td>Legislative organ of Government</td>
</tr>
<tr>
<td><strong>Public Accounts Committee</strong></td>
<td>A sessional committee of the National Assembly established in terms of the standing orders. PAC examines the Auditor General’s Report, as part of their mandate of examining the accounts showing the appropriation of the sums approved by the National Assembly.</td>
</tr>
<tr>
<td><strong>Unaccounted for Revenue</strong></td>
<td>Revenue collected but neither banked nor cash found on hand.</td>
</tr>
<tr>
<td><strong>Unvouched Expenditure</strong></td>
<td>Payment vouchers not availed for audit because they are either missing or inadequately supported.</td>
</tr>
<tr>
<td><strong>Unretired Imprest</strong></td>
<td>Imprest not accounted for.</td>
</tr>
<tr>
<td><strong>Unauthorised Expenditure</strong></td>
<td>Funds spent without approval by a responsible officer.</td>
</tr>
<tr>
<td><strong>Unacquitted Payments</strong></td>
<td>Payments made without evidence of having been received by the intended beneficiaries.</td>
</tr>
<tr>
<td><strong>Unaccounted for Stores</strong></td>
<td>Missing stores items without evidence of how they were received and utilised.</td>
</tr>
<tr>
<td><strong>Undelivered Materials</strong></td>
<td>Goods paid for but not received.</td>
</tr>
<tr>
<td><strong>Non-Submission</strong></td>
<td>Failure to provide details of how funds disbursed were utilised.</td>
</tr>
</tbody>
</table>
of Expenditure Returns

**Unaccounted for Funds**  Missing funds without expenditure records.

**Wasteful Expenditure**  Expenditure incurred without benefits derived.

**Reconciliation**  The process of ensuring that two (2) or more sets of records agree