

**REPORT**

**of the**

**AUDITOR GENERAL**

**ON THE ACCOUNTS**

**FOR THE FINANCIAL YEAR ENDED**

**31<sup>st</sup> DECEMBER 2014**



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## Executive Summary

During the year 2015, the Office carried out the audit of accounts for the financial year ended 31<sup>st</sup> December 2014. 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. Accordingly, institutions where satisfactory responses and corrective actions were undertaken do not appear in this report.

This Report contains one hundred and three (103) paragraphs, ninety six (96) paragraphs on audit findings and seven (7) on other matters. It however, does not include the Opinion of the Auditor General as this is contained on each Head of Expenditure in the Financial Report.

The ninety six (96) paragraphs in this Report reflect issues that could not be resolved during the audit process and whose corrective actions were not undertaken as of December 2015.

The responsibilities of the Minister of Finance, Secretary to the Treasury, Controlling Officers and the Auditor General as regards the management of public resources, reporting, and the accountability are highlighted in the introduction. The table below shows some of the major issues contained in the reports.

<b>Issue</b>	<b>2014 K</b>	<b>2013 K</b>	<b>2012 K</b>
Unaccounted for Revenue	3,251,333	1,220,260	1,860,280
Unaccounted for Funds	506,354	4,767,666	3,624,276
Misapplication of Funds	73,637,561	65,158,686	38,738,763
Unretired Accountable Imprest	12,585,194	8,170,462	25,558,789
Unvouched Expenditure	389,905,333	67,139,852	553,142,716
Unaccounted for Stores	26,400,272	72,371,091	43,063,044
Irregular Payments	26,358,488	14,467,146	1,438,527
Non Recovery of Advances and Loans	2,877,442	2,744,814	7,195,233
Failure to Follow Procurement Procedures	2,720,434	8,406,729	121,438,503
Undelivered Materials	522,904	19,959,462	1,232,211
Non Submission of Expenditure Returns	1,232,749	1,792,192	107,765,376
Wasteful Expenditure	8,354,290	354,939	1,195,270
Overpayments	1,578,571	360,684	206,914
Misappropriation of Funds	4,767	44,500	463,632

In addition, there are issues related to the failure to undertake activities that were funded amounts totalling K55,393,996 under the Constituency Development Fund and failure to remit statutory contributions by various institutions in amounts totalling K53,952,228.

Further, the Report contains observations on infrastructure projects that were either delayed in being completed or whose executions were not done in accordance with the contracts terms.

These issues, among others, arise as a result of the failure to adhere to regulations, poor financial management and weaknesses in the implementation of internal control systems.

## **Introduction**

1. This Report is submitted to His Excellency the President for tabling in the National Assembly in accordance with the Provisions of Article 121 of the Constitution of the Republic of Zambia. Each Appropriation Account as reflected in the Financial Report for the Year ended 31<sup>st</sup> December 2014, was certified in accordance with the provisions of the Public Finance Act No. 15 of 2004. This Report contains only issues that remained unresolved as at 31<sup>st</sup> December, 2015.

## **Statement of Responsibility**

2. According to the Public Finance Act No.15 of 2004, the Minister responsible for Finance shall, subject to the provision of the Constitution and the Act, have management, supervision, control and direction of all matters relating to the financial, planning and economic management of the Republic. The Minister is the head of the Treasury established under the Act and shall make policy and other decisions of the Treasury except those designated under Section Six (6) of the Act to the Secretary to the Treasury who shall exercise the powers of the Treasury.

In exercising these powers, the Secretary to the Treasury designates in respect of each head of revenue or expenditure provided for in the financial year, an officer who shall be a Controlling Officer. The responsibilities of the Controlling Officers are outlined in Section 7 (3) to (9) of the Act and include the preparation and submission of financial statements for audit and certification before inclusion in the Financial Report. The audited financial statements are then submitted to the Secretary to the Treasury to enable him prepare the Annual Financial Report for tabling in the National Assembly by the Minister responsible for finance in accordance with the provision of Article 118 (1) of the Constitution of the Republic of Zambia.

## **Audit Scope**

The audit scope include Government Ministries, Provinces and some Spending Agencies as contained in the Financial Report of the Republic. The audit covered Revenue and Expenditure on the accounts for the Financial Year 2014.

## **Audit Methodology**

3. The Report is as a result of programmes of test checks, inspections and examination of accounting, stores, projects and other records maintained by the public officers entrusted with handling public resources. The audit programmes were designed to give reasonable assurance of financial management in the Government and to enable me express an opinion on the financial statements for the year. They were also intended to provide information that would

assist Parliament in its oversight responsibility over the application of public resources and execution of programmes by the Executive.

In the course of preparing the Report, each Controlling Officer, where possible, was sent appropriate Draft Annual Report Paragraph (DARP) for comments and confirmation of the correctness of the facts presented. Where the comments varied with the facts presented, and were proved to be valid, the affected DARPs were amended accordingly.

In order to ensure that the limited audit resources are directed towards the most risky areas of Government operations, a risk based approach in prioritising the clients was used.

### **Limitation of Scope**

4. The execution of the audit programmes was limited by the following factors among others:

**i. Staff Constraints**

Although the staffing position in the Office has over the years been improving, staffing levels are still not commensurate with the number of Government programmes being undertaken throughout the Country. As of November 2015, one hundred and fifteen (115) staff positions had been frozen and the treasury authority was not given for their reactivation. This had a negative impact in that it limited the audit coverage.

**ii. Funding**

During the period under review, the funding was turbulent and this affected the audit plans such that audit assignments could not be carried out on time.

**iii. Challenges Caused by the Integrated Financial Management Information System**

The implementation of the Integrated Financial Management Information System (IFMIS) in Ministries had caused considerable challenges in the finalisation of the Financial Report. There are still challenges relating to the use of the system in the Budgeting and production of the Financial Report.

### **Internal Control**

5. The Public Finance Act No. 15 of 2004 provided for the formation of Audit Committees in all Ministries, Provinces and Spending Agencies (MPSAs). However, though formed in the MPSAs, most of the Audit Committees have not been operational. Therefore, the Audit Committees have not provided the required oversight so as to enhance Corporate Governance in the MPSAs.



Although there have been some improvement in financial management in the MPSAs as a result of measures Government has put in place, weak internal controls were observed in certain operations in the MPSAs. The common internal control weaknesses observed in most MPSAs include; flouting of procurement procedures; failure to account for stores procured; failure to supervise projects for which contractors were paid; failure to undertake activities which were paid for; failure to collect revenue due to Government; failure to terminate retired, deceased officers from the payroll; poor custody of financial records; non-processing of data in the IFMIS leading to incomplete financial statements; and misapplication of funds among others.

**Statement of Revenue, Financing and Expenditure for the Year ended 31<sup>st</sup> December 2014.**

6. Article 118(2) of the Constitution states that a financial report in respect of a financial year shall include accounts showing the revenue and other moneys received by the Government in that financial year, the expenditure of the Government in that financial year other than expenditure charged by this Constitution or any other law on the general revenues of the Republic, the payments made in the financial year otherwise than for the purposes of expenditure, a statement of the financial position of the Republic at the end of the financial year and such other information as Parliament may prescribe.

The Outturn reflected in Statement B of the Financial Report for the year ended 31<sup>st</sup> December 2014 is analysed below.

<b>Expenditure</b>	<b>K</b>	<b>K</b>
Original	42,682,034,134	
Supplementary	6,477,637,262	
	<u>49,159,671,396</u>	
Actual Expenditure	39,529,236,847	
Under expenditure		<u>9,630,434,549</u>
<b>The Net Under Expenditure of K9,630,434,549 is explained as follows:</b>		
Savings made	9,630,434,549	
Less excess expenditure	-	
		<u>9,630,434,549</u>
<b>Revenue</b>		
Actual Revenue	29,940,844,095	
Revenue Estimate	28,952,162,861	
<b>Surplus in Revenue Collection</b>	<u>988,681,234</u>	
Actual Revenue	29,940,844,095	
Actual Expenditure	<u>39,529,236,847</u>	
<b>Gross Deficit</b>		<u>(9,588,392,752)</u>
<b>Financed by</b>		
<b>Bilateral external borrowing</b>	1,709,731,613	
<b>Multilateral External borrowing</b>	7,348,926,486	
<b>Domestic Borrowing</b>	<u>2,542,660,473</u>	11,601,318,572
<b>Net Surplus</b>		<u>2,012,925,820</u>

## Supplementary

Although a supplementary funding of K6,477,637,292 was obtained, the actual expenditure of K39,529,238,347 was less than the authorised provision of K42,682,034,134. In this regard, a supplementary provision of K6,477,637,292 was not necessary.

## Shortfall/Surplus in Revenue

As reflected in the statement B of the Financial Report for the year, the actual revenue collected was more than the estimated revenue by K988,681,234 as detailed below.

Description	Approved Estimate K	Actual Revenue K	Over the Estimate K	Shortfall K
Income Tax				
(Other than Mineral Tax)	14,513,717,131	12,752,169,914	(1,761,547,217)	(1,761,547,217)
Medical Levy	-	-	-	-
Customs and Excise	3,946,104,773	3,957,514,452	11,409,679	11,409,679
Fuel Levy	758,506,148	794,996,304	36,490,156	36,490,156
Value Added Tax	6,444,684,510	10,125,742,585	3,681,058,075	3,681,058,075
Fines	35,148,171	52,648,810	17,500,639	17,500,639
Licences	631,120,679	621,641,385	(9,479,294)	(9,479,294)
Commissions	24,744,808	21,284,688	(3,460,120)	(3,460,120)
Fees of court or Office	371,425,324	327,214,758	(44,210,566)	(44,210,566)
Interest	7,285	123,705	116,420	116,420
Other Revenue	683,939,825	996,250,268	312,310,443	312,310,443
Bilateral Grants	289,354,709	-	(289,354,709)	(289,354,709)
Multilateral Grants	1,253,409,498	-	(1,253,409,498)	(1,253,409,498)
General Budget Support	-	145,469,526	145,469,526	145,469,526
Sector Budget Support	-	145,787,700	145,787,700	145,787,700
<b>Total</b>	<b>28,952,162,861</b>	<b>29,940,844,095</b>	<b>988,681,234</b>	<b>988,681,234</b>
<b>Net surplus</b>			<b>988,681,234</b>	

The Net Surplus of K988,681,231 was attributed to over collection in Value Added Tax, other revenue, General and Sector Budget support.

## GENERAL REVENUES

- Programmes:**
- 1 Income Tax - Zambia Revenue Authority (ZRA)**
  - 2 Mineral Revenue**
  - 3 Customs and Excise**
  - 4 Value Added Tax**
  - 5 Exceptional Revenue**
- Activities:** **Various**

7. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a total of K26,643 million was to be collected as revenue against which amounts totalling

K27,630 million were collected resulting in a surplus of K987.5 million as shown in the table below.

<b>Income Tax</b>	<b>Budget K</b>	<b>Net Collection K</b>	<b>Variance K</b>
Company Tax	3,944,792,153	3,523,844,405	(420,947,748)
Individuals (self -employed)	32,525,059	46,712,562	14,187,503
Back Duty	-	-	-
Pay As You Earn	5,132,076,348	5,897,675,192	765,598,844
Employed Individuals	69,638,783	-	(69,638,783)
Withholding Tax (Rent, Interest and Royalties)	1,182,453,523	1,215,146,227	32,692,704
Withholding Tax (Dividends)	31,080,487	26,443,345	(4,637,142)
Withholding Tax (Lump Sum Payment)	733,705	79,057	(654,648)
Withholding Tax (Contractors)	138,218,829	57,684,974	(80,533,855)
Property Transfer Tax	221,729,918	159,190,398	(62,539,520)
Advance Income Tax	27,431,381	58,778,241	31,346,860
<b>Sub – Total</b>	<b>10,780,680,186</b>	<b>10,985,554,401</b>	<b>204,874,215</b>
<b>Custom and Excise</b>			
Customs Duty	2,302,220,175	1,858,822,251	(443,397,924)
Excise Duty -Soft Drinks	8,356,040	-	(8,356,040)
Excise Duty –Cigarettes	160,837,076	102,824,384	(58,012,692)
Excise Duty -Opaque Beer	59,980,938	41,360,394	(18,620,544)
Excise Duty -Clear Beer	615,992,647	469,169,910	(146,822,737)
Excise Duty -Hydro-Carbon Oils	325,292,321	385,480,289	60,187,968
Excise Duty –Spirits	12,911,407	17,782,499	4,871,092
Rummage Sales	3,035,580	2,070,491	(965,089)
Fines, Penalty and Interest	17,007,061	11,978,593	(5,028,468)
Warehouse Rent	731,425	504,812	(226,613)
Accounting Fees	1,107,506	528,637	(578,869)
Licence Fees	4,661,647	2,651,790	(2,009,857)
Other Revenue	2,111,879	552,145	(1,559,734)
Excise Duty - Motor Vehicles	560,795,254	352,939,929	(207,855,325)
Excise Duty - Electrical Energy	42,545,738	82,545,561	39,999,823
Excise Duty –Water	1,053,616	0	(1,053,616)
Excise Duty – Wine	20,495,997	27,932,897	7,436,900
Excise Duty - Air time	512,462,491	497,190,130	(15,272,361)
Export Duties - Scrap Metal	335	901	566
Excise Duty – Cosmetics	20,545,636	19,002,043	(1,543,593)
Excise Duty – Carbon	32,536,462	27,883,893	(4,652,569)
Export levy - Cotton Seed	-	-	-
Export levy - Copper Concentrates	5,518,895	24,777,573	19,258,678
Excise duty - Plastic sacks	6,179,678	2,058,242	(4,121,436)
Sacks and Bags	-	-	-
Gases	-	3,097,309	3,097,309
<b>Sub – Total</b>	<b>4,716,379,804</b>	<b>3,931,154,673</b>	<b>(785,225,131)</b>
<b>Mineral Revenue</b>			
Mineral Royalty Tax	2,185,705,353	1,766,615,513	(419,089,840)
<b>Sub – Total</b>	<b>2,185,705,353</b>	<b>1,766,615,513</b>	<b>(419,089,840)</b>
<b>Value Added Tax</b>			0
Domestic VAT	81,376,263	3,105,725,031	3,024,348,768
Import VAT	8,017,684,597	7,020,017,554	(997,667,043)
<b>Sub – Total</b>	<b>8,099,060,860</b>	<b>10,125,742,585</b>	<b>2,026,681,725</b>
<b>Exceptional Revenue</b>			
Fuel Levy	861,013,800	794,996,304	(66,017,496)
Medical Levy	-	-	-
Motor Vehicle	0	26,359,779	26,359,779
<b>Sub – Total</b>	<b>861,013,800</b>	<b>821,356,083</b>	<b>(39,657,717)</b>
<b>Grand Total</b>	<b>26,642,840,003</b>	<b>27,630,423,255</b>	<b>987,583,252</b>

### Accounting and Other Irregularities

An examination of records maintained at ZRA Headquarters and nine (9) stations, namely Lusaka Port Office, Kenneth Kaunda International Airport, Ndola, Nakonde, Kitwe,

Livingstone, Katima - Mulilo, Kazungula and Victoria Falls border posts revealed the following:

**a. Domestic Taxes**

**i. Arrears of Tax - Domestic Tax Debt**

A review of the 2014 domestic debt stock revealed that amounts totalling K6,417,054,273 were owed as of 31<sup>st</sup> December 2014 (Private companies K6,371,811,712 and Government agencies K45,242,960). As of August 2015, ZRA had not yet recovered the debt as shown in the table below.

<b>Tax Type</b>	<b>No. of Companies/ Institutions</b>	<b>Amount K</b>
PAYE	4,260	473,343,849
Income Tax	3,560	1,845,142,273
Value Added Tax	4,577	3,343,810,002
Withholding Tax	1,710	694,245,159
Turnover Tax	20,632	60,512,990
<b>Total</b>	<b>34,739</b>	<b>6,417,054,273</b>

**ii. Reduction in Tax Arrears without Supporting Payments**

Two hundred and twenty one (221) companies from various stations had their domestic tax arrears reduced by K55,908,704 from arrears amounting to K65,341,951 in 2013 to K9,433,247 in 2014.

However, a scrutiny of payments received in 2014 revealed that, only K7,074,465 was actually supported by evidence of payments leaving a balance of K 48,834,238.

**iii. Failure to Honour Time To Pay Agreements (TPAs)**

The Income Tax Act provides for tax payers to settle the tax due by instalments through a written agreement between the Taxpayer and ZRA, stipulating the dates on which payments are to be made.

A review of the TPAs entered into between the Tax payer and ZRA during the period under review, revealed that amounts totalling K114,267,727 were still outstanding as of October 2015 as shown in the table below.

<b>Station</b>	<b>Tax Type</b>	<b>Outstanding Amount K</b>
Lusaka LTO	VAT,PAYE & ITX	113,838,500
Kitwe MTO North	VAT & PAYE	198,808
Ndola STO	TOT	230,418
<b>Total</b>		<b>114,267,727</b>

**iv. VAT Refunds to Tax Debtors**

The ZRA Treasury Procedure Manual states that, ‘the operating divisions shall ensure that lists that are sent for refund processing have offsets indicated to avoid payment to taxpayers who owe ZRA. Treasury department will ensure that refunds are not made to taxpayers who owe ZRA money as advised by the divisions’.

Contrary to the above guideline, ZRA paid VAT refunds in amounts totalling K746,990 to twenty four (24) taxpayers who owed ZRA amounts totalling K8,715,619 in unpaid taxes.

Although in his response dated 17<sup>th</sup> September 2015, the Commissioner General stated that ZRA had a scheme which allowed tobacco farmers to be given their refunds without offsetting any liability on the account, the scheme was not availed for audit.

**v. Failure to Provide Verdicts for Taxes Under Objection**

During the period under review, ten (10) taxpayers relating to Income Tax, VAT, PAYE and Withholding Tax were assessed with taxes in amounts totalling K68,460,426 as tax refunds while taxes in amounts totalling K5,322,943 were assessed as amounts payable to ZRA. However, the assessments were objected by the taxpayers.

**b. Customs Services**

**i. Uncollected Duties on Transits**

Automated System for Customs Data (ASYCUDA) has a transit module that handles transactions for Removals in Bond (R.I.Bs) and Removals in Transit (R.I.Ts) 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 five (5) days for R.I.Ts and thirty (30) days for R.I.Bs. 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 Customs procedures on goods in transit, states that transit documents are generated at the port of entry and are acquitted at the port of exit. The goods should exit the country within five (5) days for removal in transit (R.I.Ts) and fifteen (15) days for removal in bond (R.I.Bs). In this regard, clearance of all transits on the system is done by the destination exit office.

An examination of records revealed that nine (9) port offices namely Lusaka, Kenneth Kaunda International Airport, Ndola, Nakonde, Kitwe, Livingstone, Katima Mulilo, Kazungula and Victoria Falls had not collected duties amounting to K357,465,843 as of December 2014 as shown in the table below.

<b>Port of Entry</b>	<b>Transit Guaranteed Amount Asycuda ++ K</b>	<b>Transit Guaranteed Amount Asycuda World K</b>	<b>Total K</b>
Lusaka Port	24,661,296	15,441,852	40,103,148
KKIA	4,253,464	111,614	4,365,078
Nakonde	20,894,863	22,119,204	43,014,067
Kitwe	96,617,929	7,606,641	104,224,570
Ndola	105,347,338	25,464,935	130,812,273
Livingstone	2,307,118	988,312	3,295,430
Victoria Falls	-	5,993,824	5,993,824
Kazungula	10,984,235	6,151,409	17,135,644
Katimamulilo	3,318,704	5,203,106	8,521,810
	<b>268,384,946</b>	<b>89,080,897</b>	<b>357,465,843</b>

## ii. Failure to Collect Revenue on Static Transits

Transits with guaranteed amounts totalling K54,686,848 had remained static since 2002 as shown below:

<b>Station</b>	<b>Static Transit K</b>
Lusaka Port	7,794,316
KKIA	104,655
Nakonde	10,094,406
Kitwe	2,621,844
Ndola	21,804,493
Livingstone	2,269,683
Victoria Falls	2,693,786
Kazungula	6,000,808
Katima Mulilo	1,302,857
<b>TOTAL</b>	<b>54,686,848</b>

This means that ZRA had not collected any tax revenue from the K54,686,848 guaranteed amounts in transit that had remained outstanding for a period of more than ten (10) years.

In his response dated 17<sup>th</sup> September 2015, the Commissioner General stated that some of the guarantors and insurers had since gone under and that some of these expired transits were still appearing on the system due to technical challenges with record keeping. He added that the Authority had embarked on a cleanup exercise of the data to ascertain the genuineness of these transactions.

However, as of October 2015, the status had remained the same.

**iii. Outstanding Removals In Bond**

A scrutiny of data from the ASYCUDA World revealed that there were ninety seven (97) outstanding Removals in Bonds (RIBs) with guaranteed amounts totalling K5,416,922 which were not paid for. As of August 2015, no explanation had been provided to justify the non-payment of RIBs by management at ZRA.

<b>Station</b>	<b>No. of RIBs</b>	<b>Amounts Guaranteed K</b>
Lusaka	80	4,970,991
Nakonde	2	20,220
Kazungula	14	411,403
Victoria Falls	1	14,308
<b>TOTAL</b>	<b>97</b>	<b>5,416,922</b>

**iv. Amounts Owed in Customs Taxes**

A review of customs debt stock revealed that amounts totalling K293,590,364 remained uncollected as of October 2015. Included in this debt was K59,119,215 which had been static since 2003.

**v. Expired Customs Importation Permits and Temporal Importation Permits**

Customs Importation Permits (CIPs) are issued to foreign visitors who come in the country with their motor vehicles and intend to go back with them on a specific date. The permit is valid for 12 months and, if an extension is not granted, ZRA is supposed to follow up on those motor vehicles to secure the duties payable.

Similarly, Temporal Importation Permits (TIPs) are issued for goods that come into the country and are meant to be re-exported in an unaltered condition. When all the conditions are met and the goods returned in the same state, no duties and taxes are payable. The imported goods are supposed to be re-exported by a specific date which is captured on ASYCUDA and when the period expires, a follow up action must be instituted by the port of exit and the necessary taxes collected.

A review of relevant documents revealed that during the period under review two hundred and ninety (290) CIPs and seventy (70) TIPs with amounts totalling K26,878,836 and K7,599,866 respectively, had expired and had not exited the country as of December 2014. See table below.

Station	No. of Expired CIPs	Value for duty K	No. of Expired TIPs	Value for duty K
Nakonde	259	23,139,660	64	7,524,290
Kitwe	0	-	1	2,111
Ndola	3	66,510	3	30,748
Katima Mulilo	28	3,672,667	2	42,718
<b>TOTAL</b>	<b>290</b>	<b>26,878,836</b>	<b>70</b>	<b>7,599,866</b>

**vi. Under Collection of Tax on Imported Motor Vehicles**

Customs importation permits (CIPs) are raised at the port of entry for visitors coming into the country with their motor vehicles and intend to go back with them. The permit only covers one entry and one exit. It may be extended within Zambia up to a period not exceeding 12 months from the first date of issue.

In accordance with section 34 (2) (a) of the Customs Act, when the stated period of temporally importation expires, steps must be immediately taken by the originating port to trace the motor vehicle and make suitable arrangements to secure the duty.

A comparison of the C.I.Ps with the Road Transport and Safety Agency (RTSA) registered motor vehicles revealed that sixteen (16) motor vehicles with a statistical value of K2,322,522 issued with C.I.Ps with a Value for Duty Purpose (VDP) of K2,136,720 were registered with RTSA.

As of August 2015, duty in amounts totalling K193,988 had been paid while the balance of K1,942,732 remained uncollected. See table below.

Station	No. of CIPs	Statistical Value K	Value for Duty Purposes K	Duty Paid K	Uncollected Amount K
Nakonde	9	1,987,564	1,828,559	113,759	1,714,799
Victoria Falls	1	19,000	17,480	-	17,480
Kazungula	5	291,958	268,601	80,229	188,373
Katima Mulilo	1	24,000	22,080	-	22,080
<b>TOTAL</b>	<b>16</b>	<b>2,322,522</b>	<b>2,136,720</b>	<b>193,988</b>	<b>1,942,732</b>

**vii. Imported Motor Vehicles without Customs Clearance Certificate (CCC) Registered with RTSA – Livingstone.**

The Customs clearance certificate confirmations report is a report that is sent by ZRA to the Road Transport and Safety Agency (RTSA) listing all motor vehicle imports that have paid the duties and have been cleared by the Authority for registration.

A scrutiny of imported motor vehicles through Livingstone Port office revealed that out of 566 motor vehicles without customs clearance certificates and not found in the customs yard, three (3) of them with statistical value of K97,200 with value for duty



purposes in amounts totalling K89,424 were registered with the Road Transport and Safety Agency.

**c. Management Information Systems**

Zambia Revenue Authority operates the following systems:

- **Automated System for Customs Data (ASYCUDA)**

This system is used for processing customs transactions. It consists of a transaction processing module for customs declarations, a payment module for payment processing and a transit module for management and acquittal of transit declarations.

- **Tax-Online System**

This is a domestic taxes administration and management system used for registration, de-registration, returns and payments processing for domestic taxpayers.

A review of the Management Information Systems revealed the following:

**i. Lack of an ICT Strategic Plan**

During the period under review, ZRA did not have an approved Information Communication Technology (ICT) Strategic plan to guide the development of ICT in the institution.

**ii. Lack of Internal Service Level Agreements (SLAs)**

ZRA ICT Department did not have SLAs with its end users regarding the use of the management information systems. As a result, there were no clear roles and responsibilities on the use of ICT resources that could lead to miscommunication, suboptimal service delivery and undetected service degradation.

**iii. Lack of Contract**

Although ZRA had engaged Zamtel to supply, install and maintain the Wide Area Network, there was no contract signed between the two parties.

#### iv. Irregularities in Data Migration - Inconsistencies in Migrated Data

During the year under review, ZRA commenced an exercise to migrate customer records from the legacy domestic tax system (ITAS and TARPS) to the Tax Online System.

A comparison of the customers' debt database for legacy domestic tax system and tax online revealed that there was a variance of K2,566,239,138 in the closing and opening balances from the two systems as show in the table below.

<b>Tax Type</b>	<b>Legacy Domestic Taxes Closing Balance 2013</b>	<b>Tax Online Opening Balance 2014</b>	<b>Variance</b>
	<b>K</b>	<b>K</b>	<b>K</b>
INCOME TAX	5,838,582,985	1,734,741,779	4,103,841,206
MINERAL ROYALTY	65,497,386	22,089,307	43,408,079
PAYE	284,663,957	459,853,658	(175,189,701)
PROPERTY TRANSFER	30,150	35,959	(5,809)
TURNOVER TAX	2,087,514	3,913,900	(1,826,386)
VAT	1,316,400,123	2,201,283,220	(884,883,097)
WHT	114,964,591	634,069,746	(519,105,155)
<b>Total</b>	<b>7,622,226,707</b>	<b>5,055,987,570</b>	<b>2,566,239,138</b>

#### **Programme: 2 Fees, Fines and Licences - Zambia Police**

**Activity: Various**

8. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K41,376,909 was made against actual collections of K42,447,983 resulting in an over collection of K1,071,074. See table below.

<b>Revenue Type</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Over (Under) Collection</b>
	<b>K</b>	<b>K</b>	<b>K</b>
Admission of Guilt Fine	32,131,306	33,994,566	1,863,260
Firearm Licence	2,916,271	132,569	(2,783,703)
Interpol	3,973,359	3,365,008	(608,351)
Finger Prints	226,411	2,690,580	2,464,169
Other Fees	2,129,562	2,265,260	135,698
<b>Total</b>	<b>41,376,909</b>	<b>42,447,983</b>	<b>1,071,074</b>

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at Police Headquarters and five (5) stations carried out in August 2015 revealed the following:

**a. Unaccounted for Revenue**

Contrary to Financial Regulation No. 129, amounts totalling K10,266 collected at Kenneth Kaunda International Airport Police Station were unaccounted for in that the cash was neither banked nor found on hand.

**b. Delayed Banking**

Contrary to Financial Regulation No.121, there were delays of periods ranging from 2 to 425 days in the banking of revenue in amounts totalling K1,022,696. See table below.

<b>Stations</b>	<b>Amount K</b>	<b>No. of Days</b>
Central Police-Administration	115,751	3-37
Lusaka City Market-Traffic	63,745	4-28
Lumumba Police Post-Traffic	29,815	3-17
Matero-Administration	51,565	4-11
Woodlands-Traffic	59,495	4-52
Woodlands-Administration	6,469	4-6
Longacres-Traffic	32,023	4-17
Kabwata -Traffic	22,810	4-28
Kamwala-Traffic	63,299	4-100
Emmasdale-Administration	6,871	9-49
Emmasdale-Traffic	10,893	4-22
Chipata-Traffic	8,873	7-150
Chipata-Administration	7,811	3-73
Ndola Central-Traffic	259,977	2-425
Ndola Central-Interpol	283,300	2-22
<b>Total</b>	<b>1,022,696</b>	

**PROGRAMME: 2 Licenses, Fees and Other Revenue - Ministry of  
Mines, Energy and Water Development**

**ACTIVITIES: 122050 Mining Licence**  
**123065 Water Board Fees**  
**129015 Fees and Surface Rental Charges**  
**129099 Miscellaneous and**  
**122010 ERB Licence Fees**

9. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K141,481,840 was made and the actual collections were K143,061,869 resulting in an over collection of K1,580,029. See table below.

Revenue type	Budget K	Actual K	Over/(Under) Collections K
Mining Licence Fees	23,977,631	25,404,750	1,427,119
Water Board Fees	6,700,000	9,966,722	3,266,722
Fees and Surface Rental Charges	799,525	860,498	60,973
Miscellaneous Fees	695,580	563,991	(131,589)
ERB Licence Fees	109,309,104	106,265,907	(3,043,197)
<b>Total</b>	<b>141,481,840</b>	<b>143,061,869</b>	<b>1,580,029</b>

### Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters and selected stations carried out in September 2015 revealed the following:

#### a. Outstanding ERB License Fees

In the Auditor General's report on the accounts for the financial year ended 31<sup>st</sup> December 2012, mention was made regarding outstanding ERB license fees in amounts totalling K3,902,337 owed by Oil Marketing and other Companies.

A review of records in September 2015 showed no improvement in that the outstanding licence fees had increased to K18,393,611 as of September 2015.

#### b. Outstanding Annual Water Charges Fees

Amounts totalling K1,919,561 were unpaid by various Water Right Holders as at 31<sup>st</sup> December 2014. The amounts had been outstanding since 2011.

A test check of accounts in respect of four (4) water right holders revealed that the accounts were not being reconciled. In this regard, there was an unreconciled balance of K54,074 with the client's records. See table below.

Client Name	Amounts Owed as 31st December 2014 K	Amounts Owed as confirmed by the client K	Difference K	Findings
Nkana Water and Sewerage Company	399,085	494,300	(95,215)	No reconciliations are done to verify the figures and no bills or reminder Notices were sent to the client.
Southern Water and Sewerage Company	45,104	7,967	37,136	No reconciliations are done to verify the figures and no bills or reminder Notices were sent to client.
Gordon Charles Chance	1,075	-	1,075	No bills or reminder Notices were sent to client.
Andrew D.D. Anderson	2,930	-	2,930	No bills or reminder Notices were sent to client.
<b>Total</b>	<b>448,194</b>	<b>502,267</b>	<b>(54,074)</b>	

**Programme: 8 Fees and Fines - Ministry of Home Affairs**

**Activities: 054 Passports**

**10.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a revenue provision of K25,000,000 was made against which amounts totalling K26,005,973 were collected.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and selected stations carried out in August 2015 revealed the following:

#### **a. Unsupported Software - Use of Oracle 10g**

ISO/IEC 27001:2005 A12.6.1 on 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.

As of October 2015, the department was using unsupported version of oracle database in that the Oracle Corporation, the owners of the Oracle database had stopped supporting the version in July 2013.

In his response dated 1<sup>st</sup> October 2015, the Controlling Officer stated that the supplier of the system had entered into sustaining stage with Oracle Corporation. However, there was no documentary evidence availed for audit.

#### **b. Multiple Passports Produced Using the Same Receipt**

According to National Registration Passports and Citizenship (NRPC) Guidelines, each passport should be processed using one receipt. A review of the Personalised Passport System (PPS) which is an automated system used for the issuance of digitalised photograph/machine readable passport revealed that the system was not configured as per the guideline and as a result, the system accepted multiple transactions to be processed using the same receipt.

Consequently, during the period under review, one thousand seven hundred and forty two (1,742) passports with expected revenue of K638,970 were processed using eight hundred and forty three (843) receipts from which revenue in amounts totalling K339,170 was collected resulting in a loss of revenue amounting to K299,800.

Although in his response dated 1<sup>st</sup> October 2015, the Controlling Officer stated that the matter had been reported to the Police, there was no documentary evidence availed for audit.

**c. Loss of Revenue Due to Under Charging of Fees**

During the period under review, one thousand seven hundred and five (1,705) passports were issued with an expected collection of K1,245,230. However, a review of the bank statements revealed that only amounts totalling K638,480 was collected from the issued passports resulting in an under collection of K606,750. See table below.

<b>Station</b>	<b>Expected Collections K</b>	<b>Amount Banked K</b>	<b>Under Collection K</b>
Lusaka	784,450	421,700	(362,750)
Ndola	309,040	141,330	(167,710)
Livingstone	108,700	53,300	(55,400)
Kabwe	26,640	12,540	(14,100)
Chipata	16,400	9,610	(6,790)
<b>Totals</b>	<b>1,245,230</b>	<b>638,480</b>	<b>(606,750)</b>

**d. Passports Produced without Payment**

The Department maintained an account with Indo Zambia Bank where all applicant fees for passports were deposited.

A review of the bank statements against the ordinary passports issued in Lusaka, Ndola and Kabwe revealed that during the period under review, five thousand eight hundred and sixty nine (5,869) passports were issued. In this regard, amounts totalling K2,001,460 were expected to be deposited. However, a review of the bank records revealed that the K2,001,460 was not deposited. See table below.

<b>Station</b>	<b>Passports Issued</b>	<b>Expected Revenue K</b>
Lusaka	4,245	1,451,960
Ndola	1,496	507,920
Kabwe	128	41,580
<b>Total</b>	<b>5,869</b>	<b>2,001,460</b>

Although in his response dated 1<sup>st</sup> October 2015, the Controlling Officer stated that the matter had been reported to the Police, there was no documentary evidence availed for audit.

**e. Failure to Present Accountable Documents**

Contrary to Financial Regulation No. 10 (n), there were four hundred and twelve (412) receipts that were not presented for audit at headquarters and Kabwe Office.

<b>Programmes</b>	<b>:</b>	<b>8</b>	<b>Fees and Fines - Judiciary</b>
<b>Activities</b>	<b>:</b>	<b>084</b>	<b>Court Fines</b>
		<b>085</b>	<b>Library Services</b>
		<b>086</b>	<b>Fines of Court</b>

11. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K9,680,730 was made against which amounts totalling K9,392,899 were collected. See table below.

<b>Revenue Type</b>	<b>Budget K</b>	<b>Actual K</b>
Fines of Court	3,016,865	1,654,803
Court Fees	6,381,834	7,537,811
Library Services	282,031	200,285
<b>Total</b>	<b>9,680,730</b>	<b>9,392,899</b>

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the headquarters and selected provincial offices carried out in September 2015 revealed the following:

**a. Under Reporting of Revenue**

During the period under review, amounts totalling K14,993,050 were collected by selected courts. However, a review of revenue returns submitted to headquarters revealed that only amounts totalling K6,737,499 were reported as having been collected resulting in an under statement of revenue collections in the Financial Report by a figure of K8,255,551.

**b. Delayed Banking of Revenue**

Contrary to Financial Regulation No. 121 (1), there were delays in banking of revenue in amounts totalling K1,223,555 for periods ranging from 5 to 115 days as shown in the table below.

<b>Station</b>	<b>Amount K</b>	<b>No of Days</b>
Lusaka High Court Principal Registry - Court fees	245,640	5-16
Lusaka High Court Commercial List Registry - Court Fees	97,007	5-68
Lusaka Subordinate Criminal Registry Court - Fines	735,081	5-13
Lusaka Boma Court 2 - Fines	1,085	6-25
Lusaka Boma Court 4 - Fines	775	5-13
Lusaka Boma Court 6 - Fees	16,567	5-17
Kanyama Local Court - Fees	10,856	5-27
Kanyama Local Court - Fines	3,816	5-54
Chipata Local Court 1 - Fees	5,824	5-19
Chipata Local Court 1 - Fines	1,085	6-25
Mongu High Court - Fees	5,160	5-27
Mongu Subordinate Court - Fees	16,265	5-30
Mongu Sheriff - Fees	18,027	8-21
Mongu Urban Local Court - Fees	15,520	6-110
Mongu Urban Local Court - Fines	750	15-115
Solwezi Subordinate Court - Fees	36,400	5-19
Ndola Sheriff - Fees	4,762	5-17
Ndola Main Local Court - Fees	3,315	11-19
Kabwe Subordinate Court - Fines	5,300	5-20
Kabwe Local Court 1 - Fines	320	6-37
<b>TOTAL</b>	<b>1,223,555</b>	

**Programme : 2 - Fees and Fines - Road Transport and Safety Agency (Ministry of Transport, Works, Supply and Communication)**

**Activity: 122070 - Road Traffic Collections**

12. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a total provision of K459,378,895 was made against which amounts totalling K527,342,348 were collected resulting in an over collection of K67,963,453.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at RTSA Headquarters; Lumumba, Dedan Kimathi, Ridgway, Mimoso, Chirundu, Livingstone, Victoria Falls, Kazungula, Katima Mulilo, Ndola, Chingola, Solwezi, Kasumbalesa and Nakonde carried out in June 2015, revealed the following:

**a. Loss of Revenue-Undercharging of Toll Fees - Nakonde**

During the period under review, two hundred (200) trucks with expected toll fee revenue of US\$50,690 were undercharged as they were charged US\$47,555 resulting in loss of revenue of K17,243 (US\$3,135).



**b. Failure to Operationalise the Mechanised Motor Vehicle Testing Equipment.**

On 12<sup>th</sup> April 2011, RTSA entered into a contract with MA & C Suppliers at a total contract sum of K2,253,420 (€320,038.11) for the supply and delivery of the Mechanised Motor Vehicle Testing Equipment. The equipment was delivered on 10<sup>th</sup> January 2012. The equipment consisted of the following as shown in the table below:

Description	Quantity	Amount €
Roller Brake Testers	3	124,285.29
Slip Slide Testers	3	44,998.71
Suspension Testers	3	15,428.13
Heat Light Testers	3	12,428.13
Gas Analysers	15	121,283.55
Digital Tyre Depth Gauges	100	1,614.00
<b>Total</b>		<b>320,037.81</b>

In addition, on 21<sup>st</sup> June 2012, RTSA entered into another contract with MAHA Maschinembau Haldenwang GmbH & Company KG at a total contract sum of K734,836 (€104,363.81) for training RTSA employees and maintenance of vehicle testing equipment at MIMOSA and K15,620,778 (€1,898,476.03) for the supply and delivery of mobile Mechanised Motor Vehicle Testing Equipment as shown in the table below;

Description	Amount €
Rigid Truck with Trailer	1,898,476.03
Training & Maintenance	104,363.81
<b>Grand Total</b>	<b>2,002,839.84</b>

A physical inspection carried out in April 2015 revealed that despite the Agency having spent amounts totalling K16,355,614 (€2,322,877.65) for the procurement of the Testing Equipment, training and maintenance of the equipment, as of June 2015 the equipment was not in use rendering the expenditure of K16,355,616 wasteful.

**PROGRAMME: 2 Licences, Fees and Levies - Ministry of Tourism and Arts**

**ACTIVITIES: 122020 Hotel Licence Fees**

**122030 Casino Licence Fees**

**123031 Tourism Enterprise**

**13.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K4,031,213 was made and the actual collections were K3,631,366 resulting in an under collection of K399,846. See table below:

<b>Description</b>	<b>Budgeted Amount K</b>	<b>Actual Collections K</b>	<b>Over/ (Under) Collection K</b>
Hotel Licence Fees	483,516	437,485	(46,031)
Casino Licence Fees	2,679,674	2,157,981	(521,693)
Tourism Enterprise	868,023	1,035,900	167,878
<b>Total</b>	<b>4,031,213</b>	<b>3,631,366</b>	<b>(399,846)</b>

### **Accounting and Other Regularities**

An examination of accounting and other related records maintained at the Ministry Headquarters and Regional offices carried out in August 2015 revealed the following:

#### **a. Outstanding Hotel License Fees**

Contrary to the Tourism and Hospitality Act No.23 of 2007, nine hundred and eighty-eight (988) establishments had not paid Hotel Licence renewal fees in amounts totalling K480,928 as at 31<sup>st</sup> December 2014.

#### **b. Poor Monitoring and Reconciliation of Tourism Development Credit Facility (TDCF) Loans**

In 2003, Government launched the Tourism Development Credit Facility (TDCF) under the Poverty Reduction Program (PRP) aimed at providing affordable financing to the Small and Medium Enterprises (SMEs) in the tourism sector.

During the period from 2004 to 2007, the Ministry paid loans in amounts totalling K16,295,070 to 119 beneficiaries. As of December 2014, the paid amount had accumulated interest in amounts totalling K3,128,932 bringing the total recoverable amount to K19,424,002 out of which K5,213,451 had been recovered leaving a balance of K14,210,551.

However, the debt in amounts totalling K7,826,300 involving fifty (50) beneficiaries was static, in that there were no recoveries made from the time of payment.

### **Programmes: 2 Fees and Fines - Ministry of Lands, Natural Resources and Environmental Protection**

#### **Activities: Various**

- 14.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K121,919,471 was made against which amounts totalling K91,208,581 were collected resulting in an under collection of K30,710,890. See table below.

<b>Revenue Type</b>	<b>Budget K</b>	<b>Actual K</b>	<b>Variance K</b>
ZEMA Collections	40,605,984	32,077,636	(8,528,348)
Forestry Revenue	6,312,778	6,044,245	(268,533)
Document Fees & Registration Fees	24,013,160	18,819,685	(5,193,475)
Survey Fees	5,536,888	6,506,415	969,527
Consent Fees	800,000	1,121,011	321,011
Consideration fees	9,850,621	6,122,865	(3,727,756)
Preparation Fees	260,000	152,306	(107,694)
Interst on Late Payments	7,285	1,023	(6,262)
Ground Rent	34,506,465	20,024,012	(14,482,453)
Rent on Government Properties	26,290	339,383	313,093
<b>Total</b>	<b>121,919,471</b>	<b>91,208,581</b>	<b>(30,710,890)</b>

### **Accounting and Other Irregularities**

An examination of the accounting and other records maintained at the Ministry headquarters and the provincial offices carried out during the period from February to May 2015 revealed the following:

**a. Unaccounted for Revenue – ZILMIS (Lands and Survey Collections)**

According to the revenue returns for Lands and Surveys Collections, the Ministry collected amounts totalling K53,086,700 during the period under review. However, an analysis of the actual collections from all stations countrywide including headquarters revealed that a total of K51,837,259 was collected resulting in a variance of K1,249,441 which could not be explained as of October 2014.

Although, a total of K51,837,259 had been collected, only K43,063,373 had been deposited resulting into a variance of K8,773,886 for which no proper explanation was provided. See table below.

Details	K	K
Summary report of total collections- Receipt Table	<b>38,876,507</b>	
<b>Add: Provincial Office Collections</b>		
HQ Manual Receipts	429,747	
Lusaka Survey	1,108,565	
Chipata Lands	710,028	
Chipata Survey	266,872	
Mansa Lands	185,135	
Mansa Survey	228,422	
Mongu Lands	218,789	
Mongu Survey	27,800	
Solwezi Survey	193,709	
Solwezi Lands	330,165	
Kasama Survey	43,641	
Kasama Lands	162,359	
Choma Lands	2,019,463	
Choma Survey	83,651	
Kabwe Lands	737,023	
Kabwe Survey	25,900	
Ndola Lands/Survey	6,189,483	
<b>Sub Total</b>	<b>12,960,751</b>	
<b>Total Collections</b>		<b>51,837,259</b>
Less: Deposits		43,063,373
<b>Variance</b>		<b>8,773,886</b>

In addition, out of the K51,837,259 that was collected during the period under review, receipts in respect of K10,496,760 had not been entered onto the ZILMIS as of May 2015. See table below.

STATION	AMOUNT NOT YET UPLOADED K
Chipata Lands	535,791
Chipata Survey	105,018
Lusaka Survey	1,108,565
Solwezi- Lands	319,765
Solwezi - Survey	193,709
Kasama Lands	162,359
Kasama Survey	43,641
Kabwe Lands	489,720
Kabwe Survey	25,900
Ndola Lands/Survey	6,189,483
Choma- Lands	646,115
Choma- Survey	55,850
Mongu- Lands	218,789
Mongu- Survey	8,400
Mansa- Lands	165,235
Mansa- Survey	228,422
<b>Total</b>	<b>10,496,760</b>

**b. Unaccounted for Revenue ( ZEMA and Forestry Revenue)**

Contrary to Financial Regulation No.129, out of a total amount of K25,265,049 collected at various offices, an amount of K23,337,401 was banked while the balance of

K1,927,648 could not be accounted for as there was neither evidence of banking nor was cash found on hand. See table below.

Station	Amount Collected K	Amount Deposited K	Unaccounted for Revenue K
Ministry of Lands - Forestry Headquarters	8,174,213	7,948,429	225,784
Zambia Environmental Management Agency	17,080,401	15,383,809	1,696,592
Solwezi District Forestry Office	10,435	5,163	5,272
	<b>25,265,049</b>	<b>23,337,401</b>	<b>1,927,648</b>

**c. Unaccounted for Revenue – Headquarters**

A review of the Internal Audit Report dated 23<sup>rd</sup> April 2014, revealed that an audit verification of daily cash collections, reversal reports and deposits slips for the period 2<sup>nd</sup> January 2014 to 19<sup>th</sup> February 2014 revealed that out of K3,591,467 receipted by two cashiers, only K2,629,149 was banked leaving K962,318 unaccounted for. See table below.

Cashier's Name	Receipted Amount K	Banked Amount K	Unaccounted for Amount K
Beany Mangala	2,030,741	1,294,171	736,570
Victor Matandiko	1,560,726	1,334,978	225,748
<b>Total</b>	<b>3,591,467</b>	<b>2,629,149</b>	<b>962,318</b>

**d. Manipulated Receipts**

Cash receipts amounting to K396,313 issued during the period from January 2014 to June 2014 had been manipulated in that the original receipts and the duplicate copies for purposes of the returns contained correct amounts while the remaining book copies had different amounts and narrations. This resulted in a loss of K396,313.

**e. Failure to Collect Ground Rent**

According to the Ground Rent Arrears Report produced by the ZILMIS, amounts totalling K227,023,763 were outstanding as ground rent as at 31<sup>st</sup> December 2014. As of October 2015, no effort had been made by the Ministry to collect the outstanding ground rent.

**f. Failure to Charge Penalties on Ground Rent Defaulters**

According to the Lands Act, CAP 184 Section 14 (2) subject to subsection (3) which states that where any amount of ground rent unpaid after the day on which it became

payable under subsection (1) remains unpaid after the day on which it became payable, the lessee shall be liable to pay a penalty of twenty five per centum (25%) of the rent due.

However, contrary to the act, the Ministry did not charge penalty fees on the outstanding ground rent resulting in a loss of revenue amounting to K56,755,941.

**g. Delayed Banking of Revenue**

Contrary to Financial Regulation No.121 (1), there were delays ranging from 5 to 26 days in the banking of revenue in amounts totalling K379,147 as shown in the table below.

<b>Station</b>	<b>Amount K</b>	<b>No of Days</b>
ZEMA Headquarters	19,980	5 to 11
Chipata Regional Lands	305,628	5 to 15
Chipata District Forestry Office	14,693	5 to 9
Choma Regional Lands Office	17,747	5 to 25
Choma Regional Survey Office	6,900	5 to 15
Mongu Regional Lands Office	14,200	5 to 26
	<b>379,147</b>	

**h. Missing Accountable Documents**

Contrary to Financial Regulation No. 10(n), there were seventy three (73) General Receipt Books (Accounts Form 40), one (1) Production Licence Book and one (1) Conveyance Licence Book that were not presented for audit as detailed below.

<b>STATION</b>	<b>TYPE</b>	<b>No. of Books</b>
Solwezi District Forestry	General Receipt Book	1
Mongu District Forestry Office	Production Licence Books	1
Mongu District Forestry Office	Conveyance Licence Books	1
Mongu District Forestry Office	General Receipt Books	2
Mongu Provincial Forestry Office	General Receipt Books	36

In addition, security paper with serial numbers ranging from G00052001 to G00052540 used to print system receipts at Chipata Provincial Lands Office were not availed for audit.

**i. Failure to Maintain a General Revenue Cash Book**

Contrary to Financial Regulation No. 128, Forestry headquarters and the Chipata Provincial Lands and Survey Offices did not maintain a General Revenue Cashbook (Accounts form 47B). This had resulted in poor record keeping, making it difficult to ascertain whether revenue was properly accounted for.

**j. Revenue Generated from Survey Departments**

**i. Failure to Survey Properties after Payment of Survey Fees.**

During the period from 2008 to 2014, a total of K439,692 was paid as survey fees for one hundred and fifty-three (153) properties (Ndola Regional Lands/ Survey Offices K62,932 for 31 properties and Lusaka Regional Survey Office - K376,760 for 122 properties). However, as of October 2015, the services had not been provided.

**ii. Use of Revenue without Treasury Authority.**

An amount of K174,118 collected during the period under review was deposited in the revolving fund account and used at source without obtaining authority from the Secretary to the Treasury. As of October 2015, the amount had not been reimbursed.

**k. Unremitted Revenue - Proceeds from the Mukula Auction Sales**

During the period under review, amounts totalling K5,498,753 was realised from the disposal of Mukula timber seized from illegal loggers, out of which K4,173,970 was remitted to Control 99 leaving a balance of K1,342,783. As of October 2015, the balance had not been remitted to Control 99.

**l. Irregularities in Property Database**

The property table from ZILMIS indicated that property data should contain the following fields: property number, system generated property serial number, property owner name, property type, property location, land size, land unit measure, survey date, system property creation date, property numbering date, map reference and staff user name. The fields are used for ground rent calculation and billing.

Despite the Ministry paying a consultant K656,500 (US\$125,000) for data cleaning and migration, a review of the property data base of 29,926 properties captured during the period under review revealed that the data required additional cleaning as certain fields did not have the required information. In particular, the following were observed:

**i. Property without Land Size/Area**

Out of a total of 29,926 properties that were captured in the system during the period under review, 23,439 properties representing 78 percent of the properties either did not have land sizes or were allocated a zero or default land size.

In addition, contrary to the Statutory Instrument No. 44 of 2006, the Lands Act (Laws, Volume 12, Cap 184) which states that in order for properties on lands

database to accrue ground rent, each property should have a land size in the system for the charges to be accrued and owners billed accordingly, the Ministry charged and collected amounts totalling K657 990 as ground rent on properties that did not have land sizes. See table below.

<b>Description of Property size</b>	<b>Number of Properties</b>	<b>Amount Collected K</b>
Zero land sizes	34	100
Default land sizes	1,660	653,002
Blank land size	21,745	4,889
<b>TOTAL</b>	<b>23,439</b>	<b>657,990</b>

**ii. Properties without Names of Owners**

There were twenty four thousand five hundred and twenty one (24,521) properties in ZILMIS out of the total properties of twenty nine thousands nine hundred and twenty-six (29,926) representing 82% captured during the period under review that did not have names of owners.

**iii. Properties without Numbers**

Each property is allocated a property number by the Ministry and this number is then manually entered into the system. This is the number that appears on the title deeds for each property issued with a title.

There were two hundred and fourteen (214) properties on ZILMIS property database that did not have property numbers. As such, it was difficult to ascertain how the system was identifying these properties without numbers and whether ground rent was being collected from the properties.

**iv. Properties without Property Type**

There were 20,472 properties without property type such as farm, small holding, Lot, Government stand, settlement, among others. As such, the properties were not appropriately classified for billing purposes.

Consequently, the Ministry was not able to collect any revenue from these properties which are not billed.

**v. Properties without Locations Indicated**

Property location is important for identification as to whether the property falls within urban or rural area category. However, there were seventeen (17) properties without physical locations on ZILMIS system. Rural properties attract a lower



ground rent billing rate than urban properties. As such, if a property does not have a location on the system, it may be inaccurately billed for Ground Rent.

A review of the revenue data base however revealed that there were no revenue collections from properties without location. Consequently, the Ministry did not collect any revenue from these properties.

**vi. Properties without Serial Numbers**

For each property on Lands database, there is a system generated serial number that is unique.

A review of the ZILMIS property database revealed that there were three hundred and six (306) properties without serial numbers on the system.

**m. Use of the Test Environment on Live Data**

ISO/IEC 27001: 2005 A.10.1.4 Separation of development, test and operational facilities requires that development, test and operational facilities should be separated to reduce the risks of unauthorised access or changes to the operational system.

A review of ZILMIS property data base revealed that there were ten (10) properties that were tested on live environment. As such, property data provided for audit had test data included.

The use of test data on live environment can result in corruption of live data and compromise the data’s confidentiality and integrity.

**n. Gaps in Computer Receipt Number Ranges**

Out of four thousand, five hundred and eighty (4,580) sampled receipts, there were four hundred and twenty four (424) gaps in receipts that were issued by the systems both ZILMIS and LIMS for revenue collected during the period under review.

This cast doubts on the completeness and integrity of the figures regarding the revenue collected and accounted for through the system. The receipts gaps are indicated in the table below.

RECIPT RANGE		TOTAL GAPS IN RECEIPT RANGE	SYSTEM
FROM	TO		
lims_rcpt 1438278	lims_rcpt 1438687	410	LIMS
RE_13	RE_17	4	ZILMIS
RE_264	RE_274	7	ZILMIS
RE_20066	RE_20070	3	ZILMIS
<b>TOTAL</b>		<b>424</b>	

**o. Weaknesses in the ZILMIS Oracle Database Management**

**i. Failure to Apply Patch Sets to the Database**

Patch sets are a mechanism for delivering fully tested and integrated product fixes. Patch sets include all files that have been rebuilt to implement the bug fixes. All of the fixes in the patch set are tested and certified to work with one another.

According to the Center for Internet Security (CIS) Security Benchmarks on Oracle Database Server 11 - 11g R2 1.3 Ensure the latest version/patches for Oracle software is installed, the Oracle installation version, along with the patch level, should be the most recent that is compatible with the organisations' operational needs.

A review of the ZILMIS Oracle Database 11g Enterprise Edition Release 11.2.0.4.0 revealed the following weaknesses regarding patch management:

Patch Set Number	Description	Status	Date
11.2.0.2.0	Patch set for oracle database server	Installed	7.12.14
11.2.0.2.6 to 11.2.0.2.5	Database patch set update	Not Installed	
11.2.0.3	Patch set for oracle database server	Not Installed	
11.2.0.3.2	Database patch set update	Not Installed	
11.2.0.3.1	Database patch set update	Not Installed	

Using the most recent Oracle database software, along with all applicable patches is cardinal to limiting the possibilities for vulnerabilities in the ZILMIS database. As of October 2015, Management had not installed the patches.

**ii. Lack of a Database Management Policy**

According to the Oracle Security Database Guide on Database User Management, Database users are the access paths to the information in an Oracle database. Therefore, tight security should be maintained for the management of database users. Depending on the size of a database system and the amount of work required to manage database users, the security administrator may be the only user with the privileges required to create, alter, or drop database users.

A database management policy clearly defines accountability and responsibility for data, security, and user privilege/access.

In addition, ISO/IEC 27002:2003 12.1.1 Documented Operating Procedures requires that procedures are documented and made available to users who need to use them. The

procedures should among others prescribe; handling of errors and exceptions and monitoring of the system.

It was observed that the ZILMIS Oracle 11 g Database was implemented and managed without a documented Database management policy and Operating Procedures. As a result, it was difficult to ascertain how access to the database was being managed, monitored and accountability established for actions performed on the database.

**p. Failure to Install Acrobat Professional – Ndola Provincial Office**

Acrobat Professional is an application that is used to convert different file formats into pdf format. The application can also be used to scan and index files.

ZILMIS utilises the Acrobat Professional for management of client's electronic files. When client files are submitted to the land offices, they are scanned and transmitted and stored electronically in order to complete the work-flow processes on the system.

Although the offices of the Revenue Officer and ground rent collectors were equipped with printers with scanner functionalities, client files could not be scanned and indexed to facilitate electronic transmission as the Acrobat Professional application had not been installed as of June 2015.

In this regard, client files had to be processed manually leading to delays in processing of files.

In his response dated 25<sup>th</sup> August 2015, the Controlling Officer stated that ten (10) Acrobat Professional Licenses had been acquired for the Ndola Office. As of September 2015, management had not provided evidence that the licences had not been acquired and as such the Acrobat application had not been installed.

**q. Failure to Install Anti - Virus on Computers and Installation of Unknown Programs on ZILMIS Computers**

ISO/IEC 27001:2013 *A12.2.1 Controls against Malware* requires that detection, prevention and recovery controls to protect against malware be implemented, combined with appropriate user awareness.

A review of the computers on which the ZILMIS was installed revealed that Antivirus software was not installed on the computers at the Choma and Ndola Offices.

Further, *A12.2.2 Restrictions on software Installation*, requires that rules governing the installation of software by users be established and implemented.

However, the rules governing the installation of software by users were not in place as of August 2015. As a result, there were unauthorised software that had been installed on computers in Ndola.

**r. Lack of Internal Service Level Agreements (SLAs)**

Internal Service Level Agreements (SLAs) should be defined and agreed to ensure that there is commitment between the ZILMIS end user (s) and IT staff in the utilisation of ICT resources.

Commitment should address issues such as availability, reliability, performance, capacity for growth, levels of support, continuity planning, security and demand constraints.

The ministry did not have internal SLAs in place between its ICT department and end users including those in the provincial offices regarding the use of the ZILMIS. As a result, there were unclear roles and responsibilities on the use of ICT resources that could lead to miscommunication, sub-optimal service delivery and undetected service degradation.

In this regard, when the ZILMIS was experiencing downtime, the revenue collections were receipted outside the system and clients issued with manual receipts after payment for services. There was no time frame specified for resolving the problems being experienced on the system and end users resorted to issuance of manual receipts which had to be subsequently uploaded at head office after significant time lapse.

Consequently, a review of network availability at Mansa revealed prolonged downtime as the system was down 30 percent of the time.

**s. Failure to Interface ZILMIS with Critical External Systems**

According to the Contract for the ZILMIS, Appendix A, Description of Services, Scope of Works: (II) Provides for designing an application with access via web based and mobile interfaces which allows external stakeholders to interact with the system. (VI) Design and develop a system that provides for system integration and interoperability with other relevant Government Information systems e.g., IFMIS (MOFNP), National Registration - NRC (MHA), Company Registration Information (PACRA), Society Registration (Registrar of Companies), Taxation (ZRA), Registrar of Cooperatives (MACL), Investment License (ZDA), Local Authorities and utility companies.

According to the revised ZILMIS System Requirement Specification (SRS) Report dated 15<sup>th</sup> September 2013, *submitted on 28 June 2013 and revised on 15 September, 2013*, Section 3.9.1 *interfacing with External Operative systems provides for the under listed:*

- The interface will be based on Web services and ZILMIS will read relevant data from other systems using Web services.
- It is the responsibility of the consultant/contractor to write the interface from ZILMIS side, whereas the client will be in-charge of providing the relevant interface by the interfacing system.

The following were noted regarding the interfacing of the ZILMIS:

- i. The Interface with the Banking Institutions was not included or explicitly mentioned.

The implication of this omission is, *inter alia*, the Ministry is issuing receipts based on Bank deposit slips presented by customers without any form of verification or confirmation of the authenticity or validity of the documents issued from the bank.

- ii. As of May 2015, the Interface with the aforementioned institutions had not been completed. In addition, the data sets which the ministry and other relevant institutions were supposed to share were not set or defined.

Therefore, ZILMIS could not interface and share data with other external Government systems.

- iii. The Web based access and mobile services on which the interface would be based had not been developed.

The ZILMIS was supposed to be implemented in such a way that the relevant data would be exchanged through XML using web-service and the system would read relevant data from other systems using Web services.

**t. Failure to Implement Electronic Payment Methods**

According to the Contract for the ZILMIS, Appendix A, Description of Services, Scope of Works (Viii) provides for the Design and development of an accounting and billing system that will enhance revenue collection and accountability for the Ministry. The system should have capabilities of processing and generating both manual and electronic payments as well as sending bills and reminders to clients.

In addition, according to Section 1.1.1 Systems Requirements Specifications (SRS) Final Document, the system will include an expended accounting and billing module that will enhance revenue collection and supporting manual and electronic payments.

The following were noted with regards to the implementation of the aforementioned:

- **Lack of Efficiency in the Revenue Collection Cycle – Issuance of Manual receipts**

The ZILMIS was not implemented with provisions for electronic payment modes such as Electronic Point of Sale (EPOS), Electronic Funds Transfers or online/Internet facilitated payments.

As a result, the Ministry had continued to issue manual receipts in its provincial offices and at headquarters, customers were required to deposit money at Investrust Bank within Mulungushi House after which they were issued with receipts.

This had resulted in inefficiencies in the collection of revenue and inconveniences to customers who had to queue up at Customer Service Centre, in the Bank and then again to be issued with a receipt by the Ministries' Cashiers.

- **System not Configured to Send bills and Reminders Electronically**

The system was not configured to be sending bills and reminders to the customers. As a result, the officers at the Ministry were expected to physically deliver bills to customer premises.

A visit to Ndola Provincial Office in April 2015 found that Ground rent bills for the year 2014 had not been distributed to customers.

- u. **Lack of Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP)**

Disaster recovery and IT continuity planning help institutions prepare for and resume operations in the event of disruption, whether the event might be a power outage, fire or system failure.

Institutions should develop IT Continuity plans based on a framework that is designed to reduce the impact of a major disruption on key business functions and processes.

As of May 2015, the Ministry did not have a BCP and a DRP for the ZILMIS. Therefore, if adverse conditions occurred such as a fire or significant damage to its infrastructure, it is unlikely that the Ministry would be able to resume normal operations within a reasonable time period.

**v. Lack of Alternative Power Supply for the ZILMIS**

The ZILMIS did not have alternative power supply such as a generator set in place, resulting into unavailability of the system during power disruptions.

As a result, the implementation of the system would prove ineffective as the Ministry would be resorting to manual processing of revenue collection documents each time there was a power outage.

**w. Lack of Safe – Chipata Provincial Lands and Survey Offices**

Contrary to Financial Regulations 155, there was no safe maintained at the Station thereby rendering public funds, articles and accountable documents that should be stored in safe, vulnerable and unsecured.

**Programme: 2 Licences, Fees and Other Revenue - Ministry Of Agriculture and Livestock**

**Activities: Various**

15. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a revenue provision of K5,050,565 was made against which amounts totalling K5,331,787 were collected resulting in an over collection of K281,222 as shown in the table below.

<b>Revenue Type</b>	<b>Provision K</b>	<b>Actual Collection K</b>	<b>Over/Under Collection K</b>
Fish Licence	1,156,874	1,173,509	16,635
Import and Export Permit	966,291	1,273,767	307,476
Registration Fees	5,000	24,495	19,495
Other Fees	952,064	1,007,094	55,030
Inspection Fees	1,046,291	976,951	(69,340)
Plant Quarantine & Phytosanitary Services	924,045	875,971	(48,074)
<b>TOTAL</b>	<b>5,050,565</b>	<b>5,331,787</b>	<b>281,222</b>

**Accounting and Other Irregularities**

A review of the 2014 revenue records carried out at the Ministry Headquarters and selected stations in the provinces revealed the following;

**a. Unaccounted for Revenue**

During the period under review, amounts totalling K77,777 were collected at three (3) stations. However, only K69,295 was banked while the balance of K8,482 was

unaccounted for in that the funds were neither banked nor was cash found on hand, contrary to Financial Regulation No. 129. See table below.

<b>Station</b>	<b>Amounts Collected K</b>	<b>Amounts Deposited K</b>	<b>Unaccounted for Revenue K</b>
Sinazongwe- Fisheries	42,042	35,691	6,351
Choma Fisheries	2,819	822	1,997
Nakonde-Fisheries	32,917	32,783	134
<b>Total</b>	<b>77,777</b>	<b>69,295</b>	<b>8,482</b>

**b. Delays in Banking Revenue - Lusaka Veterinary Office**

Contrary to Financial Regulation No.121 (1) which states that all money received by any accounting officer shall be deposited not later than the next business day following the day of receipt, there was a delay ranging from 3 to 7 days in the banking of revenue in amounts totalling K26,900.

**c. Unaccounted for Revenue**

A review of records at Nakonde Office revealed that out of K48,930 claimed to have been deposited in the revenue transit account at Nakonde Office, only K14,350 was supported by official bank receipts leaving a balance of K34,580 unaccounted for.

**d. Missing Accountable Documents**

Contrary to Financial Regulation No. 10 (n), there were 701 import permits, 1,400 export permits, fifty (50) General Receipt Books (Accounts form 40) and 30 stock movement permits as shown in the tables below that were not availed for audit.

<b>Stations</b>	<b>Import Permit Books</b>	<b>Export Permit Books</b>	<b>General Receipt Books</b>	<b>Stock Movement Permits</b>
Headquarters	51	150	50	-
Chipata Office	650	1,250	-	-
Sinazongwe Veterinary Office	-	-	-	5
Choma Veterinary office	-	-	-	25
<b>Totals</b>	<b>701</b>	<b>1,400</b>	<b>50</b>	<b>30</b>

**e. Questionable Issuance of Import and Export Permits**

Import and export permits are issued to clients upon production of bank deposit slips as proof of payment for fees. However, during the period under review, the Ministry issued permits to nine (9) clients without proof of payment for fees amounting to K48,475.



## **EXPENDITURE**

<b>HEAD:</b>	<b>11</b>	<b>Zambia Police</b>
<b>DEPARTMENTS:</b>		<b>Various</b>
<b>UNITS:</b>		<b>Various</b>
<b>PROGRAMMES:</b>		<b>Various</b>
<b>ACTIVITIES:</b>		<b>Various</b>

**16.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K1,224,220,998 was made to cater for various programmes under the Zambia Police Service Headquarters and Divisions against which amounts totalling K1,149,863,026 were released resulting in an underfunding of K74,357,972.

According to the financial statement (Statement “C”), as of 31<sup>st</sup> December 2014, amounts totalling K1,147,850,122 had been spent.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Zambia Police Service Headquarters and divisions and physical inspections of selected projects carried out from May to July 2015 revealed the following:

#### **a. Irregular Payment of Rural and Remote Hardship Allowance**

Contrary to Public Service Management Division Circular No. B6 of 2010 (a), one thousand eight hundred and fifty five (1,855) officers from ten (10) provinces were paid rural hardship allowances in amounts totalling K1,192,966 while working in urban areas.

In addition, four hundred and thirteen (413) officers were irregularly paid remote hardship allowances in amounts totalling K321,440 while working in areas not designated as remote.

#### **b. Outstanding Electricity Bills for Officers**

According to the Public Service Management Division Circular No. B 24 of 2013 No. (v), Government introduced a utility allowance payable to all qualifying officers including the Police Service. Consequently, the Police Service had no obligation to settle electricity and water bills on behalf of the officers.

Contrary to the Circular, a verification of electricity bills revealed that the Service had accumulated bills totalling K5,169,091 in respect of its personnel in various Police Camps during the period from September 2013 to May 2015.

**c. Misapplication of Funds**

During the period under review, amounts totalling K2,494,407 were released for the construction of a forensic laboratory in Lusaka West. However, despite the funds being available, the project was not executed.

Consequently, the funds had been spent on the procurement of twenty (20) hectares of land, an activity which was not budgeted for, contrary to the Appropriation Act of 2013.

Further, contrary to Financial Regulation No. 31 (i) which requires that where excess expenditure on one item can be met from savings on another item within the programme not being a programme for Personal Emoluments, an application for Treasury Authority shall be submitted for approval to the Secretary to the Treasury, amounts totalling K136,033 were applied on activities which were not related to the dismantling of arrears such as payment of imprests and procurement of materials.

**d. Unaccounted for Spares**

Motor vehicle spare parts costing K140,100 issued by the stores department to the Service workshops could not be accounted for due to lack of workshop records such as job cards to prove that the spares issued were fitted on the intended vehicles.

<b>Station</b>	<b>Amount K</b>
Ndola	53,626
Kamfinsa	51,455
Solwezi	35,019
<b>Total</b>	<b>140,100</b>

**e. Failure to Process Local Purchase Orders via IFMIS**

The Integrated Financial Management Information System (IFMIS) was rolled out and implemented in the Police Service in 2011 in line with Government policy on the utilisation and management of public funds and implied that all transactions including purchase of public stores were supposed to be processed and paid via the IFMIS.

It was however observed that Local Purchase Orders in amounts totalling K10,308,539 were processed outside the IFMIS.

**f. Undelivered Tool Boxes**

In September 2014, the Zambia Police paid K350,450 to Automotive Equipment Limited for the supply and delivery of twenty (20) tool boxes. However, as of September 2015, only sixteen (16) tool boxes had been delivered while the balance of four (4) tool boxes valued at K70,090 had not been delivered.

**g. Lack of Comprehensive Data on Property**

A review of records and inquiries with management revealed that the Police did not have consolidated data on the various properties under its control, particularly, information relating to the total number of properties owned, dates of acquisition, location of properties, sizes and values among others.

In this regard, it was difficult to carry out detailed audits on the properties owned by the Zambia Police.

**HEAD: 14 Ministry of Mines, Energy and Water Development**

**Units: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**17.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K405,915,393 was made to cater for various activities of the Ministry against which a total amount of K301,181,637 was released.

According to the financial statement (Financial Statement 'C'), amounts totalling K286,374,416 had been spent.

**Accounting and Other Irregularities**

An examination of accounting and other records carried out in October 2015 at the Ministry headquarters and a visit to selected districts revealed the following:

**a. Failure to Recover Salary Advances**

Contrary to Terms and Conditions of Service for the Public Service, recoveries in respect of salary advances amounting to K75,500 paid to fourteen (14) officers during the period under review had not been effected as of October 2015.

Included in the amount was an amount of K55,600 that was paid to eight (8) officers who had outstanding advances contrary to Terms and Conditions of Service for the Public Service Nos. 91 and 92.

**b. Failure to Deduct NAPSA Contributions**

Contrary to Section 15 (1) of the National Pension Scheme Authority (NAPSA) Act of 2000, there were no deductions of NAPSA contributions from five (5) employees who drew basic salaries in amounts totalling K26,215.

**c. Weaknesses in the Management of Bank Accounts**

There were weaknesses in the management of bank accounts as follows:

**i. Failure to Reverse Cancelled Cheques**

Ministry of Finance Circular No. 01 of 2014, Part 8.19 states that “Controlling Officers shall ensure that excess funds in a commercial bank account as a result of cancelled cheques or Electronic Funds Transfer Advice (EFTA) Form 138, are reversed within five (05) working days after the cancellation through a red/credit backing sheet to reverse the debits in the CC/IFMIS, and a letter written instructing the Commercial Bank to transfer the funds back to Bank of Zambia.” However, contrary to the provision of the circular, the Ministry did not reverse amounts totalling K496,811 arising from sixteen (16) stale cheques.

**ii. Failure to Correct Errors on the Bank Statement**

Ministry of Finance Circular No.1 of 2014, Part 8.28 states that, “Controlling Officers should ensure that financial institutions operate Government accounts with adequate procedures and controls in order to minimise the risk of errors relating to transactions appearing on bank account statements and that excessive errors on bank accounts should be reported to the Office of the Accountant General by 15<sup>th</sup> of the following month”.

However, errors that occurred on the Mirror Account such as double debits and overcasts (K124,587) unknown credits and undercasts (K218,252) were neither corrected by the Ministry nor communicated to the Office of the Accountant General as of October 2015.

**iii. Questionable Uncredited Lodgments**

The reconciliation statement for April 2014, showed that nine (9) backing sheets in amounts totalling K1,422,823 drawn between March 2013 and January 2014 were not credited to the Mirror Account. However, the transactions were not reflected on subsequent months' reconciliation statements. Details of how the transactions were cleared were not availed for audit.

**d. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65 (1), thirty three (33) payment vouchers made during the period under review in amounts totalling K646,677 had not been availed for audit as of November 2015.

**e. Irregular Payments**

There were irregular payments as follows:

**i. Out of Pocket Allowance**

According to Cabinet Office Circular No. 11 of 2013, out of pocket allowance is paid to an officer to cover the additional expenses he/she has to meet while on duty outside his/her normal station of duty where an overnight stay is involved and the programme or workshop the officer is attending is sponsored.

However, contrary to the provisions of the circular, amounts totalling K9,747 were paid to six (6) officers for reorganising the Registry, an activity which took place at the Ministry Headquarters.

**ii. 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."

However, contrary to the Circular, meal allowances in amounts totalling K281,180 were paid to various officers for activities such as updating company reports, working on a solicitation document, working on internet connections, working on the IFMIS backlog among others, activities that took place at the Ministry Headquarters.

### **iii. Transport Refunds**

According to Cabinet Office Circular No.11 of 2013, all officers shall be paid allowances in line with the provisions of the Terms and Conditions of Service for the Public Service except for Committees appointed by His Excellency the President of the Republic of Zambia. In an effort to ensure that these new measures cater for participation of persons outside the Public Service, a fuel refund shall be made at a rate of K135 per meeting for travel within the district boundary. For travel outside the district, this category of persons shall be paid a fuel refund as provided for in Cabinet Office Circular No.7 of 2012.

However, amounts totalling K807,960 were paid to various officers at the Ministry for activities such as re-evaluation of crude oil, working on the budget and outstanding bills, drafting reports among others conducted during lunch time and weekends

### **f. Unretired Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K23,500 paid in December 2014 as contingency to facilitate the holding of a post mortem meeting for the AU summit that was held in Livingstone had not been retired as of November 2015.

### **g. Over Payment of Subsistence Allowance**

Contrary to Cabinet Office Circulars Nos. B12 of 2012 and B19 of 2013 which prescribe the rates at which subsistence allowance should be paid, amounts totalling K1,898,160 were paid to various officers as subsistence allowances at higher rates instead of K1,579,100 at the correct rates resulting in an over payment of K319,060.

### **h. Unsupported Payments**

Contrary to Financial Regulation No. 52, seventy one (71) payments in amounts totalling K1,119,255 were not supported with relevant documents such as bills, Local Purchase Orders (LPOs), invoices and cash sale receipts.

### **i. Questionable Payment**

On 15<sup>th</sup> October 2014, imprest in amounts totalling K114,567 was drawn in the accountant's name to facilitate payment of subsistence allowances to eleven (11) officers at the rate of K800 per night, one (1) office assistant and four (4) drivers at the rate of

K450 per night. The payment included fuel (K5,567) for four (4) vehicles and contingency (K2,000).

Although the officers were paid subsistence allowances in amounts totalling K107,000 for the activity, the Ministry paid for the officers' accommodation and meals for the same activity in amounts totalling K49,568.

In addition, although allowances were paid for ten (10) nights, conference facilities were paid for only seven (7) nights thereby making the additional payment of three (3) nights allowances in amounts totalling K32,100 questionable.

Further, the rates of K800 and K450 that were used for Chisamba District exceeded the applicable rates of K600 and K320 by K200 and K130 respectively resulting in an excess payment of K19,460.

**j. 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 for the purchase of goods and services whose value cannot be ascertained at the time."

However, contrary to the regulations, the Ministry issued imprest in amounts totalling K80,687 involving sixteen (16) transactions to procure goods and services whose values were obtainable on the market. In addition, the goods purported to have been bought were not recorded in the stores records. As a result, it was not possible to ascertain whether the goods were received and used for the intended purpose. Further, the imprest had not been retired as of November, 2015.

**k. Lack of Procurement Plan**

The Zambia Public Procurement Authority No. 12 Section 42 (a, c and d) of 2008 and the Public Procurement Regulations 2011 states that, "A procuring entity shall plan its procurement in a rational manner and in particular shall aggregate its procurements wherever possible, both within the procuring entity and between procuring entities, to obtain value for money and reduce on procurement costs, avoid splitting of procurement to defeat the use of appropriate procurement methods and integrate its expenditure program with the procurement. Procuring entities shall submit all annual procurement plans to the Authority."

However, contrary to the provisions of the Act, the Ministry did not have a Procurement Plan for the financial year 2014.

**l. Failure to Obtain Value for Money in Procurements**

The Ministry did not obtain value for money in the procurement of four (4) Hp Laser jet P3015 printers at a total cost of K34,800 for the Department of Energy in that one printer was bought on 31<sup>st</sup> December 2014 at K19,800 while the other three (3) of the same make were procured at K15,000 (K5,000 each) on 30<sup>th</sup> December 2014.

In this regard, a total amount of K14,800 was wasteful.

**m. Undelivered Stores Materials**

Printer toner costing K57,220 purchased during the period under review had not been delivered as of November 2015.

**n. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, stores items costing K2,038,741 procured during the period under review had not been accounted for in that no receipt and disposal details such as goods received notes, issue vouchers, fuel coupons, stores requisitions and stores ledgers among others were availed for audit as of November 2014.

In addition, fuel in amounts totalling K2,246 was drawn by vehicles whose registration numbers were not reflected on either the fuel coupon or the statement from the filling station. It could therefore not be ascertained whether the fuel was drawn and used for the benefit of the Ministry.

A physical check on three (3) suppliers revealed that two (2) suppliers could not be traced as they were not operating from the addresses provided on the documents.

**o. Infrastructure Development**

**i. Failure to Install Solar Geysers**

In June 2014, the Ministry purchased one hundred and forty (140) solar geysers at the cost of K408,800. The geysers were to be installed at public schools in Northern and Eastern Provinces.

A visit and inspections carried out in October 2015 in Northern and Eastern Provinces, revealed that although the geysers were delivered, they had not been installed at the schools and were in storage at Government Stores in Northern Province.



Although in his response dated 24<sup>th</sup> November 2015, the Controlling Officer stated that the contractor had been engaged to install the geysers, the contract was not availed for audit.

## **ii. Construction of Sample Sheds**

On 21<sup>st</sup> June 2013, the Ministry engaged Sarzam Contractors to construct Sample Sheds for Geological Survey and the remedying of any defects at a contract sum of K3,999,317. The contract period was fifteen (15) months. As of December 2014, the contractor had been paid amounts totalling K2,245,146 representing 56% of the contract sum.

The scope of works included construction of the substructure, concrete work, block and brick work, roofing, carpentry, joinery and ironmongery, structural steel work, metal work, plumbing installation, electrical installation, floor and wall finishing, painting and decoration, site preparation, water reticulation, electrical reticulation, soil drainage, pave areas, drive ways and parking areas, boundary wall fence, septic tank and soak way, siting, drilling and equipping of boreholes and land scarping.

A visit to the site and inspection of the project carried out in September, 2015 revealed that the works had not been completed, twenty six (26) months after the contract date and only the substructure, roofing, structural steel work and borehole drilling had been undertaken as shown in the pictures below.



*Abandoned sample shed*

It was also revealed that the contractor had abandoned the project. Further, although the contract under section 49.0 of the Special Conditions of the contract provided for charging the contractor at 0.5% per day liquidated damages of the uncompleted works for delayed completion, the Ministry did not invoke the clause.

In his response dated 24<sup>th</sup> November, the Controlling Officer stated that the contractor made representations to the Geological Survey last year to explain the works at the Project site that had stalled due to delays by buildings department to approve the additional works that were not originally in the contract. He added that by the time

buildings department were approving the works, it was already approaching the end of the year when companies take annual breaks and that the Ministry never invoked section 49.0 of the special condition on the understanding that the stalling of the works was caused by delayed approvals from the building department of the extra works.

However, as of November 2015, works had not resumed.

**HEAD: 15 Ministry of Home Affairs**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

- 18.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K194,727,567 was made to cater for various activities against which amounts totalling K170,052,714 were released resulting in an under funding of K24,674,852.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and other departments and physical inspections of selected projects carried out in February 2015 revealed the following:

**a. Construction of the Office block for National Registration and Passport in Senanga**

On 7<sup>th</sup> March 2014, the Provincial Administration, Western Province entered into an agreement with Messrs Kisukami Construction for the construction of the National Registration and Passport Offices in Senanga at a contract sum of K1,024,309 VAT inclusive with a completion period of six (6) months starting 7<sup>th</sup> March and ending 30<sup>th</sup> September 2014.

The scope of works included block work, excavations, clearing, carpentry works, joinery and iron monger, metal works, electrical installations among others.

As of October 2015, the Contractor had been paid amounts totalling K415,548

A physical inspection carried out in October 2015 revealed that the building was at wall plate level and the contractor was not on site. See pictures below.



*Structure at wall plate level*

In his response dated 2<sup>nd</sup> October 2015, the Controlling Officer regretted the fact that the contractor was not on site at the time of inspections in April 2015 as the contractor was still waiting for the roof designs from the Provincial Buildings Engineer's Office in Mongu adding that the contractor was further issued with verbal instructions on the aluminium partitioning and ceiling which were not in the original bill of quantities. He further indicated that, the contractor had since mobilised to site and the works were going on.

However, contrary to the controlling officer's response, as of October 2015, the contractor was not on site and the works had not recommenced.

**b. Construction of the Office block for National Registration and Passport in Solwezi**

In January 2014, Messrs Lochi International Limited was engaged to construct the National Registration and Passport Offices in Solwezi at a contract sum of K2,148,000 with a completion period of twenty six (26) weeks. The contractor took site possession on 3<sup>rd</sup> February 2014 and the expected completion date was 31<sup>st</sup> July 2014.

The scope of works included carpentry works, joinery and iron monger, metal works, and electrical installations among others.

As of October 2015, the contractor had been paid K504,755.

A physical inspection carried out in October 2015 revealed that the structure was at lintel level and the contractor was not on site. See pictures below.



*Front view of the Structure*



*Rear view of the structure*

In his response dated 2<sup>nd</sup> October 2015, the Controlling Officer stated that the contractor was not on site during the physical inspection carried out by the Auditors in April 2015 as he had demobilised from the site without informing the contract Manager.

He added that, his inquiries with the Provincial Building Engineer revealed that the contractor was not serious with the works as he was mobilising and demobilising from the site without informing the consultants' office and arising from this an urgent site meeting between the contractor, consultant and the client was called for to discuss the way forward. The consultant further wrote to the contractor requesting him to submit an updated revised programme of work in February 2015 and also to show cause as to why the contract should not be terminated. After a report on the site visit conducted on 18<sup>th</sup> February 2015, a letter was written to the Provincial Permanent Secretary North Western Province requesting him to show cause why the contract should not be terminated.

He further reported that the last site meeting was held on 21<sup>st</sup> April 2015 where it was recommended that the contract be terminated and the Provincial Administration was informed accordingly.

However, as of October 2015, the matter had not been resolved.

**c. Rehabilitation of the Office Block for National Registration and Passport in Mporokoso**

In December 2013, Messrs Kawanzane Enterprises was engaged to rehabilitate the National Registration and Passport offices in Mporokoso at a contract sum of K362,607 VAT inclusive with a completion period of twelve (12) weeks from the date of site possession.

The scope of works included carpentry and joinery works, roofing works, floor and plastering, glazing works, painting and decoration works, among others.

As of October 2015, the contractor had been paid K72,521.

A physical inspection carried out in October 2015 revealed that no works had been done.

In his response dated 2<sup>nd</sup> October 2015, the Controlling Officer stated that the decision to change from rehabilitation to construction was made during the site meeting held in May 2014 because the building which was given to National Registration by the District Administration was dilapidated and beyond serviceability. He indicated that as a result, there was a recommendation for the construction of a new building rather than rehabilitating the old building. He added that the drawings and bill of quantities had since

been prepared and were submitted to Northern Province for the tendering and awarding of contract.

However, as of October 2015, there was no documentary evidence to support the submission.

**d. Rehabilitation of the Office Block for National Registration and Passport in Mbala**

In November 2013, Messrs Globe Business Development Ltd was engaged to rehabilitate the National Registration and Passport offices in Mbala at a contract sum of K219,574 with a completion period of seven (7) weeks. The contractor took site possession on 16<sup>th</sup> January 2014 and was supposed to complete the works by 5<sup>th</sup> March 2014.

The scope of works included floor and wall finishing, brick work and block work, painting and decorating, roofing and plumbing installations, carpentry, metal works and electrical installations among others.

As of October 2015, the contractor had been paid K43,915.

A physical inspection carried out in October 2015 revealed the following:

- Only 75 % of the roof had been done.
- The septic tank had not been completed as it had not been plastered.
- The painting of the walls internally and externally had not been done.
- Doors, ceramic tiles and ceiling boards had not been supplied.

At the time of the inspection, the contractor was not on site.

In his response dated 2<sup>nd</sup> October 2015, the Controlling Officer stated that the contractor had not shown seriousness in executing the project and the consultant tried to call him for site meetings several times but failed to show up. Consequently, the consultant was advised to terminate the contract. He further reported that the Provincial Buildings Engineer was advised to re-measure the works so as to assess if the works done are worth the value of the advance payment of K43,915 paid to the contractor and that after re-measuring the works the contract should have been re-advertised and awarded to another contractor for continuation of the works not done.

However, as of October 2015, there was no documentary evidence availed to show that the contract for the rehabilitation of the office block had been terminated.

**Head:** 15/01 Ministry of Home Affairs  
**Unit:** 01 Prisons and Reformatories  
**Programme:** 4100 Prison Farm and Industries  
4101 Prison Infrastructure Development  
4024 Farm Management  
**Activity:** Various

19. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K48,028,650 was made to cater for various activities against which amounts totalling K35,295,559 were released resulting in an underfunding of K12,733,091.

#### **Accounting and Other Irregularities**

An examination of accounting and other records and a physical inspection of selected projects carried out during the period from July to September 2015 revealed the following:

**a. Unaccounted For Inputs – Mwinilunga State Prisons**

Contrary to Public Stores Regulation No. 16, there were no disposal details in respect of 80 x 50 kg Basal fertiliser, 80 x 50 kg Urea and 20 x 25 kg maize seed costing K40,758 received from the Ministry headquarters during the period under review by Mwinilunga State Prison.

**b. Infrastructure Development**

**i. Failure to Supply and Install Irrigation Pumps and Accessories – Mwembeshi Open Air Prison**

On 25<sup>th</sup> March 2014, Prime Procurement Limited was engaged to supply and install irrigation accessories at Mwembeshi farm at a total cost of K298,837 with a contract duration of four (4) weeks to 25<sup>th</sup> April, 2014. As of April 2014, the contractor had been paid the whole amount.

A physical verification carried out in September 2015 revealed that despite the supplier being paid in full, the irrigation pumps had not been supplied. As of October 2015, management had not taken action against the supplier.

**ii. Other Infrastructure Projects**

A scrutiny of records and physical verification of various projects carried out in September 2015 revealed the following:

Project Name/ Scope of works	Contractor	Contract Period	Start Date	Expected Completion Date	Period of Delay	Contract Amount K	Amount Paid K	Works Done	Outstanding Works
<b>Central Region</b>									
Construction of Storage shed at Kalonga Milling Plant	Glands Industries	27 weeks	5 <sup>th</sup> August, 2014	3 <sup>rd</sup> February, 2015	24 weeks (6 months)	4, 998,429.98	999, 686	<ul style="list-style-type: none"> <li>Construction of Foundation Box, Plastering of Plinth</li> <li>Installation of Steel Portal Frames</li> </ul>	<ul style="list-style-type: none"> <li>Construction of walls/ brick works</li> <li>Flooring, Roofing, All installation works</li> </ul> <p>The contractor was not found on site</p>
Construction of 3 x four bedroom High Cost Staff House – House # 1	Baluba Construction	16 weeks (4 months)	21/09/12	21/01/13	140 weeks (35 months)	666,827.74	496, 787.18	<ul style="list-style-type: none"> <li>House has been constructed up to wall plate level, Door frames have been fitted</li> <li>Electrical conduit pipes fitted, Primary plumbing works, Plastering inside and outside</li> </ul>	<p>The contractor has since abandoned the works and the contract has been recommended for termination.</p> <ul style="list-style-type: none"> <li>Sanitary fittings, Floor finishing, Ceiling board</li> <li>Secondary electrical installations</li> <li>Painting, Window frames</li> <li>Fitting of doors, External works</li> </ul>
Construction of 3 x four bedroom High Cost Staff	Limanya Enterprises	16 weeks (4 months)	21/09/12	21/01/13	140 weeks (35 months)	712, 022	481,730.92	<ul style="list-style-type: none"> <li>House has been constructed up to roof level</li> </ul>	<p>The contractor has since abandoned the works and the contract has been recommended for termination.</p> <ul style="list-style-type: none"> <li>Roofing, Plumbing works</li> <li>Electrical fittings, Air vents</li> </ul>

House – House # 2								<ul style="list-style-type: none"> <li>Plastered inside and outside</li> <li>Fitting of door frames</li> <li>Conduit pipes installed</li> </ul>	<ul style="list-style-type: none"> <li>Doors, Drainage, External works</li> </ul>
Construction of 3 x four bedroom High Cost Staff House – House # 3	Geomath Engineering	16 weeks (4 months)	21/09/12	21/01/13	140 weeks (35 months)	615, 342.88	295, 612.50	<ul style="list-style-type: none"> <li>House constructed up to wall plate level</li> </ul>	<p>The contractor has since abandoned the works and the contract has been recommended for termination.</p> <p>The rest of the works remained outstanding</p>
<b>Lusaka Region</b>									
Construction of Sewer Line at Mwembeshi Maximum Prison.  Scope of Works:  <ul style="list-style-type: none"> <li>Excavation of trench from Maximum prison to sewer ponds at open air prison.</li> <li>Levelling and laying of</li> </ul>	Simuliya Trading Limited	24 weeks	06.11.14	06.05.2015	24 weeks	1, 161,514.31	1, 161,514.31	<ul style="list-style-type: none"> <li>Sub structure</li> <li>Portal Frames have been installed,</li> <li>Roof Steel Purlins installed</li> <li>Electrical conduit pipes</li> <li>Plastering up to ring beam level</li> <li>External works including construction of manhole and septic tank</li> </ul>	<ul style="list-style-type: none"> <li>Only Part of the trench was excavated</li> <li>Levelling the base of the trench was not complete and the slope was not determined</li> <li>No inspection manhole chambers had been constructed</li> <li>Some portions of the line were not laid with pipes.</li> </ul>



pipes in the trench • Construction of inspection manholes chambers • Covering the laid pipes with gravel									
<b>North-Western Region</b>									
Construction of ablution block at Mwinilunga state prison	SAAD import and Export	24 weeks (6 months)	24/06/10	24/12/10	136 weeks (34 months)	320,000.00	304,000.00	Ablution block done up to roof level	Works had been abandoned in September 2012 at roof level
<b>Western Region</b>									
Construction of Two (2) Medium Cost Houses	Mutulafyalo Contractors	24 weeks	27/05/13	27/10/13	(20) months	614,221.00	569,605.00	The houses were constructed up to roof	The works were abandoned in May 2015. However, the following observations were made: <b>House No. 1</b> Ceiling decoration glazing, fitting of window stays and fasteners, electrical fitting, plumbing works and construction of septic tanks and soak away, Fitting wardrobes in the two (2) bedrooms, Painting and tiling were outstanding. In addition the aprons had developed cracks.

									<p><b>House No. 2</b></p> <p>The house was at roof level.</p> <p>Outstanding works, ceiling decorations, the , glazing and fitting of window stays and fasteners, electrical fittings, plumbing works and construction of septic tanks and soak away, Fitting wardrobes in the two (2) bedrooms, Painting and tiling</p> <p>In addition the aprons had developed cracks.</p>
Construction of Three (3) Medium Cost Houses	Venture Communications	28 weeks	27/05/13	27/12/13	21 months	1,125,000	337,500	The houses had been constructed up to ring beam level	<p>The contractor had abandoned the works since May 2015 and as of September 2015, the following was outstanding:</p> <p><b>House No. 1</b></p> <ul style="list-style-type: none"> <li>• Fitting the concrete lintel</li> <li>• Brick works up to roof level,</li> <li>• roofing, plastering</li> <li>• Fitting door and window frames, fitting doors and grille doors</li> <li>• Fitting of fascia boards and ceiling.</li> <li>• Glazing and fitting of window stays and fasteners</li> <li>• Wiring and electrical</li> <li>• Plumbing works and construction of septic tanks and soak away</li> <li>• Fitting wardrobes in the two (2) bedroom</li> <li>• Painting and tiling</li> </ul>

									<p><b>House No. 2</b></p> <ul style="list-style-type: none"> <li>• Fitting the concrete lintel</li> <li>• Brick works up to roof level,</li> <li>• roofing, plastering, Fitting door and window frames, fitting doors and grille doors. Fitting of facia boards and ceiling.</li> <li>• Glazing and fitting of window stays and fasteners</li> <li>• Wiring and electrical, Plumbing works and construction of septic tanks and soak away, Fitting wardrobes in the two (2) bedroom</li> <li>• Painting and tilling</li> </ul> <p><b>House No. 3</b></p> <ul style="list-style-type: none"> <li>• Brick works up to roof level, roofing, plastering</li> <li>• Fitting door and window frames, fitting doors and grille doors, Fitting of facia boards, ceiling the roof inside and on the two (2) verandas</li> <li>• Glazing and fitting of window stays and fasteners</li> <li>• Fitting sockets, bulb holders MCB at the main distributor</li> <li>• Plumbing works and construction of septic tanks and soak away, Fitting wall drops in the two (2) bedroom, Painting and tilling</li> </ul>
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**HEAD: 15/02 Ministry of Home Affairs – Prisons and Reformatories**

**UNIT: 01 Prisons And Reformatories**

**PROGRAMME: Various**

**ACTIVITY: Various**

20. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K35,181,530 was made to cater for Recurrent Departmental Charges for the Prisons and Reformatories Headquarters and Regional Offices against which amounts totalling K27,999,580 were released resulting in an underfunding of K7,181,950 as shown in the table below.

Station	Total Budget K	Released K	Over / (Under) Funding K
<b>Prisons HQ</b>	19,188,016	17,876,761	(1,311,255)
<b>Lusaka</b>	1,785,154	1,117,616	(667,538)
<b>Copperbelt</b>	2,065,660	805,000	(1,260,660)
<b>Northern</b>	1,631,329	1,015,333	(615,996)
<b>Western</b>	1,433,772	917,541	(516,231)
<b>Eastern</b>	1,561,887	1,120,472	(441,415)
<b>Luapula</b>	1,636,206	775,000	(861,206)
<b>North-Western</b>	1,590,878	1,093,818	(497,060)
<b>Southern</b>	1,625,439	1,090,000	(535,439)
<b>Katombora</b>	1,982,517	1,566,039	(416,478)
<b>Muchinga</b>	680,672	622,000	(58,672)
<b>Total</b>	<b>35,181,530</b>	<b>27,999,580</b>	<b>(7,181,950)</b>

According to the financial statement (Statement “C”), as of 31<sup>st</sup> December 2014, amounts totalling K27,999,580 had been spent.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at Prisons and Reformatories Headquarters and Regional Offices carried out during the period from July to September 2015 revealed the following:

##### **a. Failure to Reimburse Borrowings**

On 3<sup>rd</sup> June 2014, an amount of K100,000 meant for Dismantling of Arrears was transferred to Prisons Industries Revolving Fund (PIRF) Account as a borrowing to cater for the procurement farming inputs. However, as of October 2015, the borrowed funds had not been reimbursed.

##### **b. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, fifty three (53) payment vouchers in amounts totalling K257,587 processed during the period under review were not availed for audit. See table below.

Station	No. of Payments	Amount K
Prisons HQ	6	141,328
Lusaka Region	26	40,848
Southern Region	14	51,627
Katombora Reformatory School	7	23,783
<b>Total</b>	<b>53</b>	<b>257,587</b>

**c. Unsupported Payments**

Contrary to Financial Regulations Nos. 45 and 52, one hundred and twenty eight (128) payments in amounts totalling K456,647 made during the period under review were not supported with relevant documents such as invoices and Local Purchase Orders, among others. See table below.

Station	No of Payments	Amount K
Lusaka Region	91	319,049
Luapula Region	10	33,780
Muchinga Region	3	6,000
Southern Region	10	44,812
Katombora Reformatory	14	53,006
<b>TOTAL</b>	<b>128</b>	<b>456,647</b>

**d. Misapplication of Funds**

Contrary to the Appropriation Act of 2013, a total amount of K3,481,511 was spent on activities such as Parole Board, Joint meetings, travelling to foreign countries for conferences, repatriation benefits, food rations and purchase of furniture, Prison Day Celebration, Purchase of Airtime, attending to grievances, and annual balls activities which were not related to the purpose for which the funds were appropriated.

**e. Failure to Remit Tax**

Contrary to the Income Tax Act Cap 323, Pay As You Earn (PAYE) in amounts totalling K457,139 deducted from various employees' payments for leave travel benefits, commutation of excess leave days and terminal benefits made during the period under review had not been remitted to ZRA as of October 2015. See table below.

Station	PAYE Deducted K
Prisons Headquarters	385,585
Southern	41,382
Muchinga	30,172
<b>Total</b>	<b>457,139</b>

**f. Failure to Deduct Tax Due to ZRA – Lusaka Region**

Contrary to the Income Tax Act, during the period under review, amounts totalling K32,522 were paid as settling in allowances to two (2) officers without deducting PAYE.

**g. Failure to Report Road Traffic Accidents to the Standing Accidents Committee**

Contrary to Public Stores Regulation No. 122 (2) which requires that all accidents which take place outside Lusaka be reported to the Standing Accident Committee, four (4) motor vehicles that were involved in road traffic accidents between 2008 and 2015 were not reported to the Standing Accidents Committee.

As of October 2015, no insurance claims had been made by Prisons and Reformatories Service Headquarters from the insurance service provider despite the vehicles being comprehensively insured.

**h. Failure to Insure Motor Vehicles – Copperbelt Region**

A review of documents revealed that sixteen (16) motor vehicles and nine (9) motor cycles at the Copperbelt Provincial Regional Office Command had not been insured as of October 2015.

**i. Engagement of Supplier without Clearance from the Attorney General**

In July 2013, Bedi Investment Limited, an international company based in Kenya was engaged for the supply and delivery of uniforms and accessories for Prisons Service Pass-Out Parade at a contract price of US\$235,387.50 with a delivery period of four (04) weeks, commencing 10<sup>th</sup> July to 10<sup>th</sup> August, 2013. As of October 2015, the supplier had been paid amounts totalling K1,400,000 (US\$212,429.64).

However, contrary to section 54 (2) (e) of the ZPPA Act of 2008, the Attorney General was not consulted before the contract was entered into with Bedi Investment Limited for the procurement of uniforms and accessories.

**j. Staff Uniforms Distributed by HQ but not Received by the Intended Stations**

A verification exercise conducted in August 2015 at selected stations in Central and Western Regions revealed that staff uniforms and accessories costing K12,222 (US\$1,854.70) had not been received in Western Province despite the records at Prisons and Reformatories Headquarters indicating that the items had been sent to the said station.

**k. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K803,102 (General Stores – K456,102 and Fuel – K347,000) procured during the period under review were unaccounted for in that there were no receipt and disposal. See table below.

<b>Station</b>	<b>General Stores K</b>	<b>Fuel K</b>	<b>Total K</b>
Prisons HQ	94,829	-	94,829
Lusaka Province	64,235	-	64,235
Luapula Province	29,280	142,000	171,280
Southern Province	59,779	94,000	153,779
Katombora Reformatory School	190,029	86,000	276,029
Western Province	7,000	-	7,000
Muchinga Province	10,949	25,000	35,949
<b>Total</b>	<b>456,102</b>	<b>347,000</b>	<b>803,102</b>

**i. Unretired Accountable Imprest**

Contrary to financial Regulation No. 96, accountable imprest in amounts totalling K569,300 issued to one hundred and fifteen (115) officers during the period under review had not been retired as of October 2015. See table below.

<b>Station</b>	<b>No of Officers</b>	<b>Amount K</b>
Prisons HQ	14	182,641
Lusaka Province	7	31,242
Luapula Province	28	157,650
Southern Province	14	49,730
Katombora Reformatory School	16	64,558
Western Province	7	20,100
Muchinga Province	10	63,380
<b>TOTAL</b>	<b>96</b>	<b>569,300</b>

**m. Failure to Avail Activity Reports**

During the period under review, imprest in amounts totalling K843,279 was issued to twenty nine (29) officers in order to cater for various activities such as travelling abroad to attend conferences, monitoring, inspection of projects and benchmarking among others. However, there were no activity reports availed for audit making it not possible to ascertain whether the activities were undertaken.

**n. Unauthorised Paid Study Leave**

Contrary to the Terms and Conditions of Service for the Public Service No.121 (a), during the period under review, ten (10) officers proceeded on paid study leave for periods ranging from one (1) to five (5) years without authority from the Public Service Management Division (PSMD).

**HEAD: 15/02 Ministry of Home Affairs – Prisons and Reformatories**

**UNIT: 01 Prisons And Reformatories**

**PROGRAMME: 4100 Prison Farms and Industries**

**ACTIVITY: 001 Animal Husbandry Management**

**005 Industrial Workshop**

21. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K300,000 was made to cater for Animal Husbandry Management and Industrial Workshop at the Prisons and Reformatories and the whole amount was released. See table below.

Activity	Budget K	Funding K
Animal Husbandry Management	200,000	200,000
Industrial Workshop	100,000	100,000
<b>Total</b>	<b>300,000</b>	<b>300,000</b>

In addition, during the period from January to December 2014, amounts totalling K5,822,085 were generated from the Prisons Industries Revolving Fund (PIRF) activities bringing the total income to K6,122,085.

As of 31<sup>st</sup> December 2014, amounts totalling K6,039,947 were spent.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at Prison Headquarters and other State Prisons revealed the following:

##### **a. Failure to Collect Funds from Sale of White Maize**

On 8<sup>th</sup> December 2014, The Zambia Prison Service, Eastern Province Regional Office sold 9,146 x 50 kg bags of white maize at a contract sum of K548,760 to Flowrena Mining Limited of Lusaka. According to the agreement, the Flowrena Mining Limited was required to settle the account in full upon collection of maize.

However, despite the buyer having collected the maize in December 2014, as of October 2015, only K169,140 had been paid leaving a balance of K379,620 and no action was taken by Management to recover the outstanding amount.

##### **b. Unaccounted for Funds**

During the period under review, there were drawings in amounts totalling K5,000 made from the Prison Industry Revolving Fund (PIRF) Account. However, as of October 2015, no expenditure details were availed for audit and no cash was found on hand.



**c. Misapplication of Funds**

During the period under review, amounts totalling K978,378 meant for PIRF activities was applied on unrelated activities such as purchase of reflective printed vests for security officers, payment for accommodation and meals for Prisons' day event, purchase of sports requirements for Prisons' day event and purchase of the music system for the brass band, presidential funeral at Headquarters and for operations at Lundazi State Prison.

**d. Unsupported Payments**

Contrary to Financial Regulation Nos. 45 and 52, eighty two (82) payments in amounts totalling K1,453,891 made during the period under review were not supported with relevant documents such as receipts and LPOs among others.

**e. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K189,019 issued to twenty one (21) officers during the period under review had not been retired as of October 2015.

**f. Failure to Avail Activity Reports**

During the period under review, imprest in amounts totalling K182,283 was issued to six (6) officers to enable them undertake various activities such as monitoring various projects. However, there were no activity reports availed for audit.

**g. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, various stores items costing K345,098 (general stores – K54,814 and fuel – K290,284) procured during the period under review were not accounted for in that there were no receipt and disposal details.

**h. Delayed Banking**

Contrary to Financial Regulation No. 121, there were delays of periods ranging from two (2) to nineteen (19) days in the banking of revenue amounting to K346,475 collected at Kalonga Milling Plant during the period under review.

**HEAD:** 17 Ministry of Foreign Affairs

**DEPARTMENTS:** Various

**PROGRAMMES:** Various

**ACTIVITIES:** Various

22. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a total authorised provision of K70,314,106 was made to cater for various programmes under Ministry Headquarters, against which amounts totalling K51,035,308.30 were released as shown in the table below:

Department	Original Budget K	Supplimentary K	Total Authorised K	Releases K	Variance K
Hq	43,664,581	13,059,437	56,724,018	40,259,830	16,464,188
ZIMAC	2,779,910		2,779,910	1,963,065	816,845
DC & IO	3,181,560		3,181,560	2,575,352	606,208
Protocol	2,302,674		2,302,674	1,642,543	660,131
Political Affairs	3,272,175	83,013	3,355,188	3,044,596	310,592
Great Lakes	1,406,277	564,480	1,970,757	1,549,923	420,834
<b>Total</b>	<b>56,607,177</b>	<b>13,706,929</b>	<b>70,314,106</b>	<b>51,035,308</b>	<b>19,278,798</b>

According to the financial statements (Statement C), the Ministry had spent amounts totalling K43,084,840 as at 31<sup>st</sup> December 2014.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters carried out between February and May 2015, revealed the following:

##### **a. Expenditure Incurred on Undeployed Staff**

During the period January 2012 to March 2015, fourteen (14) Diplomats who were serving in the Diplomatic Foreign Service were recalled to Zambia. However, as of March 2015, the Diplomats had not yet been redeployed and the officers had been paid salaries in amounts totalling K1,862,061 while awaiting redeployment in the Civil Service.

In his response dated 17<sup>th</sup> August 2015, the Controlling Officer stated that some officers had since been redeployed to other ministries and out of the fourteen (14) officers, only two (2) officers were awaiting redeployment.

However, the expenditure of K1,862,061 was made on officers who had provided no service to the Government and therefore wasteful.

**b. Payment of Leave Terminal Benefits in Excess of Entitlement**

According to the Terms and Conditions of Service for the Public Service No. 104 (a), a division one officer may accumulate leave up to a maximum of 230 days, the excess of which must be forfeited to the Government.

On 27<sup>th</sup> January 2014, the Assistant Director under Development and International Organisation, a Division One officer, submitted an application for leave which showed that he had accumulated a total of three hundred and forty six (346) days, out of which one hundred and sixteen (116) days were supposed to be forfeited. However, a total of 120 out of the 346 days were commuted for cash leaving a balance of two hundred and twenty six (226) days, which were carried forward.

In October 2014, the officer made another submission claiming for terminal leave days on all the 226 days carried forward and a sum of K89, 215 was paid. As a result, the Ministry irregularly paid the officer for the one hundred and ten (110) days valued at K38,366, which should have been forfeited to the Government.

**c. Non Recovery of Salary Advances**

Contrary to the Terms and Conditions of Service for the Public Service No. 92, recoveries in respect of salary advances in amounts totalling K47,000 involving two (2) officers paid during the period under review had not been effected as of September 2015.

**d. Misapplication of Funds**

Financial Regulation No. 31 (1) states that where excess expenditure on one item can be met from savings on another item within the programme, not being a programme for personal emoluments, an application for Treasury Authority shall be submitted for approval to the Secretary to the Treasury.

However, contrary to the Regulation, amounts totalling K1,299,218 meant for missions abroad were applied on unrelated activities at the Headquarters such as the procurement of labour day uniforms, budget preparation expenses and settlement of utility bills without obtaining authority.

**e. Wasteful Expenditure on Storage Charges**

On 24<sup>th</sup> December 2013, the Ministry Procurement Committee granted authority to the Director Human Resource and Administration (HRA) to pay Damco (Z) Ltd a total sum of K107,844 for extra port storage and truck detention charges for household goods belonging to two (2) diplomats who were recalled from Cairo, Egypt.

The containers had incurred the extra charges due to late submission of the bill of lading

by the Mission in Cairo. The Ministry paid the whole amount.

The payment of the storage charges was wasteful as there was no justification provided by the Embassy in Cairo for the delays in sending the Bill of Lading.

**f. Irregular Payment of Accommodation Bills**

On 16<sup>th</sup> May 2013, the President appointed an Ambassador at the Embassy of the Republic of Zambia in Cairo, Egypt. On 22<sup>nd</sup> July 2013, the Acting Senior Human Resources Management Officer – Ministry of Foreign Affairs Headquarters, wrote to the Chief Purchasing and Supplies Officer informing him that the Appointee was required to attend training at the Zambia Institute of Diplomacy and International Studies (ZIDIS) for a period of four (4) weeks with effect from 22<sup>nd</sup> July 2013.

On 5<sup>th</sup> November 2013, the Director of Human Resource and Administration was granted authority to pay for lodging facilities for the Appointee who took up accommodation at the Mulungushi Village Complex Ltd while attending his ZIDIS training and subsequent swearing in as Ambassador to Egypt. A review of the payment vouchers and other supporting documents, however revealed that although the training and authority were for a period of four (4) weeks, the Appointee stayed at the Mulungushi Village for fifty eight (58) days. Consequently, the total accumulated bill for the whole period amounted to K26,804 and was paid on 7<sup>th</sup> May 2014.

However, there was no authority provided to justify the payment of K12,308 for the extra twenty eight (28) days that the Appointee had stayed at the lodge, rendering the payment irregular.

Although in his response dated 17<sup>th</sup> August 2015, the Controlling Officer stated that after completion of training at ZIDS the officer was advised to stay awaiting to be sworn in a ceremony at State House, there was no evidence provided to that effect.

**HEAD: 17/02 Ministry of Foreign Affairs - Mission Abroad - Lubumbashi**

**Programmes: Various**

**Activities: Various**

**23.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K8,826,994 was made to cater for various activities against which amounts totalling K6,497,194 were released resulting in an under funding of K527,532.

According to the Financial Statements (Statement “C”), the Mission spent amounts totalling K5,153,334 as at 31<sup>st</sup> December 2014.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission and a physical inspection of properties carried out in April 2015 revealed the following:

#### **a. Revenue Collections**

During the financial year under review, the Mission collected amounts totalling K2,006,380 (US\$336,810) from the sale of Passports, Visas and Travel Documents of Identity (TDI) against revenue targets of K2,264,462 (US\$380,134) resulting in an under collection of K258,081 (US\$43,324).

#### **b. Employment of Locally Engaged Staff (LES) without Authority**

In Paragraph 18 of the Auditor General’s Report for the financial year ended 31<sup>st</sup> December 2013 mention was made on the failure by the Ministry to normalise the excess staff on the locally engaged staff establishment. A review of the situation carried out in April 2015 revealed that the Mission had engaged eighteen (18) LES against an establishment of sixteen (16). The excess LES were employed without authority from the Secretary to Cabinet and as of December 2014, amounts totalling K69,066 (US\$10,800) had been paid as salaries.

Further, during the period under review, two (2) Locally Engaged Staff (LES) whose contracts ended on 31<sup>st</sup> December 2013 and 18<sup>th</sup> August 2014 were still in employment as at 31<sup>st</sup> December 2014 and amounts totalling K49,839 (US\$8,005) had been paid to them as salaries.

#### **c. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, there were no receipt and disposal details in respect of various stores items costing K124,872 (US\$19,995.88) procured during the period under review.

#### **d. Inventory not Inscribed with GRZ Identification Marks**

Contrary to Public Stores Regulation No.154, furniture costing K 228,703 (US\$36,246.00) procured during the period under review was not inscribed with GRZ identification marks.

**e. Rehabilitation of Mission Properties**

The Mission has a total number of seven (7) properties. These consist of the Chancery, the Residence and five (5) staff houses. The five (5) staff houses are; 6 Tshinyama Avenue, 1332 Kapenda Avenue, 18 Kamayola Avenue, 6 Lundula Avenue and 25 Biyayi Avenue.

In July 2013, the Mission engaged Messrs New Era Investment Limited to rehabilitate the Chancery, the Residence, staff houses and other associated external works at a contract sum of K10,086,589 (US\$1,576,029.54) for a period of six (6) months. The scope of works included the rehabilitation of the Chancery, the Residence and five (5) staff houses, and construction of new Servants Quarters, Guard House and associated external works. The contractor took possession of the site on 2<sup>nd</sup> September 2013 and works were expected to be completed by March 2014. The contractor requested for an extension and building departments extended the works to 30<sup>th</sup> April 2015. As of April 2015, the contractor had been paid K4,576,030 (\$778,790.82) representing 49% of the contract price leaving a balance of US\$972,353.11.

However, the following were observed:

- **Questionable Contract Documents and Other Irregularities**

Although the contractor had been paid amounts totalling K5,034,102 (US\$841,526.68) representing 53% of the contract price, there were no inspection reports from the Buildings Department.

- **Outstanding Works**

Although the rehabilitations were complete, the following outstanding works and other observations were made:

- **House No. 6 Lundula Avenue**

- Shelving - timber shelves and doors in 3 bedrooms and kitchen costing US\$6,150 not fitted,
- Hand drier costing US\$1,750 not fitted,
- 18000BTU/hr single split air conditioner complete with all accessories costing \$3,500 not fitted,
- Glazing works in the master bedroom, bedroom 1 and 2, toilet, kitchen, lounge and dining costing US\$1,105 were not carried out,
- Light fittings 3500mm height above floor level (7) costing US\$2,450 were not fixed,

- The car port decorated steel gate costing US\$1,750 was not supplied, and
  - External water reticulation costing US\$15,500 was not done and the borehole drilled had collapsed.
- **House No. 18 Kamanyola Avenue**
- Shelving - timber shelves and doors in 3 bedrooms and kitchen costing US\$6,150 were not fitted,
  - Carport decorated steel gates costing US\$1,750 not fitted,
  - Phillips toilet hand drier costing US\$1,750 not fitted,
  - 18000BTU/hr single split air conditioner complete with all accessories costing US\$3,500 not fitted, and
  - Glazing works in the master bedroom, bedroom 1 and 2, toilet, kitchen, lounge and dining costing US\$1,275 were not carried out.
- **House No. 26 Luvua Avenue (Residence)**
- Making good to existing roof slabs by painting with two coats of aluminium reflective waterproofing paint costing US\$64,500 was not done,
  - Carport and entrance decorated steel gates costing US\$5,250 not fitted,
  - Plumbing installations for outside toilet costing US\$875 not carried out,
  - Phillips toilet hand drier in ground floor toilet costing US\$1,750 not fitted,
  - Phillips toilet hand drier in ground floor (2) toilet costing US\$1,750 not fitted,
  - 18000BTU/hr single split air conditioner complete with all accessories costing US\$3,500 not fitted, and
  - Fixing of high grade porcelain floor tiles and high grade ceramic wall tiles costing US\$1,660 was not carried out.
- **House No. 1332 Kapenda Avenue**
- Shelving - timber shelves and doors in 3 bedrooms and kitchen costing US\$6,000 not fitted,
  - Metal Works on the Balcony and stair cases and landings costing

US\$2,790 not carried out,

- Two Phillips hand driers for first floor toilet and ground floor toilet costing US\$3,500 were not fixed,
- 18000BTU/hr single split air conditioner complete with all accessories costing US\$3,500 not fitted, and
- Glazing works in the master bedroom, bedroom 1 and 2, toilet, kitchen, lounge and dining costing US\$1,615 were not carried out.

○ **House No. 6 Tshinyama Avenue**

- Timber shelves and doors in 3 bedrooms and kitchen costing US\$6,150 not fitted,
- Decorated steel gates costing US\$1,750 were not fitted,
- Phillips toilet hand drier costing US\$1,750 not fixed,
- 18000BTU/hr single split air conditioner complete with all accessories costing US\$3,500 not fitted, and
- Supply and fixing of 600 x 600mm high grade porcelain tiles on the veranda costing US\$1,920 was not done.

○ **The Chancery**

- Ceramic wall tiles in the toilet and bathrooms not fixed,
- 1 Carpentry, joinery and ironmongery works costing US\$1,900 had not been done, and
- Electrical installations costing US\$21,720 had been not done.

○ **Servants Quarters (x 4)**

- Supply and fixing of single bowl asbestos cement wash troughs to four (4) servant quarters costing US\$680 (US\$170 each) was not done, and
- 12000BTU air-conditioning units complete with all accessories (x 2 in each quarter) costing US\$20,000 were not fitted.

● **Use of Poor Materials Not Recommended in the Bill of Quantity**

Although the rehabilitations were complete and handed over to the consulate in August 2015, the contractor used poor materials not recommended in the BOQ as observed below:



- **House No. 6 Lundula Avenue**
  - Ten (10) ordinary flush doors were fixed instead of decorated semi solid core flush doors costing US\$4,150.
  - Ten (10) wood timber pelmets costing US\$11,350 were not fixed instead light weight poor quality curtain rails were fixed.
  - Particle board ceiling had been fixed in the lounge, dining and breakfast rooms instead of the 8mm thick decorated rhino boards costing US\$1,975.
  - Contractor used ordinary paint and not washable and gloss finish as quoted in the BOQ. The costing of the painting was US\$8,021
  - Sanitary fittings that were used were not according to the specifications. The cost implication was US\$5,750.
  
- **House No. 18 Kamanyola Avenue**
  - Ten (10) ordinary flush doors were fixed instead of decorated semi solid core flush doors costing US\$4,150.
  - Twelve (12) wood timber pelmets costing US\$11,350 were not fixed instead light weight curtain rails were fixed.
  - The toilet and the bath tub fitted were not according to the specifications. The cost implication was US\$1,150.
  - Contractor used ordinary paint and not washable and gloss finish as quoted in the BOQ. The cost of paint was US\$6,075.
  
- **House No. 26 Luvua Avenue (Residence)**

Plumbing installations supplied and fixed in ground floor toilet room costing US\$800 were not of the standard specified in the Contract
  
- **House No. 1332 Kapenda Avenue**
  - Eight (8) ordinary flush doors were fixed instead of decorated semi solid core flush doors costing US\$3,200.
  - Nine (9) wood timber pelmets costing US\$10,600 were not fixed instead light weight curtain rails were fixed
  - The toilets, bath tub and wash down fixed were not according to the specifications as compared to what was quoted in the BOQ. The cost implication was US\$1,950.

- Borehole was sunk at the residence costing US\$15,500 without a borehole siting and completion report issued.
- **House No. 56 Tshinyama Avenue**
  - Roofing sheets fixed to softwood purlins on trusses costing US\$43,860 were not according to the specifications in the BOQ.
  - Ordinary flush doors (10) were fixed instead of decorated semi solid core flush doors costing US\$4,550.
  - Wood timber Pelmet(8) costing US\$9,050 were not fixed instead light weight curtain rails were fixed
  - The toilets, bath tub and wash down fixed were not according to the specifications as compared to what was quoted in the BOQ. The cost implication was US\$1,150
  - Contractor was to fix 8mm thick decorated rhino boards in lounge, dining room and breakfast room costing US\$1,650 instead fitted particle board ceiling.
  - Supply and fixing of 600 x 600mm high grade porcelain tiles on the veranda costing US\$1,920 was not done.
  - Borehole costing US\$15,500 was drilled but there was no citing and completion report.

○ **Kitchen Units (x 6)**

The Kitchen Units supplied in all the houses were not according to the specifications in the BOQ. See picture below.



○ **Construction of the Wall Fences**

The quality of the pan bricks used for construction of wall fences at three (3) staff houses numbers 18 Kamanyola Avenue, 1332 Kapenda Avenue and 6 Lundula at a total price of US\$53,005.40 was questionable as the bricks easily broke when handled. See picture below.



Further, it was observed that the Contractor had raised a separate bill for the construction of wall fences when it was already included in the BOQ. The works were still ongoing.

○ **Screening Room**

A screening room was constructed outside the Chancery without authority. However, the cost implication of this unauthorised construction could not be determined due to lack of records.

**HEAD: 17/03 Ministry of Foreign Affairs, Mission Abroad - Washington DC**

**Programmes: Various**

**Activities: Various**

24. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2013 and 2014, total provisions of K16,984,262 and K17,036,404 were made respectively to cater for various programmes against which amounts totalling K16,659,073 and K15,487,002 were released resulting in under fundings of K325,189 and K1,549,402. See table below.

<b>Year</b>	<b>Budget Provisions K</b>	<b>Releases K</b>	<b>Variance K</b>
2013	16,984,262	16,659,073	325,189
2014	17,036,404	15,487,002	1,549,402
<b>Total</b>	<b>34,020,665</b>	<b>32,146,075</b>	<b>1,874,591</b>

According to the Financial Statements (Statement C), the Mission spent amounts totalling K16,659,073 (2013) and K15,487,002 (2014) as of 31<sup>st</sup> December 2013 and 2014 respectively.

**Accounting and Other Irregularities**

An examination of the accounting and other records maintained at the Ministry Headquarters and the Mission carried out in April 2015 revealed that contrary to Foreign Service Regulations and Conditions of Service (2007) No. 52 which states that in case of rented accommodation, rentals will be paid directly to the Landlords at the rates indicated in schedule J, the Mission made excess payments in amounts totalling K189,000 (US\$33,000) involving twenty seven (27) transactions towards rentals for the Ambassador’s residence from January 2013 to April 2015.

**HEAD: 17/04 Ministry of Foreign Affairs - Mission Abroad - New York**

**Programmes: Various**

**Activities: Various**

25. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2013 and 2014, total provisions of K17,672,361 and K14,998,818 were made respectively to cater for various activities against which amounts totalling K17,484,839 and K14,260,962 were released as tabulated below.

<b>Year</b>	<b>Budget Provisions K</b>	<b>Releases K</b>	<b>Variance K</b>
2013	17,672,361	17,484,839	187,522
2014	14,998,818	14,260,962	737,857
<b>Total</b>	<b>32,671,179</b>	<b>31,745,800</b>	<b>925,379</b>

According to the Financial Statements (Statement C), the Mission spent amounts totalling K17,484,839 and K14,260,962 as of 31<sup>st</sup> December 2013 and 2014 respectively.

#### **Accounting and Other Irregularities**

An examination of the accounting and other records maintained at the Ministry Headquarters and the Mission carried out in April 2015 revealed that the Mission owns two properties namely the official residence located at 201 Wyndcliff Road Scarsdale NY 10583 and the Chancery located at 237 East of 52<sup>nd</sup> Street in Manhattan, New York City.

In the Auditor General's report on the accounts for the financial year ended 31<sup>st</sup> December 2012, mention was made of the deplorable state of the residence.

The Ministry had granted the Mission authority for the Permanent Representative to secure rented accommodation for an initial period of one (1) year, 2<sup>nd</sup> February 2012 to 31<sup>st</sup> January 2013, during which the residence was expected to be rehabilitated.

A physical inspection carried out in April 2015 revealed that the property had not been rehabilitated and remained unoccupied since January 2012 and the Permanent Representative was still staying in a rented property.

In this regard, during the period from February 2012 to March 2015, the Mission paid a total amount of K2,531,178 (US\$372,232) in respect of rentals for the Permanent Representative.

The condition of the house has continued to deteriorate as seen in the pictures below.



*Cracked basement wall*



*Rotten ceiling in one of the bedrooms*



*Rotten wood panels on the veranda*

**HEAD: 17/06 Ministry of Foreign Affairs – Mission Abroad - London**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**26.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K21,134,796 was made to cater for various activities at the Mission against which amounts totalling K20,404,484 were released as shown below.

<b>Programme</b>	<b>Budget Provisions K</b>	<b>Releases K</b>	<b>Variance K</b>
Personal emoluments	20,827,297	20,254,416	572,881
General Administration	172,771	131,068	41,703
Events	50,678	-	50,678
Political and Economic Relations	84,050	19,000	65,050
Infrastructure Development	-	-	-
<b>Total</b>	<b>21,134,796</b>	<b>20,404,484</b>	<b>730,311</b>

According to the Financial Statements (Statement C), a total amount of K 18,371,204 had been spent as of 31<sup>st</sup> December 2014.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in April 2015 revealed weakness in internal controls that included among others the following:

- i. Cash Flow management was poor and consequently the mission operated an unauthorised overdraft on the main account and also failed in a number of instances to pay suppliers of goods and services.
- ii. Borrowings/transfers of funds from one account to the other without authority of the warrant holders and the Secretary to the Treasury.

- iii. Poor record keeping resulting in missing of personal files containing vital information for audit purposes. The personal files for the former Deputy High Commissioner were missing both at the Mission and the Ministry Headquarters.
- iv. The Mission failed to claim VAT refunds on payments made for goods and services.

As a result of the above weaknesses, the following were observed:

**a. Revenue**

**i. Failure to Prepare Bank Reconciliations**

Contrary to Financial Regulation No.138 which requires that Bank reconciliations for all Government accounts must be prepared and submitted to the Secretary to the Treasury within fifteen (15) days of the following month, it was observed that no bank reconciliations were being prepared and submitted for the revenue account of the Zambian Mission in London. As a result, a review of receipt forms, cashbooks and bank statements provided revealed that twenty (20) revenue transactions paid under the Visa option with a face value amounting to K27,170 (£2,717) collected during the period under review could not be traced to the bank statement.

**ii. Unauthorised Transfers**

Contrary to Financial Regulation No. 139 (2), which requires that all Ministries, Provinces and Spending Agencies which are not near the Bank of Zambia banking facilities or the Ministry responsible for finance shall notify the Secretary to the Treasury in writing of all transfers of public moneys between accounts at the same bank or in different banks”, it was observed that transfers from the revenue account involving ten (10) transactions amounting to K2,831,243 (£273,493.26) were not supported by authority from either the Secretary to the Treasury or the Permanent Secretary, Foreign Affairs.

As of March 2014, only K258,804 (£25,000) was refunded, as well as deductions of K2,480,515 (£239,613.47) from the Ministry HQ’s funding remittances, bringing the total refunded amount to K2,739,318 (£264,613.47). This resulted in amounts totalling K91,925 (£8,880.79) not having been refunded to the revenue account as of April 2015.

It was further observed that advance recoveries on the revolving fund in amounts totalling K200,667 (£20,066.70) remained in the main account and as of April 2015, the funds had not been reimbursed.

## **b. Expenditure**

### **i. Unauthorised Overdrafts - Main Account**

The Public Finance Act of 2004, states that ‘a person shall not permit a bank account in respect of public moneys to be overdrawn or arrange for an overdraft without the written approval of the Secretary to the Treasury.

However, contrary to the provisions of the Act, the Main Account was overdrawn by amounts ranging from K20,100 (£2,010) to K168,310 (£16,831) during the months of December 2014 and March 2015 without the authority of the Secretary to the Treasury.

### **ii. Unclaimed Value Added Tax (VAT)**

Although the Mission is exempt from paying Value Added Tax (VAT) and that all VAT paid on purchase of goods and services is supposed to be claimed back, the Mission did not claim VAT in amount totalling K863,700 (£86,071) during the period under review.

### **iii. Failure to Reimburse Funds**

During the period under review, the Ministry of Defence Headquarters transferred a total amount of K1,131,890 (£113,180) to the London Mission for payment of allowances, rentals and Recurrent Departmental Charges (RDC’s) for the Defence Attaché. However, rather than sending the funds into the Defence Attaché’s Account, the funds were transferred into the main account of the Mission.

The Mission subsequently utilised the funds on administrative costs without the knowledge and authority of the Defence Attaché’, and as of April 2015, the funds had not been reimbursed. See table below.

<b>Date</b>	<b>Amount K</b>
22/10/14	6,793
13/8/14	6,517
15/7/14	6,576
12/5/2014	11,816
14/4/14	11,926
<b>Total</b>	<b>43,627</b>

### **iv. Failure to Pay Suppliers of Goods and Services in Time**

The Mission was owing a total of K4,120,153 (£407,936) to various suppliers of goods and services as at 14<sup>th</sup> April 2015, with some of the debts having been outstanding since 2012. Out of the total amount owed, a total amount of K3,007,599 (£297,782.08)

was owed to one contractor that did some rehabilitation works on the Chancery and the Residence in 2012 and 2013.

Due to the delays in settling the debt, the contractor, in 2014 threatened to take the matter to court and claim interest amounting to £87,489 on the outstanding bill.

In July 2013, the Mission having entered into a time to pay agreement with the Contractor which provided among other things for the outstanding works to be completed at Green Banks Official Residence as well as 2 Place Gate Kensington Chancery and the waiving of the interest payment. However, as of April 2015, the Mission had not honored the terms of the agreement.

**v. Failure to Claim Security Deposit**

In 2011, through Circular No.13/2011 dated 10<sup>th</sup> February 2011, the Ministry decided that payments of security deposits on rented accommodation should be the responsibility of officers who should claim it back when vacating the house. However, where security deposit has been paid by the Mission on behalf of the officer, the payment shall be treated as an advance to that particular officer to be recovered in six (6) monthly instalments.

A review of payment vouchers and advance registers revealed that a security deposit of K49,500 (£4,950) was paid by the Mission on behalf of the former Deputy High Commissioner.

In line with the provisions of the circular, the security deposits should have been paid by the responsible officer. However, as of April 2015, no recoveries had been effected.

**vi. Weaknesses in the Management of the Revolving Fund Account**

Although the Mission had a revolving fund account from which advances were paid to staff at the Embassy, the Mission was not aware of the authorised cash float for the revolving fund at the Mission. This made it difficult to monitor the amount of money that should have been in the revolving fund account.

The following other irregularities were observed:

- **Failure to Prepare Cashbook and Bank Reconciliations**

Contrary to Ministry of Finance Treasury and Financial Management Circular No.1 of 2014 which requires that Controlling Officers ensure that cashbooks are maintained for all bank accounts under their charge, the Mission did not maintain a cash book and bank reconciliations were not done.



- **Non-recovery of Salary Advances**

A total amount of K264,050 (£24,900) was paid out to four (4) members of staff as salary advances between February and December 2014. However, as of April 2015, no recoveries had not been effected.

- **Misapplication of Funds**

During the period under review, the Mission paid amounts totalling K78,528 (£7,598.66) from the revolving fund account to cater for various services such as subsistence allowances, telephone charges among others which could have been paid from the main account.

**vii. Failure to Sign Contracts – IT Service Providers**

During the period under review, the Mission paid amounts totalling K62,513 (£5,450.24) in respect of email account charges and works carried out on the mission Personal Computers (PCs) and Servers. A London based company was engaged to work on the Mission computers and was paid K12,922 (£1,140.24).

Further, an IT Assistant, who was neither a diplomat nor a locally engaged staff, was also engaged to provide IT services on the same mission computers and was paid K49,591 (£4,310). It was however observed that on both incidences, no contracts were entered into between the Mission and the suppliers contrary to the procurement regulations.

**viii. Management of Transport**

During the period under review, the Mission owned seven (7) motor vehicles, out of which six (6) were runners and one (1) was a non-runner. The motor vehicles were bought between 2005 and 2009. Details are in the table below:

Make	Model	Registration No.	Year of Purchase	Status
Mercedes Benz	S320	ZAM1	2009	Runner
Mercedes Benz	Viano	282D300	2009	Runner
Mercedes Benz	Sprinter	282D286	2006	Non - Runner
Lexus	GS300	282D284	2005	Runner
Toyota	Previa	282D283	2005	Runner
Volvo		282D287		Runner
Land Rover		282D314		Runner

A review of the motor vehicles files and other relevant records revealed the following:

- **Failure to Dispose Unserviceable Vehicle**

On 18<sup>th</sup> November 2013, the Mission wrote to the Ministry for the unserviceable motor vehicle to be boarded. A follow up letter was written on 6<sup>th</sup> March 2014 by

the Mission on the same issue. On 7<sup>th</sup> May 2014, the Ministry responded that they had written to the Ministry of Finance and the response had not yet been received.

However, as of April 2015, the unserviceable motor vehicle had not been boarded and was parked at the Official Residence instead of the Embassy.

- **Lack of Motor Vehicle Records**

A Toyota Previa Espirit 282D283 was in the garage at the time of audit.

However, there was no correspondence in the file as to what mechanical problem the motor vehicle had and how long it had been in the garage.

In addition, the motor vehicle file for Mercedes Benz Viano 282D300 was not available for audit making it difficult to ascertain the real or absolute ownership of the vehicle.

**ix. Work Plans and Returns**

A review of the Mission’s annual work plans carried out in April 2015, revealed that although the annual work plans were prepared by the Mission, progress reports to help monitor the Mission’s performance against set targets were not prepared making it difficult to ascertain whether the Mission achieved the set targets. There was also no evidence that the Ministry Headquarters monitored the performance of the Mission as there was no feed back to the Mission on what actions needed to be taken in order to meet targets.

**x. Property Management**

The Mission owns four (4) properties comprising the Chancery, the Official Residence and two (2) staff houses which are occupied by diplomatic staff as shown in the table below.

Property	Physical address	Date of Acquisition	Occupant
Official Residence	Greenbanks,17 Courtenay Avenue, London	1971	High Commissioner
Chancery	2, Palace Gate, Kensington, London, W8 5NG	1983	Offices
Residential House	13, Foscoote Road, Hendon, NW4 3SE	1979	1st Secretary- Political
Residential House	12,Chelmsford Square, Willesden, NW 10 3 AR	1984	1st Secretary- Protocol

An examination of accounting records and correspondence relating to the Management of the properties carried out in July 2014 revealed the following:

- **Chancery – Non - Functional Elevator**

The Chancery has six (6) floors and for ease of movements within the Chancery, it has an elevator which is maintained by Otis limited. During the period under

review, the Mission paid amounts totalling K73,469 (£54,298) to Otis Ltd for the maintenance of the elevator.

However, as of April 2015, the elevator was not working despite the Mission having a running maintenance contract with Otis Ltd.

- **The Residence - Greenbanks, 17 Courtney Avenue, Hampstead**

A physical inspection of the residence done in April 2015 revealed that the bath tub in one of the bedrooms had a leakage with water sipping into the laundry room.

**HEAD: 17/08 Ministry of Foreign Affairs – Mission Abroad-Nairobi**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

27. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2013 and 2014, provisions in amounts totalling K15,702,542 were made to cater for various activities at the Mission against which amounts totalling K15,193,192 were released as shown below.

<b>Year</b>	<b>Total Authorised K</b>	<b>Total Released K</b>	<b>Variance K</b>
2013	7,981,681	7,884,559	(97,122)
2014	7,720,861	7,308,633	(412,228)
<b>Total</b>	<b>15,702,542</b>	<b>15,193,192</b>	<b>(509,350)</b>

According to the financial statements (Statement C), the Mission spent K7,884,541 and K6,152,106 in 2013 and 2014 respectively.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in March 2015 revealed the following:

**a. Irregular Payments**

**i. Irregular Payment of Allowances to Spouse of Late Diplomat**

Foreign Service Regulation (FSR) No. 148 stipulates that a spouse and/or children of a deceased officer shall be allowed to remain at the Foreign Mission/Station for a period of not more than three (3) months from the date of the death of the officer.

Foreign Service Regulation (FSR) No. 150 further states that the spouse/ children of the deceased shall be eligible to receive the Cost of Living, Child and Spouse, Education, Housing and Medical Allowances.

In June 2013, First Secretary – Administration at the Mission passed away leaving a spouse and children. The family of the late officer was only repatriated in December 2013, six months after the death of the officer. In this regard, the Mission continued to pay the family all the entitlements in amounts totalling K213,509 (US\$38,126.58) for a period of six (6) months as shown in the table below.

Month	Representation US\$	Entertainment US\$	Extra Accreditation US\$	Cost of Living US\$	Spouse Allowance US\$	Child Allowance US\$	Education US\$	Total Cost US\$
July	2,666.66	500	150	2,000.00	150	300	1041.66	6,808.32
August	2,666.66	500	150	2,000.00	150	300	1041.66	6,808.32
September	2,666.66	500	150	2,000.00	150	300	1041.66	6,808.32
October	2,666.66	500	150	2,000.00	150	300	1041.66	6,808.32
November	2,666.66	500	150	2,000.00	150	300	1041.66	6,808.32
December	1,599.99	300	90	1,200.00	90	180	624.99	4,084.98
<b>Total</b>	<b>14,933.29</b>	<b>2,800.00</b>	<b>840.00</b>	<b>11,200.00</b>	<b>840.00</b>	<b>1,680.00</b>	<b>5,833.29</b>	<b>38,126.58</b>

The following were observed:

- Amounts totalling K104,010 (US\$18,573.29) were irregularly paid to the widow as representation, entertainment and extra - accreditation allowances contrary to Foreign Service Regulation (FSR) No.150.
- As a result of not repatriating the family within the stipulated three (3) months, the Mission spent amounts totalling K50,838.54 (US\$ 9,078.31) paid to the widow as cost of living, spouse, child and education allowances during the period from October to December 2013 contrary to Foreign Service Regulation (FSR) No. 148.

In addition, the Mission incurred rentals in amounts totalling K31,256 (KSh500,000) for the house occupied by the deceased's family after the three (3) months stipulated period had elapsed.

#### **ii. Payment of Transportation Costs for Personal Goods – High Commissioner**

In August 2014, the Mission paid amounts totalling K109,100 (US\$17,825) in respect of demurrages, storage, port fees and per diem for an Accounting Officer to clear and transport, from Mombasa to Nairobi, personal goods which the High Commissioner had ordered from China. However, it was not clear why the Mission paid for the demurrages, storage, port fees and per diem when the goods were personal.

#### **iii. Failure to Recover Medical Bills**

Contrary to Foreign Service Regulation No. 102. medical bills in amounts totalling K3,830 (Ksh63,887) which were paid by the Mission on behalf of the officers during the year ending 31<sup>st</sup> December 2013 had not been recovered from the officers as of March 2015.

**b. Consultancy for Assessment for Rehabilitation Works**

In Paragraph 22 d. of Auditor General’s report for the financial year ended 31<sup>st</sup> December 2012, mention was made of a consortium of companies that was engaged by the Mission in July 2012 to undertake an assessment of the rehabilitation works to the three (3) properties namely; the Chancery, the Official Residence and the Deputy High Commissioner’s Residence. A total amount of KSh5,907,536.78 (US\$71,175.14) was billed by the Consortium.

As of March 2015, the outstanding amount had not yet been cleared and the matter had not been resolved.

**HEAD: 17/12 Ministry of Foreign Affairs – Mission Abroad – Addis Ababa**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**28.** In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2013 and 2014, budget provisions totalling K21,607,982 were made to cater for various activities at the Mission against which amounts totalling K20,939,494 were released as shown below.

<b>Year</b>	<b>Total Authorised K</b>	<b>Total released K</b>	<b>Variance K</b>
2013	10,138,038	10,028,359	(109,679)
2014	11,469,945	10,911,135	(558,811)
<b>Total</b>	<b>21,607,983</b>	<b>20,939,494</b>	<b>(668,490)</b>

According to the financial statements (Statement C), the Mission had spent total amounts of K10,028,353 in 2013 and K9,746,764 in 2014.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in March 2015 revealed the following:

**a. Lack of Formal Contracts for Locally Engaged Staff (LES)**

In paragraph 24 (d) of the Auditor General’s Report for the financial year ended 31<sup>st</sup> December 2012, mention was made of the lack of written contracts for the locally engaged staff. A review of the records for the locally engaged staff revealed that the Mission had not yet formalised the contracts for the locally engaged staff.

Although Management had mentioned that the Mission had since revised the conditions of service for the locally engaged staff, as of April 2015 the contracts had not yet been signed.

As of April 2015, no recoveries had been made from the officers.

**b. Property Management**

The Mission had (3) properties comprising the Chancery, the Ambassador's residence and an undeveloped piece of Land as of March 2015 as detailed below:

Description	Date of Acquisition	Purchase Price US\$
Chancery	1965	34,400
Ambassador's Residence	1971	13,428.71
Land	2006	-

The following were observed:

**i. Failure to Secure Title Deeds for the Chancery and Residence**

A review of correspondence and enquiries relating to the acquisition and use of the Chancery and the Official Residence revealed that although the properties were acquired in 1965 and 1971 respectively, title deeds for the properties had not yet been secured. As of April 2015, the matter had not yet been resolved. Consequently, the Chancery and the Official Residence were not insured contrary to Foreign Service Regulations and Conditions of Service Part 10 No. 109 and 110.

**ii. Rehabilitation of the Chancery**

The Chancery is an old building which was purchased by the Government of the Republic of Zambia in 1965 at a cost of US\$34,400 and is situated on old Airport road, Woreda 23 Kebele 12, Nifas Silk Kifle Ketema.

During the period under review, the Embassy of the Republic of Zambia engaged Demb Engineering and trading Plc and Yilak Construction Plc to carry out various rehabilitation works at the Chancery at a total contract price of K86,926 (ETB547,633.34). As of April 2015, the whole amount was paid as shown below.

Contractor	Date	Scope of works	Contract Price ETB	Amount paid ETB
Demb	20/06/2013	Renovate staff toilets & kitchen	183,114.50	183,114.50
Demb	23/09/2013	External garden fence, front fence painting & gate painting	54,478.38	54,478.38
Demb	23/09/2013	Renovation of external toilets	55,182.46	55,182.46
Yilak	30/07/2014	Fixing & painting chancery roof	117,730.00	117,730.00
Yilak	17/10/2014	Replaced carpet with floor tiles	137,128.00	137,128.00
<b>Total</b>			<b>547,633.34</b>	<b>547,633.34</b>

A physical inspection of the Chancery carried out on in April 2015 revealed the following:

- Only front part of the Chancery was painted,
- The walls of the outside external toilets were dirty,
- Paint on the inside walls of Chancery had started peeling off,
- In the Counsellor's office, the floor & ceiling board had started warping, and
- Some cracks were evident in the corridors.

As of April 2015, the Ministry of Foreign affairs had started the process of engaging another contractor to remodel the Chancery.

### iii. **Rehabilitation of Annex – Chancery**

The annex to the Chancery houses offices of the Defense Attaché. In July 2011, the Ministry of Works and Supply recommended that the annex building be demolished and a new one constructed as rehabilitation would be costly. A physical inspection of the building carried out in April 2015, revealed the following:

- The annex had not been demolished
- The annex was still in a deplorable state as there were cracks on the walls of the annex
- Although the annex was in a deplorable state, the Defense Attaché was still occupying one of the offices. See pictures below.



*Front view of annex – 01/04/2014*



*Crack in one of the offices*

#### iv. Undeveloped Land

In the Auditor General's Report for the year ended 31<sup>st</sup> December 2013, mention was made of the delay to develop 2,000 square meters of land located at Bole Sub City Worda 17 Kebele 23, which was allocated to Government of the Republic of Zambia in June 2006. A physical inspection carried out in April 2015 revealed that the plot remained undeveloped. See picture below.



*Undeveloped Piece of Land*

**HEAD:** 17/15 Ministry of Foreign Affairs - Mission Abroad - Beijing

**PROGRAMMES:** Various

**ACTIVITIES:** Various

29. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2013 and 2014, provisions of K16,023,199 and K19,400,308 respectively were made to cater for various activities against which amounts totalling K15,839,555 and K17,035,365 were released, resulting in under funding of K183,645 in 2013 and K2,364,943 in 2014 as shown below.

Year	Budget K	Releases K	Variance (Budget - Releases) K	Expenditure K	Variance Releases-Expenditure K
2013	16,023,199	15,839,555	183,645	15,839,553	1
2014	19,400,308	17,035,365	2,364,943	17,912,190	876,825
<b>Total</b>	<b>35,423,507</b>	<b>32,874,919</b>	<b>2,548,588</b>	<b>33,751,744</b>	<b>876,827</b>

According to the Financial Statements (Statement C), the Mission spent amounts totalling K15,839,553 and K17,912,190 in 2013 and 2014 respectively.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in March 2015 revealed the following:

##### **a. Failure to Obtain Authority to be Accompanied by Family Members**

Foreign Service Regulation and Conditions of Service Nos. 43 and 45 provide for payment of Spouse and Child allowances to an officer to enable her/him meet incidental expenses



in respect of a spouse and child under legal custody of the officer at a Foreign Station, and for the period that they are in residence with the officer.

According to Ministry of Foreign Affairs procedures, when an officer is appointed into the Foreign Service, a letter of arrival notice will be written to the Mission informing the Head of the Mission about the officer's arrival details, specifying the names and ages of dependants (Spouse, Children, Relations), accompanying the Officer on government expense.

During the period under review, the Mission paid amounts totalling K149,630 (US\$24,133.92) to seven (7) officers in respect of spouse and child allowances.

However, it was not possible to ascertain the authenticity of the paid allowances as there were no arrival notice letters from the Ministry Headquarters on the files of the Officers, to support their claims.

**b. Over Payment of Extra – Accreditation Allowance**

Foreign Service Regulation and Conditions of Service No. D 42 (i) states that Extra Accreditation Allowance shall be paid to enable officers perform diplomatic functions in respect of those countries or International Organisations to which their Mission is additionally accredited.

Contrary to this Regulation, three (3) officers stationed at the Mission were paid accreditation allowances in amounts totalling K3,594 (US\$698.57) in respect of two (2) countries namely Laos and Cambodia that were not accredited to the Mission. As of March 2015, the amount had not been recovered from the officers.

**c. Non - Recovery of Overpaid Education Allowance**

Foreign Service Regulation and Conditions of Service No. 47 (ii) states that Education Allowance shall be paid per child per annum at the rates indicated in Schedule H. In this regard, the Mission paid monthly rates of US\$1,125 per month per child to each officer that was entitled.

However, it was observed that the former Ambassador was paid a sum of K46,305 (US\$9,000) on 21<sup>st</sup> January 2013, as education allowance, instead of his monthly entitlement of K17,364 (US\$3,375). Upon inquiry, the Mission explained that the amount paid was an advance against his education allowance. However, there no documentary evidence to show that it was an advance. The officer was recalled in February 2013 and as of March 2015, the overpaid amount of K28,941 (US\$5,625) had not been recovered.

**d. Irregular Payment of Hotel Bills for the Honourable Minister**

In May 2013, the Mission settled hotel bills in amounts totalling K8,963 (US\$1,731.31) on behalf of the Minister of Justice who visited China to attend a meeting for International Council of Asian Political Parties (ICAPP) from 26<sup>th</sup> to 31<sup>st</sup> May 2013.

However, it was not clear why the Mission settled the bills on behalf of the Minister. Included in the settlement was a cash amount of K2,952 (US\$573.77) which was not supported by a cash sale receipt.

**e. Failure to Recover Funds from Recalled Ambassador**

In February 2013, the Ambassador, who had been accommodated in a hotel for five (5) nights, on first appointment to the Mission, incurred extra bills in respect of the excess 9 days she had over stayed at the hotel. However, despite the Ambassador being paid the subsistence allowance for the extra nine (9) days after authority for the extension was granted, the hotel bills were not cleared.

Consequently, in September 2013, the Ministry granted authority for the Mission to settle the bills amounting to K9,507 (US\$1,847.87) and stated that the amount would be recovered from her terminal benefits.

In addition, there were missing items (Gas 364 Cube, TV table, Office Chair, missing keys for the master bedroom, two water bottles) and outstanding bills for gas and water, from the house that was vacated by the Ambassador costing K6,362 (US\$1,236.48) for which the Mission had to replace and settle.

**f. Unapproved Payment Vouchers**

Contrary to Financial Regulation No. 48 which states that the original of a payment voucher shall be signed by a Controlling Officer, a warrant holder or by any other officer authorised to sign on their behalf, thirty-five (35) payment vouchers in amounts totalling K409,913 (US\$79,385.53) were not checked and signed by responsible officers.

**g. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, there were thirteen (13) payment vouchers totalling K224,854 (US\$44,970.85) from the Dollar account, and eight (8) payment vouchers totalling K154,251 (US\$29,980.72) from the Local currency account which were not produced for audit.

**HEAD: 17/23**

**Ministry of Foreign Affairs-Mission Abroad - New Delhi**

**PROGRAMMES:**

**Various**

**ACTIVITIES:**

**Various**

30. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2013 and 2014, provisions of K10,058,128 and K11,929,167 were made to cater for various activities against which amounts totalling K9,897,915 and K10,635,969 respectively, were released, resulting in an under funding of K160,213 in 2013 and K 1,293,198 in 2014 as shown below.

	<b>Budget K</b>	<b>Releases K</b>	<b>Expenditure K</b>	<b>Budget - Releases K</b>
2013	10,058,128	9,897,915	9,897,912	160,213
2014	11,929,167	10,635,969	8,894,750	1,293,198
<b>Total</b>	<b>21,987,295</b>	<b>20,533,883</b>	<b>18,792,662</b>	<b>1,453,412</b>

According to Financial Statements (Statement C), the Mission spent total amounts of K9,897,912 and K8,894,750 in 2013 and 2014 respectively.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in April 2015, revealed the following:

##### **a. Non-Recovery of Repair Costs from Diplomats**

Foreign Service Regulation and Condition of Service No. 108 (ii) states that in case of damage to Government or rented accommodation caused by an officer's carelessness, he/she shall pay the total cost of repairs. Contrary to this regulation, the Mission paid amounts totalling K11,669 (US\$2,138.82) in respect of repair costs for houses vacated by two (2) diplomats.

Although in his response referenced MFA/71/22/8 dated 24th July 2015, the Controlling Officer stated that the Ambassador who authorised the repair costs had been cautioned, the amounts had not been recovered from the Officers as of July 2015.

<b>Date</b>	<b>Payee</b>	<b>Amount</b>			<b>Details</b>	<b>Diplomat's Name</b>	<b>Position</b>
		<b>Rs</b>	<b>US\$</b>	<b>K</b>			
08.04.13	Sameer Aircon	36,000.00	665.47	3,588	Rehabilitation of the House	Andrew Banda	DHC
19.11.13	Gill electrical Works	61,875.00	1,003.16	5,520	Painting of the house	Andrew Chibwe Mpundu	Third Secretary -Accounts
05.12.13	Ag Traders	29,000.00	470.18	2,560	Carrying out repairs,maintenance		
	<b>TOTAL</b>	<b>126,875.00</b>	<b>2,138.82</b>	<b>11,668</b>			

**b. Payment of Rentals in Excess of Entitlement**

According to Foreign Service Regulations Number 52, rented accommodation shall be provided to the Officers at the rates approved as per the current regulations in schedule “J”.

A scrutiny of a minute number MFA/53/11/23 dated 10<sup>th</sup> December 2008, revealed that authority was granted and rates adjusted for rentals in respect of the officers at the Mission, as shown below.

<b>Position</b>	<b>Old Rate US\$</b>	<b>Adjusted Rate US\$</b>
Deputy High Commissioner	4,000	5,000
First Secretary	3,500	4,500
Second Secretary	3,000	4,000
Third Secretary	2,500	3,500

However, it was observed that the Mission paid rentals above the revised amounts for five (5) diplomats, resulting in an over payment of K4,714 (US\$878.21) without seeking authority as shown in the table below.

<b>Voucher No.</b>	<b>Position</b>	<b>Entitled US\$</b>	<b>Paid US\$</b>	<b>Variance US\$</b>	<b>Variance K</b>
2/576745	First Secretary	4,500	4,761.90	261.90	1,405.88
20/594063	Third Secretary	3,500	3,750.80	250.80	1,346.29
13/594130	First Secretary	4,500	4,688.50	188.50	1,011.87
14/594131	First Secretary	4,500	4,575.35	75.35	404.48
32/594149	Second Secretary	4,000	4,026.31	26.31	141.23
32/594149	First Secretary	4,500	4,575.35	75.35	404.48
	<b>TOTAL</b>	<b>25,500</b>	<b>26,378.21</b>	<b>878.21</b>	<b>4,714.23</b>

**c. Failure to Inscribe Government Assets**

Contrary to Public Stores Regulation No. 154, which states that all items or furniture and equipment belonging to the Government must be clearly marked with distinguishing marks, it was observed that furniture and equipment at the Mission had only temporal markings written on pieces of paper which could easily be removed.

**d. Failure to Obtain Authority to be Accompanied by Family Members**

Foreign Service Regulation and Conditions of Service Nos 45 (i) and 43 (ii) provides for Child and Spouse allowances to be paid to an officer to enable her/him meet incidental expenses in respect of a child under legal custody of the officer at a Foreign Station and for the Spouse for the period that the spouse is in residence with the officer.

According to Ministry of Foreign Affairs procedures, when an officer is appointed into the Foreign Service, a letter of Arrival Notice will be written to the Mission informing the

Head of the Mission about the officer's arrival details, specifying the names and ages of dependants (Spouse, Children, Relations), accompanying the Officer on government expense.

During the period under review, the Mission paid amounts totalling K128,178 (US\$21,600) as Child and Spouse allowances in respect of the Deputy High Commissioner and First Secretary (Economic/Trade). However, arrival notice letters from the Ministry to support their claims, were not on their files, and not availed for audit. Therefore, it was not possible to authenticate their claims.

Although in his response No. MFA/71/22/8 dated 24<sup>th</sup> July 2015, the Controlling Officer stated that authority was granted to the officers in question to be accompanied by their spouses and children as per attachment, the only document provided was the vital statistic form for Deputy High Commissioner which could not be authenticated when it was filled in, and not arrival notice letters, as requested for by the High Commissioner - New Delhi in his letter dated 13<sup>th</sup> April 2015.

**e. Properties - Residence**

In 1975, the Government bought a property house No. 07, Panchsheel Marg, Chanakyapuri, in New Delhi to be used as a residence for the High Commissioner. The condition of the house was deteriorating and needed maintenance to keep it in good condition. In May 2009, Government released K500,000 (US\$104,000) for the rehabilitation of the residence.

In August 2011, twenty seven (27) months after the funds were remitted, the Mission ran adverts at a cost of K7,293,256 (US\$1,521.33) in the local media for rehabilitation of the residence. In November 2011, the bid documents were sent to the MFA for selection of the bidder, and no feedback communicating the selected bidder had been received by the Mission.

In August 2012, the residence was declared uninhabitable by the local engineers due to the structural weaknesses on the super structure and recommended that the building be demolished and a new one constructed.

A review of the current situation and a physical inspection carried out in April 2015, revealed the following:

- Construction works had not commenced, and the building was still in a deplorable state. See pictures below.



*Dilapidated Back entrance at the old residence*



*Falling roof*

- **Failure to Utilise Rehabilitation Funds**

Although the Ministry had disbursed the funds in May 2009, amounts totalling K766,089 (US\$100,801.17) remained unutilised as of April 2015, and were lying in the main bank account for the Mission without accruing any interest.

- **Rentals for the High Commissioner's Residence**

Due to the dilapidated state of the residence, the Ambassador moved into a rented property in 2009. In this regard, during the period under review, the Mission paid amounts totalling K2,037,105 (US\$ 319,333.81) as rentals for the residence.

- **Utility Bills**

The Mission however, has incurred electricity, water and security expenses amounting to K35,069 (K4,559 in 2013 and K30,509 in 2014) in respect of the abandoned residence.

**HEAD: 17/ 24**

**Ministry of Foreign Affairs - Mission Abroad - Maputo**

**PROGRAMMES:**

**Various**

**ACTIVITIES:**

**Various**

**31.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K8,714,728 was made to cater for various activities against which amounts totalling K8,371,567 were released resulting in an underfunding of K343,161.

According to the Financial Statements (Statement C), a total amount of K7,708,196 had been spent as at 31<sup>st</sup> December 2014.

## **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Mission for the year under review carried out in March 2015 revealed the following:

### **a. Lack of Ownership Documents for Properties**

In Paragraph 24 (a) of the Report of the Auditor General for the financial year ended 31<sup>st</sup> December 2013, mention was made of the lack of title deeds for the Mission properties namely; the Chancery located at No. 1286 Kenneth Kaunda Avenue and the Official Residence located at No. 20 Orlando Mende Sommershield. In his Memorandum to the Public Accounts Committee, the Controlling Officer stated that the Zambian Government has been following up the issue but the Mozambican Government has not responded.

However, a review of records carried out in April 2015 and enquiries made revealed that the Mission had not made any progress on the issue, as the title deeds to the properties had not been obtained. Consequently, the properties could not be insured. In addition, the office equipment and furniture in the buildings had also not been insured.

In his response, the Controlling Officer stated that the property namely the Chancery and Defence Advisor's residence do not belong to the Government of Zambia but rather to the Mozambican Government and Mozambican Defence respectively contrary to his initial submission to the Public Accounts Committee.

### **b. Failure to Complete Rehabilitation of the Official Residence at Plot 20 Don Alfonso Henrique Avenue**

In Paragraph 24 (c) of the Report of the Auditor General for the financial year ended 31<sup>st</sup> December 2013, mention was made of the engagement of Messrs LIS Conststucoes to carry out rehabilitation works at the High Commissioner's residence at a contract sum of US\$327,779.28 for a period of three (3) months. A scrutiny of accounting and other related records and a subsequent physical inspection of the property carried out in July 2014 revealed that the works had stalled and the contract had been terminated although the contractor had been paid the full contract amount.

A review of documents and a physical inspection of the house carried out in March 2015 revealed that the Mission had not engaged another contractor and no works had been done since the contract was terminated in December 2013.

Consequently, the Mission continued renting temporary accommodation for the High Commissioner and a total amount of K403,169 (US\$64,500) had been as of October 2014. In addition, a total of K462,238 had been spent on payments for rentals (K403,169),

electricity bills (K455), water bills (K14,307) and for security services (K44,308) for the period from January to December 2014 for the unoccupied house.

Further, in 2015, no provision was made for completion of the rehabilitation works and no funds were available to complete the works.

**c. Payment of Rentals in Excess of Entitlement**

Foreign Service Regulations and Conditions of Service No. 52 provides that in case of rented accommodation, rentals shall be paid direct to the Landlords at the rates indicated in Schedule ‘J’ as shown in the table below.

<b>Mission Head</b>	<b>Deputy High Commissioner</b>	<b>First Secretary</b>	<b>Second Secretary</b>	<b>Third Secretary</b>
<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
4,000	3,500	3,000	2,500	2,000

However, in October 2013, the Permanent Secretary increased the rentals to \$6,500, \$6,000 and \$5,500 for the High Commissioner, Deputy High Commissioner and for the First, Second and third Secretaries respectively, without seeking authority from the Secretary to Cabinet resulting in excess payment of rentals in amounts totalling K440,788 (US\$70,250).

**HEAD: 17/ 26 Ministry of Foreign Affairs - Mission Abroad - Windhoek**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**32.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K7,592,870 was made to cater for various activities against which amounts totalling K7,466,853 were released resulting in under funding of K126,016. A total of K7,461,461 had been spent as at 31<sup>st</sup> December 2014.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Mission for the period under review, carried out from in March 2015 revealed the following:

**a. Use of Revenue without Authority**

Out of the total amount of K524,270 (US\$87,580.17) collected during the period under review from the issuance of Visas, Passports, Travel Documents of Identity, Certification of Documents and sale of boarded items, authority to utilise a total of K436,810



(US\$73,644.32) was obtained while the balance of K87,460 (US\$13,644.32) was utilised without authority from the Secretary to the Treasury.

**b. Failure to Collect Rentals**

In Paragraph 28 a (ii) and Paragraph 25 a (ii) of the Auditor General’s Report for the Financial Years Ended 31st December 2011 and 2013, mention was made of the failure to collect rental arrears in amounts totalling K206,003 (US\$39,089.74) by the Mission. In their report for the Second Session of the Eleventh National Assembly, the Public Accounts Committee (PAC) recommended that a debt management policy be put in place and ensure that delays in the collection of rentals was addressed.

A review of records carried out in April 2015 revealed that although the amounts reported in the earlier reports were collected, the Mission had again accumulated amounts totalling K64,800 (N\$108,000) in unsettled rentals from October 2014 to March 2015.

**c. Failure to Reimburse Borrowed Funds**

The following were observed:

- i. In February 2014, the Ministry gave authority to the Mission to borrow an amount of K79,188 (US\$14,166) from the Revenue Account to cater for the repair of the boundary wall fence at the Zambia Residence No.1 George Hunter Street, Olympia Windhoek. However, as of March 2015, the money had not been reimbursed.
- ii. During the period from May to October 2014, the Mission borrowed funds in amounts totalling K90,188 (N\$154,099) from the Defence Attaché’s Account to cater for Heads of Mission Conference which was held in Livingstone, payment of per diem, imprest and procurement of air ticket. However, as of April 2015, the money had not been reimbursed. See table below.

Details	Amount Borrowed K	To be Reimbursed by
Heads of Missions Conference	30,186	Mission
Per diem and Air Tickets	60,002	Headquarters
	90,188	

**d. Unsupported Payments**

Contrary to Financial Regulation No. 45 and 52, payments in amounts totalling K52,454 (N\$88,534.97) involving twenty (20) transactions were not supported with relevant documents such as receipts, invoices and quotations.

**e. State of Mission Properties**

The Mission has seven (7) properties consisting of the Chancery, the Official Residence and five (5) staff houses as listed below:

- i. The Chancery - No. 22 Sam Nujuma /Mandume Ndemufayo Street
- ii. The Residence – 1 George Hunter Street, Olympia
- iii. House No. 14 Lydia Street – Ludwigsdorf
- iv. 93 – Gever Street Ludwigsdorf
- v. 17 Veronica Street Ludwigsdorf
- vi. 9 Schwerinsburg Street, Luxury Hill
- vii. 120 Mose Tjitendero Street, Olympia

A physical inspection of the properties revealed the following:

**i. The Chancery - No. 22 Sam Nujuma /Mandume Ndemufayo Street**

The ceiling board for the second floor was falling off. In addition, toilets were not functioning, the carpets had come out and some rooms had holes in the wall.

**ii. Official Residence - No. 1 George Hunter Street, Olympia**

In February 2014, the Mission engaged Isanya Investments to demolish and construct a boundary wall at No. 1 George Hunter Street, Olympia at a contract sum of N\$83,561.66 (US\$14,166) with a commencement date of 24<sup>th</sup> February 2014. The expected completion date was 7<sup>th</sup> March 2014. The scope of works included demolition of the boundary wall, removal of rubble, new reinforcement of foundation with 2.5m, metal supports, rebuilding new concrete footing and boundary wall, and plastering and painting new boundary wall with two coats.

As of March 2015, amounts totalling K22,631 (N\$41,780.83) were paid to the contractor.

However, in February 2014, the Mission made a 50% advance payment of K22,631 (N\$41,780.83) of the contract sum to Isanya Investments instead of the specified percentage of 25%.

Further, the advance payment was made without the Contractor issuing a performance bond, contrary to ZPPA Act Clause No. 140 (1 to 4) which requires that for formal tenders, a performance bond is issued to the Purchasing Institution from the Supplier by a bank before an advance payment is processed.

**iii. 14 Lydia Street, Ludwigsdorf**

On 7<sup>th</sup> October 2014, the Mission engaged Redlum Pools to repair the swimming pool at 14 Lydia Street, Ludwigsdorf at a contract sum of K14,824 (N\$25,554.15) with a commencement date of 8<sup>th</sup> October 2014 and completion date of 21<sup>st</sup> October, 2014.

However, contrary to ZPPA Act Clause No. 140 (1 to 4), which requires that for formal tenders, a performance bond is issued to the Purchasing Institution from the Supplier by a bank before an advance payment is processed, the Mission made a 50% advance payment of the contract sum of K7,412 (N\$12,777.07), to Redlum Pools instead of the specified percentage of 25%. In addition, the advance payment was made without the Company issuing a performance bond.

Further, the Mission did not engage a project supervisor to be responsible for managing the obligations of the procuring entity as specified in the contract; and ensuring that the contractor performed the contract in accordance with the terms and conditions specified in the contract.

As a result, completed works were not certified by a project manager before the final payment of K7,412 (N\$12,777.07) was made in October 2014.

**iv. 9 Schwerinsburg Street, Luxury Hill**

The house was unoccupied after the Third Secretary – Personal Secretary vacated it. It was vandalised by unknown people who stole accessories and fixtures such as sockets, taps, mortice locks, among others and caused damage to the property. The toilet pans and hand basins were broken and bathtubs removed. See pictures below.



*Vandalised Toilet Bowl*



*Broken stair case*

**v. 120 Mose Tjitendero Street, Olympia**

The house had broken ceiling boards and blocked water drainage system. Tiles had fallen off on some parts of the bathroom and kitchen walls. Further, the garage doors were damaged and could not close properly. See picture below.



*Wall from which tiles were removed*

**HEAD: 17/27 Ministry of Foreign Affairs – Mission Abroad – Brussels**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

33. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2014, a total provision of K18,708,634 was made to cater for various activities at the Mission against which amounts totalling K18,346,060 were released as tabulated below:

<b>Programme</b>	<b>Budget Provisions K</b>	<b>Releases K</b>	<b>Variance K</b>
Personal emoluments	16,617,075	16,527,384	(89,691)
General Administration	1,833,340	1,784,676	(48,664)
Events	86,487	-	(86,487)
Political and Economic Relations	71,731	34,000	(37,731)
Infrastructure Development	100,000	-	(100,000)
<b>Total</b>	<b>18,708,633</b>	<b>18,346,060</b>	<b>(362,573)</b>

According to Financial Statements (Statement C), a total amount of K15,114,414 had been spent as at 31<sup>st</sup> December 2014.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried in April 2015 revealed weaknesses in Internal Controls that included among others the following:

- i. There was no evidence that the Ministry Headquarters monitored the performance of the Mission.
- ii. Failure to follow Foreign Service Regulations leading to irregular payments being made.
- iii. Lack of a property maintenance strategy by the Ministry leading to failure to carry out maintenance works on the properties when required.

As a result of the above weaknesses, the following were observed:

**a. Failure to Open Locked Safes**

At the time of audit, the Mission had three (3) safes which were not being used, as they had been locked, and no one at the Mission had the combinations.

Financial Regulation No. 166 (1) (2) (3) requires that “when the key to a safe is lost, the loss should be reported to the Controlling Officer who should ensure that the safe is sealed and the room in which it is kept is locked and the loss must be promptly reported to the police”.



*Locked Safes*

It was observed that the three (3) locked safes were neither sealed nor was the room in which they were kept locked. Inquiries revealed that efforts to open the safes had been made through the Special Division who also failed to open them. As of April 2015, the contents of the safes were not known.

It was further observed that the small safe the Mission was currently using located in the Accountant’s office could not accommodate all the unused accountable documents and the revenues collected before they are banked.

**b. Lack of Monitoring**

A review of the Mission’s annual work plans carried out in April 2014 revealed that although the Mission prepared annual work plans, no progress reports to monitor the Mission’s performance against set targets were prepared during the period under review. Further, there was no evidence that the Ministry Headquarters was monitoring the performance of the Mission as there was no feedback to the Mission on what actions needed to be taken in order to meet targets.

**c. Irregular Payment of Child and Education Allowances**

Contrary to Foreign Service Regulations and Conditions of Service, Part 5 - Numbers 46 (iii) and 48 (ii) which state that “An officer whose child attains the age of twenty one (21) years shall not be eligible to receive Child Allowance”, amounts totalling K4,517 (€549.78) were paid to the Ambassador as child allowance K951 (€115.75) and education

allowance K3,566 (€434.03) in October 2014, in respect of a child who had attained the age of twenty one (21) years.

**d. Lack of Diplomatic Clause**

Foreign Service Regulation No. 115 (iii) states that when negotiating lease agreements, the Head of Mission /Station shall ensure the insertion of a ‘Diplomatic Clause’ which enables the lease agreement to be terminated at short notice. However, all lease agreements signed at the Mission had no Diplomatic Clause inserted therein.

**e. Renovation of Vacated Houses**

Contrary to Foreign Service Regulation No. 108 which states that an officer occupying rented accommodation shall pay total cost of repairs in case of damages caused to the property, payments totalling to K56,430 (€6,867.82) involving two (2) transactions were paid for renovating vacated rented houses for the Former First Secretary (Economics) and the Former First Secretary (Accounts) respectively.

Although the matter had been brought to the attention of the Permanent Secretary at the Ministry Headquarters, no recoveries had been made from the officers as of August 2015.

**f. Irregular Insurance of Rented Accommodation**

Foreign Service Regulation No. 110 states that a head of mission shall ensure that all Government property at his or her mission are adequately insured. The properties for which insurance must be paid for must be Government properties.

Contrary to the Regulation, in February 2014, the Mission paid fire insurance in amounts totalling K1,788 (€234.55) on behalf of the First Secretary (Economics) for a rented property and the amount had not been recovered as of August 2015.

**g. Unauthorised Trip**

Foreign Service Regulation No. 24, states that an officer shall not leave the station at which he/she is serving without express permission of the Head of Mission/Station who in turn shall inform the Permanent Secretary of such absence. In the case of a Head of Mission /Station, he/she shall seek such permission directly from the Permanent Secretary.

However, in January 2014, the Ambassador without obtaining authority from the Permanent Secretary undertook a trip to the Netherlands for which she was paid travel allowance of K2,232 (€293) contrary to the regulations.

## **h. Property Management**

The Mission owns two (2) properties comprising the Chancery and the Official Residence as shown in the table below:

<b>Property</b>	<b>Physical Address</b>	<b>Date of Acquisition</b>	<b>Occupant</b>
Official Residence	260 Dreve Rochelle 1410 waterloo	1971	Vacant
Chancery	Avenue Moliere 469 1050 Bruxelles	1983	Offices

An examination of correspondence relating to the Management of the properties carried out in April 2015 revealed the following:

### **i. Rentals Paid for the Rented Property**

Due to lack of maintenance, the residence had become dilapidated and was not fit for human habitation resulting in the Ambassador having to move into a rented property in 2009. Consequently in 2014, the Mission incurred rental expenses in amounts totalling K463,235 (€54,601.79) in respect of the residence.

### **ii. Rehabilitation of the Residence**

In September 2013, the Mission engaged Illico Travaux to rehabilitate the residence at the contract price of K2,195,978 (€314,948.26) for a period of four (4) months.

The scope of works included the following:

- A new electrical installation,
- a new heating system with radiators in all the rooms including hot water system,
- plastering the walls, plastering/new ceilings, primer and painting the entire house in white,
- new floors wood or tiles depending on the room/marble for the entrance hall, new bathrooms, toilets and kitchen,
- replacement of all doors,
- rehabilitation of the pool area into a reception hall,
- creation of a second bed room in the garage and a common part and in option new build-in closet for the dressing, and

- closets for the kitchen as well as improvement of the entrance hall.

As of April 2015, the Contractor had been paid in full.

However, the following were observed:

- The engagement of Illico Travaux was irregular in that tender procedures were not followed as the Contractor was not among those evaluated by the Ministerial Tender Committee.
- Contrary to Foreign Service Regulation No. 112, which stipulates that the Permanent Secretary shall authorise in writing any contract that commits Government, the contract with Illico Travaux was authorised by the Ambassador and not the Permanent Secretary.
- The contract amount was above the Ambassador's threshold of K10,000 contrary to the requirements of the ZPPA Act under Part 111 (22) (2) (a & b).
- Despite the Permanent Secretary instructing the Mission in a letter MFA/10/13/18 dated 15<sup>th</sup> May 2013, to obtain three (3) competitive quotations for consultancy services to supervise and certify the works which was to be done through the Mission Sub – Procurement Committee, the three (3) quotations were not obtained. The works were supervised by the same Company Illico Travaux, and no stage certificates were issued as directed by the Permanent Secretary.

A physical inspection of the property carried out in April 2015 revealed that despite the contractor being paid in full, installation of the ceiling board, electricity cabling, closets for the kitchen, plastering, tiling, flooring and painting works were still outstanding.

**HEAD: 17/28 Ministry of Foreign Affairs-Mission Abroad-Luanda**

**Programmes: Various**

**Activities: Various**

**34.** In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2013 and 2014, provisions of K12,256,227 and K12,219,720 were made respectively to cater for various activities against which total amounts of K12,117,564 in 2013 and K11,511,891 in 2014 were released resulting in under funding of K138,663 in 2013 and K707,829 in 2014 as detailed below:



<b>Year</b>	<b>Total Authorised K</b>	<b>Total Released K</b>	<b>Variance K</b>
<b>2013</b>	12,256,227	12,117,564	(138,663)
<b>2014</b>	12,219,720	11,511,891	(707,829)
<b>Total</b>	<b>24,475,947</b>	<b>23,629,455</b>	<b>(846,492)</b>

According to the Financial Statements (Statement “C”), the Mission had spent K12,117,564 in 2013 and K11,526,901 in 2014.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in April 2015 revealed the following: -

#### **a. Unaccounted for Visa Fees**

Amounts totalling K549,548 (US\$89,620) were collected as Visa fees, out of which K495,710 (US\$80,840) was deposited leaving a balance of K53,839 (US\$8,780) unaccounted for in that the money was neither banked nor was cash found on hand at the time of audit in April 2015.

#### **b. Delayed Banking of Revenue**

Contrary to Financial Regulation No.121 which states that all money received by any accounting officer shall be deposited not later than the next business day following the day of receipt, there were delays in banking revenue in amounts totalling K53,287 (US\$8,690) for periods ranging from 4 to 7 days.

#### **c. High Cost on Rented Properties**

The Mission does not own any properties in Luanda. The Chancery, the Residence and staff houses are all properties rented from private individuals. Although in the past the Mission had made recommendations to the Ministry to purchase its own property that could be used as a Chancery, this had not been done as of December 2014.

Consequently, during the period from January 2013 to December 2014, the Mission had paid amounts totalling K7,345,712 (US\$1,225,405) as rentals for the Chancery, Residence and staff houses.

**HEAD: 17/32 Ministry of Foreign Affairs – Mission Abroad – Geneva**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

35. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a total provision of K21,135,678 was made to cater for various programmes at the Mission against which amounts totalling K20,891,654 were released resulting in an underfunding of K244,003 as shown below.

<b>Programme</b>	<b>Budget Provisions K</b>	<b>Releases K</b>	<b>Variance K</b>
Personal emoluments	17,542,678	17,439,643	(103,035)
General Administration	3,483,664	3,452,011	(31,653)
Events	83,652	-	(83,652)
Political and Economic Relations	25,683	-	(25,683)
Infrastructure Development	-	-	-
<b>Total</b>	<b>21,135,677</b>	<b>20,891,654</b>	<b>(244,023)</b>

According to Financial Statements (Statement C), a total amount of K7,418,819 was spent.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried in April 2015 revealed the following:

**a. Failure to Apply for a Supplementary Provisional Warrant**

The Mission brought forward amounts totalling K2,487,334 from 2013 as shown in the table below.

<b>Account Title</b>	<b>Amounts K</b>
Main Swiss Account	2,107,938
Revenue Swiss Account	89,775
Revolving Fund Swiss Account	289,621
<b>Total</b>	<b>2,487,334</b>

However, no authority had been obtained by the Ministry Headquarters to retain the funds and no Supplementary Provisional Warrant had been made as of 31<sup>st</sup> December 2014 to cover the retained funds.

**b. Overpayment of Foreign Service Allowances**

Foreign Service Regulations 38 (i) and (ii) provide for the payment of cost of living allowances to enable officers meet living expenses at foreign Missions/Station and the appropriate rates are provided for under schedule “C” of the regulations.

However, when making payments for Foreign Service Allowances which are quoted in United States Dollars, the Mission was applying a rate which was higher than the

prevailing exchange rate. This resulted in the officers being overpaid their Foreign Service Allowances. Whereas the officers should have received amounts totalling K2,361,554 (CHF494,765) had the correct rate been used, they were instead paid amounts totalling K3,381,411 (CHF666,697) (US\$530,073) resulting in an overpayment of K1,019,857 (CHF171,932) which had not been recovered as of August 2015.

**c. Failure to Fill Vacant Positions**

The Zambian Mission in Geneva is accredited to forty one (41) UN organisations with the responsibilities of participating to the fullest extent possible, in all the meetings of the United Nations and other International Organisations in order to attain recognition and uphold Zambia as a major player in the decision making process at the international level.

In order to achieve the above objective, the Mission has a total establishment of eleven (11) Diplomatic Staff that include the Ambassador/Permanent Representative, Deputy Permanent Representative, Counsellor, counsellor – Economic, counsellor – Health, First Secretary (Economic), First Secretary – Legal, First Secretary – Trade, First Secretary – Political and Administration, First Secretary – Political and Consular, Second Secretary – Accounts and Second Secretary (Personal Secretary).

However, it was observed that as of March 2015, four (4) of the eleven (11) positions were vacant, some from as far back as 2011. See table below

<b>Position</b>	<b>Vacant since</b>
Counsellor(Legal and Social)	May 2011
Counsellor(Economic/Trade)	Never filled
First Secretary (Political/Administration)	May 2013
First Secretary (Legal)	September 2012

**d. Stores without Receipt and Disposal Details**

Contrary to Public Stores Regulation No. 16, there were no disposal details in respect of stores items costing K42,823 (Chf 8,578.40) purchased during the period under review.

**e. Rental Bills for the Chancery and Apartments for Diplomats**

The Government of the Republic of Zambia does not own any property in Geneva. All properties, the Chancery, Ambassador’s residence and houses occupied by Zambian diplomats are rented. In this regard, it was observed that during the period under review, the Mission paid rental charges in amounts totalling K3,140,701 (US\$512,296) (Chancery – K976,877 (US\$158,613) and (residential apartments for diplomats – K2,163,825 (US\$353,683).

According to the Foreign Service Regulation Schedule J, the approved rentals for the Head of Mission in Geneva is US\$6,500 while that of the other staff from Third Secretary to Minister Counsellor ranged from US\$4,000 to US\$6,000.

However, In November 2009, the Permanent Secretary authorised the increase of the rentals for the Head of Mission from US\$6,500 to US\$13,000 an increase of 100% while rental ceilings for the other staff remained constant. In February 2011, the Permanent Secretary authorised the increase of rental ceilings for the other staff by 5% across the board.

It was not clear what warranted the increase of 100% for the Head of Mission and only 5% for the other staff when the justification that the Swiss Franc was strengthening against the United States Dollar affected all the staff equally.

**f. Wasteful Expenditure – Payment of Rentals – First Secretary – Trade**

In August 2014, the First Secretary (Trade) was recalled from the Foreign Service and subsequently vacated the apartment the Mission was renting in December 2014. However, despite the departure of the Officer, the Mission continued to pay rentals for the vacant apartment. As at March 2015, the Mission had paid amounts totalling K85,733 (CHF12,003) (US\$12,247.50) as rentals for the property.

It was not clear why the Mission continued paying rentals for an apartment which had been vacated resulting in wasteful expenditure.

**g. Rented Apartments**

In 2011, through Circular No.13/2011 dated 10<sup>th</sup> February 2011, the Ministry decided that payments of security deposits should be the responsibility of officers who should claim it back when vacating the house. However, where the security deposit has been paid by the Mission on behalf of the officer, the payment shall be treated as an advance to that particular officer to be recovered in six (6) monthly instalments. Further, Foreign Service Regulations and Conditions of Service No. 108 (ii) states that, “In case of damage to Government or rented accommodation caused by an officer’s carelessness, he/she shall pay the total cost of repairs.”

However the following were observed:

**i. Failure to Recover Security Deposit and Insurance**

During the period under review, the Mission paid amounts totalling K693,453 (CHF98,850) (US\$109,836) in respect of security deposits for six (6) rented houses.

In addition, the Mission paid insurance in amounts totalling K9,087 (CHF1,295.30) (US\$1,437.78) for the same properties as cover for possible repair and replacement costs of damaged items by diplomats in rented properties and for loss or theft of household goods.

However, contrary to the provisions of the Circular, the amounts paid by the Mission on behalf of the officers had not been recovered as of August 2015.

**ii. Irregular Transfer of Funds**

During the period 2006 to 2012, the Mission rented an apartment located on villa 105 Peney in Vernier for which a security deposit of K63,356 (CHF9,030) was paid.

In January 2012, the officer occupying the house was recalled. An inventory of the house was done and the Insurance Company disclaimed the wear and tear charges claiming that they were not covered by the insurance (Liability Claim Policy No. T864205133) but agreed a flat fee of K28,064 (CHF4,000) which was paid to the Landlord on 22<sup>nd</sup> July 2013.

However, on 28<sup>th</sup> November 2014, the Landlord (Regie du Mail) was paid a total of K30,835 (CHF4,395.85) vide a bank order on the understanding that the Insurance Company had paid the balance which they had communicated through an email dated 31<sup>st</sup> July 2014.

On 5<sup>th</sup> November 2014, a letter was written through the Debt Enforcement Office claiming a total of CHF9,030 including administrative fees of CHF526.10. It was observed that on 7<sup>th</sup> April 2015 the funds had been transferred to the Landlord as indicated on the bank statement loan guarantee account without the concert of the Mission.

**h. Outstanding Debts –Former First Secretary (Accounts)**

The First Secretary – Accounts was recalled in November 2012 and subsequently returned to Zambia in February 2013. It was observed that the former First Secretary left outstanding bills amounting to CHF30,799.50 (US\$33,559.17) with various institutions for services provided.

As of April 2015, there was no evidence that bills had been settled as the matter was still being pursued with the Embassy by the various institutions owed money. See table below.

Debt	Amount	
	CHF	US\$
Telephone Bills	9,991.20	11,101.33
Motor Vehicle Service	2,528.30	2,809.22
Visa Card Fees	7,118.15	7,909.06
Medical Fees	9,565.60	10,628.44
Library Fees	1,000.00	1,111.11
<b>Total</b>	<b>30,203.25</b>	<b>33,559.17</b>

**HEAD: 17/ 33 Ministry of Foreign Affairs - Mission Abroad - Pretoria**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**36.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K12,867,126 was made to cater for various activities against which amounts totalling K10,308,888 were released resulting in underfunding of K2,558,238. A total of K12,480,412 was spent as of December 2014, resulting in excess expenditure of K2,171,524. However, there was no evidence that a supplementary provision was obtained for the excess expenditure.

The Mission collected revenue in amounts totalling K625,262 from the issuance of Passports, Visas and Travel Documents of Identity (TDIs) during the period under review.

#### **Accounting and Other Irregularities**

Foreign Service Regulations (FRS) and Conditions of Service No. 48 (i) state that Education Allowance shall be paid to an officer in respect of not more than three (3) children inclusive of dependants for primary and secondary school education. In addition, FSR48 (ii) states that an officer whose child is in College/University and below the age of twenty one (21) years, shall be eligible to receive 50% of the Education Allowance.

During the period under review, two (2) officers were paid education allowances in amounts totalling K58,847 (US\$9,326). However, it was difficult to ascertain whether the children were in primary or secondary school or were in college at the time of payment as documentation to show what level of education the children were at was not availed for audit scrutiny, rendering the payments questionable.

**HEAD: 17/35 Ministry of Foreign Affairs, Mission Abroad - Ottawa**

**Programmes: Various**

**Activities: Various**

37. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2013 and 2014, total provisions of K14,123,617 and K12,750,635 were made respectively to cater for various activities against which total amounts of K13,991,424 and K12,606,655 were released resulting in an under funding of K132,193 and K143,980 respectively. See table below.

<b>Year</b>	<b>Budget Provisions K</b>	<b>Releases K</b>	<b>Variance K</b>
2013	14,123,617	13,991,424	132,193
2014	12,750,635	12,606,655	143,980

According to the Financial Statements (Statement C), the Mission spent amounts totalling K13,991,423 and K12,606,655 as of 31<sup>st</sup> December 2013 and 2014 respectively.

#### **Accounting and Other Irregularities**

An examination of the accounting and other records maintained at the Ministry Headquarters and the Mission carried out in March 2015 revealed the following:

##### **a. Lack of Basis for Medical Claims**

According to Foreign Service Regulation No. 102, an officer shall contribute towards medical expenses for himself/herself and members of his/her family at the rate of 40% of medical insurance cover or medical bills. In both cases the Government shall contribute 60%.

In addition, all diplomats are mandated to be insured by the employer in which case the Government contributes 60% and the diplomats 40%.

During the period under review, the Mission paid out K79,750 (C\$12,247.07) and K62,776 (C\$11,831.60) to staff as medical claims. However, no claim was made from the insurance company.

##### **b. Unaccounted for Stores and Fuel**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details for assorted stores and fuel costing K386,991 (C\$72,264.10) procured during the period under review.

**HEAD: 17/47 Ministry of Foreign Affairs - Mission Abroad - Accra**

**Programmes: Various**

**Activities: Various**

38. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2013 and 2014, provisions of K9,886,842 and K8,830,374 were made respectively to cater for various activities against which amounts totalling K9,809,430 and K11,074,616 were released resulting in an under funding of K77,412 in 2013 and an overfunding of K2,244,242 in 2014. See table below.

Year	Total Authorised K	Amount Released K	Variance K
2013	9,886,842	9,809,430	(77,412)
2014	8,830,374	11,074,616	2,244,242
<b>Total</b>	<b>18,717,216</b>	<b>20,884,046</b>	

According to the Financial Statements (Statement "C"), the Mission had spent amounts totalling K9,809,427 in 2013 and K8,707,532 in 2014.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in April 2015 revealed the following:

##### **a. Revenue Collections**

During the financial years under review, the Mission collected amounts totalling K312,832 (US\$53,370) from the sale of Passports, Visas and Travel Documents of Identity (TDI) against the revenue targets of K337,748 (US\$56,240) resulting in a total under collection of K24,916 (US\$2,870) as detailed below.

Year	Revenue Targets K	Actual Collections K	Variance K
2013	137,500	133,980	3,520
2014	200,248	178,852	21,396
<b>Total</b>	<b>337,748</b>	<b>312,832</b>	<b>24,916</b>

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

The Mission has a total establishment of nine (9) Diplomatic staff. However, as of April 2015, the position of First Secretary (Economy and Trade) was vacant. The failure to fill the position of First Secretary (Economy and Trade) which remained vacant since October 2012 meant that the Mission was unable to effectively contribute to the attainment of the Ministry's Strategic Plan which had placed emphasis on economic affairs in its missions abroad.



**c. Wasteful Expenditure on Rental Payments**

The Mission spent amounts totalling K563,040 (US\$72,000) as rentals for property No. 4 Deila Court for the period from September 2012 to May 2013. However, during the period under review, the house was unoccupied rendering the expenditure wasteful.

**d. Failure to Follow Procurement Procedures**

Contrary to the Zambia Public Procurement Act of 2008:

- i. In May 2013, the Mission spent K94,254 (US\$17,486.77) to transport the personal effects of the First Secretary – Political and Administration to Abuja, Nigeria where he had been appointed as Deputy High Commissioner.

However, the procurement of transport services was irregular in that procurement procedures were not followed as no tender authority was obtained and the amount paid was above the threshold of the High Commissioner.

- ii. In February 2014, the Mission procured a generator at a cost of K79,932 (US\$14,666.53) to replace the damaged generator at the property the Mission had rented for the First Secretary – Political and Administration who had since been appointed as Deputy High Commissioner to Abuja, Nigeria.

However, the procurement was irregular in that procurement procedures were not followed as no authority was obtained and the amount paid was above the threshold of the High Commissioner.

- iii. In March 2013, the Mission spent amounts totalling K244,507 (US\$45,211.99) to transport personal effects of the Deputy High Commissioner who had been recalled to Lusaka.

However, the procurement of transport services was irregular in that procurement procedures were not followed as no authority was obtained and the amount paid was above the threshold of the High Commissioner.

**e. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, various stores items costing K39,057 (US\$6,745.64) procured during the period under review were unaccounted for in that there were no receipt and disposal details availed for audit.

**f. High Cost on Rented Properties**

The Mission does not own any properties in Accra. The Chancery, the Residence and staff houses are all properties rented from private individuals. Although in the past the Mission

had made recommendations to the Ministry to purchase its own property that could be used as a Chancery, this had not been done as of December 2014.

Consequently, during the period from January 2013 to December 2014, the Mission had paid amounts totalling K5,850,900 (US\$975,150) as rentals for the Chancery, Residence and staff houses.

**g. Inventory not Inscribed with GRZ Identification Marks**

Contrary to Public Stores Regulation No.154, various furniture procured during the period under review costing K15,865 (US\$2,822.27) were not inscribed with GRZ identification marks.

**HEAD: 17/50 Ministry of Foreign Affairs - Mission Abroad - Kuala Lumpur**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**39.** In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2013 and 2014, provisions of K12,219,660 and K11,516,027 were made to cater for various activities against which amounts totalling K11,860,511 and K11,152,123 respectively, were released, resulting in an under funding of K359,149 in 2013 and K363,905 in 2014.

According to the Financial Statements (Statement C), amounts of K11,860,509 and K11,144,585 were spent in 2013 and 2014 respectively.

**Accounting and Other Irregularities**

An examination of accounting and other records carried out in March 2015, revealed the following:

**a. Unfilled Diplomatic Positions**

Kuala Lumpur Mission has a total staff establishment of twelve (12) for diplomatic staff. As of March 2015, ten (10) positions had been filled while two (2) positions for Counsellor–Economic (Recalled 10.09.14) and First Secretary-Trade (Resigned 04.06.14) remained vacant.

**b. Delayed Banking**

Contrary to Financial Regulation No. 121, there were delays for periods ranging from 5 to 52 days in the banking of revenue in amounts totalling K26,645 (US\$4,734.76) collected during the period under review.

**c. Failure to Recover Excess Clearing Charges On Unaccompanied Luggage**

Foreign Service Regulations and Conditions of Service No. 76 (c) states that an officer who is travelling on Government expense by land, sea or air when, transferred from one Foreign Mission/Station shall be eligible for a baggage entitlement of up to the cost of transporting one hundred and fifty kilograms by air freight between the airport nearest to his / her Mission/Station of departure and the airport nearest to his station of arrival in respect of the cost of transporting his baggage by any means between the two Missions/Stations.

In addition, a married officer shall be eligible for an identical entitlement in respect of his/her spouse, provided he/she accompanies him/her, and up to the cost of transporting sixty kilograms by air freight in respect of each child accompanying him/her. These amounts shall be in addition to any amount allowed free on the passenger ticket or ticket.

Contrary to the Regulation, in April 2013, the Ministry paid amounts totalling K29,926 for transportation of the Ambassador's unaccompanied luggage on first appointment weighing 800 kg, instead of paying for the entitlement of 480 Kg which would have costed K20,454 resulting in an over payment of K9,472 (US\$1,507).

As of March 2015, the overpayment of the amount had not been recovered.

**d. Failure to Sign a Formal Agreement - Contracting of Security Services**

In April 2013, the Mission paid amounts totalling K7,864 (US \$1449.01) covering the period March to April 2012, in respect of outstanding security fees to Coss Security Sdn Bhd, for House No. 26, Jalan Pakat, Ukay Height, Ulu.

However, the payment was questionable as there was no contract between the Mission and the Security Firm.

**e. Failure to Recover Repair Costs**

Foreign Service Regulation and Condition of Service No.124 states that an officer responsible for any loss arising from damage or theft of an official vehicle placed under his/her charge shall be required to bear the full cost of repairing or of replacing the vehicle.

Contrary to this Regulation, the Mission paid K2,045 (US \$380) to Merbenz Auto (UK) Sdn Bhd on 7<sup>th</sup> November 2013 in respect of repair costs for damages to the representational vehicle. As of April 2015, the money had not been recovered from the officer responsible for the damage.

**f. Failure to Recover Outstanding Debts from Recalled Officers**

In January 2013, the Mission paid amounts totalling K429,011 (US\$83,384.05) to HSBC Bank on behalf of various officers who were owing the Bank and were recalled to Zambia. The amounts were to be treated as loans to the affected officers and therefore should have been recovered in full.

However, as of March 2015, recoveries in amounts totalling K150,373.89 (US\$29,624.76) settled on behalf of the two (2) officers had not been effected.

**HEAD: 20 Loans and Investments - Ministry of Local Government and Housing**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**40.** In the Estimate of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K537,872,926 was made to cater for various activities against which amounts totalling K196,397,341 were released.

According to the financial statement (Statement 'C'), as of 31<sup>st</sup> December 2014, amounts totalling K193,833,374 were spent.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and visits to selected projects carried out in August 2015 revealed the following:

**a. Unsupported Payments**

Contrary to Financial Regulation Nos. 45 and 52, there were fifty (50) payments in amounts totalling K24,649,393 that were not supported with relevant documents such as receipts and invoices among others.

**b. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, imprest in amounts totalling K558,242 issued to various officers during the period under review had not been retired as of November 2015.

**c. Failure to Avail Activity Reports**

During the period under review, imprest in amounts totalling K258,064 was issued to various officers to monitor various projects. However, there were no reports availed for audit making it difficult to ascertain whether the activities were undertaken.

**d. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K283,371 (General Stores - K142,175 and Fuel - K141,196) procured during the period under review were unaccounted for in that there were no receipt and disposal details.

**e. Water Supply and Sanitation Projects**

During the period under review, amounts totalling K130,786,937 were released for water supply and sanitation projects. Consequently, the Ministry engaged various contractors to implement various water projects and the following were observed:

Project	Contractor	Contract Start Date	Contract End Date	Contract Period	Contract Price K	Amount Paid K	Project Scope	Delay From Initial Date of Completion as of November 2015 (Months)	Project Status
Rehabilitation and Expansion of Chinsali Water Supply and Sanitation Infrastructure in Chinsali District	China Gansu Engineering Corporation (Z) Limited	20.05.2013	01.09.2014	10 months	40,857,954.71	22,858,835	<p>Construction of:</p> <ul style="list-style-type: none"> <li>• Dam and New 200m<sup>3</sup>/hr capacity treatment plant, clear water tank and pump station</li> <li>• elevated storage water tanks</li> <li>• water pipelines from the new Water Treatment Plant, new elevated water storage tanks near new Provincial Administration Office to new development areas , from the existing Water Treatment Plant at Chinsali Boma, from the new elevated water tanks</li> </ul>	14 months	<ul style="list-style-type: none"> <li>• A variation of K2,086,206.90 was made to the original contract price in the course of the execution of the contract. However, the variation order request and justification report was not availed for audit.</li> <li>• Construction of pump houses, clear water tanks for both BOMA and Lubu Treatment Plants; construction of Operators' houses at BOMA and construction of Chambeshi Water and Sewerage Company Office building had not been completed and the contractor was on site.</li> </ul>

						<p>at Boma and near Radio Station to connect to the existing distribution network pipes.</p> <ul style="list-style-type: none"> <li>• office buildings for Chambeshi Water and Sewerage Company and Operators houses at Old Treatment plant at the Boma area</li> </ul> <p>Rehabilitation and upgrading of existing water treatment plant and construction of new weir and additional clear water storage tank and high lift pump station; slow sand filters; the existing concrete water storage tank in the Boma area and near market; existing water distribution network (including replacing dilapidated</p>	
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							pipes, valves, etc.) and installation of new consumer water meters.		
Network Expansion of Mufumbwe Water Supply System in Mufumbwe District	Toshiber Contractors	31st May, 2013	31st May, 2014	12 months	3,681,898	1,723,583.10	<ul style="list-style-type: none"> <li>• Laying of the falling main from the Old Plant at Chizela to Mufumbwe Boma,</li> <li>• Network expansion at Kakikasa area</li> <li>• Installation of 600 water meters</li> </ul>	18 months	As of November 2015, the installation of 600 water meters had not commenced and the contractor was not on site.
Rehabilitation and Expansion of Isoka Water Supply System in Isoka District	China Jiangxi Corporation for International Economic and Technical Corporation	31.05. 2013	31.05.2014	12 months	32,922,516.87	11,827,459.96	<ul style="list-style-type: none"> <li>• Emergency rehabilitation of existing facilities to bring them to their original design</li> <li>• Sinking of 4 new boreholes</li> <li>• Rehabilitation and extension of secondary distribution pipes and connection pipes</li> </ul>	18 months	<p>A physical inspection of the project site carried out in June 2015 revealed that the contractor had not completed the works with the following outstanding;</p> <p>Fencing of the clear water tank and construction of the operators guard house, water borne toilets.</p> <p>Repair of sewer ponds and chambers, removing of old sewer pipes and replacing them with new PVC pipes.</p> <p>Works at Chuwi water sources have not yet commenced</p>



							Construction of manhole chamber and replacement of sewer lines		<p>Erecting of two (2) 500 m<sup>3</sup> water tanks has not yet been done</p> <p>Network upgrade still not yet done</p> <p>Meter installations</p> <p>Rehabilitation and extension of secondary distribution pipes and connection pipes and connection of small diameter and several new connections and also the rehabilitation of existing connections in the new development and existing settlement respectively</p>
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**f. Markets and Bus Station**

During the period under review, amounts totalling K27,023,424 were released for the construction and rehabilitation of Markets and Bus Stations.

In this regard various contracts were awarded to contractors for the implementation of projects. The following were observed:

Project	Contractor	Contract Start Date	Contract End Date	Contract Period	Contract Price K	Amount Paid to Contractor K	Project Scope	Delay From Initial Date of Completion as of November 2015 (Months)	Project Status
Construction of a Bus Station in Mpika District	Henina Engineering and Constructors Limited	16th December 2013	16th August, 2014.	(8) months	7,813,146.32	2,221,260.90	Construction of a Bus Station	15 months	As of June 2015, the following works were outstanding; casting of the first floor slab, block work for both the first and second floor, casting of concrete for the first floor, roofing, plastering, plumbing and electrical works.
Construction of a Bus Station in Chinsali District	Stoutone Investment Limited	16th December 2013	16th August 2014	(8) months	10,864,468.70	2,172,893.73	Construction of a Bus Station	15 months	As of June 2015, the works had not been completed with the following works outstanding; casting of the first floor slab, block work for both the first and second floor, casting of concrete for the first floor, roofing, plastering, plumbing and electrical works.
Construction of Morden Market in Mpika District	Horizon Properties	16th December 2013	16th August 2014	(8) months	2,599,897.28	1,092,460.22	Construction of Morden Market	onths	The Ministry did not to institute liquidated damages as per clause 49.1 of the conditions of the contract despite the delayed completion of work  As of June 2015, the works had not been completed with the following outstanding:

									<p>floor smoothening, finishes on counters, painting and installation of gates for the market.</p> <p>Fitting of window and door frames, electrical fittings, painting inside and outside walls, fitting of ceiling boards and plumbing and electrical works for the administration block.</p> <p>Fitting of window and door frames, electrical fittings, painting inside and outside walls, painting and plumbing works for the ablution block.</p> <p>The contractor was not on site.</p>
Construction of Modern Market and Bus Station in Sinazongwe District	Stoutone Investments Limited	10th October, 2013	16th August, 2014	(12) months	18,716,858.31	7,349,978.75	Construction of Morden Market and Bus Station	15 months	<p>The Ministry did not to institute liquidated damages as per clause 49.1 of the conditions of the contract despite the delayed completion of work</p> <p>The project had not been completed with the following outstanding:</p> <p>Market - works were in progress</p> <p><b>Bus Station</b> - works had not commenced as the council had not allocated land for construction of the station.</p>
Construction of an Ablution Block at	Caines Trading Limited	16th December 2013	16th August, 2014	(8) months	191,448.72	70,010.88	Construction of an Ablution Block	15 months	<p>The Ministry did not to institute liquidated damages as per clause 49.1 of the</p>

Mambwe Council Market								<p>conditions of the contract despite the delayed completion of work.</p> <p>The superstructure had been done, metal work done, electrical cables with the following outstanding; plastering, painting, floor screed, glazing and fitting of doors, plumbing works such as fitting of showers, soak away, sanitary pipe works to the ablution and connection of water reticulation.</p>
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Project	Contractor	Contract Start Date	Contract End Date	Contract Period	Contract Price K	Amount Paid to Contractor K	Project Scope	Delay From Initial Date of Completion as of November 2015 (Months)	Project Status
Construction of Ten (10) Medium Cost Houses in Ikelenge District	Mapaonga Zambia Limited	10th September 2013	10th July, 2014	(10) months	4,639,006	927,801	Construction of Ten (10) Medium Cost House	(17) months	Five (5) houses had been built up to gable level while five (5) houses had been built up to upper window level  The Ministry did not to institute liquidated damages as per clause 49.1 of the conditions of the contract despite the delayed completion of work.
Construction of Ten (10) Medium Cost Houses in Mwansabombwe District	Stoutone Construction	10th September 2013	10th September 2014	(12) months	3,948,467.54	1,409,375.11	Construction of Ten (10) Medium Cost Houses	(14) months	The Ministry did not to institute liquidated damages as per clause 49.1 of the conditions of the contract despite the delayed completion of work  Five (5) houses had been roofed, door and window frames had been fitted to all the ten (10) houses while five (5) houses were at gable level.

Construction of Ten (10) Medium Cost Houses in Sinda District.	Saja General Dealers Limited	1st September, 2013	1 <sup>st</sup> July, 2014	(10) months	4,334,620.99	866, 294.45	Construction of Ten (10) Medium Cost Houses	(17) months	The Ministry did not to institute liquidated damages as per clause 49.1 of the conditions of the contract despite the delayed completion of work  Seven (7) houses were at slab level while three (3) houses were at box level.
Construction of Ten (10) Medium Cost Houses in Chembe District	Melt Cast Engineering	10th September 2013	10th July, 2014	10 months	3,397,554.67	1,240,064.11	Construction of Ten (10) Medium Cost Houses	(17) months	The Ministry did not to institute liquidated damages as per clause 49.1 of the conditions of the contract despite the delayed completion of work.  The ten (10) houses had been roofed, with door and window frames and doors fitted while the following works were still outstanding; painting, flooring, tiling, and plumbing works and water reticulation and land scaping among others.
Construction of Ten (10) Medium Cost Houses in Nsama District	Tripple V Properties	1st September 2013	1 <sup>st</sup> July, 2014	(10) months	4, 311,298	1,890,598.69	Construction of Ten (10) Medium Cost Houses	(17) months	The Ministry did not to institute liquidated damages as per clause 49.1 of the conditions of the contract despite the delayed completion of work  Eight (8) houses had been roofed and ceiling fitted, two had been built up to gable level with the following works outstanding; roofing of the two houses, plastering, painting, flooring, tiling, and

									plumbing works and landscaping among others.  The contractor had abandoned the site as at the time of audit
Construction of ten (10) Medium Cost Houses in Rufunsa District	Paphil	10th September 2013	10th September 2014	(12) months	3,834,715.04	1,199,017.22	Construction of ten (10) Medium Cost Houses	(17) months	The Ministry did not to institute liquidated damages as per clause 49.1 of the conditions of the contract despite the delayed completion of work  The contractor had abandoned the site as at the time of audit.  Five (5) houses had been done up to gable level, five (5) houses had been built up to upper window level with door
Construction of ten (10) Medium Cost Houses in Chipili District	Almut Zambia Limited	10th September, 2013	10th September 2014	(12) months	3,467,617.02	988,977.56	Construction of ten (10) Medium Cost Houses	(17) months	The Ministry did not to institute liquidated damages as per clause 49.1 of the conditions of the contract despite the delayed completion of work  Six (6) houses were at slab level, two (2) houses had been built up to ring beam level, two (2) houses were at gable level.  The contractor was on site as at the time of audit
Construction of ten (10) Medium Cost Houses in Chipili District	Almut Zambia Limited	10th September, 2013	10th September 2014	(12) months	3,467,617.02	988,977.56	Construction of ten (10) Medium Cost Houses	(17) months	The Ministry did not to institute liquidated damages as per clause 49.1 of the conditions of the contract despite the delayed completion of work

Cost Houses in Chipili District							Medium Cost Houses		<p>conditions of the contract despite the delayed completion of work</p> <p>Project Status</p> <p>Six (6) houses were at slab level, two (2) houses had been built up to ring beam level, two (2) houses were at gable level.</p> <p>The contractor was on site as at the time of audit</p>
Construction of ten (10) Medium Cost Houses in Chikankanta District	SBK Limited	9th January, 2013	9th January 2014	(12) months	3,944,333.70	2,478,145.44	Construction of ten (10) Medium Cost Houses	(23) months	<p>The Ministry did not to institute liquidated damages as per clause 49.1 of the conditions of the contract despite the delayed completion of work.</p> <p>Ten (10) houses were constructed up to roof level with the following works were outstanding; plastering, painting, flooring, tiling, plumbing works and land scaping among others</p>
Construction of ten (10) Medium Cost Houses in Pemba District	Gabman Limited	9th January 2013	9th January 2014	(12) months	4,276,675.72	2,008,767.72	Construction of ten (10) Medium Cost Houses	(23) months	<p>The Ministry did not to institute liquidated damages as per clause 49.1 of the conditions of the contract despite the delayed completion of work.</p> <p>Nine (9) houses were constructed up to roof level and plastered with the following works were outstanding; painting, flooring, tiling, and plumbing works, landscaping among others.</p>



									<p>Failure to embark on the tenth House</p> <p>The contractor had not embarked on the construction of one house which it was to build as the site had an anti-hill</p>
Construction of ten (10) Medium Cost Houses in Zimba District	Horizon General Contractors	9th January, 2013	9th January 2014	(12) months	3,841,258.10	254,412.36	Construction of ten (10) Medium Cost Houses	(23) months	<p>The Ministry did not to institute liquidated damages as per clause 49.1 of the conditions of the contract despite the delayed completion of work.</p> <p>Only the slabs for (3) three houses had been constructed.</p> <p>The contractor had abandoned the site</p>

**g. Construction of Twenty (20) Medium Cost Houses in Lunga District**

On 1<sup>st</sup> September 2013, a contract was awarded to BGC Construction at a contract price of K9,729,720 for the construction of Twenty (20) Medium Cost Houses in Lunga District with the contract execution period of twelve (12) months ending 1<sup>st</sup> September 2014. A review of the correspondence from the District Commissioner's Office and interviews conducted at the site with the Council Secretary revealed that the BGC Trading and Construction Limited sub-contracted the works to a Chinese Contractor, New Mainland Corporation Limited. The terms of the sub contraction among others were that:

- Party B (New Mainland Corporation Limited) should fulfil Party A's (BGC Trading and Construction Limited) contractual obligations, which are subject to the client and Party A; Party A should maintain appropriate relations with the client and collect the payments from the client.
- Party B should submit 4% of the contract value (before VAT) to Party A as administration fee
- K400,000 should be provided as pre-project cost by Party B to Party A

As of June, 2015, a total of K3,334,760 had been paid to the contractor leaving a balance of K6,394,960. However, the following were observed:

- **Delayed Completion of Work**

Although the contract execution period was for a period of twelve (12) months ending 30<sup>th</sup> August 2014, as of November 2015, the works had not been completed. However, contrary to clause 49.1 of the conditions of the contract which required the client to institute liquidation damages for delayed completion, no recommendation for liquidation damages had been instituted.

- **Project Status**

A physical inspection of the project site carried out in June 2015 revealed that; five (5) houses had been roofed, two (2) houses had been built up to slab level while thirteen (13) houses were at box level. The following works were outstanding; construction of the superstructure for fifteen houses, plastering, painting, flooring, tiling, and plumbing works and land scaping for twenty houses. The main contractor has only been to the site during handover once and the work had been abandoned as at the time of audit.

A review of correspondence at the Ministry and a physical inspection of the site revealed that, the contractor had subcontracted the works to New Mainland Corporation Limited. At the time of inspection in June 2015, the main contractor was not on site. However, the subcontractor was on site and no works were going on. Inquiries with the subcontractor revealed that the works had stalled due to non-payment by the main contractor.

**h. Fire Services**

During the period under review, amounts totalling K5,013,172 were released for the construction of fire substations.

In this regard, various contracts were awarded to contractors for the implementation of projects. The following were observed:

<b>Project</b>	<b>Contractor</b>	<b>Contract Start Date</b>	<b>Contract End Date</b>	<b>Contract Period</b>	<b>Contract Price K</b>	<b>Amount Paid to Contractor K</b>	<b>Project Scope</b>	<b>Delay From Initial Date of Completion as of November 2015 (Months)</b>	<b>Project Status</b>
Construction of sub-fire station at Bonaventure in Lusaka District	Rayton Construction Limited	13th September 2013	13th July 2014	(10) months	2,452,001.85	613,000	Construction of Sub-fire station	17 months	A review of records at the Ministry revealed that the council had challenges to secure land for the construction of the fire station. The land was only secured in July 2015.  The rationale of paying the contractor before the land was secured was highly questionable.  As of June 2015, the building is at foundation excavation level and the contractor is still on site
Construction of Sub-fire station at Chilenje in Lusaka District	Venture Communication Limited	17th October 2013	December 2014.	(10) months	2,748,299.72	1,137,074.50	Construction of Sub-fire station	15 months	A physical inspection of the project site carried out in July 2015 revealed that the building is at lentil level and the contractor was still on site
Construction of Sub-fire station at Chelstone, in Lusaka District	Integrity Trading Limited	February 2014	December 2014	(10) months	3,027,188.46	1,356,797.11	Construction of Sub-fire station	11 month	A physical inspection of the project site carried out in July 2015 revealed that the building is at lentil level and the contractor was on site

**Head: 26 Ministry of Information and Broadcasting Services**

**Programmes: Various**

**Activities: Various**

**41.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December, 2014, a provision of K95,183,320 was made to cater for various activities against which amounts totalling K51,223,966 were released.

According to the financial statement (Statement 'C'), as of 31<sup>st</sup> December 2014, amounts totalling K50,995,965 had been spent.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and a visit to selected districts in September 2015 revealed the following:

**a. Misapplication of Funds**

Contrary to the Appropriation Act of 2013, amounts totalling K1,200,017 meant for Transport Management, Upgrading of Software and Anti-Virus, Audit of Grant Aided Institutions, Local Adjudication of SADC and COMESA awards among others were applied on unrelated activities such as payment of subsistence and fuel allowances for Digital Migration sensitisation and procurement of corporate shirts for the Zambia International Trade Fair in Ndola, among others.

**b. Unsupported Payments**

Contrary to Financial Regulations Nos. 45 and 52, two (2) payments in amounts totalling K114,000 made during the period under review were not supported with relevant documents such as cash sale receipts among others.

**c. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K481,910 (General Stores – K66,954 and Fuel - K414,956) procured during the period under review were unaccounted for in that there were no receipt and disposal details.

**d. Failure to Insure Government Property**

During the period under review, the Ministry procured various government assets costing computers (K188,840), printers (K42,770), cameras (K801,544), video recorders (K45,000) and five (5) editing suites (K436,884). However, as of October 2015, the assets had not been insured.

**Head:** 29 Ministry of Local Government and Housing  
**Unit:** Local Government Finance and Audit  
**Programme:** Support to Institutions (Local Authorities)  
**Activities:** Constituency Development Funds

42. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K210,000,000 was made to cater for the Constituency Development Funds (CDF) for one hundred and fifty (150) Constituencies.

Although K210,000,000 was available for the Constituencies, only amounts totalling K158,900,000 were disbursed to 112 constituencies in 81 Local Authorities as of September 2015 leaving a balance of K51,900,000 for 38 constituencies in 25 Local Authorities.

The balance represented K800,000 not disbursed by the Ministry and K51,100,000 as funds withheld by the Treasury for Constituencies that had balances above K1,000,000 in their CDF accounts.

Included in the K158,100,000 funded to constituencies was K1,300,000 which was disbursed as refund to Rufunsa Constituency whose 2013 CDF was misappropriated. See tables below.

Province	Local Authorities Funded	Constituencies Funded	Amounts Funded K	Constituencies in the Province	Unfunded Constituencies	Amounts not Funded K
Copperbelt	7	10	14,000,000	22	12	16,800,000
Central	6	9	12,600,000	14	5	7,000,000
Eastern	9	15	21,000,000	19	4	5,600,000
Luapula	10	14	19,600,000	14	0	-
Lusaka	5	5	8,300,000	12	7	8,500,000
Northern	8	11	15,400,000	13	2	2,800,000
Muchinga	5	7	9,800,000	8	1	1,400,000
North Western	8	11	15,400,000	12	1	1,400,000
Southern	10	15	21,000,000	19	4	5,600,000
Western	13	15	21,000,000	17	2	2,800,000
<b>Total</b>	<b>81</b>	<b>112</b>	<b>158,100,000</b>	<b>150</b>	<b>38</b>	<b>51,900,000</b>

### Accounting and Other Irregularities

An examination of accounting and other records carried out at the Ministry headquarters and selected seventy five (75) constituencies in September 2015 revealed the following;

#### a. Unspent Funds

Out of the total amount of K130,692,651 available to sixty seven (67) constituencies during the period under review, a total amount of K75,298,655 had been spent as of November 2015,

leaving a balance of K55,393,996 unutilised. In this regard, K55,393,996 represented 42.4% of the funds available that had not been spent as of November 2015. Details are in the table below.

District	Constituencies	Balance Brought Forward K	Funds Received for 2014 K	Total Funds Available K	Total Funds Spent November 2015 K	Unspent Funds as of November 2015 K
Mansa	Mansa Central	-	1,400,000	1,400,000	1,088,783	311,217
	Bahati	944,876	1,400,000	2,344,876	1,941,653	403,223
Kawambwa	Pambashe	34,268	1,400,000	1,434,268	827,119	607,149
	Kawambwa Central	-	1,400,000	1,400,000	833,684	566,316
Chiengi	Chiengi	182,693	1,400,000	1,582,693	207,806	1,374,888
Mwense	Mwense Central	435,990	1,400,000	1,835,990	1,621,622	214,368
	Mambilima	-	1,400,000	1,400,000	1,339,403	60,597
Samfya	Chifunabuli	-	1,400,000	1,400,000	1,320,829	79,171
	Bangweulu	780	1,400,000	1,400,780	1,313,799	86,981
Mwinilunga	Mwinilunga	1,451,128	1,400,000	2,851,128	2,725,630	125,498
Kasempa	Kasempa	167,357	1,400,000	1,567,357	692,123	875,234
Kabompo	Kabompo	454,762	1,400,000	1,854,762	1,215,476	639,286
Chavuma	Chavuma	1,771,232	1,400,000	3,171,232	1,546,430	1,624,802
Solwezi	Solwezi Central	1,466,943	-	1,466,943	778,511	688,432
	Solwezi East	914,369	1,400,000	2,314,369	486,715	1,827,654
	Solwezi West	794,978	1,400,000	2,194,978	556,724	1,638,254
Chinsali	Chinsali	-	1,400,000	1,400,000	786,762	613,238
Shiwang'andu	Shiwang'andu	-	1,400,000	1,400,000	-	1,400,000
Mpika	Mfuwe	-	1,400,000	1,400,000	1,317,317	82,683
Chama	Chama North	1,723	1,400,000	1,401,723	962,598	439,125
	Chama South	12,890	1,400,000	1,412,890	1,087,144	325,745
Nakonde	Nakonde	760,414	1,400,000	2,160,414	1,378,400	782,014
Ndola	Ndola Central	1,300,000	-	1,300,000	1,260,717	39,283
	Bwana Mkubwa	904,708	1,400,000	2,304,708	1,097,496	1,207,212
	Chifubu	1,300,000	-	1,300,000	1,192,626	107,374
	Kabushi	1,300,000	-	1,300,000	1,013,175	286,825
Mpongwe	Mpongwe	1,861	1,400,000	1,401,861	1,164,116	237,744
Masaiti	Masaiti	571,175	1,400,000	1,971,175	852,192	1,118,984
	Kafulafuta	375,635	1,400,000	1,775,635	1,230,342	545,293
Luanshya	Luanshya	604,729	1,400,000	2,004,729	260,275	1,744,455
	Roan	580,404	1,400,000	1,980,404	1,302,861	677,543
Lufwanyama	Lufwanyama	143,700	1,400,000	1,543,700	1,189,838	353,862
Mwandi	Mwandi	1,300,000	-	1,300,000	747,161	552,839
Sesheke	Sesheke Central	2,210,807	-	2,210,807	2,013,641	197,166
Pemba	Pemba	1,300,000	1,400,000	2,700,000	1,115,194	1,584,806
Mumbwa	Mumbwa	1,907,878	1,400,000	3,307,878	2,628,546	679,332
	Nangoma	1,371,107	1,400,000	2,771,107	1,191,876	1,579,231
Kabwe	Bwacha	2,222,411	1,350,000	3,572,411	1,243,322	2,329,088
	Kabwe Central	1,408,787	1,400,000	2,808,787	903,352	1,905,435
Kapiri Mposhi	Kapiri Mposhi	2,673,013	-	2,673,013	1,439,234	1,233,779
Luano	Mkushi South	1,341,247	-	1,341,247	750,317	590,930
Lusaka	Lusaka Central	2,740,964	-	2,740,964	1,045,735	1,695,229
	Kabwata	2,683,650	-	2,683,650	1,359,145	1,324,505
	Kanyama	1,779,361	-	1,779,361	1,284,220	495,140
	Chawama	1,804,193	-	1,804,193	1,381,839	422,354
	Mandevu	2,421,144	-	2,421,144	1,754,378	666,767
	Munali	62,600	-	62,600	60,916	1,684
	Matero	1,643,396	-	1,643,396	444,194	1,199,202
Chilanga	Chilanga	601,179	1,400,000	2,001,179	398,435	1,602,744
Chongwe	Chongwe	1,571,835	-	1,571,835	1,299,249	272,586
Rufunsa	Rufunsa	1,474,838	1,400,000	2,874,838	302,550	2,572,288
Feira	Feira	1,001,286	1,400,000	2,401,286	1,118,729	1,282,557
Siavonga	Siavonga	929,441	1,400,000	2,329,441	492,708	1,836,733
Chipata	Chipata Central	77,235	1,400,000	1,477,235	1,377,235	100,000
	Luangeni	95,614	1,400,000	1,495,614	1,395,614	100,000
	Chipangali	1,300,000	1,400,000	2,700,000	2,600,000	100,000
Lundazi	Lumezi	239,735	1,400,000	1,639,735	-	1,639,735
	Chasefu	317,556	1,400,000	1,717,556	1,400,000	317,556
Kasama	Lukashya	1,479,973	1,400,000	2,879,973	1,537,248	1,342,725
	Kasama Central	1,330,615	1,400,000	2,730,615	1,611,528	1,119,088
Mbala	Mbala central	554,012	1,400,000	1,954,012	379,831	1,574,181
	Senga	1,433,491	-	1,433,491	1,063,974	369,517
Luwingu	Lubasenshi	80,835	1,400,000	1,480,835	527,163	953,672
	Lupososhi	249,115	1,400,000	1,649,115	904,124	744,991
Mporokoso	Mporokoso	834,749	1,400,000	2,234,749	847,034	1,387,715
	Lunte	1,335,900	1,400,000	2,735,900	2,285,848	450,052
Nsama	Chimbamilonga	1,888,065	-	1,888,065	1,802,146	85,919
	<b>Total</b>	<b>62,142,651</b>	<b>68,550,000</b>	<b>130,692,651</b>	<b>75,298,655</b>	<b>55,393,996</b>

**b. Misapplication of Funds**

During the period under review, eight (8) Local Authorities that received a total amount of K15,400,000 for various projects in eleven (11) constituencies misapplied a total amount of K1,585,526 on payment of sitting and subsistence allowances, council meeting expenses, procurement of a motor vehicle and council operations among others, activities which were not related to the purpose for which funds were appropriated by Parliament. See table below.

Local Authority	Constituency	Amount Received K	Amount Misapplied K	Applied on
Kawambwa	Kawambwa Central	1,400,000	6,500	Sitting allowances for councilors and council officers
Solwezi	Solwezi Central	1,400,000	5,400	Payment of Sitting Allowances for CDF and CDC members.
	Solwezi East	1,400,000	2,100	Payment for sitting Allowances for CDC members
	Solwezi West	1,400,000	4,100	Payment allowances for CDF meeting
Masaiti	Kafulafuta	1,400,000	95,242	Allowances for PAC, Labour Expenses insurance
	Masaiti	1,400,000	388,150	purchase of utility vehicle, salaries, allowances,
Pemba	Pemba	1,400,000	13,200	Sitting allowances
Rufunsa	Rufunsa	1,400,000	172,313	Logistics and allowances on council meeting and independence celebrations and air tickets
Chadiza	Chadiza	1,400,000	486,908	payments of settling in allowances, salaries, councillors monthly allowances and council operations
Mporokoso	Mporokoso	1,400,000	58,893	General council operations
Kasama	Kasama Central	1,400,000	352,720	General council operations
<b>Total</b>		<b>15,400,000</b>	<b>1,585,526</b>	

**c. Payments Made without Obtaining Competitive Quotations**

Contrary to Procurement guidelines, various items costing K1,757,400 were purchased without either obtaining three (3) competitive quotations or authority from the Zambia Public Procurement Authority (ZPPA) to single source for purchases costing K10,000 and above. See table below.



Local Authority	Constituency	Amount K
Nakonde	Nakonde	20,043
Solwezi	Solwezi Central	200,000
Kabompo	Kabompo West	65,500
Shagombo	Sinjembela	1,471,857
<b>Total</b>		<b>1,757,400</b>

**d. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, thirty one (31) payment vouchers in amounts totalling K480,243 made by five (5) Local Authorities on behalf of six (6) constituencies during the period under review were not availed for audit. See table below.

Local Authority	Constituency	No of Payment Vouchers	Amount K
Mongu	Mongu Central	2	24,142
	Nalikwanda	7	122,244
Kaoma	Mangango	3	45,735
Shangombo	Sinjembela	7	115,670
Luano	Mkushi South	7	39,622
Chadiza	Chadiza	5	132,831
	<b>Total</b>	<b>31</b>	<b>480,243</b>

**e. Unsupported Payments**

Contrary to Financial Regulation No. 52, sixty three (63) payments in amounts totalling K363,238 made by five (5) Local Authorities on behalf of five (5) constituencies during the period under review were not supported with relevant documentation such as quotations, receipts, invoices, stage completion certificates among others. See table below.

Local Authority	Constituency	No of Payments	Amount K
Lufwanyama	Lufwanyama	18	83,601
Shangombo	Sinjembela	2	29,287
Lusaka	Matero	1	49,880
Luangwa	Luangwa	13	62,644
Livingstone	Livingstone	29	137,826
	<b>Total:</b>	<b>63</b>	<b>363,238</b>

**f. Unacquitted Allowances**

Contrary to Financial Regulation No. 45, amounts totalling K4,950 drawn to facilitate payment of allowances and wages for casual workers had not been acquitted and neither were the funds found on hand nor was there evidence that the funds had been banked as of November 2015.

Local Authority	Constituency	Amount K
Rufunsa	Rufunsa	2,750
Kasama	Kasama Central	2,200
<b>Total</b>		<b>4,950</b>

**g. Unauthorised Retention of Interest Earned**

Contrary to the Public Finance Act No. 15 of 2004, which states, “All interest accrued on bank accounts and other investments shall constitute general revenue and shall be paid into the Treasury Account”, interest in amounts totalling K1,923,384 earned on various bank accounts maintained by twelve (12) local authorities between January 2014 and September 2015 had not been remitted to the Treasury. See table below.

Local Authority	Constituency	Bank	Amount K
Mwinilunga	Mwinilunga	Finance Bank (Z) Ltd	30,860
Solwezi	Solwezi Central	ZANACO Bank Plc	37,872
	Solwezi East	ZANACO Bank Plc	32,070
	Solwezi West	ZANACO Bank Plc	48,893
Mongu	Mongu Central	ZANACO Bank Plc	132,427
Mulobezi	Mulobezi	Finance Bank (Z) Ltd	14,678
Kabwe	Bwacha	ZANACO Bank Plc	119,827
	Kabwe Central	ZANACO Bank Plc	145,683
Lusaka	Lusaka Central	ZANACO Bank Plc	119,310
	Kabwata	ZANACO Bank Plc	115,411
	Kanyama	ZANACO Bank Plc	70,265
	Chawama	ZANACO Bank Plc	61,013
	Mandevu	ZANACO Bank Plc	78,072
	Matero	ZANACO Bank Plc	72,941
Chipata	Luangeni	ZANACO Bank Plc	75,736
	Chipata Central	Investrust	47,770
	Kasenengwa	Investrust	57,909
	Chipangali	ZANACO Bank Plc	65,373
Luwingu	Lupososhi	Cavmont	53,440
	Lubansenshi	Cavmont	11,787
Mbala	Mbala	Finance	75,496
	Senga	Finance	82,942
Mporokoso	Mporokoso	Zanaco	68,258
	Lunte	Zanaco	125,716
Mpulungu	Mpulungu	Cavmont	82,263
Nsama	Chimbamilonga	Zanaco	97,374
<b>Total</b>			<b>1,923,384</b>

**h. Failure To Prepare Bank Reconciliations**

Contrary to Financial Regulation No. 138 which states that bank reconciliations should be prepared for all Government Accounts at commercial banks, it was observed that three (3) Local Authorities which received K7,000,000 for five (5) constituencies under CDF during the period under review did not prepare bank reconciliations. See table below.

<b>Local Authority</b>	<b>Constituency</b>	<b>Amount Funded K</b>
Solwezi	Solwezi East	1,400,000
	Solwezi West	1,400,000
	Solwezi Central	1,400,000
Mongu	Mongu Central	1,400,000
Shangombo	Sinjembela	1,400,000
<b>Total</b>		<b>7,000,000</b>

**i. Irregular Cash Payments – Solwezi Municipal Council**

Contrary to CDF guideline No. 3 (c) which stipulates that all payments to contractors executing CDF projects should be paid by bank cheques, it was observed that accountable imprest amounting to K20,000 involving one (1) transactions was issued to an officer on cheque No. 5960 dated 1<sup>st</sup> July, 2015 for the payment of casual workers constructing Muzabula Health Centre in Solwezi Central Constituency.

**j. Irregular Payment of Value Added Tax (VAT) – Chadiza**

During the period under review, Chadiza District Council paid nine (9) suppliers and contractors a total amount of K192,618 for the construction of infrastructure projects and supplying of goods and services, included in this amount was VAT amounting to K26,981. It was however observed that the suppliers were not registered for VAT with the Zambia Revenue Authority (ZRA). See table below.

<b>Supplier</b>	<b>Total Amount Paid K</b>	<b>Amount Net of VAT K</b>	<b>VAT Amount Paid at 16% K</b>
Edson Zulu	1,990	1,716	274
Jogif Supplier and Contractors	106,577	91,464	15,115
Jophawl Banda	4,545	3,918	626
Jusiel Thomas Banda	9,396	8,100	1,296
Paul Mwanza	4,500	3,879	621
Robert Banda	5,243	4,520	723
Stelly's Trading and Construction	5,000	4,310	690
Stephen Nkoma	6,200	5,345	855
Thomas Juziel Banda	6,189	5,335	854
Winazu and Sons	42,978	37,050	5,928
<b>Total</b>	<b>192,618</b>	<b>165,637</b>	<b>26,981</b>

**k. Unauthorised Variations – Lusaka City Council**

Clause 4.6 of the contracts signed with contractors prohibited project managers to vary works exceeding 25% or below 20% of the contract sum.

However, contrary to the clause, the Lusaka City Council authorised variations to four (4) contracts with total contract sums of K1,387,357 by works valued at K851,032 whose percentage

variations ranged from 44.5% to 77.9% without inviting new bids. As of September, 2015 the contractors had been paid amounts totalling K1,905,286. See table below.

Project	Original Order Value K	Variation K	Amount Amended K	Amount Paid K	Percentage (%)
Garden Police Station	415,725	324,067	739,792	720,372	77.95
Chudleigh Police Post	292,826	197,723	490,549	269,283	67.52
Metropolitan Police Post	467,158	234,885	702,043	737,050	50.28
Kamulanga Clinic	211,647	94,357	306,005	178,582	44.58
<b>Total</b>	<b>1,387,357</b>	<b>851,032</b>	<b>2,238,389</b>	<b>1,905,286</b>	

**l. Unretired Accountable Imprest - Mporokoso District Council**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K223,950 issued by Mporokoso District Council to four (4) officers had not been retired as of November 2015.

**m. Irregular Use of Imprest to Procure Goods and Services**

According to Financial Regulation No. 86 (c), ‘accountable imprest is issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time.’ It was however observed that during the period under review, five (5) Local Authorities issued accountable imprest in amounts totalling K426,102 to eleven (11) officers to procure goods and services whose values were obtainable on the market. See table below.

Local Authority	Constituency	No of Officers	Amount K
Chavuma	Chavuma	4	67,021
Nakonde	Nakonde	1	4,145
Masaiti	Masaiti	1	249,443
Mpongwe	Mpongwe	4	51,193
Mporokoso	Mporokoso	1	54,300
	<b>Total</b>	<b>11</b>	<b>426,102</b>

**n. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K1,606,226 (General stores - K1,060,305 and fuel - K545,920) procured by thirteen (13) Local Authorities during the period under review on behalf of seventeen (17) Constituencies were not accounted for in that there were no receipt and disposal details. See table below.

Local Authority	Constituency	General Stores K	Fuel K	Total K
Mwinilunga	Mwinilunga	7,220	105,933	113,153
Kabompo	Kabompo	34,707		34,707
Solwezi	Solwezi Central	12,679	-	12,679
	Solwezi West	76,021	-	76,021
Nakonde	Nakonde	-	2,447	2,447
Mpongwe	Mpongwe	117,510	-	117,510
Lufwanyama	Lufwanyama	84,522	40,590	125,112
Mongu	Nalikwanda	2,153	1,285	3,438
Kabwe	Kabwe Central	43,519	-	43,519
Lusaka	Lusaka Central	276,337	-	276,337
	Kabwata	24,115	-	24,115
Chilanga	Chilanga	94,000	-	94,000
Rufunsa	Rufunsa	27,341	-	27,341
Kasama	Kasama Central	176,261	206,035	382,296
	Lukanshya	83,920	18,580	102,500
Mporokoso	Mporokoso	-	90,638	90,638
	Lunte	-	80,412	80,412
<b>Total</b>		<b>1,060,305</b>	<b>545,920</b>	<b>1,606,226</b>

**o. Undelivered Stores**

During the period under review twelve (12) Local Authorities procured various materials costing K766,720. However, as of November, 2015 materials costing K559,486 had been delivered leaving materials costing K207,234 not delivered. See table below.

Local Authority	Constituency	Amount Paid for Materials K	Cost of Materials Delivered K	Cost of Materials not Delivered K
Nakonde	Nakonde	29,485	18,935	10,550
Mulobezi	Mulobezi	146,450	132,027	14,423
Shangombo	Sinjembela	191,092	169,207	21,885
Lusaka	Lusaka	76,780	-	76,780
Chipata	Chipata Central	79,710	45,300	34,410
Petauke	Kapoche	176,215	151,421	24,794
Katete	Milanzi	62,488	42,596	19,892
Mazabuka	Mazabuka Central	4,500	-	4,500
<b>Total</b>		<b>766,720</b>	<b>559,486</b>	<b>207,234</b>

**p. Irregular Advance Payments**

Contrary to CDF Guideline No. 12, (a) which states that “The advance payment shall be a maximum of 15% of the contract sum and shall be paid to the contractor”, it was observed that contractors were paid advances in excess of the 15 percent set in the guidelines. In this regard, amounts totalling K354,258 were irregularly paid to the contractors as advance payments. Details are in the table below.

Local Authority	Constituency	Project	Contract Sum K	Required Payment (15%)	Advance Payment Made K	Excess Advance Payment K
Mansa	Bahati	Construction of 1x3 CRB at Matelo Primary	180,000	27,000	36,000	9,000
	Mansa Central	Construction of 1x3 CRB at Mibenge Primary	372,816	55,922	74,563	18,641
Lufwanyama	Lufwanyama	Various	279,504	41,926	112,801	70,875
Kasama	Kasama	Various	2,557,420	383,613	639,355	255,742
<b>TOTAL</b>			<b>3,389,740</b>	<b>508,461</b>	<b>862,719</b>	<b>354,258</b>

Further, there was no evidence that the advance payments were secured with bank guarantees from the contractors.

**q. Funding of Non-Qualifying Projects**

Contrary to CDF Guideline No. 5, which states that the type of projects to be financed under CDF shall be developmental in nature and be beneficial to various stakeholders in the community, it was observed that three (3) projects that did not qualify had been funded amounts totalling K125,923. See table below.

Local Authority	Constituency	Project	Amount Funded K
Mansa	Bahati	Rehabilitation of Senama Rest House	70,000
	Bahati	Procurement of a Computer, Printer and 2 Digital Cameras	15,000
Shangombo	Sinjembela	Procurement digital video camera for ZANIS	40,923
<b>TOTAL</b>			<b>125,923</b>

**r. Funding of Unapproved Projects**

Contrary to CDF Guideline No. 7, which states that only projects which have been appraised and approved by the Council shall be funded, it was observed that fourteen (14) projects that were not approved had been funded amounts totalling K1,189,371.

Local Authority	Constituency	Unapproved Project	Amount Funded K
Samfya	Chifunabuli	1	10,400
Kalulushi	Kalulushi	1	130,000
Kasama	Kasama Central	1	36,000
	Lukasya	1	8,000
Mporokoso	Mporokoso	2	14,331
	Lunte	3	21,450
Mbala	Senga	2	204,235
Solwezi	Solwezi West	1	92,120
Mpika	Kanchibiya	1	35,335
Luano	Luano	1	637,500
<b>TOTAL</b>		<b>14</b>	<b>1,189,371</b>

s. **Over-Commitment of Funds – Samfya District Council**

During the period under review, the council allocated and approved amounts totalling K420,000 for three (3) projects under Bangweulu Constituency. However, a comparison of approved projects against the contracts signed revealed that the council overcommitted funds in amounts totalling K492,127. See table below.

Approved Project	Allocated Amount K	Contractual Amount K	Over - Commitment K
Construction of 1x2 Science Laboratory Chisokone Sec School	140,000	337,005	197,005
Construction of 1x3 CRB Kalasa Mukoso Sec School	150,000	288,248	138,248
Construction of 1x3 CRB Kafubashi S School	130,000	286,874	156,874
<b>Total</b>	<b>420,000</b>	<b>912,127</b>	<b>492,127</b>

t. **Failure to Implement Funded Projects**

During the period under review, one hundred and sixty one (161) projects in eleven (11) Local Authorities that were allocated amounts totalling K5,715,006 had not been implemented as of November, 2015. See table below.

Local Authority	Constituency	No. of Projects	Amount Funded K
Chipata	Chipata Central	31	880,000
	Luangeni	44	1,280,000
	Chipangali	49	1,075,000
Petauke	Petauke Central	2	390,000
Kalomo	Kalomo Central	2	45,000
Kazungula	Kazungula	2	100,000
Mansa	Mansa Central	2	104,000
Samfya	Chifunabuli	1	3,000
Ndola	Kabushi	1	137,000
Nakonde	Nakonde	2	63,006
Mongu	Mongu Central	14	938,000
Kaoma	Kaoma Central	1	280,000
	Mangango	9	370,000
Mumbwa	Mumbwa	1	50,000
<b>Total</b>		<b>161</b>	<b>5,715,006</b>

u. **Failure to Insure and Register Equipment**

During the period under review, five (5) Local Authorities procured various equipment costing K8,467,370. However, as of November 2015, the equipment had not been insured. As a result, any loss suffered may not be compensated for. See table below.

Local Authority	Type of Equipment	Total Value K
Mumbwa	Grader	853,200
Mbala	Motor Grader	1,845,000
Kabwe	Backhoe, Grader, Tipper Truck and Front End Loader,	2,287,196
Mwinilunga	Tipper truck	712,240
	Front End Loader	634,560
	Motor Grader	880,000
Mazabuka	Motor Grader and Tipper Truck	1,255,174
<b>TOTAL</b>		<b>8,467,370</b>

In addition, contrary to the provisions of the Roads and Road Traffic Act, section 66 (5) it was observed that as of September, 2015 the Tipper Truck and Motor Grader procured by Mwinilunga District Council and Front End Loader procured by Kabwe Municipal Council were not registered with Road Transport and Safety Agency (RTSA), seventeen (17) and six (6) months respectively after delivery by suppliers.

**v. Unauthorised Investment of Funds - Kasama Municipal Council**

On 8<sup>th</sup> October, 2014, amounts totalling K352,720 from CDF Accounts (Kasama Central - K176,360 and Lukashya - K176,360) were transferred to the Council's Investment Account held with Zanaco Bank, Kasama Branch, without authority from the Secretary to The Treasury. As of September 2015, the funds had not been refunded to the CDF Accounts.

**w. Over Expenditure**

**i. Administrative Activities**

According to Circular No. MLGH/71/6/1 dated 23<sup>rd</sup> December, 2009, each Constituency was permitted to use K20,000 to administer the CDF. Contrary to the Circular, ten (10) Local Authorities spent amounts totalling K435,998 instead of K200,000 on behalf of ten (10) constituencies resulting in an over expenditure of K235,998. See table below.

Local Authority	Constituency	Approved Administration K	Actual Expenditure K	Over Expenditure K
Kawambwa	Kawambwa Central	20,000	57,485	37,485
	Pambashe	20,000	41,707	21,707
Chama	Chama North	20,000	80,171	60,171
	Chama South	20,000	27,448	7,448
Mpika	Mpika Central	20,000	24,626	4,626
	Mfuwe	20,000	32,409	12,409
	Kanchibiya	20,000	31,065	11,065
Isoka	Isoka	20,000	47,814	27,814
Mongu	Nalikwanda	20,000	29,108	9,108
Petauke	Msanzala	20,000	64,165	44,165
<b>Total</b>		<b>200,000</b>	<b>435,998</b>	<b>235,998</b>



**ii. Approved Projects**

During the period under review, nine (9) Local Authorities approved twenty (23) projects in amounts totalling K4,424,933. It was observed that amounts totalling K5,531,500 were spent on the projects resulting in over expenditure of K1,106,567. However, there was no documentary evidence to show that authority was sought from the full Council to spend over and above the earlier approved amounts. See table below.

Local Authority	Constituency	No. of Projects	Approved on Projects K	Actual Expenditure K	Excess Expenditure K
Mpika	Mfuwe	2	78,000	105,359	27,359
Mpongwe	Mpongwe	3	323,767	510,159	186,392
Masaiti	Kafulafuta	2	303,316	696,794	393,478
Kalulushi	Kalulushi	1	512,783	664,144	151,361
Shangombo	Sinjembela	1	80,000	93,000	13,000
Lusaka	Chawama	2	1,191,594	1,271,726	80,133
	Kanyama	1	331,859	371,232	39,373
	Matero	3	1,048,310	1,139,015	90,706
Luangwa	Feira	1	69,436	73,431	3,995
Petauke	Petauke Central	1	180,000	226,767	46,767
Pemba	Pemba	6	305,868	379,872	74,004
<b>Total</b>		<b>23</b>	<b>4,424,933</b>	<b>5,531,500</b>	<b>1,106,567</b>

**x. Procurement of Earth Moving Equipment - Mwinilunga District Council**

On 17<sup>th</sup> June 2014, Mwinilunga District Council procured earth moving equipment at a total cost of K2,226,800 using CDF. See table below.

Date	Supplier	Equipment	Amount K
17/06/2014	Delta Auto & Equipment Ltd	Front End Loader	634,560
17/06/2014	Twapalwa Industrial Corp Ltd	Tipper Truck	712,240
17/06/2014	Reba Industrial Corp Ltd	Motor Grader	880,000
<b>Total</b>			<b>2,226,800</b>

The equipment was delivered and commissioned in June 2014. The suppliers were also required to service the earth moving equipment and train operators and artisans for the equipment.

However, the following were observed:

**i. Delivery of Wrong Tipper Truck**

A physical inspection of the tipper truck revealed that the supplier had delivered a wrong tipper truck as the specifications of the truck delivered did not meet those in the bidding documents. Details are in the table below.

Description	Contract Details	Actual Truck Details
Front Axle	6,800kgs	6,500kgs
Truck Berth	1	Nothing
Model Number	ZZ3257M3641	WD61587
Engine Number	290HP EURO II	130917014807
Chassis Number	LZZ5ELMD6DN840296	HN8707105
Year of Manufacture	2013	2011

**ii. Failure to Deliver Accessories and Service of the Tipper Truck**

Although the supplier was required to supply a tool box with forty seven (47) tools for the tipper truck, radio and sound equipment for the front end loader, only seventeen (17) tools were supplied for the tipper truck while the radio and sound equipment were not supplied for the front end loader.

It was also observed that although the contract provided for the supplier to service the equipment at twelve (12) months or 1,200 hours (whichever came first) from the date of commissioning (June 2014), as of November 2015 the equipment had still not been serviced.

In addition, as of November 2015, no operators or artisans were trained by suppliers to operate the earth moving equipment contrary to the provisions of the contracts.

**y. Failure to Deliver and Install Transformers**

During the period under review, Solwezi and Ndola Councils paid amounts totalling K250,936 to Zesco Ltd for the supply and installation of step down transformers at four (4) sites as shown in the table below.

Date	Local Authority	Beneficiary	Amount Paid K
07/02/2014	Solwezi Municipal Council	Luamala Rural Health	100,000
03/02/2015	Solwezi Municipal Council	Kyafukuma Primary School	90,212
20/03/2015	Ndola City Council	George School	30,068
27/11/2014	Ndola City Council	Chinchiwababili Womens Club	30,656
<b>Total</b>			<b>250,936</b>

However, as of November 2015, the step down transformers had not been delivered.

**z. Undelivered Tipper Truck – Ndola City Council**

On 2<sup>nd</sup> July 2014, the Council engaged Property Masters Zambia Limited to supply a Tipper Truck at a contract sum of K380,000 exclusive of VAT and Duty with a delivery period of twelve (12) weeks. As of June 2015, the whole amount had been paid.

However, as of November 2015, five (5) months after the payment was made, the Truck had not been delivered.

**aa. Variation Without Authority for the Procurement of a Tipper Truck - Kabwe Municipal Council**

In August 2014, Yellowquip was offered the contract at its bid sum of K1,095,246 to supply and deliver 1 x Motor grader (K639,341) and 1 x 20 tons Tipper truck (K455,905) at a total bid sum of K1,095,246.

However, in August 2014, the supplier made a counter offer of K1,212,596. In this regard, the Council entered into a contract with the supplier based on this amount without obtaining authority from the Provincial Procurement Committee.

**bb. Unreimbursed Borrowing – Mulobezi District Council**

On 5<sup>th</sup> September 2014, an amount of K255,000 was transferred from the CDF account to the general recurrent account. However, only a total amount of K205,000 was reimbursed leaving a balance of K50,000 which had not been reimbursed as of September, 2015.

**cc. Project Management**

A review of accounting, project and other documents and physical inspections carried out in September 2015 on selected projects in different provinces and districts revealed weaknesses in the management of projects in that there was poor workmanship, failure to complete projects on time, failure to avail contracts and failure to take action against defaulting contractors among others as detailed in the tables below.

**i. Western Province**

In Paragraph 3.9 of the Auditor General’s Report on the Management of Constituency Development Fund for the year ended 31 December 2012, mention was made on the award of four (4) labour only contracts to three contractors for the construction of staff houses at four (4) schools in Mongu Central Constituency and that the construction had not been completed as of January 2014.

In their report to the Fifth Session of the 12<sup>th</sup> National Assembly, the Public Accounts Committee directed the Council to ensure that the works on the staff houses were completed without further delay.

A follow up on the project carried out on 17<sup>th</sup> November 2015 revealed that two (2) of the four (4) projects had been completed while the other two (2) had minor works remaining. See table below.

Project	Contractor	Contract Date	Allocated Amount K	Total Spent K	Current Status as of 17 <sup>th</sup> November 2015
Construction of 1x3 Semi-detached Staff Houses at Mutalaiti Basic School	Amutahe Enterprises and Contractors (Labour Only)	17 <sup>th</sup> June 2013	164,024,840	115,347,500	The structure had been completed and occupied.
Construction of 1x3 Classroom Block at Ndaui Basic School	Amutahe Enterprises and Contractors (Labour Only)	17 <sup>th</sup> June 2013	164,024,840	111,983,500	As of 17 <sup>th</sup> November 2015, the structure had been plastered, with internal painting, fitting of window frames, air vents and first coat external painting done while the following works were still outstanding: <ul style="list-style-type: none"> <li>• Final coat painting of the upper section of the exterior front walls.</li> <li>• Fitting of 23 window panes</li> </ul>
Construction of 1x3 Semi-detached Staff Houses at Lulambo Basic School	Machisa Contracting and Supply (Labour Only)	19 <sup>th</sup> June, 2013	164,024,840	120,250,500	The structure had been completed and occupied.
Construction of 1x3 Semi-detached staff houses at Kaama Basic School	Tabowange Prime Services (Labour Only)	5 <sup>th</sup> July, 2013	164,024,840	104,602,500	As of 17 <sup>th</sup> November 2015, the main structure had been completed and occupied. Three (3) steps on the front door had been done. However, it was observed that the door step on the middle flat was poorly done as the plastering had peeled off. Construction of drainage was still outstanding and the three (3) door steps from the back have not been constructed.

Inquiries with the school management at Ndaui and Kaama Basic schools revealed that:

- The delay in completing the construction of 1x3 Classroom Block at Ndaui Basic School was due to the late delivery of materials to the site; poor community participation in providing stones for the construction and that the contractor was not always on site.

At the time of the visit on 17<sup>th</sup> September 2015, there were no materials on site apart from stones provided by the Community.

- In the case of Kaama Basic, the contractor was last on site in June 2015. The final certification and handover had not been done.

ii. Other Infrastructure Projects

Western Province								
District	Constituency	Project Name	Contractor	Contract Date/ Duration	Allocated Amount /Contract Sum K	Total Spent/Paid to Contractor K	Scope of Works	Observation/Status
Mwandi	Mwandi	Construction of a 1x3 CRB at Magumwi Primary School	Samazuka General Dealers	29.09.14 to 29.01.15 (16 weeks)	250,000.00	153,101	Construction of sub and super structures, metal works, roofing, glazing, plastering, painting, fitting of window frames and doors, carpentry and decoration.	As of September, 2015, the project had not been completed as flooring, plastering, painting and fitting of windows and doors had not been done, nine (9) months after the expected completion date.
Mongu	Mongu Central	Drilling of two (2) Boreholes and Installation of Reticulation System in Ilute Village	Jepha Construction	10.09.14 to 08.10.14 (4 weeks)	150,000	22,500	Drilling and equipping two (2) boreholes, supply and installation of tank stands with two (2) x 5,000 litres tanks and water reticulation system which included connection of water pipes from the boreholes to six (6) distribution points with water taps.	On 12 <sup>th</sup> September, 2014, the contractor was paid an amount of K22,500 being 15% advance payment against the contract sum. However, as of September, 2015, the contractor had abandoned the works after drilling only one dry borehole and the money had not been recovered from the contractor.
		Construction of Yuka Traditional Court	Western Company	24.06.14 to 15.09.14 (12 weeks)	40,000	31,817	Construction of Sub and super structures, plastering, painting and roofing of main arena structure and office	As of September, 2015, the project had not been completed as flooring, roofing and fitting of doors and air vents were outstanding.
		Construction of a Kitchen for Sefula School for the Blind.	Greenrite Contractors and General Dealers – Labour based	24.06.14 to 15.09.14 (12 weeks)	26,000	24,242	Demolishing the temporal structure and constructing the sub and super structures,	As of September, 2015, the structure had been completed. However, it was observed that instead of constructing a serving bay, a concrete firewood cooking bay was constructed for

							roofing and concrete serving bay.	which no variation authority was provided.
		Construction of a waiting shelter at Mongu Urban Clinic	Global Quick Limited (Labour Only)	24.06.14 to 07.07.14 (2 weeks)	90,000	40,011	Construction of sub and super structures, roofing, glazing, plastering, painting, fitting of window frames and doors, metal works and walk way	As of September 2015, the structure had been done up to gable level with door frames fixed while flooring, plastering, roofing, window frames, doors and walk way were still outstanding.
Mongu	Nalikwanda	Rehabilitation of Blown off Roof at Looma Primary School	Dama Wells and Hardware (Labour Only)	14.01.15 to 04.02.15 (3 weeks)	30,000	28,925	Replacement of roof structure with beam filling	As of 21 <sup>st</sup> August, 2015, the roof had been replaced with beam filling still outstanding
		Rehabilitation of blown off roof at Looma Primary School	Western Solutions Ltd (Labour Only)	15.01.15 to 05.02.15 (3 weeks)	30,000	25,539	Replacement of roof structure with beam filling	As of September, 2015, roofing had been done but beam filling was still outstanding.
		Completion of Najeko Health Post	Musole Chabaya (Labour Only)	21.03.15  (end date not stated)	20,000	17,200	Roofing, plastering, painting, fitting of window and door frames, glazing and painting	As of September, 2015, the structure had not been completed as painting and fitting of three (3) window panes were still outstanding.
Kaoma	Kaoma Central	Completion of 1 x 3 CRB at Kamuni Primary School	Director of Works(Supervision of Works)	February, 2015  (end date not stated)	40,000	36,042	Flooring, fitting of window and door frames, glazing, fitting of window frames and doors and painting	As of September, 2015, the project had not been completed as flooring, fitting of doors, glazing and casting of concrete slab in one of the classrooms were still outstanding.
		Construction of two (2) Staff Houses at Chitwa Police Post	Edmas Contractors and General Dealers	18.11.13 to 18.02.14 (3 months)	110,000	79,400	Construction of sub and super structures, roofing, glazing, plastering, painting, fitting of window frames and doors and metal works	As of September, 2015, the structure had been completed. However, window panes had not been fitted on the rear. There was also a crack on the veranda pillar.
		Completion of 1 x 2 CRB at Kanabilumbu Primary School	Jones Mupishi Construction and Hardware	28.12.14 to 28.03.15 (12 weeks).	50,000	48,000	Flooring, fitting of window and door frames, glazing and construction of spoon drain.	As of September, 2015, the structure had been completed. However, window stays had not been fixed on all the windows. Further, the floor had been poorly done as there were multiple cracks and was peeling off in some sections.

		Construction of Police Post in Kaoma Township	Mude Enterprises	08.12.14 to 08.03.15 (12 weeks)	134,000	97,797	Construction of sub and super structures, roofing, glazing, plastering, painting, fitting of window frames and doors, plumbing, electrical fittings, metal works, construction of septic and soak away, including burglar reinforcement of roof in the cells	As of September, 2015, the project had not been completed as internal doors, electrical fittings, fitting of ceiling board and reinforcement of roof in the cells had not been done.
Mulobezi	Mulobezi	Construction of Maternity Wing at Mulauli Health Post	No contractor engaged	14.04.14	75,000	83,199	Construction of sub and super structures, roofing, glazing, plastering, painting, fitting of window frames, ceiling board and doors, plumbing, flooring, plastering and metals works.	As of September, 2015, building materials costing K83,199 had been procured but no contractor had been engaged despite the availability of the materials.
		Procurement and Installation of Pump in Mulobezi Community	Davies and Shirtliff	29.09.14 (end date not stated)	20,000	20,963	Supply and install of submersible pump	A physical verification carried out on 24 <sup>th</sup> September, 2015, revealed that although the submersible pump and accessories were supplied, they had not been installed on the borehole and management had not taken any further action.
		Construction of a Staff House at Mulauli Primary School	No contractor engaged	14.04.14	102,000	71,764	Construction of sub and super structures, roofing, glazing, plastering, painting, fitting of window frames and doors, plumbing and metals works.	As of September, 2015, building materials costing K71,764 had been procured but no contractor had been engaged to do the works despite the available of materials.
		Construction of a 1x3 Staff House Block at Sichili Mission Hospital	Director of Works (Supervision of Works)	02.03.14 to 02.10.14 (7 months)	300,000	289,676.37	Construction of sub and super structures, flooring, roofing, plastering, fitting of window and door frames, ceiling, electrical fittings and	As of September, 2015, the structure had reached roof level with the following works outstanding: plastering, flooring, beam filling, glazing, fitting ceiling and ridges and electrical fittings. Further, it was



						construction of spoon drain	observed that paint costing K10,750 had expired.
		Construction of a 1x2 CRB at Samisisi Primary School	Director of Works (Supervision of Works)	12.06.15 to 12.10.15 (4 months)	130,000	102,751	Construction of sub and super structures, flooring, roofing, plastering, fitting of window and door frames and construction of spoon drain  As of September, 2015, the structure was at foundation level with the following works outstanding: compacting and casting of slab, superstructure, roofing, fitting of windows and door frames and glazing.  Further, it was observed that 97 pockets of cement costing K6,984 and paints costing K1,728 had expired resulting in wasteful expenditure.
		Construction of 1x2 CRB at Kamanga Primary School	Director of Works (Supervision of Works)	12.06.15 to 12.10.15 (4 months)	130,000	107,070	Construction of sub and super structures, flooring, roofing, plastering, glazing fitting of window and door frames and construction of spoon drainage  As of September, 2015, the structure had been done up to roof level with the plastering, flooring, glazing and fitting of doors still outstanding. Further, it was observed that 160 pockets of cement costing K11,520 had caked resulting in wasteful expenditure.
		Construction of 1x2 CRB at Tukongote Primary School	Director of Works (Supervision of Works)	12.06.15 to 12.10.15 (4 months)	130,000	109,495	Construction of sub and super structures, flooring, glazing, roofing, plastering, fitting of window and door frames and construction of spoon drain  As of September, 2015, the structure was at lintel level with roofing, plastering, fitting of six (6) windows and four (4) door frames, glazing still outstanding. Further, it was observed that 31 pockets of cement costing K2,232 and paints costing K750 had expired resulting in wasteful expenditure.
		Construction of 1x2 CRB at Kasima Primary School	Director of Works (Supervision of Works)	14.03.15 to 14.06.15 (3 months)	130,000	102,689	Construction of sub and super structures, flooring, glazing, roofing, plastering, fitting of window and door frames and construction of spoon drain  As of September, 2015, the project had stalled at roof level.

		Construction of a Primary Health Care Block in Sisibi	Director of Works (Supervision of Works)	27.05.15 to 27.07.15 (2 months)	75,000	63,599	Construction of sub and super structures, flooring, glazing, roofing, plastering, fitting of window and door frames and construction of spoon drain.	As of September, 2015, structure had been roofed with fitting of doors, ridges, flooring in one room, plastering, painting and glazing still outstanding.
		Construction of a Staff House at Mulanga Primary School	Director of Works (Supervision of Works)	25.08.14 to 25.12.14 (4 months)	102,000	116,804	Construction of sub and super structures, flooring, metal works, glazing, roofing, plastering, fitting of window and door frames and construction of spoon drain.	As of September, 2015, works had stalled at gable level. It was also observed that the slab had been poorly done as big cracks had developed.
		Renovation of Sichili Health Centre	Chikenkhe Contractors  (Labour only)	07.04.14 to 26.05.14 (6 weeks)	37,066	37,071	Crack mending and replacement of part of the roof structure.	As of September, 2015, works had been completed. However, there were cracks on the floors and walls in the office and pharmacy. The roof in the pharmacy was leaking as evidenced by water marks.
Shangombo	Sinjembela	Construction of Kwandu Community Radio Station	Teheni Contractors	7 <sup>th</sup> March, 2014 (end date not stated)	400,000	358,380	Constructing a composite structure comprising offices, toilets and studio room as well as procurement of studio equipment.	As of September, 2015, the structure had not been completed with the following works still outstanding; fitting of window stays, handles and door to office no. 1 as well as electrical fittings. Further, cracks had developed on the veranda and floors in office nos. 1 and 3.  It was also observed that an amount of K90,000 which was paid to the radio station on cheque number 000886 dated 7th March 2014 for operations could not be accounted for in that there were no expenditure details such as payment vouchers, receipts and bank statements provided for audit scrutiny.  In addition, the rationale to pay an amount of K90,000 as operational funds when construction works had

								not been completed and the radio station not operational was questionable.
		Completion of 1x2 CRB at Malala Community School	Maoyo General Dealers (Labour only)	10.04.14 (end date not stated)	50,000	13,000	Construction of super structure, roofing, plastering, flooring and fitting of doors and window frames	As of September, 2015, the structure had stalled at gable level.
		Completion of Staff House at Liywayuwa Primary School	Tonywood General Dealers (Labour only)	September 2014 (end date not stated)	20,000	11,200	Flooring, plastering and fitting of window and door frames, door and air vents.	As of September, 2015, the project had not been completed in that eight (8) doors were still not fitted. Further, it was observed that the floor was poorly done as multiple cracks had developed.
		Completion of a Staff House at Mboiwa Primary School	Bbonai General Dealers (Labour only)	12.03.14 (end date not stated).	20,000	11,000	Fitting of window, door frames and doors and plastering	As of September, 2015, the structure was not completed as fitting of one (01) door and one (1) window frame had not been done.

**LUAPULA PROVINCE**

<b>Project Implementation District</b>	<b>Constituency</b>	<b>Project</b>	<b>Contractor</b>	<b>Contract date/Period</b>	<b>Allocated Amount K</b>	<b>Amount Spent K</b>	<b>Scope Of Works</b>	<b>Observations</b>
Samfya	Chifunabuli	Rehabilitation of 1x2 CRB at Mashitolo Primary School	Joeyams General Dealers	April 2013 (Labour based)	10,000	10,000	Wiring and replacing the roof	As of September, 2015 the project had not been completed. The outstanding works were fitting of sockets and wiring.
	Bangweulu	Construction of Staff House at Kapilibila Primary School	Director of Works (Supervision of Works)	Labour Based	60,000.00	60,000.00	Construction of sub and super structures, roofing, fitting doors, door frames and window frames, plastering and painting.	Although the project had been completed, the works were of sub-standard in that the plaster had started peeling off, cracks had developed on the floor of the rooms and the veranda, the iron sheets had big holes and cracks had developed on the drainage.
Mwense	Mwense Central	Construction of 1x3 Staff House Block at Lwamfwe Primary School	Tresford Mwangata	14.09.14	130,000.00	110,395.99	Construction of sub and super structures, roofing, fitting doors, door frames and window frames, plastering and painting	As of September, 2015 the project had stalled at roof level. In his response dated 11 <sup>th</sup> September 2015, the Council Secretary indicated that the issue was still being investigated as the council had lost contact with the contractor who had been missing for a long time.
	Mwense Central	Construction of 1x3 Staff House Block at Kankomba Primary School	Mujando General Dealers	09.09.14	129,769.20	123,280.55	Construction of sub and super structures, roofing, fitting doors, door frames and window frames, plastering and painting	As of September, 2015 the project had stalled at roof level. In his response dated 11 <sup>th</sup> September 2015, the Council Secretary indicated that the issue was still being investigated as the council had lost contact with the contractor who had been missing for a long time.
	Mwense District	Construction of Water Borne Toilets at Nsakaluba Primary School	Mwinyemba General Dealers	09.09.14	55,000.00	19,368.45	Construction of sub and super structures, plastering, roofing, plumbing and fitting toilet pans.	As of September, 2015 the project had stalled at window level.
Kawambwa	Kawambwa Central	Construction of a Health Post at Myengele	Nachifungwe Construction	15.04.15 to 15.07.15 (3 Months)	54,495	51,225	Construction of sub and super structures, roofing, fitting doors, door frames and window frames, plastering, painting and construction of spoon drain	Although the project had been completed it was observed that there was poor workmanship in that the spoon drain had developed cracks.
	Kawambwa Central	Construction of a Juvenile Cell	Chembensofu General Dealers	15.04.15 to 15.07.15 (3 Months)	153,982.49	69,886.99	Construction of sub and super structures, concrete roofing, fitting doors, door frames and window frames, plastering, painting and construction of drainage.	The project was to be completed by 15 <sup>th</sup> July 2015. However, as of September, 2015 the project had not been completed. Outstanding works included plastering, fitting of doors, painting and construction of drainage.

	Pambashe	Construction of a Staff House at Poosa Primary School	Chamchi General Contractors	11.05.15 to 15.08.15 (3 Months)	128,362.70	52,922.12	Construction of sub and super structures, roofing, fitting doors, door frames, window frames, air vents and ceiling board, plastering, painting and construction of drainages.	Although the project was to be completed by 15 <sup>th</sup> August 2015, as of September, 2015 the works had not been completed. Outstanding works included fitting of air-vents, flooring, ceiling and painting, fitting of doors, glazing and drainages.
<b>Mansa</b>	Bahati	Construction of a 1 x 3 CRB at Matelo Primary School	Explorer Engineering Limited	06.04.15 to 15.06.15 (3 months)	180,000	94,600	Construction of sub and super structures, roofing, fitting doors, door frames, window frames, air vents and ceiling board, plastering, painting and construction of drainages.	The project was to be completed by 15.06.15. However, as of September, 2015 the project had not been completed. Outstanding works included fitting of air-vents, window and door and door frames, plastering, flooring, roofing, painting, glazing and drainages.
Mansa	Mansa Central	Construction of Market Shelter at Namwandwe	Harrison Ng'andwe	21.05.15	60,000	38,830	Excavation to steel mesh	As of September, 2015, only the pits for pillars had been done and the works had stalled.

**NORTH-WESTERN**

<b>District</b>	<b>Constituency</b>	<b>Project</b>	<b>Contractor</b>	<b>Contract Date</b>	<b>Allocated Amount K</b>	<b>Total spent K</b>	<b>Scope of works</b>	<b>Remarks</b>
Kabompo	Kabompo	Construction of a 1 x 2 classroom block at Luputa Community School	Chipawa Enterprises	15.04.2014 to 15.08.2014 (4 months)	15,832	15,832	Construction of sub and super structures, plastering and flooring, painting, fixing of windows and door frames and roofing	Although the contractor was paid in full, as of August 2015 the works had not been completed as the building was not plastered. Further, there was poor workmanship in that trusses holding the roof were protruding outside the building.
Kabompo	Kabompo	Construction of an ablution Block, Septic Tank and Soak Away at Musamba Market	Big Tree Enterprises Ltd	23.07.14 to 23.10.14 (3 months)	160,093.50	155,013.38	Construction of sub and super structures, plastering and flooring, painting, tiling, fixing of windows and door frames, roofing, plumbing and construction of spoon drain.	As of August, 2015, the project had not been completed. The outstanding works were: fitting of 17 window stays, electrical fittings, shower tiles, tiles on the walls of the urinals and hand wash basins and fitting of toilet covers.  It was also observed that the council had not recovered an amount of K9,000 which was spent on the purchase of the cement that was advanced to the contractor.  Further, there was poor workmanship in that cracks had developed on the spoon drain and the contractor had fitted six (6) clear glasses on the toilet windows instead of obscure glasses as per BoQ.
Kabompo	Kabompo West	Construction of a community radio station in Kabompo	Samunje Enterprises Limited	13.05.2014 to 13.09.2014 (4 months)	254,149	262,447.74	Construction of sub and super structures, roofing, internal and external plastering, flooring, glazing, plumbing, fitting of door and window frames, installation of air conditioning system and construction of drainage.	As of August 2015, the project had not been completed as construction of drainage, plumbing and the installation of the air conditioning system were still outstanding.

Solwezi	Solwezi Central	Construction of an Ablution Block, Septic Tank and Soak Away at Main Market	Big Tree Enterprises	23.07.13 to 23.10.13 (3 months)	159,943.5	150,875.28	Construction of sub and super structures, plastering and flooring, painting, tiling, fixing of windows and door frames, roofing, plumbing and construction of septic tank, soak away and spoon drain.	As of August 2015, the project had not been completed. The outstanding works were: construction of septic tank and soak away, electrical fittings, doors, 17 window stays, 2 window panes and 2 manhole covers.  It was also observed that although an amount of K2,987.50 was paid to North-Western Water and Sewerage Company on 29 <sup>th</sup> June, 2015 for the supply of water to the ablution block, as of September, 2015 water had not been connected.
		Completion of maternity wing at Kazomba Clinic	Ndom General Contractors	15.05.2015 15.08.2015 (3 months)	74,000		Fitting of doors and ceiling, glazing, electrical fittings, plumbing, flooring and painting.	As of August 2015 the project had not been completed as electrical fittings were not completed
		Rehabilitation of the Bridge at Kazomba/ Kawama	Mwiha Contractors Limited	13.11.2014 13.01.2015 (2 months)	100,000	100,000	Excavation and water diversion, compaction, concrete works, reinforcement and form work.	Although the project had been completed cracks had developed on the head walls and due to poor reinforcements there was an erosion of soil between the wing walls and basement.
		Rehabilitation of the Bridge at Kizhingezhinge / Urban	Watepwa Contractors	13/12/2014 13.02.2014 (2 months)	100,000	100,000	Excavation and water diversion, compaction, concrete works, reinforcement and form work.	Although the project had been completed cracks had developed on the head walls and due to poor reinforcements there was an erosion of soil between the wing walls and basement.
		Completion of construction of a clinic at Kandemba Clinic	Rasaka Contractors	02.06.2015 02.10.2015 (4 months)	120,000	18,000	Fitting of windows and door frames, roofing, plastering, flooring, glazing, and painting.	As of August 2015 the project had not been completed as windows and window frames, plastering, flooring, glazing, fitting of doors and painting were still outstanding.
		Construction of Muzabula Rural Health Centre	Labour Based	15.06.2015 to 15.02.2015 (8 months)	200,000	137,000	Construction of sub and super structures, roofing, plastering, glazing, painting, fitting of doors, window frames and air vents.	As of August 2015, the project had not been completed as plastering was partially done while glazing, painting, fitting of air vents, internal doors, 6 x Window frames had not been done.

Solwezi	Solwezi West	Construction of a Staff house at Kambulubulu Primary School	Labour Based	15.04.2015 to 15.12.2015 (8 months)	100,000	100,000	Construction of sub and super structures, roofing, plastering, glazing, painting, fitting of doors, window frames, air vents and burglar bars.	Although the contractor was paid in full burglar bars were not fitted and the fascia boards were not treated.
		Completion of 1 x 3 Class Room Block at Tundula Primary School	Labour Based	15.04.2015 to 15.12.2015 (8 months)	100,000	99,370	Plastering, roofing, painting, glazing, fitting of windows frames and doors.	As of August 2015 the project had not been completed. The outstanding works included glazing, fitting of 2 x doors and 17 x window stays. Further, timber was untreated and cracks had developed on the floor and walls.
		Construction of 1 x 2 Class Room Block at Kakinada Community School	Labour Based	15.04.2015 to 15.12.2015 (8 months)	150,000	124,850	Sub structure, Superstructure, roof construction, plastering and flooring, fitting of burglar bars, joinery and iron mongery, painting and decoration and external works.	As of August 2015 the project had not been completed as the corridor and spoon drain were not done and burglar bars were not fitted.
		Construction of a Staff house at Shiinda Primary School	Labour Based	15.04.2015 to 15.12.2015 (8 months)	100,000	100,000	Construction of sub and super structures, roofing, plastering, glazing, painting, fitting of doors, window frames and air vents.	Although the contractor had been paid in full the project had not been completed as windows had not been fitted and painting was not done.
		Construction of 1 x 2 Class Room Block at Mbole Primary School	Mukama Investment Limited	01/09/2014 to 01.01.2015 (4 months)	150,000	150,000	Construction of sub and super structures, roofing, plastering, glazing, painting, fitting of doors, window frames and air vents.	Although the project had been completed there was poor workmanship in that 6 x windows could not close and cracks had developed on the spoon drain.
Solwezi	Solwezi East	Completion of 1 x 3 Class Room Block at Kabisapi Secondary School	Labour Based	15.04.2015 to 15.12.2015 (8 months)	70,000	60,318	Plastering, roofing, painting, glazing, fitting window frames and doors.	As of August, 2015, the project had not been completed as glazing, fitting of doors, 3 x window stays and 6 window handles had not been done. Further, there was poor workmanship in that cracks had developed on the floor and timber trusses and fascia boards were not treated.
		Construction of a Market Shelter at Kibombemene	Rasaka Contractors	02.09.2014 to 02.01.2015 (4 months)	30,000	30,000	Construction of a sub structure and stalls, erection of steel poles, roofing, plastering and painting	Although the project had been completed, there was poor workmanship in that the stands were weak and falling off and cracks had developed on the floor. Further, timber trusses were not treated and the stalls were not plastered.



		Grading of 35km road from	Manlut	20.11.2014 to 20.02.2015 (3 months)	100,000	100,000	Mitre drains, earthworks and pavement	Although the contractor was paid in full, the mitre drain, earth works and pavements were not done.
Kasempa	Kasempa	Completion of Clinic, construction of Staff House and VIP toilet at Shivuma.	Kakus Building Contractors.	06.06.2014 to 06.10.2014 (4 months/16 weeks)	30,000	119,995	Clinic: Plastering, painting, glazing, fitting of doors, window stays, fascial boards, air vents and ceiling and construction of spoon drain.  Staff house: Construction of sub and super structures, roofing, plastering, glazing, painting, fitting of doors, window frames, fascia board, air vents and construction of VIP toilet.	As of August 2015 the project had not been completed as the following works were still outstanding;  Clinic: Glazing, fitting of 5x doors, 10 x mortice locks, 7 x Air vents, window stays, treating of fascia board, painting, construction of spoon drain.  Staff house: Glazing of 2 x windows, fitting of window stays on bathroom and toilet windows and fascia boards.

**COPPERBELT PROVINCE**

<b>District</b>	<b>Constituency</b>	<b>Project</b>	<b>Contractor</b>	<b>Contract Date</b>	<b>Allocated Amount K</b>	<b>Total Spent K</b>	<b>Scope of works</b>	<b>Remarks</b>
Luanshya	Roan	Clinic Extension - Roan General Hospital	Nemado Enterprises	24.07.2014 – 08.02.15 (24 weeks).	350,000	327,100.15	Renovation of three (03) wards at Roan General Hospital (Tiling, ceiling board, fitting doors and aluminium windows and painting).	As of September 2015, the project had not been completed as the ceiling board, tiles and cupboard units were not fitted in the sister's office for the male ward.  It was also observed that the contractor just painted the already existing wooden window frames instead of putting aluminium windows as provided for in the contract.
Luanshya	Roan	Construction of a boundary wall fence at Clinic 25 – Roan General Hospital	Monday Zambia Limited	30.09.2014 - 14.12.14 (12 weeks)	232,111	165,380	Excavation and earthworks, back filling, concrete blockwork and steel works	As of September, 2015, the project had not been completed and the contractor was not on site.
Luanshya	Roan	Construction of new block of wards at section 25 clinic	Mariashe General Dealers	24.07.2014 – 08.02.15 (26 weeks).	350,000	153,271	Construction of a sub and super structures, roofing, metal work, plastering, painting, glazing, ceiling, electrical fittings, plumbing and sanitary fittings.	As of September 2015, the project had not been completed with the following works outstanding: Fitting of doors and window frames, glazing, electrical fittings, plastering, ceiling, painting and sanitary fittings.
Luanshya	Roan	Kafubu block clinic and Maternity wing construction	Chibstech Technical Limited	29.04.2014 - 14.09.2014 (18 weeks)	400,000	283,180	Construction of sub and super structures, roofing, metal work, plastering, painting, glazing, ceiling, erecting canopy, electrical fittings, plumbing and construction of drainage, septic tank and soak away	As of September, 2015, the clinic and the maternity wing had not been completed with the following works outstanding: ceiling board, canopy, fascia boards and gutters were not fitted. The drainage, electrical fittings, septic tank and soak away were only partially done. Floors were cracking in most rooms and ceiling boards were sagging.
Luanshya	Roan	Walale clinic and Maternity wing construction	Chibstech Technical Limited	24.04.2014 - 14.09.2014 (18 weeks)	400,000	198,180	Construction of sub and super structures, roofing, metal work, plastering, painting, glazing, ceiling, erecting canopy, electrical fittings, plumbing and construction of drainage, septic tank and soak away	As of September, 2015, the clinic and the maternity wing had not been completed with the following works outstanding: fitting of ceiling board, canopy, fascia boards and gutters. The drainage, electrical fittings, septic tank and soak way had not been completed. Floors in the corridors and walls were cracking.
Luanshya	Luanshya	Construction of Ndeke Police Post	Rock Of Ages General Dealers	25.05.2014	229,167	234,018	Construction of sub and super structures, roofing, plastering, gutters, painting, decoration, plumbing, fitting	Although the contractor had been over paid by K4,851, as of September 2015, the project had not been completed as the following works were outstanding: fitting of gutters,

				- 25.11.2014 (24 weeks)			of doors and window frames and electrical fittings	doors and windows, painting and decoration, plumbing and electrical fittings.
Luanshya	Luanshya	Construction of Kamirenda Clinic	Stardy Contractors	17.05.2014 - 01.12.2014 (26 weeks)	300,000	176,604	Construction of a sub and super structures, roofing, fitting of gutters, doors and windows, plastering, painting, glazing, ceiling, electrical fittings and plumbing	As of September, 2015, the project had not been completed with the following works still outstanding: fitting of gutters, painting and decoration, fitting of doors and windows, plumbing and electrical fittings.
		Construction of new clinic at Franco	Elmu Engineering Contracting And General Supplies Limited	30.09.2014 - 14.02.15 (18 weeks)	400,857.6 0	214,600	Construction of a sub and super structures, roofing, fitting of gutters, ceiling board, doors and windows, erection of canopy, plastering, painting, glazing, electrical fittings and plumbing	As of September, 2015, the project had not been completed as the concrete under the canopy had not been done. It was also observed that the ceiling board was sagging and cracks had developed on floors in the corridors and the walls.
Mpongwe	Mpongwe	Construction of a Bridge at Kabulima Stream in Minkoyo Kasamba Ward	KABCOM Enterprises Ltd	01.07.15 - 14.08.15 (6 weeks)	95,985	139,977.50	Excavation, form work, paving of concrete, pitching and gravel application.	As of September, 2015, the bridge had not been completed as stone pitching and embankment were not done.
Mpongwe	Mpongwe	Completion of Maternity Wing at Kanyenda	Labour Based	05.05.15 - 19.06.15 (6 weeks)	28,648.50	28,648.50	Fitting of ceiling board, door frames and doors, window frames and glazing as well as painting	Although the project had been completed, it was observed that as of September 2015 cracks had developed on floor and corridors and the ceiling board was sagging.
Kalulushi	Kalulushi	Construction of 1 x 2 CRB and double VIP latrine at Musakashi Primary School.	Robina Investments Limited	18.07.15	255,000	96,642	Construction of sub and super structures, plastering, flooring, fitting of doors, shelves and window frames, glazing, electrical fittings and construction of VIP latrines.	As of September 2015, the CRB had been roofed and the VIP latrine was at roof level with the following works outstanding;  Classroom block; Painting, flooring, fitting of doors, shelves and window frames and electrical fittings.  VIP Latrine; back filling, roofing, fitting of ventilation pipes, plastering and painting
Kalulushi	Kalulushi	Street lighting of Eucalyptus Road	Council	12 <sup>th</sup> June, 2015	98,146	83,409.68	Procurement of street light poles, cables, street lights and ZESCO to lay underground connection cable and install single wire phase pre-paid metre.	As of September, 2015, the poles had been installed awaiting connection by ZESCO who had been paid K3,357.82 in June 2015.

**EASTERN PROVINCE**

District	Constituency	Project	Contractor	Contract Date	Allocated Amount K	Total Spent K	Scope of works	Remarks
Chipata	Chipata Central	Construction of a Saturday Market Shelter	Charles Banda	06.01.15	80,000	69,010	Digging foundation, casting slab, steel planting and setting, roofing and painting	As of September 2015 only the erection of the shelter poles and fixing of timber traces had been done.
Petauke	Petauke Central	Mushashamhango community recreation hall at chamanika village	Rusech Family	17.11.14	120,000.00	39,817.00	Construction of sub and super structures, plastering, painting, flooring and glazing, fitting of trusses, doors and roofing.	As of September 2015 the structure has been done up to gable level with the following works outstanding: plastering, flooring, glazing, fitting of trusses, doors, roofing and painting
Petauke	Petauke Central	Construction of in-situ box culvert at Minga Mungomba road	Listmuk Suppliers and General Dealers	29/12/2014	292,687.80	139,047.17	Clearing, grubbing, excavation, blinding, steel fitting and form work, bedding and aprons, concrete works for the pillars and decking, gravel works and compaction, road works formation on the approaches and stone pitching and cleaning of site.	As of September, 2015 the deck had been constructed with the following works outstanding: gravel works and compaction, road works formulation, stone pitching and clearing of site.
Petauke	Kapoche	Construction of 1 x 3 CRB at Lusinde Primary School	Shadreck Mumba	06.06.2015	160,000	165,428	Construction of sub and super structures, plastering, painting, flooring and glazing, fitting of trusses, doors and roofing.	As of September, 2015 the CRB had been done up to gable level with the following works outstanding: roofing, plastering, flooring, glazing and painting.
Petauke	Kapoche	Construction of 1 x 3 CRB at Kanyanga Primary School	Visimumba General Dealers	03.07.15	180,000	181,756	Construction of sub and super structures, plastering, painting, flooring and glazing, fitting of trusses, doors, roofing and construction of spoon drain.	As of September, 2015 the CRB had been done up to lintel level with the following works still outstanding: roofing, plastering and casting of floor, glazing and painting and construction of spoon drain.
Katete	Mkaika	Construction of a staff house with a kitchen at Chavuka Community School	Dulani Khuni Construction	27.04.15	135,500	45,911	Construction of sub and super structures, plastering, painting, glazing, ironmongery, roofing as well as flooring. The contract also included the construction of a single VIP toilet.	As of September, 2015 the foundation footing of the house had been done with the following works outstanding; Construction of super structure, plastering, ironmongery and roofing among others.  The construction of the toilet had not commenced.
Katete	Mkaika	Construction of a 1 x 3 classroom block at Vulamukoko	Markrich Contractors and Suppliers	19.05.15	71,000	50,843.50	Construction of sub and super structure, roofing and painting, plastering, ironmongery, flooring and glazing	As of September, 2015 only foundation footing and back filling had been done.

		Primary School.						
Katete	Mkaika	Construction of Mwaziputa Health Post	Caines Enterprise	20.05.15	46,500	32,345.00	Construction of sub and super structures, roofing and painting, plastering, ironmongery, flooring, plumbing, fitting of the ceiling board and glazing	As of September, 2015 only the sub structure had been done.
Katete	Milanzi	Construction of Lupande Culverts in Chindwele ward	Sim Sam Enterprise	26.05.15	268,690.80	209,933.00	Excavation, steel fixing and form work, bedding and aprons and concrete works for the pillars, concrete works for the decking, gravel works and compaction road works formation on the aprons and cleaning of sites	As of September 2015, the works were at decking stage with the following works outstanding: Construction of the concrete works for the pillars, concrete works for the decking, gravel works and compaction road works, formation on the aprons and clearing of the site.
Katete	Milanzi	Completion of a staff house at Mwandafisi Primary School	Easu Banda	May 201	25,000	22,400.00	Construction of the super structure, roofing, plastering, iron mongery, glazing and painting	As of September, 2015 the structure had been done up to ring beam level. However, the following works still outstanding: roofing, plastering, iron mongery and painting.
Chadiza	Chadiza	Rehabilitation of D128 Road from chainage 0.0 km to Chiyambi Primary School	Cross World Investments Zambia Limited	03/11/14	341,200	342,354	Rehabilitation of 3.6 km of the road, drainage works, construction of culvert box, stone masonry walls aprons vertical form work, surface finishing, culvert head walls and wing walls.	As of September, 2015 the road had been rehabilitated and the road was in use. However, although the contractor had been paid in full and works certified complete, works valued at K14,600 relating to construction of the culverts, had not been completed.

#### MUCHINGA PROVINCE

District	Constituency	Project	Contractor	Contract Date	Allocated Amount K	Total Spent K	Scope of works	Remarks
Nakonde	Nakonde	Completion of a 1 x 3 classroom block at Ilendela Primary School	Labour based	September 2014	12,300	10,750	Construction of an apron and spoon drain, painting and flooring.	As of September, 2015, painting had not been done and it was observed that the floor, apron and spoon drain had developed cracks.
		Construction of a Health Centre in Katongo	(Labour based)	August 2014	60,018	68,344	Construction of sub and superstructures, spoon drain, plastering, painting, and flooring, fixing of ceiling boards, doors and windows.	As of September, 2015, the works had not been completed and the project had stalled. The outstanding works included fixing of the ceiling, doors, completion of the spoon drain, plastering and painting. It was

								observed that big cracks had also developed on the wall.
		Completion of a Staff House at Upukwe Primary School	(Labour based)	September 2014	15,330	12,595	Fitting of window and door frames, flooring, glazing , plastering and painting	As of September, 2015, the works had not been completed and had stalled. The outstanding works included fitting of 2 doors, window frames and glazing.
		Establishment of Suwilanji Community Radio Station	Labour Based	September, 2014	39,850	39850	Sound proofing of two (2) rooms and fitting of studio glasses and shelves	As of September 2015, studio glasses had not been fitted and the works had stalled.
		Completion of 1x3 CRB at Munduwantanga Primary school	Albert Chisanga	24/02/15 to 10/04/15	42,000	41,936	Completion of super structure from ring beam, fixing of chalk boards and roofing	As of September 2015, the building had stalled at roof level.
Mpika	Kanchibiya	Completion of 1x 3 CRB at Chafye Primary School	Happy Mukuka	Not stated	20,000	20,000	Roofing, flooring, plastering and painting	As of September 2015, roofing had been completed and plastering was in progress. It was also observed that some areas of the floor that had been done had peeled off.
		Construction of a storage shed for Manshya farmers	Lawrence Musonda	14/11/14 to 10/08/15	50,000	36,551	Construction of sub and super structures, plastering, painting and roofing	As of September, 2015, the structure had been roofed with flooring and plastering outstanding.
		Completion of under-five shelter-Chintu Community	Tebbie Chama	15/11/14 to 30/12/14	20,000	19,920	Construction of an apron , plastering, plumbing, flooring, roofing and	As of September 2015, the structure had been completed. It was however observed that cracks had developed on the walls and apron and the plaster on the walls was peeling off.
	Mfuwe	Construction of 1 x 2 CRB at Nkoto Community School	Bwalya Ackim	Contract not availed	7,000.00	7,000.00	Construction of sub and super structures, plastering, painting, glazing, fitting of doors and window frames and roofing	As of September 2015, the project had not been completed with the following works outstanding: Fitting of window and door frames, plastering and painting.
		Completion of Mpumba RHC - Mpumba RHC (Annex)	Henry Kunda	Contract not availed	15,000.00	12,980.00	Roofing, plastering, fitting of windows and doors	As of September, 2015 roofing had been done while plastering and fixing of doors and windows were still outstanding.

		Completion of one (1) School staff house - Muchelenje Primary School	James Peter Mumba	01.04.15 to 30.08.15	10,000.00	8,972.00	Roofing, flooring, fixing of door and window frames, plastering and painting	As of September, 2015, roofing, fitting of doors and window frames had been completed with the following works outstanding: flooring, plastering and painting.
		Musenga Kabanda Maize Slab	Godfrey Kafulambeka	20.11.14 – 10.02.15 (12 weeks)	30,000.00	36,713.00	Construction and plastering of sub structure and cast the concrete slab	Although the works had been completed and slab was been used as of September 2015, cracks had developed on the slab and walls of the sub structure. It was also observed that the contractor was over paid by K6,713.
		Completion of 1x2 CRB at Makumbi	Emmanuel Bwalya	1/12/14 - 10/01/15 (6 weeks)	60,000.00	60,413.00	Roofing, fitting windows, black board and doors, flooring, plastering and painting	Although the works had been completed as of September 2015, cracks had developed on the floor.
Isoka	Isoka	Construction of a Visitors Shelter at Chief Kafwibi's Palace	Chandeas Centre	03.11.14 to 24.11.14 (3 weeks)	50,000	49,736	Construction of sub structure, erecting portal frames of galvanised steel poles, roofing and painting	As of September 2015 the structure had been completed and handed over. However, it was observed that the painting of the floor, wood preservatives on the traces and varnishing was not done.

Central Province								
District	Constituency	Project	Contractor	Contract Date	Allocated Amount K	Total Spent K	Scope of works	Remarks
Mumbwa	Mumbwa	Construction of a three (3) bedroomed house at Muleke Community School	Labour based	15/12/14	60,000	52,999	Construction of sub and super structures, plastering, glazing, roofing, painting and fitting of window frames and doors.	As of September, 2015 works had stalled at slab level.
Mumbwa	Mumbwa	Construction of a Market Shelter	Labour based	20/05/14	80,000	68,611	Construction of a sub and stalls, roofing, plastering and painting	As of September, 2015 works had stalled at roof level

Mumbwa	Mumbwa	Construction of a staff house at Shiwezwa Community School	Eden Contractors	29/12/14	55,000	41,504	Construction of sub and super structures, roofing, plastering, glazing, fitting of doors and window frames and painting	As of September 2015, the structure had been done up to roof level with the following works outstanding glazing, flooring, plastering, fitting of doors and painting
Mumbwa	Mumbwa	Construction of Foot Bridge at Mupona	M'Nicol Civil Engineering	March 2015	70,000	70,000	Excavation, decking, compaction, laying of culverts	As of September, 2015, the works had been completed. It was however observed that cracks had developed on the head walls.
	Mumbwa	Completion of a Primary School at Kamilambo	Auto'Zake Investments	March 2015	100,000	79,650	Construction of super structure, roofing, plastering, fitting of window and door frames.	As of September 2015, the structure was at window level with the following works outstanding: roofing, flooring, plastering and glazing.
	Mumbwa	Completion of Mumba Bridge	Auto'Zake Investments	March 2015	90,000	71,970	Stone pitching and gravelling of the ridding surface	As of September 2015, the project had not been completed as stone pitching had only been done on one side
Kabwe	Bwacha	Electrification of Kangomba Primary School	ZESCO	10.09.14	109,686	86,341	Installation of poles and connection of electricity	As of September, 2015, the school had not yet been electrified.
		Completion of Ablution Block at Mukobeko Primary School	ML Agencies	12.11.14	61,422	54,998	Construction of sub and superstructure, roofing, plastering, plumbing, fitting of doors and painting	As of September, 2015, the structure had not been completed as the fitting of doors and painting had not been done.
		Construction of Ablution Block at Mukobeko Mini Hospital School	VBS	07.03.14	148,180.43	141,599.94	Construction of sub and super structures, roofing, plastering, glazing, plumbing, fitting of doors, painting and construction of spoon drain.	As of September, 2015, works had been completed and the structure was in use. However, it was observed that cracks had developed on the wall, floor and spoon drain.
		Extension of an Admission Ward at Kasavasa Health Centre	Stelum General Dealers	03.11.14	74,046.86	36,677	Construction of sub and super structures, plastering, roofing, glazing, plumbing and electrical fittings	As of September, 2015, the works had stalled at lintel level.
Kabwe	Kabwe Central	Rehabilitation of Shamabanse market shelter	Jehu Construction Ent.ltd	18.09.14	40,000	8,052.15	Rehabilitation of the floor, erection of steel poles, roofing and fitting of gates	As of September 2015, works had not been completed as fitting of gates and roofing were outstanding.



		Construction of Magadanyama police post	Jopa Mining and construction	13.11.14	100,000	80,095	Construction of sub and super structures, roofing, plastering, painting and external works	As of September 2015, the works had stalled at wall roof level
		Construction of ablution block at Kalukungu market	Oneness Gen Dealers	18.09.14	40,000	29,687	Construction of sub and super structures, roofing, plastering and plumbing works	As of September 2015, the works had stalled at gable level. Although the contract was subsequently terminated in July 2015 due to shoddy works, a new contractor had not been engaged.
		Rehabilitation of Ablution Block at Mwashu Basic School	Shefrey and Associates property consultants	12.07.12	57,709	23,515	Fitting of toilet pans and cisterns, showers, floor tiles, hand washing sinks, plumbing, urinary, sewer line and septic tank (construct manholes and associated pipes), rough cast plastering and painting.	As of September 2015, only the toilet pans and cisterns had been fitted.
Kabwe		Construction of a Maternity Ward at Chowa Health Centre	Zam-block ltd	06.08.14	80,000	71,360	Construction of sub and super structures, roofing, plastering, glazing and external works	As of September, 2015, works had stalled at gable level
		Construction of a Wall fence at Kasanda Health Centre	Sahara Commercial Services	31.10.14	60,000	60,000	Excavation, foundation footing, block work and fitting gates	As of September, 2015, the works had been completed. However, it was observed that cracks had developed and the drainage openings had not been secured.
		Construction of maternity wing in Waya ward	Shalnet Contractors	05.07.12	168,438.	30,000	Construction of sub and super structures, plastering, painting, roofing, glazing, plumbing and external works.	Among the payments made was K30,000 on cheque no. 001634 dated 12.09.2014 whose completion certificate only amounted to K15,000. As of September 2015 works had stalled at ring beam level and the Council had incurred legal fees amounting to K50,000 as a result of delayed payments to the contractor.
Kabwe		Drilling and Equipping of a Borehole at New Mpima Day school	Water Affairs	05.08.14	30,000	30,000	Drilling of a borehole, installation of submersible pump, erection of a tank stand, mounting of a tank and water connection to the school and staff houses	As of September 2015, works had not been completed as the submersible pump, water testing and connection of water to the school and staff houses had not been done.
Kapiri Mposhi	Kapiri Mposhi Central	Completion of Likumbi Rural Health Centre, Double VIP toilet, showers, and incinerator	Lamamunda General Dealers	25.08.14	22,530	20,925	Construction of VIP toilets, VIP shower rooms, fitting of ceiling board and air vents, electrical fittings,	As of September, 2015, the following works had not been done: fitting of ceiling board and air vents, electrical fittings, replacement of iron sheets, beam filling and construction of the VIP shower rooms.

							replacement of iron sheets and beam filling	
Kapiri Mposhi	Kapiri Mposhi	Completion of a medium cost staff house at Nkole Police post	Oliver Moonga	26.08.14	15,000	15,000	Roofing, flooring, plastering, painting, construction of spoon drain, glazing and fitting of doors.	Although the contractor had been paid in full, as of September, 2015, glazing had not been done. It was also observed that cracks had developed on the floor and the veranda.
Kapiri Mposhi	Kapiri Mposhi	Construction of Ablution block at turn off	Lamamunda General Dealers	16.06.14	236,077	234,104	Construction of sub and super structures, roofing, flooring, plastering, fitting of window and door frames, glazing, fitting of doors and construction of spoon a drain.	As of September, 2015 the project had stalled at roof level.
Mkushi	Mkushi	Construction of a staff house at Katuba Health Centre	Ralphjoe Supply and construction	01.06.15	112,051	81,916	Construction of sub and super structures, roofing, plastering, fitting of wardrobe doors, window and door frames, glazing, and construction of a spoon drainage.	As of September, 2015 the structure had been roofed with the following works outstanding: painting, fitting of wardrobe doors and completion of spoon drainage.  It was also observed that the contractor was paid K48,300.64 based on a stage certificate No. 1 that did not indicate the works done.
		Construction of 1 x3 CRB at Kasalamankanga Primary School	Hardwork Supplies and Contractors	29.05.15	219,915	83,525	Construction of sub and super structures and spoon drain, roofing, plastering, glazing and painting	As of September, 2015 only the foundation box had been done.
		Construction of Nkolonga market	Chimula Transport	01.06.15	142,141	113,414	Construction of walls, erection of steel poles, flooring, market stands and roofing	As of September, 2015, only the slab and erection of steel poles had been done and the works had stalled.  It was also observed that payments to the contractor were made without stage completion certificates.

		Completion of a 1x 2 CRB at Fibanga Primary School	Zala Trading Ltd	29.05.15	72,000	63,798	Flooring, plastering, glazing, fitting windows and doors and painting.	<p>As of September, 2015, the works had been completed. However, the following were observed: Cracks had developed on the floor and at the edges of the door entrance, only the first coat painting had been done while plastering of the beam and fitting of window stays had not been done.</p> <p>It was also observed that the contractor was paid K42,347 based on stage certificate Nos. 1 and 2 that did not indicate the works done.</p>
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## LUSAKA PROVINCE

District	Constituency	Project Name	Contractor	Contract Date	Amount Allocated K	Amount Spent K	Scope of Works	Status
Lusaka	Mandevu	Construction of a Youth Centre in Chaisa.	Happy in Time Enterprises	29.08.13 – 29.11.13 (12 weeks)	663,493	634,362	Construction of sub and superstructures, roofing, flooring, painting, glazing, plastering, fitting of window and door frames and electricals, plumbing, demolition of an old structure and alteration of boundary wall fence.	As of August, 2015, the structure had been roofed with the following works outstanding: flooring, plastering, painting, electrical fittings, plumbing and demolition of the old structure.
Lusaka	Kabwata	Construction of Hillview Police Post (Libala)	Triple V. Property Investments Ltd	24.07.14 – 24.10.14 (12 weeks)	661,145	620,862	Construction of sub and super structures, roofing, carpentry, joinery, ironmongery & counters installations, glazing metal work, plumbing, electricals fittings, glazing, painting and fitting of doors and window frames and decorating	As of August, 2015, the structure had not been completed as flooring, painting and decorations, tiling and glazing were still outstanding.
		Street Lighting in Kabwata Constituency	China Cable Corporation	17.07.14 – 17.09.14 (8 weeks)	544,1389	521,584	Supply and delivery of 63 poles and traffic lights accessories for Boli Street & 17 <sup>th</sup> Street in Libala, Dr. Aggrey Road in Kabwata and Zipassch road in Kamwala	As of August, 2015, 63 poles (per contract) were delivered but 6 poles costing K24,115.20 were not accounted for in that they were not found on site and no explanation was given.
		Construction of a Football Pitch, Netball Court & Terraces	Quemar Investments Limited	15.12.14 – 15.06.15 (24 weeks)	914,312	137,147	Football and netball Ground; Football ground preparation, electrical installations and installation of irrigation system.  Terraces: construction of substructure, fitting of hand rail support and side drains	As of August, 2015, the project had not been completed as the following works were still outstanding: completion of blockwork, supply and installation of irrigation system, electrical installations and construction of terraces and side drains.

Lusaka	Lusaka Central	Construction of Burma Primary School Library	Royal Engineering Ltd	17.11.14 – 17.03.15 (16 weeks)	553,679	190,593	Construction of sub and super structures, plastering, glazing, painting, roofing carpentry, metal works, fitting of doors, window frames and ceiling and external works.	As of August, 2015, the structure was at lintel level with the rest of the works still outstanding.
		Extension and Renovation of Clinic at Civic Centre	Clinker Construction Limited	17.11.14 – 17.02.15 (66 working days)	529,084	131,906	Construction of sub and super structures, roofing, carpentry, joinery, metal work, electrical fittings, glazing, painting, fitting of window frames, doors and ceiling board and external works	As of August, 2015, the extended block had been roofed with the following works still outstanding: plastering, painting fitting window and door frames.
		Construction of Linda Clinic	Merit Engineering Services Ltd	19.09.14 – 19.01.15 (16 weeks)	1,059,884 (678,733 to be paid from CDF)	473,883	Construction of sub and super structures, roofing, carpentry, plumbing, joinery, metal work, electrical fittings, glazing, painting, fitting of window frames, doors and ceiling board and Fire-fighting installation	As of August, 2015, the clinic had been roofed with the following works still outstanding: roofing, plumbing, metal works, electrical installations, fitting of ceiling and glazing.
		Construction of a Clinic at Soloboni Community	Kapham Kazuma (Labor Only)	15/05/2015 to 15/08/15 (3 months)	50,000	35,397	Construction of a clinic to slab level	Although works had been completed to slab level, there were a lot of cracks on the slab due to poor workmanship.
		Construction of a Market Shelter at Chipongwe	Mike Shikoswe	15/05/2015 to 15/11/2015 (6 months)	68,571	86,977	Construction of Market shelter	As of August 2015, the shelter was at lintel level. It however also observed that cracks had developed on the slab
Luangwa	Feira	Sinking of boreholes at Lubinga, Mpinga and Kapoche	EL Wells Water Solution	27/05/2015 to 27/10/2015 (5 weeks)	201,325	140,928	Siting, drilling boreholes and installation of three (3) hand pumps and two (2) solar propelled pumps as well as tank stand and 2 x 10,000 litre capacity tanks	As of August 2015, one hand pump had not been installed while no water was coming out from the other borehole that had been installed. It was also observed that contrary to the specifications in the contract, 2 x 5,000 litre tanks of water were mounted at Mpinga and Kapoche Communities instead of 10,000 litre tanks.

**SOUTHERN PROVINCE**

Constituency	Constituency	Project	Contractor	Contract Date	Contract Sum	Allocated Amount K	Amount Spent K	Scope of Works	Observations/Status
Livingstone	Livingstone	Construction of two shelters and rehabilitation of an ablution block at Mbita Cooperative Market	Cedrick W Shamabans Enterprise	14.05.14	201,266	195,000	142,097	Construction of sub and super structures, erection of metal poles, roofing and painting.  Ablution block: General rehabilitation works involving replacement of broken pipes, plumbing and painting.	As of July 2015, the ablution block had been completed awaiting handover. The southern side shelter had been roofed with metal poles fixed and partially painted. However, the following works were outstanding: casting of concrete slab on both shelters, roofing of the northern side shelter and completion of fixing of metal poles.
		Construction of a 1x2 teacher's house at Natebe Community School	Natu kuule Enterprise Construction Co	25.02.15	34,910	200,000	138,618	Construction of sub and super structures, plastering, painting, glazing, roofing, fitting of windows, floors and ceiling board, iron mongering and construction of spoon drain.	As of September 2015, the structure was at roof level with the following works outstanding: roofing, construction of spoon drain, fitting of doors, glazing, beam filling, plastering and painting.
		Construction of Dambwa North Police Post	Cedrick W Shamabans Enterprise	14.05.14	209,623	169,891	115,388	Construction of sub and super structures, plastering, painting, glazing, roofing, fitting of windows, floors, electrical works, plumbing and metal works.	As of July 2015, the structure was at roof level with the following works outstanding: roofing, electrical works, plumbing, plastering, metal works and painting.
Kalomo	Dundumwezi	Construction of a Rural Health post and toilets at Katungu - at Katungu RHP	Webster Mumba Labour Based	25.05.15 to 25.07.15 (2 months)	10,000	100,000	49,781	Construction of sub and super structures, plastering, painting, glazing, roofing, fitting of windows and doors and construction of toilets and drainage	As of September 2015, the project was at ring beam level with the following works outstanding: roofing, plastering, painting, carpentry works, glazing and construction of drainages and toilets.
	Kalomo Central	Rehabilitation of Mwata Market Shed - at Mwata Market	Suta Muliwana Labour Based)	16.07.15 weeks 16.07.15 to 06.08.15)	4,500	30,000	10,787	Concrete works, painting, electrical works, carpentry works, fitting door frames and doors and water installation	As of September 2015, the project had not been completed as the following works were still outstanding: painting, connection of water supply and power installation
		Construction of a 1 x 3 CRB at Mutala Community School	Isaih Chilaza Labour Based)	11.05.15 to 12.07.15 (2 months)	5,000	50,000	43,310	Construction of sub and super structures, plastering, painting, glazing, roofing, fitting of windows and doors and construction drainages.	As of September 2015, the project was at ring beam level with the following works outstanding: fitting of window and door frames, roofing, plastering, glazing and construction of drainages.

Mazabuka	Mazabuka Central	Construction of Kabanje Primary School	Fabflex General Contractors	29.08.14	19,700	110,000	73,926	Construction of sub and super structures, plastering, painting, glazing, roofing, fitting of windows, grille door and doors and construction of spoon drains, steps and ramp	As of September 2015, the project had not been completed with the following works outstanding: glazing, window frames, fitting of window handles and stays, grille door and construction of drainages, steps and ramp.
		Construction of Mugoto Maternity Clinic Wing	App General Dealers	27.08.14	20,606	125,000	104,349	Sub and superstructure, roofing, Construction of sub and super structures, plastering, painting, glazing, roofing, fitting of windows and doors, electricals fittings plumbing and drainage works.	As of August 2015, the project was at roof level with the following works still outstanding; beam filling, plastering, flooring, glazing, fixing doors & mortice locks, electrical fittings, painting, plumbing and drainage works.
Pemba	Pemba	Completion of Maternity Wing at Siamulela Health Post	Harshaad Bazaar	13.05.14 – 30.05.14 (14 days)	124,921		114,831	Flooring, roofing, plastering, painting, glazing and fitting of windows, air vents and doors	As of September 2015, the works had not been completed as the following works were outstanding: fitting of doors and air vents, glazing, plastering, floor screed and completion of the roof.
		Rehabilitation of 1X5 CRB at Cheelo Basic School	Sibongi Nkhosi G. dealers	13.05.14 – 30.05.14 (14 days)	50,000		57,661	Painting, flooring, glazing, fitting of doors and roofing	As of September 2015, the works had not been completed as painting, glazing and fitting of doors were outstanding.
		Construction of 1X2 CRB at Siamuleya P. School	Leadliner Hardware	13.05.14 – 30.05.14 (14 days)	154,366		187,653	Construction of sub and super structures, plastering, painting, glazing, roofing, fitting of windows and doors and construction of a spoon drain.	As of September 2015, the works had not been completed as the spoon drain and general reviews had not been done. Further, cracks had developed on the floors.
		Completion of 1X2 CRB at Malamba Community School	Kasmax Enterprises	13.05.14 – 30.05.14 (14 days)	36,388		33,203	Painting, glazing, roofing and fitting of window frames and doors.	As of September 2015 the project had not been completed as glazing had not been done.
		Construction of Dip Tank at Kashongo Community	Dunhills Transport LTD	13.05.14 – 30.05.14 (14 days)	31,395		28,749	Erection of enclosure and sinking of the pool as well as roofing	As of September 2015 the project had not been completed as roofing had not been done.

**HEAD 29: Ministry of Local Government and Housing**

**DEPARTMENT: 05 Local Government Administration**

**PROGRAMME: Grants to Local Authorities**

**ACTIVITIES: Various**

43. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, amounts totalling K576,016,074 were made to cater for grants to Local Authorities under the Ministry of Local Government and Housing out of which amounts totalling K464,721,494 were released resulting in an underfunding of K111,294,580. See details in the table below.

Type of Grant	Budget K	Releases K	Underfunding K
Capital Grants	112,743,243	1,448,663	(111,294,580)
Grant in lieu of rates	29,256,615	29,256,615	-
Recurrent grants	306,216,216	306,216,216	-
Re-structuring grants	127,800,000	127,800,000	-
<b>Total</b>	<b>576,016,074</b>	<b>464,721,494</b>	<b>(111,294,580)</b>

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters, selected Local Authorities and physical inspections of selected projects carried out between July and August 2015 revealed the following:

##### **a. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, seventy five (75) payment vouchers in amounts totalling K1,471,686 processed at six (6) Local Authorities during the period under review were not availed for audit. See details in the table below.

Local Authority	No. of Transactions	Amount K
Mafinga	2	18,731
Kaoma	3	64,034
Shangombo	23	155,200
Kazungula	2	62,074
Mbala	7	163,665
Kasama	38	1,007,982
<b>Total</b>	<b>75</b>	<b>1,471,686</b>

##### **b. Unsupported Payments**

Contrary to Financial Regulation No. 45, two hundred and forty six (246) payments in amounts totalling K4,346,954 made at nine (9) Local Authorities during the period under review were not supported with relevant documents such as quotations, cash sale receipts and Local Purchase Orders (LPOs) among others. See table below.



<b>Local Authority</b>	<b>No of Transactions</b>	<b>Amount K</b>
Isoka	7	117,621
Mafinga	6	176,455
Lundazi	21	63,013
Mongu	33	665,538
Kaoma	5	39,459
Shangombo	28	803,428
Mbala	85	757,499
Kasama	43	963,857
Solwezi	18	760,084
<b>Total</b>	<b>246</b>	<b>4,346,954</b>

**c. Unapproved Payment Vouchers**

Contrary to Financial Regulation No. 48, which states that the original of a payment voucher shall be signed by a Controlling Officer, a warrant holder or by any other officer authorised to sign on their behalf, ninety five (95) payment vouchers in amounting to K1,385,818 were not approved by the responsible officers. See table below.

<b>Local Authority</b>	<b>Transactions</b>	<b>Amount K</b>
Mongu	1	21,913
Kazungula	78	1,021,556
Kasama	16	342,349
<b>Total</b>	<b>95</b>	<b>1,385,818</b>

**d. Failure to Provide Expenditure Details**

During the period under review, three (3) Local Authorities received grants in amounts totalling K233,908 for restructuring, grants in lieu of rate and recurrent. However, there were no expenditure details such as ledgers and cashbooks as well as bank statements availed for audit making it not possible to ascertain how the funds were utilised. See table below.

<b>Local Authority</b>	<b>Amount K</b>
Shangombo	20,400
Kazungula	89,936
Katete	123,572
<b>Total</b>	<b>233,908</b>

**e. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K12,919 (general stores – K8,780 and fuel – K4,139) procured at three (3) local authorities during the period under review were not accounted for in that there were no receipt and disposal details. See table below.

<b>Local Authority</b>	<b>General Stores K</b>	<b>Fuel K</b>	<b>Total K</b>
Mafinga	-	2,234	2,234
Shiwang'andu	-	1,905	1,905
Luwingu	8,780	-	8,780
<b>Total</b>	<b>8,780</b>	<b>4,139</b>	<b>12,919</b>

**f. Failure to Remit Statutory Contributions**

Statutory contributions and Union dues in amounts totalling K51,914,127 (comprising National Pension Scheme Authority - NAPSA contribution – K7,350,211, Local Authority Superannuation Fund - LASF K7,443,964, Pay As You Earn - PAYE K36,841,700, Zambia United Local Authority Workers Union - ZULAWU K256,777 and Fire Service Union of Zambia FSUZ K21,475) deducted from employees during the period under review had not been remitted to the respective institutions as of September 2015. See details in the table below.

<b>Local Authority</b>	<b>NAPSA K</b>	<b>LASF K</b>	<b>PAYE K</b>	<b>ZULAWU K</b>	<b>FSUZ K</b>	<b>Total K</b>
Mansa	336,617	293,835	600,933	29,614	-	<b>1,260,999</b>
Kawambwa	-	-	327,670	3,841	-	<b>331,511</b>
Mwense	-	-	215,628	-	-	<b>215,628</b>
Isoka	26,877	2,738	165,800	33,686	-	<b>229,101</b>
Mpika	-	-	234,644	-	-	<b>234,644</b>
Nakonde	-	-	57,309	-	-	<b>57,309</b>
Lundazi	56,329	37,468	352,860	66,755	-	<b>513,412</b>
Chadiza	205,348	-	253,865	12,705	-	<b>471,918</b>
Mambwe	34,048	23,333	195,406	-	-	<b>252,786</b>
Kaoma	-	-	427,355	-	-	<b>427,355</b>
Mulobezi	5,566	14,557	140,111	-	-	<b>160,233</b>
Luanshya	1,129,882	2,254,687	2,688,009	-	-	<b>6,072,579</b>
Lufwanyama	153,397	56,848	287,644	-	-	<b>497,889</b>
Kabwe	-	-	470,327	-	-	<b>470,327</b>
Kapiri mposhi	25,739	-	216,234	-	-	<b>241,973</b>
Luano	21,344	-	85,580	-	-	<b>106,924</b>
Lusaka	-	-	7,128,928	-	-	<b>7,128,928</b>
Luangwa	171,715	-	115,888	-	-	<b>287,603</b>
Chongwe	-	-	184,147	-	-	<b>184,147</b>
Kafue	-	-	497,346	-	-	<b>497,346</b>
Kalomo	72,079	28,138	386,426	-	-	<b>486,644</b>
Livingstone	231,829	-	1,762,506	-	-	<b>1,994,335</b>
Mazabuka	371,708	442,072	1,106,939	-	-	<b>1,920,719</b>
Luwingu	-	-	90,055	-	-	<b>90,055</b>
Mpulungu	75,233	325,822	273,738	15,268	844	<b>690,906</b>
Nsama	-	-	96,709	-	-	<b>96,709</b>
Mbala	342,273	238,427	283,059	17,524	11,443	<b>892,726</b>
Mporokoso	11,234	-	67,558	3,368	-	<b>82,160</b>
Kasama	110,708	-	224,572	-	6,915	<b>342,194</b>
Mufumbwe	61,624	54,376	296,003	-	-	<b>412,003</b>
Kabompo	1,060,010	60,884	546,612	-	-	<b>1,667,505</b>
Zambezi	425,570	687,179	438,193	-	-	<b>1,550,941</b>
Ndola	159,883	-	1,971,669	-	-	<b>2,131,552</b>
Pemba	41,969	64,464	2,269,479	4,841	-	<b>2,380,753</b>
Mumbwa	51,636	35,379	343,482	26,505	-	<b>457,002</b>
Chibombo	356,132	341,946	2,482,590	19,210	-	<b>3,199,878</b>
Sesheke	-	106,839	322,250	-	-	<b>429,089</b>
Kalulushi	1,811,462	2,374,973	9,294,178	23,459	2,273	<b>13,506,345</b>
<b>Total</b>	<b>7,350,211</b>	<b>7,443,964</b>	<b>36,901,700</b>	<b>256,777</b>	<b>21,475</b>	<b>51,974,127</b>

**g. Failure to Recover Salary Advances**

Contrary to Terms and Conditions of Service for the Public Service, it was observed that recoveries for salary advances in amounts totalling K27,772 paid to eleven (11) officers during the period under review, had not been effected as of September 2015. See details in the table below.

<b>Local Authority</b>	<b>Number of Officers</b>	<b>Amount K</b>
Mafinga	4	17,472
Shiwang'andu	1	1,200
Chibombo	6	9,100
<b>Total</b>	<b>11</b>	<b>27,772</b>

**h. Funds Not Received - Nsama**

During the period under review, the Ministry headquarters issued an instruction to Investrust Bank Oddys branch to transfer salary grants in amounts totalling K90,000 to Nsama District Council. As of September 2015, the amounts totalling of K90,000 had not been received by the local authority. See table below.

<b>Date of Instruction</b>	<b>Amount K</b>
01.02.14	50,000
01.04.14	40,000
<b>Total</b>	<b>90,000</b>

**i. Irregularities in Payment of Salaries and Allowances**

**i. Irregular Payment of Rural Hardship Allowance**

During the period under review, amounts totalling K168,025 were paid to one hundred and sixteen (116) officers in respect of rural hardship allowances. However, the payment of the allowance was irregular as the officers were not eligible to receive the allowance. As of September 2015, the funds had not been recovered from the officers. See table below.

<b>Local Authority</b>	<b>No. of Officers</b>	<b>Amount K</b>
Lundazi	39	24,853
Mongu	77	168,025
<b>Total</b>	<b>116</b>	<b>168,025</b>

**ii. Questionable Payments of Salary Arrears – Mongu**

A scrutiny of pay slips revealed that amounts totalling K11,000 were paid to four (4) officers in respect of salary arrears during the period under review. However, there was no documentary evidence to show how the arrears were accumulated, thus rendering the payments questionable.

**iii. Irregular Payment of Personal to Holder Allowance – Kaoma**

Contrary to Circular No. MLGH/71/6/93 dated 15<sup>th</sup> October 2012 which abolished Personal to Holder Allowances, amounts totalling K33,712 were paid to an officer in respect of personal to holder allowance during the period under review. As of September 2015, the funds had not been recovered.

**iv. Over Payment of Salary - Kasama**

During the period under review, two (2) officers were over paid by amounts totalling K18,110 as a result of receiving salaries in scales which were above their substantive salary scales.

**v. Irregular Payment of Housing Allowance**

Contrary to the Conditions of Service for officers in the Local Government, five (5) officers at two (2) local authorities were paid amounts totalling K79,037 as housing allowances despite occupying council houses. See table below.

Local Authority	No. of Officers	Amount K
Chipata	1	5,211
Chadiza	4	73,826
<b>Total</b>	<b>5</b>	<b>79,037</b>

**vi. Irregular Payment of Acting Allowance – Kaoma District Council**

On 27<sup>th</sup> December 2013, an Accounts Officer, was appointed to act as Senior Accounts Assistant for a period of six (6) months with a view for promotion. On 4<sup>th</sup> April, 2014 he was suspended from performing his duties and was put on half pay after acting for a period of three (3) months.

It was, however observed that the officer was irregularly paid acting allowance in amounts totalling K19,655 for period of thirteen (13) months while on suspension. As of September 2015, no recoveries had been made.

**vii. Payment of Full Salary to the Council Secretary – Shangombo District Council**

The Council Secretary had not reported for work since 29<sup>th</sup> April 2013. However, it was observed that despite his absconding from work, the Council Secretary continued to draw a salary and in this regard, had been paid salaries in amounts totalling K346,047. As of September 2015, the situation had not been corrected or funds recovered from the Secretary.

**j. Management of Capital Projects**

During the period under review, the Ministry disbursed a total amount of K1,448,663 to various Councils to cater for various infrastructure projects. Physical inspections of selected projects carried out in September 2015 revealed the following:

Project	Contractor	Contract Period	Contract Sum K	Amount Received K	Amount Paid Or Spent K	Scope of Works	Observations/Status
<b>LUAPULA PROVINCE</b>							
<b>Mwense District: Construction of Civic Centre</b>	Mwamona Engineering & Technical Services	36 weeks (From 22 May 2013 to 15 January 2014)	1,543,759	724,332	713,300	Construction of Civic Centre	As of September 2015, the Project was at roof level and the Contractor was not on site.
<b>WESTERN PROVINCE</b>							
<b>Kaoma District: Installation of Street Lights</b>	Carlyle North Ltd	One (1) Month from 2 <sup>nd</sup> May to 2 <sup>nd</sup> June 2014	200,822	200,000	171,783	Installation of 20 Street lights	As of September 2015, only 20 street lights had been installed. However out of the 20 installed only 4 were working.
<b>Mulobezi District: Construction of 10 Medium Cost Staff Houses</b>	Jearmy Enterprises Ltd		4,689,881	1,200,000	1,200,000	Construction of 10 Medium Cost Staff Houses	The following were observed: <ul style="list-style-type: none"> <li>contract document was not availed</li> <li>The ten houses were at roof level with the following works still outstanding: plastering, painting, drainages among others.</li> <li>Cracks on spoon drains had manifested on house No. 2 and 3</li> </ul>

**HEAD:** 31 Ministry of Justice  
**UNITS:** Various  
**PROGRAMMES:** Various  
**ACTIVITIES:** Various

44. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K260,986,068 was made to cater for operations at the Ministry against which amounts totalling K212,353,686 were released resulting in an underfunding of K48,632,382.

According to the financial statement (Statement ‘C’), as at 31<sup>st</sup> December 2014, amounts totalling K210,892,006 had been spent.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters carried out during the period from June to September 2014 revealed the following:

**a. Outstanding Compensations and Awards**

As of October 2015, the Ministry owed amounts totalling K335,095,800 in respect of Compensation and Awards involving thirty (30) cases. It was observed that some of the debt had been outstanding from as far back as June 2012. Consequently, interest in amounting K892,022 had been accumulated.

**b. Judgments Entered in Default**

Judgement entered in Default is Judgement entered against a party who has failed to defend against a claim that has been brought by another party. Under the rules of the civil procedure, when a party against whom a judgement for affirmative relief is sought has failed to plead or otherwise defend a case, the party is in default and a judgment by default may be entered by the court. Further, if a defendant in a lawsuit fails to respond to a complainant in the time set by law (usually 30 days), then the clerk of the court can enter a default judgement.

During the period under review, there were eight (8) cases whose judgements were entered in default due to failure by Government departments to provide necessary information to the Attorney General’s Chambers to effectively defend the cases. In this regard, amounts totalling K1,441,502 were paid in respect of judgements entered in default.

**c. Failure to Surcharge Erring Officers**

Financial Regulations Part III Sub-section (1) (e) states that “if an officer causes or permits any personal injury or property damage in circumstances which give rise to liability of the Republic to third persons in respect of such injury or damage; the said officer shall be liable to the Government in which such amount in respect of such failure to collect, improper payment, loss, deficiency, damage or destruction, as the case may be, as may be determined pursuant to subsection (4) and, subject to the provisions of this Section, any liability so determined may be recovered at the suit of the Attorney-General in that behalf.”

During the period under review, there were fifteen (15) cases where the officers either neglected or omitted to do their duty and caused government to incur costs and consequently the Ministry made payments amounting to K2,145,637. However, as of October 2015, the funds had not been recovered from the officers that had caused government to incur costs.

**HEAD: 45 Ministry of Community Development, Mother and Child Health**

**DEPARTMENTS: District Community Medical Offices**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**45.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K194,943,066 was made to cater for various activities under District Community Health Offices (DCMOs) and District Hospitals against which amounts totalling K167,953,831 were released.

In addition, amounts totalling K8,475,776 were received by the institutions for various activities such as Infrastructure among others bringing the total funds available to K176,429,607.

**Accounting and Other Irregularities**

An examination of financial and other records maintained at selected District Medical Offices and District Hospitals and physical inspections of selected projects carried out in November 2015 revealed the following:

**a. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, eleven (11) payment vouchers in amounts totalling K150,682 processed during the period under review were not availed for audit. See table below.

Province	Station	No. of Vouchers	Amount K
Lusaka	Chilanga DCMO	4	76,032
Southern	Kazungula	7	74,650
<b>TOTAL</b>		<b>11</b>	<b>150,682</b>

**b. Unsupported Payments**

Contrary to Financial Regulation Nos. 45 and 52, fifty seven (57) payments in amounts totalling K358,275 made during the year under review were not supported with relevant documents such as cash sale receipts and LPOs. See table below.

Province	Station	No. of Payments	Amount K
Southern	Kazungula DCMO	4	72,800
	Mazabuka DCMO	1	50,190
N/Western	Solwezi DCMO	3	1,380
	Kasempa DCMO	3	10,050
	Mufumbwe DCMO	2	9,900
Luapula	Mansa DCMO	5	18,345
	Samfya DCMO	1	17,800
Western	Mongu DCMO	9	9,600
Eastern	Mambwe DCMO	1	2,111
Copperbelt	Luanshya DCMO	1	3,539
Muchinga	Mpika DCMO	8	23,600
	Nakonde DCMO	1	1,600
Lusaka	Chongwe DCMO	7	57,777
	Luangwa DCMO	3	12,110
	Chilanga DCMO	8	67,473
<b>Total</b>		<b>57</b>	<b>358,275</b>

**c. Misapplication of Funds**

Contrary to the Appropriation Act of 2013, amounts totalling K502,998 meant for the provision of 1<sup>st</sup> Level Referral Services and Health Centre Clinical Care Services were applied on activities such as payment of imprest, personal emoluments, holding workshops among others that were not related to health service delivery and health systems management. See table below.

Province	Station	Amount K
Luapula	Mansa DCMO	279,016
	Chembe DCMO	124,017
Southern	Livingstone DCMO	4,235
Muchinga	Mpika DCMO	95,730
<b>Total</b>		<b>502,998</b>



**d. Unaccounted for Funds**

During the period under review, amounts totalling K10,698 were collected as medical fees at Ndola DCMO. However, the funds were unaccounted for in that the funds were neither banked nor was cash found on hand.

**e. Irregular Payment of Subsistence Allowances**

Terms and Conditions of Service for the Public Service No. 154 (a) provides that Subsistence Allowance shall be paid to an officer to cover additional expenses he or she has to meet when travelling on duty away from his or her normal station of duty. Contrary to the above, amounts totalling K62,422 were irregularly paid as subsistence allowance to thirteen (13) officers for work done within their work station. See table below.

<b>Province</b>	<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>
Lusaka	Luangwa DCMO	1	2,500
	Chilanga DCMO	3	8,672
N/Western	Solwezi DCMO	7	15,250
Southern	Siavonga DCMO	2	36,000
<b>Total</b>		<b>13</b>	<b>62,422</b>

**f. Meal Allowance**

Contrary to Cabinet Office Circular No. 11 of 2013, section 7 and Terms and Conditions of Service for the Public Service No. 167 (f), amounts totalling K67,370 were paid as lunch allowances to eighteen (18) officers working within their normal station of duty.

<b>Province</b>	<b>Station</b>	<b>No of Officers</b>	<b>Amount K</b>
Southern	Choma DCMO	12	6,900
	Livingstone	5	24,470
Muchinga	Mpika	1	36,000
<b>Total</b>		<b>18</b>	<b>67,370</b>

**g. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K919,840 issued to sixty three (63) officers during the period under review had not been retired as of November 2015. See table below.

Province	Station	No. of Officers	Amount K
Southern	Livingstone DCMO	7	1,200
	Kazungula DCMO	11	1,600
	Mazabuka DCMO	4	11,341
Central	Kabwe DCMO	1	8,000
N/Western	Mufumbwe DCMO	1	950
Luapula	Mansa DCMO	22	828,043
	Samfya DCMO	6	35,570
Western	Mongu DCMO	4	9,493
	Lukulu DCMO	1	3,000
Eastern	Nyimba DCMO	1	1,393
	Katete DCMO	1	600
Copperbelt	Chililabombwe DCMO	1	4,300
	Mpongwe DCMO	1	450
Lusaka	Siavonga DCMO	1	4,050
	Chilanga DCMO	1	9,850
<b>Total</b>		<b>63</b>	<b>919,840</b>

#### h. Questionable Retirement of Imprest

During the period under review, imprest in amounts totalling K49,395 was paid to twenty four (24) officers to carry out various activities. However, a scrutiny of retirement details revealed various irregularities in the retirements which included details of the vehicle used on assignment trips, the purpose or period of the activities undertaken were not indicated, vehicles which were purported to have been used on the assignment trips were on other duties, claim forms were not approved among others. See table below.

Province	Station	Transactions	Amount K
Southern	Choma DCMO	14	4,200
	Livingstone DCMO	2	6,688
	Kazungula DCMO	8	38,507
<b>TOTAL</b>		<b>24</b>	<b>49,395</b>

#### i. Failure to Avail Activity Reports

During the period under review, imprest in amounts totalling K40,252 was issued to nine (9) officers to carry out planning activities and workshops among others. However, there were no activity reports produced to confirm that the activities were undertaken. See table below.

Province	Station	No. of Transactions	No. of Officers	Amount K
Lusaka	Chilanga DCMO	6	8	24,576
N/ Western	Zambezi DCMO	1	1	15,676
<b>Total</b>		<b>7</b>	<b>9</b>	<b>40,252</b>

**j. Irregular Use of Accountable Imprest**

Financial Regulation No. 86, states that, “accountable imprest is issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time”. It was however observed that imprest in amounts totalling K102,370 issued to twenty six (26) officers was used to procure goods and services whose values were obtainable on the market. See table below.

<b>Province</b>	<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>
Western	Mulobezi DCMO	2	6,720
	Mongu DCMO	3	19,480
Luapula	Mansa DCMO	1	12,325
Copperbelt	Luanshya DCMO	1	1,270
	Kalulushi DCMO	7	14,902
Southern	Choma DCMO	5	12,464
	Livingstone DCMO	2	2,746
	Kazungula DCMO	5	32,463
<b>Total</b>		<b>26</b>	<b>102,370</b>

**k. Failure To Produce Expenditure Returns**

Contrary to Financial Regulation No. 10 (k), amounts totalling K31,410 were disbursed to thirteen (13) health centres as operational grants during the period under review by Solwezi DCMO. However, no expenditure returns had been availed for audit as of November 2015.

**l. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K1,586,367 (general stores – K398,445 and fuel – K1,187,922) procured during the period under review were not accounted for in that there were no receipt and disposal details. See table below.

Province	Station	Amount (K)		Total K
		Stores	Fuel	
Southern	Livingstone DCMO	17,224	20,003	37,226
	Kazungula DCMO	187,165	253,873	441,039
	Mazabuka DCMO	-	24,987	24,987
	Monze DCMO	-	201,563	201,563
N/Western	Solwezi DCMO	64,099	6,557	70,656
	Kasempa DCMO	5,100	-	5,100
	Mufumbwe DCMO	7,460	-	7,460
	Kabompo DCMO	4,026	-	4,026
	Zambezi DCMO	-	57,280	57,280
Luapula	Mansa DCMO	46,080	221,550	267,630
	Samfya DCMO	6,795	266,627	273,422
Eastern	Mambwe DCMO	2,648	-	2,648
Copperbelt	Chililabombwe DCMO	-	19,000	19,000
	Kalulushi DCMO	55,173	105,117	160,290
	Mpongwe DCMO	2,675	-	2,675
Lusaka	Kafue DCMO	-	11,366	11,366
	<b>TOTALS</b>	<b>398,445</b>	<b>1,187,922</b>	<b>1,586,366</b>

#### m. Irregular Drawing of Fuel

During the year under review, fuel drawings costing K228,448 made by various vehicles were irregular in that in some instances fuel was drawn without raising fuel requisition vouchers/coupons authorising the drawings, there were no registration numbers of motor vehicles drawing fuel and the purpose for which the drawings were made was not indicated among others. See table below.

Province	District	Amount K
Lusaka	Luangwa DCMO	1,518
	Rufunsa DCMO	5,836
	Chongwe DCMO	13,670
Western	Mongu	7,805
N/Western	Kabompo DCMO	4,096
Southern	Choma DCMO	100,678
	Livingstone DCMO	74,956
	Kazungula DCMO	19,888
<b>Total</b>		<b>228,448</b>

#### n. Failure to Inscribe Government Assets

Contrary to Public Stores Regulation No. 154, which states that ‘all items or furniture and equipment belonging to the Government must be clearly marked with distinguishing letters’ “GRZ” Numbers, it was observed that various furniture and equipment costing K320,197 procured during the period under review were not marked. See table below.

Province	Station	No. of Items	Amount K
Eastern	Petauke DCMO	2	8,000
Lusaka	Kafue DCMO	3	15,650
	Chilanga DCMO	5	21,750
Western	Limulunga DCMO	11	72,071
	Lukulu DCMO	1	4,250
N/Western	Solwezi DCMO	2	9,145
	Kabompo DCMO	26	55,662
Muchinga	Mafinga DCMO	1	9,300
Copperbelt	Lufwanyama DCMO	9	52,346
Central	Chibombo DCMO	6	27,990
Southern	Choma	5	44,033
<b>Total</b>		<b>71</b>	<b>320,197</b>

**o. Failure to Report Accident - Mwense**

On 23<sup>rd</sup> September 2014, motor vehicle (Toyota Hiace Ambulance) was involved in a road traffic accident in Mwense District. However, although the police report had been obtained, as of September 2015, the accident had not been reported to the Standing Accidents Board contrary to Financial Regulations Nos. 171 to 182.

**p. Failure to Recover Funds – Lufwanyama DCMO**

On 24<sup>th</sup> June 2014, the Lufwanyama District Standing Accident committee recommended that a driver be charged for the cost of repairs amounting to K4,953 in respect of a vehicle that was involved in an accident while being driven by him. However, despite the recommendation, Lufwanyama District Community Medical Office had not effected the recoveries as of October 2015.

**q. Failure to Dispose Unserviceable Stores and Motor Vehicles**

During the period under review, there were sixteen (16) motor vehicles, thirty five (35) motorcycles and four (4) stores items that were unserviceable at six (6) stations in two (2) provinces. However, as of November 2015, the Ministry of Finance had not been written to for the constitution of a Board of Survey to dispose off the items. See table below.

Province	Station	No. of Items
<b>N/Western</b>	Kabompo DCMO	20
<b>Lusaka</b>	Chongwe DCMO	5
	Chirundu DCMO	7
	Rufunsa DCMO	6
	Luangwa DCMO	9
	Kafue DCMO	8
<b>Total</b>		<b>55</b>

**r. Failure to Deduct Withholding Tax**

Income Tax Act requires that the tenant should deduct withholding tax on rentals paid and remit the funds to the Zambia Revenue Authority. Contrary to the Act, amounts totalling K80,500 were paid as rentals for office space at Mongu and Mafinga DCMOs during the period from July 2013 to January 2015 without deducting withholding tax amounting to K8,843.

**s. Failure to Remit Tax (PAYE)**

Contrary to Income Tax Act, amounts totalling K9,726 deducted from various employees' settling in allowances at Luanshya and Mpika DCMOs during the period under review had not been remitted to the Zambia Revenue Authority.

**t. Unaccounted For Drugs and Medical Supplies**

Contrary to Public Stores Regulation No. 16, drugs and medical supplies costing K18,864,371 procured during the period under review were not accounted for in that there were no receipt and disposal details. See table below.

<b>Province</b>	<b>Station</b>	<b>Amount K</b>
Central	Kabwe	403,862
Southern	Livingstone DCMO	132,449
Eastern	Katete DCMO	51,002
	Petauke DCMO	2,042,587
Muchinga	Mpika DCMO	135,477
	Mafinga DCMO	76,375
	Chama DCMO	52,074
Luapula	Mansa DCMO	87,301
	Samfya DCMO	736,732
	Milenge DCMO	2,742
Northern	Mporokoso DCMO	137,266
Lusaka	Luangwa DCMO	60,771
	Rufunsa DCMO	347,698
	Chongwe DCMO	14,523,545
	Chirundu DCMO	7,923
	Chilanga DCMO	25,595
N/ Western	Solwezi DCMO	35,192
	Kasempa DCMO	2,000
	Kabompo	3,780
<b>Total</b>		<b>18,864,371</b>

**u. Undelivered Drugs**

During the period under review, drugs and medical supplies costing K9,763,954 procured by Medical Stores during the period under review had not been delivered to the District Medical Offices as of November 2015. See table below.

<b>Province</b>	<b>Station</b>	<b>Amount K</b>
Western	Mongu DCMO	21,149
	Limulunga DCMO	26,741
Muchinga	Mpika DCMO	6,108
	Mafinga DCMO	34,957
Luapula	Kawambwa DCMO	16,398
	Mwense DCMO	24,318
	Samfya DCMO	1,250,928
Lusaka	Lusaka DCMO	6,623,835
	Luangwa DCMO	619,597
	Chongwe DCMO	1,478
Copperbelt	Mpongwe DCMO	5,600
	Luanshya DCMO	444,345
	Lufwanyama	688,500
	<b>Total</b>	<b>9,763,954</b>

**v. Expired Drugs**

A scrutiny of stock records and drug labels maintained at various stations revealed that drugs costing K4,762,612 had expired during the period from June 2007 to September 2015. As of October 2015, management had not taken any action to dispose off the drugs. See table below.

<b>Province</b>	<b>Station</b>	<b>Amount K</b>
N/Western	Kasempa DCMO	14,684
	Kabompo DCMO	25,229
Lusaka	Chirundu DCMO	146,555
Western	Mongu DCMO	16,737
Luapula	Mansa DCMO	466,570
	Chembe DCMO	30,772
	Mwense DCMO	74,626
	Kawambwa DCMO	9,800
	Samfya DCMO	89,514
Muchinga	Chama DCMO	6,170
Northern	Mporokoso DCMO	11,500
	Chilubi DCMO	7,591
	Luwingu DCMO	36,806
	Mbala DCMO	3,338,752
Copperbelt	Luanshya DCMO	50,582
	Ndola DCMO	402,962
Southern	Siavonga DCMO	20,558
	Choma DCMO	13,203
	<b>TOTAL</b>	<b>4,762,612</b>

**w. Infrastructure**

A scrutiny of records and physical inspections relating to the execution of contracts for infrastructure development revealed weaknesses in the management of projects in that there was poor workmanship, failure to complete projects on time, failure to avail contracts and failure to take action against defaulting contractors among others. Details in the table below.



District	Project	Contractor / Supplier	Contract Period	Period of Delay in Completion	Contract Sum K	Total spent on Labour, Materials and Contract K	Scope of Works	Remarks / Observations
<b>Northern</b>								
Mbala	Completion of Nsokolo RHC	GILBS and PACs	From 18 <sup>th</sup> June 2014 to 13 <sup>th</sup> August 2014 (8 weeks)	9 Months	81,960	72,478	Roof Completion, Carpentry and Metal Works, Plumbing and Solar Power Installation, Flooring, Tiles Finishing, Glazing, Painting and Drainage Works	Works not completed as the following were outstanding as of May 2015: Painting of spider trusses, shelves and some walls. However, installed solar system was not functional.
<b>Copperbelt</b>								
Luanshya	Construction of Chibolya Paediatric Clinic	Chibuye Mukuni	October-December 2014 (6 weeks)	74 Weeks	80,000	70,000	Construction of Paediatric ward at Chibolya Clinic.	As of September 2015, the project had not been completed with the following works outstanding: flooring, tiling, fitting glass panes, painting inside and outside.
	Construction of Chibolya Paediatric Clinic – Kitchen		Period not known as the contract was not provided		37,000	15,000	Construction of Kitchen at chibolya clinic.	As of September 2015, the project had not been completed with the following works outstanding: Glazing, Flooring, Ceiling, Plumbing and Painting. The contract was not provided for audit
	Construction of Chibolya Pediatric Clinic – Laundry		Period not known as the contract was not provided		35,000	8,000	Construction of Laundry at Chibolya Clinic.	As of September 2015, the project had not been completed with the following works outstanding: Flooring, Ceiling, Plumbing and Painting.  The contract was not provided for audit

	Construction of Store Room at DHO	Viable Concept	November to December 2014 (6 weeks)	35 weeks	10,000	3,000	Construction of Storeroom at DHO	As of September 2015, the project had not been completed with the following works outstanding: Roofing, Flooring, Electrification, Plastering, Plumbing and Painting.
<b>Southern</b>								
<b>Choma</b>	Mapanza RHC	Tengo One (Z) Limited	From 22 <sup>nd</sup> April, 2014 to 21 July 2014 (3 Months)	13 Months	480,230	229,225.80	Construction of: 1. Laboratory, Isolation Ward and Maternity 2. OPD Block/Extended waiting area 3. Three Staff Houses 4. Installation of two (2) air conditioners	<p><b>Laboratory, Isolation ward and Maternity</b></p> <p>As of September 2015, the contractor was not on site. The following works were still outstanding:</p> <ul style="list-style-type: none"> <li>- Fitting granite stones on the work tops in the lab, fitting cabinets, repairing cracks on the floor, fitting pillar taps, fitting grill door and installation of two (2) air conditioners.</li> <li>-The following defects and omissions were observed: Cracks had developed on the walls, aluminium sinks were fitted instead of white vitreous china theatre sinks, the mukwa doors which had been fitted were of poor quality and they had warped. In addition, six (6) gang switches had been fitted instead of ten (10).</li> </ul> <p><b>OPD Block/ Extended Waiting Area</b></p> <ul style="list-style-type: none"> <li>▪ The following works were still outstanding: Joinery and ironmongery works, painting, black bituminous painting and rough casting on external walls, electrical works and fitting of roofing membrane.</li> </ul> <p><b>3 Staff Houses</b></p> <ul style="list-style-type: none"> <li>▪ The following work were outstanding: Repair leaking roof, carpentry and joinery works, painting and electrical works.</li> <li>▪ It was also observed that the project had delayed by fifteen (15) months from the date of completion.</li> </ul> <p>The contract sum was inflated by an amount of K23,404 in that some works such as construction of laboratory work tops with granite stones (K18,090), Installation of Cabinets with laminated doors and drawers (K2,814) and Installation of DB accessories (K2,500) included in the BoQ for the Laboratory were repeated in the BoQ for the Maternity wing even though they were not applicable.</p>

**i. Failure to Drill a Borehole - Luwingu District Community Medical Office**

On 17<sup>th</sup> October 2014, the Department of Water Affairs was engaged to drill two boreholes at Luwingu District Community Medical Office at a contract price of K35,050 with a completion period of five (5) weeks and the amount had been paid as of September 2015.

However, a physical inspection carried out in June 2015 revealed that only one borehole had been drilled. As of September 2015, the remaining borehole had not been drilled.

Further, on 12<sup>th</sup> December 2014, the Department of Water Affairs submitted an additional quotation of K37,958 for the equipping and connection of the existing water tanks.

As of September 2015, the works were done and the amount of K37,958 paid. However, there was no evidence of approval of the additional works by the District Tender Committee in that there was no contract or addendum document and tender minutes for the additional cost.

**ii. Failure to Implement Funded Projects**

During the period under review, amounts totalling K463,660 were received by Chilubi and Mporokoso DCMOs for infrastructure development. However, as of October 2015, the projects had not been implemented. See table below.

<b>District</b>	<b>Funding Date</b>	<b>Type of work and Facility</b>	<b>Amount K</b>
Chilubi	26.03.2014	Completion of Staff House at Matipa RHP	36,860
	26.03.2014	Rehabilitation of Matipa RHP	58,200
	26.03.2014	Construction of Wall Fence Doctors House at Santa Maria	97,000
	04.05.2014	Rehabilitation/Completion of OPD at Chaba RHC	116,400
	26.03.2014	Rehabilitation of Maternity Annex at Mofu	58,200
Mporokoso	07.08.2014	Completion of Chalabesa RHC	97,000
<b>Total</b>			<b>463,660</b>

<b>HEAD:</b>	<b>45</b>	<b>Ministry of Community Development, Mother and Child Health</b>
	<b>01</b>	<b>Headquarters</b>
	<b>02</b>	<b>Social Welfare Department</b>
	<b>03</b>	<b>Community Development Department</b>
	<b>05</b>	<b>Planning and Information</b>
	<b>06</b>	<b>Department of Registrar for Non-Governmental Organisations</b>
	<b>07</b>	<b>Department of Mother and Child Health</b>
<b>PROGRAMMES:</b>		<b>Various</b>
<b>ACTIVITIES:</b>		<b>Various</b>

46. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K1,903,182,652 was made to cater for various activities against which amounts totalling K1,823,882,289 were released resulting in an under funding of K79,300,363.

According to the Financial Statements (Statement 'C'), as at 31<sup>st</sup> December 2014, the Ministry had spent a total amount of K1,323,006,700.

#### Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters and visits to selected provinces and district offices carried out in May 2015 revealed the following:

##### a. Personal Emoluments

The Ministry received amounts totalling K33,394,519 to cater for personal and other emoluments at the Ministry Headquarters as shown in the table below.

Department	Budgeted Amount K	Supplementary Amount K	Total Provision K	Actual Funding K	Actual Expenditure K	Over funded Amount K	Budget Less Actual Expenditure K
Headquarters	4,249,987	853,166	5,103,153	6,328,379	4,161,162	(1,188,669)	941,991
Social Welfare	4,405,771	-	4,405,771	6,565,355	4,316,946	(2,343,695)	88,825
Community Development	3,994,627	-	3,994,627	5,940,078	3,905,802	(2,049,913)	88,825
Planning and Information Directorate	2,029,105	-	2,029,105	2,950,847	1,940,280	(1,113,462)	88,825
Registrar for Non Governmental Organisations	1,551,181	-	1,551,181	2,224,001	1,462,356	-	88,825
Mother and Child Health	7,780,557	-	7,780,557	9,385,859	6,171,526	(317,882)	1,609,031
<b>Total</b>	<b>24,011,228</b>	<b>853,166</b>	<b>24,864,394</b>	<b>33,394,519</b>	<b>21,958,072</b>	<b>(7,013,621)</b>	<b>2,906,322</b>

The following were observed:

**i. Irregular Payment of Rural and Remote Hardship**

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be in a remote area shall be entitled to receive hardship allowance at a rate as may be determined by Government from time to time.

During the period under review, rural hardship allowances in amounts totalling K131,168 were paid to nineteen (19) officers and K14,000 remote hardship allowance to eighteen (18) officers who were stationed in Lusaka.

**ii. Irregular Payment of Acting Allowance**

Terms and Conditions of Service No. 26 (b) (i) states that, “When an officer is appointed to act in a higher position with a view to awarding him/her substantive promotion, the effective date of such promotion shall be the date on which the officer commenced to act on the post. Officers selected for promotion shall normally be appointed by the Service Commission or the responsible officers to act for a period of not less than six (6) months with a view to establishing their suitability for substantive promotion”.

During the period under review, acting allowances in amounts totalling K1,834,310 were paid to eight five (85) officers at the Ministry. An analysis of the payments revealed that sixteen (16) employees continued being paid acting allowances beyond six (6) months without evidence of authority from PSMD resulting in an overpayment of K376,555.

**b. Missing Payment Vouchers – Lufwanyama District Community Office**

Contrary to Financial Regulation No. 65, three (3) payment vouchers in amounts totalling K11,000 processed during the year under review were not availed for audit.

**c. Unsupported Payments**

Contrary to Financial Regulations No. 45 and 52, nine (9) payments in amounts totalling K123,922 processed during the period under review were inadequately supported with relevant documents such as invoices, acquittal sheets, and cash sale receipts among others. See table below.

Programme Name	Station	Number of Transactions	Amount K
General Administration	Headquarters	3	23,375
Events	Headquarters	1	30,934
Capacity Building	Headquarters	1	6,650
Food Security	Headquarters	1	46,184
Human Resource Management	Headquarters	1	4,884
Social Welfare	Headquarters	1	10,000
Child Health	Headquarters	1	1,895
<b>Total</b>		<b>9</b>	<b>123,922</b>

**d. Procurement of Air Tickets From Private Agencies**

Contrary to Ministry of Finance Circular No. 7 of 2012 which instructed all Controlling Officers to procure air tickets directly from Airline Companies, it was observed that air tickets in amounts totalling K60,760 were procured from Private Travel Agencies.

Although in her response dated 11<sup>th</sup> November 2015, the Controlling Officer stated that the payments were for trips that were of an urgent nature, no documentary evidence was availed for audit.

**e. Weaknesses in Accounting for Stores and Fixed Assets**

**i. Stores without Receipt and Disposal Details**

Contrary to Public Stores Regulation No. 16, various stores items costing K615,201 comprising general stores (K367,616) and fuel (K247,585) involving forty eight (48) transactions, procured during the period under review had no receipt and disposal details.

As a result, it was not possible to ascertain whether the goods paid for were received and used for the intended purpose.

Programme Name	Station	Number of Transactions	General Stores	Fuel	Grand Total
			K		K
General Administration	Headquarters	25	176,360	116,000	292,360
Capacity Building Building	Headquarters	1	8,095	-	8,095
Dismantling of Arrears	Headquarters	1	16,800	-	16,800
Infrastructure Development	Headquarters	3	96,796	-	96,796
Food Security	Headquarters	4	20,650	62,184	82,834
Health Service Delivery	Headquarters	1	-	12,000	12,000
Human Resource Management	Headquarters	6	10,280	23,901	34,181
Parliament and Cabinet Business	Headquarters	1	-	10,000	10,000
Policy and Planning	Headquarters	2	-	17,500	17,500
Malaria Control	Headquarters	1	26,585	-	26,585
Economic Empowerment of Women	Headquarters	1	4,700	-	4,700
HIV/STI/TB	Headquarters	1	7,350	-	7,350
Community Development	Headquarters	1	-	6,000	6,000
<b>Total</b>		<b>48</b>	<b>367,616</b>	<b>247,585</b>	<b>615,201</b>

**f. Capacity Building**

During the year under review, the Ministry received amounts totalling K3,159,959 to cater for capacity building. As at 31<sup>st</sup> December 2014, expenditure totalling K3,454,567 had been incurred.

The following were observed:

**i. Misapplication of Funds Meant for Training.**

Contrary to the Appropriation Act for 2013, amounts totalling K133,278 involving eleven (11) transactions were applied on activities such as payment of allowances (K29,587), purchase of Goods (K43,287) and services (K60,405) which were not related to the purpose for which the funds were released.

**ii. Failure to Complete Bonding Forms**

Although the Ministry had paid amounts totalling K438,385 for tuition (K229,331) and various allowances (K209,054) for thirty nine (39) officers, the sponsored officers had not been bonded contrary to Government Training Policy.

**g. Failure to Settle Insurance Premiums and Insure Office Equipment**

During the period under review, the Ministry had insurance cover for fifty four (54) motor vehicles with Zambia State Insurance Corporation (ZSIC). As of January 2014, insurance premiums had accumulated to K3,064,259 of which amounts totalling K254,000 had been paid leaving a balance of K2,810,259.

**h. Food Security Pack Programme**

The Food Security Pack (FSP) Programme was introduced in November 2000 and is targeted at the vulnerable (food insecure) but viable small scale farmers. The objective of the programme is to empower the vulnerable farming households to be self-sustaining through improved productivity and household food security and thereby contribute to poverty reduction. The Programme is divided into two (2) components namely; wetland and rain-fed.

During the year under review, the Ministry received amounts totalling K34,193,881 against a budget provision of K47,095,000. In addition, the Ministry received amounts totalling K2,095,000 meant for procurement of motor vehicles, bringing the total funds available to K 36,288,881.

In this regard, the Ministry procured farming inputs costing K29,697,464 as shown in the table below.

Description	Amount K	Amount Paid K	Balance K	Remarks
Kamano Seed Ltd	2,790,000	2,146,500	643,500	Supply and delivery of beans seed
Zamseed Ltd	3,910,000	2,730,000	1,180,000	Supply and delivery of maize & nut seed
Chalimbana Farm Ltd	170,000	170,000	-	Supply and delivery of rice seed
Zambian Fertilizer	22,827,464	17,900,000	4,927,464	Supply and delivery of D Compound & Urea fertilisers
<b>Total</b>	<b>29,697,464</b>	<b>22,946,500</b>	<b>6,750,964</b>	

In addition, the Ministry disbursed K4,481,000 for monitoring and distributions of inputs and K714,000 for procurement of goats and chickens to all Provincial and District Offices.

As at 31<sup>st</sup> December 2014, the inputs had been delivered in full and the suppliers had been paid amounts totalling K22,946,500 leaving a balance of K6,750,964.

The following were observed:

**i. Unaccounted for Funds – Isoka and Mufumbwe DCDOs**

During the year under review, the Ministry disbursed amounts totalling K76,000 to facilitate monitoring of the implementation of FSP programme. However, a review of records at the Districts revealed that only amounts totalling K54,000 were received resulting in unaccounted for funds of K22,000 as of June, 2015. See table below.

Station	Date	Releases By the Ministry K	Actual Receipt By the District K	Unaccounted for Funds K	Purpose
Isoka	23.06.14	20,000	20,000	-	FSP-grant for monitoring and distribution of rainfed inputs
	03.10.14.	7,000	7,000	-	FSP-Alternative Livelihood
	12.11.14	10,000	-	10,000	FSP-Top up on the distribution of inputs
	<b>Total</b>	<b>37,000</b>	<b>27,000</b>	<b>10,000</b>	
Mufumbwe	23.06.14	20,000	20,000	-	FSP-grant for monitoring and distribution of rainfed inputs
	03.10.14.	7,000	7,000	-	FSP-Alternative Livelihood
	12.11.14	12,000	-	12,000	FSP-Top up on the distribution of inputs
	<b>Total</b>	<b>39,000</b>	<b>27,000</b>	<b>12,000</b>	
<b>Grand-Total</b>	<b>76,000</b>	<b>54,000</b>	<b>22,000</b>		

**i. Unreceived Public Welfare Assistant Scheme (PWAS) Funds**

The Ministry disbursed amounts totalling K48,949 to Petauke and Mufumbwe District Social Welfare Offices for PWAS activities. However, as of June 2015, the amounts had not been received. See table below.

District	Date	Amount K
Petauke	17.11.14	32,399
Mufumbwe	22.12.14	9,145
	17.11.14	7,405
<b>Total</b>		<b>48,949</b>



**Head: 45 Ministry of Community Development, Mother and Child Health**

**Unit: Various**

**Programme: Personal Emoluments**

**Activities: Various**

47. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K742,400,587 was made to cater for personal emoluments in forty nine (49) District Community Medical Offices (DCMOs) against which amounts totalling K722,551,113 were released resulting in an under funding of K19,849,474 . See table below.

Province	Station	Budget K	Releases K	Over/(Under) Funding K	
<b>Luapula</b>	Mansa	8,740,119	6,064,321	(2,675,798)	
	Chembe	5,826,743	4,042,880	(1,783,863)	
	Mwenge	5,995,037	4,169,395	(1,825,642)	
	Kawambwa	10,329,361	7,161,375	(3,167,986)	
	Samfya	19,626,964	14,685,143	(4,941,821)	
<b>Western</b>	Milenge	4,111,853	2,874,595	(1,237,258)	
	Mongu	20,901,307	14,409,633	(6,491,674)	
	Lukulu	9,727,950	6,905,930	(2,822,020)	
	Senanga	7,880,513	5,411,820	(2,468,693)	
<b>Southern</b>	Mulobezi	894,969	636,458	(258,511)	
	Choma	22,576,907	23,334,690	757,783	
<b>North Western</b>	Kazungula	6,063,269	6,327,737	264,468	
	Solwezi	25,676,712	25,676,712	-	
	Kabompo	16,144,270	16,144,270	-	
	Zambezi	12,759,872	12,759,872	-	
	Kasempa	5,715,738	5,715,738	-	
<b>Muchinga</b>	Mufumbwe	7,654,376	7,654,376	-	
	Chinsali	12,287,697	12,488,234	200,537	
	Isoka	8,952,623	8,567,332	(385,291)	
	Mafinga	1,810,484	1,933,986	123,502	
	Mpika	15,113,664	15,498,211	384,547	
	Shiwangandu	63,840	72,454	8,614	
<b>Lusaka</b>	Chama	11,931,709	11,835,741	(95,968)	
	Lusaka	135,592,402	135,592,402	-	
	Kafue	27,425,655	27,425,655	-	
	Chilanga	7,564,605	7,564,605	-	
	Luangwa	8,299,491	8,299,491	-	
	Rufunsa	9,703,448	9,703,448	-	
	Chirundu	6,840,843	6,840,843	-	
	Siavonga	10,261,264	10,261,264	-	
<b>Copperbelt</b>	Chingola	34,991,848	34,991,853	5	
	Kalulushi	16,947,853	16,947,853	-	
	Chililabombwe	10,165,583	10,551,334	385,751	
	Lufwanyama	10,101,480	10,491,402	389,922	
	Luanshya	41,730,888	42,981,051	1,250,163	
	Ndola	37,975,936	39,292,201	1,316,265	
	Masaiti	11,508,473	11,717,307	208,834	
	Mpongwe	19,354,594	20,227,163	872,569	
	<b>Eastern</b>	Chipata	31,714,074	31,714,074	-
		Katete	26,737,521	26,737,521	-
	Petauke	5,386,006	5,386,006	-	
<b>Central</b>	Chibombo	15,306,507	15,783,563	477,056	
<b>Northern</b>	Kasama	8,009,262	8,343,238	333,976	
	Luwingu	8,998,191	9,452,239	454,048	
	Mporokoso	3,242,514	3,400,458	157,944	
	Chilubi	8,165,286	8,624,263	458,977	
	Mbala	2,795,443	2,925,488	130,045	
	Nsama	2,795,443	2,925,488	130,045	
<b>Total</b>		<b>742,400,587</b>	<b>722,551,113</b>	<b>(19,849,474)</b>	

## Accounting and Other Irregularities

An examination of accounting and other records maintained at selected District Medical Offices carried out in October 2015 revealed the following:

### a. Excess Employees – Choma DCMO

A scrutiny of establishment registers for Choma DCMO revealed that there were three hundred and thirty five (335) authorised positions which were all filled. However, a review of the payroll revealed that four hundred and seventeen (417) staff were on the payroll resulting in excess staff of eighty two (82) officers who were on the payroll without authority. In this regard, amounts totalling K260,560 were paid to the eight two (82) excess employees during the period under review.

### b. Employees on Payroll (PMEC) but not at the Station

Amounts totalling K10,147,535 were paid to three hundred and ninety two (392) employees who were not on the respective DCMOs staff assignment as of December 2014 as shown in the table below.

Province	Station	No. of Officers	Amount K
<b>Copperbelt</b>	Kalulushi	7	571,235
<b>Northern</b>	Kasama	116	3,819,234
	Mporokoso	2	266,081
	Mbala	23	826,590
	Luwingu	13	368,591
	Chilubi	5	172,076
	Nsama	1	25,410
<b>North Western</b>	Solwezi	2	127,994
	Kabompo	2	74,254
	Zambezi	2	77,159
<b>Western</b>	Mulobezi	18	615,632
	Senanga	19	1,229,293
<b>Muchinga</b>	Isoka	18	555,086
	Mafinga	5	168,424
	Shiwangandu	23	816,278
	Chinsali	0	-
<b>Southern</b>	Choma	136	434,197
<b>Total</b>		<b>392</b>	<b>10,147,535</b>

As of October 2015, neither was there an explanation given nor was action taken by the Ministry to correct the anomalies.

### c. Weaknesses in the Payment of Housing Allowances

An examination of payroll records such as DDACC files from PMEAC and other records maintained at selected DCMOs revealed the following:

**i. Overpayment of Housing Allowance**

Cabinet Office Circular No.B12 of 2012 stipulates that housing allowance shall be paid to eligible employees through the payroll at the rate of 20% of monthly basic salary.

During the period under review, there were twenty six (26) officers whose housing allowance was paid at a rate higher than 20% of their basic pay resulting in an over payment of K12,066 as shown in the table below.

Station	No. of Officers	Overpayment K
Samfya	3	4,101
Mpika	20	6,753
Shiwangáandu	3	1,212
	<b>26</b>	<b>12,066</b>

**ii. Irregular Payment of Housing Allowances**

Contrary to Cabinet Office Circular No. B12 of 2012, during the period under review, amounts totalling K1,544,927 were paid as housing allowances to two hundred and thirty four (234) officers at twenty two (22) stations who were accommodated in government quarters. See table below.

Province	Institution	No. of Officers	Amount K
Western	Senanga DCMO	8	64,450
	Lukulu DCMO	12	80,376
Northern	Kasama	5	32,428
	Mporokoso	8	24,489
	Mbala	16	99,089
	Luwingu	4	16,726
	Chilubi	5	26,509
Copperbelt	Mpongwe	2	15,208
	Lufwanyama	16	120,633
	Ndola	3	23,000
North Western	Solwezi	85	646,493
	Kasempa	5	33,535
	Mufumbwe	8	37,392
	Kabompo	4	24,176
	Zambezi	10	65,919
	Petauke DCMO	23	144,140
Muchinga	Isoka	7	42,399
	Mafinga	6	35,259
	Chinsali	7	12,706
	<b>Total</b>	<b>234</b>	<b>1,544,927</b>

**d. Over Payment of Transport Allowance**

Cabinet Office Circular No. B12 of 2012 stipulates that transport allowance shall be paid to all officers in GSS 04 to GSS 07 Salary Scales and equivalent through the payroll at the rate of 10% of monthly basic salary.

An analysis of the payroll (PMEC) for 2014 revealed that one hundred and eight eighty (188 ) officers from eight (8 ) DCMOs were paid transport allowances in amounts totalling K72,770 at rates in excess of their entitlements of K 40,752 resulting in an overpayment of K30,899 which had not been recovered as of October 2015. See table below.

Province	Station	No. of Officers	Paid Amount K	Entitlement K	Overpayment K
Luapula	Samfya	16	5,454	4,394	1,060
Northern	Mporokoso	3	11,972	5,986	5,986
Copperbelt	Chingola DCMO	7	6,070	3,638	2,432
Lusaka	Chilanga	2	520	470	50
	Chirundu	1	516	448	67
	Chongwe	2	581	226	355
	Lusaka	156	43,556	22,772	20,784
	Rufunsa	1	231	66	165
Total		<b>188</b>	<b>68,899</b>	<b>38,000</b>	<b>30,899</b>

**e. Irregular Payment of Fuel Allowance – Luwingu DCMO**

According to the Public Service Management Division Circular No B22 of 2013, officers in salary grades A to K are entitled to transport allowance at the rate of 10% of monthly basic pay while those in salary grades L to N are entitled to fuel allowance at the rate of thirty (30) % of the monthly basic salary.

Contrary to this requirement, during the period under review, an officer who was in salary grade K was irregularly paid fuel allowance in amounts totalling K61,703 instead of transport allowance of K20,567 resulting in excess payment of K41,136.

**f. Rural and Remote Hardship Allowances Paid to Ineligible Employees**

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be in a remote area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

During the period under review, amounts totalling K2,900,894 were paid as Rural Hardship allowance and K1,224,673 as Remote Hardship allowance to six hundred and six (606) officers who were not eligible to receive the allowances. See table below.

<b>Province</b>	<b>Station</b>	<b>No. of Officers</b>	<b>Rural Allowance K</b>	<b>Remote Allowance K</b>
<b>Luapula</b>	Mansa	54	86,044	18,403
	Mwense	4	21,902	-
	Kawambwa	3	27,456	-
	Samfya	1	10,500	-
	Milenge	1	-	41,124
<b>Lusaka</b>	Luangwa	6	29,404	-
	Lusaka	19	120,799	-
	Chongwe	115	792,813	-
	Kafue	6	44,563	-
	Chilanga	14	124,026	-
	Chirundu	96	772,566	-
<b>Northern</b>	Kasama	14	95,620	-
	Mbala	40	191,066	-
	Mporokoso	9	-	40,979
	Luwingu	8	-	119,038
	Chilubi	1	-	9,984
<b>Copperbelt</b>	Luanshya	9	65,779	-
	Ndola	4	30,202	-
<b>North Western</b>	Solwezi	32	108,030	134,214
	Kasempa	5	7,157	31,824
	Zambezi	11	83,141	46,814
	Mufumbwe	15	25,512	22,956
	Kabompo	78	-	614,212
<b>Western</b>	Senanga	18	192,723	-
	Lukulu	19	-	145,105
	Katete	5	35,155	-
	Petauke	3	13,747	-
<b>Southern</b>	Kazungula	3	22,690	-
<b>Muchinga</b>	Chinsali	0	-	-
<b>Total</b>		<b>593</b>	<b>2,900,894</b>	<b>1,224,653</b>

**g. Payment of Acting Allowance to Ineligible Employees**

The Terms and Conditions of Service No. 23 requires that an officer appointed to act in a higher position shall receive an appropriate acting allowance for the period the officer shall act in the higher position.

An examination of the payroll and personal files revealed that amounts totalling K39,747 were irregularly paid as acting allowance to one (1) officers during the period under review without authority from PSMD to act in the higher position.

**h. Irregular Payment of Night Duty Allowance**

Terms and Conditions of Service No.167 (i), states that, “commuted night duty allowance shall be paid to nursing and paramedical personnel who work during the night over and above normal working hours”. It was however observed that during the period under review, amounts totalling K609,393 were paid to two hundred and ninety one (291) officers who were not eligible to receive commuted night duty allowance in that they were neither nurses nor paramedical staff. See table below.

Province	Station	No. of Officers	Amount K
Luapula	Mwense	16	46,042
	Kawambwa	77	164,683
	Samfya	89	189,243
	Milenge	3	7,451
Copperbelt	Luanshya	15	29,106
North Western	Solwezi	16	29,753
	Mufumbwe	2	1,617
	Kabompo	17	32,129
	Zambezi	2	4,204
Western	Senanga	11	25,064
	Lukulu	31	61,438
Southern	Choma	11	18,596
	Kazungula	1	610
		<b>291</b>	<b>609,936</b>

**i. Employees on Wrong Salary Scale – Salary Over Payments**

During the period under review, thirty four (34) officers were paid K1,399,281 instead of K1,208,512 as a result of being placed on wrong salary scales resulting in an overpayment of K29,433 as shown in the table below. As of October 2015, the overpaid amounts had not been recovered.

Station	No. of Officers	Salary Paid K	Entitled Salary K	Overpayment K
Mporokoso	2	56,000	49,200	6,800
Kasama	32	1,343,281	1,159,312	22,633
<b>Total</b>	<b>34</b>	<b>1,399,281</b>	<b>1,208,512</b>	<b>29,433</b>

**j. Failure to Remove Officers from Payroll**

During the period under review, four (4) officers who were separated from the service through retirement or resignation had remained on the payroll for periods of up to five (5) months and in this regard were irregularly paid salaries in amounts totalling K51,089. See table below.

District	No. of Officers	Amount K
Mporokoso	2	9,240
Kasama	1	11,709
Solwezi	1	30,140
<b>TOTAL</b>	<b>4</b>	<b>51,089</b>

**k. Irregular Payment of Health Personnel Shift Deferential Allowance**

Public Service Management Division Circular No. B10 of 2013 states that the allowance shall be paid through the payroll at the rate of 15% of monthly basic salary to nurses, midwives and paramedical personnel.

However, an analysis of the payroll records, staff lists and staff assignments for 2014 revealed that amounts totalling K1,137,236 were irregularly paid as Health Personnel Shift Deferential

Allowance to one hundred and ninety six (196) officers who were ineligible as they were neither nurses nor were they paramedical staff. See table below.

<b>Province</b>	<b>District</b>	<b>No.of Transactions</b>	<b>No. of Officers</b>	<b>Amount K</b>
<b>Luapula</b>	Mwense	469	49	250,193
	Kawambwa	634	56	332,693
	Samfya	821	72	445,806
	Milenge	195	18	99,265
<b>Southern</b>	Kazungula	12	1	9,279
	<b>Total</b>	<b>2131</b>	<b>196</b>	<b>1,137,236</b>

**HEAD: 46 Ministry of Health**

**UNIT: Various**

**PROGRAMME: Various**

**ACTIVITIES: Various**

48. In the Estimates of Revenue and Expenditure for the year 1<sup>st</sup> January to 31<sup>st</sup> December 2014, a total provision of K234,503,623 was made to cater for programmes such as Recurrent Departmental Charges (RDCs) and infrastructure development at the Provincial Health Offices (PHOs), selected hospitals and Training Schools in the ten (10) provinces against which K197,235,791 was released resulting in an underfunding of K37,267,832 as shown in the table below.

Province	Institution	Budget Provisions K	Releases K	Variance K
Western	PHO	20,174,259	17,635,781	(2,538,478)
	Lewanika General Hospital	4,089,227	3,048,641	(1,040,586)
Central	PHO	17,312,449	15,536,878	(1,775,571)
	Kabwe Mine Hospital	1,570,000	2,548,441	978,441
	Chitambo School of Nursing	1,111,319	961,756	(149,563)
Luapula	PHO	23,171,063	15,073,229	(8,097,834)
	Mansa General Hospital	4,215,437	3,532,864	(682,573)
	Mansa School of Nursing	1,133,545	954,621	(178,924)
	St. Paul's School of Nursing	1,074,275	915,229	(159,046)
Northern	PHO	17,585,150	14,308,445	(3,276,705)
	Kasama General Hospital	4,008,378	3,340,315	(668,063)
	Mbala General Hospital	1,786,559	1,508,799	(277,760)
	Kasama School of Nursing	1,422,488	1,205,407	(217,081)
Copperbelt	PHO	19,179,656	13,207,816	(5,971,840)
	Ronald Ross Genetal Hospital	1,886,379	1,752,275	(134,104)
	Mufulira School of Nursing	1,844,793	1,585,484	(259,309)
	Ndola School of Nursing	2,422,677	2,038,898	(383,780)
	Kalulushi General Hospital	944,040	742,197	(201,843)
North Western	PHO	17,467,357	17,084,498	(382,859)
	Solwezi General Hospital	2,661,438	2,525,829	(135,609)
	Mukinge Mission Hospital	1,526,618	1,366,819	(159,799)
	Solwezi School of Nursing	1,659,572	1,264,679	(394,893)
	Mukinge School of Nursing	844,603	713,835	(130,768)
	Kalene School of Nursing	722,302	601,918	(120,384)
Southern	PHO	22,988,026	18,796,407	(4,191,619)
	Macha School of Nursing	777,925	774,696	(3,229)
	Livingstone General Hospital	3,719,536	3,119,616	(599,920)
	Macha General Hospital	768,372	660,310	(108,062)
Eastern	PHO	21,072,257	12,780,480	(8,291,777)
	St. Francis School of Nursing	1,074,275	1,074,275	-
	St. Francis Mission Hospital	2,570,751	2,339,318	(231,433)
Muchinga	Provincial Health Office	13,680,860	11,155,329	(2,525,531)
	Chilonga Nursing School	881,645	754,704	(126,941)
	Chilonga Hospital	1,808,772	1,517,310	(291,462)
Lusaka	PHO	14,452,064	20,044,414	5,592,350
	Dental Training School - 2014	895,556	764,277	(131,279)
	<b>Totals</b>	<b>234,503,623</b>	<b>197,235,791</b>	<b>(37,267,832)</b>



In addition, amounts totalling K22,589,044 were collected by twenty one (21) institutions as user fees. See table below.

<b>Province</b>	<b>Institution</b>	<b>User Fees K</b>
Western	Lewanika General Hospital	1,069,741
Luapula	Mansa General Hospital	1,137,086
	Mansa School of Nursing	756,758
Northern	Kasama General Hospital	509,007
	Mbala General Hospital	683,351
	Kasama School of Nursing	1,400,243
Eastern	St. Francis Mission Hospital	560,339
North Western	Kalene School of Nursing	410,858
	Solwezi General Hospital	2,026,382
	Solwezi School of Nursing	915,590
	Mukinge School of Nursing	1,050,643
Central	Kabwe Mine Hospital	1,663,048
	Chitambo School of Nursing	310,274
Southern	Macha School of Nursing	583,500
	Macha Hospital	183,835
Muchinga	Chilonga School of Nursing	517,066
Copperbelt	Mufulira School Nursing	2,129,790
	Ronald Ross General Hospital	1,355,626
	Kalulushi General Hospital	2,868,000
	Ndola School of Nursing	612,700
Lusaka	Dental Training School	1,845,206
<b>Total</b>		<b>22,589,044</b>

According to the financial statement (Statement C), as of 31<sup>st</sup> December 2014, amounts totalling K163,883,988 had been spent.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the ten (10) Provincial Health Offices, selected Hospitals, Schools of Nursing, Dental Training School and physical inspections of selected projects, carried out in October 2015, revealed the following:

**a. Unsupported Payments**

Contrary to Financial Regulation Nos. 45, and 52(1), thirty three (33) payment vouchers in amounts totalling K440,033 were not supported with relevant documents such as cash sale receipts and LPOs among others. See table below.

<b>Province</b>	<b>Institution</b>	<b>Amount K</b>
North Western	Solwezi General Hospital	14,144
	Mukinge School of Nursing	15,500
	Kalene School of Nursing	20,000
Central	Chitambo School of Nursing	18,500
	Kabwe Mine Hospital	17,711
Lusaka	Dental Training School	13,420
Copperbelt	PHO	43,246
Southern	PHO	163,581
Northern	PHO	133,931
	<b>Total</b>	<b>440,033</b>

**b. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprests in amounts totalling K844,709 issued to twenty nine (29) Officers during the period under review had not been retired as of October 2015. See table below.

<b>Province</b>	<b>Institution</b>	<b>No. of Officers</b>	<b>Amount K</b>
Western	Lewanika General Hospital	1	31,405
Central	Kabwe Mine Hospital	4	25,950
Copperbelt	PHO	13	494,088
North Western	PHO	2	10,931
	Solwezi General Hospital	2	13,145
	Kalene School of Nursing	1	17,890
	Mukinge School of Nursing	3	13,150
Southern	PHO	1	224,254
Lusaka	PHO	2	13,897
<b>Totals</b>		<b>29</b>	<b>844,709</b>

**c. Irregular Use of Accountable Imprest**

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

However, amounts totalling K248,709 were issued to thirteen (13) officers as accountable imprest to purchase goods and services whose values were obtainable on the market. See table below.

<b>Province</b>	<b>Institution</b>	<b>No. of Officers</b>	<b>Amount K</b>
Southern	Livingstone General Hospital	8	154,979
Muchinga	Chilonga School of Nursing	3	85,516
Eastern	PHO	2	8,214
	<b>Total</b>	<b>13</b>	<b>248,709</b>

**d. Failure to Produce Activity Reports**

During the period under review, amounts totalling K200,911 were paid to twelve (12) officers to carry out activities such as monitoring and evaluation of projects. However, there were no activity reports produced to confirm that the activities were undertaken. See table below.

<b>Province</b>	<b>Institution</b>	<b>No. of Officers</b>	<b>Amount K</b>
Copperbelt	PHO	9	164,891
Central	PHO	3	36,020
	Kabwe Mine Hospital	3	39,910
<b>Total</b>		<b>12</b>	<b>200,911</b>

**e. Irregular Payment of Allowances – Northern Province**

According to the Terms and Conditions of Service for the Public Service No. 155 (a), when on transfer between stations, an officer may claim subsistence allowance at the appropriate single or married rate for the last two (2) nights and the first two (2) nights spent at the old and new stations, respectively. However, contrary to the requirement, subsistence allowances totalling K6,200 were irregularly paid to five (5) officers who were not eligible as they were on first appointment.

**f. Payment of Allowances Outside Payroll**

Cabinet Circular No. 11 of 2013 states that “ when an officer is required to work over the weekend or beyond normal working hours, eligible officers should be paid overtime allowance.

Payment of this allowance is through the payroll and claims have to be made through the supervising officers and approved by the controlling officer”.

It was however, observed that extra duty, overtime and part time allowances in amounts totalling K670,109 were paid to twenty two (22) officers outside payroll and consequently not subjected to tax. See table below.

Province	Institution	No of Officers.	Allowance In Kwacha (K)			
			Overtime	Subsistence/lunch	Others	Total
Copperbelt	Ronald Ross Hospital	12	-	-	32,850	32,862
Northern	Kasama General Hospital	2	30,890	-	-	30,892
Southern	Macha School of Nursing	2	-	15,840	-	15,842
	Livingstone General Hospital	6	590,529	-	-	590,535
<b>Totals</b>		<b>22</b>	<b>621,419</b>	<b>15,840</b>	<b>32,850</b>	<b>670,109</b>

**g. Overpayment of Subsistence Allowances – PHO Lusaka**

Contrary to Cabinet Circular No.1 of 2010 and revised PSMD Circular No. B12 of 2012, which indicate the rate of Subsistence allowances payable for each category, it was observed that six (6) officers were paid subsistence allowances totalling K35,200 for Division I category when the officers were in Division II and were eligible to allowances totalling K29,500 resulting in an overpayment of K5,700. As of October 2015, the overpayment had not been recovered.

**h. Irregular Payment of Out of Pocket Allowance – PHO Lusaka**

According to PSMD Circular No. B12 of 2012 and Cabinet Office Circular No. 11 of 2013, out of pocket allowance is paid to an officer to cover additional expenses he/she has to meet while on duty outside his/her normal station of duty where an overnight stay is involved and the programme or workshop the officer is attending is fully sponsored.

Contrary to the above circulars, amounts totalling K33,556 were drawn by two (2) officers to pay out of pocket allowances to officers who were operating from their normal station of duty.

**i. Failure to Remit Tax**

Contrary to the Income Tax Act (CAP 323), amounts totalling K103,915 deducted as Pay As You Earn (PAYE) from various officers’ settling in allowance and leave terminal benefits during the period under review, had not been remitted to the Zambia Revenue Authority (ZRA) as of October 2015. See table below.

Province	Institution	PAYE K
Luapula	PHO	28,000
North Western	PHO	75,915
<b>Totals:</b>		<b>103,915</b>

**j. Payment Above the Threshold**

According to the Public Procurement Act No. 12 of 2008, all procurements above K10,000 to K50,000 should be authorised or approved by the Controlling Officer and that the Head of Department can only authorise or approve payments up to K10,000. However, during the period under review, amounts totalling K910,309 were paid to suppliers for the procurement of building materials, drugs and stationary among others without adhering to procurement guidelines in that, the payments were above the K10,000 threshold of the responsible officers and no tender minutes and evaluation reports were produced for audit. See table below.

<b>Province</b>	<b>Institution</b>	<b>No. of Trans.</b>	<b>Amount K</b>
Central	PHO	3	89,981
	Chitambo School of Nursing	9	343,920
<b>Total</b>		<b>12</b>	<b>433,901</b>

**k. Failure to Execute Works – Southern Province**

On 18<sup>th</sup> November, 2014, Macha School of Nursing engaged Zambia Blue Waters Limited of Livingstone for the flushing of the borehole and supply and installation of a hand pump at a sum of K15,000 and the contractor was paid the full contract amount on the same date.

However, a physical inspection carried out in October 2015 and inquiries revealed that the supplier had installed a hand pump which was defective and subsequently replaced it with a submersible pump which was also defective and as of October 2015 the problem had not been rectified.

**l. Failure to Recover Loans and Advances**

According to the Terms and Conditions of Service for the Public Service No. 92, advances and loans paid to officers shall be repaid within a reasonable period of time but not exceeding six (6) months.

It was however, observed that advances and loans in amounts totalling K776,864 paid to three hundred and eighteen (318) officers during the period under review had not been effected as of October 2015. See table below.

Province	Institution	No. of officers	Advances/Loans K
Copperberlt	PHO	226	552,448
North Western	PHO	37	64,200
Central	PHO	37	120,100
Southern	PHO	12	29,315
	Livingstone General Hospital	6	10,800
<b>Total</b>		<b>318</b>	<b>776,864</b>

Further, contrary to Cabinet Circular No. B19 of 2007, salary advances in amounts totalling K21,600 were paid by North Western Provincial Health Office to eleven (11) officers whose net pays were below 40% of their gross pay.

**m. Holding of Workshops without Authority**

Contrary to Cabinet Office Circular No.9 of 2012, which requires authority before holding of workshops, seminars and conferences outside Government facilities, it was observed that amounts totalling K432,620 were spent on conference facilities by four (4) institutions without authority from the Controlling Officer. See table below.

Province	Institution	No. of Transactions	Amount K
Southern	PHO	14	100,127
	Livingstone General Hospital	1	23,040
	Macha School of Nursing	10	48,393
Lusaka	PHO	15	261,060
	<b>Total</b>	<b>40</b>	<b>432,620</b>

**n. Unaccounted For Drugs and Medical Supplies**

Contrary to Public Stores Regulation No. 16, drugs and medical supplies costing K537,957 dispatched to the Provincial Health Office - Kabwe and six (6) general hospitals during the period under review had not been accounted for in that, dispatch notes, goods received notes, goods issued vouchers and invoices were not produced for audit. As a result, it was not possible to ascertain whether the drugs and medical supplies were received and used for the intended purpose. See table below.

Province	Institution	Amount K
Western	Lewanika General Hospital	18,391
Eastern	Chipata General Hospital	19,327
Central	PHO	15,702
	Kabwe Mine Hospital	154,419
North Western	Solwezi General Hospital	171,382
Southern	Choma General Hospital	85,642
Copperbelt	Ronald Ross Hospital	73,094
	<b>Total</b>	<b>537,957</b>

**o. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K1,124,112 (general stores – K1,022,029 and fuel – K102,082) procured during the period under review were unaccounted for in that there were no receipt and disposal details. See table below.

Province	Institution	General Stores K	Fuel K	Total K
Copperbelt	PHO	26,659	18,303	44,962
North Western	PHO	70,986	-	70,986
	Solwezi General Hospital	13,007	-	13,007
	Mukinge Hospital	5,537	-	5,537
	Mukinge School of Nursing	201,959	-	201,959
Southern	PHO	10,100	-	10,100
	Macha School of Nursing	9,603	39,641	49,243
	Macha Hospital	104,259	44,139	148,398
	Livingstone General Hospital	505,882	-	505,882
Lusaka	PHO	42,737	-	42,737
	Dental Training School	17,198	-	17,198
Central	PHO	6,738	-	6,738
	Kabwe Mine Hospital	7,365	-	7,365
	<b>Total</b>	<b>1,022,029</b>	<b>102,082</b>	<b>1,124,112</b>

**p. Questionable Payments for Security Services**

During the period under review, PHO – North Western and Lewanika General Hospital paid amounts totalling K181,837 to three (3) security companies for the provision of security services.

However, during the same period, amounts totalling K931,486 were paid as salaries to security guards at the same institutions. See table below.

<b>Institution</b>	<b>Salaries Paid K</b>	<b>Amount Paid for Security K</b>
PHO North Western	48,096	8,000
Lewanika General Hospital	883,390	173,837
<b>Totals</b>	<b>931,486</b>	<b>181,837</b>

The engagement of the security companies to provide security services when the institutions had employed full time security guards was questionable.

**q. Irregular Procurement of Graduation Attire – Ndola School of Nursing**

In May and June 2014, the School spent amounts totalling K83,800 for the procurement of attires (shoes and suits) for members of staff for the purpose of attending a graduation ceremony.

However, the members of staff were not entitled to receive attires for the graduation ceremony rendering the procurement irregular.

**r. Failure to Mark GRZ Property**

Public Stores Regulation No.154, requires that all items of furniture or assets belonging to the Government must be clearly marked with the distinguishing letters ‘GRZ’ on an inconspicuous part of the object to identify it as Government property’.

Contrary to the regulation, various equipment and furniture costing K489,833 procured during the period under review were not inscribed with GRZ identification marks. See table below.

<b>Province</b>	<b>Institution</b>	<b>Amount K</b>
North Western	Mukinge School of Nursing	41,810
	Kalene School of Nursing	28,384
Northern	Mbala General Hospital	33,950
Southern	PHO	82,111
	Macha School of Nursing	50,590
	Livingstone General Hospital	1,700
	Macha Hospital	3,600
Copperbelt	Mufulira School of Nursing	77,430
Central	PHO	104,310
	Chitambo School of Nursing	15,433
	Kabwe Mine Hospital	6,565
Lusaka	Lusaka Dental Training School	43,950
<b>Total</b>		<b>489,833</b>



**s. Non Recovery of Funds – PHO Central**

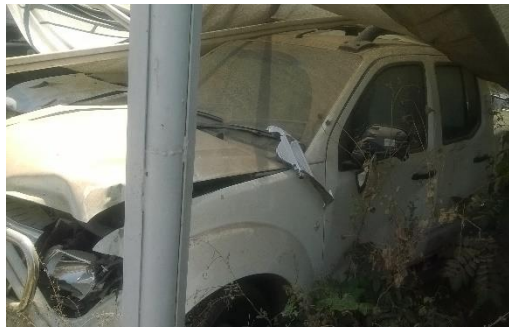
In July 2014, a Toyota Hilux registration No. GRZ 847 CE was involved in a road traffic accident. The Central Province Standing Accident Committee on 15<sup>th</sup> May 2015 recommended that the costs of repairs amounting to K5,260 be met by the Driver. As of October 2015, no recoveries had been made from the Driver.

**t. Delays in Reporting Accident – PHO Lusaka**

On 22<sup>nd</sup> March 2014, a motor vehicle (Nissan Navara) registration No. GRZ 792 CJ belonging to Provincial Health Office was involved in a road traffic accident in Lusaka and the vehicle was extensively damaged.

Despite the matter having been reported to the Police on the date of the accident, the PHO only reported to the Standing Accidents Board in September 2015, eighteen (18) months after incident, contrary to Public Stores Regulation No. 122.

As of October 2015, the vehicle was parked at a private garage. See picture below.



*Vehicle Parked at Private Garage*

**u. Under Collection of Student Fees – Mufulira School of Nursing**

During the period under review, the school had a total enrolment of 292 students with expected income from student fees of K2,129,790. It was however observed that the School collected amounts totalling K2,029,255 resulting in under collection of K100,535. As of October 2015, the amount of K100,535 had not been collected.

**v. Unaccounted for Revenue**

Contrary to Financial Regulation No. 129 (3), fees in amounts totalling K254,200 collected during the period under review were not accounted for in that the money was neither banked nor was cash found on hand. See table below.

Province	Institution	Receipts K	Deposited K	Unaccounted for Amount K
Western	Lewanika General Hospital	1,069,741	844,885	224,856
Southern	Macha School of Nursing	583,500	570,040	13,460
Central	Kabwe Mine Hospital	15,884	-	15,884
<b>Total</b>		<b>1,669,125</b>	<b>1,414,925</b>	<b>254,200</b>

**w. Under Banking of Revenue - Kabwe Mine Hospital**

During the year under review, the hospital collected a total amount of K231,098 as medical fees. However, a scrutiny of deposit slips and bank statements revealed that only a total amount of K226,075 was deposited leaving a balance of K5,023 unbanked. As of October 2015, only K1,110 was recovered from the officer leaving a balance of K3,913.

**x. Delayed Bankings**

Financial Regulation No. 121 (1) requires that all monies received by any accounting officer be deposited not later than the next business day following the day of receipt. It was however observed that the banking of revenue in amounts totalling K649,386 collected by two (2) hospitals in Central and Western Provinces was delayed for periods ranging from 2 to 205 days. See table below.

Province	Institution	Amount Collected K	Delay in Days
Central	Kabwe Mine Hospital	312,867	2-14
Western	Lewanika General Hospital	336,519	2-205
	<b>Total</b>	<b>649,386</b>	

**y. Provincial Health Office - Southern Province**

During the period from 16<sup>th</sup> January to 18<sup>th</sup> November 2014, imprest in amounts totalling K732,861 was issued to the Senior Accountant at PHO to facilitate various activities such as performance assessments, Pre SAG meeting, inspection of construction of health posts and financial review meetings. The payments were purported to have been approved by the then acting Provincial Medical Officer.

However, a scrutiny of records and inquiries made revealed that the payments were not approved by the then acting PMO as he was out of the country on studies.

As of October 2015, no recoveries had been made and no action had been taken against the Senior Accountant by the Ministry.

**z. Infrastructure Development**

During the period under review amounts totalling K110,212,287 were released to cater for infrastructure projects such as construction of District Hospitals and staff houses, rehabilitation and extension of Health facilities and Training Schools in the ten (10) provinces.

In addition, amounts totalling K19,845,595 were brought forward from the previous year bringing the total funds available to K130,057,882. See table below.

<b>Province</b>	<b>Budget K</b>	<b>Releases K</b>	<b>Balance b/f (2013)</b>	<b>Total Funds available K</b>
Luapula	13,942,718	11,118,172	3,148,006	14,266,178
Southern	16,647,245	13,512,438	3,200,231	16,712,669
Northern	12,300,317	9,884,384	10,716,222	20,600,606
Central	12,327,246	11,050,878	156,728	11,207,606
Copperbelt	13,188,277	21,574,812	-	21,574,812
Lusaka	8,717,703	11,845,600	2,624,408	14,470,008
Muchinga	11,525,509	7,279,659	-	7,279,659
Western	14,644,540	12,106,058	-	12,106,058
Eastern	15,236,746	6,971,979	-	6,971,979
North Western	11,414,440	4,868,307		4,868,307
<b>Total</b>	<b>129,944,741</b>	<b>110,212,287</b>	<b>19,845,595</b>	<b>130,057,882</b>

The following were observed:

**i. Delays in the Implementation Projects - Northern Province**

During the period under review, amounts totalling K1,210,000 were released to cater for the implementation of six (6) projects as shown in the table below.

<b>District</b>	<b>Project</b>	<b>Amount K</b>
Kaputa	Completion of X-Ray/ Theatre Block & 2 Doctors Houses at Kaputa District Hospital	600,000
Kasama	Rehabilitation and Paving of VSC at PHO	150,000
Kasama	Rehabilitation of 2 Mental Wards-Kasama General Hospital	180,000
Mporokoso	Completion of RHC & water back up at Chitoshi Zonal RHC	100,000
Mbala	Rehabilitaion of Maternity and Children's wards at Mbala General Hospital	60,000
Chilubi	Rehabilitation and Completion of In-patient Department at Chaba Rural Health	120,000
	<b>Total</b>	<b>1,210,000</b>

However, despite the availability of funds, the projects had not been implemented as of October 2015.

**ii. Poor Workmanship and Incomplete Works - Western Province**

Four (4) projects were implemented in Western Province. However, there was poor workmanship as detailed in the table below.

District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid K	Scope of Works	Project Status and other Observations	Delay in weeks
Mongu	Rehabilitation of an admission ward at Namushaken de RHC	Mude Enterprises Ltd	8 weeks April to December 2014	132,402	129,609	Rehabilitation works	<p>As of October 2015, the works had been completed and the centre was in use. However, the following were observed.</p> <ul style="list-style-type: none"> <li>• There were signs of leaking roof in the labour room, bathroom and toilets.</li> <li>• Cracks had manifested on the floor in the male ward and on the walls in the labour room, apron and drainage</li> <li>• Two window frames in the female ward had detached from the walls while one (1) window in the labour room did not work properly in that it could not close.</li> </ul>	
	Construction of X-Ray Block at Sichili Mission Hospital	Mix – West General Dealers and Contractors	16 weeks 2 <sup>nd</sup> April 2014 to 2 <sup>nd</sup> August 2014	213,777	213,777	Construction of X-Ray Block	<p>As of October 2015 the project had been completed though the structure was not in use. However, there was poor workmanship in that the floor was poorly done resulting in multiple cracks developing on the floor.</p>	

Mulobezi	Rehabilitation and extension of Maternity Annex at Kaywala RHC	Mabasi Agencies	16 weeks (3 <sup>rd</sup> April 2014 to 3 <sup>rd</sup> August 2014)	123,674	123,674	Rehabilitation and extension of Maternity Annex	As of October 2015 the structure was completed though not in use. However, there was poor workmanship in that multiple cracks had developed on the floor.	
Kaoma	Construction of Ablution Block at Kaoma District Hospital	Imujo Enterprises	26 weeks (7 <sup>th</sup> March 2014 to 7 <sup>th</sup> September 2014)	180,188	180,188	Construction of Ablution Block	As of October 2015, although the ablution block was complete and in use, terrazzo screed had not been laid on the floor and two (2) toilet covers were not fitted.	

The defects had not been rectified as of October 2015.

### iii. Poor Workmanship and Incomplete Works – Copperbelt Province

One (1) project was implemented in the Copperbelt Province. However, there was poor workmanship as detailed in the table below.

District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid K	Scope of Works	Status and Other Observations	Delay in weeks
Kitwe	Construction of standard maternity block	Hua Chang Infrastructure Engineering Limited	13 weeks from 2 <sup>nd</sup> December 2013	1,653,129	1,680,038	Full Construction	As of October 2015, the contractor was not site and the works were incomplete with the following outstanding: <ul style="list-style-type: none"> <li>Sinks had not been installed in the wards</li> <li>No demarcations in the labour ward</li> </ul>	

							<ul style="list-style-type: none"> <li>• Shallow sink in the sluice room</li> <li>• No stove power outlet in the kitchen</li> <li>• No provisions for security lighting outside the building</li> <li>• Poor quality doors on the entrance and exit which cant lock and have developed cracks</li> </ul>	
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The defects had not been rectified as of October 2015.

#### iv. Poor Workmanship and Incomplete Works – Eastern Province

Three (3) projects were implemented in Eastern Province. However, the projects had not been completed as detailed in the table below.

District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid K	Scope of Works	Status and Other Observations	Delay in weeks
Lundazi	Construction of Lundazi District Hospital Phase II	Merit Engineering	7 <sup>th</sup> Jan 2013 to 30 March 2014 (60 weeks)	8,734,596	5,628, 686	The scope of works included construction of: OPD and Laboratory Block, Administration Block, Male Ward, Mortuary, Incinerator and 4no. Medium Cost Houses.	As of October 2015 the project had not been completed. The following observations were made: <b>Administration and OPD Block</b> The block had been roofed and remaining works on the block among others included: <ul style="list-style-type: none"> <li>• Flooring and plastering, Plumbing, Glazing, Painting, fixing of ceiling, Iron Mongery and Electrical installations.</li> </ul> <b>Male ward</b> Block had been roofed and exterior walls plastered remaining works included:	68 weeks

							<ul style="list-style-type: none"> <li>Plumbing, Glazing, Painting, Iron Mongery and Electrical installations</li> </ul> <p><b>Incinerator</b></p> <p>The structure had been built up to window level with the following works still outstanding</p> <ul style="list-style-type: none"> <li>Roofing, painting, plastering and flooring</li> </ul> <p><b>4no x Medium cost houses</b></p> <p>All the four (4) houses had been roofed and under coat painting done on the exterior walls.</p> <p>The outstanding works included Plumbing works, waste installations, Glazing, painting, drainage works and electrical installations Block had been roofed and exterior walls plastered remaining works included:</p> <ul style="list-style-type: none"> <li>Plumbing, Glazing, Painting and Electrical installations</li> </ul>	
Chipata	Construction of Chipata District Hospital Phase 1	China Jiangxi Corporation	6th June 2014 to 29 <sup>th</sup> July 2015 (48 Weeks)	10,057,955	5,272,448	Construction of Administration block  OPD  X:Ray Department  Maternity	<p>As of October, 2015 works were still ongoing and the following observations were made:</p> <p><b>Administration Block.</b></p> <p>The building had been roofed and the outstanding works included: Fitting of window and door frames, Glazing, Electrical wiring, Plumbing, Flooring and exterior plastering, Painting and fitting of ceiling</p> <p><b>OPD, X Ray Department and Maternity</b></p> <p>The structure was at roof level with trusses fitted and interior plastering done. The outstanding work</p>	

							included: Flooring, Exterior Plastering, painting, plumbing, Electrical fittings, glazing, Iron mongery and roofing	
Nyimba	Construction of District Hospital Phase 1	Wahkong Enterprise Ltd	6 <sup>th</sup> June 2014 to 29 <sup>th</sup> August 2015 (52 Weeks)	9,590,389	4,132,546	Construction of Administration Block and OPD	<p>As of October, 2015 the project was on going with the following outstanding works among others:</p> <p><b>Administration Block</b></p> <p>The structure had been roofed and plastered and remaining works included: Fitting of doors, Glazing, electrical fittings, Plumbing works, Painting and tiling and Installation of air conditioners</p> <p><b>Out Patient Department (OPD)</b></p> <p>The structure had reached wall plate level with the following works outstanding: Roofing, plastering, painting, electrical works and flooring and glazing, wiring, plumbing, fitting of ceiling, fitting of window frames, door frames and doors were outstanding</p>	

The projects had not been completed as of October 2015.



v. **Poor Workmanship and Incomplete Works – Eastern Province**

One (1) project was implemented in the Northern Province. However, the project was not completed as detailed in the table below.

District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid K	Scope of Works	Status and Other Observations	Delay in weeks
Mpulungu	Construction of Mpulungu District Hospital Phase III	Golden Horse Investment Ltd	56 weeks (28 <sup>th</sup> February 2014 to 30 <sup>th</sup> April, 2015)	7,383,724	2,741,237	Construction of four (4) medium staff houses, one (1) male ward and six (6) low cost houses incinerator and external works (walkways and water reticulation)	As of October 2015, the ten (10) staff houses had been roofed and plastered while the male ward was at roof level and works below were outstanding: <ul style="list-style-type: none"> <li>• <b>Ten (10) Staff houses</b> Painting, fitting of doors, glazing, electrical fittings, flooring, carpentry works, soakaway system and plumbing works.</li> <li>• <b>Male ward</b> Roofing, plastering and painting, iron mongery, flooring, electrical fittings and soakaway system.</li> <li>• <b>Incinerator and external works.</b> The works had not yet commenced.</li> </ul>	20 weeks

As of October 2015, the project had not been completed.

**vi. Poor Workmanship and Incomplete Works – Lusaka Province**

One (1) project was implemented in Lusaka Province. However, there was poor workmanship as detailed in the table below.

<b>Project Description</b>	<b>Contractor</b>	<b>Contract period</b>	<b>Contract Amount K</b>	<b>Amount Paid K</b>	<b>Scope of Works/Status</b>	<b>Delay in weeks</b>
Construction of water borne toilets at Bunda Health Centre in Rufunsa District	Astel Enterprises Ltd	8 weeks from 21 <sup>st</sup> October 2013 to 21 <sup>st</sup> December 2013	222,471	226,262	<p>The scope of works included construction of six (6) water borne toilets, water reticulation, electrical installation, borehole drilling and solar installation.</p> <p>Contractor was overpaid by K3,791 without variation order.</p> <p>As of October 2015, the following were observed:</p> <ul style="list-style-type: none"> <li>- Two (2) solar panels were not installed as per BOQ.</li> <li>- Six (6) solar batteries for the water pump not installed.</li> <li>- Regulator was not installed</li> <li>- Weak plunks laid on the base of the 5000 litres water tank and hence wapping and bending downward therefore threatening collapsing.</li> </ul>	92 weeks

As of October 2015, the defects had not been rectified.

**vii. Poor Workmanship and Incomplete Works – Luapula Province**

One (1) project was implemented in Luapula Province. However, the project was not completed as detailed in the table below.

District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid K	Scope of Works	Status and Other Observations	Delay in Weeks
Chiengwe	Completion of Lambwe Chikwama Health Post	Rofra Contractors and General Dealers	Not specified	Labour only 60,000	65,760  (Labour K10,000 materials K55,760)	Construction of staff house, one double VIP Latrine at the staff house and two (2) at the Health Post, electrification of staff house and plumbing works among others	As of October 2015, the construction of the Rural Health Centre was at Lintel level. Other works relating to the construction of one staff house, one double VIP Latrine at the staff house and two (2) at the Health Post had not commenced.	

As of October 2015, the project had not been completed

**viii. Poor Workmanship and Incomplete Works – Central Province**

Three (11) projects were implemented in Central Province. However, the projects had not been completed as detailed in the table below.

District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid K	Scope of Works	Status and Other Observations	Delay in Weeks
	Construction of Staff House at Kalwelwe RHC	Silconnect Solution Ltd	6 weeks	142,524	127,628	Construction of Staff House	Although the structure was complete by June 2015, a physical inspection carried out in October 2015, revealed that the structure had	56 weeks

Kabwe			(28 <sup>th</sup> January 2014 to 11 <sup>th</sup> April 2014)				not been handed over and therefore not occupied. Inquiries and scrutiny of records further revealed that the BOQ did not include the construction of septic tank and a toilet.	
	Construction of Service Block at Kabwe Mine Hospital	Fyabene Investments	16 weeks (5 <sup>th</sup> August 2014 to 29 <sup>th</sup> December 2014)	882,472	622,464	Construction of Service Block(Kitchen and Laundry)	As of October 2015 the super structure was at roof level with trusses and door frames fitted with the following works still outstanding: roofing, plastering painting, glazing, flooring, fitting of doors, air vents and ceiling boards.	24 weeks
	Construction of Hostels at Kabwe School of Nursing	LP Distributors	16 Weeks (21 <sup>st</sup> March 2014 to 25 <sup>th</sup> August 2014)	1,621,114	1,419,674	Construction of Hostels at Kabwe	As of October 2015, the structure was complete although the spill drains had not been constructed.	43 Weeks
	Rehabilitation of Mahatma Gandhi Clinic	Meda Milling and Credit Services	4 weeks (from 18 <sup>th</sup> March 2014 to 16 <sup>th</sup> May 2014)	140,205	140,205	Rehabilitation of patient ablation block, staff toilet, sister's office, consultation room 1,treatment room, T.B corner, PMTCT room, screening	Although the contractor had been paid in full as of July 2015, the defects such as leaking roof, unpolished Terrazo bench in the Laboratory were observed. In addition, the main building had the roof which was leaking and poorly painted walls in the corridor which had not been attended to by the contractor as of October 2015.	

						room, registry, corridor, pharmacy, treatment room 2, laboratory store room, and ART block toilet.		
	Construction of Trauma Centre at Kabwe General Hospital	Workman Construction	14 Weeks (19 <sup>th</sup> February 2014 to October 2014) Including Extension of 12 weeks	1,421,126	1,306,274	Construction of Trauma Centre	As of October 2015, the following works were still outstanding: construction of the drive in slab, plumbing in the sluice room, painting, fitting of special doors for X-ray and CT scan rooms and electrical fittings.	32 weeks
Chibombo	Construction of Maternity Block at Chabona RHC	Je God Contractors	52 weeks (30 <sup>th</sup> September 2013 to 19 <sup>th</sup> September 2014)	138,401	88,831	Construction of Maternity Block	Although the structure was complete, as of October 2015, the maternity block was not in use.  Further, the following outstanding works and defects were observed: Inside doors not properly painted, shelves not fitted, plumbing works not complete, solar electrical fittings not complete.  It was also observed that, cracks on the veranda floor were manifesting.	

	Electrification of Malombe RHC	Zesco Ltd	Not specified	203,829	203,829	Power supply connection	Although Zesco was paid a full amount in August 2014, as of October 2015, ZESCO had not connected power to the clinic because the wiring and electrical fittings had not been done at the Health Centre.  The rationale of paying ZESCO to connect the power line when the wiring and electrical fittings to the Rural Health Centre is highly questionable	56 weeks
Chitambo	Construction of Staff House at Chitambo Mission Hospital	Moroko General Dealers	12 weeks 28 <sup>th</sup> January 2014, to 20 <sup>th</sup> June, 2014	157,601	143,498	Construction of Staff House	As of October 2015, the staff house was complete.  However, the following works were still outstanding: construction of soak away, beam filling, fitting of kitchen sink and partitioning of pantry shelves.	
	Construction of Student Hostels at Chitambo School of Nursing	Bencon works Ltd	16 weeks (February 2014 to June 2014)	1,347,382	583,118	Construction of Student Hostels	As of October 2015, the Hostel was at window level and work had stalled as the contractor was not on site  Further, it was observed that the contract for Bencon works Ltd had been terminated due to substandard work observed by the Provincial Building engineer.	52 weeks
Luano	Rehabilitation and Extension of Mboroma RHC.	Siwak General Dealers	12 weeks (completion date 30 <sup>th</sup> March 2014)	77,600	77,600	Rehabilitation and Extension of Mboroma RHC.	Although the building was roofed and in use, as of October 2015 the following works were outstanding fitting of glass panes, fitting of door handles, electrical wiring and roof painting. Further, it was observed that the	

							wooden trusses were not treated with anti-termite.	
Mkushi	Construction Staff House at Nkumbi Rural Health Centre	Infishe Enterprises	12 weeks (completion date 20 <sup>th</sup> June 2014)	162,149	144,163	Construction Staff House	As of October 2015, the staff house was complete though not in use.  It was also observed that plumbing works and soak away were not done as these were not included in the BOQ.	

As of October 2015, the projects were not completed.

**ix. Poor Workmanship and Incomplete Works – Muchainga Province**

Three (3) projects were implemented in Muchinga Province. However, the projects had not been completed as detailed in the table below.

District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid to Contractor K	Scope of Works	Project Status and other observations	Delay from initial date of Completion (months)
Mpika	Construction of Mpika District Hospital Phase 1	Walltech Enterprises Limited	52 weeks From 29 <sup>th</sup> January 2013 to 12 <sup>th</sup> February 2014	10,104,798	6,736,478	Construction of Administration Block, Out Patient Department (OPD), Laboratory, X-Ray Department and External works	The works were to be done in 52 weeks starting on 29 <sup>th</sup> January 2013 to 12 <sup>th</sup> February 2014. A physical inspection carried out in October 2015 revealed that the works had been completed.  However, the following were observed:  <b>Administration Block</b>	

						<ul style="list-style-type: none"> <li>• Four (4) fire extinguishers that were provided for in the contract at a cost of K3,296 had not been fitted.</li> <li>• Although the contract provided for 11 hand driers costing K7,920, only five (5) costing K3,600 had been fitted and there was no adjustment to the contract price for the six (6) costing K4,320 that had not been fitted.</li> <li>• Although the contract provided for installation of telephone fittings and data outlet points costing K22,016, the works had not been done.</li> </ul> <p><b>Out Patient Department (OPD), X-Ray and Laboratory</b></p> <ul style="list-style-type: none"> <li>• Although seven (7) urinals were provided for at a cost of K8,960, only five (5) costing K6,400 had been done and the contract was not adjusted for the two (2) costing K2,560 that had not been fitted.</li> <li>• Eight (8) fire extinguishers that were provided for at a cost of K6,592 had not been fitted.</li> <li>• Although the contract provided for installation of telephone fittings and data outlet points costing K19,264, the items had not been installed.</li> </ul>	
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							<ul style="list-style-type: none"> <li>Although the contract provided for drilling of two (2) boreholes at a cost of K40,000 each, only one (1) borehole had been drilled. Further, the contract had another provision of K250,000 for drilling and equipping a 70m deep borehole and underground water tank. However, although there were no works done in respect of this provision, the contract had not been adjusted.</li> </ul> <p><b>External works</b></p> <ul style="list-style-type: none"> <li>Landscaping around the administration block had not been completed.</li> <li>Although the contract provided a sum of K12,000 for planting palm trees and shrubs around the hospital, the works had not been done.</li> </ul>	
Nakonde	Construction of Nakonde District Hospital Phase III	Golden Horse Investment	58 weeks From 20 <sup>th</sup> december 2013 to 30 <sup>th</sup> January 2015	7,817,369	3,072,414	Construction of one (1) ward, six (6) low cost houses, four (4) medium cost houses, an incinerator and External works	<p>The works were to be done in (58) weeks commencing on 20th December 2013 and ending on 30 January 2015. However, as of October 2015, works had not been completed nine (9) months after the expected completion period.</p> <p>However, the following works were outstanding:</p>	36 weeks

						<p><b>Construction of Male and Children Wards</b></p> <ul style="list-style-type: none"> <li>• Fitting of 42 door frames and doors</li> <li>• Completion of Plumbing works</li> <li>• Painting and Decorating</li> <li>• Tiling, glazing</li> <li>• Fitting of Fascial and ceiling boards</li> <li>• Carpentry, Joinery and Ironmongery</li> <li>• Hot and cold water installations</li> <li>• Lighting, telephone data points and power point installations.</li> </ul> <p><b>Construction of six (6) Low Cost Houses</b></p> <ul style="list-style-type: none"> <li>• sanitary fittings, tiling</li> <li>• electrical installations</li> <li>• Fitting of doors,glazing</li> <li>• Painting and decorations</li> <li>• Construction of concrete apron and storm drain</li> </ul> <p><b>External Works</b></p> <ul style="list-style-type: none"> <li>• Construction of concrete apron and storm drain, Landscaping</li> </ul>	
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							<ul style="list-style-type: none"> <li>• Drilling of bore hole and mounting of 2 x 20,000 litres on tank stand including water connections</li> </ul> <p><b>Covered Walkways</b></p> <ul style="list-style-type: none"> <li>• The works had not commenced</li> </ul>	
Isoka	Construction of Isoka District Hospital Phase II	Build Con Investment	28 weeks From 7 <sup>th</sup> March 2013 to 30 <sup>th</sup> September 2013	3,818,311	1,515,039	Construction of Administration Block, Out Patient Department (OPD), Laboratory and External works	<p>The works were to be done in 28 weeks starting on 7<sup>th</sup> March 2013 to September 2013. A physical inspection carried out in October 2015 revealed that the works had not been completed twenty three (23) months after the expected completion period</p> <p>The outstanding works included:</p> <p><b>Out Patient Department (OPD)</b></p> <ul style="list-style-type: none"> <li>• Tiling of 15 rooms</li> <li>• Fitting of 4 toilet cisterns and 4 taps</li> <li>• electrical fittings</li> <li>• painting the second and final coats</li> </ul> <p><b>Administration Block</b></p> <ul style="list-style-type: none"> <li>• Tiling of 11 rooms</li> <li>• Fitting of 4 toilet cisterns and pans</li> <li>• electrical fittings</li> <li>• painting of the second and final coats.</li> </ul> <p><b>Laboratory</b></p> <ul style="list-style-type: none"> <li>• fitting of 10 doors</li> </ul>	92 weeks

							<ul style="list-style-type: none"> <li>• glazing</li> <li>• fitting of 3 toilet cisterns and pans</li> <li>• tiling of 16 rooms</li> <li>• electrical fittings</li> <li>• painting the second and final coats</li> </ul> <p><b>Walkways</b></p> <ul style="list-style-type: none"> <li>• completion of the floor from the maternity ward to the mortuary</li> </ul>	
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As of October 2015, the projects were not completed.

**HEAD: 46 Ministry of Health**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**49.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a total provision of K2,168,184,545 was made inclusive of a supplementary provision of K305,099,391 to cater for various activities under the Ministry, against which amounts totalling K1,293,619,467 were released.

In addition, the Ministry had amounts totalling K158,132,080 brought forward from 2014, bringing the total funds available to K1,451,751,547. See table below.

Department	Budget K	Supplementary K	Total Authorised Provision K	Releases K	Funds Brought Forward from 2013 K	Under/ (Over) Funding K
01. Human Resource and Administration	374,055,991	18,908,470	392,964,461	295,219,767	18,157,720	79,586,974
02. Policy and Planning	127,313,588	125,178,679	252,492,267	241,612,346	64,620,073	(53,740,152)
05. Disease surveillance control and research	8,500,000	10,700,000	19,200,000	79,780,166	-	(60,580,166)
07. Clinical care and diagnostic services	1,327,322,789	142,312,242	1,469,635,031	667,722,445	75,354,287	726,558,299
08. Technical Support	9,038,392	-	9,038,392	4,857,749	-	4,180,643
09. Mobile and Emergency Services	16,854,394	8,000,000	24,854,394	4,426,993	-	20,427,401
<b>Total</b>	<b>1,863,085,154</b>	<b>305,099,391</b>	<b>2,168,184,545</b>	<b>1,293,619,467</b>	<b>158,132,080</b>	<b>716,432,998</b>

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry for the period under review carried out in July 2015 revealed the following:

#### **a. Irregular Payment of Salary Arrears**

On 7<sup>th</sup> June 2013, the Ministry promoted eight (8) officers internally before writing to PSMD on 9<sup>th</sup> August 2013. The PSMD approved the promotions with effect from 6<sup>th</sup> November 2013.

It was however observed that the Ministry paid salary arrears to the eight (8) officers for the period June to October 2013 amounting to K188,126 inclusive of tax (PAYE), based on the internal promotions, although the authority given by PSMD did not back date the promotions.

At the time of audit the amounts had not yet been recovered.

**b. Irregular Payment of Tuition Fees**

On 11<sup>th</sup> April 2014, the Ministry paid an amount of K823,007 to the University of Zambia in favour of one hundred and twenty four (124) officers to pursue undergraduate and postgraduate programmes. A scrutiny of personal files revealed that there was no study leave approved by PSMD in respect of sixteen (16) officers for whom the Ministry paid tuition fees in amounts totalling K92,560. In this regard, the payment of the tuition fees was irregular.

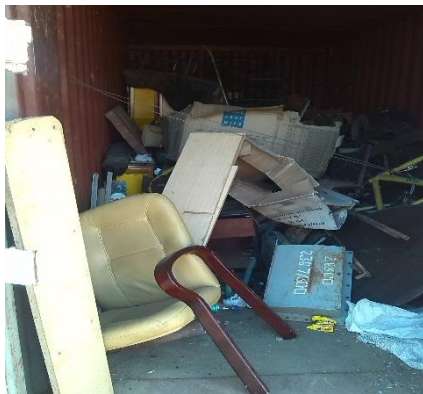
**c. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K648,838 had no receipt and disposal details.

**d. Failure to Dispose Obsolete Equipment**

Stores Regulation No. 123 provides that Heads of Department may authorise the write-off, at periodic intervals, of expendable stores which have become unserviceable due to fair wear and tear or any other cause not attributable to negligence or improper use.

Contrary to the provision, various obsolete items such as medical equipment, ICT equipment and stores materials which were no longer useful had not been disposed off as of May 2015. See pictures below.



*Obsolete Stores Items kept in Containers*

**e. Failure to Insure Government Buildings**

Ministry of Health is housed at Ndeke House situated at Plot No. 8521 along Haile Selassie Avenue in Lusaka. It was established, however that the buildings were not insured making the Ministry prone to loss in case of a calamity.

Further, the value of the buildings was not known as there was no documentation to show whether any valuation had ever been done.

**f. Funds for Ebola Preparedness**

During the year under review, the Treasury released K10,700,000 for Ebola preparedness which included activities such as training for staff and community sensitisation. An amount of K2,000,000 was disbursed to the provinces leaving a balance of K8,700,000 at the Ministry Headquarters.

A scrutiny of the records pertaining to the Ebola preparedness revealed the following observations:

**i. Failure to Provide Expenditure Returns**

Out of the K2,000,000 that was disbursed to the Provinces, an amount of K600,000 that was disbursed to three (3) provincial medical offices did not have expenditure returns.

**ii. Unaccounted for Funds**

Out of the K2,700,000 that was retained at Headquarters for Ebola preparedness, amounts totalling K466,677 were unaccounted for in that there were no details on how the funds were expended.

**g. Social Health Insurance Scheme**

In 2013, the Ministry of Health created the social health insurance scheme for the purpose of achieving Universal Health coverage for all, through pooling of risks and resources, the purchasing power of the prospective population and access quality health care.

A budget provision of K16,370,763 was made for the scheme out of which K6,556,955 was released and in addition, an amount of K4,030,763 was carried forward from the previous year bringing the total funds available for the scheme to K10,587,717. This resulted in an underfunding of K5,783,046.

The following were observed:

**i. Failure to Remit Funds to the Social Health Insurance Scheme Account**

Although the scheme had a separate bank account, the account was not utilised during the period under review. Instead, the funds were spent from the mirror account defeating the purpose of opening the account.

Furthermore, no expenditure ledgers were maintained to show the utilisation of the funds.

**ii. Misapplication of Funds**

Funds totalling K3,570,000 were applied on the procurement of fifteen (15) motor vehicles for use in different departments in the Ministry without seeking authority from the Secretary to the Treasury to vary funds from the scheme.

**h. Medical Supplies**

A provision of K745,016,155 was made to cater for procurement of laboratory reagents, cancer drugs, ARVs, vaccines and blood transfusion supplies, among others against which amounts totalling K533,710,579 were released resulting in an underfunding of K211,305,576.

The following were observed:

**i. Outstanding Suppliers' Bills**

As of August 2015, outstanding amounts due to suppliers of drugs and medical supplies were K497,504,108.

**ii. Misapplication of Funds**

Contrary to the Appropriation Act, amounts totalling K40,504,213 were applied on activities not related to the purpose for which funds were released such as treatment abroad and payment of allowances, among others, without authority from the Secretary to the Treasury.

**i. Medical Equipment**

The Ministry had a total authorised provision of K175,357,331 inclusive of a carryover amount of K66,782,358 and supplementary of K41,957,956. However, the Statement C indicated a total authorised provision of K153,903,375 inclusive of a supplementary provision of K87,286,358 resulting in a variance of K21,453,956.

Further, the carryover amount of K66,782,358 was not reflected in the Statement C.

A total of K99,940,612 was released out of which K89,760,166 was spent as per Statement C leaving a balance of K10,180,446.



A total of K93,128,075 involving six (6) transactions was transferred from the mirror account to the Medical Equipment Account to cater for procurement of medical equipment.

The following were observed:

**i. Wasteful Expenditure through Exchange Losses**

On 5<sup>th</sup> March 2014, the Ministry bought US\$540,335.50 at a total cost of K3,214,996 from Investrust Bank Plc through a letter of credit in favour of Sagewood Ltd, a foreign based supplier. The deal was to be finalised within seven (7) days.

However, the Ministry only remitted the Kwacha equivalent to the bank on 29<sup>th</sup> April 2014, forty seven (47) days later, thereby incurring an exchange loss of K310,693.

**ii. Supply, Delivery and Installation of Laboratory Equipment**

The Ministry awarded a contract No. MOH/ORD/032/12-1 to the Scientific Group for supply, delivery and installation of laboratory equipment for various hospitals in the country at a total contract sum of K5,580,808.

In this regard, a 10% advance payment of K558,081 and 80% payment on shipping of K4,464,646 were made as of December 2014 leaving a balance of K558,081.

Date	Contract Sum	Amount K	Detail
01.04.14	5,580,809	558,081	10% advance payment
01.04.14		4,464,646	80% paid on shipping
<b>Total</b>		<b>5,022,727</b>	

However, as of August 2015, there was no evidence to show that the equipment was delivered and installed.

**iii. Supply, Delivery, Installation and Commissioning of Mortuary Units**

On 30<sup>th</sup> May 2014, the Ministry awarded a contract, No. MoH/ORD/048/13-02 for K1,167,600 to CK Works for the supply, delivery, installation and commissioning of fifteen (15) mortuary units for various hospitals and equipment for mental treatment at Chainama Hospital with a delivery period of 4 – 8 weeks. The contract amount included K24,000 for training and spare parts. See table below.

Hospital	Province
Ronald Ross Hospital	Copperbelt
Kamuchanga Mine Hospital	Copperbelt
Chipata General Hospital	Eastern
Miinga Mission Hospital	Eastern
Nyimba District Hospital	Eastern
Yuka Mission Hospital	Western
Mangango Mission Hospital	Western

In this regard, a total amount of K758,740 was paid on 3<sup>rd</sup> December 2014, being 65% of the contract price, payable on shipment of the units.

However, as of August 2014, there was no evidence to show that the equipment was delivered and installed.

**iv. Supply, Installation and Commissioning of Industrial Washer Extractors**

The Ministry engaged Matra Manufacturing and Trading Investments, on contract No. 02/TB/ORD/014/12 dated 12<sup>th</sup> December 2012, for the supply, installation and commissioning of industrial washer extractors, at a sum of K513,998 (€74,492.50) at various district hospitals.

The full amount of K513,998 had been paid as of September, 2014.

The machines were installed in six (6) of the districts except for Chadiza.

**j. Infrastructure Development - Failure to Complete Projects on Time**

The Ministry was failing to complete most of the construction projects it was undertaking within the contract periods. It was observed that some projects were delayed by up to thirteen (13) months and there was no evidence that the Ministry was taking action against the contractors. See table below.

District Hospital	Contract Price	Amount Paid to	Expected Completion	Period Exceed	Remarks
	K	Contractor	Date	in Months	
Chililbombwe	9,731,894	4,171,297	23.04.2015	6 months	Painting, ceiling, plumbing and electrical works not done.
Mungwi	13,820,325	Nil	05.02.2015	22 months	Contract terminated
Vubwi	13,070,095	2,614,019	04.11.2015		Foundation level
Chipata	10,057,955	5,272,448	17.12.2014	10 months	Plastering, plumbing and electrical works not done
Nyimba	9,590,389	3,088,304	30.10.2015	1 month	Plumbing, plastering, painting and electrical works not yet done
Lundazi	8,734,596	5,821,476	05.09.2014	13 months	metal works, ceiling, plastering and electrical works not done

**HEAD: 51 Ministry of Transport, Works, Supply and Communications**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**50.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K891,295,960 including a supplementary provision of K27,157,058 was made to cater for various activities out of which K698,397,797 was released resulting in an under funding of K218,739,861.

According to the Financial Statements (Statement 'C'), the Ministry spent amounts totalling K689,682,378 as at 31<sup>st</sup> December 2014 leaving a balance of K8,715,419.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and inspections of projects in selected districts and provinces carried out in June 2015 revealed the following:

**a. Excess Expenditure**

An analysis of released funds and actual expenditure of various programmes revealed that the "Events" programme that was funded K1,513,458 had actual expenditure in amounts totalling K4,825,257 resulting in an excess expenditure of K3,311,799. The source of the excess funds could not be ascertained as no documentation was availed for audit.

**b. Failure to Avail Expenditure Details**

Amounts totalling K231,889,661 were released to cater for various activities under the programmes tabulated below, against which amounts totalling K195,508,157 were spent leaving a balance of K36,381,503.

However, the savings from the funded programmes were spent on other activities which could not be verified as the expenditure details were not availed for audit.

<b>Programme</b>	<b>Budget K</b>	<b>Releases K</b>	<b>Expenditure K</b>	<b>Variance K</b>
1003 - Capacity Building	2,912,365	3,540,865	2,268,725	1,272,140
1007 - Dismantling Arrears	18,158,130	18,158,130	17,210,891	947,238
1012 - Infrastructure Development	32,945,622	29,898,322	27,794,014	2,104,307
1014 - Aeronautic Safety	1,453,101	1,242,289	990,185	252,104
1115 - Maintenance of VIP and Other Leaders Houses	7,905,960	6,089,796	6,089,056	741
1137 - Procurement Management	250,491,391	153,346,096	124,419,849	28,926,247
1182 - Transport Management	9,014,177	8,497,500	7,590,184	907,316
1363 - E- Governance Implementation	17,319,172	11,116,663	9,145,253	1,971,410
<b>Total</b>	<b>340,199,918</b>	<b>231,889,661</b>	<b>195,508,157</b>	<b>36,381,503</b>

**c. Payments on Unidentified Activity Codes**

An examination of payment vouchers revealed that expenditure totalling K40,251,506 was processed outside the Integrated Financial Management Information System (IFMIS). However, the activity codes on which the amounts were spent under the programmes indicated below could not be identified in the system.

<b>Programme</b>	<b>Amount K</b>
1007 Dismantling Arrears	1,064,442
1003 Capacity Building	841,391
1182 Transport Management	609,525
1115 Maintenance of VIP and Other Leaders Houses	36,208,062
1137 Procurement Management	439,413
1363 E-Governance Implementation	357,575
1014 Aeronautic Safety	149,974
1012 Infrastructure Development	581,125
<b>Total</b>	<b>40,251,506</b>

**d. Misapplication of Funds**

During the year under review, the Ministry received amounts totalling K2,200,000 to cater for routine building maintenance and construction of office blocks for Chinsali and Choma Provincial Buildings Engineers. However, a review of the expenditure details from IFMIS, revealed that amounts totalling K2,589,493 had been applied on activities such as commutation, leave travel benefits, purchase of corporate T shirts, service of motor vehicles among others, not related to the purpose for which the funds were released contrary to the Appropriation Act of 2013. As a result, the works had not been done as of December 2014.

The source of the excess expenditure of K389,493 was not disclosed and no authority from the Secretary to Treasury to vary funds was availed for audit. See table below.

Programme	Activity	Name of Activity	Budget K	Releases K	Expenditure K
1012	389	Construction of PBE office- Choma	1,000,000	1,000,000	997,981
1012	392	Construction of PBE office- Chinsali	1,200,000	1,200,000	1,591,511
<b>Total</b>			<b>2,200,000</b>	<b>2,200,000</b>	<b>2,589,493</b>

**e. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, stores items including attires for participation at Labour and Women’s Days celebrations and Trade Fair costing K2,132,433 procured during the period under review were not accounted for in that no receipt and disposal details such as goods received notes, stores issue vouchers and delivery notes among others were availed for audit.

**f. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K550,419 issued to twenty six (26) officers to facilitate payment of allowances, workshops, and purchase of a gift among others had not been retired as of August 2015.

**g. Irregular Purchase of Equipment**

According to Statutory Instrument No. 22 of Control and Management of Public Stores Regulations, the Department of Office Equipment Maintenance Services is mandated to carry out inventory and registration of all Government Office Equipment. This is done in order to promote accountability and provide professional advice on procurement in order to ensure compatibility and easy maintenance.

During the year under review, the Ministry purchased various pieces of equipment such as computers, printers, laptops among others valued at K1,313,510 from fifty one (51) local suppliers. However, the Department of Office Equipment Maintenance Services was not consulted during the procurement of the equipment.

**h. Unacquitted for Funds**

During the period under review, payments in amounts totalling K384,410 paid to eight (8) officers to facilitate payment of allowances and procurement of attires for participation at Labour and Women’s Days celebrations and Trade Fair among others were not acquitted as of August 2015. In this regard, it was not possible to ascertain whether the funds were paid to the intended beneficiaries.

**i. Unauthorised Holding of Workshops and Seminars**

According to Cabinet Office Circular No. 9 of 2012, Controlling Officers should seek authority from the Secretary to the Cabinet before holding seminars, workshops and conferences outside government meeting facilities.

However, it was observed that during the year under review, the Ministry held various meetings and workshops at a total cost of K888,088 outside Government facilities without obtaining authority from the Secretary to Cabinet.

**j. Failure to Distribute Speed Boat Engines**

The Ministry received a donation of twelve (12) speed boats from the Ministry of Health in 2012. The Ministry decided to use the boats to provide transport services for the public at a much affordable fare in the inland canals.

In this regard, in July and December 2014, the Ministry paid a local company amounts totalling K1,540,000 for the supply of twenty (20) engines to efficiently run the speed boats and the engines were delivered to Ministry Headquarters in December 2014.

However, as of August 2015, the engines had not been distributed to the intended areas of operations and were still in storage at the Ministry Headquarters.

**k. Procurement of Dredgers / Cargo Vessels**

In September and October 2014, the Ministry, engaged four (4) contractors for the supply of thirty (30) dredging machines costing US\$43,110,090.80 and three (3) contractors for the supply of five (5) Cargo Vessels costing US\$5,336,984 bringing the total contract sums to K357,916,354 (US\$48,447,074.80).

As of June 2015, amounts totalling K63,893,665 (US\$8,634,279) had been paid leaving a balance of K294,022,689 (US \$39,732,795.80) and three (3) dredgers had been delivered, leaving a balance of twenty seven (27) dredgers. See table below.

Description	QTY	Contractor/ Supplier	Contract Price in US Dollars (US\$)	Date Signed	Amount Paid (US\$) as of June 2015	Quantity Delivered
Multi- purpose Dredgers	10	KBH- International web	13,245,890.80	17.09.14	3,968,667.00	3
Weed harvester dredgers	5	Herpworth Suppliers Limited	7,560,000.00	17.10.14	1,890,000.00	0
Supply Delivery and Testing of three Passanger vessels	3	Multi Industries Ltd	2,810,000.00		563,982.00	0
Supply Delivery, Testing and Commission of one Crawler Crane	1	Delta Auto and Equipment	2,868,400.00		430,260.00	0
Amphibious Excavator and Cutter suction	10	MCD Civil & Mechanical Engineering	11,795,800.00	17.10.14	1,781,370.00	0
Dredging machines	5	Innovative Material Systems	7,560,000.00	17.10.14	-	0
Cargo Vessels	2	Refrigeration Agencies Limited	2,526,984.00	08.09.14	-	0
		<b>Total</b>	<b>48,367,074.80</b>		<b>8,634,279.00</b>	
		Amounts in Kwacha	<b>357,916,353.52</b>		<b>63,893,664.60</b>	

The contract documents included the following terms of payment:

- The suppliers were entitled to 25% advance payment upon production of Bank guarantee within thirty (30) days of signing the contract, and upon submission of a bank guarantee valid until the goods were delivered.
- 65% of the contract price of the goods shipped shall be paid through irrevocable confirmed letters of credit opened in favour of the supplier in a bank in its country.
- 10% shall be paid within thirty (30) days of receipt of the goods upon submission of claim supported by an acceptance certificate issued by the procuring entity.

However, the following were observed:

- i. Apart from the terms of payments above, the contract did not have delivery period. Consequently, it was not possible to ascertain when delivery of the dredgers will be made.
- ii. It was not clear why the Ministry would make such payments without a defined period in which the goods paid for were to be received.
- iii. No provision was made in the Estimates of Revenue and Expenditure for the financial year ending 31<sup>st</sup> December 2015 to finance the outstanding contractual amounts as indicated above.

## **l. Questionable Contracts to Supply Spare Parts for Dredgers**

In June 2014, the Ministry engaged two (2) contractors for the supply of spare parts for dredgers at a contract sum of K13,126,592. However, the contract periods were not stated. In August 2014, the whole amount was paid.

As of June 2015, only part of the spare parts were purported to have been delivered between 16<sup>th</sup> December 2014 and 13<sup>th</sup> April 2015. See table below.

<b>Description</b>	<b>Contractor/ Supplier</b>	<b>Date Paid</b>	<b>Amount Paid K</b>
Spares for Weed Harvester	Herpworth Suppliers	12.08.14	4,758,000
Spares for other dredgers	KBH Industrial	11.08.14	8,368,592
<b>Total.</b>			<b>13,126,592</b>

Although the Ministry had paid the contractors the whole amounts in August 2014, the terms of payment required that an initial advance payment of 25% be made within thirty (30) days after award of contract, 60% on shipment and 15% on acceptance of the goods.

Further, although the Ministry engaged the contractors for the supply of spare parts and amounts totalling K13,126,592 paid in August 2014, the contracts for the procurement of dredgers were signed in September and October 2014, making the transaction questionable.

It was not clear why the Ministry decided to procure spare parts costing K4,758,000 for the Weed Harvester Dredger when the dredger was still under warranty, thus causing wasteful expenditure.

A verification carried out in June 2015, revealed that although the parts were purported to have been delivered, the Ministry staff were unable to identify the spare parts against the delivery note, making it difficult to ascertain whether the spare parts delivered were the ones actually paid for.

## **m. Failure to Distribute Camping Equipment**

On 22<sup>nd</sup> August 2014, the Ministry procured fifteen (15) gas stoves, two (2) cooking pots with gas cylinders, fifteen (15) welding machines and fifteen (15) portable electric generators at a total cost of K151,500 for maritime officers located along inland waters. All the equipment was delivered on 11<sup>th</sup> September 2014.



A verification of the items revealed that all the items were received and one gas stove, one portable welding machine and one portable electric generator all costing K20,200 were each issued as a set to Lundazi and Lake Mweru Maritime offices. The balance of the items costing K131,300 were stored in one of the maritime offices in Lusaka at Headquarters thereby depriving the intended beneficiaries of the use of the camping equipment.

**n. Construction of Kasama Airport Runway**

On 8<sup>th</sup> May 2014, the Ministry engaged Anhuishutan Construction Group Corporation limited to construct Kasama Aerodrome at a Contract price of K141,012,639, with a contract period of twelve (12) months, starting 8<sup>th</sup> May 2014 and ending 7<sup>th</sup> May 2015.

On 15<sup>th</sup> December 2014, the Ministry paid an advance payment of K28,202,523 being 20% of the contract price. The payment was made against a Bank Guarantee which was running from 29<sup>th</sup> May 2014 to 23<sup>rd</sup> May, 2015 which had expired as of June 2015. However, there was no certificate to indicate the value of works completed.

A site visit carried out in June 2015 revealed that although the contractor had mobilised and cleared a stretch of 1.5 kilometres by 45 metres stretch of the runway, other related works could not commence as the consultant for the project had not been appointed thirteen (13) months after the contract was signed.

**o. Construction of a Fire Station at Chipata Airport**

The Ministry entered into contract with Messer's DWA Zambia Ltd of Chipata for the construction of A Fire House at Chipata Airport on 24<sup>th</sup> September 2013 at a contract sum of K1,143,015 with a duration period of four months up to 31<sup>st</sup> January 2014.

A scrutiny of payment vouchers revealed that amounts totalling K556,683 had been paid towards the contract leaving a balance of K586,332.

A physical inspection of the project carried out in May 2015 revealed that the structure was at roof level and the contractor had since abandoned the site.

**HEAD: 51 Ministry of Transport, Works and Supply Communications**

**PROGRAMMES: Third Party Account**

**ACTIVITIES: Infrastructure Development – New Districts**

51. During the period 2012 to 2014, the Government created new districts in nine (09) Provinces. The main objective was to involve people in those areas to participate in the governance of their areas and receive social services and development and thereby efficiently and effectively deliver services to the people of Zambia. The districts created were as shown in the table below.

Province	No. of Districts	Name of Districts
Lusaka	3	Chilanga, Lufunsa and Shibuyunji
Central	4	Chitambo, Luano, Ngambwe and Chisamba
Eastern	2	Vubwi and Sinda
North-western	2	Ikelenge and Manyinga
Luapula	4	Chipili, Chembe, Lunga and Mwansabombwe
Southern	2	Chikankata, Pemba
Northern	1	Nsama
Muchinga	1	Shiwangandu
Western	9	Mwandi, Nkeyema, Sioma, Mitete, Nalolo, Sikongo, Mulobezi, Limulunga and Luampa
<b>Total</b>	<b>28</b>	

In order for the created districts to benefit the status of new districts, there was need to construct various infrastructure which included; district Administration office blocks, Low, Medium and High Cost Houses, Post Offices, Police Stations complete with housing units and associated external works among others. In addition, the construction works were also to be undertaken in seven (7) old districts namely, Solwezi, Choma, Mafinga, Kazungula, Zimba, Nyimba and Chirundu.

In this regard, in 2014, the Ministry received amounts totalling K286,117,791 from the Eurobond proceeds for infrastructural development in new districts.

#### **Accounting and Other Irregularities**

Between July and August 2014, the Ministry invited tenders from Zambian Contractors registered with the National Construction Council (NCC) Grades 4-5 to tender for the works and 775 companies responded to the invitation. See table below.

Lot	Scope of Works	Bids
1	Construction of a Single Storey Office Block & Associated External Works	266
2	Construction of 1 No. High Cost House Type 2	93
3	Construction of 10 No. Medium Cost Houses	141
4	Construction of 20No. Low Cost Houses	143
5	Construction of Police Station, 2No. Medium Houses and 8 Low Cost and Associated External Works	72
6	Construction of Post Offices	60
	<b>Total</b>	<b>775</b>

In August 2014, the Ministry constituted an Evaluation Committees to evaluate the bids received and 134 contractors were recommended to be awarded contracts at their total tendered sums of K1,200,253,497 exceeding the amount received for infrastructure by K914,135,706.

The recommendation was based on the preliminary, technical and commercial capacities of the contractors to carry out the works. In September and October 2014, the Ministry awarded the contracts. The contract periods ranged from sixteen (16) weeks to seventy-eight (78) weeks spreading between November 2014 and May 2015 depending on the date of site possession. The Ministry also appointed Provincial Building Engineers (PBE) as Project Mangers to administer projects.

As of June 2015, the contractors had been paid amounts totalling K277,062,843 leaving a balance of K923,062,840.

The following were observed.

**i. Failure to Commence Works**

A scrutiny of Euro Bond Activities' status quarterly report for 2015 dated 22<sup>nd</sup> September, 2015 prepared by Planning Department of the Ministry revealed that twenty seven (27) contractors whose contract sums totalled K175,675,749.14 out of which advance payments in amounts totalling K41,696,406.25 were paid revealed that works had not commenced as the contractors had failed to move to sites as of May 2015. The reasons for the failure by the contractors to move on site were not stated and there was no evidence of action taken by the Ministry.

PROVINCE	DISTRICTS	NUMBER OF CONTRACTORS	CONTRACT COST	AMOUNT PAID
WESTERN	Limulunga, Nalolo, Nkeyema, Sioma and Mitete	8	49,625,958	12,382,114
LUSAKA	Chilanga, Chirundu, Rufunsa and Shibuyunji	12	72,037,400	16,783,432
NORTH - WESTERN	Ikelenge and Manyinga	2	19,273,448	4,471,440
CENTRAL	Chisamba and Ngambwe	5	34,738,944	8,059,420
<b>TOTAL</b>		<b>27</b>	<b>175,675,749</b>	<b>41,696,406</b>

## ii. Abandoned Works

A review of project records and physical inspection of sites carried out in October 2015 revealed that thirteen (13) contractors who had been awarded thirteen (13) contracts to construct different projects in various districts in total contract sums of K86,160,578 had abandoned the projects after being paid advance payments in amounts totalling K19,917,184. It was also observed that no works had been executed after site possession. In addition, the bank guarantees on the advance payments made had expired. Further, there was no evidence of action taken by the Ministry on the defaulting contractors. See table below.

Date	Contractor	Project	Contract Sum K	Advance Payment K
<b>Centrap Provinve - Chitambo</b>				
12.12.14	Swadocom Trading	Construction of Council administration office block and 2 high cost houses	5,486,241	1,272,744
12.12.15	Kawanzane Enterprises Z Ltd	Construction of 10 No. medium cost house and associated external works	6,128,720	1,421,863
12.12.16	Ti Enterprises Limited	Construction of Post Office and associated external works	1,837,838	426,378
12.12.17	Kawanzane Enterprises Z Ltd	Construction of single storey office block and associated external works	3,555,448	824,864
12.12.18	Ngalitas Hardware & Electrical Ltd	Construction of 20 No. low cost house and associated external works	7,621,479	1,768,183
06.01.15	Conquest Limited	Construction of Police Station, 2 No. medium cost house, 8 No. low cost house and external works	11,720,594	2,719,178
<b>Luapula Province - Lunga</b>				
10.04.2015	TKJ Investments Limited	Construction of District administration office block and associated external works	5,640,714	1,308,646
<b>Western Province - Mitete</b>				
12.12.2014	Kampe Investments Ltd	Construction of District administration Council Office block, 2 No. high cost type 2 and associated external works	6,073,370	1,409,022
10.04.2015	Eldamain Business Solution Ltd	Construction of Post Office and associated external works	3,158,181	732,698
<b>Western Province - Sikongo</b>				
12.12.2014	Sokotela Enterprises Limited	Construction of District Council Office block and associated external works	5,525,559	1,209,924
<b>Luapula Province - Mwansabombwe</b>				
12.12.2014	Uneric Investment Limited	Construction of Post Office and associated external works	1,732,216	401,874
<b>North Western Province - Ikelenge</b>				
12.12.14	Heroes Construction and General Dealers	Construction of Police Station; 2 No. medium cost houses, 8 No. low cost houses and extra external works	13,840,109	3,210,905
<b>North Western Province - Manyinga</b>				
12.12.15	Heroes Construction and General Dealers	Construction of Police Station; 2 No. medium cost houses, 8 No. Low cost houses and extra external works	13,840,109	3,210,905
<b>Total</b>			<b>86,160,578</b>	<b>19,917,184</b>

**iii. Failure to Submit Claims for Certification**

During the period December 2014 to April 2015, fifty-six (56) contracts in total contract sums of K380,608,951 were awarded and as of April 2015 they had been paid advance payments in amounts totalling K90,308,326. However, as of October 2015 no claims of works executed had been submitted. As a result, it was not possible to ascertain the value of works executed.

**iv. Sub Contracted Works**

Among the contracts awarded, were two (2) contracts in total contract sums of K15,983,645 that had been sub contracted by the main contractors without the knowledge of the Ministry and no provision for sub contracting was contained in the contract. As of September 2015, the construction of 10No. Medium cost houses in Kazungula had stalled at ring beam level and the contractor was not on site while two (2) of the 20No. Low cost houses in Sinda were at slab level and 1No. was ring beam level and works had stalled.

Province	District	Project	Contractor	Sub Contractor	Contract Sum K	Contract Period
Eastern	Sinda	Construction of 20No. Low cost houses	Versafile Ltd	Emmaloy	7,852,250	not indicated
Southern	Kazungula	Construction of 10No. Medium cost houses	Profab Zambia Ltd	Lusen Construction Co.	8,131,395	12 months
<b>Total</b>					<b>15,983,645</b>	

**Head: 76 Ministry of Youth and Sport**

**Departments: Various**

**Programmes: Various**

**Activities: Various**

**52.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K106,654,283 was made to cater for various activities at the Ministry against which amounts totalling K84,250,991 were released.

According to financial statement (Statement 'C'), as of 31<sup>st</sup> December 2014, amounts totalling K81,471,697 had been spent.

## **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and selected districts carried out in August 2015 revealed the following:

### **a. Unsupported Payments**

Contrary to Financial Regulation Nos. 45 and 52, twenty four (24) payments in amounts totalling K288,317 made during the period under review were not supported with relevant documents such as receipts, invoices and acquittal sheets among others.

### **b. Failure to Deduct Tax**

Contrary to the Income Tax Act, settling in allowances in amounts totalling K56,091 were paid to five (5) officers without deducting PAYE Tax.

### **c. Failure to Recover Loans and Advances**

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of loans and advances in amounts totalling K59,000 paid to twelve (12) officers during the period under review had not been effected as of November 2015.

### **d. Youth Development Fund (YDF)**

The Government, through the Ministry of Youth and Sport created the Youth Development Fund in order to empower the youth with finances and capacity building through a Revolving Fund. The objective of the fund is to lend finances to viable projects for young entrepreneurs as well as enable the youths benefit from associated training and mentorship services. Therefore, the funds are aimed at supporting the growth sustainable Youth led Small Medium Enterprises (SMEs) into the private sector for wealth and employment creation.

In this regard, during the period under review, the Ministry received an amount K20,220,800 to cater for the YDF activities. Subsequently, the Ministry disbursed a total amount of K16,726,886 comprising loans amounting to K14,108,009 and grants amounting to K2,618,877 to 493 and 67 youth associations respectively. In addition, amounts totalling K3,483,915 were spent on the administration of the Fund.

There were ninety one (91) out of the one hundred and fifty (150) constituencies that benefited from the Fund. See table below.

Province	Loans		Grants		Totals		No. of constituencies in each Province	Constituencies that benefited from YDF
	No. of Clubs	Amount K	No. of Clubs	Amount K	Clubs	Amount K		
Eastern	66	2,093,009	6	266,000	72	2,359,009	17	10
Central	80	2,310,000	3	150,142	83	2,460,142	14	8
Lusaka	109	2,968,000	6	225,000	115	3,193,000	12	9
Northern	30	880,000	5	210,000	35	1,090,000	13	9
Southern	43	1,353,000	7	233,140	50	1,586,140	19	9
Western	40	850,000	7	270,000	47	1,120,000	17	13
North Western	22	500,000	6	310,000	28	810,000	12	7
Copperbelt	56	1,950,000	9	425,000	65	2,375,000	22	12
Luapula	35	946,000	15	439,595	50	1,385,595	14	8
Muchinga	12	258,000	3	90,000	15	348,000	10	6
<b>Totals</b>	<b>493</b>	<b>14,108,009</b>	<b>67</b>	<b>2,618,877</b>	<b>560</b>	<b>16,726,886</b>	<b>150</b>	<b>91</b>

The following were observed:

**i. Lack of Records - Loan Recoveries**

In June and December 2014, the Ministry disbursed four hundred and ninety three (493) YDF loans in amounts totalling K14,118,009 to various youth groups in the Country.

However, recoveries in respect of loans in amounts totalling K13,268,009 paid to four hundred and sixty six (466) youth groups could not be verified due to lack of records.

In addition, five (5) youth groups issued with loans and grants in amounts totalling K198,468 for projects in Western, Eastern, North Western and Southern Provinces did not have files on which key documents such as completed application forms, loan offer letters, loan agreement forms, loan guarantee forms among others were contained.

**ii. Failure to Undertake Funded Projects**

In December 2014, amounts totalling K265,000 were issued to six (6) youth groups to undertake various projects. However, as of November 2015, the projects had not been undertaken.

**iii. Irregular Transfer of YDF Funds**

During the year under review, the Ministry approved a loan of K40,000 to Inakena Youth Group of Mongu. However, a review of disbursement details carried out in August 2015 at the Ministry of Finance revealed that in December 2014, the Ministry had disbursed the loan to an account which did not belong to the Youth Group. As of November 2015, the Youth Group had not received the funds.

**iv. Yahweh Embassy Ministry**

In December, 2014, the Ministry disbursed a grant of K30,000 to Yahweh Embassy Ministries for the establishment of a project on tailoring and design. In May 2015, the Youth Group applied for change of project to construction of a church private school to be situated at Chigugo Compound in Cheelo village through the Provincial Youth Development Coordinator which was granted. However, a review of the land ownership details revealed that the land was owned by the pastor of the Ministries, who is the contact person of the Youth Organisation. As of September 2015, the school was at ring beam level.

**e. Infrastructure Development**

During the year under review, the Ministry received amounts totalling K24,487,273 to cater for Infrastructure Development.

In this regard, seven (7) local contractors were engaged by the Ministry between February 2013 and May 2014 to construct Youth Resource Centres at total contract sums of K102,223,666. The contract periods ranged between twenty five (25) and seventy eight (78) weeks.

A physical inspection of three (3) projects carried out in three (3) districts in august 2015 revealed the following:

Project Name	Contractor	Scope of Works	Commencement Date	Completion Date	Contract Sum K	Amount Paid K	Status
Youth Resource Centre - Chililabombwe	Buildcon (Z) Ltd	Construction of; 1x3 workshops, 1x3 CRB Admin block, Ablution block, Substation (Phase 1).	27.02.2013	12.12.13 extended to 22.07.15	10,576,758	2,462,883	The works were completed with joinery, electrical wiring and fixing of doors, fixing wall tiles in ablution block, external works, fixing of urinals, fixing of ceramic tiles in the 1x3 classroom block outstanding.
Kwilimuna - Youth Resource centre - Mpongwe	Jearmy Enterprises Ltd	Construction of; 1x4 CRB, Ablution block 1x2 hostel block, Administration block (Phase 1)	20.08.2013	20.09.15	11,698,382	3,978,508	The 1x3 classroom block, 1x2 hostel block and ablution block had been roofed with the following outstanding: Fitting of ceiling boards, construction of two (2) ramps at the entrance of the ablution block as



Project Name	Contractor	Scope of Works	Commencement Date	Completion Date	Contract Sum	Amount Paid	Status
					K	K	
							well as fixing of toilets, painting among others
Youth Resource Centre - Luanshya	Messers Pro-Fab Zambia Ltd	Construction of; 1x3 CRB, Ablution block, 1x2 hostel block, Administration block	21.06.2013	01.02.14 Extended to 30.10.15	9,304,620	2,168,010	The works had stalled at roof level

**HEAD: 77 Ministry of Defence**

**DEPARTMENTS: 01 Various**

**UNITS: Various**

53. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a budget provision of K232,219,890 was made to cater for various programmes at the Ministry against which amounts totalling K163,910,515 were released resulting in an under funding of K68,309,375 as tabulated below:

Programme	Total Provision K	Releases K	Variance K
Personal Emoluments	32,843,141	32,317,116	526,025
General Administration	5,253,945	2,397,193	2,856,752
Events	1,089,337	973,066	116,271
Capacity Building	6,265,888	2,655,048	3,610,840
Grants to Institutions - Capital	5,000,000	3,500,000	1,500,000
Grants to Institutions - Operational	7,086,231	7,086,221	10.00
Dismantling Arrears	39,519,204	13,297,191	26,222,013
Infrastructure Development	22,661,690	19,224,147	3,437,543
Operations	9,265,580	6,317,836	2,947,744
Logistics and Transport	6,531,251	3,047,798	3,483,453
Record Management	8,154,681	3,650,767	4,503,914
Research and Development	1,450,089	872,477	577,612
Procurement of Uniforms	12,000,000	-	12,000,000
Procurement Management	4,494,707	-	4,494,707
Plant and Equipment	67,493,200	60,861,167	6,632,033
Miscellaneous Programs	3,110,946	7,710,488	(4,599,542)
<b>Total</b>	<b>232,219,890</b>	<b>163,910,515</b>	<b>68,309,375</b>

According to Statement C, the Ministry had spent amounts totalling K144,069,399 as at 31<sup>st</sup> December 2014.

## **Accounting and Other Irregularities**

An examination of accounting and other records maintained at Ministry of Defence Headquarters and other departments carried out in June 2015 and physical inspections of selected projects revealed the following:

### **a. Failure to Process Commitments and Local Purchase orders via IFMIS**

The Integrated Financial Management Information System (IFMIS) was rolled out and implemented in the Police Service in 2011 in line with Government policy on the utilisation and management of public funds and implied that all transactions including purchase of public stores were supposed to be processed and paid via the IFMIS.

It was however observed that Local Purchase Orders in amounts totalling K10,058,660 were processed outside the IFMIS.

### **b. Unretired Accountable Imprest**

Contrary to Financial Regulations No. 96, (1) accountable imprest in amounts totalling K1,099,405 issued to nineteen (19) officers for various activities at Headquarters had not been retired as of September 2015.

### **c. Irregular Use of Imprest for Procurements**

Financial Regulation No. 86 (c) requires that accountable imprest be issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time of purchase. Contrary to the regulation, a total of K102,055 was spent on clothing for women's day and labour day celebrations, television sets and building materials whose values were easily ascertainable on the market.

### **d. Imprest Payments Without Authority to Travel Abroad**

Financial Regulation No. 87 (1) states that, "special and accountable imprest shall not be issued in respect of tours outside Zambia without the authority of the Secretary to the Cabinet".

During the period under review, the Ministry issued imprest in amounts totalling K208,519 to fifteen (15) officers for travels outside Zambia. However, there was no authority from the Secretary to the Cabinet for the officers to travel abroad.

**e. Non Recovery of Tuition and Salary Advances**

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of tuition and salary advances in amounts totalling K722,600 paid to forty three (43) officers had not been effected as of September 2015.

**f. Outstanding Arrears**

As of June 2015, the Ministry had outstanding arrears amounting to K3,327,253,334 (foreign debt - K3,295,265, 885 and local debt - K31,987,449). The delay in settling the debt is likely to attract interest charges.

**g. Drilling and installation of Boreholes – Zambia Army Operation Areas**

In December 2013, Zambia Army engaged Victoria Drilling Explorations Limited to drill and equip four (4) boreholes in Senanga (1), Chiengi (1) and Kaputa (2) at a contract sum of K325,880.

Although the works had been completed and the contractor paid in full, physical inspections of the sites revealed that the borehole located at Lambwe Chomba Site in Kaputa was non functional and inquiries with the local community revealed that the pump had not functioned from the time it was installed.

**h. Procurement of Sub Division Farm 688 (Lusaka West) - Failure to Transfer Title**

In December 2013, the Ministry of Defence procured a subdivision of ten (10) hectares of Farm No. 688 Mungwi Road Lusaka West at the cost of K1,200,000. However as of October 2015, the title had not passed to the Ministry.

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

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**54.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K730,982,751 was made to cater for various activities against which amounts totalling K700,298,236 were released resulting in an under funding of K30,684,425.

According to the financial statement (Statement “C”), as of 31<sup>st</sup> December 2014, amounts totalling K696,862,422 had been spent.

## **Accounting and Other Irregularities**

An examination of accounting and other records maintained by the Zambia National Service (ZNS) headquarters and selected units carried out during the period from June to August 2015 revealed the following:

### **a. Irregular Drawing of Salary**

Terms and Conditions of Service Number 86 states that no officer may draw a salary for more than one post at the same time. However, an officer who was employed by the Service on 8<sup>th</sup> April 2013 as a Medical Doctor in the Service and was on the ZNS payroll continued to draw an additional salary as a Junior Resident Medical Officer under the Ministry of Health.

In this regard, during the period under review, amounts totalling K267,384 were paid to the officer as Basic pay, Housing and service allowances under the Ministry of health while the officer also drew salaries and allowances in amounts totalling K300,541 under the Zambia National Service during the same period.

As of October 2015, the irregular salaries amounting to K267,384 paid by the Ministry of Health to the officer had not been recovered.

### **b. Unsupported Payment of Commutation**

During the period under review, amounts totalling K51,365 were paid to three (3) officers as commutation of leave days. However, the payments were not supported with approved leave commutation forms and there were no computations of commutation on file to show the basis on which the payments were made.

### **c. Unaccounted for Funds - Renovation of Officers' Quarters - ZNS Luanshimba**

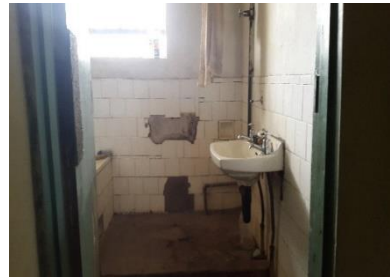
In August 2014, an amount of K137,405 was released for renovation of two (2) officers' quarters at ZNS Luanshimba in Mkushi using Force account.

As of September 2015, amounts totalling K88,735 had been spent while the balance of K48,670 was unaccounted for in that the funds were neither in the bank nor was the cash found on hand.

Further, it was observed that one of the Officers' quarters was still in a deplorable state and rehabilitation works had not commenced. See pictures below.



*Officers quarter*



*Bathroom of the Officers quarter*

**HEAD: 80/01 Ministry of Education, Science, Vocational Training and Early Education**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

55. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K2,003,124,541 was made to cater for various activities against which amounts totalling K1,579,920,966 were released.

According to Financial Statements (Statement 'C'), as at 31<sup>st</sup> December 2014, a total amount of K1,546,517,701 had been spent.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and a visit to selected districts carried out in June 2015 revealed the following:

**a. Irregular Payment of Housing Allowances**

Contrary to the Terms and Condition of Service for the Public Service, fifteen (15) employees who were accommodated by the Ministry were paid housing allowances in amounts totalling K59,182 during the period under review. As of November 2015, no recoveries had been effected.

**b. Failure to Recover Salary Advances**

Contrary to Terms and Conditions of Service for the Public Service, recoveries in respect of salary advances amounting to K411,841 paid to thirty six (36) officers during the period under review had not been effected as of November 2015.

**c. Weaknesses in the Management of Bank Accounts**

A review of Cash Books, Bank Statements and Bank Reconciliation Statements revealed weaknesses in that:

- i. Bank reconciliation statements were inaccurately prepared as some cancelled and unpresented cheques were not captured,
- ii. Bank accounts were overdrawn. Consequently Interest in amounts totalling K104,841 were charged to the account.
- iii. Excess funds arising from cancelled cheques were not transferred back to the Ministry's control account at the Bank of Zambia. Consequently, there were fifty four (54) cheques in amounts totalling K6,721,614 which were honored by the commercial bank without funds being transferred from the Bank of Zambia.
- iv. There were large cash withdraws up to as much as K629,406 per withdraw.
- v. A cheque of K72,640 was cleared by the bank without a support of backing sheet (authorisation)

**d. Questionable Cash Withdrawal and Payments**

On 1<sup>st</sup> April 2014, the Cashier withdrew an amount of K358,024 on Cheque No. 433529 and paid the Chief Planning Officer to enable him undertake a pilot output based budget (OBB) for various officers.

The following were observed regarding the transaction:

- i. The original manual payment voucher and the IFMIS cheque voucher for the transaction were not availed for audit. Only a photocopy of a manually prepared voucher was provided
- ii. Whereas the payment was made on 29<sup>th</sup> March 2014, the date of approval by the Acting Permanent Secretary was 1<sup>st</sup> April 2014 three (3) days after the payment was made.
- iii. The cheque on which the funds were cashed was cancelled in the cashbook without a corresponding cancellation in the backing sheet (No.79 dated 28<sup>th</sup> March 2014).
- iv. In the IFMIS system, the same cheque number was reflected as a payment of K30,500 to a different payee and for a different activity.

- v. When requested to provide bank statements where the transaction was reflected, the client provided two (2) statements, the first of which had the name of the payee torn out while the second completely omitted the transaction. Subsequently, a copy of the bank statement obtained by the auditors directly from the bank disclosed the details of the payee.
- vi. At the time of Audit in June 2015, fourteen (14) months after the cheque was encashed, the activity had not been undertaken and the funds had not been reimbursed.
- vii. In August 2015, after an audit inquiry about the payment, the Permanent Secretary cancelled the Output Based Budget activity and subsequently the funds were reimbursed in two (2) installments, the first of which was on 18<sup>th</sup> August 2015 and the funds were deposited on 20<sup>th</sup> August 2015 while the second installment was on 20<sup>th</sup> August 2015 and deposited on 15<sup>th</sup> September 2015.

It was noted that other than refunding the money initially misappropriated, no disciplinary action had been taken by the Ministry against the Officer.

**e. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65 (1), thirty five (35) payment vouchers in amounts totalling K23,181,533 made during the period under review were not availed for audit as of November 2015.

**f. Irregular Payments of Out of Pocket Allowance**

According to Cabinet Office Circular No. 11 of 2013, out of pocket allowance is paid to an officer to cover the additional expenses he/she has to meet while on duty outside his/her normal station of duty where an overnight stay is involved and the programme or workshop the officer is attending is sponsored.

Contrary to the circular, amounts totalling K547,990 involving nine (9) transactions were paid to various officers as out of pocket allowances who did not travel outside their normal duty stations. See table below.

<b>Activity</b>	<b>Amount K</b>
Working on Cabinet memos in the Minister's office	70,236
Working on financial and accounting records	408,420
Attending one day's workshop (Lunch and teas provided)	3,274
Officers working on commutation of leave days	66,060
<b>Total</b>	<b>547,990</b>

**g. Irregular Payment of Parliamentary Allowances**

Contrary to Cabinet Office Circular No.11 of 2013 which abolished the payment of administrative allowances, the Ministry paid administrative allowances in amounts totalling K842,304 to various officers who work within the Ministry for preparing materials for the Third Session of the Eleventh National Assembly.

**h. Irregular Payment of Meal Allowances**

During the period under review, the Ministry irregularly paid amounts totalling K2,489,176 as meal allowances to various officers who were working within their normal station of duty contrary to Cabinet Office Circular No.11 of 2013. The Circular 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.

**i. Questionable Payment of Allowances**

During the period under review, the Ministry paid amounts totalling K3,473,973 to twenty three (23) officers as subsistence, meal, transport and out of pocket allowances among others.

However, a scrutiny of payments and retirement details revealed that the allowances were paid for periods ranging from 424 to 1,227 days, thus exceeding the calendar year by 60 to 863 days rendering the payments questionable.

In his response dated 18<sup>th</sup> August 2015, the Controlling Officer stated that the number of officers cited were accounting officers who were merely imprest holders as per Circular No. 1 of 2014, which directed Controlling Officers to ensure that funds meant for servicing of workshops were drawn by accounting officers in order to minimise incidences of unaccounted for funds.



However, it was not clear how the accounting officers could have been paid for periods ranging from 424 to 1,227 days in one financial year. In addition, a review of records revealed that the number of officers also included non-accounting officers.

**j. Payment of Group Imprest**

During the year under review, accountable imprest in amounts totalling K15,234,534 involving one hundred and twenty three (123) transactions was issued to sixty-nine (69) officers to facilitate payment of subsistence allowances and fuel imprest to other officers. The payments were meant for activities such as monitoring of infrastructure projects, inspection of accounts records in TEVET institutions, following up on audit queries and holding workshops among others. See table below.

<b>Details</b>	<b>Amount K</b>
Responding to Audit queries	1,186,999
Verification of Bursary Scheme Returns	350,350
Routine checkup of books	883,327
Monitoring of Infrastructure	2,394,172
Verification of Outstanding bills	258,512
Verification of Assets	515,180
Monitoring SHN Programmes	472,788
Budget Tracking	323,136
Teaching Service Commission Tours	680,190
Audits by Internal Auditors	393,675
Developing Learning Materials	1,369,545
Academic and skills section sensitization	648,206
Workshops	1,108,024
Others	4,650,430
<b>Total</b>	<b>15,234,534</b>

The following were however observed:

- Amounts totalling K39,000 involving six (6) transactions paid as contingencies for various activities during the period from April to November 2014 had not been retired as of November 2015.
- No activity reports were availed for audit in respect of various activities purported to have been undertaken involving amounts totalling K2,581,994.
- During the period March to July 2014, the cashier drew amounts totalling K1,186,999 to facilitate trips to districts in order to provide responses to audit queries. However, the names of the payees were not indicated and the payments

were not supported by acquittal sheets casting doubt as to whether the funds were utilised for the intended purposes.

**k. Questionable Payment - Payroll Cleanup**

On 27<sup>th</sup> November 2014, a payment of K249,012 was made to an Assistant Accountant to facilitate payment of subsistence allowance and fuel expense for a payroll cleanup exercise. The activity was to be undertaken by fourteen (14) officers in all the ten (10) provinces during the period 27<sup>th</sup> November 2014 to 31<sup>st</sup> January 2015.

A scrutiny of the retirement details revealed that the Chief Planning Officer appeared on all the ten (10) teams for a period of ten (10) nights in each province, translating to one hundred (100) nights and received amounts totalling K71,000 for the tours, while the other officers had days ranging from ten (10) to forty (40). It was therefore not clear how one officer was found in all the ten (10) provinces at the same time making the payment questionable.

**l. 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.”

However, contrary to the regulation, the Ministry issued imprest in amounts totalling K419,628 involving sixty two (62) transactions to procure goods and services whose values were obtainable on the market.

In addition, the goods purported to have been bought were not recorded in the stores records. As a result, it was not possible to ascertain whether the goods were received and used for the intended purposes.

**m. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, stores items costing K2,046,352 comprising general stores (K1,579,352) and fuel (K467,000) procured by Headquarters during the period under review, were not accounted for in that there were no receipt and disposal details.

**n. Undelivered Fuel - Luangwa Secondary School**

During the period under review, the school paid amounts totalling K950,096 to Total Zambia Limited in Luangwa for the procurement of fuel.

However, a comparison of the quantities indicated on the supplier's invoices against that received by the school revealed that 3,262 litres of diesel costing K31,090 had not been delivered as of November 2015. See table below

Date	Supplier's Records (litres)	School Records (litres)	Shortfall (litres)	Cost per Litre	Cost K
12/1/2014	16,500	16,313	187	8.93	1,670
4/3/2014	16,500	15,876	624	8.93	5,572
20/05/2014	25,000	23,207	1,793	9.73	17,446
27/06/2014	9,500	9,291	209	9.73	2,034
4/9/2014	19,500	19,500	-	9.73	-
26/11/2014	15,000	14,551	449	9.73	4,369
<b>Total</b>	<b>102,000</b>	<b>98,738</b>	<b>3,262</b>		<b>31,090</b>

**o. Irregular Payment of Sitting Allowances - Evaluation of Tenders for Construction of Two (2) Universities**

In May 2014, the Secretary to the Cabinet granted authority to the Ministry to hold a meeting for a period of fourteen (14) days to evaluate bids for the construction of Universities in Mansa and Mongu.

Contrary to Cabinet Circular No.11 of 2013 which abolished sitting allowances, the Ministry paid various officers sitting allowance in amounts totalling K106,500 for thirty (30) days for the evaluation of bids regarding the construction of universities.

**p. Unsupported Payments**

Contrary to Financial Regulation No. 45, thirteen (13) payments in amounts totalling K1,050,642 made for conference facilities, accommodation and meals for various activities were inadequately supported in that they lacked relevant supporting documents such as bills and invoices.

**q. Questionable Procurement of Printing Services**

During the year 2013, the Director of Distance Education (DODE) engaged Progib Printers Limited to develop and print Adult Literacy materials at a total cost of K1,285,424 without obtaining prior approval of the Ministry Procurement Committee

and no contract was signed with the printer. The only documents that showed that there was a transaction were correspondences between Progib Printers Limited and the Director (DODE).

The materials which included 25 kinds of adult Literacy Primers Developmental soft copies, 2,400 various kinds of Bemba language booklets, 2,400 various kinds of Nyanja languages booklets were delivered on 16<sup>th</sup> June 2014

As of 15<sup>th</sup> July 2014, the whole amount of K1,285,424 had been paid to Progib Printers Limited. However, the procurement of services and subsequent payment were questionable as the procurement procedures were not followed.

**r. Failure to Provide Tenancy Agreements.**

The Ministry owned the buildings that houses Zambia National Broadcasting Corporation (ZNBC) in Kitwe, Lake Road School in Lusaka, and Choma Museum. However, there was no evidence that these institutions were paying rent. In addition, no tenancy agreements were availed for audit thereby making it difficult to ascertain the rentals payable.

Although in his response dated 18<sup>th</sup> August 2015, the Controlling Officer stated that the documents were available for audit verification, as of October 2015, the documents were not available.

**s. Failure to Update the Database of Occupants - Malata Housing Units**

The Ministry owned one hundred and sixty two (162) Malata Housing Units located along Twin Palm Road in Kabulonga. A review of the list of occupants for the houses revealed that the database was not updated. As a result, out of one hundred and sixty two (162) units, only fifty seven (57) had details of occupants such as designation, alive or deceased, national registration card numbers, date of occupancy and station, leaving a balance of one hundred and five (105) houses with unknown status.

**t. Bursaries**

The Bursaries Committee at the Ministry administers student bursary loans at the Copperbelt University and University of Zambia on behalf of Government. The Committee provides loans to qualifying students to help them access university education to acquire appropriate skills, knowledge, attitude and values for social and economic development.

The Bursaries Committee invites applications from selected students outlining the requirements of the award, and then selects the qualifying students among the applicants.

There are four (4) categories of bursaries namely;

- one hundred percent (100%) for the vulnerable such as double orphans,
- 75% to any ordinary Zambian,
- 50% to ordinary Citizens from Elite Schools and
- 25% to Students whose parents have a waiver in tuition fees (University Workers' Children).

The bursaries loan comprises tuition fees, meal allowance (K22.50 per day), accommodation allowance per year for students not accommodated at the Universities (K1,000, K750, K500 and K250 for CBU for categories of 100%, 75%, 50% and 25% respectively and K1,224 for the category of 100% and K498 for the rest for UNZA students), book allowance K533 per year and project allowances at K937.50, K1,094 and K1,250 for Arts, Science and Medicine respectively. For students accommodated by the Universities, accommodation bills are invoiced to the Committee.

The Ministry transfers funds for student allowances to the Bursaries Committee Account and the Committee in turn transfers allowances to students' bank accounts using Payflex. Tuition fees and accommodation costs are paid directly to Universities from the RDCs account.

During the year under review, the Ministry received amounts totalling K344,441,933 to cater for bursary awards for students at the University of Zambia (UNZA), Copperbelt University (CBU) and Students studying Abroad. See table below.

Activity	Budget K	Supplementary K	Total Provision K	Release K	Balance K
Students Tuition and Accomodation (CBU)	20,605,389	66,700,000	87,305,389	87,300,000	5,389
Students Tuition and Accomodation (UNZA)	41,312,956	83,000,000	124,312,956	121,800,000	2,512,956
Students Bursary Award – Abroad	8,935,956	-	8,935,956	8,935,565	391
Students Loan and Bursary Award - UNZA	49,849,041	54,700,000	104,549,041	104,048,768	500,273
Students Loan and Bursary Award – CBU	22,357,793	-	22,357,793	22,357,599	194
<b>Grand Total</b>	<b>143,061,135</b>	<b>204,400,000</b>	<b>347,461,135</b>	<b>344,441,933</b>	<b>3,019,202</b>

The following were observed:

**i. Unsupported Payments**

Amounts totalling K94,517,112 were transferred for the purposes of students allowances involving twelve (12) transactions. However, details of students purported to have received the funds were not availed for audit as of October 2015.

It was also observed that the bank statements did not show student account details thereby making it difficult to ascertain the recipients of the funds. In addition, the amounts shown in the cash book could not be related to the students' allowances schedule as the aggregate amounts differed from the amounts recorded in the cashbook.

**ii. Double Payment for Accommodation**

The Bursaries conditions requires that sponsored student be either accommodated or paid accommodation allowance during the period of their studies. In this regard, the Bursaries Committee paid the Copperbelt University (CBU) amounts totalling K436,244 for accommodation in respect of one hundred and ninety (190) students. However, contrary to the Bursaries conditions, the Committee also paid accommodation allowances in amounts totalling K178,500 to the same students for whom the Bursaries Committee had paid accommodation to the University.

**iii. Bursaries – Abroad – Unsurpoted Payments**

In Paragraph 53 of the Auditor General's Report for the Financial Year ended 31<sup>st</sup> December 2013, mention was made of irregularities regarding the payment of bursaries to students abroad. In particular, expenditure amounting to K19,049,952 transferred to the Zambian embassies to facilitate payment to 1,108 students abroad had no acquittal details.

A review of the situation in 2014 revealed that the situation had not improved in that amounts totalling K22,019,070 remitted to the missions for student allowances and administrative expenses for the Education Attachés were not supported by expenditure returns at the Ministry Headquarters.

**u. Misapplication of Funds - Procurement of Education Materials and Equipment**

In Paragraph 53 of the Auditor General’s Report for the Financial Year ended 31<sup>st</sup> December 2013, mention was made of the misapplication of K9,936,329 meant for the procurement of education materials and equipment.

A review of the situation during the audit of the 2014 accounts revealed that amounts totalling K7,678,119 at Headquarters (K6,831,005) and DEB offices (K847,114) meant for the procurement of education materials for the new curriculum were applied on unrelated activities such as harmonisation of salary structures, parliamentary business, World AIDS day commemoration, air tickets, follow-up of audit queries, monitoring, procurement of stationery and distribution of food stuffs among others.

Consequently, the implementation of the new curriculum was adversely affected in that some schools received inadequate funds to procure the required education materials and equipment.

**v. Lack of Receipt and Disposal Details – Procurement of Textbooks**

Contrary to Public Stores Regulation No. 16, fourteen thousand nine hundred and twenty five (14,925) text books costing K134,325 that were delivered to five (5) DEB offices during the period under review had no receipt and disposal details casting doubt as to whether the books were received by the intended recipients. See table below.

<b>Station</b>	<b>Unaccounted for Books</b>	<b>Type of Books</b>	<b>Cost K</b>
Rufunsa	1,500	Grade 1 Term 2 Chinyanja	13,500
Mongu	534	Grade 1 Term 2 Silozi	4,806
Chongwe	2,500	Grade 1 Term 2 Chinyanja	22,500
Lundazi	3,000	Grade 1 Term 1 & 2 Chinyanja	27,000
Chipata	4,000	Grade 1 Term 2 Chinyanja	36,000
Mkushi	1,552	Grade 1 Term 2 Icibemba	13,968
Mkushi	1,154	Grade 1 Term 3 Icibemba	10,386
Luangwa	280	Grade 1 Term 2 Chinyanja	2,520
Luangwa	315	Grade 1 Term 3 Chinyanja	2,835
Monze (DRCC)	82	Grade 1 Term 2 Tonga	738
Monze (Central)	2	Grade 1 Term 2 Tonga	18
Monze (Central)	6	Grade 1 Term 3 Tonga	54
<b>Total</b>	<b>14,925</b>		<b>134,325</b>

**w. Procurement of Desks**

**i. Monze DEB**

In February 2012, the Ministry engaged Almacs Steel Limited to supply, deliver and assemble 7,211 double seater school desks to Monze DEB office at a total cost of K2,667,926 within a duration of twelve (12) weeks. The Supplier was paid in full.

However, as of October 2015, the supplier had not assembled all the desks as per contract.

Although in his response dated 18<sup>th</sup> August 2015, the Controlling Officer stated that the Contractor had been engaged to assemble all the desks, there was no evidence that the contractor had been engaged. See picture below.



*Unassembled desks stored in a classroom*

**ii. Inadequate Maintenance of Inventory Records for Desks**

During the period under review, 7,211 double seater desks were delivered to Monze DEB. However, there were weaknesses in the maintenance of records in that DEB Monze did not maintain appropriate inventory records. In this regard, it was not possible to confirm the actual number of desks in stock and issued.

**x. Procurement of a Non - Functioning Heavy Duty Printer for ZACODE**

On 29<sup>th</sup> September 2014, the Ministry procured a heavy duty printer for the Zambia College of Distance Education (ZACODE) of Luanshya at a cost of K315,493 from Shreeji Investments Limited. The printer was delivered on 2<sup>nd</sup> October 2014.

A physical inspection carried out in June 2015 and interviews conducted with management revealed that the machine had never functioned. See picture below.





*Non functional printer at ZACODE*

**y. Unreceived Funds - Kabwe Institute of Technology**

On 17<sup>th</sup> December 2014, the Ministry transferred a sum of K31,960 to Kabwe Institute of Technology for drilling of a borehole. A visit to the Institute in June 2015 revealed that the funds had not been received and management was not aware that the Ministry had sent funds for drilling of a borehole as there was no correspondence from the Ministry to this effect.

As of October 2015, no action had been taken by the Ministry to trace the funds.

**z. Infrastructure Development**

During the year under review, the Ministry received amounts totalling K743,547,898 against a budget of K996,211,601 to cater for infrastructure development.

As at 31<sup>st</sup> December 2014, amounts totalling K661,335,407 had been spent leaving a balance of K82,212,491.

The Ministry had a total of one hundred and ninety (190) centrally funded and supervised infrastructure development projects in respect of construction of schools, colleges and Universities country wide awarded to fifty three (53) contractors. The contracts start years ranged from 2007 to 2015.

It was observed however that:

**i. Misapplication of Funds – Transfer of Funds to Mulungushi University**

On 17<sup>th</sup> November 2014, the Ministry of Education, Science, Vocation Training and Early Education transferred K12,579,280 to Mulungushi University at the University's request for urgent rehabilitation works of water infrastructure on the understanding that the funds would be reimbursed by the Treasury.

As of May 2015, the funds had not been reimbursed. Consequently, the Ministry could not service some of the outstanding certificates on the Ministry's planned for

infrastructure works. As of May 2015, unpaid certificates had accumulated amounts totalling K149,592,838.

**ii. Poor Supervision of Infrastructure Projects**

Although the Ministry has building officers at the Ministry Headquarters, Provincial Headquarters and in the Districts whose responsibility is to provide supervision on the projects being implemented, and the implementation of infrastructure projects was within the boundaries of the Provincial and District Officers, the officers were not privy to the documentation for the projects and were consequently unable to effectively supervise the projects in their jurisdictions.

**iii. Failure to Provide Contract Documents.**

During the audit, a sample of thirty two (32) projects under implementation by the Ministry was selected for audit scrutiny. However, only twenty - eight (28) contracts were availed leaving a balance of four (4) whose total contract sums were K35,321,497. As a result, the executed works at the four (4) sites could not be verified. See table below.



Project Name	Name of Contractor	Contract Sum	Contract No.
Two Basic Schools in Lundazi	Gabmans Electrical Ltd	5,652,412	Moe/Infra/17/07
Two Basic Schools in Mongu	Yangst Jiang	7,497,416	Moe/Infra/22/09(Phase 1)
Two Basic Schools in Serenje & Mkushi	China Gansu Eng Ltd	3,952,516	Moe/Infra/14/07
2 Hostel blocks at Ukwimi Trades	Chao Chao Const Ltd	18,219,153	Moe/Infra/41/14
<b>Totals</b>		<b>35,321,497</b>	

**iv. Delayed Completion of Projects**

A test check of the project documents and a visit to twenty seven (27) selected projects revealed that twelve (12) contracts for the construction of various schools at a total contract sum of K369,012,598 awarded during the periods August 2011 to September 2014 had not been completed within the contract periods.



As of June 2015, amounts totalling K165,278,955 had been paid. See table below.

Details	Scope	Status
<p><b>Project: Musa Day</b></p> <p><b>Contractor: ASESCO</b></p> <p><b>District: Kasama</b></p> <p><b>Contract Date: 22.07.11</b></p> <p><b>Contract Period: 72 weeks</b></p> <p><b>Contract Sum: K13,278,591</b></p> <p><b>Amount Paid: K4,310,920</b></p>	<p>(2) 1 x 3 Classroom blocks, (1) 1 x 2 Science Laboratories, (1) Assembly Hall/Sports hall, (1) Tuck-shop, (10) staff houses, (1) 1x2 Home Economics block, (1) administration block, (1) girls classroom ablution block, (1) boys classroom ablution block and associated external works</p>	<ul style="list-style-type: none"> <li>• Although the Staff Houses had been completed, they had not yet been plastered and wiring and plumbing works had not yet been done.</li> <li>• Home Economic, classrooms, laboratories, administration, ablution blocks and tuck shop were at finishing level.</li> <li>• The Assembly Hall was at backfilling stage</li> <li>• The project was delayed by 148 weeks</li> </ul>
<p><b>Project: Ntumpa Boarding School</b></p> <p><b>Contractor: Hua Jiang</b></p> <p><b>District: Kasama</b></p> <p><b>Contract Date: 24.09.14</b></p> <p><b>Contract Period: 30 weeks</b></p> <p><b>Contract Sum: K26,624,884</b></p> <p><b>Amount Paid: K17,507,452</b></p>	<p>(4) 1 x 3 Classroom blocks, (1) 1 x 2 Science Laboratories, (1) Assembly Hall/Sports hall, (1) Sick bay, (1) Tuck-shop, (18) staff houses, (2) houses for the Head and Deputy Head Teachers, (1) 1x2 Home Economics block, (1) Library/Resource Centre, (1) Kitchen/ Dining Hall, 4 girls dormitories, (2) girls dormitory ablution blocks, 4 boys dormitories, 2 boys dormitory ablution blocks, (1) administration block, (1) girls classroom ablution block, (1) boys classroom ablution block, (2) borehole drilling ,water tank and stand, plumbing installations and associated external works.</p>	<ul style="list-style-type: none"> <li>• Assembly hall, Dormitories, Dining hall, Staff houses, Laboratories, Classrooms and boys and girls ablution blocks were at finishing levels</li> <li>• Plumbing works had not been done</li> <li>• The project was delayed by 21 weeks</li> </ul>

<p><b>Project: Kampamba Day School</b></p> <p><b>Contractor: Heros Construction</b></p> <p><b>District: Mpika</b></p> <p><b>Contract Date: 08.08.11</b></p> <p><b>Contract Period: 66 weeks</b></p> <p><b>Contract Sum: K16,350,626</b></p> <p><b>Amount Paid: K5,795,344</b></p>	<p>(2) 1 x 3 Classroom blocks, (1)1 x 2 Science Laboratories, (1) Assembly Hall/Sports hall, (1) Tuck-shop, (10) staff houses, (1) 1x2Home Economics block, (1) administration block, (1) girls classroom ablution block, (1) boys classroom ablution block and associated external works.</p>	<ul style="list-style-type: none"> <li>• Assembly Hall was at box level</li> <li>• Classrooms, Home economics, Laboratory, Ablution for girls and boys and Administration blocks, Library, Staff houses, Tuck shop and Sick bay were at finishing levels</li> <li>• Plumbing works had not been done</li> <li>• The project was delayed by 144 weeks</li> </ul>
<p><b>Project: John Mubanga</b></p> <p><b>Contractor: Heros Construction</b></p> <p><b>District: Mpika</b></p> <p><b>Contract Date: 08.08.11</b></p> <p><b>Contract Period: 66 weeks</b></p> <p><b>Contract Sum: K16,867,915</b></p> <p><b>Amount Paid: K4,722,862</b></p>	<p>(2) 1 x 3 Classroom blocks, (1)1 x 2 Science Laboratories, (1) Assembly Hall/Sports hall, (1)Tuck-shop, (10) staff houses, (1) 1x2Home Economics block, (1) administration block,(1) girls classroom ablution block, (1) boys classroom ablution block and associated external works.</p>	<p>As of June 2015, the Assembly Hall was at box level and all other structures were at gable level. See pictures below.</p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div> <p style="text-align: center;"><i>Staff houses at gable level      Assembly Hall at backfilling stage</i></p> <p>The project was delayed by 144 weeks</p>

<p><b>Project: COSETCO</b></p> <p><b>Contractor: Hua Jiang</b></p> <p><b>District: Kitwe</b></p> <p><b>Contract Sum: K55,877,690</b></p> <p><b>Amount Paid: K35,707,497</b></p>	<p>Construction of (2 No.) four Storey hostel blocks, (1) Lecture Theatre, two (2 No.) Storey classroom blocks (1x5 classroom blocks) (1) 2 Storey Library/Resource Centre and associated external works.</p>	<p>As of June 2015, the four (4) Storey Hostel, two (2) Storey classroom blocks, Lecture theatre and Library/resource Centre were at finishing levels.</p>
<p><b>Project: Mukuba University</b></p> <p><b>Contractor: China Jiangxi</b></p> <p><b>District: Kitwe</b></p> <p><b>Contract Date: 20.04.13</b></p> <p><b>Contract Period: 78 weeks</b></p> <p><b>Contract Sum: K48,173,193</b></p> <p><b>Amount Paid: K16,564,102</b></p>	<p>(2) Four Storey hostel blocks, (1) Lecture Theatre, (2) two Storey classroom blocks (1x5 classroom blocks) (10) Staff houses and associated external works.</p>	<p>As of June 2015, the structures were at the stages indicated below.</p> <ul style="list-style-type: none"> <li>• 2 Classroom blocks were at setting and excavation stages</li> <li>• The Hostel blocks were at super structure</li> <li>• The Lecturers' houses were at wall plate and gable levels</li> <li>• The project was delayed by 42 weeks</li> </ul>

<p><b>Project: Chusefu Boarding School</b></p> <p><b>Contractor: China Jiangxi</b></p> <p><b>District: Lundazi</b></p> <p><b>Contract Date: 14.08.13</b></p> <p><b>Contract Period: 77 weeks</b></p> <p><b>Contract Sum: K44,296,569</b></p> <p><b>Amount Paid: K10,350,626</b></p>	<p>(3)1 x 3 Classroom blocks,(2) 1x2 classroom blocks(2)1 x 2 Science Laboratories, (1)Assembly Hall/Sports hall,(1)Sick bay,(1)Tuck-shop, (20) senior staff houses,(2) houses for the Head and Deputy Head Teachers, (5)auxiliary staff houses,(2)1x2Home Economics block,(1)Library/Resource Centre, (1) Kitchen/Dining Hall, (4)girls dormitories, (2)girls dormitory ablution blocks, (4)boys dormitories, (2) boys dormitory ablution blocks, (1) administration block, (1) girls classroom ablution block,92) 1x3 Computer laboratories, (1) 1x2 art block, (1)boys classroom ablution block, (4)boreholes, (2) water tanks,(2) water stands and associated external works.</p>	<p>As of June 2015, the structures were at the stages indicated below:</p> <ul style="list-style-type: none"> <li>• 1 Dormitory and ablution blocks for girls were at slab levels</li> <li>• 3 Dormitories for girls were at Window level</li> <li>• Clearing the site for 4 Dormitories for Boys was in progress</li> <li>• Sick bay, Library/Resource centre, classrooms and Administration blocks and staff houses were at ring beam level</li> <li>• The project was delayed by 28 weeks</li> </ul>
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<p><b>Project: Chikowa Day</b></p> <p><b>Contractor: Saltech Enterprise</b></p> <p><b>District: Petauke</b></p> <p><b>Contract Date: 05.10.11</b></p> <p><b>Contract Period: 64 weeks</b></p> <p><b>Contract Sum: K20,598,622</b></p> <p><b>Amount Paid: K15,531,460</b></p>	<p>(2)1 x 3 Classroom blocks,(2)1 x 2 Science Laboratories, (1)Assembly Hall/Sports hall, (1)Tuck-shop,(1) tuck shop (10) senior staff houses,(1)1x2 Home Economics block, (1)administration block,(1) girls classroom ablution block,(1)boys classroom ablution block and associated external works.</p>	<p>As of June 2015, Laboratories, Staff houses Tuck shop, Assembly hall and Classroom, Administration, Ablution and Home economics blocks were at finishing level.</p> <div style="display: flex; justify-content: space-around;">   </div> <p style="text-align: center;"><i>Inside one of the Ablution Blocks</i>      <i>Inside one of the Laboratories</i></p> <p>The project was delayed by 143 weeks</p>
<p><b>Project: Kanona</b></p> <p><b>Contractor: Savenda</b></p> <p><b>District: Serenje</b></p> <p><b>Contract Date: April 2011</b></p> <p><b>Contract Period: 40 weeks</b></p> <p><b>Contract Sum: K17,920,945</b></p> <p><b>Amount Paid: K10,383,708</b></p>	<p>2 x 1 x 3 classroom blocks, 2 x classroom toilets, 1 x 2 Laboratories, Tuck-shop, Assembly Hall, Administration block, Library, Home- Economics block, 10 x staff houses and external works such as Electrical Substation, Water reticulation, Soil drainage, Drive and covered walk ways, Boundary walls, drilling of four (4) boreholes and sports fields.</p>	<p>No payments were made on the contract during the year under review and only a certificate for works costing K251,928.87 was among the unpaid certificates.</p> <p>As of June 2015, the structures were at the stages indicated below.</p> <ul style="list-style-type: none"> <li>• Staff houses and tuck shop were at finishing level while laboratories, Library, Classrooms and Administration blocks were at roof levels.</li> <li>• Assembly hall was at backfilling stage</li> <li>• Two (2) boreholes were sunk but water tanks and stands were not yet erected.</li> </ul> <p>The project was delayed by 136 weeks</p>

<p><b>Project: Limulunga Day</b></p> <p><b>Contractor: Zhogmei</b></p> <p><b>District: Mongu</b></p> <p><b>Contract Period: 50 weeks</b></p> <p><b>Contract Date: 14.08.13</b></p> <p><b>Contract Sum: K37,181,963</b></p> <p><b>Amount Paid: K5,929,591</b></p>	<p>2 x 1 x 3 classroom blocks, 2 x classroom toilets, 1 x 2 Laboratories, Tuck-shop, Assembly Hall, Administration block, Library, Home- Economics block, 10 x staff houses and external works such as Electrical Substation, Water reticulation, Soil drainage, Drive and covered walk ways, Boundary walls and sports fields.</p>	<p>As of June 2015, the structures were at the stages indicated below.</p> <ul style="list-style-type: none"> <li>• All the structures were either at roofing or lintel levels except for the ablution block that was still at box level, and</li> <li>• Two (2) boreholes were sunk and two (2) water tanks erected.</li> <li>• The project was delayed by 12 weeks</li> </ul>
<p><b>Project: Kaumba</b></p> <p><b>Contractor: Millers Construction</b></p> <p><b>District: Monze</b></p> <p><b>Contract Period: 78 weeks</b></p> <p><b>Contract Date: 05.08.13</b></p> <p><b>Contract Sum: K41,944,302</b></p> <p><b>Amount Paid: K12,940,540</b></p>	<p>20 x Staff houses, 4 x 3 Classroom blocks, 1 x 2 Home- Economics blocks, 2 x 2 Science Labs, 2 x Classroom Ablution block, Dining and Kitchen, 4 x Girls Hostel blocks, 2 x Girls Hostel ablution blocks, 4 x Boys Hostels, 2 x Boys Hostels ablution blocks, Administration Block, Assembly Hall, Sick bay, Tuck- shop and Library.</p>	<p>As of June 2015, four (4) months after the completion date, the structures were at the stages indicated below:</p> <ul style="list-style-type: none"> <li>• Ten (10) staff houses, sick bay, library, science laboratories and classroom ablution, administration and home economics blocks were at completion levels.</li> <li>• Girls and boys hostels and ablutions blocks were at either lintel or ring beam levels.</li> <li>• Assembly hall and the Tuck shop were at super structure levels</li> <li>• Ten (10) staff houses, dining, kitchen and classroom blocks were at either foundation or excavation levels.</li> <li>• Two (2) boreholes and drainage were not done</li> <li>• The project was delayed by 34 weeks</li> </ul>



**v. Two (No. 2) Hostel Blocks at Ukwimi Trades**

In August 2014, the Ministry engaged Chao Chao Construction Limited to construct two (2No.) Storey Hostel Blocks at Ukwimi Trades in Petauke district at a contract sum of K18,219,153. The contract had a contract period of fifty two (52) working weeks from 18th August 2014 to 30<sup>th</sup> August 2015.

As of June 2015, the contractor had been paid a total amount of K3,643,831 leaving a balance of K14,575,321.

A physical inspection carried out in June 2015 revealed that although there were only two (2) months before the completion period, the hostel blocks were at backfilling stage and the plumbing works were in progress.



*Soaker way under construction*

**vi. Luanshya Based Institutions**

On 16<sup>th</sup> January 2014, the Ministry engaged Zamchin Construction Company Ltd to construct two (No. 2) four Storey Student Hostel blocks at Luanshya Vocational and Technical College (LVTC) in Luanshya district at a contract sum of K23,706,942. The contract period was eighty (80) weeks starting from January 2014 to August 2015.

As of June 2015, the contractor had been paid a total amount of K3,000,000 leaving a balance of K20,706,942.

The following were observed:

- As of June 2015, the works at the first block had stalled at column casting stage as the contractor was awaiting the removal of the electrical cables that were found at the site.

- The construction works were started before removal of the garbage that was on the site. See pictures below.



*Power cables passing through the site*



*Garbage at the construction site*

- The excavation for the second block was in progress.

#### **vii. Abandoned Infrastructure Projects – Wasteful Expenditure**

A review of contract files, ledgers, payment vouchers and a visit to various project sites revealed that seven (7) contractors engaged to construct various schools at a total contract sum of K144,701,207 had abandoned the projects after being paid amounts totalling K37,540,217. See table below:

<b>Project</b>	<b>Contractor</b>	<b>District</b>	<b>Date Contract Awarded</b>	<b>Contract Period</b>	<b>Contract Sum K</b>	<b>Amount Paid K</b>
Nabwalya	Jiansu Wujin	Mpika	04.01.11	120 weeks	32,182,295	3,218,229
Luansobe	Earththrow Investment	Masaiti	05.07.13	120 weeks	44,109,967	6,061,886
Chikando	Marike		01.09.11	68 weeks	13,462,599	3,679,589
2 Basic Schools (Kapesa and Umi)	Gabman	Lundazi			5,652,412	3,850,298
Chikowa day	Gabman	Petauke	07.01.13	42 weeks	2,667,303	613,790
Chalimbana University	Yangts Jiang Enterprises	Chongwe	26.03.13	72 weeks	46,626,631	20,116,425
<b>Totals</b>					<b>144,701,207</b>	<b>37,540,217</b>

However, there was no evidence of any action taken by the Ministry on the Contractors who had abandoned the projects after the Government had paid them amounts totalling K45,157,369. The expenditure was therefore wasteful.

In particular, the projects were at different levels as indicated below.

- **Nabwalya Boarding Secondary School**

The contractor had been paid an advance payment of K3,218,229 on 21<sup>st</sup> July 2011. As of June 2015, the Contractor had not moved on site and the money had not been recovered.

- **Luansobe Boarding Secondary School**

The scope of works included constructing the following:

(3) 1 x 3 classroom blocks, (2) 1x2 classroom blocks, (2) 1 x 2 science laboratories, (1) assembly hall/sports hall, (1) sick bay, (1) tuck-shop, (20) staff houses, (2) houses for the head and deputy head teachers, (5) auxiliary staff houses, (2) 1x2 home –economics blocks, (1) library/resource centre, (1) kitchen/dining hall, 4 girls dormitories, 2 girls dormitory ablution blocks, 4 boys dormitories, 2 boys dormitory ablution blocks, (1) administration block, (1) girls classroom toilet block, (1) boys classroom toilet block, (2) 1x3 computer laboratories, (1) 1x2 art block, (4) boreholes, (2) water tanks, (2) water stands and associated external works.

As of June 2015, the structures were at various stages as indicated below.

- Works for science laboratories, classroom, home economics, ablution, tuck shop and 3 auxiliary staff houses had not commenced.
- The administration block, library/resource centre, assembly hall, sick bay, kitchen, dining hall, 4 staff houses, dormitories and ablution blocks for girls and boys were at excavation and footing levels,
- 3 staff houses were at slab level
- 6 and 11 staff houses at super and sub structure levels respectively.
- 2 boreholes were not drilled and the tank stand had not been erected.

See pictures below.



*One of the houses at slab level*



*Excavations for the Administration block*

The contractor had as of June 2015 abandoned the project after being paid an advance of K6,061,886.

- **Chikando Day High School**

The scope of works included construction of the following:

(2) 1 x 3 classroom blocks, (1) 1 x 2 science laboratories, (1) assembly hall/sports hall, (1) tuck-shop, (10) staff houses, (1) 1x2 home economics block, (1) library/resource centre, (1) administration block, (1) boys' classroom ablution block, (1) girls' classroom ablution block, (4) boreholes, (2) water tanks, (2) water stands and associated external works.

As of June 2015, the structures were at various stages as indicated below.

- classroom, laboratories, administration and ablution blocks were at backfilling and gable levels
- home economics was at superstructure
- tuck shop was at lintel level
- assembly hall was at foundation level
- library/resource centre was at window level
- 8 and 2 staff houses were at gable and ring beam levels respectively.



*Excavations for the Assembly Hall      1 x 3 classroom block at gable level*

The contractor had abandoned the project after being paid an advance of K3,679,589.

- **Chalimbana University**

The scope of works included the construction of staff houses, 1 x 1 lecture theatre, 2 x 2 two-storey lecture rooms and 1 x 1 four storey hostel block. As of June 2015, the structures were at the stages indicated below:

- Lecture theatre was at substructure level

- Two-storey lecture rooms and four-storey hostel were at column level, first storey
- Staff houses were at finishing level with electrical works remaining.



*Lecture theatre at substructure level*



*Two-storey lecture rooms at column level*

The contractor had abandoned the project after being paid an advance of K20,116,425.

- **Kapekesa**

The scope of works included construction of 1 x 3 Classroom block, 1 x 2 Classroom block, (5) staff houses, (8) VIP toilets and associated external works.

As of June 2015, the structures were at the stages indicated below

- 3 staff houses had been roofed and the other 2 were at roof and lintel levels
- 5 outside kitchens for all the houses had been plastered outside and showers were not done.
- Solar panels had not been fixed.
- Borehole was not sunk
- Classroom block had not been painted and the floor was not done in one (1) classroom.

See pictures below.



*One of the abandoned houses*



*Inside one of the houses*

The contractor had abandoned the project after being paid an advance of K3,850,298.

- **Umi Primary School**

The scope of works included construction of 1 x 3 classroom block, 1 x 2 classroom block, (5) staff houses, (8) VIP toilets and associated external works.

As of June 2015, the structures were at various stages indicated below:

- Classroom blocks was at finishing level
- 7 VIP toilets latrines were at slab and 1 was at finishing levels
- 2 and 3 staff houses were at window and slab levels respectively
- 4 and 1 outside kitchens were at lintel and roof levels respectively
- 5 VIP toilets were at finishing level
- No borehole was sunk and no tanks were erected
- Solar panel were not fixed

See pictures below.



*Inside one unfinished classrooms*



*Abandoned staff houses at slab level*

- **Chikowa Basic School**

The scope of works included construction of (1)1 x 3 classroom block, (1)1 x 2 classroom block, (5) staff houses, (8) VIP toilets and associated external works.

As of June 2015, the structures were at various stages indicated below:

- Classroom blocks was at sub structure and finishing levels
- 3 and 2 staff houses were at foundation and sub structure levels respectively.
- 5 single VIP/shower rooms were at sub structure level
- 5 outside kitchens were at super structure level

As a result, the pupils had to undertake their lessons under makeshift structures. See pictures below.



*Classroom block at sub structure level*



*Pupils learning under a makeshift structure*

The contractor had as of June 2015 abandoned the project after being paid an advance of K613,790.

**HEAD: 80/01 Ministry of Education, Science, Vocation Training and Early Education**

**UNIT: 02 Research and University Education**

**Programme: 5005 Grants to Institutions – Operational**

**ACTIVITIES: 701 Chalimbana University**

56. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2014, a provision of K1,000,000 was made to cater for operations at the Chalimbana University against which an amount of K265,321 was funded.

In addition, funds totalling K8,745,477 were generated by the University through its activities bringing total funds available to K9,010,798 during the period under review.

As of 31<sup>st</sup> December 2013 and 2014, total amounts of K2,946,869 and K5,680,022 were spent respectively.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at Chalimbana University carried out during the period from April to May 2015 revealed the following:

##### **a. Unsupported Payments**

Contrary to Financial Regulations No. 45 and 52, there were one hundred and sixty seven (167) payments in amounts totalling K2,338,984 that were inadequately supported in that they lacked supporting documents such as acquittal sheets, acceptance letters, service reports, and missing claim forms amongst others.

##### **b. Failure to submit Activity Reports**

During the period under review, various officers were issued with imprest in amounts totalling K519,100 to enable them conduct contact sessions in various provinces.

It was however observed that the officers did not produce any reports on the activities undertaken. In this regard, it was not possible to ascertain whether the programmes and activities were undretaken.

##### **c. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K696,628 issued to several officers had not been retired as of May 2015.



**d. Irregular Payment of Allowances**

Contrary to Cabinet Office Circular No. 11 of 2013 which abolished the payment of administrative allowances to public officers, the University paid administrative allowances in amounts totalling K153,600 to various officers for activities such as planning meetings for residential students, registration of students, drafting of students guidelines, verification of students income among others.

**e. Irregular Procurement of Goods and Services Using Imprest**

Financial Regulation No. 86 (c) states that, “accountable imprest shall be issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time”. However, it was observed that the Institution issued accountable imprest in amounts totalling K1,137,952 involving one hundred and thirteen (113) transactions to various officers for payment of tuition fees and procurement of goods and services whose values were obtainable on the market.

**f. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, various stores items costing K925,957 (general stores - K795,957 and fuel - K130,000) procured during the period under review were not accounted for in that there were no receipt and disposal details .

**g. Circumvention of Tender Procedures**

The Zambia Public Procurement Authority (ZPPA) tender procedures stipulate that any procurement above the department’s tender threshold of K10,000 must be subjected to a process of the Ministry Tender Committee (MTC).

It was, however, observed that in order to circumvent this requirement, management split procurements amounting to K95,250 to four (4) firms namely Nadrec Enterprises, Leotina Enterprises, Frerich Enterprises and Chrismuso Enterprises to facilitate the supply of stationery for printing purposes.

**h. Irregular Sponsorship and Payment of Tuition Fees**

During the period under review, amounts totalling K1,081,189 involving one hundred and five (105) transactions were directly paid to various officers as tuition fees to facilitate training in various programmes at various institutions.

However, there were no written authorities from PSMD to allow the officers to proceed for studies. There were no application and acceptance letters from the institutions and bonding agreements between the officers and the sponsoring institution availed for audit.

**i. Utility Bills - Electricity**

Chalimbana University maintains four accounts in respect of electricity supplies from ZESCO as shown in the table below:

Account Name	Account Number	Supplies
Chalimbana College	1120452	Kitchen, Hostels, Classes, Industrial Arts & Home Economics Departments
In-Service Teachers College	3387746	Main Borehole
Principal's Compound	3372557	Principal's House, Library, Soweto, Chifunga, Mugabe, Principal's Extension, Computer Laboratory and College Hall
Chalimbana Water Works	3387750	Water Works, Clinic Houses (3), Clinic, Chalimbana Primary School (7 houses), Mukamambo II Secondary School Classes, University Grinding Mill, Kamwala Compound (16 houses), Mukamambo Secondary School (12 houses), Down Hill Compound, 17 University Houses and Construction Site (Chalimbana University)

However, the University maintains six (6) ZESCO accounts in respect of University members of staff households. During the audit on the accounts for the financial year 2013, the University management was advised that separate accounts should be opened for each individual household and that the University should stop servicing Electricity bills in respect of the households.

A review of the situation carried out in May 2015 revealed that contrary to the Terms and Conditions of Service for the University staff, the University had continued accumulating electricity bills on behalf of its employees. In this regard, as of May 2015, amounts totalling K93,266 in respect eighty nine (89) households had been accumulated.

**HEAD: 80 Ministry of Education, Science, Vocational Training and Early Education**

**UNITS: Various**

**PROGRAMMES: National Implementation Framework (NIF) III**

**ACTIVITIES: Various**

57. In the Estimates of Revenue and Expenditure for the year 1<sup>st</sup> January 2014 to 31<sup>st</sup> December 2014, a provision of K59,899,652 (US\$9,637,825) was made and the whole amount was released to cater for activities under the National Implementation Framework (NIF III) as follows.

Source	Provisions		Releases	
	US\$	K	US\$	K
Ireland	6,867,000	43,683,734	6,867,000	43,683,734
Ireland	61,250	392,000	61,250	392,000
JICA	2,709,575	15,823,918	2,709,575	15,823,918
<b>Total</b>	<b>9,637,825</b>	<b>59,899,652</b>	<b>9,637,825</b>	<b>59,899,652</b>
<b>Opening Balance 2014</b>	<b>-</b>	<b>-</b>	<b>2,413,849</b>	<b>15,448,634</b>
<b>Total Funds Available</b>	<b>9,637,825</b>	<b>59,899,652</b>	<b>12,051,674</b>	<b>75,348,286</b>

In addition, K15,448,634 (US\$2,413,849) was brought forward from 2013, bringing the total available funds to K75,348,286 (US\$12,051,674).

According to the financial statements for the year ended 31<sup>st</sup> December, 2014, out of the K75,348,286 which was released, amounts totalling K44,558,217 were utilised at the Ministry Headquarters, National Science Centre, Provincial Education Office (PEO), District Education Boards Secretaries (DEB) offices and various Secondary and Primary Schools for various programmes and activities, leaving a balance of unutilised funds amounting to K30,790,069. See table below.

Station	Grants for Administration K	Production, Distribution of Mobile Science Labs K	Roll out New Curriculum K	Education Materials K	Free Basic Education Materials K	Total K
Lusaka	160,307	14,905,424	-	-	25,414,847	<b>40,480,578</b>
Copperbelt	-	-	-	-	-	-
Central	-	-	592,336	376,729	-	<b>969,065</b>
Southern	-	-	1,263,165	-	-	<b>1,263,165</b>
Western	-	-	589,477	285,166	-	<b>874,643</b>
Eastern	-	-	-	-	-	-
Northern	-	-	200,445	-	-	<b>200,445</b>
Luapula	-	-	174,229	10,126	-	<b>184,355</b>
North Western	-	-	84,211	162,022	-	<b>246,233</b>
Muchinga	-	-	339,733	-	-	<b>339,733</b>
<b>Total</b>	<b>160,307</b>	<b>14,905,424</b>	<b>3,243,596</b>	<b>834,043</b>	<b>25,414,847</b>	<b>44,558,217</b>

### Accounting and other Irregularities

An examination of accounting, stores and other records maintained at the Ministry Headquarters, Provincial Education Offices and physical inspections carried out between March and September 2015 in the selected District Education Boards and schools in Provinces revealed the following:-

#### a. Procurement of Grade 1 Term 2 and 3 Zambian Languages Pupils Books National Literacy Framework - ZEPH

On 22<sup>nd</sup> January, 2014, the Ministry engaged the Zambia Educational Publishing House (ZEPH) to supply Grade 1 Term 2 and 3 Zambian Languages Pupils Books National Literacy Framework at a contract price of K3,750,600 with a delivery period of 12 weeks. As of October, 2015, a total of K3,750,600 had been paid to ZEPH in respect of 197,400 term 2 books and 197,400 term 3 books.

A review of the printed and distributed quantities of books revealed that the Zambia Education Publishing House (ZEPH) only printed and distributed one hundred and eighty eight thousand six hundred and fifty (188,650) books for each term instead of the contracted one hundred and ninety seven thousand four hundred (197,400) leaving a balance of seventeen thousand five hundred (17,500) books costing K166,250 not printed and distributed. See table below.

## Term 2 Printed Copies

Description	Contracted Qty	No. Pages	Unit Price K	Total K	Printed copies	Variance	Total Variance K
Ichibemba	83,000	72	10	830,000	80,700	2300	23,000
Chitonga	43,500	60	10	435,000	45,500	-2000	-20,000
Chinyanja	35,800	52	10	358,000	31,000	4800	48,000
Silozu	18,400	96	10	184,000	15,000	3400	34,000
Kikaonde	6,300	96	10	63,000	6,100	200	2,000
Lunda	5,200	92	10	52,000	4,400	800	8,000
Luvale	5,200	98	10	52,000	5,950	-750	-7,500
	<b>197,400</b>			<b>1,974,000</b>	<b>188,650</b>	<b>8750</b>	<b>87,500</b>

## Term 3 Printed Copies

Description	Contracted Qty	No. Pages	Unit Price	Total	Printed Copies	Variance	Total Variance K
Ichibemba	83,000	72	9	747,000	80,700	2300	20,700
Chitonga	43,500	60	9	391,500	45,500	-2000	-18,000
Chinyanja	35,800	52	9	322,200	31,000	4800	43,200
Silozu	18,400	96	9	165,600	15,000	3400	30,600
Kikaonde	6,300	96	9	56,700	6,100	200	1,800
Lunda	5,200	92	9	46,800	4,400	800	7,200
Luvale	5,200	98	9	46,800	5,950	-750	-6,750
	<b>197,400</b>			<b>1,776,600</b>	<b>188,650</b>	<b>8750</b>	<b>78,750</b>

However, as of October 2015, no explanation was provided for the unprinted 17,500 books

A physical inspection in selected districts and primary schools in Lusaka Province revealed that out of a total expected distribution of 8,348 books for Grade 1, term 2 and 3 costing K392,356 only 2,873 books costing K135,031 were distributed and delivered leaving a balance of 4,765 books costing K223,955 undelivered. See table below.

Province	District	Station	Expected Delivery	Actual Delivery	Variance	Unit Price	Variance Amount K
Lusaka	Kafue	Kafue DEBS	2,500	-	2,500	47	117,500
	Rufunsa	Rufunsa DEBS	3,000	1,612	1,388	47	65,236
	Chirundu	Chirundu DEBS	2,000	1,200	800	47	37,600
	Lusaka	New Kanyama Basic School	95	26	69	47	3,243
	Shibuyunji	Shamilima Primary School	43	35	8	47	376
		<b>Total</b>	<b>7,638</b>	<b>2,873</b>	<b>4,765</b>		<b>223,955</b>

### b. Supply and Delivery of Free Basic Materials (Lots 2, 3, 4, 5 and 6) for Grades 1-7 - Premium Way International Ltd

In July 2014, the Ministry engaged Premium way International Limited for the supply and delivery of free basic materials (Lots 2,3,4,5 and 6) for Grades 1 to 7 to seventy two (72) District Education Board Offices (DEB) at a contract sum of K42,667,875

(US\$6,666,855.53) at an exchange rate of K6.40 per US\$. The contract was to be executed in twenty four (24) weeks from the signing of the contract in July 2014. The lots included pencils, erasers, sharpeners, rulers and pens as shown in the table below.

Lot	Items	Quantities	Unit Price US\$	Amounts US\$	Kwacha Equivalent	Delivery Period
2	Pencils	14,035,167	0.04	512,843	3,282,195	24 Weeks
3	Erasers	14,035,167	0.07	915,795	5,861,086	24 Weeks
4	Sharpeners	14,035,167	0.12	1,630,185	10,433,182	24 Weeks
5	Rulers	14,035,167	0.11	1,483,517	9,494,510	24 Weeks
6	Pens	5,506,065	0.12	646,963	4,140,561	24 Weeks
7	Warehousing & Distribution			1,477,551	9,456,329	24 Weeks
	<b>Total</b>			<b>6,666,854</b>	<b>42,667,863</b>	

The following were observed:

**i. Expired Guarantee**

On 3<sup>rd</sup> December 2014, the Ministry paid the supplier an amount of K10,733,637 (\$1,666,713.88) being 25% of the total contract price upon provision of an advance payment guarantee that was dated 30<sup>th</sup> September 2014. A review of the documents at the Ministry revealed that the guarantee expired on 30<sup>th</sup> April 2015 before the supplier finished delivery of the goods and had not been renewed as of October 2015.

**ii. Failure to Provide Distribution and Delivery Details**

Free basic materials delivered to seventy two (72) District Education Board (DEB) Offices could not be verified due to lack of delivery notes.

**iii. Failure to Deliver Free Basic Education Materials**

A physical inspection carried out in the districts revealed that out of the contracted amount of K33,211,534 worth of free basic education materials, only materials worth K74,775 were delivered as of June 2015 leaving a balance of materials worth K33,136,759 undelivered. See table below.

Materials	Pencils	Erasers	Sharpeners	Rulers	Pens	Total K
Contracted Volumes (Units)	14,035,167	14,035,167	14,035,167	14,035,167	5,506,065	
Contracted Value K	3,282,195	5,861,086	10,433,182	9,494,510	4,140,561	33,211,534
Delivered Volumes (Units)	28,800	27,000	31,680	32,000	11,000	
Delivered Values	7,373	12,096	24,330	22,528	8,448	74,775
Volume Variances (Units)	14,006,367	14,008,167	14,003,487	14,003,167	5,495,065	
Value Variance K	3,274,822	5,848,990	10,408,852	9,471,982	4,132,113	33,136,759

A further physical inspection in some selected primary schools in Lusaka Province revealed that out of the expected distribution of free basic education materials costing K74,775 only materials costing K1,408 representing 1.9% of the expected distribution cost of K74,775 were actually received by schools leaving a balance of materials costing K73,367 undelivered. Management had not provided an explanation for the variance as at the time of the audit in September 2015. See table below.

Province	District	Station	Expected Delivery Value K	Actual Delivery Value K	Variance Amount K
Lusaka	Lusaka	Kabwata Basic School	19,555	-	19,555
		Libala Basic School	20,259	-	20,259
	Chongwe	Chongwe Basic School	4,224	1,408	2,816
	Chongwe	Matipula Primary School	8,530	-	8,530
	Chongwe	Chalibana Primary School	12,292	-	12,292
	Chongwe	Ndeke Primary School	9,916	-	9,916
		<b>TOTAL</b>	<b>74,775</b>	<b>1,408</b>	<b>73,367</b>

#### iv. Delayed Distribution and Delivery of Free Basic Materials

According to Provision No. 22 (2) of the contract, the distribution of and delivery of free basic materials was to be made within twenty four (24) weeks after the signing of the contract in July 2014. A scrutiny of the contract showed that although the contract was signed in July 2014, the actual day of signing was not indicated.

However, as of October 2015, nine (9) months after the end of July 2014, the month in which the contract was signed, the materials had not been delivered despite the contractor having been paid K19,613,046 (US\$2,850,982.48) representing 43% of the contract price.

**c. Supply and Delivery of Free Basic Materials (Lots 1 and 7) for Grades 1 to 7 - WEB INTERNATIONAL LTD**

On 3<sup>rd</sup> July 2014, the Ministry engaged Web International Limited for the supply and delivery of free basic materials (Lots 1 and 7) for Grades 1-7 to 72 District Education Board Secretary's Offices (DEBS) at a contract sum of K58,724,829 (US\$9,104,626). The contract was to be executed in sixteen (16) weeks from the 3<sup>rd</sup> July 2014. As of October 2015, the contractor had been paid amounts totalling K23,855,835 (US\$3,670,128). The lots included exercise books and mathematical sets.

However, the following were observed:

**i. Expired Guarantee**

Although the contract provided for the provision of the guarantee, the guarantee provided by the supplier had expired on 14<sup>th</sup> November 2014 and had not been renewed as of October 2015.

**ii. Late Delivery of Materials**

The supplier was required to deliver the materials within sixteen (16) weeks from the date of the signing of the contract on 3<sup>rd</sup> July 2014. However, as of October 2015, only materials worth K9,836,146 (US\$1,524,983.90) representing 17% of the Contract price were delivered to Lusaka and Central Provinces leaving a balance of materials worth K48,888,695 (US\$7,579,643.59).

**iii. Failure to Enforce Contract Terms**

The contract provides for the Ministry to charge liquidated damages in respect of delays in the delivery of the materials. However, as of October 2015, the Ministry had not enforced the contract terms.



**d. Weaknesses in the Management of Grants in Various Provinces, PEOs and DEB**

**i. Unretired Imprest**

Contrary to Financial Regulations No. 96 (1), imprest in amounts totalling K310,682 issued to two (2) officers at the Ministry headquarters during the period under review had not been retired as of October 2015.

**ii. Failure to Provide Activity Reports**

During the period under review, imprest in amounts totalling K257,184 was issued to eight (8) officers for monitoring projects and other activities. However, there were no activities reports produced for audit. See table below.

<b>Institution</b>	<b>No. of Officers</b>	<b>Amount K</b>
Choma DEB	3	75,770
Sinazongwe DEB	1	4,040
North Western PEO	1	7,200
Kabwe DEB	2	85,963
Kazungula DEB	1	84,211
<b>Total:</b>	<b>8</b>	<b>257,184</b>

**iii. Failure to Submit Expenditure Returns**

According to NIF III operational guidelines, all schools that receive school grants are required to submit expenditure returns to the DEB Office on a quarterly basis for accountability purposes.

Contrary to the guidelines, one hundred and forty five (145) schools that received grants in amounts totalling K367,431 did not submit expenditure returns to their respective DEB Offices. See table below.

<b>Institution</b>	<b>No. of Schools</b>	<b>Amount K</b>
Solwezi DEB	112	192,919
Mwinilunga DEB	17	148,330
Manyinga DEB	16	26,182
<b>Total</b>	<b>145</b>	<b>367,431</b>

**iv. Unsupported Payments**

Contrary to Financial Regulation No.45, there were nineteen (19) transactions in amounts totalling K 432,937 that were not supported with relevant documents such as quotations, cash sales receipts and LPOs among others. See table below.

<b>Institution</b>	<b>No. of Payments</b>	<b>Amount K</b>
Nakonde DEB	2	4,020
Zambezi Boarding	1	10,718
Chavuma DEB	1	1,500
Kabompo DEB	3	8,190
<b>Total</b>	<b>7</b>	<b>24,428</b>

**v. Misapplication of Funds**

Contrary to the Appropriation Act of 2013, amounts totalling K84,793 intended for Basic and Community schools were applied on unrelated activities such as payment of subsistence allowances and repair of motor vehicles among others. See table below.

<b>Institution</b>	<b>Purpose of Funds</b>	<b>Misapplied on</b>	<b>Amount K</b>
Senanga DEBS	Book procurements-Primary	School grants	74,500
Nakonde DEBS	Book Procurement	RDCs	3,840
Mwinilunga -Lunga Secondary School	NIF Grant	RDCs	6,453
<b>Total</b>			<b>84,793</b>

**vi. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K18,360 (general stores – K16,560 and fuel - K1,800) procured during the period under review were unaccounted for in that there were no receipt and disposal details. See table below.

<b>Institution</b>	<b>General Stores K</b>	<b>Fuel K</b>	<b>Total K</b>
N/Western PEO	2,010	-	2,010
Chavuma DEBS	5,750	1,800	7,550
Kabompo DEBS	8,800	-	8,800
<b>Total</b>	<b>16,560</b>	<b>1,800</b>	<b>18,360</b>

**vii. Failure to Inscribe Government Assets**

Contrary to Public Stores Regulation No. 154, which states that ‘all items or furniture and equipment belonging to the Government must be clearly marked with distinguishing letters’ it was observed that various furniture and equipment costing

K155,873 procured during the period under review were not marked. See table below.

<b>Institution</b>	<b>Amount K</b>
Namwala DEBS	44,600
Manyinga DEBS	20,130
Zambezi Boarding Sec.	18,843
Chavuma DEBS	5,000
Lunga Day Sec. School	9,190
Kabanda Sec. School	13,200
Ikelengi Sec. School	6,500
Kasempa Day Sec.	8,400
Mukinge Girls Sec.	9,205
Kaimbwe Sec. School	20,805
<b>Total</b>	<b>155,873</b>

**viii. Unaccounted for Funds – Mwinilunga DEB**

A review of bank statements for the period under review revealed that during the period from 4<sup>th</sup> January to 12<sup>th</sup> February 2014, Management at DEB -Mwinilunga had cash in amounts totalling K116,134 kept in the DEB office which was being used to pay for various programs and activities by first depositing the cash in NIF III account and then cutting cheques. A further review revealed that the cash was withdrawn from the NIF III Mwinilunga DEB account on 30<sup>th</sup> December 2013.

At the time of audit in September 2015, amounts totalling K92,155 had been re deposited and paid out to various programmers and activities leaving a balance of K23,979 unaccounted for.

**HEAD: 80 Ministry of Education, Science, Vocational Training and Early Education**

**UNITS: Various**

**PROGRAMMES: Personnel Emoluments**

**ACTIVITIES: Various**

**58.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K3,452,252,469 was made to cater for personal emoluments in seven Regional Headquarters, District Education Board Offices (DEBs) and Chalimbana University against which amounts totalling K3,461,604,051 were released. See Table below.

Station	Budget K	Releases K
Copperbelt	1,021,821,783	1,022,907,493
Northern	418,292,346	410,159,189
Luapula	7,406,287	9,224,539
Lusaka Province (Chalimbana University)	8,632,058	8,757,615
Southern	714,115,213	694,587,924
Western	426,266,256	384,214,990
North Western	416,557,337	493,116,311
Muchinga	439,161,189	438,635,990
<b>Total</b>	<b>3,452,252,469</b>	<b>3,461,604,051</b>

### Accounting and Other Irregularities

An examination of accounting and other records maintained at Regional Headquarters, DEBs, Colleges, Primary, Secondary Schools and Chalimbana University carried out in May 2015 revealed the following:

#### a. Employees on Payroll (PMEC), but not on the Station

During the period under review, amounts totalling K627,105 were paid to one hundred and sixty four (164) employees who did not exist on the respective DEB staff assignment as of December 2014 as shown in the table below.

Station	No. of Officers	Amount K
Zimba DEBS	58	220,485
Kikombe Secondary Sch	02	7,000
Manyinga District	23	99,740
Chavuma District	55	208,975
Zambezi District	26	90,905
<b>Total</b>	<b>164</b>	<b>627,105</b>

#### b. Irregular Payment of Responsibility Allowance

The collective agreement between the Government of the Republic of Zambia and Secondary School Teachers Union of Zambia (SESTUZ) of 3<sup>rd</sup> April, 2013 states that responsibility allowance shall continue to be paid at the rate of 20% of monthly basic salary to:

- i. Degree holders teaching A level classes
- ii. Advanced diploma holders teaching either senior or 'A' level classes at a secondary school.
- iii. Diploma holders teaching senior classes; and

iv. Certificate holders teaching Upper Basic/Secondary School classes

However, amounts totalling K68,494 were irregularly paid to eight (8) officers as responsibility allowance in that the officers were paid at wrong rates as some were paid allowances for which they did not qualify academically as per requirements of collective agreements as indicated in the schedules and shown in the table below:

<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>
Ndola PEO	01	12,372
Solwezi DEBS	01	7,000
Kyawama Secondary School	04	27,300
Chavuma Day Secondary School	01	5,600
Chalimbana University	01	16,222
<b>Total</b>	<b>8</b>	<b>68,494</b>

c. Irregular Payment of Double Class

During the period under review, nine (9) teachers were paid double class allowances in amounts totalling K70,700. It was however observed that the allowances were paid without obtaining authority from the DEB Office. See table below.

<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>
Chingola DEB	8	67,200
Manyinga DEB	01	3,500
	<b>9</b>	<b>70,700</b>

d. Irregular Payment of Remote Hardship Allowance

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be remote shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

During the period under review, amounts totalling K630,500 were irregularly paid as remote hardship allowances to sixty four (64) officers who were ineligible to receive the allowance as their stations of work were in areas that were not declared as remote. See table below.

<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>
Ndola PEO	03	31,500
Mongu DEB	01	10,500
Limulunga DEB	02	9,069
Senanga DEB	07	61,666
Sesheke DEB	04	25,375
Kaoma DEB	07	69,125
Provincial Education Office	02	25,941
Solwezi Skills	02	15,465
Solwezi DEB	02	39,195
Kikombe Secondary School	03	33,250
Kyawama Secondary School	03	33,250
Solwezi Technical Secondary School	05	61,379
Kasama DEB	04	33,250
Mbala DEB	18	178,647
Chinsali DEB	01	2,888
	<b>64</b>	<b>630,500</b>

**e. Irregular Payment of Rural Hardship**

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be in a rural area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

During the period under review, amounts totalling K1,951,465 were irregularly paid as rural hardship allowances to two hundred and fifty (250) officers who were ineligible to receive the allowance as their station of work were in areas that were not declared as rural. See table below.

<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>
Ndola PEO	1	8,400
Mongu DEB	18	130,900
Senanga DEB	52	389,717
Sesheke DEB	15	108,939
Kaoma DEB	19	153,300
Provincial Education Office	02	11,020
Solwezi College of Education	01	6,720
Solwezi DEB	03	20,220
Kikombe Secondary School	05	48,072
Kyawama Secondary School	08	78,121
Solwezi Technical School	17	184,426
Kasama DEB	40	308,629
Mbala DEB	69	503,001
	<b>250</b>	<b>1,951,465</b>

**f. Payment of Remote Instead of Rural Hardship Allowances**

During the period under review, forty seven (47) officers were paid remote hardship allowances in amounts totalling K530,679 instead of being paid rural hardship allowance of K424,543 resulting in an over payment of K106,136 which had not been recovered as of October 2015. See table below.

<b>Station</b>	<b>No. of Officers</b>	<b>Remote Allowance Paid K</b>	<b>Rural Allowance Paid K</b>	<b>Over Payment K</b>
Kaoma DEBS	08	93,930	75,144	18,786
Luwingu DEBS	18	201,945	161,556	40,389
Kaputa DEBS	21	234,804	187,843	46,961
	<b>47</b>	<b>530,679</b>	<b>424,543</b>	<b>106,136</b>

**g. Officers with Net Pay Less than 40%**

Contrary to Public Service Management Division Circular No. B19 of 2007, which states that the net pay, after deductions, should not be less than 40% of the basic pay, during the period under review, there were six hundred and twenty two (622) officers with a net pay of less than 40% as shown in the table below.

<b>Station</b>	<b>No. of Officers</b>
Mazabuka	01
Western DEBS	606
Shiwanga'ndu DEBS	05
Lusaka PEO	06
Lusaka DEBS	04
	<b>622</b>

**h. Irregular Payment of Housing Allowance to Officers Occupying Institutional Houses**

During the period under review, amounts totalling K1,529,367 were irregularly paid to one hundred and seventy two (172) officers who were occupying institutional houses. See table below.

<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>
Ndola PEO	64	653,460
Mongu DEB	14	104,386
Senanga DEB	15	104,927
Sesheke DEB	37	222,210
Kaoma DEB	17	75,331
Solwezi College of Education	12	165,094
Solwezi DEB	01	13,403
Solwezi Technical School	08	78,644
Chalimba University	04	111,912
	<b>172</b>	<b>1,529,367</b>

**i. Failure to Constitute a Medical Board - Sesheke Secondary School**

Contrary to the Terms and Conditions of Service for the Public Service No. 151, no medical board had been constituted in respect of two (2) teachers at Sesheke Secondary School who had not reported for work since 2009 due to ill health. As of April 2015, the teachers had been paid amounts totalling K408,804 during the period of their illness.

**j. Failure to Recover Loans and Advances – Northern Province**

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of loans and advances in amounts totalling K53,500 paid to six (6) officers during the period under review were not effected as of August 2015.

**HEAD: 80 Ministry of Education, Science, Vocational Training and Early Education**

**DEPARTMENTS: Regional Headquarters, District Education Offices, Secondary Schools and Teachers' Training Colleges.**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**59.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K119,844,104 was made to cater for Recurrent Departmental Charges in seventy seven (77) institutions against which amounts totalling K115,182,051 were released leaving a balance of K4,662,054.

In addition, several institutions received grants and collected tuition and user fees in amounts totalling K205,719,178 bringing the total funds available to K320,901,193.



## Accounting and Other Irregularities

An examination of accounting and other records maintained at Regional Headquarters, District Education Board Offices, Colleges, Schools and physical inspections of selected projects carried out in March 2015 revealed the following:

### a. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, twenty five (25) payment vouchers in amounts totalling K75,643 were not availed for audit. See table below.

Station	No. of Payment	Amount K
Chikola Secondary	6	24,993
Chisamba DEBS	1	2,000
PEO Livingstone	4	16,195
David Livingstone Sec Sch	14	32,455
	<b>25</b>	<b>75,643</b>

### b. Unsupported Payments

Contrary to Financial Regulation No. 45, two hundred and sixty seven (267) payments in amounts totalling K1,404,197 were not supported with relevant documents such as cash sales receipts and LPOs among others. See table below.

<b>Station</b>	<b>No. Of Transactions</b>	<b>Amount K</b>
Mitanto Secondary School	9	45,832
Mpongwe Secondary School	4	18,341
Chikola Secondary School	6	37,580
Manyinga DEB	13	18,000
Loloma Day Secondary	1	4,090
Solwezi Skills	1	2,095
Solwezi College of Education	34	93,987
Siavonga DEB	5	53,591
Limulunga DEB	1	2,752
Senanga DEB	1	10,000
Chirundu Secondary School	3	22,000
Southern PEO	3	12,101
Sinazongwe DEB	6	12,785
Pemba DEB	3	4,649
Pemba High School	19	163,484
David Livingstone Sec Sch	28	190,959
Mpika Boys Secondary	25	97,701
Chama Boarding Secondary	51	271,821
Chinsali DEB	1	9,950
Chinsali Girls Secondary	6	7,579
Muyombe Secondary	3	11,440
Kenneth Kaunda Secondary	9	51,975
Nakonde Secondary School	4	19,335
Chama DEB	20	190,807
Shiwang'andu DEB	9	42,768
Mwavi Secondary	2	8,575
	<b>267</b>	<b>1,404,197</b>

**c. Irregular Payment of Subsistence and Meal Allowances**

Terms and Conditions of Service for the Public Service No. 54 (a) provides that Subsistence allowance shall be paid to an officer to cover additional expenses he/she has to meet when travelling on duty away from his or her normal station of duty. Contrary to the above regulation, one hundred and thirty (130) officers were irregularly paid amounts totalling K614,977 as subsistence and meal allowances for activities that were undertaken at their normal stations of duty. See table below.

<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>
Mufulira College	5	151,050
Chikola Secondary	1	7,000
Wusakile Secondary	7	32,300
Chifubu Secondary	37	165,381
Chipata DEB	1	25,250
Lundazi DEB	1	20,220
Anoya Zulu Sec Sch	4	23,456
Sinda DEBS	1	3,300
Solwezi College of Education	4	900
Zambezi Boarding	3	10,080
Solwezi DEB	28	60,515
Kafue DEB	3	38,890
Mongu PEO	4	16,450
Mongu DEB	4	8,700
Mongu Sch for Continuing Education	1	1,250
Limulunga DEB	1	450
Senanga DEB	3	5,550
Mongu College of Education	3	7,000
PEO Livingstone	5	18,250
Sinazongwe DEB	4	2,460
Isoka DEB	4	10,600
David Livingstone Secondary Sch	6	5,925
<b>Total</b>	<b>130</b>	<b>614,977</b>

**d. Irregular Payment of Refunds**

In 2014, amounts totalling K178,165 were paid to thirty (30) officers involving forty nine (49) transactions as refunds for procurement of various items such as cleaning and building materials and other stores items. However, officers did not obtain prior authority to use their personal funds and the procurements were not subjected to tender.

<b>Station</b>	<b>No. of Transaction</b>	<b>No. of Officers</b>	<b>Amount K</b>
Wusakile Secondary	17	3	99,647
Senanga DEBS	3	3	2,590
Sesheke Secondary School	7	7	9,489
Livingstone PEO	12	8	37,355
Sinazongwe DEBS	6	6	12,360
Pemba High School	4	3	16,724
	<b>49</b>	<b>30</b>	<b>178,165</b>

**e. Officers on Studies without Approved Leave**

Contrary to the Terms and Conditions of Service for the Public Service which require that sponsored officers obtain paid study leave from PSMD, Chifubu Secondary School paid amounts totalling K30,710 in tuition fees in respect of six (6) officers who were not on paid study leave.

**f. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96 (1), accountable imprest in amounts totalling K526,865 issued to eight nine (89) officers had not been retired as of October 2015. See table below.

<b>Station</b>	<b>No. of Transactions</b>	<b>No. of Officers</b>	<b>Amount K</b>
Chingola DEBS	2	2	3,200
Kalulushi DEBS	4	3	8,520
Wusakile Secondary School	4	3	6,977
Mitanto Secondary School	4	2	11,532
Mpongwe South Secondary	4	1	13,130
Mpongwe Secondary	25	9	77,958
Anoya Zulu High School	1	1	2,774
Chisamba DEBS	1	1	1,100
Solwezi DEBS	1	1	12,768
Solwezi College of Education	5	5	49,730
Siavonga DEBS	7	7	18,170
PEO Mongu	1	1	3,067
Senanga DEBS	2	2	12,255
Chirundu Secondary School	3	2	2,899
Livingstone PEO	9	6	31,201
Sinazongwe DEBS	7	3	21,896
Pemba DEBS	2	2	6,254
Linda High School	17	6	69,196
David Livingstone School	25	13	69,847
Livingstone PEO - REV	3	3	18,534
Pemba Secondary	8	5	22,752
Chama Boarding Secondary	6	6	22,460
Nakonde DEBS	1	1	5,399
Chama DEBS	4	1	31,756
Mwavi Secondary	3	3	3,490
	<b>149</b>	<b>89</b>	<b>526,865</b>

**g. Subsequent Issuance of Imprest**

Contrary to Financial Regulation No. 91(1) and (2), accountable imprest in amounts totalling K106,552 was issued to ten (10) officers who had not retired the previous imprest. See table below.

Station	No. Of Transactions	No. Officers	Amount K
Manyinga DEBS	4	1	21,244
Siavonga DEBS	3	3	4,200
David Livingstone Secondary	26	6	81,108
	<b>33</b>	<b>10</b>	<b>106,552</b>

**h. Failure to Provide Monitoring/Activity Reports**

Imprest in amounts totalling K307,752 was issued to thirty eight (38) officers to enable them undertake various activities such as monitoring, supervision, among others. However, there were no reports made available for verification to justify the expenditure. See table below.

Station	No. of Transactions	No. of Officers	Amount K
Katete DEBS	2	2	3,550
Chipata DEBS	4	3	64,250
Central PEO	3	3	38,130
Ngabwe DEBS	17	6	90,611
Chitambo DEBS	6	5	31,340
Solwezi College of Education	1	1	2,680
Siavonga DEBS	7	5	12,060
Chama Boarding Secondary	3	2	16,995
Nakonde Day Secondary	1	1	7,200
Kenneth Kaunda Secondary	7	7	33,201
Muyombe Secondary	2	2	4,040
Chama DEBS	1	1	3,695
	<b>54</b>	<b>38</b>	<b>307,752</b>

**i. Irregular Procurement of Goods and Services Using Imprest**

Financial Regulation No. 86 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. It was however observed that imprest in amounts totalling K633,769 was issued to seventy three (73) officers to procure goods and services whose values were known at the time. See table below.

Station	No. of Transactions	No. of Officers	Amount K
Chingola DEBS	1	1	5,520
Kalulushi DEBS	4	2	20,131
Temweni secondary	8	3	28,870
Wusakile Secondary School	4	4	32,445
Mitanto Secondary	6	3	23,280
Anoya Zulu Secondary	5	4	11,920
Lundazi Boarding	5	2	9,625
Manyinga DEBS	1	1	5,000
Zambezi DEBS	2	2	7,685
Solwezi College of Education	5	4	10,150
Solwezi Skills	2	2	5,860
Chirundu Sec School	2	1	11,540
Luampa DEBS	2	2	9,259
Senanga DEBS	1	1	5,000
Livingstone PEO	6	6	16,602
Pemba DEBS	10	3	40,150
Chama Boarding Secondary	17	2	187,080
Chinsali Day Secondary	15	5	41,296
Mpika Boys Secondary	30	15	112,181
Nakonde Secondary	15	8	44,575
Chinsali PEO	2	2	5,600
	<b>143</b>	<b>73</b>	<b>633,769</b>

**j. Payments Above Authorised Threshold**

Contrary to Public Procurement Guidelines No. 1 of 2012, amounts totalling K1,310,102 were made to various suppliers for the supply of building materials, servicing of motor vehicles and procurement of transportation for sports teams among others without subjecting them to tender. In addition, it was observed that the payments were above the authorised threshold of K10,000 and there were no lists of registered suppliers.

Institution	No. of Transactions	Amount K
Mongu PEO	2	105,000
Senanga DEB	1	26,000
Sesheke Secondary School	3	10,975
Chama Boarding Secondary	26	193,297
Mpika Boys Secondary	85	754,116
Chavuma DEBS	3	55,000
Wusakile Secondary School	16	165,714.00
	<b>136</b>	<b>1,310,102</b>

**k. Failure to Inscribe Government Assets**

Contrary to Public Stores Regulation No. 154, which states that, “all furniture and equipment belonging to the Government must be clearly marked with distinguishing letters of ‘GRZ’ in an inconspicuous part of the asset to identify it as a Government property”, various assets costing K489,309 procured during the period under review had no identification marks.

**l. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K2,260,770 (general stores - K2,182,796 and fuel - K77,974) procured during the period under review were not accounted for in that there were no receipt and disposal. See table below.

Station	No. of Transactions	General Stores K	Fuel K	Total K
Mpongwe DEBS	6	-	6,700	6,700
Wusakile Secondary	20	54,113	25,000	79,113
Mitanto Secondary	10	28,244	-	28,244
Mpongwe Secondary School	58	224,483	-	224,483
Temweni Secondary	4	12,160	-	12,160
Chipata DEBS	14	8,298	88,864	97,162
Chitambo DEBS	7	-	24,100	24,100
Manyinga DEBS	2	7,650	-	7,650
Zambezi Boarding Secondary	44	140,288	-	140,288
Solwezi DEBS	77	118,140	75,651	193,791
Solwezi Skills	12	20,526	-	20,526
Limulunga DEB	11	27,672	-	27,672
Senanga DEB	1	-	3,003	3,003
Sesheke Secodary School	1	3,500	-	3,500
Luampa DEBS	1	10,000	-	10,000
Mongu College of Education	2	16,948	-	16,948
Shangombo DEB	1	9,500	-	9,500
Chirundu Secondary School	8	40,460	-	40,460
Linda Secondary	19	86,116	-	86,116
David Livingstone Secondary	82	86,246	34,576	120,822
Mpika Boys Secondary	126	606,824	-	606,824
Chinsali Girls Secondary	2	-	2,000	2,000
Muyombe Secondary	39	161,134	-	161,134
Chama Boarding Secondary	87	520,494	32,317	552,811
Mafinga DEBS	1	-	1,838	1,838
Chama DEBS	1	-	4,240	4,240
	636	<b>2,182,796</b>	<b>77,974</b>	<b>2,260,770</b>

**m. Failure to Disburse Grants to Basic Schools**

During the period under review, amounts totalling K5,450,916 were released to twelve (12) DEB Offices to cater for grants to community and basic schools. However, out of the released amount, only K1,991,544 was disbursed to various schools while the balance of K3,459,372 was retained at DEB offices

Management could not provide satisfactory explanations on how the retained funds were utilised as no expenditure details were availed for audit and no cash was available in the account as of October 2015. See table below.

Name of Institution	Provision K	Grants received K	Grants disbursed K	Undisbursed Grants K
Mongu DEBS	1,211,709	605,855	437,644	168,211
Limulunga DEB	496,232	248,116	43,000	205,116
Chipata DEBS	1,811,571	450,000	334,635	115,365
Pemba DEBS	541,013	435,760	275,771	159,989
Sinazongwe DEBS	692,353	519,265	47,332	471,933
Zimba DEBS	541,013	456,097	169,147	286,950
Livingstone DEBS	590,199	512,357	132,570	379,787
Kawambwa DEBS	798,756	612,259	292,003	320,256
Mwansabombwe DEBS	344,238	264,076	65,129	198,947
Milenge DEBS	670,300	515,695	87,698	427,997
Lunga DEBS	344,238	263,447	-	263,447
Mwense DEBS	742,837	567,989	106,615	461,374
	<b>8,784,459</b>	<b>5,450,916</b>	<b>1,991,544</b>	<b>3,459,372</b>

**n. Failure to Deduct Tax**

Contrary to Income Tax Act Cap 323 of the Laws of Zambia, taxable earnings in amounts totalling K375,539 were paid to one hundred and seven (107) officers without deducting Pay As You Earn (PAYE). See table below.



Station	Type of Earning	No of Officers	Amounts Paid K
Central PEO	Settling in Allowance	7	55,275
Luano DEBS	Settling in Allowance	10	83,000
Zambezi DEBS	Settling in Allowance, Leave Terminal Benefits etc	61	160,747
Lusaka DEBS	Leave Commutation and Salary Aerears	4	37,275
Pemba DEBS	Settling In allowances	7	49,554
Sinazongwe DEBS	Settling In allowances	7	59,400
Linda High School	Settling In allowances	1	10,000
Pemba High School	Settling In allowances	1	10,715
Shiwang'andu DEBS	Leave Terminal	14	44,308
Chama DEBS	Settling in Allowance	2	3,540
		<b>107</b>	<b>375,539</b>

**o. Failure to Remit Tax**

Contrary to Income Tax Act Cap 323 of the Laws of Zambia, tax in amounts totalling K627,177 deducted from earnings paid to various officers during the period under review had not been remitted to the Zambia Revenue Authority as of October 2015. See table below.

Station	Amount Not Remitted K
Kasama PEO	91,085
Mbala DEBS	46,367
Kasama DEBS	69,572
Ndoal PEO	37,718
Chingola DEBS	6,551
Livingstone PEO	156,302
Mpika DEBS	20,582
Mafinga DEBS	9,779
Chama DEBS	11,915
Chinsali DEBS	16,002
Shiwang'andu DEBS	22,469
Nakonde DEBS	37,745
Isoka DEBS	32,822
Chavuma DEBS	10,219
Zambezi DEBS	21,245
Chitambo DEBS	26,805
Chongwe DEBS	9,999
	<b>627,177</b>

**p. Failure to Recover Loans and Salary Advances**

Contrary to the Terms and Conditions of Service of Public Service No. 92 which states that an advance of salary shall be repaid within a reasonable period of time but not exceeding six (6) months, recoveries in respect of loans and salary advances in amounts totalling K225,320 paid to seventy six (76) officers had not been effected as of October 2015. See table below.

Station	No. of officers	Amount K
Kasama PEO	2	7,500
Mufulira College	4	14,000
Wusakile Secondary School	13	19,000
Temweni Secondary School	27	48,600
Solwezi PEO	5	13,600
Solwezi College of Education	2	4,500
Kasempa Secondary School	6	7,650
Mongu PEO	5	10,000
Pemba Secondary School	6	18,270
Chama Boarding Secondary	1	2,000
Lusaka PEO	2	30,000
Lusaka GRZ Secondary School	3	50,200
	<b>76</b>	<b>225,320</b>

**q. Irregular Payment of Teachers Subsidies and Incentives**

Contrary to Cabinet Circular No 11(8) of 2013 which consolidated remunerative allowances in the basic salary, amounts totalling K343,942 were paid to various teachers at five (5) schools during the period under review as remunerative allowances such as top ups, staff motivation and house tutor allowance among others. See table below.

District	School	Amount K
Mpongwe	Mpongwe Secondary	42,224
Chipata	Anoya Zulu Secondary	143,960
Mpika	Mpika Boys Secondary	129,723
Livingstone	Linda Secondary	22,110
Livingstone	David Livingstone Secondary	5,925
<b>Total</b>		<b>343,942</b>

In this regard, the allowance were not taxed.

**r. Failure to Provide Expenditure Details**

During the period under review, amounts totalling K178,085 were collected as tuition and user fees by Mongu School for Continuing Education and Luampa Secondary School in Western Province and the funds were utilised at source. However, as of October 2015, no expenditure details had been availed for audit.

**s. Failure to Maintain Accounting Records - Kasempa Secondary School.**

During the period under review, the School collected amounts totalling K248,400 as user fees. However, it was not possible to verify how the funds were utilised due to poor record keeping as there were no cash books, payment vouchers or ledgers maintained.

**t. Western Province**

**i. Use of Revenue at Source – Mongu School for Continuing Education**

Financial Regulation No. 129 provides that all moneys received by any accounting officer should be deposited not later than the next business day following the day of receipt. However, the above school spent user fees in amounts totalling K151,315 before banking. See table below.

<b>Account</b>	<b>Receipts K</b>
APU Fees	15,475
Secretarial Fees	89,832
GCE Tuition Fees	46,008
<b>Total</b>	<b>151,315</b>

**ii. Failure to Account for Receipts - Luampa Secondary School**

Contrary to Financial Regulation No.113 (1), which states that, “receipt forms shall be completed either in ink or in indelible pencil”, forty two (42) General receipts with serial numbers ranging 12557001 – 12557040, 12557078 and 12557105 were issued out without leaving details on the duplicate. In this regard, the value of the receipts could not be verified.

**iii. Failure to Avail Receipt Books for Funds Deposited - Luampa Secondary School**

During the year under review, amounts totalling K61,125 in respect of centre fees were deposited in the school account. However, no General receipt books were availed for audit making it not possible to ascertain the total amount of centre fees collected during the year under review.

**u. Payments Above Threshold - Shango’ombo DEBS**

In April 2014, the Shang’ombo District Education Board Secretary (DEBS) irregularly approved the award of a contract of K64,500 in favour of MBA Transport Company for the distribution of desks to various schools in the District as it was beyond his threshold.

**v. Failure To Provide Income Details – Pemba High School - Southern Province**

During the period under review, the school collected revenue in amounts totalling K38,233 from the Tuck shop sales (K28,063) and from the community who paid for using the hammer mill (K10,170).

However, contrary to Financial Regulation No. 10 (n) there were no records availed for audit.

**w. Muchinga Province**

**i. Missing Original Copies of Cancelled Receipts – Chinsali Girls Secondary School**

Contrary to Financial Regulation No.114 (1), which states that “where a receipt is cancelled, the original and all the copies of the receipt shall be cancelled and the holder of the receipt book shall sign for the cancellation of the receipt”, it was observed that six (6) duplicate copy receipts were cancelled and the original copies plucked out of the receipt books.

**ii. Undelivered Items – Mpika Boys Secondary**

During the period under review, the school paid amounts totalling K44,930 to four (4) suppliers for the purchase of foodstuffs and clothing material for Grade 12 practical lessons. However, only items costing K4,885 were delivered while items costing K40,045 remained undelivered as of October 2015.

**iii. Lack of Expenditure Details - Chama Boarding School**

During the period under review, one hundred and seven (107) withdrawals in amounts totalling K257,447 were made from the School Account. However, there were no expenditure details availed for audit.

**iv. Employees not Paying Statutory Contributions – Chama Boarding Secondary**

During the period under review, amounts totalling K68,500 were paid as wages to PTA casual workers. It was however observed that the School did not deduct NAPSA contributions in amounts totalling K6,850.

**x. Lusaka Province**

**i. Failure to Deliver Books - Siavonga DEBS**

On 7<sup>th</sup> January 2014, an amount of K34,412 was paid to MK Publishers for the procurement of various text books for Grades 1 to 9 pupils. However, as of October 2015, the text books had not been delivered.

**ii. Splitting of Payments - Lusaka GRZ Secondary School**

According to the Public Procurement Act No. 12 of 2008, all procurements above K10,000 to K50,000 should be authorised or approved by the Controlling Officer and that a Secondary School Head Teacher can only authorise or approve payments up to K5,000.

However, it was observed that various cheques were issued on the same dates to the same suppliers in amounts slightly below the K5,000 limit in an apparent effort to circumvent the procurement guidelines. In this regard, a total of K61,554 was paid in piece-meal to various suppliers for the procurement of various items.

**y. Infrastructure**

During the period under review, a total of K146,244,009 was released for the upgrading of pole, mud and grass thatched schools and upgrading of selected basic schools to secondary schools in forty four (44) districts in all the ten (10) Provinces.

A review of records and physical inspection of selected projects carried out in October, 2015 revealed that the projects were still work in progress.

**HEAD: 85 Ministry of Lands, Natural Resources and Environmental Protection**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

**60.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K350,877,570 was made to cater for various activities against which amounts totalling K145,208,813 were released.

According to the Financial Statements (Statement C), as of 31<sup>st</sup> December 2014, amounts totalling K122,422,120 had been spent leaving a balance of K22,786,693.

**Accounting and Other Irregularities**

An examination of accounting and other records carried out in March 2015 at the Ministry Headquarters and a visit to selected districts revealed the following:

**a. Unvouched Expenditure**

Contrary to Financial Regulation No. 65, eight (8) payment vouchers in amounts totalling K94,072 made during the period under review were not availed for audit.

**b. Failure to Reimburse Funds**

There were forty two (42) payments in amounts totalling K223,898 which were made to cater for various general administrative activities during the period under review from the Revolving Fund Account.

However, as of September 2015, the amounts had not been reimbursed to the Revolving Fund Account.

**c. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K809,989 issued to fifty four (54) officers during the period under review had not been retired as of September 2015.

**d. Misapplication of Funds**

Contrary to the Appropriation Act of 2013, amounts totalling K4,225,687 meant for land audit, operationalisation of the printing press, support to forestry, mapping and surveying were applied on unrelated activities such as commutation of leave days, salary arrears, security and allowances for auctioning of mukula tree, payment of terminal benefits among others. See table below.

Purpose of Funds	Applied on	Amount K
Land Audit	Commutation of Leave Days, Salary Arrears and Terminal Benefits	872,405
Seedling Production/ Zambia Forestry Action Programme	Auctioning of Mukula Tree	315,941
Mapping and Surveying	Purchase of Office Equipment	749,991
Staff Head Count	Office Fittings	18,405
Staff Head Count	Tuition Fees and Book Allowances	190,783
Review of National Environmental Policy	Allowances for ZILMIS Interns	40,000
National Tree Planting	Subsistence Allowances	1,223,940
National Tree Planting/ HIV Awareness	Official Entertainment/ Accountable Imprest for Women's Day	75,150
Operationalisation of the Printing Press	Procurement of office machinery, Per diem for ZILMIS training, mukula tree inspection	714,147
Customer Document Scanning	Purchase of Cleaning Materials	24,927
<b>Total</b>		<b>4,225,687</b>

**e. Unaccounted for Fuel**

Contrary to Public Stores Regulation No.16, fuel costing K166,926 procured during the period under review was unaccounted for in that there were no receipt and disposal details.

**HEAD: 88 - Office of the President – Muchinga Province**

**PROGRAMME: 2 General Administration**

**ACTIVITY: Various**

61. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K14,921,246 was made to cater for General Administration at the Provincial and District Administration Offices against which amounts totalling K8,810,778 were released resulting in an underfunding of K6,110,468. See table below.

Activity	Provision K	Released K	Underfunding K
RDCs	12,873,986	7,491,574	(5,382,412)
DC's offices	2,047,260	1,319,204	(728,056)
<b>TOTAL</b>	<b>14,921,246</b>	<b>8,810,778</b>	<b>(6,110,468)</b>

### Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and District Offices carried out during the period from February to May 2015 revealed the following:

**a. Failure to Produce Activity Reports**

During the period under review, imprest in amounts totalling K8,120 was issued to five (5) officers to carry out various activities. However, there were no activity reports produced to confirm whether the activities were undertaken or not.

**b. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items and fuel costing K175,232 procured during the period under review were unaccounted for in that they were no receipt and disposal details. See table below.

Station	General Stores K	Fuel K	Total K
Provincial Administration	122,949	-	122,949
Mpika DC	5,136	13,100	18,236
Shiwangáandu DC	15,245	18,802	34,047
<b>Total</b>	<b>143,330</b>	<b>31,902</b>	<b>175,232</b>

**c. Failure to Inscribe Government Assets**

Contrary to Public Stores Regulation No. 154, which states that ‘all items or furniture and equipment belonging to the Government must be clearly marked with distinguishing

letters' "GRZ" Numbers, it was observed that various equipment costing K32,155 procured during the period under review were not marked.

**d. Irregular Drawings of Fuel**

During the period under review, 8,945.78 litres of diesel costing K87,733 was drawn without raising fuel requisition vouchers/coupons. It was therefore not possible to ascertain the purpose for which the fuel was drawn. See table below.

Station	Litres	Amount K
Provincial Administration	7,958.78	77,853
Chinsali District	987.00	9,880
<b>Total</b>	<b>8,945.78</b>	<b>87,733</b>

In addition, 820 litres of diesel costing K7,917 was drawn without indicating the vehicle registration numbers, making it not possible to ascertain whether the fuel was issued to Government vehicles.

**e. Inadequately Supported Payments**

Contrary to Financial Regulation No. 52, there were twenty seven (27) payments in amounts totalling K86,257 made during the period under review that were not supported with relevant documents such as receipts, acquittal sheets and Local Purchase Orders among others.

**f. Irregular Payment of Loading and Off loading allowances**

Contrary to Terms and Conditions of Service for the Public Service No. 155 (a), which allows an officer who is on transfer between stations to draw subsistence allowance at the appropriate rate for four (4) nights as loading and off-loading allowances, it was observed that nine (9) officers on first appointment were irregularly paid a total amount of K5,840 as loading and offloading allowances to which they were not entitled. See table below.

Station	No. of Officers	Amount K
Mpika DC	2	2,140
Isoka DC	2	1,280
Nakonde DC	5	2,420
<b>Total</b>	<b>9</b>	<b>5,840</b>

**g. Construction of a Police Post at Ntantumbila – Nakonde District Administration**

In January 2014, the District Administration commenced the construction of a police post at Ntantumbila using force account. The duration of the works was not stated.



The scope of works included construction of sub structure and super structure, roofing, painting, flooring, glazing and installation of the solar system.

As of March 2014, amounts totalling K44,788 had been spent on the project, which included materials and transport (K33,100), labour (K9,400) and monitoring (K2,288).

A physical inspection of the project carried out on 22<sup>nd</sup> March 2015 revealed that the structure had been roofed with the following works outstanding; beam filling, fitting of window and door frames, plastering, painting and installation of the solar system.

It was also observed that the planks had not been treated and cracks had developed on the wall of the reception and the two (2) offices and the works had since stalled.

**HEAD: 88/03 Office of the President – Muchinga Province**

**PROGRAMME: Rural Roads Unit (RRU)**

**ACTIVITY: Various**

**62.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K18,809,991 was made to cater for the rehabilitation, procurement of equipment and transport management under the Rural Roads Unit against which a total amount of K5,888,016 was released resulting into an underfunding of K12,921,975.

In addition, an amount of K5,824,473 was brought forward from the year 2013 bringing the total funds available to K11,712,489.

According to the financial statements (Statement C), as of 31<sup>st</sup> December 2014, amounts totalling K10,919,926 had been spent.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and at Rural Roads Unit (RRU) and a physical inspection of selected projects and equipment carried out during the period from February to October 2015 revealed the following:

##### **a. Failure to Insure Equipment**

During the period under review, RRU procured six (6) pieces of equipment at the total cost of K4,893,802. However, as of October 2015, the equipment had not been insured. See table below.

<b>Equipment</b>	<b>Registration Number</b>	<b>Cost K</b>
Tipper Truck Etx 3229 Foton Auman	GRZ 202 CK	411,508
Excavator SANY SY 235 C	GRZ 7 - 1127	1,032,400
SANY SG 190C Motor Grader	GRZ 7 - 1134	998,320
SANY SG 190C Motor Grader	GRZ 7 - 1135	998,320
SANY SSR 180 Vibratory Drum Roller	GRZ 6 – 376	726,627
SANY SSR 180 Vibratory Drum Roller	GRZ 6 – 377	726,627
<b>Total</b>		<b>4,893,802</b>

**b. Construction and Rehabilitation of Feeder Roads**

During the period under review, an amount of K4,423,970 was allocated for the construction and rehabilitation of feeder roads in Mpika and Chama districts. However, a review of records and visits to some of the projects revealed the following:

District	Constituency	Project	Duration	Allocated Amount K	Amount Spent K	Scope of Works	Observations
Mpika	Mpika Central	Rehabilitation of Chansa-Mibanga via Katongo Kapala-Mutamba Road	60 days	418,615	290,493	Bush clearing, road formation to prism, cut and fill of the section, spot gravelling, stockpiling of gravel material, compacting, opening of mitre drains on a stretch of 36 km	<p>A physical verification carried out in June 2015 revealed that works were complete. However, the following were observed:</p> <ul style="list-style-type: none"> <li>• The drainage was shallow at +1.3km</li> <li>• The vegetation had over grown on the riding surface at +2.6km</li> <li>• The road had eroded and culvert had collapsed at +4.1km</li> </ul>
Chama	Chama North	Rehabilitation of Zandu - Sitwe road	60 days	426,226	399,914	Road formation, reshaping,	The Rural Roads Unit varied funds to work on 11 km of Mundalanga – Buli and Kaphemba -Chizimba roads.

					<p>stock piling and loading of gravel materials, re-gravelling/spot re-gravelling, side and mitre drains and compacting on a stretch of 48 km</p>	<p>A physical inspection carried out in June 2015 revealed that a stretch of 25 km had been done. However, the following were observed:</p> <ul style="list-style-type: none"> <li>• Vegetation had over grown on side drains.</li> <li>• Gullies had formed at the following points from Lumba river +0.3km, +0.6 km, +1.7km, 3.0 km,3.2km, +8.0 km,+9.2km, +9.6km, 19.0km and +20.2km.</li> <li>• Potholes had developed at 0.4km, +4.1km, +6.0km, +6.5km, +11.8km, +13.0km, +13.9km and several of them on the stretch between +20.3km and 23.0km.</li> <li>• There was no work done at +5.6km to +5.7km, +6.8km to +6.9km, +11.1km to 11.2km and +16.9km to +17.2km</li> </ul>
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Chama	Chama North	Construction of splashes on Zandu - Sitwe road	40 days	600,039	97,264	Excavation of foundation trenches, construction of a detour and reinforced concrete bedding and laying of concrete	Although an amount of K97,264 had been spent on fuel (K66,064) and allowances (K31,200), works had not commenced as of June 2015.
Chama	Chama North	Rehabilitation of Mundalanga – Buli and Chizimba road	-	-	51,514	Road formation, reshaping, stock piling and loading of gravel materials, re-gravelling/spot re-gravelling, side and mitre drains and	A physical inspection carried out in October 2015 revealed that: <b>Mundalanga – Buli road</b> Only the grading had been done and the following was observed: <ul style="list-style-type: none"> <li>• Vegetation had grown on the riding surface of the road</li> <li>• Gullies had developed at +0.6km, +1.0km, +1.4km, +2.3km and 5.3km</li> </ul>

						<p>compacting on a stretch of 11 Km</p> <ul style="list-style-type: none"> <li>• Potholes had formed at +0.1km, +0.5km, +0.7km, +1.2km, +1.5km to 2.1km, +3.3km to 3.7km, +4.3km to 4.4km, +4.6km to 4.8km, +5.0km and +5.2 km</li> <li>• No work had been done on the stretch +4.1km to 4.2km.</li> </ul> <p><b>Kaphemba – Chizimba road</b></p> <p>Only the grading had been done and the following was observed:</p> <ul style="list-style-type: none"> <li>• Vegetation had grown on the riding surface of the road.</li> <li>• Gullies had developed at + 0.5Km, +0.6km, +1.2Km</li> <li>• Potholes had formed at +0.1km, +0.3km to +0.9Km, +1.1Km to +1.5km, + 2.9 Km, +3.4 Km, +3.8Km, +4.1Km, +4.6Km and +5.0Km.</li> </ul>
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Chama	Chama South	Construction of Munyukwa - Kasela Road	60 days	370,205	132,483	Road formation, spot gravelling, construction of side and mitre drains and box culverts of a stretch of 54 km	<p>A physical inspection carried out in September 2015 revealed that the road had been graded with the following outstanding:</p> <ul style="list-style-type: none"> <li>• three (3) box culverts had not been completed.</li> <li>• Spot gravelling</li> </ul>
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**HEAD: 88 Office of the President – Muchinga Province**

**PROGRAMME: General Deposit Account (GDA)**

**ACTIVITY: Various**

63. The Provincial Administration maintains a General Deposit Account into which third party funds are deposited. The funding to the account includes amounts that the various departments under the Provincial Administration receive from other respective ministries for specific purposes.

During the financial year ended 31<sup>st</sup> December 2014, amounts totalling K4,463,444 were received by the Provincial Administration for various activities as shown in the table below.

Source	Activity	Amount K
Ministry of Chiefs and Traditional Affairs	Operational funds	25,000
Ministry of Lands, Natural Resources and Environmental Protection	Access Roads	910,860
Provincial Administration – Eastern Province	Drilling of boreholes in Kaozi Resettlement Scheme	233,133
Office of the Vice President	Access Roads	143,128
Ministry of Chiefs and Traditional Affairs	Chiefs Palaces	1,228,541
Ministry of Youth and Sport	Sports Complex	500,000
Cabinet Office	Golden Jubilee	262,900
Ministry of Youth and Sport	Youth Development Fund	100,000
Ministry of Transport, Works, Supply and Communications	Rehabilitation of Meteorological offices	300,000
Cabinet Office	State Funeral	500,000
Cash deposits	Sale of tender documents and Cash Retirements	125,882
Ministry of Tourism	Tree planting	134,000
<b>Total</b>		<b>4,463,444</b>

### Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out during the period from February to May 2015 revealed the following:

#### a. Failure to Implement Funded Projects

During the period under review, amounts totalling K1,957,900 were released for the construction of Chiefs' palaces, access roads and rehabilitation of Meteorological office block. Despite the availability of funds, the projects had not been implemented as of October 2015. See table below.

Source	Activity	Amount K
Ministry of Lands, Natural Resources and Environmental Protection	Access Roads	429,359
Ministry of Chiefs and Traditional Affairs	Chiefs Palaces	1,228,541
Ministry of Transport, Works, Supply and Communications	Rehabilitation of Meteorological offices	300,000
<b>Total</b>		<b>1,957,900</b>



**b. Questionable Cash Borrowing – State Funeral**

On 6<sup>th</sup> November 2014, an amount of K500,000 was received from Cabinet Office to meet the costs of the funeral of the late President in Muchinga Province.

On 10<sup>th</sup> November 2014, the Provincial Administration, without obtaining authority from the Secretary to the Treasury, borrowed an amount of K26,150 from Ichuma Bantu Stores Limited, a private company to meet various funeral expenses. The transaction was questionable as the Provincial Administration had already been funded for the activity.

Further, although the funds were paid back on 14<sup>th</sup> November 2014, the payment was made to the Provincial Arts and Culture Officer, instead of paying directly to Ichuma Bantu Stores limited. In addition, the lender only acknowledged the receipt of funds on 24<sup>th</sup> August 2015.

**c. Drilling of Boreholes in Kaozi Resettlement Scheme**

During the period under review, an amount of K233,133 was received from the Provincial Administration – Eastern Province for the drilling of boreholes in Kaozi Resettlement scheme of Chama district. In this regard, on 6<sup>th</sup> July 2014, the Provincial Administration through the Department of Water Affairs embarked on drilling and equipping of six (6) boreholes. As of March 2015, a total amount of K230,979 had been spent on fuel (K41,021), procurement of India Mark II pumps and accessories (K70,718) and allowances (K129,861).

A physical inspection of the projects carried out in June 2015, revealed that all the six (6) boreholes had been drilled and equipped. However, only two (2) boreholes were functional. Further, the remaining four (4) boreholes had not been functional since they were drilled.

**d. Construction of Chinsali Sports Complex**

On 11<sup>th</sup> July 2014, an amount of K500,000 was received from the Ministry of Sport and Youth Development for the construction of access roads and a borehole at the site earmarked for Sports Complex in Chinsali District.

The scope of works included drilling, sinking and equipping of the borehole, bush clearing, road formation, gravelling and compacting. In this regard, Rural Roads Unit and Water Affairs department were engaged to carry out the works. As of March 2015, a total amount of K109,844 had been spent on fuel (K59,566), procurement of casing pipes and other accessories (K7,650) and allowances and wages (K42,629).

A physical inspection of the projects carried out in September 2015, revealed that bush clearing, road formation, grading and drilling of a borehole had been done but the gravelling, and levelling playing surface and compacting were still outstanding.

**e. Unsupported Payments**

Contrary to Financial Regulation No. 52, there were ten (10) payments in amounts totalling K351,475 made during the period under review that were not supported with relevant documentation such as cash sale receipts and invoices among others.

**f. Unaccounted for Fuel**

Contrary to Public Stores Regulation No. 16, fuel costing K12,509 purchased during the period under review was unaccounted for in that there were no receipt and disposal details.

**g. Failure to Complete Works – Mpika Plantation**

During the period under review, amounts totalling K31,941 were spent on allowances and wages for casual workers at Mpika Plantation. The scope of works included pruning, thinning, spot/line weeding, fertilisation and boundary maintenance of 40 hectares. As of October 2015, only the weeding of 35 hectares of the plantation was done.

**HEAD: 88 Office of the President – Muchinga Province**

**PROGRAMME: Poverty Reduction Programme (PRP)**

**ACTIVITY: Various**

64. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K2,285,474 was made under Poverty Reduction Programme for the construction of a cultural village, permanent water wells in Kanchibiya, forest protection, support to forest business enterprises, procurement of survey equipment, training and resettlement of vulnerable youths, establishment of new resettlement schemes and creation of access roads and boreholes in new resettlement schemes out of which K1,698,000 was released.

In addition, an amount of K383,290 was brought forward from the year 2013 bringing the total funds available during the period under review to K2,081,290.

**Accounting and Other Irregularities**

An examination of records maintained at the Provincial Administration and a physical inspection of projects carried out between February and May 2015 revealed the following:

**h. Construction of a Cultural Village – Failure to Sink a Borehole**

In February 2014, the Provincial Administration engaged Musalale Suppliers & Contractors to construct a cultural village comprising one (1) chalet and two (2) changing rooms in Chinsali

District at a contract price of K343,615. The Contractor was also to drill and equip a borehole. The contract period was four (4) months commencing 10<sup>th</sup> March 2014 and ending on 24<sup>th</sup> July 2014.

As of March 2015, the contractor had been paid a total amount of K250,777 leaving a balance of K92,838. It was observed that on 24<sup>th</sup> June 2015 the contractor sub-contracted the Water Affairs Department at the Provincial Administration to drill the borehole at a cost of K12,232. As of September 2015, the borehole had not been drilled.

**i. Access Roads Development Project**

During the period under review, an amount of K307,000 was received for the development of access roads in Kanchibiya, Mpepo, Kabanda, Chipindo and Chibale resettlement schemes. The Provincial Administration through the Resettlement Department embarked on clearing a total stretch of 44 km. The scope of works included road formation and spot gravelling of 20 km and road pegging and stamping of an area of 24 km. In this regard, casual workers and officers from Rural Roads Unit using the RRU equipment were to carry out the works.

As of December 2014, amounts totalling K311,024 had been spent on fuel (K93,165), allowances (K159,269), wages (K56,590) and procurement of tools (K2,000).

A physical inspection of the sites carried out on 19<sup>th</sup> March 2015 revealed that the works had been completed. However, it was observed that grass had been overgrown on some sections of the road, gullies had been formed on the carriage way at the following points from Munganga: +0.1 km, +3.4 km, +3.6 km and +11.8 km to +12.0 km and depression and pot holes in the carriage way had formed at several points especially at +0.2 km to 0.3 km, +4.6 km to 4.7 km, +7.6 km to 7.7 km, +9.5 km to 10.2 km and 14.5 km to 18.3 km. See pictures below.



*Eroded road*

**j. Construction of Permanent Water Wells**

In September 2014, the Provincial Administration embarked on the construction of three (3) water wells in Munganga, Ntunta and Mulila. Phase one (1) involved digging up to a depth of twenty four (24) metres and installation of concrete rings into the wells using casual workers. Phase two (2) involved installation of hand pumps.

As of March 2015, a total amount of K37,250 had been spent on building materials (K17,250), labour (K15,000), supervision (K2,500) and transport (K2,500).

A physical inspection of the projects carried out in September 2015 revealed that all the three (3) wells dug at Munganga, Ntunta and Mulila centres had been completed. However, the drainage for the well at Munganga was poorly done as there was backflow of spilled water into the well. It was also observed that whereas the wells were to be dug up to 24 metres, water was found at 12 metres at Mulila. The savings that arose were used for the construction of a second well at Mulila which had not been completed at the time of inspection.

**k. Unaccounted for Fuel – Chibale Scheme**

Contrary to Public Stores Regulation No. 16, there were no disposal details in respect of 1,430 litres of fuel and lubricants costing K14,314 issued to equipment operators for drilling of boreholes.

**l. Failure to Undertake Funded Activities - Chinsali**

During the period under review, amounts totalling K5,000 were received to undertake forestry protection and management activities in the province. As of September 2015, the activities had not been undertaken.

**m. Deepening and Equipping of a Borehole at Government Rest House**

In October 2014, the Department of Water Affairs was engaged to deepen and equip the borehole at Government rest house. In this regard, a sum of K10,653 was spent on the procurement of casing pipes and 300 litres of fuel for the exercise.

However, a physical verification of the project carried out in September 2015 revealed that no works had been done for which no satisfactory explanation was given.

**n. Misapplication of Funds**

Contrary to the Appropriation Act of 2013, funds in amounts totalling K7,929 were applied on activities not related to Poverty Reduction Programmes such as sitting allowances and meetings.

**o. Contract for the Supply of One Set of Drilling Rig with Accessories**

On 13<sup>th</sup> August 2013, Simplex Drilling and Construction was engaged to supply and deliver one (1) complete set of a drilling rig with accessories at a contract price of K1,980,000 for a delivery period of twelve (12) weeks from 4<sup>th</sup> September 2013 to 4<sup>th</sup> December 2013. The drilling rig was delivered in February 2014 and the supplier was paid in full.

The following were observed:

- i. The contract provided that upon delivery of the drilling rig, the contractor was supposed to service the rig in Chinsali. It was however observed that the supplier took the rig to Lusaka for servicing but there was no evidence to confirm that the service was done.
- ii. Whereas the model number for the drilling rig that was delivered and inspected by the Technical Committee and the user department, Department of Water Affairs in February 2014, before service, was ELGI DS 1000 – 275, the model number for the rig that was returned after service was ELGI DS 1100 – 300.
- iii. A physical verification of the rig carried out in March 2015 revealed that the rig was not functioning. Further, inquiries revealed that the rig had broken down in July 2014 after operating for only six (6) months.

Despite the drilling rig developing faults within the two (2) year warranty period, the contractor had not worked on the rig.

**HEAD: 89 Ministry of Agriculture and Livestock**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

65. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K860,465,992 was made to cater for various programmes and activities under the Ministry of Agriculture and Livestock against which amounts totalling K397,782,568 were released resulting in an underfunding of K462,683,424 as shown in the table below.

Department	Budget Provision K	Releases K	Underfunding K
Headquarters	19,873,762	8,208,319	11,665,443
Human Resources And Administration	17,876,447	13,593,665	4,282,782
Policy And Planning Department	608,996,111	254,677,496	354,318,615
Agriculture Department	18,447,109	11,075,497	7,371,612
Zambia Agricultural Research Institute	20,439,280	12,383,849	8,055,431
Veterinary Services Department	46,118,454	44,544,949	1,573,505
Livestock Development Department	31,366,655	13,258,897	18,107,758
Fisheries Department	10,976,126	5,851,958	5,124,168
Co-Operatives Department	5,683,266	2,848,420	2,834,846
Seed Control And Certification Institute	16,558,595	8,990,333	7,568,262
National Agriculture Information Service	8,494,384	9,302,946	(808,562)
Agriculture Research Stations	16,062,643	3,929,187	12,133,456
Fisheries Research Stations	18,661,963	4,252,166	14,409,797
Veterinary And Livestock Development	20,911,197	4,864,888	16,046,309
<b>Total</b>	<b>860,465,992</b>	<b>397,782,568</b>	<b>462,683,424</b>

According to the financial statements (Statement C), as of 31<sup>st</sup> December 2014, amounts totalling K349,935,110 had been spent.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters, Department of Fisheries, Seed Control Certification Institute (SCCI) and the Zambia Agriculture Research Institute (ZARI) and physical inspections of selected projects carried out during the period from January to May 2015 revealed the following:

#### **a. Irregular Payment of Fuel Allowance**

According to PSMD Circular No. B 22 of 2013, fuel allowance was introduced for officers in grades O to R and L to N to be paid through the Payroll at the rates of 60% and 30% respectively with effect from 1<sup>st</sup> September 2013. Officers in Salary Scales I to K and below were entitled to Transport Allowance at the rate of 10% of Monthly basic Salary.

Contrary to the Circular, four (4) officers in grades 'I' to 'K' were irregularly paid fuel allowance in amounts totalling K121,568 at the rate of 30% instead of receiving transport allowance at the rate of 10% of their monthly basic salary resulting in an overpayment of K75,642.

#### **b. Unvouched Expenditure**

Contrary to Financial Regulation Nos. 45 and 52, ninety eight (98) payments in amounts totalling K4,223,022 were unvouched in that the payment vouchers were either missing or inadequately supported with relevant documents such as invoices, LPOs, approved loan application forms, payslips among others.

#### **c. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96 (1) which provides for imprest to be retired within 48 hours after the purpose for which it was obtained has been completed, imprest amounting to K1,654,034 issued to twenty nine (29) officers for activities such as monitoring and evaluation, purchase of office refreshments, assessment of farmer perception on FISP and army worms assessment, among others during the year under review had not been retired as of October 2015.

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

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

However, accountable imprest in amounts totalling K781,838 was issued to thirty seven (37) officers for the procurement of goods and services such as toner cartridge, stationery, and servicing of motor vehicles among others, whose values were obtainable on the market.

**e. Camp Demarcations Expenses**

Amounts totalling K351,012 were approved to facilitate payment of Allowances to various officers during Camp Demarcations in Kapiri Mposhi, Kabwe, Gwembe and Sinazongwe Districts. Included in the K351,012 was an amount of K175,033 paid out as imprest on 4<sup>th</sup> November 2014, to an Assistant Accountant to facilitate payment of allowances to thirty eight (38) officers at the Ministry Headquarters, the Technical Services Branch (TSB) in Chilanga, Sinazongwe and Gwembe.

An examination of financial records and physical verification carried out in June and July 2015 in Gwembe and Sinazongwe districts revealed the following:

- Although three (3) officers who undertook the tour were paid amounts totalling K38,399 for eighteen (18) days, inquiries made with the DACOs for Gwembe and Sinazongwe revealed that the officers were only out in the districts for four (4) days, resulting in an irregular payment of K25,200.
- A scrutiny of retirement details and acquittal sheets and inquiries made with the officers in respect of the K175,033 purportedly paid out to the thirty eight (38) officers revealed that the amounts received and signatures indicated on the acquittal sheets were different from the ones the two (2) officers who visited the two (2) Provinces for Camp Mapping exercise had on their retirements. The officers interviewed stated that their signatures had been forged as they did not receive the amounts indicated on the acquittal sheets. In this regard, amounts totalling K150,900 paid to twenty six (26) officers in Gwembe and Sinazongwe were fraudulently acquitted.

As of July 2015, the funds had not been recovered from the officers and no disciplinary action had been taken.

**f. Over Payment of Daily Subsistence Allowance**

Cabinet Office Circular No. B. 12 of 13<sup>th</sup> April 2012, on payment of allowances specifies the rate of subsistence allowance payable to officers according to divisions depending on the location being visited/toured.

During the period under review, various officers were paid amounts totalling K1,051,450 in respect of subsistence allowance resulting from the use of incorrect rates instead of K883,190 which should have been paid had the correct rates been used resulting in an overpayment of K168,260. As of October 2015, the overpaid amount had not been recovered.

**g. Payment of Allowances to Officers who did not Undertake Trips**

The Terms and Conditions of Service for the Public Service No. 154 (a) provides that subsistence allowance shall be paid to an officer to cover additional expenses he or she has to meet when travelling on duty away from his or her normal station of duty. Contrary to this regulation, during the period under review, amounts totalling K9,913,469 were issued as subsistence allowances to various officers who did not undertake the trips or whose work was within their normal station of duty.

**h. Irregular Payment of Sitting Allowances**

Contrary to Cabinet Circular No. 11 of 2013 which abolished the payment of administrative allowances with effect from 1<sup>st</sup> September 2013, amounts totalling K125,880 were paid to various officers during the period under review as sitting allowances for the Ministerial Procurement Committee (MPC) meetings.

As of July 2015, the funds had not been paid back to the Ministry and no disciplinary action had been taken by management against the erring officers.

**i. Irregular Payment of Out-of-Pocket Allowances**

Cabinet Circular No.11 of 17<sup>th</sup> June 2013, Section No.7 states that ‘Out of Pocket Allowance shall only be paid to an officer to cover the additional expenses while on duty outside his/her normal station of duty where an overnight stay is involved and the program, workshop the officer is attending is sponsored’.

During the period under review, amounts totalling K269,197 were paid to twenty three (23) officers as out of pocket allowances in respect of a 2015 – 2017 MTEF work plan and budget preparation workshop held at a local hotel from August 2014 to November 2014 for a period of seventy nine days (79 days). However, the payment was irregular in that the officers were not eligible for the allowance as they were not lodged at the local hotel.

In addition, eighteen (18) officers were paid amounts totalling K153,191 in excess of their entitlement as they were paid for more days than the period for which they were lodged at the hotel. As of October 2015, the amounts had not been recovered from the officers.

**j. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K1,117,124 (general stores – K482,086 and fuel - K635,038) procured during the period under review could not be accounted for in that there were no receipt and disposal details.



**k. Failure by Grant Aided Institutions to Submit Expenditure Returns**

During the period under review, amounts totalling K84,984,105 were transferred to various institutions for their operations and implementation of various projects. However, no expenditure returns were submitted to the Ministry Headquarters on how the grants sent to the various spending agencies and grant aided institutions were utilised, contrary to Financial Regulation No. 8.

**l. Mwase Dam – Wasteful Expenditure**

In November 2013, the Ministry engaged CCCL Contractors for the reconstruction of Mwase Dam in Lundazi District at a contract sum of K885,000 for a contract period of sixteen (16) months from the date of signing the contract. As of July 2015, the contractor had been paid amounts totalling K543,085.

A physical inspection carried out in June 2015 revealed that the dam had collapsed rendering the expenditure wasteful.

**HEAD:** 89/ Ministry of Agriculture and Livestock

**DEPARTMENT:** Provincial Agriculture and Coordinating Offices (PACOs)  
District Agriculture and Coordinating Offices (DACOs)  
Research Stations  
State Ranches  
Agriculture Training Institutions

**UNITS:** Various

**PROGRAMMES:** Various

**ACTIVITIES:** Various

**66.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K180,098,221 was made to cater for various activities at sixty six (66) institutions in the Provinces and Districts against which amounts totalling K48,218,124 were released resulting in an under funding of K131,880,097.

In addition, amounts totalling K2,968,214 were brought forward from 2013 bringing the total funds available to K51,186,338.

According to the financial statement (Statement ‘C’), a total amount of K30,483,157 had been spent as of 31<sup>st</sup> December 2014.

## Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Agriculture Coordinating Offices (PACOs), District Agriculture Coordinating Offices (DACOs), Agricultural Training Institutions, state ranches and physical inspections of selected projects carried out during the period from May to September 2015 revealed the following:

### a. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, sixty six (66) payment vouchers in amounts totalling K232,129 processed during the period under review were not availed for audit. See table below.

Station	No. of Transactions	Amount K
Mongu DACO	3	4,270
Limulunga DACO	6	13,520
Kanchindu State Ranch	22	92,657
Vubwi DACO	35	121,682
<b>Total</b>	<b>66</b>	<b>232,129</b>

### b. Unsupported Payments

Contrary to Financial Regulation Nos. 45 and 52, one hundred and and fifteen (115) payments in amounts totalling K884,788 made during the year under review, were not supported with relevant documents such as quotations, cash sale receipts, letters of appointments and purchase orders. See table below.

Station	No. Of Transactions	Amount K
Mongu DACO	16	27,715
Limulunga DACO	27	27,027
Choma DACO	1	2,500
Kazungula DACO	16	132,285
Lusaka PACO	19	70,855
Luangwa DACO	4	15,799
Rufunsa DACO	4	307,277
Shibuyunji DACO	1	99,223
Mufilira DACO	1	800
ZARI Mufulira	1	2,100
Mpika College	25	199,208
<b>Total</b>	<b>115</b>	<b>884,788</b>

### c. Misapplication of Funds

Contrary to the Appropriation Act of 2013, amounts totalling K427,598 involving eighty (80) transactions meant for the rehabilitation and construction of infrastructure, mapping of fisheries boundaries and cooperative promotion among others were applied on activities not related for the intended purposes such as imprest, subsistence allowances, agriculture shows, settling in allowances, allowances for IFMIS data capturing and wages for casual workers. See table below.

Station	No. Of Transactions	Misapplied Amount K
Mongu PACO	2	10,000
Nalolo DACO	15	32,564
Kabwe PACO	8	7,070
Ndola PACO	5	16,779
Choma PACO	23	300,033
Choma DACO	8	7,882
Livingstone DACO	8	10,740
Kazungula DACO	9	20,800
Kanchindu State Ranch	2	21,730
<b>Total</b>	<b>80</b>	<b>427,598</b>

Consequently, intended activities such as the rehabilitation and construction of infrastructure, mapping of fisheries boundaries, cooperative promotion and development among others were not undertaken.

**d. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprests in amounts totalling K149,358 issued to thirty four (34) officers during the period under review remained unretired as of November 2015. See table below.

Station	No. Of Transactions	No. Of Officers	Amount K
Limulunga DACO	10	9	14,344
Mwandi DACO	5	2	5,170
Sesheke DACO	1	1	3,930
Luangwa DACO	13	9	62,670
Rufunsa DACO	3	3	10,850
Lundazi DACO	1	1	6,100
Petauke DACO	1	1	3,200
Mpika College	15	8	43,094
<b>Total</b>	<b>49</b>	<b>34</b>	<b>149,358</b>

**e. Failure to Provide Monitoring Reports - Mpika College of Agriculture**

During the period under review, imprest in amounts totalling K17,335 was issued to two (2) officers to enable them carry out monitoring activities. However, it was not possible to ascertain whether the activities were undertaken as no monitoring reports were availed for audit.

**f. Questionable Retirement of Imprest**

During the period under review, imprest in amounts totalling K87,607 was paid to twenty one (21) officers to carry out various activities. However, the retirements were questionable in that in some cases entries in log books of motor vehicles purported to have been used on the assignments indicated that the motor vehicles were either at the station or on completely different assignments while in other cases no specific mode of transport used was indicated. It was also observed that in some cases taxis were purported to have been used on assignments across districts. See table below.

Station	No. of Transactions	No. of Officers	Amount K
Sesheke DACO	10	7	6,140
Mulobezi DACO	2	2	3,187
Choma DACO	1	1	1,350
Livingstone DACO	1	1	2,780
Kazingula DACO	13	9	56,518
Kanchindu State Ranch	3	1	17,632
<b>Total</b>	<b>30</b>	<b>21</b>	<b>87,607</b>

In this regard, the retirement of K87,607 was questionable.

**g. Questionable Claim of Subsistence Allowances**

During the year under review, seventeen (17) officers in various districts claimed amounts totalling K35,425 involving nineteen (19) transactions for travelling on official duties out of the station. However, a scrutiny of the claim forms revealed that the officers claimed subsistence allowances for periods earlier paid for, allowances were paid at the wrong rates or they claimed subsistence allowance without claiming for transport costs. In this regard, the claims in amounts totalling K35,425 were questionable. See table below.

Station	No. of Transactions	No. of Officers	Amount K
Luampa DACO	1	1	600
Ikelenge DACO	15	13	31,475
Manyinga DACO	3	3	3,350
<b>Total</b>	<b>19</b>	<b>17</b>	<b>35,425</b>

**h. Questionable Payment for Assessment Survey – Sesheke DACO**

During the period March to June 2014, payments in amounts totalling K10,598 were made to five (5) officers from the Provincial Office in Mongu by Sesheke DACO to undertake an assessment survey of Kanyimba dam in Mulobezi District.

However the payments were questionable in that there was no authority from either the PACO or the Ministry headquarters for Sesheke DACO to finance the activities of Mulobezi DACO.

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

Financial Regulations No 86 (c) states that accountable imprest is imprest issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time. It was however observed that imprest in amounts totalling K18,705 issued to three (3) officers was used to procure goods and services whose values were obtainable on the market.

**j. Irregular Payment of Subsistence Allowances**

According to section 155 (a) of the Terms and Conditions of Service for the Public Service, when on transfer between stations, an officer may claim subsistence allowance at the appropriate single or married rate for the last two (2) nights and the first two (2) nights spent at the old and new stations respectively.

Contrary to the requirement, two (2) officers who were on first appointment were irregularly paid subsistence allowances in amounts totalling K3,200. See table below.

Station	No. Of Officers	Amount K
Nkeyema DACO	1	1,800
Chinsali DACO	1	1,400
<b>Total</b>	<b>2</b>	<b>3,200</b>

**k. Irregular Payment of Sitting Allowances – Chama DACO**

Contrary to Cabinet Office circular No 11 of 2013, which abolished the payment of administrative allowances, in November 2014, the Chama DACO paid sitting allowances in amounts totalling K5,700 to the members of the Procurement Committee.

**l. Unacquitted Allowances – Petauke DACO**

Contrary to Financial Regulation No. 45 (3), two (2) payments in amounts totalling K7,180 in respect of allowances for various beneficiaries had not been acquitted as of September 2015, making it difficult to ascertain whether the funds were received by the intended beneficiaries.

**m. Failure to Remit NAPSA Contributions**

Contrary to the NAPSA Act of 1996 section 11, which requires that employees below the pensionable age of fifty five (55) and their employers should make regular statutory contributions, amounts totalling K20,910 deducted from wages for casual workers during the period under review had not been remitted to NAPSA as of September 2015. See table below.

Station	No. of Transactions	Amount K
Chinsali PACO	2	3,136
Chinsali DACO	11	17,775
<b>Total</b>	<b>13</b>	<b>20,910</b>

**n. Failure to Adhere to Procurement Guidelines**

According to the Public Procurement Act No. 12 of 2008, all procurements above K10, 000 up to K50,000 should be authorised or approved by the Controlling Officer. Further, the Head of Department or Director can only authorise or approve payments up to K10, 000. However, the following were observed.

- i. The Principal for Zambia College of Agriculture – Mpika approved the procurement of various stores items costing K34,673 from Nacaas Center (K23,025) and Progress Trading (K11,648) which were beyond his threshold. The payments were made in three (3) and two (2) installments respectively to circumvent procurement guidelines.
- ii. On 30<sup>th</sup> July 2014, Kawambwa DACO paid an amount of K32,480 for the procurement of a gearbox for a Toyota Land Cruiser GRZ 681CF. It was however observed that the item was single-sourced.

**o. Unaccounted for Stores and Fuel**

Contrary to Public Stores Regulation No. 16, various stores items costing K1,998,807 (General stores – K1,503,717 and fuel – K495,090) procured during the period under review were unaccounted for in that there were no receipt and disposal details. See table below.

Station	No. Of Transactions	General Stores K	Fuel K	Total K
Mongu PACO	28	9,120	11,379	20,499
Mongu DACO	35	24,620	26,900	51,520
Limulunga DACO	36	17,048	39,722	56,770
Sesheke DACO	15	-	12,838	12,838
Mwandi DACO	9	-	12,804	12,804
Mulobezi DACO	31	-	45,393	45,393
Lusaka PACO	72	99,865	137,394	237,259
Luangwa DACO	1	4,268	-	4,268
Rufunsa DACO	2	4,260	5,000	9,260
Mufulira DACO	3	-	17,446	17,446
Chingola DACO	28	22,114	28,475	50,589
Chililabombwe DACO	47	52,316	49,397	101,713
ZARI Mufurila	4	8,500	3,720	12,220
Manyinga DACO	16	8,810	-	8,810
Mwinilinga DACO	3	13,123	-	13,123
Ikelenge DACO	1	10,000	-	10,000
Chipata PACO	1	-	4,000	4,000
Petauke DACO	9	-	26,592	26,592
Mpika College	185	1,226,065	14,504	1,240,569
Choma PACO	1	-	3,003	3,003
Kazungula DACO	1	-	2,803	2,803
Kanchindu State Ranch	21	3,608	53,720	57,328
<b>Total</b>	<b>549</b>	<b>1,503,717</b>	<b>495,090</b>	<b>1,998,807</b>

**p. Irregular Payment of Fuel – Mpulungu DACO**

In Paragraph 60 (w) of the Report of the Auditor General on the accounts of the Republic for the financial year ended 31<sup>st</sup> December 2013, mention was made of the irregular refund of amounts totalling K7,892 in respect of fuel purchased by the District Veterinary Officer when he used his personal vehicle to carry out government activities.

A review of the situation revealed that a total amount of K5,725 was paid to the same officer in 2014 as fuel refunds. However, the fuel receipts used to claim the refunds did not indicate the vehicle details and whether the vehicles were used on Government business.

**q. Failure to Insure Government Assets**

Assorted Government assets such as buildings, office equipment, veterinary/laboratory equipment and motor vehicles whose values could not be ascertained had not been insured during the period under review. In particular the following were observed:

**i. Motor vehicles - Sesheke DACO**

Contrary to Section 86 of the Road Traffic Act of 2002, two (2) motor vehicles valued at K450,000 had not been insured as of September 2015. See table below.

Station	Vehicle Make	Reg No.	Value K
Sesheke DACO	Toyota Landcruiser	GRZ 503CE	200,000
	Land Rover	ABL 1129	250,000
	<b>Total</b>		<b>450,000</b>

**ii. Office Equipment and Furniture**

Assorted items of office equipment and furniture costing K67,376 purchased during the year under review had not been insured as of September 2015. See table below.

Station	No. of Items	Value K
Luangwa DACO	2	5,595
Chongwe DACO	2	5,150
Shibuyunji DACO	10	27,041
Rufunsa DACO	4	17,590
Choma PACO	3	12,000
<b>Total</b>	<b>21</b>	<b>67,376</b>

**iii. Animals - Mukulaikwa State Ranch**

During the period under review, 191 Boer goats and 101 Boran cattle at Mukulaikwa state ranch were not insured.

**r. Failure to Claim Insurance on Damaged Motor Vehicle (GRZ 678 CF) – Sesheke DACO**

On 12<sup>th</sup> March 2014, a motor vehicle, Toyota Land Cruiser registration number GRZ 678CF valued at K225,655 belonging to the Department of Veterinary in Sesheke, was involved in a road traffic accident on the Senanga - Sesheke Road. Although the vehicle was insured at the time of the accident, as of June 2015, fourteen (14) months after the accident, no claim had been made to the insurance company to either replace or repair the vehicle. See pictures below.



*Land Cruiser Reg. No. GRZ 678 CF*

**s. Undelivered Garmin GPS System Equipment – Choma PACO**

On 7<sup>th</sup> May 2014, a payment of K6,000 was made to AT Micronet Computers for the purchase of two (2) Garmin GPS systems cartographic equipment for Land husbandry. However, as of June 2015, the equipment had not been delivered.

**t. Non Recovery of Loans and Advances**

Contrary to the Terms and Condition of Service for the Public Service, recoveries in respect of house hold loans (K27,000) and salary advances (K9,800) paid to nine (9) officers during the period under review had not been effected as of November 2015. See table below.

Station	No. Of Officers	Loans K	Advances K	Total K
Mongu PACO	7	27,000	3,000	30,000
Ndola PACO	2	-	6,800	6,800
<b>Total</b>	<b>9</b>	<b>27,000</b>	<b>9,800</b>	<b>36,800</b>

**u. Management of Ranches**

**i. Mbesuma State Ranch – Chinsali DACO**

The objectives of the Mbesuma Ranch were among others to:

- Develop and provide a source of boran cattle breeding stock to small scale farmers,
- Provide a source of steers for draft power,
- Develop a source of improved pastures,
- Serve as a farmers training centre where provision of practical training in pastures production and production of various species and categories of livestock was to be undertaken.



The following were observed:

- **Failure to Meet Objectives**

An inspection carried out in 2015 revealed that none of the above stated objectives had been met in that although the ranch had developed a source of boran cattle breeding stock, there were no records to indicate that the animals had been made available to small scale farmers. There were no steers provided for draft power to small scale farmers. Further, there were no improved pastures being developed and practical training in livestock was not being conducted for small scale farmers.

- **Failure to Claim Compensation for Dead Animals**

During the year under review forty two (42) animals died. However, as of March 2015, no claim for compensation had been made despite the animals having been insured. Further no police reports were provided for audit and the animals were disposed of without carrying out postmortems.

**ii. Unutilised Tractor - Chishinga State Ranch – Kawambwa DACO**

In August 2014, the DACO procured a tractor, trailer, harrow and a plough from Motor Mart Group at a total cost of K360,000 for use at the ranch. However, as of July 2015, twelve (12) months after procurement of the equipment, the equipment was not in use as there was no one qualified to operate it.

**iii. Kalungwishi State Ranch – Mporokoso DACO**

- **Unaccounted for Animals**

A review of the cattle stock/daily counts book revealed that the ranch had a total of thirty seven (37) calves. However, a physical count carried out in September 2015, revealed that there were only thirty three (33) calves resulting in a shortfall of four (4) calves which management could not account for.

- **Abandoned Low Cost House**

On 30<sup>th</sup> December, 2013, the Provincial Administration engaged Global Business Development Ltd to construct one (1) low cost staff house at Kalungwishi State Ranch at a contract sum of K287,977 with a completion period of twelve (12) weeks from 30<sup>th</sup> December 2013 to 31<sup>st</sup> March 2014.

The scope of works included constructing a substructure, superstructure, roofing, painting and plastering, glazing , electrical fittings, plumbing works, carpentry works, construction of the sewer system and external drainages.

As of September 2015, amounts totalling K154,267 had been paid to the contractor leaving a balance of K133,709.

A physical inspection of the project carried out in September 2015, revealed that although the house had been roofed and plastered, the contractor abandoned the works in March 2015 with the following works still outstanding;

- Fixing of fascia board
- Tile fixing in the whole house
- Electrical wiring and fittings
- Fitting of panel doors
- Painting, plumbing works,
- Construction and completion of septic and soakway tanks
- Completion of glazing

**iv. Kanchindu State Ranch – Sinazongwe DACO - Failure to Insure Animals**

A review of records and a physical count of animals carried out in June 2015, revealed that the ranch had a total of two hundred and ninety five (295) animals (boer goats – 244 and cattle – 51). It was however observed that the animals were not insured.

**v. Failure to Insure Animals - Kanyama Breeding Centre - Mwinilunga DACO**

The Ranch had two hundred and fifty four (254) animals. However, as of November 2015, the animals had not been insured.

**v. Infrastructure Development**

**i. Construction of Nsenga Earth Dam – Petauke District.**

On 12<sup>th</sup> December 2013, the Provincial Administration- Eastern Province engaged Link Contractors to construct the Nsenga Earth Dam in Petauke District at a contract sum of K640,000 with a completion period of twelve (12) months. The scope of works included reconstruction of a dam wall and making a new spill way.

As of June 2015, amounts totalling K608,000 had been paid to the contractor for certified works leaving a balance of K32,000.

A physical inspection of the project carried out in June 2015, revealed that although the works had been completed, the spillway was washed away.

**ii. Failure to Use Livestock Services Centre at Ntambu - Mwinilunga DACO**

The Livestock Services Centre at Ntambu was constructed in February 2014 at a cost of K40,000. The objectives of the service center were to facilitate animal husbandry practices such as deworming, dipping, branding and other animal management services.

A physical inspection of the project carried out in November 2015, revealed that although the project was completed in February 2014, it was not in use. A survey carried out with local cattle farmers revealed that they were not aware of its existence and the services provided at the Centre.

**w. Other Projects**

A review of documents and physical inspections carried out during the period from March to September 2015 revealed weaknesses in the management of projects in that there was poor workmanship, failure to complete the projects on time and none adherence to contract terms in respect of twenty four (24) projects on which expenditure of K5,262,275 was incurred as detailed below.

Province	District	Project	Contractor	Contract Period	Contract Sum K	Amount Paid to Contractor K	Scope of Works	Remarks/Observations
Western	Sesheke	Construction of an Office Block	Liyez Enterprises	20.03.14 - 20.09.14  Six (6) months	218,479	76,194	Roofing, ceiling, floor tiling, window frames, fitting of doors, painting, electrical, plumbing and external works.	As of June 2015, nine (9) months after the expected completion date, works had not yet been completed with the following still outstanding: <ul style="list-style-type: none"> <li>• Ceiling, Flooring, Tiling, Fitting of doors</li> <li>• Glazing, Painting, Electrical works</li> <li>• Plumbing and External works</li> </ul> <p>The contractor was not on site.</p>
	Sinazongwe	Construction of an Office Block at Kanchindu State Ranch	DukwiMubi Contractors and Suppliers	06.05.14 - 19.08.14  15 weeks	369,055	169,746	Roofing, ceiling, window frames, fitting of doors, painting, flooring, electrical, plumbing and external works.	As of June 2015, thirty six (36) weeks after the expected completion date, the office block had been roofed with the following works still outstanding plastering, flooring, wiring, fitting of doorframes and window frames, painting, plumbing, ceiling, fitting of air vents and drainage.

<b>Southern</b>		Construction of a Medium Cost House at Kachindu Ranch	Presson Enterprises	06.05.14 - 26.08.14 16 weeks	552,475	189,341	Roofing, ceiling, door, window frames, fitting of doors, plastering, painting, flooring, electrical, air vent, glazing and plumbing.	As of June 2015, thirty six (36) weeks after expected completion date the house had been roofed with the following works still outstanding fitting of internal and external doors, internal plastering, fitting of air vents, glazing, electrical wiring, flooring, plumbing and ceiling.
	Livingstone	Construction of an Office Block at Livingstone DACO	Claribella Enterprises Labour only	27.03.13	65,976	Labour K40,223  Material K60,784	Construction of sub and super structure, carpentry, iron mongery, plumbing and electrical installation, painting and decorating.	As of June 2015, the office block had been roofed, plastered, electrical works done with the following works outstanding <ul style="list-style-type: none"> <li>• Carpentry and painting</li> <li>• Construction of a spoon drain</li> <li>• Glazing in the toilet, bathroom and store room.</li> </ul> <p>It was further observed that there was poor workmanship in that cracks had developed on the corridor floor.</p>
<b>North Western</b>	Solwezi	Construction of an artificial insemination satellite center	Lucchero Enterprises Ltd	03.07.14 - 03.10.14 Three (3) months	247,714.52	70,003	Construction of sub and super structure, carpentry, iron mongery, plumbing and electrical installation, painting and decorating.	As of September 2015, eleven (11) months after the expected completion date, the building had been roofed and painted with the following works still outstanding; Installation of notice board, fitting of rubber door stops, curtain rails, peg stays and florescent tube, construction of soak away and connection of electricity supply.  Further, a scrutiny of the BOQ and a comparison of the actual works done revealed the following: <ul style="list-style-type: none"> <li>• The septic tanks were covered with concrete instead of iron heavy duty covers</li> </ul>

	Solwezi							<ul style="list-style-type: none"> <li>A 50 liter geyser was procured instead of a 100 litre</li> </ul>
		Construction of a laboratory for the department of veterinary	Jearmy Enterprises LTD	09.01.13-09.09.13 eight (8) months	3,634,494	2,999,400	Construction of sub and super structure, carpentry, iron mongery, plumbing and electrical installation, painting, decorating, drilling of borehole, construction of tank stand, installation of tank, construction of external path and drive ways and boundary wall.	As of September 2015, twenty five (25) months after the expected completion date, works had not been completed as the following were outstanding glazing, fitting of doors, fitting of suspended ceiling, electrical installations, construction of boundary wall, borehole drilling, erection of tank stand and installation of tank
<b>Lusaka Province</b>	Chongwe	Construction of the Milk Shed at Kanakantapa	Anson Enterprises	10.12.14 - 10.02.15 8 weeks	305,441	76,360	Construction of super structure, concrete works, roofing, carpentry, joinery and iron mongering, plumbing, painting and decorating and external works among others.	As of July 2015, four (4) months after the expected completion date, the structure was at roof level and the contractor was not on site.

	Rufunsa	Construction of Rufunsa Livestock Breeding Centre	Vancop Investments Limited	10.12.14 - 18.02.15 10 Weeks	166,533	68,842	Construction of Staff house, Guard House and elevated goat house, drilling of a borehole and equipping it with a hand pump	<p>A physical verification carried out in July 2015, revealed the following:</p> <p><b>i. Staff House</b></p> <p>The house had been roofed, window frames fitted, wiring done and plastered inside with the following works still outstanding; plastering outside, floor screed, fitting of door frames and ceiling board, glazing, and beam filling.</p> <p><b>ii. Borehole</b></p> <p>The borehole had been drilled and fitted with a hand pump.</p> <p><b>iii. Guard House</b></p> <p>The guard house had been partially roofed with the following works still outstanding; fitting of ridges to the roof, electrical works, plastering and painting.</p> <p><b>iv. Goat House</b></p> <p>It was half roofed and the platform for the goat house had been done half way.</p> <p>The contractor was not on site.</p>
		Construction of Dip Tank at Chintanga and Rehabilitation of a Dip tank at Martin Luther King	Likafo Technical Works Limited	10.12.14 - 10.03.15 12 weeks Weeks	497,217	124,304	<p><b>i. Construction of Dip Tank at Chintanga</b></p> <p>Construction of the substructure , concrete works, base wall finishing,</p>	<p>A physical verification carried out in July 2015, revealed the following:</p> <p><b>i. Chintanga Dip Tank</b></p> <p>Only excavation and earthworks had been done.</p> <p><b>ii. Martin Luther dip tank</b></p>

	Shibuyunji						<p>external drainage , structural steel fencing and roofing</p> <p><b>ii. Rehabilitation of Dip Tank at Martin Ruther King</b></p> <p>Removing of old plaster and floor, wall finishing, removal of the external drainage, addition of structural steel fencing and roofing.</p>	<p>Only removal of existing floor screed and plaster was done with the following works still outstanding; concrete work, base, wall finishing, external drainage, structural steel fencing and roofing.</p> <p>It was further observed that the contractor was not at any of the two sites.</p>
		Construction Milk Collection Centre	Mixjar General Dealers	10.12.14-10.04.15 (16 weeks)	1,140,302	427, 144	<p>Construction of Super structure, carpentry, joinery and iron mongery, plumbing, painting and decorating and glazing and fitting of ceiling boards and electrical installation among others</p>	<p>As of July 2015, the structure was at Ring Beam Level and the Contractor was not on site.</p>



		Construction of a Dip Tank at Maano	Bentol Power Services	01.11.13 14.12.13 Six (6) Weeks	86,201	65,205	Excavation and earth works, Concrete works, Floor and wall finishing and External Drainage	As of July 2015, the works were completed. However, it was observed that cracks had started manifesting on the walls of the sub structure and the dip tank was not in use.
	Luangwa	Construction of a Dip Tank and Rehabilitation of Administration Block at Kaunga Farmers Training Centre	Chawe Investments limited	20.08.14 – 19.10.14 (8) Weeks	279,624	147,402	<p>1. <b>Construction of dip tank</b></p> <p>Construction of the substructure , concrete works, base wall finishing, external drainage , structural steel fencing and roofing</p> <p>2. <b>Rehabilitation of an office block</b></p> <p>Replacing of ceiling board, removing of PVC tiles and replacing with porcelain tiles, painting, replacing of doors and replacing broken taps, window panes, 3 lever mortice</p>	<p>As of July 2015, the following were observed</p> <p><b>i. Construction of Dip Tank</b></p> <p>The dip tank had been constructed with the foot bath and steel gates still outstanding.</p> <p><b>ii. Rehabilitation of Administration Block.</b></p> <p>As of July 2015, the works had not been completed and the following works were still outstanding; replacing of broken taps 3 inch, broken window panes 4mm 54 x 32.5. 3 lever mortice lock, a water tank with accessories, siphons, Supply and install single sockets, toilet paper holder, fluorescent tubes, 6ft florescent tubes with fittings for security and corresponding switches and cables, air conditioner 24,000 BTU and installing double door with grille gate at Gen-set room.</p> <p>The contractor was not on site.</p>

							locks, siphons, water tank among others	
<b>Muchinga</b>	Chama	Construction of Chama dip tank at Chama Central Camp	Namwima General Trading	06.08.14 – 06.10.14  (60 days)	145,662	72,831	Excavation works, making concrete for the bottom, steps and entrance, collecting pen, footbath and draining area, wall, plastering and drainage works, Roofing and Crush-pen, bore hole drilling and installation	<p>A physical inspection carried out on 29<sup>th</sup> June 2015, revealed that the works had not been completed.</p> <p><b>Works done included:</b></p> <ul style="list-style-type: none"> <li>• Drilling of the borehole and installation of pump</li> <li>• construction of the drainage on the bore hole</li> </ul> <p><b>Outstanding works were:</b></p> <ul style="list-style-type: none"> <li>• Making concrete for the bottom, steps and entrance.</li> <li>• Construction of collecting pane, crush pen footbath, plastering and roofing</li> </ul>
<b>Eastern</b>	Chadiza	Rehabilitation of Khulika and Chilenga Dip Tank	Skadi Investment Limited	13.11.14 - 08.01.15 Fourteen (14) Weeks	150,000	56,376	Site clearing, excavation, brick work, plastering, concrete, metal work, carpentry, roofing, painting and drilling and equipping of two (2) boreholes.	<p>A physical inspection of the works carried out in July 2015, revealed that twenty five (25) weeks after the expected completion date, works had not been completed and the contractor was not on site and the following works were outstanding:</p> <p><b>i. Khulika Dip Tank</b></p> <ul style="list-style-type: none"> <li>• Supplying and fixing of two (2) gates to the channel and holding pen respectively</li> <li>• Construction of a closed channel using 6” PVC pipes</li> </ul>

	Chadiza							<ul style="list-style-type: none"> <li>Mending and pinning of cracked walls with cement</li> </ul> <p><b>ii. Chilenga Dip Tank</b></p> <ul style="list-style-type: none"> <li>Cleaning of the Septic Tank</li> <li>Mending and pinning of cracked walls with cement</li> <li>Reconstruction of Block Work and concrete structures</li> <li>Supplying and fixing of 2no. gates to the channel and holding pen respectively</li> <li>Construction of a closed channel using 6” PVC pipes</li> </ul>
		Rehabilitation of Zingalume and Mlolo Dip Tanks	Winazu General Dealers	13.11.14 - 08.01.15 Fourteen (14) Weeks	150,000	28,216	Site clearing, concrete and metal works, carpentry, roofing, painting and cleaning and equipping of two (2) boreholes.	<p>As of July 2015 twenty five (25) weeks after the expected completion date, works had not been completed and the following were outstanding:</p> <p><b>i. Zingalume Dip Tank</b></p> <ul style="list-style-type: none"> <li>Mending and pinning of cracked walls with cement</li> <li>Supplying and fixing of two (2) gates with heavy duty padlocks to the channel and holding pen respectively</li> <li>Construction of a closed channel using 6” PVC pipes</li> <li>Cleaning of the borehole</li> <li>Supply and installation of hand pump</li> </ul>

	Chadiza							<p><b>ii. Mlolo Dip Tank</b></p> <ul style="list-style-type: none"> <li>• Planking and strutting, Concrete works</li> <li>• Form work, Handling Unit</li> <li>• Carpentry and Joinery, Roofing</li> <li>• Cleaning and Equipping of one (1) Borehole</li> </ul> <p>The contractor was not on site.</p> <p>It was further observed that, included in the payment of K28,216 was made to Winazu General Dealers was an amount of K3,892 being Value Added Tax (VAT) when the contractor was not registered with Zambia Revenue Authority (ZRA) for VAT purposes</p>
		Construction of Kapiri Mphika Dip Tank	Fadem Contraction , Transport and General Suppliers	14.11.14-5.01.15 Twelve (12) weeks	150,000	63,377	Earthworks and excavations, Concrete works, Handling Unit, Carpentry and Joinery, Roofing, Siting, Drilling and Equipping of one (1) Borehole.	<p>As of July 2015, twenty five (25) weeks after the expected completion date, only backfilling of the foundation walls, siting, drilling and equipping of the Borehole had been done with the following works outstanding:</p> <ul style="list-style-type: none"> <li>• Concrete works, Form work</li> <li>• Handling Unit, Carpentry and Joinery</li> <li>• Roofing</li> </ul> <p>It was further observed that, included in the payment of K63,377 to Fadem Construction, Transport and Suppliers was an amount of K7,379 being Value Added Tax (VAT) when the contractor was not registered with Zambia Revenue Authority (ZRA) for VAT purposes.</p>

	Lundazi	Rehabilitation of four (4) dip tanks at Kamphanda, Kathimba, Kamtomo and Kamamphina	Dabi Contractors	04.12.14 - 04.03.15 Twelve (12) weeks	240,000	107,109	Block work in selected common blocks, plumbing and waste installation, carpentry and joinery, roof coverings and construction of handling unit.	<p>A physical verification of three (3) selected projects carried out in June 2015, sixteen (16) weeks after the expected completion date, revealed that works had not been completed in that the following works were still outstanding:</p> <p><b>i. Kamphanda Dip Tank</b></p> <ul style="list-style-type: none"> <li>• Mending of cracks and plastering</li> <li>• Flooring, Excavation of soak away</li> <li>• Plumbing and waste installation</li> <li>• Treating of roof trusses</li> </ul> <p><b>ii. Kathimba dip tank</b></p> <ul style="list-style-type: none"> <li>• Plumbing and Waste Installation</li> <li>• Carpentry and joinery, Roofing</li> <li>• Construction of handling unit, Drainage works</li> </ul> <p><b>iii. Kamtolo dip tank</b></p> <ul style="list-style-type: none"> <li>• Plumbing and waste installation, Carpentry and joinery</li> <li>• Construction of handling unit</li> </ul>
		Rehabilitation of Zenekeza, Mkanile, Ngunga and Mkomba dip tanks	Musinja Enterprises	05.12.14 - 05.03.15 Twelve (12) weeks	240,000	63,586	Block work in selected common blocks, plumbing and waste installation, carpentry and joinery,	As of June 2015, the rehabilitation at the four (4) sites had been completed. It was however observed that there was poor workmanship at Zenekeza Dip Tank in that:

	Lundazi						roof coverings, handling unit.	<ul style="list-style-type: none"> <li>The roof was inclined to one side and had different overhangs which meant that one side of the roof was longer than the other.</li> <li>Plastering was done without hacking out the old plaster resulting into cracks not properly mended</li> <li>Upright fencing poles were not treated with ant-termites as a result, the poles had been infested with termites.</li> </ul>
		Rehabilitation of Kamuzoole, Emusa, Mtwalo and Chiungwe dip tanks	Muchiladozo Contractors	05.01.14 - 05.03.15 Twelve (12) weeks	235,526	43,322	Block work in selected common blocks, plumbing and waste installation, carpentry and joinery, roof coverings, handling unit.	A physical inspection of three (3) selected projects namely Emusa, Mtwalo and Kamuzoole carried out in June 2015, revealed that fifteen (15) weeks after the expected completion date, works had not commenced despite the contractor having been handed the sites in December 2014.
	Vubwi	Construction of an Office Block at Vubwi DACO	Matunga Enterprises	12.08.14 - 12.01.15 Sixteen (16) weeks	118,011	19,547	Excavations to slab concrete, block work and roofing, carpentry and joinery, metal work and iron mongery, plumbing, electrical installations, plastering , painting and flooring	<p>As of July 2015, twenty four (24) weeks after the expected completion date, only construction of the slab and four (4) courses of block work had been done with the following works still outstanding.</p> <ul style="list-style-type: none"> <li>Completion of Brick work and Block work, Roofing, Carpentry, Painting and decorating, Wall and floor fishes, Doors, Joinery and Iron monger, Metal works</li> <li>Electrical Installations, Glazing, Drainage works</li> </ul>
	Katete	Rehabilitation of Mshoka dip tank / Store	Ndazy Construction Ltd	18.08.14 - 02.10.14	65,646	37,296	Mending cracks, Block work, Carpentry and	As of July 2015, thirty six (36) weeks after the expected completion date, works had not been completed as only mending of cracks, block and

	Katete	room and sinking of borehole		Six (6) weeks			Joinery, Roofing and roof covering, Iron mongery, construction of storeroom, Siting, drilling and equipping one (1) borehole	carpentry works, roofing and iron mongery had been done, with the following still outstanding: <ul style="list-style-type: none"> <li>Fitting the gate to draining pane, Providing barrel lock and padlock to the holding and draining panes, Siting, drilling and equipping of one (1) borehole.</li> <li>Providing and fitting new steel door frame with grille door for the store room.</li> </ul> <p>It was further observed that the contractor was not on site.</p>
		Rehabilitation of Kagoro dip tank	Hajanac Construction Complany	Six (6) weeks	70,119	37,312	Mending cracks, Block work, Carpentry and Joinery, Roofing and roof covering, Iron mongery, Siting, drilling and equipping one (1) borehole	As of July 2015, twenty four (24) weeks after the expected completion date, works had not been completed as only mending of cracks, block and carpentry works, roofing and part of iron mongery had been done, with the following works still outstanding: <ul style="list-style-type: none"> <li>Fitting the gate to draining pane, Providing barrel lock and padlock to the holding and draining panes</li> <li>Completion of construction of storeroom and fitting new steel door frame with grill door and door</li> <li>Siting, drilling and equipping of one (1) borehole</li> </ul> <p>It was further observed that the contractor was not on site.</p>
<b>Luapula</b>	Samfya	Construction of a dip tank at	Graham Mining and	03.12.14 -	138,725	27,704	Earthworks and excavations, Concrete works, Handling	As of July 2015, the dip tank had been casted upto the surface with the following works outstanding;

		Chitundwa Camp	Contractors LTD	No completion period			Unit, Carpentry, plastering of inner walls and Joinery, Roofing.	plastering of inner walls, construction of holding pen, drip race, foot bath, side walls and a roof. Further, the contractor was not on site.
<b>Copperbelt</b>	Mufulira	Construction of weir at Murundu	Various Trading Construction LTD	16.08.13 - 20.12.13 Eighteen (18) weeks	223,636	190,651	Installation of outlet facility and diversion of the stream, foundation preparation and construction of the substructure of the weir, construction of superstructure through masonry concrete and earth works.	As of July 2015, the works had been completed however, it was observed that there was poor workmanship in that the walls were cracking, breaking and tilting.



**x. Kasaka Fisheries Training Institute - Kafue**

In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2013 and 2014, total provisions of K1,100,000 and K1,054,341 were made to cater for Recurrent Departmental Charges at Kasaka Fisheries Training Institute out of which amounts totalling K574,261 and K360,623 were released resulting in under funding of K525,739 and K693,718 respectively.

In addition, the institute had opening balances amounting to K148,176 in 2013 and K30,063 in 2014. Further, in 2013 and 2014 the Institute received amounts totalling K177,367 and K123,268 respectively as other income from interview, graduation and school fees among others bringing total funds available to K899,804 in 2013 and K513,954 in 2014.

As of 31<sup>st</sup> December 2013 and 2014, total amounts of K870,327 and K464,033 were spent leaving balances of K29,478 and K49,921 in 2013 and 2014 respectively.

An examination of accounting and other records maintained by the Institute revealed the following:

**i. Unsupported Payments**

Contrary to Financial Regulation Nos. 52 and 65, fifty eight (3) payments in amounts totalling K15,455 had no supporting documents such as receipts and acquittal sheets.

**ii. Unaccounted for Stores**

Contrary to Public Stores Regulations No. 16, various stores items costing K17,088 procured during the period under review were not accounted for in that there were no receipt and disposal details.

**iii. Failure to Adhere to Procurement Guidelines**

According to the Public Procurement Act No. 12 of 2008, all procurements above K10,000 to K50,000 should be authorised or approved by the Controlling Officer and that a Training Institute Principal can only authorise or approve payments up to K10,000. Contrary to the above procurement guidelines, it was observed that a total

amount of K48,300 was paid to the same supplier for the purchase of food stuffs by splitting payments in order to circumvent the procurement guidelines.

**iv. Failure to Produce Activity Reports**

During the period under review, three (3) officers were paid amounts totalling K41,232 to enable them undertake student study tours and training review meetings. However, there were no activity reports produced for audit making it difficult to ascertain whether these activities were undertaken.

<b>Head:</b>	<b>89 Ministry of Agriculture and Livestock</b>
<b>Department:</b>	<b>Provincial Agricultural Coordinating Offices (PACO) District Agricultural Coordinating Offices (DACO) Research Stations Agriculture Training Institutions</b>
<b>Unit:</b>	<b>Various</b>
<b>Programme:</b>	<b>Personal Emoluments</b>
<b>Activities:</b>	<b>Various</b>

**67.** In the Estimate of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K139,600,547 was made to cater for personal emoluments in six (6) Provinces and the whole amount was funded.

**Accounting and Other Irregularities**

An examination of accounting and other records carried out during the period from March to September 2015 at the Provincial Agricultural Coordinating Offices (PACOs) and the District Coordinating Offices (DACOs) revealed the following:

**a. Misplacement of Officers on the Payroll**

A reconciliation of the Payroll and Staff Returns for four (4) stations revealed that there were thirty five (35) Officers who drew salaries in amounts totalling K3,044,032 during the period under review from pay points which were different from their physical stations. See table below.

Station	No. of Officers	Amount K
Vubwi DACO	15	1,089,764
Chipata DACO	14	1,365,108
Katete DACO	3	196,840
Solwezi PACO	3	392,320
<b>Total</b>	<b>35</b>	<b>3,044,032</b>

**b. Drawing of Salaries on Wrong Salary Scales**

During the period from October 2013 to December 2014, thirteen (13) officers at three (3) stations drew salaries in amounts totalling K410,404 on wrong salary scales resulting in overpayments totalling K137,049. See table below.

Station	No. of Officers	Amount Paid K	Amount Payable K	Over Payment K
Mongu DACO	1	100,523	54,600	45,923
Chinsali PACO	6	28,465	19,855	8,610
Kasama PACO	6	281,416	198,900	82,516
<b>Total</b>	<b>13</b>	<b>410,404</b>	<b>273,355</b>	<b>137,049</b>

**c. Irregular Payment of Salaries to Separated Employees – Sesheke DACO**

Contrary to the Terms and Conditions of Service for the Public Service, three (3) officers who left the public service during the period from July 2013 to June 2014 due to death and retirement were irregularly paid salaries in amounts totalling K94,080 as of September 2015.

**d. Irregular Payment of Rural and Remote Hardship Allowances**

Amounts totalling K280,658 were paid to twenty nine (29) officers as Rural and Remote Hardship allowances. The allowances were irregular in that the station from which the employees operated were not among those designated for the payment of the allowances. See details in the table below.

Station	No. of Officers	Rural Hardship K	Remote Hardship K	Total Amount K
Mongu DACO	2	6,480	6,644	13,124
Kaoma DACO	1	-	7,070	7,070
Vubwi DACO	5	56,620	-	56,620
Katete DACO	3	42,389		42,389
Lusaka DACO	1	12,375		12,375
Kafue DACO	4	38,184		38,184
Chongwe DACO	2	15,776		15,776
Solwezi DACO	1	8,320	-	8,320
Kasama DACO	9		78,400	78,400
Mbala DACO	1		8,400	8,400
<b>Total</b>	<b>29</b>	<b>180,144</b>	<b>100,514</b>	<b>280,658</b>

**e. Payment of Remote Instead of Rural Hardship Allowance**

Amounts totalling K158,559 were paid to eighteen (18) officers as Remote Hardship allowances when they actually qualified for rural hardship allowance since their stations were between 20 and 70 km. This resulted in an overpayment of K35,963. See table below.

Station	No. of Officers	Amount Paid K	Amount Should have been paid K	Over payment K
Chinsali PACO	6	48,191	35,801	12,390
Chinsali DACO	8	79,094	63,275	15,819
Mafinga DACO	2	18,900	15,120	3,780
Mpika DACO	1	2,100	1,680	420
Shiwangandu DACO	1	10,274	6,720	3,554
<b>Total</b>	<b>18</b>	<b>158,559</b>	<b>122,596</b>	<b>35,963</b>

**f. Irregular Payment of Housing Allowances**

Contrary to Cabinet Circular No. B12 of 2012, amounts totalling K741,023 were irregularly paid as housing allowances to one hundred and five (105) officers who were accommodated in Government quarters. See table below.

<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>
Mongu DACO	10	58,624
Sesheke DACO	7	38,096
Kaoma DACO	7	41,329
Mwandi DACO	6	41,573
Katete DACO	4	44,544
Vubwi DACO	3	26,766
Chipata DACO	2	21,280
Kafue DACO	6	41,280
Chongwe DACO	3	25,812
Lusaka DACO	2	13,440
Chilanga DACO	6	41,572
Shibuyunji	10	72,852
Solwezi PACO	4	14,052
Mporokoso DACO	5	33,206
Chilubi DACO	2	11,760
Luwingu DACO	6	40,880
Kaputa DACO	1	6,720
Mpulungu DACO	1	7,280
Mungwi DACO	1	7,280
Nsama DACO	19	152,677
<b>Total</b>	<b>105</b>	<b>741,023</b>

**g. Irregular Payment of Salaries to Officers Absent from Duty without Leave**

Contrary to the Terms and Conditions of Service for the Public Service which states that, “An Officer shall not get a salary for the period he or she is absent from duty without leave unless he or she produces satisfactory evidence for such absence” it was observed that:

- i. On 9<sup>th</sup> May 2013, a Registry Clerk at Mongu PACO applied for vacation leave for a period of thirty (30) days commencing on 3<sup>rd</sup> June 2013 and was to resume work on 17<sup>th</sup> July 2013.

However, the officer had not resumed work and continued to draw salaries up to October 2014 when her salary was blocked. In this regard, the officer was paid salaries in amounts totalling K50,700 for the period she was away from duty without leave. As of June 2015, no further action had been taken.

- ii. Two (2) officers from Sesheke DACO who had gone for studies at the University of Zambia during the period from 2011 to 2014 without the approval from PSMD were paid salaries and allowances in amounts totalling K139,594.
- iii. A head count carried out in June 2015 and enquiries made with management revealed that an Accountant at Mongu PACO stopped reporting for duty in December 2012. The officer had been paid salaries in amounts totalling K183,992 for the period January 2013 to June 2015 when he was not reporting for work. As of September 2015, no action had been taken by management.
- iv. An Agriculture Assistant, at Sesheke DACO who had stopped reporting for duties from 19<sup>th</sup> March 2013 continued to draw salaries. In this regard, salaries in amounts totalling K51,107 were paid to the officer. Although the officer's salary was blocked in June 2014, no further action was taken.
- v. An Assistant District Marketing Development Officer, at Katete DACO who had been absent from duty without leave for a period of eleven (11) months from 22<sup>nd</sup> September 2014 to 22<sup>nd</sup> August 2015, had been irregularly paid salaries and allowances in amounts totalling K50,050. As of September 2015, no action had been taken.

**h. Questionable Payment of Salaries while on Secondment – Mongu PACO**

The former Zambia Congress of Trade Union (ZCTU) President was employed in the Ministry of Agriculture and Cooperatives in 1998 as a Senior Livestock Officer. In 2002, the officer was seconded to ZCTU after being elected President of the Congress a position he held up to 20<sup>th</sup> December 2014.

However, contrary to the Terms and Conditions of Service for the Public Service No. 34 (d), salaries in amounts totalling K442,933 were paid to the officer for the period October 2002 to December 2014, while he was on secondment.

In addition, as of June 2015, six (6) months after leaving the ZCTU presidency, the officer had not reported back to his station to take up his substantive position and personal

emoluments in amounts totalling K40,740 had been paid and no action had been taken by Management.

**i. Failure to Terminate a Convicted Officer from The Payroll – Vubwi DACO**

On 24<sup>th</sup> September 2014, an Accountant at Vubwi DACO was convicted by the Chipata Subordinate Court for various financial crimes and was sentenced to prison for a period of twenty eight (28) months with effect from 2<sup>nd</sup> August 2014.

However, as of July 2015, ten (10) months after the conviction, the officer had not been removed from the payroll and consequently was paid amounts totalling to K35,000 in salaries during the above stated period.

**j. Failure to Constitute a Medical Board - Mongu DACO**

In Paragraph 53 (d) of the Auditor General’s Report for the financial year ended 31<sup>st</sup> December, 2010, mention was made of an Agricultural Assistant, who had stopped reporting for work in April 1999 on account of ill health and that she had drawn full salaries in amounts totalling K121,418 as at August 2011.

A review of the situation in June 2015 revealed that the officer was still unwell and had continued drawing full salaries and that contrary to Terms and Conditions for Public Service No. 151, no medical board had been constituted to consider the case. As of June 2015, the officer had drawn salaries in amounts totalling K256,764.

**k. Failure to Remove Deceased Officers from the Legacy Payroll**

During the period under review, two (2) watchmen and an office orderly based at Mongu, Lukulu and Kalabo DACOs were separated from service through deaths in 2011 and 2013. As of June 2015, the deceased officers were still on payroll. In this regard, the deceased officers were paid salaries in amounts totalling K259,624 for periods ranging from twenty nine (29) to forty (40) months. See table below:

District	Deceased Officer	Year of Death	Period of Payment upto June 2015	Amount K
Mongu DACO	Watchman	2013	29	74,734
Kalabo DACO	Office Orderly	2011	40	93,156
Lukulu DACO	Watchman	2011	40	91,734
<b>Total</b>				<b>259,624</b>

**I. Failure to Retire an Officer who had Attained Retirement Age – Legacy Payroll Mongu DACO**

Contrary to Terms and Conditions of Service for the Public Service No. 38(a) which states that, “An Established Officer shall be retired as prescribed in the Public Service Pensions Act No. 35 of 1996 and that no officer may continue serving after attaining the pensionable age,” a watchman at Mongu DACO who had attained the statutory retirement age of 55 in July 2014 had continued to serve and as of June 2015 had been paid salaries in amounts totalling K33,033.

**HEAD: 89/09 Ministry of Agriculture and Cooperatives - Agribusiness and Marketing Department**

**UNIT: 4 Agriculture Finance and Credit Management**

**PROGRAMMES: 1253 Farmer Input Support Programme (FISP)**

**ACTIVITIES: Various**

**68.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K1,225,205,093 was made for the purchase and distribution of inputs under the Farmer Input Support Programme (FISP) against which amounts totalling K1,363,017,623 were released resulting in an excess funding of K137,812,530.

According to the financial statement (Statement ‘C’), as at 31<sup>st</sup> December 2014, amounts totalling K1,088,234,723 had been spent.



## Accounting and Other Irregularities

An examination of accounting and other records maintained at the Ministry Headquarters, Provincial Agriculture Co-ordinating Offices (PACOs), District Agriculture Co-ordinating Offices (DACOs) and physical inspections of selected co-operatives and warehouses carried out during the period from April to November 2015 revealed the following:

### a. Failure to Undertake Paid for Activities

During the year under review, imprest in amounts totalling K2,393,241 were issued to seventeen (17) officers to undertake various activities.

Contrary to Terms and Conditions of Service for the Public Service No.154 (a) and Financial Regulation No. 92, the officers did not undertake the trips/tours/assignments.

As of November 2015, no recoveries had been made from the officers.

### b. Late Delivery of Fertiliser - Saudi Basic Industries Corporation (SABIC)

In the 2014/15 Farming Season, the Ministry engaged five (5) contractors to supply 203,088 metric tonnes (Mt) of fertiliser (Compound D – 103,623 Mt and Urea – 99,465 Mt) costing K940,053,154 (US\$54,164,014). See table below.

Serial	Name of Contractor	Contract Sum		Contract Date	Quantity	
		K	US\$		Compound D	Urea
1	Nitrogen Chemicals of Zambia	595,829,835	-	10.07.2014	103,623	-
2	Neria Investments Ltd	118,961,355	18,675,804	07.01.2015	-	25,492
3	Zambian Fertiliser Limited	25,571,861	4,040,950	05.01.2015	-	5,750
4	Nyjombo	72,690,103	11,447,260	12.08.2014	-	18,222
5	SABIC	127,000,000	20,000,000	24.07.2014	-	50,000
	<b>Totals</b>	<b>940,053,154</b>	<b>54,164,014</b>		<b>103,623</b>	<b>99,465</b>

On 4<sup>th</sup> July 2014, the Ministry engaged Saudi Basic Industries Corporation (SABIC) to supply 50,000 metric tonnes of urea fertiliser at the contract price of K127,000,000 (US\$20,000,000). The fertiliser was to be cleared, bagged, loaded and distributed by Nitrogen Chemicals of Zambia (NCZ) to the districts.

However, the contract did not provide for the delivery period. As of January 2015, SABIC had only delivered 29,000 metric tonnes of urea for which the contractor was paid leaving a balance of 21,000 metric tonnes.

As a result of the delay to complete the delivery of the fertiliser by SABIC, the Ministry in January 2015, engaged two (2) other suppliers to supply 15,750 metric tonnes of urea fertiliser (Neria Investments Ltd - 10,000 MT and Zambia Fertilizers - 5,750 MT) with a delivery period of fourteen (14) days. The fertiliser was to be delivered to NCZ for onward delivery to the intended beneficiary districts.

Name of Contractor	Contract Sum K	US\$	Contract Date	Urea (MT)
Neria Investments Ltd	47,360,000	7,400,000	07.01.2015	10,000
Zambia Fertiliser Limited	22,056,800	3,490,000	05.01.2015	5,000
Zambia Fertiliser Limited	3,515,061	550,950	30.01.2015	750
<b>Totals</b>	<b>72,931,861</b>	<b>11,440,950</b>		<b>15,750</b>

An examination of records maintained by NCZ revealed that the 15,750 metric tonnes of fertiliser were only delivered by NCZ to the districts in April 2015 after the farming season.

**c. Deposits Not Reflecting on Bank Statements**

A scrutiny of ATDs, deposit slips and bank statements revealed that a total amount of K1,666,110 purported to have been banked by one hundred and forty four (144) Co-operatives did not reflect on the bank statements as of November 2015. See table below.

<b>District</b>	<b>No. of Cooperatives</b>	<b>Amount K</b>
Mansa	1	2,160
Kasempa	3	21,380
Kafue	6	83,355
Chilanga	5	232,500
Katete	2	57,760
Nyimba	10	146,685
Serenje	33	349,770
Kapiri Mposhi	2	22,400
Mpulungu	15	128,120
Mbala	29	348,390
Mpika	2	28,160
Mungwi	36	245,430
	<b>144</b>	<b>1,666,110</b>

**d. Weaknesses in Management Of Inputs**

According to FISP guidelines, the procedure for collecting and distribution of inputs is as follows:-

- i. The cooperative with its paid members' list applies for inputs to the Camp Agricultural Committee (CAC),
- ii. CAC approves the application by appending a signature of CAC Chairperson and CAC Secretary on FISP form 2, which is then sent to DACO's Office,
- iii. DACO processes and signs the Authority to Deposit (ATD) which the representative of the Cooperative produces at the bank when making a deposit,
- iv. A copy of the deposit slip from the bank is presented to the DACO who then processes the Authority To Collect (ATC),
- v. Authority to Collect (ATC) is then presented to the warehouse manager for issue of inputs,
- vi. Warehouse manager issues the fertiliser and seed on a Goods Issued Voucher (GIV) to the representative of the Cooperative who in turn issues the inputs to each farmer who applied and paid for the inputs.

During the period under review, each eligible farmer was to receive one of the five (5) packs described below.

#### Composition of Pack 1

Item	Qty	Unit price K	K
"D" Compound fertiliser	2x 50kg	90	180
Urea fertiliser	2x 50kg	90	180
Maize Seeds	1x 10kg	40	40
<b>Total</b>			<b>400</b>

#### Composition of Pack 2

Item	Qty	Unit price K	K
"D" Compound fertiliser	1x 50kg	90	90
Urea fertiliser	1x 50kg	90	90
Rice Seed	1x 10kg	40	40
<b>Total</b>			<b>220</b>

#### Composition of Pack 3

Item	Qty	Unit price K	K
"D" Compound fertiliser	2x 50kg	90	180
Urea fertiliser	1x 50kg	90	90
Sorghum Seed	1x 5kg	25	25
<b>Total</b>			<b>295</b>

#### Composition of Pack 4

Item	Qty	Unit price K	K
"D" Compound fertiliser	1x 50kg	90	90
Urea fertiliser	0	0	0
Groundnuts Seed	1x 20kg	70	70
<b>Total</b>			<b>160</b>

However, there were weaknesses in the management of farming inputs such as late delivery of inputs, unaccounted for inputs, issuance of inputs to unqualified co-operatives and farmers and un-acquitted for inputs among others.

In particular, the following were observed:

**i. Late Delivery of Inputs**

The fertiliser and seed contractors were supposed to deliver the inputs between eight (8) and ten (10) weeks from the date of signing contracts. The planting season is from October to mid December within which farmers would need inputs. However, inputs costing K8,312,180 were delivered to the eight (8) districts in January 2015 resulting in delays of three (3) months. See table below.

District	No. of Inputs			G/nuts x 10Kg	Total K	Period Delivered
	Fertilizer x 50Kgs bags	Maize x 10Kgs bags	Sorghum x 5kg			
Ndola	2,335	521	71	38	235,425	06.01.15 -14.01.15
Masaiti	5,265	0	251	0	480,125	01.01.15 – 09.02.15
Lusaka	2,348	0	0	0	211,320	03.01.15 – 20.04.15
Chadiza	21,103	0	0	0	1,899,270	02.01.15 – 06.02.15
Serenje	15,649	0	0	0	1,408,410	15.12.14 – 17.02.15
Kabwe	4,853	0	0	0	594,270	15.12.14-25.02.15
Kalomo	34,143	0	0	0	3,072,870	02.01.15 – .28.01.15
Sinazongwe	4,561	0	0	0	410,490	07.01.15 – 21.01.15
	<b>90,257</b>	<b>521</b>	<b>322</b>	<b>38</b>	<b>8,312,180</b>	

**ii. Late Distribution of Inputs to Farmers**

The planting season is from October to mid December within which farmers would need inputs and any date after 15<sup>th</sup> of December may result in poor yield.

A review of records from the 2014/2015 farming season revealed that there was late distribution of inputs costing K8,334,360 in ten (10) districts in that the distributions were done during the period from January to May 2015. See table below.

District	No. of Inputs				Total K	Period Delivered
	Fertilizer x 50Kgs bags	Maize x 10Kgs bags	Rice x 10 Kg	G/nuts x 10 Kg		
Mufumbwe	1,280	1,922	0	0	192,080	05.01.15 - 21.05.15
Manyinga	0	454	0	0	18,160	07.01.15 – 23.02.15
Kapiri Mposhi	30,496	0	0	0	2,744,640	21.12.14 – 19.01.15
Chinsali	5,209	1,059	90	199	528,700	02.01.15 – 02.03.15
Chama	1,628	387	7	19	163,610	03.01.15-11.02.15
Nakonde	0	5,793	388	5	245,590	05.01.12-11.02.15
Isoka	134	54	0	9	1,126,800	15.01.15- 25.02.15
Mpika	17,642	0	0	0	1,587,780	05.01.15-26.02.15
Mafinga	16,656	4,164	120	0	1,692,000	05.01.15-23.01.15
Shiwang'andu	160	66	2	51	35,000	05.01.15-23.01.15
<b>Total</b>	<b>73,205</b>	<b>13,899</b>	<b>607</b>	<b>283</b>	<b>8,334,360</b>	

### iii. Expired Inputs

A physical inspection carried out in October 2015 of the warehouses revealed that bags of maize, rice, sorghum and groundnuts in nine (9) districts valued at K62,700 had expired as of April 2015 and no action had been taken to dispose them off. See table below.

DISTRICT	INPUT	BAGS IN STORE	UNIT PRICE K	AMOUNT K	DATE OF EXPIRY
Solwezi	Groundnuts	100	70	7,000	Apr-15
	Rice	200	40	8,000	Apr-15
Manyinga	Maize	323	40	12,920	Apr-15
	Rice	141	40	5,640	Apr-15
Kalomo	Sorghum	4	25	100	Apr-15
Mongu	Maize	33	40	1,320	Apr-15
	Rice	77	40	3,080	Apr-15
Kaoma	Maize	6	40	240	Apr-15
	Rice	26	40	1,040	Apr-15
Senanga	Maize	280	40	11,200	May-15
	Rice	23	40	920	Apr-15
	Sorghum	297	25	7,425	Apr-15
Sesheke	Rice	64	40	2,560	Sep-14
	Sorghum	7	25	175	Apr-15
Mpulungu	Rice	6	40	240	Aug-15
Luwingu	Groundnuts	12	70	840	Aug-15
				<b>62,700</b>	

**iv. Unacquitted for Farming Inputs**

Contrary to the FISP Implementation Guideline No. 8.2.2, which requires that all inputs issued be signed for by the beneficiaries, farming inputs valued at K3,279,005 were issued to 8,119 farmers from 475 farmer groups without being signed for. See table below.

<b>District</b>	<b>No. of Farmer Groups</b>	<b>No. of packs</b>	<b>Cost K</b>
Mansa	8	40	15,960
Milenge	10	28	10,990
Samfya	4	8	3,200
Monze	16	37	14,800
Mazabuka	24	109	40,280
Ndola	3	417	162,105
Lufwanyama	15	551	220,400
Mufumbwe	5	30	12,000
Manyinga	4	138	55,200
Chongwe	8	46	14,810
Lusaka	19	48	19,200
Chilanga	10	54	19,500
Lundazi	22	85	34,000
Mkushi	242	6,122	2,486,800
Choma	19	78	31,200
Sinazongwe	1	10	4,000
Chinsali	24	66	25,290
Chama	7	47	19,720
Isoka	3	17	6,800
Mpika	8	14	15,940
Mafinga	11	103	37,970
Shiwangandu	12	71	28,840
	<b>475</b>	<b>8,119</b>	<b>3,279,005</b>

**v. Issuance of Inputs to Unqualified Co-operatives**

FISP Guideline No. 6.1.1 stipulates that beneficiary Co-operatives of inputs should be duly registered and should have been active for at least one year among others. However, 8,479 packs valued at K2,982,500 were issued to one hundred and eighty three (183) farmer groups that did not qualify as they were either not registered or had not been active for at least one year. See table below.

District	No. of Farmer Groups	Packs Issued	Cost K
Masaiti	3	70	25,960
Petauke	26	27	100,080
Serenje	32	2305	424,900
Kapiri Mposhi	80	4892	1,994,800
Kabwe	40	1116	411,680
Shiwangandu	1	53	19,760
Mongu	1	16	5,320
	<b>183</b>	<b>8,479</b>	<b>2,982,500</b>

**vi. Irregular Issuance of Inputs**

FISP Guideline No.7 states that each beneficiary farmer is allocated one pack of inputs for cultivation of a half hectare (0.5ha) of maize and or (0.5ha) of sorghum. An additional pack for the production of a commercial crop (rice or groundnuts); will be given to selected farmers.

Contrary to the Guideline, there were twelve (12) farmers from two (2) co-operatives in Choma and Sinazongwe who were issued with more than one pack of the same type of inputs valued at K9,600.

**vii. Non Existent Farmer Groups – Kabwe DACO**

A visit to Natuseko Camp and an interview with the camp officer and CAC chairperson on 10<sup>th</sup> November 2015 revealed that four (4) co-operatives that benefited a total of 200 maize packs valued at K80,000 were questionable in that the farmer groups could not be located and there was no evidence of registration.

**viii. Issuance of Inputs to Unqualified Farmers**

Contrary to FISP Guideline No. 6.1.2, inputs valued at K107,195 were issued to two hundred and sixty one (261) farmers who were not registered with any cooperative as detailed in the table below.

District	No. of Cooperatives	No. of Farmers	Total Cost K
Monze	3	12	4,800
Kafue	3	124	54,510
Lundazi	2	29	11,600
Senanga	2	73	28,660
Sesheke	1	12	3,540
Lululu	1	11	4,085
	<b>12</b>	<b>261</b>	<b>107,195</b>



**ix. Undelivered Farming Inputs**

A comparison of quantities of inputs allocated to districts with quantities actually delivered revealed that inputs valued at K615,795 were not delivered to twenty (20) Districts as of November 2015. See table below.

District	Input Type	Quantity	Quantity	Variance	Unit	Total
		Allocated	Supplied		Price	Amount
					K	K
Monze	Groundnuts (20kg bags)	2,243	1,600	643	70	45,010
Mazabuka	Groundnuts (20kg bags)	998	499	499	70	34,930
	Maize (10kg bags)	12,208	12,198	10	40	400
Ndola	Fertilizer (50kg bags)	35,112	34,988	124	90	11,160
	Sorghum (5kg bags)	600	300	300	25	7,500
	Groundnuts (20kg bags)	272	0	272	70	19,040
Mpongwe	Groundnuts (20kg bags)	840	420	420	70	29,400
Masaiti	Groundnuts (20kg bags)	540	440	100	70	7,000
	Sorghum (5kg bags)	1,190	590	600	25	15,000
Lufwanyama	Fertilizer (50kg bags)	47,072	46,592	480	90	43,200
Mufumbwe	Groundnuts (20kg bags)	1,200	1,150	50	70	3,500
Chongwe	Sorghum (5kg bags)	1,020	0	1,020	25	25,500
Chadiza	Fertilizer (50kg bags)	28,833	28,253	580	90	52,200
Nyimba	Fertilizer (50kg bags)	25,280	25,159	121	90	10,890
Serenje	Fertilizer (50kg bags)	79,208	79,044	164	90	14,760
Kapiri Mposhi	Fertilizer (50kg bags)	104,460	104,430	30	90	2,700
	Groundnuts (20kg bags)	1,400	700	700	70	49,000
Kabwe	Fertilizer (50kg bags)	115,216	115,212	4	90	360
	Groundnuts (20kg bags)	1,400	700	700	70	49,000
Choma	Fertilizer (50kg bags)	50,660	50,560	100	90	9,000
Sinazongwe	Sorghum (5kg bags)	1,048	1,029	19	25	475
	Fertilizer (50kg bags)	8,939	8,937	2	90	180
Mongu	Fertilizer (50kg bags)	2,500	2,420	80	90	7,200
Lukulu	Sorghum (5kg bags)	1,000	700	300	25	7,500
Kaoma	Fertilizer (50kg bags)	38,240	36,660	1,580	90	142,200
	Sorghum (5kg bags)	100	90	10	25	250
Mufulira	Fertilizer (50kg bags)	30,217	30,183	34	90	3,060
Luwingu	Fertilizer (50kg bags)	23,312	23,030	282	90	25,380
<b>Total</b>						<b>615,795</b>

**x. Inputs Paid for but not Delivered**

A scrutiny of documents such as ATDs, deposit slips, ATCs and Input Release Notes revealed that despite farmers paying for various inputs valued at K202,835 at seventeen (17) districts were not delivered to farmers.

District	Input Type	Quantity Paid for	Unit Price K	Total Amount K
Samfya	Fertilizer (50kg bags)	48	90	4,320
	Maize (10kg bags)	21	40	840
Ndola	Sorghum (5kg bags)	299	25	7,475
	Groundnuts (20kg bags)	257	70	17,990
Mpongwe	Groundnuts (20kg bags)	351	70	24,570
Lufwanyama	Fertilizer (50kg bags)	369	90	33,210
Mwinilunga	Fertilizer (50kgbags)	148	90	13,320
Chadiza	Maize (10kg bags)	326	40	13,040
Chipata	Maize (10kg bags)	319	40	12,760
Lundazi	Sorghum (20kg bags)	226	25	5,650
Nyimba	Fertilizer (50kgbags)	121	90	10,890
	Groundnuts (20kg bags)	18	70	1,260
	Fertilizer (50kgbags)	88	90	7,920
Kapiri Mposhi	Maize (10kg bags)	25	40	1,000
Mazabuka	Groundnuts (20kg bags)	257	70	17,990
Choma	Maize (10kg bags)	107	40	4,280
Kalomo	Maize (10kg bags)	1	40	40
	Fertilizer (50kgbags)	37	90	10,080
Nakonde	Groundnuts (20kg bags)	18	70	1,260
Chililabombwe	Fertilizer (50kg bags)	30	90	2,700
Chingola	Fertilizer (50kg bags)	126	90	11,340
Mufulira	Fertilizer (50kg bags)	10	90	900
<b>Total</b>				<b>202,835</b>

**xi. Late Transfer of Inputs**

On 5<sup>th</sup> December 2014, the Acting Director for Agribusiness and Marketing Department authorised the transfer of two hundred and fifty two (252) maize packs valued at K100,800 from Mitete to Lukulu district. Although the transfer was authorised in December 2014, the inputs were only transferred and received in Lukulu district on 4<sup>th</sup> February 2015.

A stock count carried out on 23<sup>rd</sup> October 2015 at the warehouse revealed that out of the total packs received from Mitete district, only thirty five (35) packs had been issued leaving a balance of two hundred and seventeen (217) packs valued at K86,600 not issued. It was further observed that the 217x10kgs maize seed valued at K8,680 had expired in April 2015.

## xii. Unaccounted for Inputs

A scrutiny of records in seventeen (17) districts revealed that inputs valued at K1,222,063 were not accounted for in that there were no records of issuance to farmers or Co-operatives such as ATD, ATC and GIVs and there were no stocks on hand at the respective warehouses. See table below.

District	Fertilizer (50kg bags)	Maize Seed (10kg bags)	Inputs			Amount K
			Rice(10kg bags)	Sorghum (5kg bags)	Groundnuts ( 20kg bags)	
Mwinilunga	3,198	-	-	-	-	319,800
Kafue	12	10	-	4	-	1,580
Chipata	431	371	-	-	-	53,630
Kabwe	403	270	-	-	-	47,070
Choma	-	-	-	-	274	19,180
Namwala	-	260	-	-	-	10,400
Chinsali	959	-	4	-	-	86,470
Chama	2,080	-	1	-	-	187,240
Isoka	427	-	155	-	1,555	153,480
Mpika	2,642	-	-	-	-	237,780
Mafinga	152	-	-	-	-	13,680
Mongu	71	15	16	3	-	7,703
Lukulu	74	-	-	-	-	6,660
Kaoma	140	53	2	-	-	17,800
Sesheke	538	50	-	50	-	51,670
Senanga	-	1	-	288	-	7,240
Luwingu	-	17	-	-	-	680
<b>Total</b>	<b>11,127</b>	<b>1,047</b>	<b>178</b>	<b>345</b>	<b>1,829</b>	<b>1,222,063</b>

## xiii. Questionable Issuance of Inputs – Serenje DACO

FISP Guideline No. 7.1 states that traditional leaders should also be included among the beneficiaries of FISP where each Chief was to be allocated with two (2) input packs consisting of 8 bags fertiliser (4 x 50kg basal dressing and 4 x 50 kg top dressing fertiliser) and two (2) x 10kg bags of maize seed and another pack of any crop type. It

was however observed that four (4) chiefs benefited fifty six (56) packs valued at K10,800 resulting in an excess of forty seven (47) packs valued at K6,360.

In addition, contrary to FISP guideline No. 8.3.1 which states that the Ministry of Agriculture and Livestock staff will not handle any cash on behalf of any farmer or farmer organisation, a Cooperative Officer and an Office Orderly deposited K10,800 cash on behalf of the Chiefs. In addition, the fifty six (56) packs were not acquitted by the Chiefs.

**xiv. Misappropriation of Inputs - Kaoma and Sesheke DACOs**

During the period under review, two (2) warehouse managers were engaged to manage inputs for the 2014/2015 farming season in Kaoma and Sesheke Districts.

However, inputs valued at K57,120 were stolen from the warehouses. Although the thefts were reported to the police and the accused were appearing before the Courts of Law, the stolen inputs had not been replaced by the warehouse managers as of November 2015. See table below.

District	Warehouse Manager	Input Type	Quantity	Unit Price K	Amount K
Kaoma	Kaoma District Farmers Association	Maize (10kg bags)	303	40	12,120
Sesheke	District Cooperative Union	Fertilizer (50kg bags)	500	90	45,000
					<b>57,120</b>

**xv. Missing ATDs, Deposit Slips and ATCs**

During the period under review, inputs valued at K1,797,260 were issued to one hundred and ninety three (193) co-operatives. However, ATDs, Deposit Slips and ATC forms were not availed for audit to support the issuances contrary to FISP Guideline No. 8.2.5. See table below.

District	No. of Cooperatives	Amount K
Kazungula	92	1,301,910
Monze	93	432,570
Mazabuka	8	62,780
<b>Total</b>	<b>193</b>	<b>1,797,260</b>

**xvi. Failure to Issue Inputs to Beneficiaries - Senanga DACO**

The District received inputs valued at K247,850 for distribution to farmers and had a balance brought forward of inputs valued at K325,815 bringing the total to K573,665.

See table below.

Input Description	B/F	Value K	Inputs Received	Value K	Total K	Inputs Issued	Value K	Balance	Unit Cost K	Value as of Nov 2015 K
Maize Seed - 10kg	287	11,480	600	24,000	887	607	24,280	280	40	11,200
Rice seed- 10kg	33	1,320	30	1,200	63	40	1,600	23	40	920
Sorghum- 5kg	313	7,825	50	1,250	363	63	1,575	300	25	7,500
Compound D -50kg	2,055	184,950	1,230	110,700	3,285	1,380	124,200	1,905	90	171,450
Urea-50kg	1,336	120,240	1,230	110,700	2,566	1,317	118,530	1,249	90	112,410
<b>Total</b>		<b>325,815</b>		<b>247,850</b>			<b>270,185</b>			<b>303,480</b>

An examination of records maintained at Senanga DACO revealed that from the total inputs available valued at K573,665 inputs valued at K270,185 were issued to the farmers leaving a balance of inputs valued at K303,480.

As a result, 161 x 50kg D Compound fertiliser and 19x50kg Urea fertiliser valued at K16,200 had expired as of November 2015.

The delivery of inputs valued at K247,850 to Senanga DACO during the 2014/2015 farming season when the allocation for 2013/2014 farming season had not been issued was questionable.

**xvii. Questionable Acquittals of Inputs**

Contrary to FISP Guideline No. 8.2.4 of 2014/2015 farming season, a total of six hundred and four (604) packs valued at K241,200 were signed for by persons other than the actual beneficiaries.

It was also observed that some farmers benefited from more than one cooperative using the same National Registration Card (NRC) number contrary to FISP Guideline No.7. See table below.

<b>Districts</b>	<b>No. of Packs</b>	<b>Amount K</b>
Chongwe	51	20,400
Lusaka	12	4,800
Chilanga	13	5,200
Kapiri Mposhi	224	89,600
Chinsali	6	2,400
Mpulungu	298	118,800
<b>Total</b>	<b>604</b>	<b>241,200</b>

**e. Contracts for Transportation of Inputs**

According to the existing arrangement under FISP, there are two types of transporters namely; regional transporters and local transporters. The regional transporters transport farming inputs from Lusaka to designated warehouses in the districts whereas the local transporters are based in respective districts transporting farming inputs to depots for collection by farmer groups/Co-operatives through Camp Agriculture Committees (CACs). Upon completion of the transportation of inputs, transporters are required to submit claims to the Ministry for payments to be made.

The following weaknesses were observed in the management of the delivery of inputs by local transporters:

**i. Irregular Charge of Value Added Tax (VAT) - Local Transporters**

Contrary to the VAT Act Chapter 331 of the Laws of Zambia which states that only companies that are registered for VAT can charge VAT, ten (10) transporters who were not registered for VAT charged VAT in amounts totalling K132,791. See table below.

District	Transporter	VAT Exclusive K	VAT @ 16% K	Claim VAT Inclusive K
Milenge	Kalumba Music Palour	47,396	7,583	54,979
	Bojumuk General Dealers	73,980	11,837	85,817
	C.C Nsomaulwa Contractors & General Dealers	47,581	7,613	55,194
	Sinaju General Dealers	82,437	13,190	95,627
Samfya	Dinabel Enterprises	14,099	2,256	16,355
	JCC Investments	89,131	14,261	103,392
	Clembas Logistics	51,300	8,208	59,508
	Kalumba Music Palour	34,912	5,586	40,498
	Muchi Trucking	79,525	12,724	92,249
Chama	Chinji General Dealers	309,726	49,533	359,259
	<b>TOTAL</b>	<b>830,086</b>	<b>132,791</b>	<b>962,877</b>

## ii. Questionable Claim by Transporter – Mufulira DACO

On 20<sup>th</sup> August 2014, Mufulira DACO engaged AHABAH Contractor and suppliers to distribute 397.25 metric tonnes of inputs to farmers.

A scrutiny of transport claims approved by the DACO and recommended for payment to the PACO revealed that the transporter claimed an amount of K81,932 for 1,287.60 metric tonnes resulting in excess claim for 890.35 metric tonnes valued at K56,654.

## iii. Unsupported Transporters' Claims

During the 2014/2015 farming season five (5) DACOs engaged twenty seven (27) transporters to transport a total of 6,269.75 metric tonnes of fertiliser and seeds to depots. The total claim for the transporters amounted to K1,563,650. However, delivery notes for the delivery of inputs to various satellite depots were not produced for audit verification. Consequently, the amount claimed by the transporters could not be verified as of November 2015. See table below.

District	No. of Transporters	Metric Tonnes	Amount Claimed K
Mansa	12	2,237.97	471,456
Mwense	2	750.07	117,709
Samfya	5	1370.15	312,001
Shiwang'andu	5	10.29	262,191
Chililabombwe	3	1,901.27	400,293
<b>Total</b>	<b>27</b>	<b>6,269.75</b>	<b>1,563,650</b>

**iv. Delayed Awards and Failure to Sign Contracts - Warehouse Management - Kabwe DACO**

In September 2014, Kabwe DACO engaged Kabwe District Co-operative Union at a contract sum of K55,058 for the warehouse management of 28,454 x 10kg bags of maize seed and 1,400 x 10kg bags of groundnuts seed valued at K1,187,160.

However, Kabwe DACO only signed the contractual agreement with the Warehouse Manager on 15<sup>th</sup> July 2015, eleven (11) months after the warehouse manager was engaged. It was also observed that on 29<sup>th</sup> September 2014, fifty (50) packs of maize valued at K20,000 were fraudulently obtained from the warehouse.

**f. Weaknesses in Internal Controls**

There were weaknesses in internal controls in that funds were misapplied on activities not related to FISP, payment vouchers were missing, in certain cases payments were not supported as relevant documents, imprests were not retired, stores were not accounted for and there was failure to prepare activity reports, among others.

In particular, the following were observed:

**i. Misapplication of Funds**

Contrary to the Appropriation Act of 2013, amounts totalling K2,768,975 meant for the Procurement and Distribution of Farming Inputs for the 2014/2015 farming season and involving one hundred (100) transactions, were applied on unrelated activities such as procurement of fuel, settlement of telephone, payment of sitting allowances and construction of Mongu Regional Veterinary Laboratory.

**ii. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, sixteen (16) payment vouchers in amounts totalling K492,967 processed during the period under review were not availed for audit. See table below.



Station	No. of Payment Vouchers	Amount K
Headquarters	12	483,767
Mongu	4	9,200
<b>Total</b>	<b>16</b>	<b>492,967</b>

### iii. Unsupported Payments

Contrary to Financial Regulation No. 52, fifteen (15) payments in amounts totalling K321,515,145 at the Ministry Headquarters were not supported with documents such as quotations, delivery notes, cash sale receipts and LPOs among others.

### iv. Unretired Accountable Imprest

Contrary to Financial Regulation No. 96, imprest in amounts totalling K2,159,586 issued to forty three (43) officers at the Ministry Headquarters had not been retired as of November 2015.

In addition, amounts totalling K128,121 paid to two (2) accountants as accountable imprest to pay various officers who were to undertake audit follow ups and monitoring activities was not accounted for in that no acquittal sheets were availed for audit and no cash was found on hand as of November 2015. See table below;

Date	Payee	Details	Amount Issued K	Amount Accounted For K	Amount Unaccounted For K
03.09.14	Assistant Accountant	Imprest for audit follow ups in Western, Muchinga & Lusaka Provinces	144,279	54,259	90,020
07.11.14	Accountant	Imprest for FISP Seed & Fertilizer distribution monitoring in Western, Copperbelt & Luapula Provinces	123,500	85,399	38,101
<b>Total</b>			<b>267,780</b>	<b>139,658</b>	<b>128,121</b>

**v. Irregular Use of Imprest to Procure Goods and Services**

Financial Regulation No. 86 (c) states that, “Accountable imprest is imprest issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time”. Contrary to the Financial Regulation, accountable imprest in amounts totalling K488,305 were issued to seventeen (17) officers for procurement of goods and services whose values were obtainable on the market.

**vi. Irregular Payments of Out of Pocket Allowance**

Cabinet Circular No. 11 of 2013 states that Out of Pocket Allowance shall only be paid to an officer to cover the additional expense he/she has to meet while on duty outside his/her normal station of duty where an overnight stay is involved and the program or workshop the officer is attending is sponsored.

Contrary to the provisions of the Circular, allowances in amounts totalling K779,591 involving six (6) transactions were paid as Out of Pocket Allowances to five (5) officers when the activities did not involve overnight stays.

**vii. Irregular Payments of Sitting Allowance**

Contrary to Cabinet Office Circular No.11 of 2013 which abolished the payment of administrative allowances to officers in the Public Service, amounts totalling K161,468 were paid as sitting allowance to members of the Ministerial Procurement Committee for attending meetings that the committee held during the period under review. See table below.

<b>Date</b>	<b>Payee</b>	<b>Details</b>	<b>Amount K</b>
17.06.2014	Accountant	Payment to facilitate MPC Allowances between 30 <sup>th</sup> January to 5 <sup>th</sup> June, 2014	79,100
26.08.2014	Accountant	Payment for Sitting Allowances for MPC Meetings held between 30 <sup>th</sup> January, 2014 to 7 <sup>th</sup> August, 2014	38,900
06.08.2014	Accountant	Imprest for facilitation of FISP Evaluation of the tender for transportation of assorted seed for 2014/2015 farming season	35,000
16.01.2014	Accountant	Imprest for the payment for the evaluation of 17,000 metric tonnes of top dressing fertilizers from Nyiombo	8,468
			<b>161,468</b>

The payment of sitting allowances was irregular and therefore recoverable.

**viii. Unaccounted for Fuel**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of fuel costing K30,261 procured during the period under review in five (5) districts. See table below.

<b>District</b>	<b>Fuel K</b>
Livingstone	4,128
Chinsali	1,601
Chama	6,437
Nakonde	12,080
Kaoma	6,015
<b>Total</b>	<b>30,261</b>

**HEAD: 89/34 Ministry of Agriculture and Livestock - Agricultural Training Institutions**

**Unit: 11 Natural Resources Development College**

**PROGRAMMES: Various**

**Activities: Various**

69. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K4,279,889 was made to cater for operations at the Natural Resources Development College (NRDC) out of which an amount totalling K1,364,196 was released leaving a balance of K2,915,684.

In addition, the Institution received amounts totalling K8,066,037 from other sources. See table below.

<b>Account Name</b>	<b>Receipts K</b>
Open Distance Learning	2,127,282
Cost Sharing	3,605,872
Business Centre	628,850
Parallel	1,229,425
Capital	8,900
Regular	465,708
<b>Total</b>	<b>8,066,037</b>

#### **Accounting and Other Irregularities**

An examination of accounting and other records at the NRDC carried out in August 2015 revealed the following:

**a. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65 (1), there were ten (10) payment vouchers in amounts totalling K96,958 that were not produced for audit.

**b. Unsupported Payments**

Contrary to Financial Regulations No. 45 and 52, there were thirty five (35) payments in amounts totalling K916,074 that were inadequately supported in that they lacked supporting documents such as acquittal sheets, acceptance letters, service reports, and missing claim forms amongst others.

**c. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K150,674 issued to fifteen (15) officers had not been retired as of October 2015.

**d. Failure to Produce Reports**

During the period under review, various officers were issued with imprest in amounts totalling K91,570 to enable them carry out various assignments such as participating at the students sports outing, facilitate research presentation, attend network management workshop and to visit the Ranch Farm in Mumbwa amongst others.

However, no reports were availed for audits to show that the activities were undertaken.

**e. Irregular Procurement of Goods and Services Using Imprest**

Contrary to Financial Regulation No.86 (c) which 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”, the Institution issued imprest in amounts totalling K68,391 to several officers to procure goods and services whose values were obtainable on the market.

**f. Misapplication of Funds**

During the period under review, amounts totalling K297,578 meant for students affairs were applied on activities not related to student’s affairs such as salary advances, leave commutations, repatriations and long service bonuses amongst others.

**g. Failure to Reimburse Borrowed Funds**

In February 2014, amounts totalling K89,115 meant for student's affairs were borrowed to facilitate payment of allowances to members of staff. As of November 2015, the funds had not been reimbursed.

**h. Questionable Engagement of Supplier of Foodstuffs**

During the period under review, Imerg Media was engaged to supply food stuffs such as live chickens, dry beans and meal sample costing K38,542 to the College. However, the supplier was not a registered food supplier but rather specialised in media related and printing service activities. In addition, there were no receipt and disposal details for the food stuffs procured.

**i. Unaccounted Stores**

Contrary to Public Stores Regulation No.16, various stores items costing K541,814 (food stuffs and general stores - K474,576 and fuel - K67,238) procured during the period under review were not accounted for in that they were not recorded in the stores ledger and did not have disposal details.

**j. Undelivered Stores**

During the period under review, stores items costing K38,485 were purchased from four (4) suppliers. However, only stores items costing K28,965 were delivered leaving a balance of K9,520 not delivered as of August 2015.

**k. Circumvention of Tender Procedures**

The Zambia Public Procurement Authority (ZPPA) tender procedures stipulate that any procurement above the department's tender threshold of K10,000 must be authorised by the Controlling Officer and if it is above K50,000 it must be subjected to a process of the Ministry Tender Committee (MTC).

It was however observed that in order to circumvent this requirement, management split procurements amounting to K449,091 from nine (9) suppliers by issuing different Local Purchase Orders (LPOs) in succession and with same dates to the same firms. See table below.

SUPPLIER	AMOUNT K
MASTER BUCHERIES	182,510
MICRO DEVICE SYSTEM	35,100
NAJRANA INVESTMENT LTD	106,826
OLYMPIC STOCK FEED LTD	15,480
PAMS BAKERY	22,680
TUFRAN ENTERPRISES	23,420
TCM DELARU COMPUTERS SOLUTIONS	19,750
PAZA TRADING LTD	17,000
NATIONAL MILLING COMPANY	26,325
<b>Total</b>	<b>449,091</b>

## **I. Acquisition and Land Use - Mumbwa Ranch Farm**

In 2007, Chief Shakumbila of Mumbwa District donated a piece of land measuring 1,662.23 hectares for the College to be used for practical training for students in various animal/livestock related courses and commercial facility for various agricultural activities. In this regard, the College engaged Casual Workers to maintain the land and to herd the animals.

The following were observed:

### **i. Failure to Develop the Ranch and non Availability of Assets Register**

A visit to the farm in August 2015 revealed that the College had failed to develop the farm since it was acquired except for some temporal mud and glass thatched shelters. In addition, no activities were taking place despite the college employing the casual workers and spending K552,500 in respect of wages.



*Storeroom, mud and glass thatched Structures*

Consequently, the land had been encroached upon by squatters as shown in the picture below.



*Encroached Portions of land*

**ii. Failure to Remit NAPSA Contributions**

Contrary to the NAPSA Act, amounts totalling K55,250 deducted from Casual Workers earnings as NAPSA contributions had not been remitted to NAPSA as of August 2015.

**iii. Plumbing Works at the Food and Nutrition Laboratory - Failure to Remove Existing Waste Water Lines**

In May 2014, the College engaged Palaba Investment Limited, to among other things remove all existing PVC waste water lines, supply and fit 82m\*50mm GI pipes, 56m\*38mm GI pipes, 20m\*50mm GI elbows, 15m\*50mm-38mm reducer bushes, 46m\*38mm GI elbows, 15m\*50mm GI tees.

However, a physical check carried out in July 2015 at the laboratory revealed that the faulty waste water lines had not been removed.



*Old Waste Water Lines*



**m. Questionable Engagement of a Contractor**

In March 2014, Palaba Investment Limited of Lusaka was engaged to carry out plumbing works at the student's hostels at a cost of K76,305 VAT inclusive for a period of six (6) weeks.

The scope of works included the following:

- Demolishing all the 132 existing internal water lines
- Installing new external PVC waste water lines
- Fixing wall tiles to the existing 36 wash hand basins back splash areas.
- Removing forty six (46) bath tabs and replacing with wall type showers.

As of March 2015, the Contractor had been paid in full. However, no contract was signed between the College and the Contractor. In addition, the contractor in April 2014 was re-engaged to carry out renovation works at the food and nutrition laboratory at a cost of K33,297 without a contract.

The scope of works included:

- Removal of all existing rhino ceiling boards
- Removal of all existing PVC waste waterlines among others.

A physical verification carried out on November 2015 revealed that the contractor had not removed the waste waterlines despite being paid the full amount of K33,297.

**Head 90 : Office of the President – Lusaka Province**

**Department : Various**

**Programme : Various RDC**

**Activity : Various**

70. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K50,883,989 was made to cater for General Administration and Personal Emoluments at the Provincial Administration against which a total amount of K51,935,362 was released as shown in the table below.

<b>Programme</b>	<b>Budget Provision K</b>	<b>Supplementary Provision K</b>	<b>Total Provision K</b>	<b>Releases K</b>
General Administration	12,234,362	577,310	12,811,672	11,480,421
Personal Emoluments	38,072,317	-	38,072,317	40,454,941
	<b>50,306,679</b>	<b>577,310</b>	<b>50,883,989</b>	<b>51,935,362</b>

According to the financial statement (Statement C) for the year ended 31<sup>st</sup> December 2014, a total amount of K49,525,221 was spent (Personal Emoluments K40,303,441 and General Administration K9,221,780).

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and eight (8) selected district offices carried out in August 2015 revealed the following:

#### **a. Unsupported Payments**

Contrary to Financial Regulations No.45 and 52, there were fifty five (55) payments in amounts totalling K514,793 made during the period under review which were unsupported in that they lacked relevant documents such as Local Purchase Orders, invoices, receipts and leave certificates, among others.

#### **b. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96 (1), imprest in amounts totalling K877,843 issued to various officers during the period under review had not been retired as of October 2015.

**c. Irregular Use of Accountable Imprest**

Contrary to Financial Regulations No. 86 (c), which states that accountable imprest shall be issued to facilitate the purchase of goods and services whose values cannot be ascertained at the time, six (6) officers were issued with accountable imprest in amounts totalling K56,165 to purchase goods and services whose values were obtainable on the open market.

**d. Unaccounted for Stores Items and Fuel**

Contrary to Public Stores Regulation No 16 and 18, stores items procured during the year under review costing K1,324,946 and involving one hundred and fourteen (114) payments had no receipt and disposal details.

**e. Fuel Drawn by Unauthorised Motor Vehicles**

Fuel costing K2,224 consisting of four (4) transactions was drawn during the period from February to May 2014 by private motor vehicles without the authority of the Controlling Officer.

**f. Fuel drawn without Motor Vehicle Registration Numbers**

Fuel costing K4,495 consisting of eighteen (18) transactions was drawn without indicating number plates of the motor vehicles on the fuel requisitions. In this regard, it was not possible to ascertain whether the fuel drawn was used for official purposes.

**g. Unauthorised Fuel drawings**

Contrary to Public Stores Regulation No 16, fuel drawings worth K60,561 were made without authority in that the drawings were not supported by approved fuel requisitions.

**h. Questionable Fuel Drawings**

A review of motor vehicle records, revealed that six (6) motor vehicles drew fuel costing K19,245. It was however observed that the same vehicles were drawing both petrol and diesel rendering the drawings questionable.

**i. Undelivered Assets and Electronic Equipment**

Office furniture and electronic equipment costing K11,947 procured during the period under review had not been delivered as of August 2015.

**j. Failure to Submit Results Transcripts - Capacity Building (Staff Training)**

Amounts totalling K163,838 involving twenty three (23) transactions were made to various institutions for staff training between 1<sup>st</sup> January and 31<sup>st</sup> December 2014 without attaching progress reports (results transcripts) thereby making it difficult to ascertain the basis on which continued payments were made.

**k. Non Tax Deduction and Remittance to Zambia Revenue Authority (ZRA)**

Contrary to the Income Tax Act (CAP 323), the Provincial Administration had not deducted tax in respect of amounts totalling K124,045 paid to fourteen (14) officers as commutation of leave days, leave terminal benefits and long service bonus during the period under review.

**l. Irregular Payment of Housing Allowance to Officers in Institutional Houses**

Contrary to the Terms and Conditions of Service for the Public Service, a total of K91,704 was paid as housing allowances to seven (07) officers accommodated in institutional houses.

**m. Transport Allowance**

Contrary to Cabinet Office Circular No.B12 of 2012, a total of K8,956 was paid to thirty (30) officers as transport allowance at a higher rate than their entitlement of 10% resulting in an overpayment of K4,214 which had not been recovered as of August 2015.

**n. Irregular Payment - Rural Hardship Allowance**

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be in a remote area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

During the period under review, amounts totalling K12,372 were paid as Rural Hardship allowance to an accountant who is based in Lusaka.

**o. Irregular Payment of Acting Allowance**

Terms and Conditions of Service No. 26 (b) (i) states that when an officer is appointed to act in a higher post with a view to awarding him/her substantive promotion, the effective date of such promotion shall be the date on which the officer commenced to act on the post. Officers selected for promotion shall normally be appointed by the Service Commission or the responsible officers to act for a period of not less than six (6) months with a view to establishing their suitability for substantive promotion.

During the period under review, amounts totalling K350,005 were paid to twenty-nine (29) officers as acting allowance who had served for periods longer than six (6) months without approval of the Public Service Commission.

**HEAD**                    **90/03** :            **Office of the President-Lusaka Province**  
**DEPARTMENT**                    :            **Rural Roads Unit ( RRU)**  
**PROGRAMME**            **6068** :            **Infrastructure Development**  
**ACTIVITIES**                    :            **Various.**

**71.** In the Estimates of Revenue and Expenditure for the year ended 31<sup>st</sup> December 2014, a provision of K23,307,210 was made for the Rehabilitation of Feeder Roads and the Acquisition of Specialised Road Equipment for the Rural Roads Unit, out of which a total amount of K6,402,000 was released resulting in an underfunding of K16,905,210.

According to financial statement (Statement C), amounts totalling K5,806,357 were spent leaving a balance of K595,643.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in March and August 2015 revealed the following:

**a. Rehabilitation of Feeder Roads**

During the period under review, K1,698,953 was released for the grading of twenty six (26) feeder roads out of which eighteen (18) were rehabilitated at a total cost of K1,356,075. However the following were observed:

**i. Grading, Spot Gravelling and Culvert Installation – 22 km Other Roads Luangwa (Chilombwe Road)**

A total amount of K838,953 was released for grading, spot gravelling and culvert installation on 22km of other roads in Luangwa District. The works were carried out during the period from June to July 2014.

The scope of works included grading and spot gravelling and installation of culverts. A review of records revealed that amounts totalling K256,080 were spent on the project leaving a balance of K582,873.

Physical inspections carried out in March 2015 on the road revealed that:

- No culverts were installed along the road on fourteen (14) points despite twelve (12x900mm) culverts having been purchased at a total cost of K27,840 (12 x 900mm costing K27, 840) and were stock piled at the RRU yard along Sheki Sheki Road in Lusaka.
- Gully formations at +0.6km, +1.3km, +1.9km, 2.7km, 3.7km.
- Spot gravelling was not done between +11.8km to 12.1km

See pictures below.



*Section of road requiring culvert at 3.3km Section of road requiring culvert at 10.3km*

**ii. Grading – 12 km of Chipekete Road**

A total amount of K280,000 was released for grading of 12kms of Chipekete road area in Rufunsa District. The works were carried out in November 2014.

The scope of works included grading, spot graveling and culvert installation.

A review of records revealed that amounts totalling K72,280 were spent on the project leaving a balance of K207,720.

Physical inspections carried out in March 2015 revealed the following defects:

- Gullies formed at +3.1km, +6.1km, +8.7km, +12.5km, +12.8km, +13.0km, +13.8km, +14.8km, +15.1km, +16.2km, +16.5km, and +17.1km
- Erosion at +0.3km and +1.8km
- Wheel rutting at +11.4km
- 3 x 900mm Culverts (on site but not installed) at +13.4km, +18.2km.

**iii. Grading 23 km – Kamwasha Road - Rufunsa District**

A total amount of K159,000 was released for the grading and spot gravelling on Kamwasha Road in Rufunsa District. The duration was from 27<sup>th</sup> April 2014 to 15<sup>th</sup> June 2014.

The works involved the formation of the road to link Chipekete community via Kamwasha School to Mphanshya Mission Hospital.

A physical inspection carried out in March 2015 revealed that although the equipment was on site, only a stretch of 8km had been done and the works had since stalled.

Further, for the stretch which had been worked on, there was wheel rutting at +3.6.1km and the road was damaged at +4.1km.

**iv. Grading – 23 km of Shikabeta Road**

A total amount of K260,000 was released for grading and culvert installation on Shikabeta road in Rufunsa district and the works were to commence on 27<sup>th</sup> April to 14<sup>th</sup> June 2014.

The scope of works included grading, spot gravelling and culvert installation.

A review of records revealed that a total expenditure of K101,200 was incurred leaving a balance of K158,800.

A physical inspection carried out in March 2015 revealed the following defects on the road;

- Erosion at +1.0km, +7.6km, +7.9km, +12.8km, +13.6km, +13.8km, +16.1km, +22.0km
- Gullies formed at +1.8km, +5.3km, +7.1km, +8.2km, +9.0km, +10.8km, +13.5km, +14.6km
- Wheel rutting at +14.7km, old culvert exposed at 24.0km.

See picture below.



*Exposed old culvert at 24.0km*



v. **Grading – 12 km Lubalashi Road**

A total amount of K159,000 was released for grading of Lubalashi road in Rufunsa district and the works were carried out in June 2014.

A review of records revealed that a total expenditure of K105,580 had been incurred leaving a balance of K53,420.

A physical inspection of the road carried out in March 2015 revealed the following:

- Erosion (where dumping was required) at +0.1km, +0.6km, +2.6km, +6.1km, +7.9km, +10.2km.
- Gullies formed at +2.9km, +3.3km, +4.5km, +6.2km.
- Culvert pipe exposed at +9.8km.

See pictures below.



*Gully formation at 6.2km*



*Exposed pipe culvert at 9.8km*

vi. **Heavy Grading and Regravelling – D158 Old Kafue Road**

A total amount of K190,000 was provided in the estimate of revenue and expenditure for the year under review. However, no funds were released for the works.

Despite the road not having been funded, a total of K104,700 was spent on the payment of allowances (K22,769) for operators working on the road and on purchase of fuel and lubricants (K81,931).

A physical inspection carried out in March 2015 revealed that a total of eight (8 x 900mm) pipe culverts costing K16,000 were poorly installed in that the end points

were protruding both at the inlet (upstream) and outlet (downstream) of the stream. In addition, there was no compacting and stone pitching done on the wing walls both up and down stream and no head walls were built for the culvert. See pictures below.



*Inlet of the culvert with eroded debris on the upron*



*Outlet of the culvert*

In addition, potholes had formed at +2.4km, +5.6km, +5.9km, +6.1km, +7.5km, +9.7km, +10.4km, +11.5km, +15.9km and gullies had formed at 6.4km, +7.8km, +12.8km, +13.6km, and +23,5km.

**vii. Grading, Spot Gravelling and Culvert Installation – 10 km Kapyongo Road – Kafue District**

A total amount of K159,000 was provided in the estimate of revenue and expenditure for the year under review. However, no funds were released for grading and spot gravelling and culvert installation on the road.

Despite the road not having been funded, a total of K86,800 was spent during the period under review on the payment of allowances (K50,000) for operators working on the road and on purchase of fuel and lubricants (K36,800).

A physical inspection carried out in March 2015 revealed the following defects;

- Gullies at +0.7km, +3.5km, +6.6km, +5.8km, +7.2km, and +7.4km.
- Erosion and granite exposed at +2.7km, +5.1km
- Potholes formed at +0.7km, and +6.6km

See picture below.



*Gully formation at 4.5 km*

**viii. Grading – Mungu - Shimabala Road**

A total amount of K218,200 was provided in the Estimates of Revenue and Expenditure for the year under review. However, no funds were released for the works.

Despite the road not having been funded, a total amount of K136,480 was spent on allowances on to operators working on the road (K71,480) and on purchase of fuels and lubricants (K65,000).

A physical inspection carried out in March 2015 revealed the following:

- Potholes formed at +1.0km, +3.0km, +3.3km, +5.0km, +7.6km
- Erosion at +1.4km, +4.9km
- Wheel rutting at +8.7 and +9.0km



*Wheel rutting at 8.6km*

**ix. Grading – 25km D177 - Kalubwe Road**

A total amount of K157,466 was provided in the Estimate of Revenue and expenditure for the year under review. However, no funds were released for the works.

Despite the road not having been funded, a total amount of K36,800 was spent on allowances to operators working on the road (K4,972) and on purchases of fuels and lubricants (K31,828).

A physical inspection carried out in March 2015 revealed the following defects on the road:

- Corrugations (rumble strips) between + 1.5km to +1.8km, between +9.4km to +9.8km
- Potholes formed at +2.3km, +2.6km, +10.0km 16.7km, +19.5km
- Depressions and water ponding at +2.9km, +3.7km, +4.9km, +9.1km, +13.8km, +14.1km, +16.8km, +18.3km, +20.2km,
- Wash away and road sinking between +12.0km and +13.3km
- Gullies formed at +7.2km, +10.8km, +13.6km, +19.7km
- Wheel rutting at +3.5km, +11.1km, +14.3km+16.7km
- Erosion at +1.9km, and +18.3km

See pictures below;



*Depression and water ponding at 6km*



*Road deformed and sinking at 12.3km*

**x. Heavy Grading and Spot Gravelling – 12 km Chisakila - Kabanana**

A total of K241,000 was provided in the Estimates of Revenue and Expenditure for the year under review. However, no funds were released for the works. Instead, K134,073 was varied from D482 Chiawa road which was taken up under Link Zambia by the Roads Development Agency (RDA).

The scope of works included heavy grading and spot gravelling 17Km.

A review of expenditure revealed that a total of K73,600 was incurred on the purchase of fuels and lubricants leaving a balance of K60,473. A physical inspection carried out in March 2015 revealed that the road had the following defects:

- Gullies formed at +0.5km, +0.7km, +2.4km, +3.4km, +4.1km, +4.7km, +6.9km, +8.2km, +10.5km, +11.1km
- Erosion at +1.4km, +5.3km, +5.6km, +6.2km, +7.4km
- Wheel rutting at +0.4km, +5.9km

See pictures below.



*Gully formation at 2.4 km*



*Washed away culvert at 3.7 km*

**xi. Grading and Gravelling – 30 km Ngómbe Illede Road**

During the period under review, K92,600 was spent on the procurement of fuel and lubricant and the payment of allowance for officers working on the Ngómbe Illede Road.

A physical inspection carried out in March 2015 revealed the following:

- Gully formation due to erosion at +2.2km, +11.5km, +11.6km, +14.1km, +15.8km, +17.9km, +20.3km, +23.7km, +25.9km
- Wheel rutting requiring dumping at +10.7km, +10.9km, +13.0km
- Culverts (on site but) not installed at +10.5km
- Road not being used between +17.9km and +22km due to three streams without culverts or bridges, hence traffic using old road.
- Damaged existing bridge at +26.5km.

See pictures below.



*Stream crossing at 19.5km*



*Culverts not installed at 10.5km*

**xii. Gravelling and Culvert Installation – 25 km Nampundwe Mine Road and 24km Situmbeko Chimbotela Road.**

A total amount of K91,711 was spent on the payment of allowances to operators working on the roads (K70,913) and fuels and lubricants (K20,798).

A physical inspection of the works carried out on the roads in March 2015 revealed the following:

- **Nampundwe Mine Road**
  - Wheel rutting (traffic diverting off road cumber) between +1.5km and +1.8km

- Silted culvert installed at +4.0km
- Pot holes at +5.8km, +7.1km, +7.6km, +11.7km,+19.9km,
- Water ponding at +21.9km



*Silted culvert at 4.0km Nampundwe Rd*



*Pot holes and water ponding at 6.2km Nampundwe Rd.*

- **24km Situmbeko - Chimbotela Road.**

- Gully formation at +4.2km, +7.0km, +7.5km
- Wheel rutting at +5.2km, +9.3km, +11.4km, +18.8km
- Potholes at 0.7km – +1.3km,+13.9km, +16.5km, +17.4km, +20.8km

See picture below.



*Water ponding at 8km and 20.3km respectively.*

**xiii. Heavy Grading and Spot Gravelling – Other Roads – D164 Makeni Road**

Despite the road not having been funded, a total amount of K81,500 was spent on D164 Makeni road as allowances to operators working on the road (K44,700) and on the purchase of fuels and lubricants (K36,800).

A physical inspection carried out in March 2015 revealed as below.

- Road erosion at +10.0km, +10.5km, +10.9km,
- Depressions not dumped at +16.9km, +17.1km, +19.8km,
- Road deformed between +22.4km and +22.8km.
- Potholes between +26.8km and +27.5km, +28.6km and +29.2km
- Water ponding at +20.9 to 21.1km, +23.8km, +27.9km

See pictures below



*Water ponding at 20.9km Makeni rd*



*Depressions and water ponding at 22.4km Makeni rd.*

**xiv. Grading and Spot Gravelling –27km - D170 Old Mumbwa Road.**

A total amount of K99,180 was spent on D170 Old Mumbwa road as allowances to operators working on the road (K30,400) and fuels and lubricants (K68,780).

However, a physical inspection carried out in March 2015 revealed the following:

- Gullies at +2.5km, +3.7km, +5.7km, +9.0km, +12.0km and +24.6km
- Wheel ruts at +0.9km, +15.0km



- Potholes at +1.5km, +1.8km, +8.5km, +9.7km, +14.2km, +15.1km, +22.2km and +23.5km.

**b. Failure to Insure Motors Vehicles and Specialised Equipment**

The Road Traffic Act of 2002 Sec. 86 (1-3) stipulates that no person shall use or cause or permit any person to use a motor vehicle or trailer on a road unless there's such a policy of insurance or such a security in respect of third party risks.

However, motor vehicles and specialised equipment (graders, bull dozers, rollers, compactors, water bowsers and excavators) at the Provincial Administration all valued in excess of K7.5 million had no insurance policies for the period from January to December 2014.

**HEAD: 90 Office of the President-Lusaka Province**  
**PROGRAMME: 6011/ 6068 Infrastructure Development (PRP)**  
**ACTIVITY: Various**

72. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December, 2014, a provision of K6,244,621 was made for Infrastructure Development activities under Poverty Reduction Programmes (PRP), against which amounts totalling K4,745,391 were released resulting into an underfunding of K1,499,230.

According to the financial statement (Statement C), a total amount of K4,745,391 had been spent as of 31<sup>st</sup> December 2014.

**Accounting and Other Irregularities**

An examination of accounting and other relevant records maintained at Lusaka Provincial Administration and a physical inspection of the projects carried out in April and August 2015 revealed the following:

**a. Failure to Produce Reports**

During the period under review, twelve (12) officers were paid amounts totalling K223,886 as subsistence and travel allowances to carry out various activities. However, there were no reports provided for audit to the effect that activities were undertaken.

**b. Failure to Execute Funded Projects**

During the period under review, a total of K1,363,046.00 was funded for four infrastructure development activities namely; Construction of Institutional House – Chongwe (K240,000), Construction of Bunda Bunda Health Centre (K120,000), Completion of Dining Hall - Mukamambo II High School (K791,498) and Construction of Luangwa DC Office Block (K211,548).

However, as of August 2015, the projects had not been undertaken.

**c. Questionable payments of certificates for abandoned works on Rehabilitation of Dams**

**i. Rehabilitation of Sikongo Dam**

In Paragraph 64 of the Auditor General’s report on the accounts for the year ended 31<sup>st</sup> December, 2013, mention was made of the engagement of Halifax Investments for the rehabilitation of Sikongo Dam in Chirundu at a contract price of K260,961 and that despite the contractor being paid K159,240, as of June 2014, the contractor had abandoned the site. A review of the situation in August 2015, revealed that even though no works had been done and the contractor was not on site, the Provincial Administration had paid the contractor an additional amount of K90,214 bringing the total amount paid to K249,454 representing 96 percent of the contract price. See picture below.



*Uncleared shrubs in the spill way*

**ii. Rehabilitation of Zemba Zemba Dam**

In Paragraph 64 of the Auditor General’s report on the accounts for the year ended 31<sup>st</sup> December, 2013, mention was made of the engagement of Lavio Construction Ltd for the rehabilitation of Zemba Zemba Dam in Chirundu at a contract price of K508,786 and the works had not been completed and that the contractor was not on site.

A review of the situation in August 2015, revealed that despite the contractor having been paid amounts totalling K473,898 representing 93 percent of the contract sum, the works had not been completed and the contractor was not on site.

**Head: 90 Office of the President – Lusaka Province**

**Programme: General Deposit Account**

**Activities: Various**

**73.** During the financial year ended 31<sup>st</sup> December 2014, amounts totalling K2,767,893 were received for various activities under the General Deposit Account. In addition, an amount of K109,607 was brought forward from 2013, bringing the available funds to K 2,877,499 against which amounts totalling K1,858,292 were spent leaving a balance of K1,259,847.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in August 2015 revealed the following:

**a. State Funeral**

In November 2014, Cabinet Office released K500,000 to the Provincial Administration to cover costs pertaining to the state funeral for the fifth Republican President who passed away on the 28<sup>th</sup> October 2014.

The following were observed:

**i. Over Expenditure on State Funeral**

A total funding of K500,000 was received for state funeral expenses. However, a total expenditure incurred amounted to K597,460 resulting into an over expenditure of K97,460 as a result activities such as construction of chiefs palaces and rehabilitation of Kabwata Cultural Village were not completed.

No authority on the over expenditure was submitted for audit scrutiny.

**ii. Stores without Receipt and Disposal Details**

Contrary to Public Stores Regulation No. 16, various stores items costing K109,040 (Stores - K90,115 and Fuel – K18,925) were not accounted for in that there were no receipt and disposal details.

**b. 50<sup>th</sup> Independence Anniversary Celebrations Investiture Ceremonies**

In October 2014, Cabinet office released K600,000 to the Provincial Administration to cater for the 50<sup>th</sup> Independence anniversary celebrations investiture ceremonies.

An examination of the records relating to the event revealed the following:

**i. Over Expenditure on 50<sup>th</sup> Independence Anniversary Celebrations**

A total funding of K600,000 was received for Jubilee celebrations expenses. However, a total expenditure incurred amounted to K681,814 resulting into an over expenditure of K81,814 and activities such as removal of children from the street, youth development administration among others were affected.

No authority on the over expenditure was submitted for audit scrutiny.

**ii. Unretired Accountable Imprest**

Contrary to Financial Regulation No.96, accountable imprest in amounts totalling K11,952 issued to two (2) officers had not been retired as of August 2015.

**Head: 91/03 Office of the President, Copperbelt Province**

**Department: Infrastructure Development - PRP**

**Programmes: Rural Roads Unit (RRU)**

74. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K18,775,000 was made to cater for monitoring and evaluation, rehabilitation of Feeder Roads in districts and procurement of equipment under the Rural Roads Unit (RRU) against which amounts totalling K7,909,000 were released resulting in an underfunding of K10,866,000. In addition, there was a balance of K510,991 brought forward from the year 2013 bringing the total funds available to K8,419,991.

According to the Financial Statement (Statement 'C') for the financial year ended 31<sup>st</sup> December 2014, amounts totalling K6,649,631 had been spent.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and physical inspections of selected projects carried out in April and July 2015 revealed the following:

**a. Undelivered Stores**

Contrary to Public Stores Regulations No. 16, various stores items costing K152,960 procured in December 2014 had not been delivered as of November 2015.

**b. Failure to Obtain a Refund**

In the Auditor General's Report (Paragraph 69(e) for the year ended 31<sup>st</sup> December 2013, mention was made of a caterpillar grader which was purchased and paid for in full on the 29<sup>th</sup> November 2013 from Remus Industrial Limited at a cost of K1, 628,431, with a delivery period of eight (8) weeks but had not been delivered as of December 2014. A review of the situation in July 2015 revealed that due to the failure by the supplier to deliver the Grader, the Provincial Administration in a letter dated 27<sup>th</sup> August 2014 terminated and demanded for a refund from the supplier.

However, as of July 2015, no refund had been obtained from the supplier and no other action had been taken by the Provincial Administration to ensure the recovery of the money.

**c. Unaccounted for Fuel**

Contrary to Public Stores Regulation No.16, fuel costing K300,000 was not accounted for in that there were no disposal details.

**d. Poor project implementation**

**i. Rehabilitation of Kalulushi Township Roads**

In 2014, an amount of K406,450 was allocated for the grading of 43.1 Km of Kalulushi township roads as shown below:

Road Name	Distance Km
Musakashi	10.4
Mwambashi	12
Chembe East	3.5
Chembe West	3.5
Katuta	5.8
Kalikiliki	2.4
Denovan	5.5
<b>Total</b>	<b>43.1</b>

As of December 2014, amounts totalling K210,050 had been spent on allowances for RRU Officers.

A physical inspection on the roads carried out in April 2015 revealed the following:

- **Mwambashi Road**

Although the road was worked on, it had eroded at 0.6 km making it impassable as shown in the picture below.



*Portion of the Mwambashi Road eroded at 0.6 km*

- **Denovan Road**

Contrary to the bill of quantity which stipulated that 5.5 km of the road should be graded and graveled, only a stretch of 3.5 km was graded.

**Head: 91 Office of the President - Copperbelt Province**

**Programmes: Poverty Reduction Programmes (PRP)**

**Activities: Various**

75. In the Estimates of Revenue and Expenditure for the year ended 31<sup>st</sup> December 2014, a provision of K9,170,311 was made to cater for activities under the Poverty Reduction Programme (PRP) in the Copperbelt Province against which amounts totalling K4,645,961 were released resulting in an under funding of K4,524,350.

According to the financial statement (Statement C), as of 31<sup>st</sup> December 2014, amounts totalling K3,135,917 had been spent.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and selected districts and physical inspections of selected projects carried out in April 2015 revealed the following:

**a. Failure to Establish Tree Nursery**

During the period under review, the Provincial Administration received amounts totalling K47,000 for the procurement of nursery materials (K32,000) and establishment of fruit tree nursery (K15,000). However, as of December 2014, expenditure in amounts totalling K55,254 had been incurred resulting in an excess expenditure of K8,254 above the released amount.

Although the funds were purportedly used on the purchase of fuel, nursery tools (wheel barrows), fertiliser and other assorted fruit trees, a physical inspection carried out in April

2015 did not find any evidence of the nurseries having been established or any equipment procured.

**b. Water Affairs Department - Borehole Setting and Drilling in Masaiti**

In November 2014, the Provincial Administration was funded K318,552 for the drilling of boreholes in Masaiti District. As of December 2014, K39,908 comprising fuel and lubricants (K27,634) and allowances (K12,274) had been spent on the project.

However, enquiries with the District Water Engineer revealed that except for siting, no boreholes were drilled during the year under review.

**c. Road formation in Resettlement Schemes - Kambilombilo**

In 2014, Resettlement Department was funded the whole budgeted amount of K106,000 for the formation of 27 km of the road to the resettlement scheme in Kambilombilo. As of December 2014, K94,560 representing 89% of the funded amount had been spent on the project.

A physical inspection of the project carried out in June 2015 revealed that only 12.8 km representing 47% of the planned 27 km had been worked on. The works had since been abandoned and the 12.8 km stretch that had been worked on had been overgrown with vegetation. See picture below.



*Opened up road in Kambilombilo overgrown with grass*



**HEAD: 91 Office of the President - Copperbelt Province**

**PROGRAMMES 2 General Administration**

**ACTIVITIES Various**

76. In the Estimates of Revenue and Expenditure for the year ended 31st December 2014, a provision of K11,685,325 was made to cater for General Administration against which amounts totalling K9,415,387 were released resulting in an under funding of K2,269,936.

According to financial statement (Statement 'C') for the financial year ended 31<sup>st</sup> December 2014, a total amount of K 9,329,412 was spent.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and District offices carried out in March and July 2015 revealed the following:

**a. Unretired Accountable Imprest**

Contrary to Financial Regulation No.96 (1), accountable imprest in amounts totalling K82,001 issued to sixteen (16) officers during the period under review had not been retired as of November 2015.

**b. Unaccounted for Fuel**

Contrary to Public Stores Regulation No. 16, fuel costing K74,665 procured during the period under review was unaccounted for as there were no receipt and disposal details.

**c. Failure to Insure Building and Equipment**

Government buildings whose total value could not be ascertained and various office equipment costing K1,927,550 procured during the period under review were not insured by the Provincial Administration.

**d. Operations of District Commissioner's Offices**

During the period between January and December 2014, the Provincial Administration disbursed amounts totalling K2,040,969 to ten (10) offices to cater for the operation of District Commissioners' offices as shown in the table below.

<b>Station</b>	<b>Amount K</b>
Chililabombwe DC	206,429
Chingola DC	206,429
Kalulushi DC	192,304
Kitwe DC	202,529
Luanshya DC	206,529
Lufwanyama DC	206,429
Masaiti DC	200,929
Mpongwe DC	206,429
Mufulira DC	206,429
Ndola DC	206,529
<b>Total</b>	<b>2,040,965</b>

A scrutiny of accounting and other records maintained at six (6) District Commissioner's Offices namely, Kalulushi, Kitwe, Luanshya, Lufwanyama, Masaiti, and Mpongwe revealed the following:

**i. Irregular Use of Accountable Imprest**

Financial regulation No. 86(c) states that accountable imprest should be issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time. It was however observed that imprest in amounts totalling K9,495 was issued to various officers to procure various goods and services whose values were obtainable on the market.

<b>District</b>	<b>No. of Transactions</b>	<b>Amount K</b>
Kalulushi	4	4,545
Mpongwe	6	4,950
<b>Total</b>	<b>10</b>	<b>9,495</b>

**ii. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K36,677 procured during the period under review were not accounted for in that there were no receipt and disposal details. See table below.

<b>District</b>	<b>General Stores K</b>	<b>Fuel K</b>	<b>Total K</b>
Kalulushi	7,467	-	7,467
Kitwe	-	29,210	29,210
<b>Total</b>	<b>7,467</b>	<b>29,210</b>	<b>36,677</b>

**Head: 91 Office of the President – Copperbelt Province**

**Programmes: Personal Emoluments**

**Activities: Various**

77. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K47,130,754 was made to cater for personal emoluments against which amounts totalling K46,941,400 were released resulting in an under funding of K189,354.

According to the Financial Statement (Statement “C”), as of 31<sup>st</sup> December 2014, amounts totalling K46,941,400 were spent.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and selected stations carried out in April and September 2015 revealed the following:

**a. Irregular Payment of Rural and Remote Hardship**

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be in a remote area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

During the period under review, amounts totalling K174,055 involving two hundred and ninety four (294) transactions were paid as rural hardship allowance to twenty nine (29) officers who were not eligible to receive such an allowance as they were stationed in urban areas.

**b. Irregular Payment of Acting Allowance**

Terms and Conditions of Service No. 26 (b) (i) states that when an officer is appointed to act in a higher post with a view to awarding him/her substantive promotion, the effective date of such promotion shall be the date on which the officer commenced to act on the post and that officers selected for promotion shall normally be appointed by the Service Commission or the responsible officers to act for a period of not less than six (6) months with a view to establishing their suitability for substantive promotion.

Contrary to the Terms and Conditions of Service, twenty two (22) officers acted for periods longer than six (6) months, some for as long as fourteen (14) months without authority from Public Service Management Division.

In this regard, the officers were irregularly paid acting allowances in amounts totalling K358,349.

**c. Introduction to Payroll Without Authority**

According to Government procedures, an officer can be introduced on payroll after authority has been obtained from PSMD. However, it was observed that three (3) officers were introduced on the payroll without PSMD authority and amounts totalling K43,325 were paid as salaries during the period between June to November 2014.

Included in the K43,325 was an amount of K39,199 paid to two (2) officers, who, despite appearing on the payroll as Assistant Accountant and Assistant Registration Officer respectively were not known by the responsible Department.

**HEAD: 92 Office of the President – Central Province**

**PROGRAMME: 2 General Administration**

**ACTIVITIES: Various**

78. In the Estimates of Revenue and Expenditure for the year ended 31<sup>st</sup> December 2014, a provision of K34,256,805 was made to cater for General Administration against which amounts totalling K21,104,814 were released resulting in an underfunding of K13,151,992. In addition, there was a brought forward balance of K2,260,579 from 2013 bringing the total funds available to K23,365,392.

According to the financial statements (Statement C), as at 31<sup>st</sup> December 2014, amounts totalling K22,797,209 had been spent.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and selected district offices carried out in February 2015 revealed the following:

##### **Misapplication of Funds**

Contrary to the Appropriation Act of 2013, amounts totalling K314,884 meant for Capacity Building, Dismantling of Arrears and General Administration were applied on unrelated activities such as top ups on the procurement of motor vehicles and other administrative activities without authority from Secretary to the Treasury. See table below.

<b>Budgeted Activity</b>	<b>Activity Where Funds Were Applied on</b>	<b>Amount Misapplied K</b>
Dismantling of Arrears	Administrative Activities	107,609
Capacity Building	Top up for Procurement of 1 x Toyota Hilux Motor Vehicle for Accounts Department	127,175
General Administration	Top Up on Procurement of 1 x Nissan Hard Body Motor Vehicle for Resettlement	80,100
<b>Total</b>		<b>314,884</b>

##### **a. Under Deduction of PAYE**

Contrary to the Income Tax Act of 2014, it was observed that Pay As You Earn (PAYE) for four (4) officers was wrongly computed in that the tax exempt portion was accumulated for

the period of the leave days instead of basing the exemption in the month in which the payments were made resulting in an under deduction of tax in amounts totalling K26,877. See table below.

Name	Amount Due	Exempt Portion	Amount Taxable	1,200 @ 25%	Excess of K4,200 @ 30%	Expected Total Tax	Tax Computed by Client	Under Deduction
Senior Accountant	37,124	3,000	34,124	300	9,877	10,177	3,460	6,717
Provincial Buildings Engineer	55,095	3,000	52,095	300	15,269	15,569	8,849	6,720
Community Development Officer	68,898	3,000	65,898	300	19,409	19,709	12,989	6,720
Senior Technician	36,840	3,000	33,840	300	9,792	10,092	3,372	6,720
<b>Totals</b>						<b>55,547</b>	<b>28,670</b>	<b>26,877</b>

As of September 2015, the amounts had not been recovered.

**b. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details for various stores items costing K109,946 (general stores – K70,658 and fuel – K39,288) procured during the period under review.

**c. Failure to Produce Reports**

During the period under review, imprest in amounts totalling K68,523 was issued to three (3) officers to enable them conduct activities such as monitoring and inspection of projects, auditing infrastructure and data capturing of assets. However, no reports were produced making it difficult to ascertain whether the activities were actually undertaken.

**d. Misapplication of Cattle Restocking Funds**

Contrary to the Appropriation Act of 2013, K106,571.41 meant for cattle restocking for Chitambo, Serenje, Kabwe and Chibombo districts was applied on administrative activities such as the purchase of fuel and payment of imprest, activities that were not related to the restocking of cattle.

**HEAD: 93 Office of the President - Northern Province**

**PROGRAMMES: 2 General Administration**

**ACTIVITIES: Various**

**79.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K12,492,576 was made to cater for various activities against which amounts totalling K11,522,794 were released resulting in under funding of K969,782.

According to the financial statement (Statement C), as of 31<sup>st</sup> December 2014, amounts totalling K9,311,816 had been spent.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out in March 2015 revealed the following:

#### **a. Questionable Debits on the Bank Statements**

A reconciliation of the bank statements and cashbooks during the period under review revealed that amounts totalling K34,529 were erroneously debited by the Bank on RDC Account held at ZANACO Kasama Branch. As of August 2015, the debits had not been reversed.

#### **b. Misapplication of Funds**

Contrary to the Appropriation Act of 2013, on 29<sup>th</sup> December 2014, amounts totalling K60,000 meant to cater for personnel related arrears were applied on the procurement of a motor vehicle without obtaining authority from the Secretary to the Treasury.

#### **c. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, seven (7) payment vouchers in amounts totalling K20,719 were not availed for audit.

**d. Unsupported Payments**

Contrary to Financial Regulation Nos. 45 and 52, four (4) payments in amounts totalling K22,571 made during the period under review were not supported with relevant documents such as cash sale receipts, invoices and Local Purchase Orders among others.

**e. Irregular Payment of Retention Allowances**

Contrary to Cabinet Office Circular No. 11, during the period under review, amounts totalling K7,500 were paid to the District Administrative Officer as retention allowance.

**f. Irregular Payment of Loading and off - loading Allowance**

According to the Terms and Conditions of Service for the Public Service No. 155 (a), when on transfer between stations, an officer may claim subsistence allowance at the appropriate single or married rate for the last two (2) nights and the first two (2) nights spent at the old and new stations, respectively.

However, contrary to this requirement, amounts totalling K9,680 were irregularly paid to nine (9) officers as loading allowances on their first appointment. See table below.

<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>
Provincial Administration	5	5,400
Mporokoso District Office	3	3,280
Kaputa District Office	1	1,000
<b>Total</b>	<b>9</b>	<b>9,680</b>

**g. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16 and 67 (b), various stores items costing K88,628 procured during the period under review were unaccounted for in that there were no receipt and disposal details. See table below.

<b>Station</b>	<b>General Stores K</b>	<b>Fuel K</b>	<b>Total K</b>
Provincial Administration	21,461	41,933	63,394
Mporokoso District Office	2,440	21,904	24,344
Mbala District Office	-	890	890
<b>Total</b>	<b>23,901</b>	<b>64,727</b>	<b>88,628</b>



**h. Failure to Report Theft of Laptop**

According to Financial Regulation No.172 (1), (2) and (3), a loss is supposed to be reported immediately it occurs and investigations instituted. Once the investigations are concluded, the Controlling Officer is supposed to prepare a loss report on Accounts Form 92, attaching a police report where necessary. Contrary to the regulation, a Laptop that was stolen on 20<sup>th</sup> October 2014 was only reported to the Police on 10<sup>th</sup> August 2015, eleven (11) months after the theft had occurred and only after a query from the Office of the Auditor General had been made.

**i. Misappropriation of Fuel (Drawn by Non Runner Vehicles)**

During the period from January to September 2014, four hundred and ninety (490) litres of diesel costing K4,767 were drawn in respect of motor vehicles Nos. GRZ 621 BV and ABH 1042 which were non-runners.

**j. Funding not Received - Grants to Institutions**

An amount of K50,000 meant for Procurement of a speed boat for Chilubi District was shown as released by the Treasury on the 2014 budget status by activity report. However, a review of the funding profiles at the Provincial Administration revealed that although the activity was funded, the funds were not received.

**k. Failure to Report Accident - Nsama District**

On 19<sup>th</sup> June 2014, a Motor Vehicle GRZ 489 CJ, valued at K193,000 belonging to the Nsama District Commissioner's Office was involved in a road traffic accident while being driven by the District Commissioner who was later charged and fined for careless driving.

However, as of October 2015, the case had not been reported to the Standing Accidents Board in line with the Financial Regulations No. 171 – 182. In addition, despite the motor vehicle being comprehensively insured, no claim had been made from the Insurance Company.

**HEAD: 93/03 - Office of the President - Northern Province**

**PROGRAMME: Rural Roads Unit (RRU)**

**ACTIVITIES: Various**

**80.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K17,831,558 was made to cater for the rehabilitation of feeder roads, procurement of equipment and transport management among others against which amounts totalling K5,617,750 were released resulting in an under funding of K 12,213,808.

In addition, a total sum of K5,192,385 was brought forward from 2013 bringing the total funds available to K10,810,135. See table below.

<b>ACTIVITY</b>	<b>BUDGET K</b>	<b>FUNDING K</b>
Opening balance as of January 2014	-	5,192,385
Monitoring and Evaluation	33,750	33,750
Procurement of Materials and Services	200,760	-
Rehabilitation of Feeder Roads in Districts	8,340,000	3,584,000
Rehabilitation of GRZ Buildings	60,000	-
Establishment of Camp sites	150,000	-
Procurement of Equipment	9,000,000	2,000,000
Road Condition Surveys	47,048	-
<b>TOTAL</b>	<b>17,831,558</b>	<b>10,810,135</b>

According to the financial statements (Statements "C"), as of 31<sup>st</sup> December 2014, amounts totalling K6,845,197 had been spent.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and inspection of selected projects carried out in April 2015 revealed the following:

##### **a. Rehabilitation of Feeder Roads – Mipita Lundu Road**

During the period under review, an amount K735,948 was allocated for the rehabilitation of 37 km of Mipata - Lundu Road in Luwingu District. In this regard, the Rural Roads Unit was engaged to carry out the works.

As of March 2015, amounts totalling K514,850 had been spent on fuel (K400,400) and allowances (K114,450).

A physical inspection carried out in April 2015 revealed that out of the targeted 37 km, only 28 km had been worked on. In addition, although road formation and gravelling had been done on the 28 km stretch, mitre drains and installation of culverts had not been done resulting in rain water collecting on the road sides. See pictures below.



*Water collecting on the roadsides*

**b. Rehabilitation of Kalaba Kalanda Feeder Road – Kaputa District**

During the period under review, an amount of K310,000 of was allocated for the rehabilitation of 12 km of Kalaba - Kalanda Road in Kaputa District. In this regard, the Rural Roads Unit was engaged to carry out the works.

As of April 2015, amounts totalling K232,579 had been spent on fuel (K150,150) and allowances (K82,429).

A physical inspection carried out in April 2015 revealed that only 3.8 km had been graveled and compacted while the remaining 8.2 km was only cleared and graded.

Further, the construction of drainage structures had not been done.

**HEAD: 93/01- Office of the President-Northern Province**

**PROGRAMME: General Deposit Account**

**ACTIVITIES: Various**

**81.** During the financial year ended 31<sup>st</sup> December 2013, a total amount of K5,979,246 was received by the Provincial Administration for various activities. The funds were meant to cater for various activities such as office operations, infrastructure development, State Funeral, Independence Jubilee celebration, Public functions, Reimbursement of borrowed funds and Sale of Tender Documents among others.

In addition, amounts totalling K77,416 were brought forward from 2013 bringing the total funds available to K6,056,662.

As at 31<sup>st</sup> December 2014, amounts totalling K4,328,112 had been spent leaving a balance of K1,728,550.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration Office carried out in March 2015 revealed the following:

**a. Failure to Reimburse Borrowed Funds**

During the period under review, amounts totalling K1,437,426 were borrowed from the General Deposit Account for general administrative activities such as payment of imprest, allowances and school fees as well as servicing of motor vehicles among others. As of October 2015, only K1,310,068 had been reimbursed leaving a balance of K127,358 .

**b. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, two (2) payments vouchers in amounts totalling K22,320 made during the period under review were not availed for audit.

**c. Unsupported Payment**

Contrary to Financial Regulations No. 45 (3), a payment of K6,000 made to an officer to pay meal allowances was not supported with acquittal sheets.

**d. Unaccounted for Fuel**

Contrary to Public Stores Regulation No.16, fuel costing K17,080 procured during the period under review was not accounted for in that there was no receipt and disposal details.

**e. Failure to Implement Planned Activities**

During the period under review, amounts totalling K1,226,187 were funded to cater for three (3) activities. See table below.

<b>ACTIVITY/PROGRAMME</b>	<b>Available Funds K</b>
Clearing of Canals at Chilubi Harbour	23,350
Landscaping at Kasama Airport Terminal	15,249
Construction of Chiefs Palaces	1,187,589
<b>TOTAL</b>	<b>1,226,187</b>

However, despite the availability of funds, the projects had not been implemented, as of October 2015.

**f. Construction of Access roads in Mwanze Youth Resettlement Scheme**

In September 2014, an amount of K662,840 was received by the Provincial Administration Office from the Ministry of Sport and Youth for the clearing and construction of access roads in Mwanze youth resettlement scheme-Mporokoso District. The scope of works included bush clearing, road formation, heavy grading, drainage works, graveling and compaction on a targeted stretch of 35kms.

In this regard, casual workers, officers from Zambia National Service and Rural Roads Unit were engaged to carry out the works.

As of December 2014, a total amount of K462,076 had been spent (Allowances and others K161,776 and fuel K300,300) leaving a balance of K200,764.

A physical inspection of the project carried out in April 2015 revealed that only a stretch of 5.8 km had been completed while only light grading and bush clearing had been done on the remaining stretch of 29.2 km. See picture below.



*A stretch only bush cleared and light grading done*

**HEAD: 93 Office of the President Northern Province**

**PROGRAMME: Poverty Reduction Programmes-PRP**

**ACTIVITIES: Various**

**82.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K12,772,179 was made to cater for various Poverty Reduction Programmes (PRP) against which amounts totalling K7,284,383 was released resulting in an underfunding of K5,487,796.

In addition, amounts totalling K2,198,363 were brought forward from 2013 bringing the total funds available to K9,482,746.

According to the financial statement (Statement 'C'), as of 31<sup>st</sup> December 2014, amounts totalling K8,637,245 had been spent.

### **Accounting and Other Irregularities**

An examination of accounting and other documents maintained at the Provincial Administration and a physical inspection of selected projects carried out in April 2015 revealed the following:-

#### **a. Failure to Deliver a Generator**

On 30<sup>th</sup> December, 2014, the Provincial Administration paid K7,200 to Equals Specialised Supplies Ltd for the procurement of a generator set.

However, as of October 2015, eleven (11) months after the payment, the generator set had not been delivered.

**b. Fish Cages – Livestock and Fisheries Development**

During the period under review, amounts totalling K250,000 were released for fish restocking in Mbala and Chilubi districts. As of October 2015, a total amount of K158,393 (Materials K104,400) (Allowances and Transport K53,993) was spent leaving a balance of K91,607.

A visit to the project site revealed that despite spending K158,393 on the projects, the nets meant to secure the fingerlings in Mbala District were missing and the project had since stalled.

**HEAD: 93 - Office of the President Northern Province**

**PROGRAMME: Personal Emoluments**

**ACTIVITIES: Various**

**83.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K45,130,941 was made to cater for personal emoluments against which amounts totalling K41,299,551 were released resulting in an underfunding of K3,831,390.

According to the financial statement (Statement ‘C’), as of 31<sup>st</sup> December 2014, amounts totalling K41,299,551 had been spent.

**Accounting and Other Irregularities**

An examination of accounting and other records at the Provincial Administration and selected districts carried out in February 2015 revealed the following:

**a. Transport Allowance paid at Wrong Rates**

Cabinet Office Circular No. B12 of 2012 stipulates that transport allowance shall be paid to all officers in GSS 04 to GSS 07 Salary Scales and equivalent through the payroll at the rate

of 10% of monthly basic salary. However, a total amount of K7,910 was paid to five (5) employees during the period under review as transport allowance using rates above the stipulated 10% resulting in an overpayment of K7,910.

**b. Overpayment of Housing Allowances**

Cabinet Office Circular No.B12 of 2012 stipulates that housing allowance shall be paid to eligible employees through the payroll at the rate of 20% of monthly basic salary.

A scrutiny of payroll records revealed that amounts totalling K8,734,063 were paid as housing allowances at the Provincial Administration. However, twelve (12) officers were paid housing allowances at rates above the authorised 20% rate of the basic pay resulting in an over payment of K54,088.

**c. Misplacement of Officers and Excess Staff**

According to the authorised establishment register, there were nine hundred thirteen (913) Positions for members of staff at the Provincial Administration. However, a scrutiny of the payroll records revealed that there were nine hundred and fifty three (953) Employees on the Payroll, forty (40) employees were in excess.

**d. Misplacement of Payroll Area**

During the period under review, there were two hundred and four (204) employees who drew salaries in amounts totalling K4,406,339 under the Provincial Administration payroll, who were not serving in Northern Province. As of October 2015, no corrective action had been taken.

**e. Irregular Payment of Housing Allowances - Accommodated Staff.**

Contrary to the Terms and Conditions of Service for the Public Service No. 182, during the period under review, two (2) officers were paid housing allowances in amounts totalling K42,276 while being accommodated in Government houses.



**f. Irregular Payment of Rural and Remote Hardship Allowances**

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be in a remote area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

During the period under review, amounts totalling K705,606 were irregularly paid as remote hardship allowance (K36,075) and rural hardship allowance (K669,531) to one hundred and ninety two (192) officers who were ineligible for the allowances as their work stations were not designated locations qualifying for rural and remote hardship allowances.

**g. Failure to Recover Tuition and Salary Advances**

Contrary to the Terms and Conditions of Service for the Public Service No. 92, recoveries in respect of tuition and salary advances in amounts totalling K117,395 paid to seventeen (17) officers had not been effected as of October 2015.

**h. Issuance of Subsequent Salary Advances**

Terms and Conditions of Service for the Public Service No. 91 (b) states that an officer may not get a salary advance while another advance is outstanding. During the period under review, twelve (12) officers were paid salary and tuition advances in amounts totalling K148,092 despite having outstanding advances.

**i. Officers with Net Pay Less than 40% of Basic Pay**

Contrary to the Public Service Management Division Circular No. B19 of 2007, which states that the net pay, after deductions, should not be less than 40% of the basic pay, there were four (4) officers whose net pays were zero.

**HEAD: 94 Office of the President – Western Province**

**UNIT: Various**

**PROGRAMME: 2 General Administration**

**ACTIVITIES: Various**

**84.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K23,163,908 was made to cater for various activities against which amounts totalling K22,801,626 were released resulting in an underfunding of K362,283. See table below.

Head	Total Provision K	Releases K	Underfunding K
Provincial Administration	20,969,390	20,770,561	(198,829)
District Administration	2,194,518	2,031,064	(163,454)
<b>Total</b>	<b>23,163,908</b>	<b>22,801,625</b>	<b>(362,283)</b>

In addition, there was a balance of K17,851 brought forward from the previous year bringing the total funds available to K22,819,476.

According to financial statements (Statement C), as at 31<sup>st</sup> December 2014, amounts totalling K20,690,242 had been spent..

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial and District Administration carried out in February 2015 revealed the following:

##### **a. Unsupported Payments**

Contrary to Financial Regulation No. 52, ten (10) payments in amounts totalling K48,627 were not supported with relevant documents such as cash sale receipts, invoices and quotations among others. See table below.

<b>Station</b>	<b>Amount K</b>
Provincial Administration	39,645
Lukulu DC	1,712
Sioma DC	1,970
Mwandi DC	5,300
<b>Total</b>	<b>48,627</b>

**b. Misapplication of Funds**

Contrary to the Appropriations Act of 2013, amounts totalling K71,895 meant for Recurrent Departmental Charges were applied on personal related activities such as payment of settling in allowances, payment of leave travel benefits. See table below.

<b>Station</b>	<b>Amount K</b>	<b>Purpose of funds</b>	<b>Applied on</b>
Sesheke DC	48,795	RDC	Settling in Allowances, Leave travel and leave commutation
Senanga DC	11,500	RDC	Settling in Allowances
Mulobezi DC	11,600	RDC	Settling in Allowances
<b>Total</b>	<b>71,895</b>		

**c. Wasteful Expenditure – Recruitment of Unauthorised Officers**

In October 2013, the Provincial Administration employed two hundred and eight (208) Classified Daily Employees (CDEs) for the eight (8) newly created districts in the Province without approval from Public Service Management Division and treasury authority from the Secretary to the Treasury.

However, in July 2014, the appointment of one hundred and ninety eight (198) out of the two hundred and eight (208) classified employees was rescinded by the Provincial Administration leaving ten (10) classified employees. Consequently, amounts totalling K6,530,185 were spent on the payment of salary arrears, settling in allowances, and cash in lieu of notice and accumulated leave days to the one hundred and ninety eight (198) CDEs whose employments were terminated. The expenditure of K6,530,185 was therefore wasteful.

**d. Irregular Payment of Overtime Allowance**

Cabinet Circular No. 11 of 2013, states that, “when an officer is required to work over the weekend or beyond normal working hours, eligible officers should be paid overtime allowance. Payment of this allowance is through the payroll and claims have to be made through the supervising officers and approved by the Controlling Officer”.

However, contrary to the circular, amounts totalling K129,913 were paid as overtime allowances to forty eight (48) officers outside the payroll without deducting Pay As You Earn (PAYE).

**e. Unretired Accountable Imprest – Provincial Administration**

Contrary to Financial Regulation No. 96(1), accountable imprest in amounts totalling K24,534 paid to an officer during the period under review had not been retired as of October 2015.

**f. Questionable Payments on Courtesy Calls**

During the period under review, a total amount of K63,581 was issued as imprest to six (6) officers to carry out various activities in the districts.

A scrutiny of retirement documents submitted revealed that a total amount of K38,500 (cash – K37,000 and various gifts worth - K1,500) was not acquitted by recipients. In this regard, it was not possible to ascertain whether the cash and gifts were presented to the intended beneficiaries.

**g. Questionable Issuance of Imprest for Trips not Undertaken**

On 27<sup>th</sup> June 2014, imprest amounting to K29,798 was issued to the Provincial Chiefs and Traditional Affairs Officer (K10,449), District Chiefs Officer (K3,050), two (2) Drivers (K3,300), Clerical Officer at the Provincial Chiefs Affairs Office (K9,949) and the Provincial Cultural Officer (K3,050) for them to travel to Kaoma District as an advance party for a period of nine (9) nights from 27<sup>th</sup> June 2014 to 6<sup>th</sup> July 2014, so as to prepare for the Kazanga Traditional Ceremony which was to take place from 4<sup>th</sup> July 2014 to 6<sup>th</sup> July 2014.

However, the officers did not undertake the assignment. In this regard, the imprest issued to them was recoverable.

Although in his response dated 17<sup>th</sup> September 2015, the Controlling Officer stated that the amounts queried would be recovered from the concerned officers, as of October 2015, no recoveries had been effected.

#### **h. Questionable Retirement of Imprest**

##### **i. Sesheke District**

On 12<sup>th</sup> November 2014, the Office of the District Commissioner received K10,000 as funding from Provincial Administration to enable the district participate in the state funeral for the late Republican President.

The Provincial Administration purportedly procured materials and foodstuffs costing K9,026 to facilitate the funeral. However, the expenditure was questionable as the receipts provided were not genuine as confirmed by the shops concerned where the items were purportedly procured.

##### **ii. Sioma District**

On 24<sup>th</sup> December 2014, imprest amounting to K6,960 was issued to the District Commissioner (K1,800), Head Messenger (K1,500) and a Driver (K3,660 (subsistence allowance – K960 and fuel – K2,700)) for them to travel to Mbume, Kalenge, Mutomena and ZAWA to monitor Government projects for a period of three (3) nights from 26<sup>th</sup> December 2014 to 29<sup>th</sup> December 2014.

However, the officers were not spending nights at the stations visited and were instead returning to Sioma their duty station. In this regard, imprest issued to them was recoverable.

##### **i. Overpayment of Fuel Imprest**

During the period under review, nine (9) officers were issued with fuel imprest amounting to K44,932 to enable them carry out various activities in the Districts.

However, an examination of records revealed that the officers were using higher fuel prices or wrong distances in their computation of fuel to undertake the activities resulting in an overpayment of K10,583 instead of K34,349 they were entitled to. As of October 2015, the overpaid amount had not been recovered from the officers.

**j. Failure to Provide Monitoring Reports**

During the period under review, nine (9) officers were paid subsistence allowance in amounts totalling K45,760 and fuel costing K11,548 to enable them carry out monitoring of various activities. However, as of October 2015, there were no monitoring reports produced for audit making it not possible to ascertain whether the activities were undertaken.

**k. Irregular Use of Accountable 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”. It was however, observed that accountable imprest in amounts totalling K32,098 was issued to six (6) officers to procure goods and services whose values were obtainable on the market at the time of purchase. See table below.

<b>Station</b>	<b>No. of officers</b>	<b>Amount K</b>
Provincial Administration	3	15,914
Limulunga District	1	8,120
Senanga District	2	8,064
<b>Total</b>	<b>6</b>	<b>32,098</b>

**l. Unaccounted for stores**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of stores items and fuel costing K750,685 (stores – K294,878 and fuel – K455,807) procured during the period under review. See table below.

Station	Stores K	Fuel K	Total K
Provincial Administration	240,892	382,292	623,184
Limulunga District	14,970	2,205	17,175
Lukulu District	-	4,871	4,871
Mitete District	7,345	8,500	15,845
Kaoma District	-	9,000	9,000
Nalolo District	-	22,000	22,000
Sesheke District	12,995	-	12,995
Luampa District	-	1,931	1,931
Sioma District	-	10,500	10,500
Mwandi District	10,206	2,740	12,946
Mulobezi District	8,470	11,768	20,238
<b>Total</b>	<b>294,878</b>	<b>455,807</b>	<b>750,685</b>

**m. Questionable Drawing of Petrol by a Diesel Propelled Motor Vehicle – Mwandi District**

During the period under review, three hundred and fifteen (315) litres of petrol costing K3,475 involving twelve (12) transactions were drawn by three (3) motor vehicles that are diesel propelled. In this regard, the authenticity of the drawings was questionable.

**n. Failure to Insure Motor Vehicles**

The Road Traffic Act No. 86(3) of 2002 states that, “Notwithstanding the provision of any other written law, there shall be in respect of all Government vehicles such a policy of insurance of such a security in respect of third party risks referred to in sub-section (1) as the Minister, in consultation with the Agency, may prescribe”. However, contrary to this requirement, five (5) motor vehicles valued at K1,000,200 whose insurance policies had expired between June 2010 and May 2014 had not been renewed as of July 2015.

**o. Failure to Recover Salary and Tuition Advances**

Contrary to the Terms and Conditions of Service for the Public Service No. 92, recoveries in respect of salary advances (K30,800) and tuition advances (K29,000) paid to thirteen (13) officers during the period under review had not been effected as of October 2015.

**HEAD:** 94 Office of the President - Western Province  
**UNIT:** Various  
**PROGRAMME:** General Deposit Account  
**ACTIVITIES:** Various

85. During the financial year ended 31<sup>st</sup> December 2014, amounts totalling K7,488,747 were deposited into the General Deposit Account for activities such as presidential visits, state funeral, canal clearing, construction of Chiefs' Palaces, Board of Survey, Chiefs' Retainers wages, Infrastructure development and support to women and youth development among others.

In addition, an amount of K337,622 was brought forward from 2013 bringing the total funds available to K7,826,369.

As of December 2014, a total amount of K4,566,539 had been spent leaving a balance of K3,259,830.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in July 2015 revealed the following:

**a. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96 (1), accountable imprest in amounts totalling K98,764 issued to ten (10) officers during the period under review had not been retired as of October 2015.

**b. Questionable Payment of Fuel Imprest**

In September 2014, fuel imprest in amounts totalling K8,096 was issued to an Assistant Accountant for four (4) vehicles to be used for the inspection of Government infrastructure in Nalolo and Senanga districts and each vehicle was allocated fuel costing K2,024.

However, a review of retirement details revealed that only two (2) vehicles were used. Therefore, the fuel imprest in amounts totalling K4,048 for the two (2) extra motor vehicles was questionable. As of October 2015, the amount of K4,048 had not been recovered.



**c. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, there were no receipts and disposal details in respect of various stores items costing K97,673 (fuel – K42,139 and general stores – K55,534) procured during the period under review.

**d. Failure To Implement Funded Activities**

During the period from June 2014 to December 2014, the Provincial Administration was funded amounts totalling K1,377,912 for the construction of Chiefs Palaces (K1,228,542), women empowerment (K22,914) and Ground water development for drought prone/ cholera emergency areas (K149,370).

However, as of October 2015, the construction of chiefs' palaces, women empowerment activities, development of ground water had not been implemented and the funds were in the account.

**e. Misapplication of Funds - Child Protection**

During the period under review, an amount of K15,000 was released by the Ministry of Community Development, Mother and Child Health for Child Protection. According to the guidelines, funds were for the removal of children from the streets, reintegration of children with families and communities, empowerment of families of street children, empowerment of the vulnerable in education, skills training.

However, contrary to the guidelines, amounts totalling K9,869 were spent on activities not related to the programme such as payment of subsistence allowances and procurement of motor vehicle parts.

**f. Rehabilitation of Mulobezi Dam - Department of Water Affairs**

In 2014, an amount of K60,777 was received for the rehabilitation of the Mulobezi Dam by the Department of Water Affairs.

The scope of works included, backfilling of the excavated core trench, raising the extended embankment, hauling the clay soil for raising the embankment, repairing the existing

embankment, open a spillway and line the spillway with concrete, reshaping the existing embankment.

As of October 2015, amounts totalling K55,888 had been spent on the project.

A physical verification of the works carried out in October 2015 revealed that, vegetation control, raising of the embankment and removal of termite hills and treatment had been done. However, the spillway had collapsed. See picture below.



*Collapsed Spillway at Mulobezi Dam*

**g. Procurement of Learning Materials and Equipment - OVCs**

In May 2014, the Provincial Administration procured three (3) sewing machines (K6, 000) and learning materials (K8,987) at a total cost of K14,987 to be used at Namushakende Skills Training Centre.

A physical inspection carried out in 19<sup>th</sup> March 2015 revealed that the three (3) sewing machines and learning materials had not been delivered to the Centre.

Inquiries and a review of documentation revealed that the Provincial Community Development Officer had entered into an Memorandum of Understanding (MoU) with Njovu Zambia, a privately owned Training Centre based at Mumwa Craft Centre in Mongu to provide training to a class of twenty five (25) Orphans Vulnerable Children (OVCs) and that the items had since been delivered to the said Company. However, the MoU was entered into without the authority of the Permanent Secretary.

Further, a visit to Njovu Zambia on 25<sup>th</sup> March 2015 revealed that the sewing machines were being used for the production of items for sale instead of training OVCs. See picture below.



*Sewing Machines Used at Commercial Workshop*

**i. Maritime Department**

- **Weaknesses in Accounting for Fuel**

In March and April 2014, fuel costing K14,068 involving ten (10) transactions was drawn using containers and drums from the service station for use by a dredger.

However, an examination of the dredger log book revealed that as of July 2015, the whole amount of fuel costing K14,068 had not been entered in the log book making it not possible to ascertain whether the fuel was utilised for the intended purpose.

- **Failure to Complete Works - Clearing of Canals**

During the period under review, amounts totalling K73,297 were released for the clearing of 42 km of canals in Sesheke, Senanga and Nalolo. However, despite the whole amount being spent, only 11.6 km was done. See table below.

District	Name of Canal	Planned works (Km)	Budgeted Amount K	Works Done (Km)	Budgeted Amount K	Expenditure Amount K	Observation
Sesheke	Mazaba	15	15000	1	15000	15,000	Only 1 km stretch was cleared and it has closed up due to overgrown grass and not in use
Senanga	Suunga	12	12000	3.6	12000	12,000	Only 3.6Km of the planned 12km stretch was done
Nalolo	Wandala	15	46,297	7	46,297	46,297	Only 7 km was done and works had stalled
	<b>Total</b>	<b>42.00</b>		<b>11.60</b>		<b>73,297</b>	

<b>HEAD:</b>	<b>94</b>	<b>Office of the President – Western Province</b>
<b>UNIT:</b>		<b>Various</b>
<b>PROGRAMME:</b>		<b>Poverty Reduction Programme (PRP)</b>
<b>ACTIVITIES:</b>		<b>Various</b>

**86.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K8,220,503 was made to cater for various Poverty Reduction Programmes (PRPs) against which amounts totalling K4,331,206 were released resulting in an underfunding of K3,889,297.

In addition, amounts totalling K1,720,823 were brought forward from the previous year bringing the total funds available to K6,052,029.

According to financial statement (Statement C), as at 31<sup>st</sup> December 2014, amounts totalling K5,842,576 had been spent.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in July, 2015 revealed the following:

##### **a. Misapplication of Funds**

Contrary to the Appropriation Act of 2013, amounts totalling K469,801 that were meant for PRP were applied on unrelated activities such as the Permanent Secretary’s familiarisation tours of the Province and general administration funding to District Commissioners’ offices among others.

##### **b. Failure to Implement Funded Project**

In 2014, an amount of K250,000 was released for the construction of the crossing point at Lunyati Stream. However, as of October 2015, the project had not been implemented and the funds were still in the account.

**c. Drilling of Boreholes in Kalumwange Resettlement Scheme**

During the period under review, amounts totalling K176,115 were released for the drilling of four (4) boreholes in Kalumwange Resettlement Scheme. In this regard, the Department of Water Affairs was engaged using force account to undertake the works. As of March 2015, a total amount of K166,975 had been spent.

A review of records and physical verifications carried out in October 2015, revealed that out of the four (4) boreholes, only three (3) boreholes had been drilled, of which two (2) were fully equipped and one (1) was a dry borehole while the fourth borehole had not been drilled.

**d. Failure to Complete Works - Dredging of Canals**

During the period under review, amounts totalling K496,692 were released for the dredging of 60 km of transport canals namely, Lwandala (12 km), Muoyowamo (28 km), Libonda-Mapungu (10 km) and Mongu – Kalabo waterway (10 km).

As of April 2015, amounts totalling K209,342 had been spent leaving a balance of K260,350.

However, as of October 2015, only 43 km had been done. See table below.

<b>Canal</b>	<b>Planned Target (kms)</b>	<b>Actually dredged (kms)</b>	<b>Distances not dredged (kms)</b>
Lwandala	12	7	5
Muoyowamo	28	28	0
Libonda-Mapungu	10	0	10
Mongu - Kalabo	10	8	2
<b>Total</b>	<b>60</b>	<b>43</b>	<b>17</b>

**HEAD:** 94/03 Office of the President - Western Province  
**UNIT:** Rural Roads Unit (RRU)  
**PROGRAMME:** Infrastructure Development  
**ACTIVITIES:** Various

87. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K17,525,000 was made to cater for construction of rural roads, monitoring and evaluation, access road clearing and vegetation control, human development and roads equipment operations against which amounts totalling K13,885,438 were released. See table below.

Activity	Programme	Budget K	Releases K
1	Access Road Clearing and Vegetation Control	850,000	-
15	Construction of M10 - Nande Via Clinic	1,218,181	93,125
16	Construction of M9 Nangula - Miulwe	900,000	812,700
17	Construction of M9 - Lombelombe	1,687,400	1,000,000
18	Construction of Mapungu Tapo Road	1,218,181	-
22	Construction of D792 - Lwanchuma	1,300,000	1,145,000
26	Construction of Sesheke - Mazaba Road	1,218,181	1,218,181
27	Construction of Sichili - Nawinda Road	1,218,181	1,218,181
39	Human Development	66,000	47,646
61	Roads Condition Survey	60,000	-
62	Roads Equipment Operations	5,330,500	5,892,229
66	Rehabilitation of Offices	78,376	78,376
67	Monitoring and Evaluation of Feeder Roads	80,000	80,000
68	Construction of M10 - Nomai Road	1,150,000	1,150,000
70	Construction of Sioma - Mutomena Road	1,150,000	1,150,000
	<b>Total</b>	<b>17,525,000</b>	<b>13,885,438</b>

In addition, amounts totalling K3,767,126 were brought forward from the previous year for various activities bringing the total of funds available to K17,652,564.

According to the financial statement (Statement 'C'), as of 31<sup>st</sup> December 2014, a total amount of K8,229,557 had been spent.

### Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and physical inspections of selected projects carried out in July 2015 revealed the following:

**a. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K283,930 were not recorded in the stores records making it difficult to ascertain whether materials were properly utilised on the intended purpose.

**b. Questionable Payments of Fuel**

On 31<sup>st</sup> December 2013, amounts totalling K2,162,778 were paid to BP Mongu Service Station to cater for fuel and lubricants for execution of planned road works for the year 2013.

A review of the fuel statement, coupons, site fuel registers and inquiries made revealed that as of April 2015, sixteen (16) months after procurement, works on two (2) projects on which fuel costing K1,113,504 (Luanchuma Road – K556,752 and Lombelombe Road – K556,752) had been paid for in December 2013, had not commenced. See table below.

<b>Date</b>	<b>Payment</b>	<b>Project</b>	<b>Date when Project commenced</b>	<b>Allocation K</b>	<b>Fuel Utilised K</b>
31.12.13	1,049,274	Luanchuma Road	Not done	556,752	-
		Nande Via Clinic	27.01.14	246,261	496,476
		Nangula - Miulwe	Jan-15	246,261	443,516
				<b>1,049,274</b>	<b>939,992</b>
31.12.13	1,113,504	Lombelombe Road	Not done	556,752	-
		Nangweshi - Sinjembela	25.04.14	556,752	779,265
				<b>1,113,504</b>	<b>779,265</b>
	<b>2,162,778</b>			<b>2,162,778</b>	<b>1,719,257</b>
		Fuel Available		<b>443,521</b>	

However, a check at the filling station in April 2015 revealed that only fuel costing K443,521 was available. It could not be explained how fuel costing K669,983 drawn during the period under review was utilised.

It was further questionable why the Provincial Administration made payments to BP Mongu Service Station for fuel and lubricants long before commencement of actual works.

**c. Failure to Record Fuel Drawings in the Site Fuel Register**

Fuel costing K25,336 drawn from the fuel account and intended for use on the Nande via clinic road was not recorded in the site fuel registers making it difficult to ascertain whether the fuel drawn was utilised for the intended purpose.

**d. Diversion of Fuel**

A review of fuel invoices and other correspondences revealed that 1,570 litres of fuel costing K15,115 were drawn and utilised on clearing and grading of the access road in Kazanga Area in Kaoma District that was not budgeted for in the year 2014. In addition, the fuel drawings had not been entered in the fuel ledger and the log books were not provided to show how it was utilised. As of July 2015, the fuel had not been reimbursed and accounted for.

**HEAD : 95/03 Office of the President-Eastern Province**

**PROGRAMMES : Infrastructure Development**

**ACTIVITIES : Various (RRU)**

**88.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K18,348,286 was made to cater for Monitoring and Evaluation, Rehabilitation of District Roads and Procurement of Equipment against which a total amount of K11,454,212 was released resulting in an underfunding of K6,894,074.

As of 31<sup>st</sup> December 2014, amounts totalling K8,988,532 had been spent leaving a balance of K2,465,680.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in October 2015 revealed the following:

**a. Purchase of Machinery**

During the period under review, a budget provision of K3,000,000 was made for the purchase of heavy duty equipment out of which an amount of K1,500,000 was released.



In this regard, in November 2014, the Provincial Administration engaged Random Access Ltd to supply and deliver one (1) Tipper truck at a total contract price of K399,900 out of which an advance payment of K99,975 was made leaving a balance of K299,925. The delivery period was six (6) weeks from 14<sup>th</sup> November 2014.

It was however observed that as of October 2015, ten (10) months after the expected delivery period, the supplier had not delivered the equipment.

In addition, Clause 16.1 B of the Contract provided for an Advance Payment of 25% of the Contract Sum which was to be supported by a Bank Guarantee of an equivalent amount valid up to a specified date or until the goods were delivered. In this regard, the bank guarantee expiry date was 30<sup>th</sup> June 2015.

However, the Provincial Administration did not enforce this requirement before the expiry date to recover the K99,975 advance payment as of October 2015.

**b. Undelivered Services – Benecho General Dealers and Contractors**

In December 2014, the Provincial Administration engaged Benecho General Dealers and Contractors for the machining of tandems for graders and reconditioning of stabiliser arms for tipper trucks respectively at an amount of K60,000.

However, a physical inspection carried out in October 2015, ten (10) months after the payments were made, revealed that services valued at K32,000 had not been provided.

**c. Grading and Reshaping of R296 Undi Off Road (T4 to Msoro)**

During the period under review, a budget provision of K414,400 was made and the whole amount was released for the grading and reshaping of the R296 Undi off Road (T4 to Msoro) in Katete District.

In this regard, the Rural Roads Unit planned to undertake the grading and reshaping of the R296 Undi off Road (T4 to Msoro) for a stretch of 14 km at an estimated cost of K445,163 which was K30,763 over and above the approved budget. The scope of works included bush clearing and grabbing, heavy and light grading, spot gravelling and compaction.

As of April 2015, amounts totalling K494,444 had been spent on the project representing 111% of the budgeted funds. The expenditure included an amount of K270,000 on fuel and lubricants, K182,450 on allowances for RRU Officers and K41,994 on wages for casual workers.

An examination of records and a physical inspection carried out in July 2015 revealed the following:

**i. Poor Compaction of Embankments on Culverts**

A total stretch of 14 km representing 100% of the road works had been done. However, the culverts installed at chainage 8.9 km and 13.8 km had embankments which were poorly compacted. This may result in the culverts being exposed due to soil erosion during the rainy season. See pictures below.



*Embankments at chainage 8.9 km and 13.8 km poorly compacted and being eroded*

**ii. Failure to Maintain Fuel Site Register**

Contrary to Public Stores Regulation No. 16, fuel costing K102,702 (10,260 litres) was drawn for various machinery working on the site without maintaining a fuel register to record the fuel received and issued.

**d. Failure to Maintain Fuel Site Register - Chipanje – Mbozi Road**

Contrary to Public Stores Regulation No. 16, fuel costing K192,793 (19,260 litres) was drawn for various machinery working on the site without maintaining a fuel register to record the fuel received and issued.

**e. Grading and Reshaping of Chigwe – Chikoka Road**

Contrary to Public Stores Regulation No. 16, fuel costing K135,936 (13,960 litres) was drawn for various machinery working on the site without maintaining a fuel register to record the fuel received and issued.

**f. Rehabilitation of Kamphambe – Katiula Road**

A budget provision of K1,020,000 was made in the estimates of revenue and expenditure for 2014 out of which an amount of K1,000,000 was released for the rehabilitation of Kamphambe – Katiula Road in Katete District.

The scope of works included bush clearing and grabbing, heavy and light grading, spot gravelling and compaction of a 16 km stretch.

As of July 2015, amounts totalling K770,743 had been spent on the project representing 75% of the budgeted funds. The expenditure included an amount of K500,000 on fuel and lubricants K174,700 on allowances for RRU Officers and K96,044 on wages for casual workers.

An examination of records and a physical inspection carried out in October 2015 revealed the following;

**i. Poor Compaction of Embankments on Culverts**

A total stretch of 16 km representing 100% of the road works had been done. However, the embankments of the culverts at chainage 5.7km were poorly compacted resulting in the culverts being exposed due to soil erosion during the rain season. See picture below.



*Embankment of the culvert at chainage 5.7 km poorly compacted*

**ii. Irregularities in the Management of Fuel**

Contrary to Public Stores Regulation No. 16, fuel costing K146,201 (14,620 litres) was drawn for various machinery working on the site without maintaining a fuel register to record the fuel received and issued.

**g. Grading and Reshaping of Katemo – Msoro via Chipoka Road (Jumbe-Chikowa Road)**

A budget provision of K624, 600 was made in the estimates of revenue and expenditure and the full amount was released for the grading and reshaping of the Jumbe – Chikowa Road in Mambwe District.

The scope of works included bush clearing and grabbing, heavy and light grading of a 23 km stretch.

As of April 2015, amounts totalling K629,002 had been spent on the project representing 98% of the budgeted funds. The expenditure included an amount of K439,999 on fuel and lubricants, K48,700 on allowances for RRU Officers and K140,303 on wages for casual workers.

An examination of records and a physical inspection carried out in July 2015 revealed the following;

**i. Poor Drainage Works**

A total stretch of 21.2 km representing 92% of the road works had been done. However, some sections of the road were poorly graveled and compacted and had poor drainage works resulting in erosion of the road surface and water ponding. See pictures below.



*Broken down culvert not replaced at chainage 15.4km and road surface washed away at chainage 16.4 km*

**ii. Irregularities in the Management of Fuel**

Contrary to Public Stores Regulation No. 16, fuel costing K264,387 (26,223 litres) was drawn for various machinery working on the site without maintaining a fuel register to record the fuel received and issued.

**HEAD : 95 Office of the President-Eastern Province**

**PROGRAMMES : General Deposit Account**

**ACTIVITY : Various**

**89.** During the financial year ended 31<sup>st</sup> December 2014, amounts totalling K5,551,978 were received in the General Deposit Account by the Provincial Administration for various activities such as Presidential Funeral (K500,000), Golden Jubilee Celebrations (K500,000), Dredging of the Lundazi River (K480,000) and Chiefs Affairs (K763,541). In addition, an amount of K635,130 was brought forward from 2013 bringing the total funds available for the year under review to K5,551,978.

As of December 2014, a total amount of K3,986,838 had been spent leaving a balance of K2,200,270.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in July 2015 revealed the following:

**a. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K36,800 issued to two (2) officers for the facilitation of the Golden Jubilee Independence Celebrations had not been retired as of October 2015.

**b. Over Payment of Subsistence Allowances**

The Ministry of Transport, Works, Supply and Communication released a total amount of K372,219 as allowances and wages for the operators dredging the Lundazi River.

It was observed that from the amount of K372,219 a total of K99,000 was paid to operators in respect of subsistence allowances at the rate of K550 instead of K500 resulting in an over payment of K9,000. As of October 2015, the funds had not been recovered.

**c. Presidential Funeral - Unaccounted for Fuel and Airtime**

In November 2014, an amount of K75,000 was paid to the cashier as accountable imprest to facilitate the management of the Presidential Funeral for Chipata District.

However, contrary to Public Stores Regulation No. 16, fuel costing K7,500 could not be accounted for in that there were no receipt and disposal details.

In addition, amounts totalling K4,480 spent on the purchase of talk time were not acquitted to confirm that the talk time was used for the intended purpose.

**d. Construction of Chalets at Cultural Centre in Chipata**

In November 2013, the Provincial Administration engaged Lutama and Sungani Enterprises to construct eight (8) chalets at Kapata Cultural Village in Chipata District at a contract sum of K491,688. The contract was for a period of sixteen (16) weeks with the expected completion date being 28<sup>th</sup> February 2014.

As of July 2015, the contractor had been paid a total amount of K358,673 representing 82% leaving a balance of K77,392.

The following were observed:

**i. Irregular Engagement of a Contractor**

According to the Provisions of the ZPPA Act, all Contractors dealing with the Government projects are supposed to be registered with ZRA. However, the Provincial Administration engaged Lutana and Sungani Enterprises who were not registered with ZRA for VAT.

In this regard, an amount of K57,388 was irregularly charged by the Contractor as VAT and paid by the Provincial Administration.

**ii. Delay in Completion of the Project**

Out of the eight (8) chalets, three (3) chalets had not been completed as of October 2015, one year eight months after the expected completion period.

In addition, the spoon drains painting and connection of water pipes were still outstanding.

**e. Construction of Boundary Wall Fence - David Kaunda Stadium**

In November 2013, the Provincial Administration engaged Lukomi Enterprises to construct the boundary wall fence at David Kaunda Stadium at a contract sum of K500,000. The contract was for a period of three (3) months.

The scope of works included among others:

- Excavation of 880 m<sup>3</sup> foundation trenches,
- Excavation of vegetation,
- Block wall,
- Strip foundation, and
- Installation of three (3) steel gates.

As of July 2015, the Contractor had been paid a total amount of K499,997.

The following were observed:

**i. Irregular Engagement of a Contractor**

According to the Provisions of the ZPPA Act, all Contractors dealing with the Government projects should be registered with ZRA. However, the Provincial Administration engaged Lukomo Enterprises who were not registered with ZRA.

In this regard, an amount of K80,000 was irregularly charged by the Contractor as VAT and paid by the Provincial Administration.

**ii. Abandoned Project**

A physical inspection carried out in August 2015 revealed that the works had not been completed in that the block wall was partially done and the three (3) steel gates not installed despite the Contractor having been paid in full.

As of October 2015, the contractor was not on site. See picture below.



*A foundation trench measuring 59 metres excavated without block work at the abandoned DK Stadium*

**f. Drilling of Boreholes at Mwami Boarder – Chipata District**

In September 2014, the Provincial Administration engaged More and More General Merchants to construct a Water Reticulation System and sink two (2) boreholes at Mwami Border Post in Chipata District at a contract sum of K273,740. The contract was for a period of twelve (12) weeks with the expected completion date of 26<sup>th</sup> December 2014.

As of October 2015, the contractor had been paid a total amount of K189,080 representing 69% of the contract sum leaving a balance of K84,660.

An examination of records and a physical inspection of the site carried out in October 2015 revealed the following:

**i. Proximity of a Borehole to Pit Latrines**

Contrary to National Water and Sanitation Council (NWASCO) guidelines which require a distance of 30 metres between a borehole and the nearest sanitation facility, the contractor drilled the two (2) boreholes within 9 metres of pit latrines. See picture below.





**Pit Latrine**

**Borehole**

*A borehole drilled nine (9) and ten (10) meters away from a dysfunctional and a functional pit latrine respectively*

## **ii. Delay in Completion of the Project**

As October 2015, thirty five (35) weeks after the project completion period, the works had not been completed as the following works were outstanding:

- Supply and installation of two (2) x 5 HP submersible pump
- Supply and installation of control panels and associated gadgets for operating the boreholes
- Testing of the system – flushing

Consequently, the boreholes were not functional.

**HEAD: 95 Office of the President - Eastern Province**

**PROGRAMMES: Various**

**ACTIVITIES: Various (PRP)**

**90.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K6,407,250 was made to cater for various Poverty Reduction Programmes out of which a total amount of K3,241,218 was released resulting in an underfunding of K3,693,063.

It was observed that the Provincial Administration spent a total of K2,081,966 leaving a balance K1,159,252 as of 31<sup>st</sup> December 2014.

## Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of the selected projects carried out in July 2015 revealed the following:

### a. Failure to Execute Funded Projects

In December 2014, amounts totalling K441,218 were released to the Provincial Administration for the rehabilitation and construction of three dams in two (2) districts as shown in the table below.

Activity	District	Releases K
Rehabilitation of Mwangazi Dam	Chadiza	283,200
Rehabilitation of Amose Dam	Petauke	128,018
Construction of Chitirila Dam	Petauke	30,000
<b>Total</b>		<b>441,218</b>

As of October 2015, the funds were still in the account and the works had not yet commenced.

### b. Rehabilitation of a Water Reticulation System at Nyanje Mission Hospital – Sinda District

During the period under review, a budgeted amount of K500,000 was released to the Provincial Administration for the rehabilitation of a Water Reticulation System at Nyanje Mission Hospital in Sinda District.

In November 2014, the Provincial Administration engaged Messrs. Modern Construction Ltd to rehabilitate the Water Reticulation System at a contract price of K481,323.

The contract was for a period of twelve (12) weeks, commencing on 17<sup>th</sup> November 2014.

The scope of works included among others:

- Supplying and installation of two (2) x 5 HP submersible pumps
- Connection of Zesco electricity to the borehole
- Rehabilitation works on the two (2) existing reservoirs

- Siting and drilling of two (2) boreholes
- Supplying and fitting GI pipes
- Supplying and installing 10,000 litres tank
- Excavating and laying of transmission line (Rising main)

As of July 2015, the contractor had been paid a total amount of K426,509 representing 89% of the contract sum leaving a balance of K54,814.

An examination of records and a physical inspection of the site carried out on 28<sup>th</sup> July 2015 revealed the following:

**i. Delays in the Completion of the Project**

The rehabilitation of the Water Reticulation System had not been completed, thirty two (32) weeks after the expected completion period.

The following works were still outstanding:

- Supplying and installation of two (2) submersible pumps of 5 HP each
- Connection of Zesco electricity to the borehole
- Completion of rehabilitation works on the two (2) existing reservoirs

**ii. Poor Workmanship**

The cracks and leakages that were repaired had since resurfaced due to poor workmanship and water pumped into the reservoir was leaking. See pictures below.



*Cracks developing on the walls of the rehabilitated reservoir and water leaking due to poor workmanship*

**c. Failure to Complete Rehabilitation of a Staff House - Chimtengo Basic School**

In September 2014, the Provincial Administration engaged Messrs Solus General Dealers to rehabilitate a staff house at Chimtengo Basic School in Sinda District at a contract sum of K20,000. The contract was for a period of three (3) months commencing on 25<sup>th</sup> September 2014.

The scope of works included among others plastering, flooring, repair of doors and door frames.

As of April 2015, the Contractor was paid the whole contract price.

A physical inspection of the house carried out in July 2015 revealed that though the contractor was paid in full, the works were incomplete in that the painting of the external walls, fixing of three (3) mortice locks, fixing of one (1) door frame and replacing of two (2) iron sheets had not been done. See picture below.



*A rehabilitated staff house at Chimtengo Basic School with external walls not painted*

**d. Construction of a 1 x 4 Classroom Block (CRB) – Anoya Zulu Secondary School**

A budget provision of K400,000 was made and the whole amount was released for the construction of a 1x4 CRB at Anoya Zulu Secondary School in Chipata District.

In November 2014, the Provincial Administration engaged Messrs Ndazi Contractors and General Dealers to construct a 1 x 4 CRB at a contract sum of K468,796. The contract was for a period of sixteen (16) weeks and was expected to be completed on 5<sup>th</sup> March 2015.

As of July 2015, the contractor had been paid a total amount of K177,339 representing 38% of the contract sum leaving a balance of K291,457.

An examination of documents and a physical inspection of the site carried out on 30<sup>th</sup> July 2015 revealed the following:

**iii. Over Commitment of Funds**

Although the contractor was engaged at a contract sum of K468,796 only K400,000 was provided for and released for the project resulting in an over commitment of K68,796.

**iv. Delay in Completion of the Project**

The construction of the 1 x 4 CRB had not been completed and was at roof level, sixteen (16) weeks after the expected completion period. In addition, works such as roofing, carpentry, glazing, electrical installations, external plastering and painting were still outstanding. See picture below.



*A 1 x 4 Class Room Block Partially Roofed at Anoya Zulu Secondary School*

**HEAD: 96 Office of the President - Luapula Province**

**PROGRAMME: 2 General Administration**

**ACTIVITIES: Various**

**91.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K15,278,167 was made to cater for General Administration against which amounts totalling K12,591,440 were released resulting in an under funding of K2,686,727. See table below.

<b>Station</b>	<b>Budget K</b>	<b>Releases K</b>	<b>Variance K</b>
Provincial Administration	13,468,131	11,293,928	2,174,203
Milenge DC	169,901	123,783	46,118
Mansa DC	156,995	111,796	45,199
Mwense DC	158,995	110,297	48,698
Kawambwa DC	160,995	111,297	49,698
Nchelenge DC	160,995	111,297	49,698
Chiengwe DC	174,962	127,226	47,736
Samfya DC	163,495	110,465	53,030
Chembe DC	163,495	121,165	42,330
Lunga DC	177,212	123,558	53,654
Chipili DC	161,495	109,465	52,030
Mwansabombwe DC	161,495	137,165	24,330
<b>Total</b>	<b>15,278,167</b>	<b>12,591,440</b>	<b>2,686,727</b>

According to the financial statement (Statement C) for the year ended 31<sup>st</sup> December 2014, amounts totalling K11,587,810 had been spent.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and District Offices carried out from February to April 2015 revealed the following:

#### **a. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K30,692 (General Stores - K26,280 and Fuel – K4,412) procured during the period under review were not accounted for in that there were no receipt and disposal details. See table below.

<b>Institution</b>	<b>General Stores K</b>	<b>Fuel K</b>	<b>Total Amount K</b>
Provincial Administration	18,690	-	18,690
Mwansabombwe DC		4,412	4,412
Chembe DC	3,500		3,500
Mwense DC	4,090		4,090
<b>Total</b>	<b>26,280</b>	<b>4,412</b>	<b>30,692</b>

#### **b. Wasteful Expenditure on Hotel Bills**

In 2009, the Provincial Administration embarked on the construction of a three (3) bedroomed VIP house at a total cost of K373,056 to cater for Permanent Secretaries and other senior government officials. The house which was fully furnished was completed in 2011. See picture below



*VIP Guest Wing at Plot109B for temporal accommodation of Government officials such as Permanent Secretaries*

However, during the period from June 2012 to March 2015, the Provincial Administration incurred bills in amounts totalling K728,394 in respect of accommodation, beverages, laundry, meals among other services on behalf of Permanent Secretaries and senior government officials who were accommodated in a lodge instead of the VIP house.

Included in the K728,394 was a bill of K510,003 incurred by the Permanent Secretary for the period from July 2013 to February 2015. The Permanent Secretary had opted to stay at a lodge instead of the VIP house during his tenure of office.

The incurrence of these bills when government VIP accommodation was available was wasteful.

As of June 2015, amounts totalling K354,126 had been paid to the Lodge.

**c. Questionable Funeral Expenses**

According to the Public Service Management Division Circular No. B.13 of 2003, the Government is supposed to pay a funeral grant of K600 and provide a standard coffin upon the demise of an officer.

Further, at the discretion of the Controlling Officer, the government may provide a vehicle and a driver to transport the body to the burial place on the condition that the fuel costs are borne by the family. In addition, the Controlling Officer may assign one or two officers to represent the government at the funeral. The rationale is to control government expenditure on funerals.

In May 2014, the Principal Accountant at the Provincial Administration passed away in Lusaka where he was receiving treatment. Consequently, the Provincial Administration arranged for the body to be transported from Lusaka to Mporokoso District where the officer was put to rest.

However, the following were observed:

- Amounts totalling K66,500 were paid as subsistence allowances to thirty two (32) officers for three (3) nights to attend the burial in Mporokoso.
- Amounts totalling K6,750 were spent on the procurement of food stuffs, in addition to the funeral grant paid to the family of the deceased, and
- Amounts totalling K36,461 were spent on fuel for the transportation of the body to Mporokoso and transportation of officers from Mansa to Mporokoso.

**d. Use of Rental Income at source – Mwense District**

During the year under review, an amount totalling K13,000 was collected as rental income for the offices being rented by Cavmont Bank. However, it was observed that the amount was not remitted to Control 99 but was instead used at the station without authority from the Secretary to the Treasury.

**HEAD: 96/03 Office of the President - Luapula Province-Rural Roads Unit**

**PROGRAMME: 6074 Infrastructure Development (Luapula)**

**ACTIVITIES: Various**

**92.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K18,750,000 was made to cater for monitoring and evaluation, procurement of equipment and rehabilitation of roads in the ten (10) districts of Luapula Province against which amounts totalling K7,170,000 were released resulting in an underfunding of K11,580,000

According to financial statement (Statement C) for the year ended 31<sup>st</sup> December 2014, amounts totalling K6,141,077 had been spent.



## **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and Rural Roads Unit (RRU) and a physical inspection of selected projects carried out in April 2015 revealed the following:

### **a. Misapplication of Funds**

In Paragraph 81 of the Auditor General's Report for the financial year ended 31<sup>st</sup> December 2013, mention was made of the total amount of K1,497,400 meant for road works that were misapplied and therefore negatively affected the implementation of the funded projects.

A review of the situation in March, 2015 revealed that the practice had continued during the year 2014. It was observed that a total amount of K1,137,741 meant for road works, was applied on activities such as payment of settling in allowance, imprest to attend workshops and trade fair, procurement of furniture, payment for meals and accommodation contrary to the Appropriation Act of 2013. Consequently, funded road projects planned for in 2014 had not been implemented. This was evident in Mwanabombwe and other five districts where seven (7) out of eight approved road projects in 2014 had not been implemented as of August 2015.

### **b. Failure to Implement Funded Activities - Rehabilitation of Roads in Mwanabombwe District**

In the Estimates of Revenue and Expenditure for the financial year 1<sup>st</sup> January 2014 to 31<sup>st</sup> December 2014, a provision of K1,270,000 was made to cater for the rehabilitation of roads in Mwanabombwe district and an amount of K1,000,000 was released.

A scrutiny of progress reports and an inquiry made with RRU revealed that no road works were undertaken in the district during the year under review.

In addition, as at the time of inspection in March 2015, there was only K4,209 in the account.

**c. Failure to Complete Projects**

**i. Chienge District - Mipa East Road**

An amount of K603,490 was released for the construction of Mipa East Road with a distance of 17 km over a period of two (2) months commencing November 2014 and ending December 2014. The scope of works involved bush clearing, road formation and spot gravelling.

As of April 2015, a total amount of K375,955 (Allowances - K238,480 and Fuel - K137,475) had been spent on the construction of the road.

A scrutiny of the progress report submitted by RRU indicated that a stretch of 15 km was constructed and that the project was completed in December 2014.

However, a physical inspection of the road works carried out in April 2015, (three months after the reported completion date) revealed that only a stretch of 9.2 km was constructed leaving a stretch of 7.8km not done.

In addition, some sections of the road worked on were eroded due to lack of drainage. See pictures below.



*At 8.7 km road eroded*

## ii. Mansa District

### • Kapesha - Mukanga Prison Farms Road

An amount of K378,855 was released for the rehabilitation of Mukanga Prison Farms Road covering a distance of 12 kilometres and the installation of six (6) culverts. The works were to be done over a period of five (5) months from August to December 2014.

The scope of works involved bush clearing, road formation, spot gravelling and installation of six (6) culverts.

As of April 2015, a total amount of K298,131 (allowances - K123,332, fuel - K124,159 and building materials - K50,640) representing 79% of the released funds had been spent on the road project.

A scrutiny of the progress report indicated that the project was 50% complete although 79% of the funds had been spent.

A physical inspection of the road works carried out in April 2015, revealed that the project had not been completed as gravelling had not been done and the culverts had not been installed. See pictures below.



*Culverts not installed at +7.2 km, a stream cutting across the road*

### • Luapula University Access Road

An amount of K100,100 was released for maintenance and construction of a 2 km and a 5 km road stretches respectively. The works were to be undertaken over a period of three (3) months from April to June 2014.

The scope of works involved bush clearing, road formation and gravelling.

During the period April 2014 to September 2014, a total amount of K239,243 (allowances - K28,075 and fuel - K211,466) had been spent on the road works resulting in excess expenditure of K139,143.

A scrutiny of the progress report indicated that the project was complete. However, a physical inspection of the road works carried out in April 2015, revealed that gravelling had not been completed as only 2.4 km stretch was done leaving a 2.2 km stretch not attended to.

- **Questionable Usage of Fuel - Luapula University Road**

According to the Bill of Quantities (BOQ) submitted by RRU, 10,000 litres of fuel costing K100,100 was estimated to enable RRU grade and gravel a stretch of 4 km of the Luapula University access road.

A scrutiny of fuel coupons and statements revealed that RRU used 21,096 litres costing K211,168 instead of 10,000 litres to grade and gravel a stretch of 4.6 km.

A physical inspection carried out revealed that out of the 4.6 km graded, only a stretch of 2.4 km was gravelled. In this regard, the excess usage of 11,096 litres when only 2.4 km was gravelled is questionable.

In addition, log books were not submitted for audit verification making it difficult to ascertain whether the fuel drawn was used on the project.

### **iii. Mwense District**

- **Mambilima - Lukolongo Road**

An amount of K524,390 was released for the construction of Lukolongo Road covering a distance of 25 kilometre and the installation of two (2) culverts. The works were to be undertaken over a period of two months from November to December 2014.

The scope of works involved bush clearing, road formation, gravelling and installation of two (2) culverts.

As of April 2015, amounts totalling K310,993 (allowances - K220,500 and fuel - K90,495) had been spent on the road project.

Although a scrutiny of the progress report indicated that the project was 80% complete, a physical inspection of the road works carried out in April 2015, revealed that only a stretch of 9 km out of 25 km was graded, representing 36 % of the total distance of the road and the two (2) culverts had not been installed.

- **Mwense Clinic - Finkesenge Road**

An amount of K524,690 was released for the construction of Finkesenge Road covering a distance of 25 km and the installation of three (3) culverts. The works were to be undertaken over a period of four (4) months from September to December 2014.

The scope of works involved bush clearing, road formation, spot gravelling and installation of three (3) culverts.

A total amount of K316,768 was spent on the road project comprising K243,293 spent on allowances and K73,475 spent on fuel.

According to the progress report, 75% of the project works were complete. However, a physical inspection of the road works carried out in April 2015 revealed that only a stretch of 8.1km out of 25km was graded, representing 32% of the road stretch and the installation of three (3) culverts had not been done.

**Head: 96 - Office of the President - Luapula Province**

**Programme - Poverty Reduction Programmes (PRP)**

**Activities - Various**

**93.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K4,701,021 was made to cater for thirty five (35) Capital Projects under the Poverty Reduction Programmes (PRP) out of which amounts totalling K4,217,857 were released resulting in an underfunding of K483,164.

In addition, an amount of K516,956 was brought forward from the year 2013 bringing the total funds available to K4,734,813.

According to the financial statement (Statement C) for the year ended 31<sup>st</sup> December 2014, amounts totalling K3,817,467 were spent.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in April 2015 revealed the following:

#### **a. Misapplication of Funds**

Contrary to Financial Regulation No. 31, amounts totalling K1,168,795 meant for the implementation of PRP were applied on administrative trips to Lusaka, tuition fees, purchase of a laptop, payment of utility bills, among others, activities not related to the funded programmes/activities.

Consequently, some funded activities as shown in the table below were not implemented.

<b>Dept</b>	<b>Programme</b>	<b>Activity</b>	<b>Amount K</b>
HQ	6030 - Tourism and Investment Promotion	018 - Tourism Infrastructure	780,000
Resettlement	6074 - Infrastructure Development	005 - Construction and Rehabilitation of Boreholes	100,895
Resettlement	6074 - Infrastructure Development	006 - Construction and Rehabilitation of Handpump Wells	60,000
<b>Total</b>			<b>940,895</b>

#### **b. Oil Palm Out-growers Scheme – Stalled Project**

In Paragraph 73 of the Report of the Auditor General on the Accounts of the Republic for the Financial Year ended 31<sup>st</sup> December 2012, mention was made of the Isubilo Oil Palm Irrigation Scheme (IOPIS) in Mwense district.

The IOPIS was a pilot project whose aim was to provide adequate water to the oil palm plantations through irrigation, and hence promote growing of palm oil trees in Mwense district for purposes of creating a base for small scale industries for production of palm oil.

According to the project implementation plan, the project cost was estimated at K1,682,917 and was to be completed by May 2013. The project was targeted at supplying water to 300 hectares of land and works involved construction, installation and training of farmers.

As of December 2013, amounts totalling K1,791,643 had been spent on the project. According to the report, although K1,791,643 had been spent, the project had not benefitted the local farmers in that the furrows to take water from the distribution boxes to the outlying farms had not been constructed and farmers had not been trained.

In response to the observation, the Controlling Officer stated that the failure to derive benefit from the project was attributed to the farmers not being trained to handle the project which included how to dig furrows from various distribution boxes to the outlying farms. He added that the farmers had since been trained and that the project would be fully functional.

In their report for the Third Session of the Eleventh National Assembly, the Public Accounts Committee (PAC) directed the Controlling Officer to ensure that farmers were trained and furrows dug and that the irrigation project benefits farmers as per objectives of the scheme.

A review of the situation in April 2015 revealed the following:

- i. Contrary to the directive by the PAC, the irrigation furrows to supply water to the individual farms had not been dug.
- ii. The reservoir which had been constructed in 2013, was cracking and the surrounding had overgrown vegetation. See picture below.



It was also observed that although the Government had spent K1,791,643 on the project that was housed at the farm of an individual.

In addition, there was no Memorandum of Understanding (MoU) or a signed document spelling out Terms or Conditions under which the project had been set up at the farm. Consequently, as of August 2015, the legal ownership of the project remained unclear.

**Head: 96 Office of the President - Luapula Province**  
**Unit: 1 Provincial Administration**  
**Programme: 2 Personal Emolument**  
**Activities: Various**

**94.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K11,831,157 was made to cater for personal emoluments and the whole amount was released.

As of December 2014, amounts totalling K11,830,288 had been spent.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and District Offices carried out during the period from February to April 2015 revealed the following:

##### **a. Irregularities in Establishment Register**

According to the establishment register there were three (3) authorised positions for accountants. However, a review of the payroll revealed that the Provincial Administration had nine (9) accountants on its payroll.

There was no Treasury Authority obtained for the employment of the six (6) extra accountants who had been paid salaries in amounts totalling K482,508 during the period under review.



**b. Misplacement of Payroll Area**

During the period under review, there were eighty eight (88) officers who had drawn salaries amounting to K333,527 from the Administration's payroll but were not actually stationed in the Province. As of September 2015, the anomaly had not been corrected.

**c. Irregular Payment of Rural and Remote Hardship Allowances**

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be in a remote area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

During the period under review, amounts totalling K1,014,004 were irregularly paid as rural and remote hardship allowances to one hundred and thirty five (135) officers who were not entitled to the allowances as they were stationed in areas that were not classified as rural or remote.

**d. Overpayment of Housing Allowance**

Contrary to Cabinet Office Circular No. B12 of 2012 which stipulates that housing allowance shall be paid to eligible employees through the payroll at the rate of 20% of monthly basic salary, there were five (5) officers whose housing allowance was paid at a rate higher than the prescribed rate of 20% resulting in an overpayment of K16,578. As of September 2015, the overpayment had not been recovered.

**HEAD: 97 Office of the President - North Western Province**

**PROGRAMMES: Personal emoluments and General administration**

**ACTIVITIES: Various**

**95.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a total provision of K73,006,329 was made to cater for personal emoluments and general administration activities against which amounts totalling K56,376,331 were released resulting in an underfunding of K16,629,998.

According to the financial statement (Statement “C”), as of 31<sup>st</sup> December 2014, amounts totalling K51,089,314 had been spent.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out in April 2015 revealed the following:

#### **a. Irregular Payment of Housing Allowance**

Contrary to the Terms and Condition of Service for the Public Service, thirty (30) officers that were occupying Government institutional houses were irregularly paid housing allowances in amounts totalling K312,293.

As of August 2015, the housing allowances had not been recovered from the officers.

#### **b. Irregular Payment of Salary**

During the period from October 2013 to June 2014, the Civil Aviation Department irregularly paid salaries in amounts totalling K25,740 to an officer who had proceeded on unpaid study leave. As of August 2015, no recoveries had been made from the officer.

#### **c. Irregular Payment of Rural Hardship Allowances**

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be in a remote area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

During the period under review, amounts totalling K41,412 were irregularly paid as rural hardship allowances to ten (10) officers who were not entitled to the allowances as they were stationed in areas that were not classified as rural.

#### **d. Unsupported Payments**

Contrary to Financial Regulation No. 52, ten (10) payments in amounts totalling K71,304 were not supported with relevant documents such as receipts, acquittal sheets and invoices among others.

**e. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K319,884 (General Stores - K48,468 and Fuel – K276,416) procured during the period under review could not be accounted for in that there were no receipt and disposal details.

**f. Misapplication of Funds - Rehabilitation of Infrastructure**

Contrary to the Appropriation Act of 2013, amounts totalling K984,179 meant for the rehabilitation of infrastructure were applied on general administration activities such as the payment of allowances without obtaining authority from the Secretary to the Treasury,

**g. Questionable Air Travel**

During the period under review, amounts totalling K131,322 were paid in respect of subsistence allowance and fuel for the Permanent Secretary and the driver for trips to Lusaka.

However, a review of records and enquiries made revealed that the driver drove to and from Lusaka while the Permanent Secretary flew to and from Lusaka.

In this regard, amounts totalling K18,347 were spent on air tickets for the Permanent Secretary during the same period.

The payment of K18,347 for air tickets when fuel was drawn to take the Permanent Secretary to and from Lusaka was therefore wasteful.

**HEAD: 97/03 Office of the President-North Western Province**

**PROGRAMME: Rural Roads Unit**

**ACTIVITIES: Various**

**96.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K18,800,000 was made to cater for Infrastructure Development under the Rural Roads Unit against which amounts totalling K8,791,287 were released resulting in an under funding of K10,008,713.

According to the financial statements (Statement C), as of December 2014, amounts totalling K7,947,425 had been spent.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspections of selected road projects carried out in April 2015 revealed the following:

#### **a. Unaccounted for Fuel**

Contrary to Public Stores Regulation No. 67 (b), fuel issued on site costing K665,845 on four (4) road projects, was not accounted for by operators as they did not maintain log books for equipment in operation on site, making it difficult to determine whether the fuel issued was utilised on the projects.

#### **b. Rehabilitation of Manyinga - Choongo Road**

An amount of K265,306 was released for the rehabilitation of Manyinga Choongo Road.

The scope of works included among others the construction of an 8 km stretch, heavy grading, gravelling, shaping, and installation of culverts.

As of March 2015, amounts totalling K294,779 (fuel - K207,232 and allowances - K87,547) had been spent on the road.

A physical verification carried out in March 2015 revealed the following:

- Only 2 km had been cleared and road formation done.
- 1.8 km had been gravelled.
- Culverts had not been installed.

It was not clear how the K265,306 meant for 8 km could all be used on a stretch of 2 km. In addition, amounts totalling K207,232 spent on fuel were questionable in that it translated to 24,125 litres of diesel, which was excessive to be used on works done on 2 km of the Road.

**HEAD: 97 Office of the President - North Western Province**

**PROGRAMME: Poverty Reduction Programmes (PRPs)**

**ACTIVITIES: Various**

**97.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K8,121,925 was made to cater for various Poverty Reduction Programmes (PRPs) against which amounts totalling K5,633,328 were released resulting in an underfunding of K2,488,597.

According to the financial statements (Statement “C”), as of December 2014, a total amount of K4,515,132 had been spent.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in April 2015 revealed the following:

**a. Misapplication of Funds.**

During the period under review, amounts totalling K2,398,511 meant for PRPs were spent on general administration activities, contrary to the Appropriation Act of 2013.

**b. Undelivered Building Materials**

In September 2014, the Provincial Administration procured various building materials costing K15,550 to be used for the completion of the girls’ and boys’ dormitories at Lamba Secondary School. However, the materials had not been delivered to the School as of September 2015.

**c. Infrastructure Development**

There were weaknesses in the management of projects as detailed in the table below.

Project	Contractor	Contract Period	Contract Amount K	Paid Amount K	Scope of Works	Status
Construction of Zambia Compound Health Centre, Staff House and three (3) Pit latrines	Faith Contractors and Distribution Limited	June 2011 to December 2011	473,688	443,813	Construction of Substructure, concrete works, brick work, roofing, iron mongery, plumbing, electrical solar installations among others	Although the project was handed over in April 2014, three (3) VIP latrines valued at K46,134 and solar installations valued at K7,390 had not been constructed and installed respectively. In addition, despite the Provincial Medical Office highlighting several defects in January 2015, as of September 2015, the defects had not been addressed.
Construction of Zangamenu Health Centre, Staff House and three (3) Pit latrines	T Mushinkula Trading	June 2011 to December 2011	449,800	548,748	Construction of Substructure, concrete works, brick work, roofing, iron mongery, plumbing, electrical solar installations among others	The Provincial Administration varied the works in amounts totalling K106,132 bringing the total contract price to K555,932 without approval of the Provincial Tender Committee. In addition, works in amounts totalling K10,585 were not done despite having been certified and paid for. As of September 2015, the contractor was not on site.
Construction of Weighbridge Health Centre, Staff House and three (3) Pit latrines	Ulusio Enterprises	June 2011 to December 2011	448,500	561,862	Construction of Substructure, concrete works, brick work, roofing, iron mongery, plumbing, electrical solar installations among others	The Provincial Administration varied the works in amounts totalling K95,362 bringing the total contract price to K543,862 without approval of the Provincial Tender Committee. In addition, the contractor had been overpaid by K18,000. As of September 2015, the contractor was not on site and the following works were outstanding; <ul style="list-style-type: none"> <li>● Installation of shower and toilet complete with plumbing fixtures and fittings (Staff House).</li> <li>● Installation of two (2) toilets complete with plumbing fixtures and fittings (Clinic).</li> <li>● Man hole covers for the septic tanks.</li> </ul>

**HEAD** : **98 Office of the President – Southern Province**  
**PROGRAMME** : **Various**  
**ACTIVITIES** : **Various**

98. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K21,050,441 was made to cater for Recurrent Departmental Charges against which amounts totalling K12,312,335 were released resulting in an underfunding of K8,738,106.

In addition, there were funds in amounts totalling K1,901,838 brought forward from 2013, bringing the total available funds to K14,214,173.

As of 31<sup>st</sup> December 2014, amounts totalling K13,861,232 had been spent leaving a balance of K352,940.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out in April 2015 revealed the following:

**a. Unsupported Payments**

Contrary to Financial Regulation No. 45 and 65, one hundred and four (104) payments in amounts totalling K447,556 made during the period under review were not supported with relevant documents such as quotations and cash sale receipts, among others.

**b. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K17,100 issued to six (6) officers during the period under review had not been retired as of September 2015.

**c. Irregular Use of Accountable Imprest**

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

It was however observed that amounts totalling K75,665 were paid to twenty-one (21) officers as accountable imprest to purchase goods and services whose values could be ascertained.

**d. Questionable Imprest Retirements**

During the period under review, imprest in amounts totalling K250,211 was issued to thirty three (33) officers to carry out various activities such as facilitation of Labour Day celebrations, study tour out of the country, procurement planning meeting, meal allowances, inspection of CDF projects and attending Lwiindi ceremony in Mazabuka, among others.

However, out of the total amounts of K250,211, amounts totalling K75,208 had questionable retirement details such as dates not matching with the number of nights, dates indicated on form 44 not agreeing with vehicle log book and failure to use the fuel formula among others.

**e. Failure to Produce Activity Reports**

During the period under review, amounts totalling K55,300 were issued as imprest to ten (10) officers to carry out various activities such as preparation of district plans, transport inventory, training small and medium enterprises on bidding, identifying cultural groups and capacity building in district offices, among others.

However, there were no activity reports availed for audit.

**f. Overpayment on Training Expenses**

According to the Public Service Management Division (PSMD) guidelines on Rates and Conditions for Government Sponsored Training and Development, each category of allowances has a financial limit up to which a particular allowance is to be paid.

However, contrary to the guidelines, amounts totalling K29,960 were paid to two (2) officers for tuition fees, transport costs and accommodation instead of amounts totalling K9,880 which the officers were entitled to resulting in overpayments totalling K20,080.

As of September 2015, the funds had not been recovered from the officers.



**g. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K436,021 (General Stores - K300,830 and Fuel – K135,191) procured during the period under review were unaccounted for in that there were no receipt and disposal details.

**h. Undelivered Stores**

Various stores items costing K19,850 procured during the period under review which had not been delivered as of September 2015.

**i. Failure to Remit Tax to ZRA**

During the period under review, amounts totalling K703,984 were deducted as Pay As You Earn (PAYE) from payments made to various officers in respect of settling in allowances, commutation of leave days, retention allowance, leave terminal benefits and long service bonus.

However, contrary to the Income Tax Act, the amounts deducted had not been remitted to the Zambia Revenue Authority as of September 2015.

**j. Failure to Collect Outstanding Rentals**

The Buildings Department leases out properties to private companies and individuals. Rental income is realised from the leases as revenue and deposited into Ministry of Finance account (Control 99).

However, a scrutiny of records revealed that rental income in amounts totalling K189,700 covering the period from 2008 to 2014 involving fifteen (15) properties had not been collected as of August 2015. Further, Buildings Department had not taken action to recover the amounts due.

**HEAD: 98/03 Office of the President – Southern Province – Rural  
Roads Department**

**PROGRAMME: 6076 Infrastructure Development (Southern)**

**ACTIVITIES: Various**

99. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K18,732,500 was made to cater for rehabilitation, construction and monitoring of rural roads in thirteen (13) districts under Rural Roads Unit out of which amounts totalling K6,398,316 were released, resulting in an under funding of K12,334,184.

In addition, amounts totalling K6,947,187 (K6,753,138 – from the RRU Account and K194,049 – Reimbursements from the RDC Account) were brought forward from 2013 bringing the total funds available during the period under review to K13,345,503.

According to the Financial Statements (Statement C), as of 31<sup>st</sup> December 2014, amounts totalling K12,764,314 had been spent leaving a balance of K581,189.

#### **Accounting and other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in April and July 2015 revealed the following:

**a. Fuel Drawn by Non RRU Vehicles**

During the period under review, 1,001 litres of fuel costing K9,978 were drawn by motor vehicles belonging to other departments other than RRU as borrowings which would be reimbursed once the RDC was funded.

However, as of September 2015, the reimbursements had not been made.

**b. Procurement of Construction Equipment – Water Bowser**

On 31<sup>st</sup> December 2014, the Provincial Administration procured a water bowser from Shaftex Ltd Company at a cost of K490,000.

Although the water bowser was delivered in March 2015, it had defects which led the Provincial Roads Engineer to reject the equipment. As of October 2015, no action had been taken by the Supplier to correct the defects and the equipment was not being used.

Further, there was no evidence of authority obtained from the Plant, Vehicle and Equipment Committee (PVEC) and there was no contract signed between the two (2) parties for the procurement of the water bowser.

**c. Wasteful Expenditure for Fuel Storage Tanks**

On 6<sup>th</sup> June 2014, the Provincial Administration procured four (4) tanks of capacity of 5,000 litres each, costing K14,400 from Handyman's Paradise for use as fuel storage at project sites in the districts.

However, a physical inspection carried out in July 2015, revealed that only three (3) of the four (4) tanks were delivered and that the tanks were not being used. The tanks were plastic which were not meant for storing fuel.

In this regard, the total amount of K14,400 spent on water tanks was wasteful. As of July 2015, the three (3) tanks were still lying idle at RRU offices. See the pictures below.



*Water tanks procured for Fuel Storage*

It was not clear as to when the remaining water tank costing K3,600 would be delivered.

**d. Failure to Utilise Materials (Cement and Concrete Pipe Culverts)**

During the period under review, the Provincial Administration procured 6,600 bags of cement (50 kg each) costing K439,115 from Larfage and two hundred and sixty four (264) concrete pipe culverts from Concrete Pipes and Products Ltd at a cost of K343,200 for use on the construction and rehabilitation of roads in the Province.

Although the cement and concrete pipe had been collected, as of September 2015, the materials had not been used and were stored at the RRU premises in Choma and Livingstone.

Further, there was no schedule of planned works or bill of quantities justifying the basis of procuring cement and concrete pipes.

**e. Physical Inspection**

An examination of records and physical inspection carried out on selected roads revealed that some of the works were not completed and that there were incidences of poor workmanship as detailed below. Although most of the works were completed, the following observations were made on the selected roads inspected in April 2015:

District	Road	Scope of works	Amount Released K	Amount Spent K	Observations
Kalomo	Tara-Katete	Clearing and Grubbing – 20 km Heavy Grading -20kms Spot Regravelling-2 km 900 mm diameter culvert-1	146,004	K204,149	<ul style="list-style-type: none"> <li>• Transverse gully at +0.20 Kms, +0.30 kms at +0.6 kms, +1.0 kms, and +1.30 kms</li> <li>• Wind roll/ earth not graded on the shoulder of the road at +0.70 kms</li> <li>• Blocked and exposed culvert at +1.10 kms</li> <li>• Mitre drain not opened up at +1.0 kms</li> <li>• Ditches at +1.70 kms, +2.9 kms, +2.40 kms, +2.90 kms</li> <li>• Road eroded at, +1.50 kms, +3.50, +3.70 kms and +4.10 kms</li> </ul>

Zimba	Zimba - Chundwe	-Clearing and Grubbing 20kms  -Heavy grading 20kms  -Spot re gravelling 2kms  -900 mm diameter culverts- 1	The road was not funded	K59,600	There were ditches on the road at +1.80 kms, +2.70 kms, +4.60 kms, +5.90 kms, +6.10, +7.20-7.50 kms and 9.40km
Choma	Choma Mochipapa	-Clearing and Grubbing 20kms  -Heavy grading 20km  -Spot regravelling 4 km  -Light grading 12 km  -900 mm diameter culverts- 1	1,134,400	K177,824	Ditches on the road at +0.20 km, +1.70 km, +5.10 km and 5.40 km  Further there were blocked culverts at +5.20 km,+ 6.20 km and +7.10 km

District	Road	Scope of Work	Amount Released K	Amount Spent K	Observations
Sinazongwe	U2 Buleya - Malima	-Heavy grading 20 kms -Bulldozing 20 km -Re Graveling 2kms	Road not funded in the year under review	K366,316	<ul style="list-style-type: none"> <li>There were ditches on the road at +0.90 kms, +1.40 kms and +2.20 – 4.50 kms.</li> <li>The road at +0.60 and +4.80kms had been washed away on the right hand side</li> <li>There was a gully at +0.90kms and</li> <li>The road had been eroded at +5.80 kms.</li> </ul>

District	Road	Scope of works	Amount Released K	Amount Spent K	Observations
Sinazongwe	Maamba Syampondo	-Heavy grading 32.4 kms -Bush clearing - 32.4 km	Road not funded		<ul style="list-style-type: none"> <li>There were ditches on the road at +1.10 kms, +1.70 kms and 2.30 – 3.0 kms</li> <li>At +0.60kms the road had been washed away</li> <li>There were gullies at, +0.30 kms, +0.60 kms, +1.0 kms, +1.30 kms, +1.60 kms, +1.80 kms and +3.50 – +4.0 kms</li> <li>Further, there was an exposed culvert at +1.40 kms.</li> </ul>

Pemba	Muzoka Ndondi	-Clearing and Grubbing 6kms  -Heavy grading 6kms  -Spot re gravelling 1km  -900 diameter culverts - 1	250,400.00	K155,713	<ul style="list-style-type: none"> <li>• There were ditches on the road at + 3.20 kms</li> <li>• The road had been washed away at +2.50 kms, +2.70 kms, +3.70 kms and +4.10 kms and</li> <li>• The culvert at +2.70 had been eroded,</li> </ul>
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District	Road	Scope of works	Amount Released K	Amount Spent K	Observations
Gwembe	Munyumbwe Chipepo (D375)	-Clearing and Grubbing  -Heavy grading 20 kms  -Spot re gravelling 2kms  -900 diameter culverts - 1	392,000.00	K428,978	<ul style="list-style-type: none"> <li>• The road had been washed away at +0.20 kms and +0.90kms,</li> <li>• Culvert at +2.20 kms had been washed away</li> <li>• The culvert had not been installed at +5.0 kms,</li> <li>• At +6.0 there was a Broken culvert</li> </ul>

District	Road	Scope of works	Amount Released K	Amount Spent K	Observations
Monze	Chisekesi Chikuni	-Clearing and Grubbing - 10kms  -Heavy grading 10 kms  -Spot re gravelling 1kms  -900 diameter culverts - 1	250,400.00	K156,869	<ul style="list-style-type: none"> <li>• There were gullies across the road at +0.90 kms,+ 1.50 kms, +1.60 kms, and +1.90 – 3.60 kms</li> <li>• There was a blocked culvert at +3.1 kms</li> </ul>

District	Road	Scope of works	Amount Released K	Amount Spent K	Observations
Mazabuka	Magoye - Chivuna/ Namaila	-bush clearing – 20 kms  -Heavy grading 20 kms  -Spot re gravelling 4kms  -900 diameter culverts - 5	476,400	K338,938	<ul style="list-style-type: none"> <li>• There were blocked culverts at, +3.40 kms, +4.50 kms, +10.90 Kms, +16.0 Kms, +19.0 Kms and ditches on the road</li> <li>• The discharge drains at +3.60 kms, + 4.80 kms and +5.70 kms had not been opened</li> <li>• There were gullies across the road at, +13.8 Kms, +15 Kms, +15.50 Kms, +16 Kms, +18.50 Kms and +20.20</li> <li>• There were ditches at, +14.0 Km, +14.8 Kms, +19.10 Kms and +20.50 to +20.90</li> </ul>



District	Road	Scope of works	Amount Released K	Amount Spent K	Observations
Siavonga	Kariba Store - Namoomba	-bush clearing -Heavy grading 17 kms -Spot re gravelling 2kms -900 diameter culverts - 1	392,996	K135,178	<ul style="list-style-type: none"> <li>The road at, +0.30 kms and 4.30 kms had been washed away</li> <li>There were ditches at +2.20 kms</li> <li>There was a depression on the surface of the road at +3.70 kms.</li> <li>There were ponds of water at +7.0 kms, +7.10 kms, +10.20 kms, +12.90 Kms, +13.0 kms, +14.40 kms and +15.40 Kms</li> </ul>

See pictures below.



*Gully across the road - Tara- Katete*



*Exposed Culverts - Tara- Katete, Kalomo*

**HEAD: 98 Office of the President – Southern Province**

**PROGRAMME: Personal Emoluments**

**ACTIVITIES: Various**

**100.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a provision of K45,297,897 was made to cater for personal emoluments against which amounts totalling K45,611,080 were released.

As of 31<sup>st</sup> December 2014, the whole amount of K45,611,080 had been spent.

## **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out in July 2015, revealed the following:

### **a. Discrepancies between Staff Establishment and the Payroll**

According to the staff establishment, the Provincial Administration had eight hundred and forty one (841) members of staff. However, a review of the payroll revealed that there were nine hundred and ninety nine (999) members of staff, one hundred and fifty eight (158) members of staff, more than the establishment. The excess staff had drawn salaries amounting to K9,874,416 during the period under review. As of September 2015, the discrepancy had not been addressed.

### **b. Housing Allowance Paid Using Wrong Rates**

Cabinet Office Circular No.B12 of 2012 stipulates that housing allowance shall be paid to eligible employees through the payroll at the rate of 20% of monthly basic salary.

Contrary to the above, eleven (11) officers who were entitled to be paid K20,221 were instead paid K37,651 resulting in an over payment of K17,429.

### **c. Over Payment of Transport Allowance**

Cabinet Office Circular No. B12 of 2012 stipulates that transport allowance shall be paid to all officers from GSS 04 to GSS 07 Salary Scales and equivalent through the payroll at the rate of 10% of monthly basic salary.

An analysis of the payroll for 2014 revealed that eight (8) officers were paid transport allowance at rates in excess of entitlement resulting in an overpayment of K10,697 which had not been recovered as of August 2015.

### **d. Rural and Remote Hardship Paid to Ineligible Employees**

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be in a remote area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

During the period under review, amounts totalling K1,071,582 were paid as rural and remote hardship allowances to one hundred and forty seven (147) officers who were not eligible to receive the allowances.

**Head 98 : Office of the President - Southern Province**

**Programme : General Deposit Account**

**Activities : Various**

**101.** The Provincial Administration Office maintains a General Deposit Account (GDA) into which third party funds are deposited. The funding to the account includes amounts that the various departments under the Provincial Administration Office receive from their respective ministries for specific purposes.

During the financial year ended 31<sup>st</sup> December 2014, a total amount of K3,491,893 was received by the Provincial Administration Office for various activities.

In addition, an amount of K151,933 was brought forward from 2013 bringing the total funds available to K3,643,826.

As at 31<sup>st</sup> December 2014, a total amount of K2,465,776 had been spent leaving a balance of K1,178,050.

#### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in April 2015 revealed the following:

##### **a. Unsupported Payments**

Contrary to Financial Regulation No. 45, six (6) payments in amounts totalling K18,839 made during the period under review were not supported with relevant documents such as receipts and invoices among others.

**b. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of various stores items costing K39,748 procured during the period under review.

**c. Failure to Construct Chiefs Palaces**

During the period under review, the Provincial Administration Office received amounts totalling K1,228,541 for the construction of chief's palaces in Southern Province.

However, as of August 2015, despite the availability of funds, the palaces had not been constructed, fifteen (15) months after receipt of the funds.

**d. Misapplication of Funds**

Contrary to the Appropriation Act of 2013, amounts totalling K609,155 meant for the presidential funeral (K216,079) and construction of chiefs palaces (K393,076) were spent on unrelated administrative activities such as imprest for attending parliamentary sessions, salary advances, loans, among others, without authority of the Secretary to the Treasury.

**Head: 99 Constitutional and Statutory Expenditure**

**Programmes: Various**

**Activities: Various**

**102.** In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2014, a total provision of K5,635,476,501 was made to cater for various debt repayments against which amounts totalling K4,834,062,571 were released resulting in an under funding of K801,413,931. The underfunding represents 14% of the total authorised provision. See table below.

	Provisions K	Supplementary K	Total provision K	Releases K	Variances K
External	1,822,367,331	(6,556,037)	1,815,811,294	1,333,933,568	(481,877,727)
Domestic	2,250,497,257	539,258,072	2,789,755,329	2,769,155,592	(20,599,737)
Other: Commercial Bank Interest	600,000,000	429,909,878	1,029,909,878	730,973,411	(298,936,467)
Contingency	50,000,000	(50,000,000)	-	-	-
<b>Total</b>	<b>4,722,864,588</b>	<b>912,611,913</b>	<b>5,635,476,501</b>	<b>4,834,062,571</b>	<b>(801,413,931)</b>

According to the Financial Statement C, amounts totalling K1,185,092,877 had been paid in debt servicing as of 31 December 2014. The amount paid was made up of K407,698,970 as principle and K777,393,907 as interest.

### **Accounting and Other Irregularities**

An examination of accounting and other records at the Ministry Headquarters carried out in August 2015 revealed the following:

#### **a. Position of Public Debt**

The position of domestic and external debt as at 31<sup>st</sup> December 2014 was as shown in the table below.

Type	Opening Balance as at 1st January 2014 K	Amount Borrowed During the year 2014 K	Amount Repaid During the year 2014 K	Closing Balance as at 31st December 2014 K
Domestic	20,711,306,578	14,478,238,714	11,935,578,241	23,253,967,051
External	15,797,106,000	9,058,658,099	329,383,380	24,526,380,719
<b>Total</b>	<b>36,508,412,578</b>	<b>23,536,896,813</b>	<b>12,264,961,621</b>	<b>47,780,347,770</b>

Total public debt increased from K36,508,412,578 as at 31<sup>st</sup> December 2013 to K47,780,347,770 as at 31<sup>st</sup> December 2014 representing an increase of thirty one percent (31%). The upward net movement in domestic debt was K2,542,660,473 and in external debt, K8,729,274,719. The increase in the debt levels was mainly due to new external debt borrowings made in 2014. The table below shows the composition of external debt acquired in the financial year ended 31<sup>st</sup> December 2014.

	Loan Name	Date signed	Amount	Base Currency
	<b>Abu Dhabi Fund for .....</b>			
1	Three University College	26/02/2014	36,730,000.00	AED
	<b>African Development Bank</b>			
2	Science and Tech Education	02/06/2014	22,220,000.00	AFU
	<b>Agence Francaise de Development</b>			
3	Water and Sanitation Inf.	09/12/2014	50,000,000.00	EUR
	<b>Euro Bond II</b>			
4	Euro Bond II	14/04/2014	1,000,000,000.00	USD
	<b>Exim Bank of China</b>			
5	Lusaka Kenneth Kaunda	04/06/2014	306,000,000.00	USD
6	Kenneth Kaunda Concession	16/09/2014	333,158,400.00	CNY
7	Kariba North Bank Kafue	13/10/2014	45,058,500.00	CNY
8	Zamtel GSM Phase IV	22/12/2014	103,000,000.00	USD
	<b>Kuwait Fund for Arab Economic Dev</b>			
9	Teachers Training College	10/02/2014	4,000,000.00	KWD
	<b>NORDDEA BANK DENMARK</b>			
10	Kafubu Water Sanitation	17/10/2014	70,113,831.00	USD

**b. Delays in Loan Repayments-External Debt.**

A scrutiny of the loan repayment schedules indicated that some outstanding loans were repaid beyond the due dates. The delay ranged from 3 to 26 days. See table below:

Creditor	Principal K	Interest K	Other Payments K	Total K	Due Date	Date Payment Authorisation Received at BoZ	Value Date	Number of Days Delayed
African Development Fund	1,199,982	425,042	-	1,625,023	01/01/14	1/9/2014	1/14/2014	13
African Development Bank	1,519,294	-	-	1,519,294	15/01/14	1/29/2014	2/3/2014	18
African Development Bank	241,667	186,880	-	428,547	01/03/14	3/7/2014	3/13/2014	12
Kuwait Fund	3,130,950	552,652	-	3,683,602	01/03/14	3/7/2014	3/11/2014	10
Agence Francaise de Development	-	-	283,055	283,055	15/03/14	3/17/2014	3/18/2014	3
EXIM China	-	-	3,133,556	3,133,556	01/03/14	3/7/2014	3/13/2014	12
EXIM China		48,878,250	27,191,930	76,070,180	01/03/14	3/7/2014	3/13/2014	12
African Development Fund	3,049,395	2,452,840	-	5,502,234	01/05/14	5/7/2014	5/13/2014	12
Corpus Globe Legal Practitioners	-	-	188,354	188,354	01/05/14	5/21/2014	5/27/2014	26
African Development Bank	1,328,021	477,217	-	1,805,239	01/07/14	7/15/2014	7/21/2014	20
World Bank IDA	8,659,557	1,965,920	-	10,625,477	01/08/14	8/21/2014	8/26/2014	25
African Development Bank	-	456,413	158,751	615,164	01/09/14	9/8/2014	9/11/2014	10
African Development Bank	-	-	42,981	42,981	12/1/2014	12/12/2014	12/19/2014	18
<b>Total</b>	<b>19,128,866</b>	<b>55,395,215</b>	<b>30,998,628</b>	<b>105,522,708</b>				

The delay in making loan repayment ultimately attracts interest charges which the Treasury would have to meet.

**c. Inconsistencies Between Treasury Bills and Government Bonds Sale Proceeds at BOZ and MOF**

There was no consistency in information held by the Bank of Zambia and the Ministry of Finance with regards to funds raised from the sales of treasury bills and Government bonds. In particular, whilst information at IDM reflected a sum of K13,140,100,083 as having been raised, information at BOZ reflected a sum of K13,151,610,390, resulting in a total variance of K11,510,307. See table below.

	<b>IDM Amount K</b>	<b>BOZ Amount K</b>	<b>Variance K</b>
Treasury Bills	10,450,617,620	10,456,170,670	5,553,050
Bonds	2,689,482,463	2,695,439,720	5,957,257
<b>Total Variance</b>	<b>13,140,100,083</b>	<b>13,151,610,390</b>	<b>11,510,307</b>

The different positions were not reconciled by IDM officials responsible for maintaining such records.



**RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE WHICH HAVE  
EITHER NOT BEEN IMPLEMENTED OR HAVE BEEN PARTIALLY IMPLEMENTED**

**103.** In 1992, the Public Accounts Committee (PAC) resolved to appoint a Committee of officials from the Ministry of Finance, National Assembly and Office of the Auditor General to deal exclusively with the outstanding issues on a continuous basis. Since then, the Committee has been meeting to ensure that outstanding issues are cleared.

Appendix 1 to this Report summarises the status of the unresolved issues as at 31<sup>st</sup> December 2014 for which necessary remedial action is required. This forms part of my Report for the financial year ended 31<sup>st</sup> December 2014 whereas Appendix 2 is the Glossary of Terms. The glossary of terms has been included in order to make the report clearer and to assist the users of the report to fully understand the issues raised.

**AUDIT HOUSE  
HAILE SELASSIE AVENUE  
LUSAKA  
December 2015**

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

**APPENDIX 1  
TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE  
FOR THE FIFTH SESSION OF THE NINTH NATIONAL ASSEMBLY**

*Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup>*

*December, 2004*

- Para 16 (14) Revenue Collections – Lusaka Port Office – AS regards progress in the matter raised (a) i, ii, (d), (e) i, ii.*
- Para 17 (15) Other ports and stations – whether the matters raised in (iv) and (vi) have been resolved.*
- Para 19 (17) Weakness and irregularities in Accounting for Revenue - On the latest position on the matters raised.*
- Para 19 (20) Local Bank Accounts – Regarding the recovery of funds from the Union Bank*
- Para 20 (18) Provincial and District Offices – Latest position on the matter raised in b, d, e.*
- Para 22 (20) Weakness and Irregularities in Accounting for Revenue – Whether the issues raised have since been addressed..*
- Para 25 (23) Weaknesses in Internal controls and poor Record Keeping – Progress on the matter raised.*
- Para 26 (24) Weaknesses in Procurement of Goods and Services and other Irregularities – Progress on the matter raised.*
- Para 30 (28) Accounting and other irregularities – progress made in resolving the matter raised in (a), (b), (c)*
- Para 32 (30) Unsupported expenditure – on progress made in resolving the matters raised.*

- Para 33 (31) Non-adherence to Tender Procedures – the current position on the matter raised.*
- Para 35 (33) Sector Plan Implementation – As regards the current position on the Unretired imprest.*
- Para 41 (39) Outstanding Loans (K184,253,333.00) – Regarding the latest position on the matter.*
- Para 43 (41) Consideration on Issue Arising from the inspection Tour of Missions Abroad – As regards progress to address the issues raised.*
- Para 45 (45) Rehabilitation of feeder roads Road Rehabilitation – current position on the matter raised.*

***TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIRST SESSION OF TENTH NATIONAL ASSEMBLY***

***Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup> December 2005***

- Para 9 (9) Revenue Collections – ZRA – As regards progress on matters raised.*
- Para 10 (10) Accounting irregularities - current position as the matter raised*
- Para 13 (13) Weaknesses and irregularities in Accounting for revenue*
- Para 14 (14) Weakness and irregularities in Accounting for Revenue – Progress made in resolving the outstanding matters raised*
- Para 15 (15) Irregularities in Accounting for Rental Collection – Progress*

*made on the matter raised*

- Para 20 (20) Irregularities in Accounting for weigh Bridge Charges- Kafulafuta – As to whether the amount of K446,187,000.00 has since been reimbursed.*
- Para 22 (22) Weaknesses in the administration of Personal emoluments and other irregularities – As to whether the Controlling Officer has reported progress in matters raised in (a) and (j)*
- Para 24 (24) Accounting and other irregularities – Regarding progress made on the matters raised.*
- Para 28 (28) Weaknesses in Accounting for Special Imprest and other irregularities – Regarding the latest position on the matters raised*
- Para 33 (33) Accounting and other irregularities- Regarding the current position on the matters raised.*
- Para 34 (34) Accounting and other irregularities – As to whether the matters raised in (b)have been addressed..*
- Para 36 (36) Accounting and other irregularities – As regards progress on the cases reported to Zambia Police and other matters.*
- Para 37 (37) Government Communication Flights-As regards progress made on the matters raised.*
- Para 38 (38) Delays in the completion of the Zambia Transport Information system (ZAMTIS) project – As regards progress on the matter*
- Para 40 (40) Weakness in Accounting for Sector Plan Support Funds – As regards progress on the construction works and the current position on the other matters raised.*

- Para 41 (41) Provincial Offices – Current position on the matters raised*
- Para 44 (44) Weakness in Control Over Bank Accounts- As regards the latest position on the matters raised.*
- Para 45 (45) Rehabilitation of feeder roads – As regards the latest position on the matters raised.*
- Para 46 (46) Failure to implement Poverty Reduction and other Irregularities- On the progress made in order to address the matters raised in (a) and (b)*
- Para 47 (47) Wasteful expenditure and other irregularities – As regards the Current position on the matters raised.*
- Para 51 (51) Misappropriation of Personal Emoluments and other irregularities regarding the current position on the matters raised in (e)*
- Para 52 (52) Accounting and other irregularities – As to whether verification has since been done (b) –(f)*
- Para 41 (45) Provincial Office – Grants to the Provinces – on the outcome of Police investigations in (b) and (c) and the latest position on the other matters*

***TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE SECOND SESSION OF TENTH NATIONAL ASSEMBLY***

***Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup> December 2006***

- Para 23 (21) Weaknesses and Irregularities in the management of Lands Management Information System (LIMS) and Accounting for Revenue – Progress made in addressing the matters raised.*

- Para 24 (22) Weakness in Accounting for revenue – As regards efforts made to trace the documents in respect of the vehicles under query and other progress on the queries raised.*
- Para 49 (47) Irregularities in Accounting for Grants – Progress made on the matters raised (a) – (d).*
- Para 65 (63) Accounting and other irregularities – As regards the latest position on the matters raised (f)*
- Para 66 (64) Weaknesses in Accounting for funds and other irregularities whether the matters raised have since been addressed*
- Para 56 (54) Accounting irregularities - On progress made in resolving the issues raised.*
- Para 57 (55) Irregular Transfer of funds – Progress made to resolve the matters raised.*
- Para 58 (56) Accounting and other irregularities – Progress made to resolve the issues raised*
- Para 49 (47) Irregularities in Accounting for Grants – Progress made on the matters raised (a) – (d).*
- Para 62 (60) Accounting in irregularities – Government funded Programs and activities - As regards the current position on the matters raised in (a) – (g)*
- Para 63 (61) Weaknesses in Accounting for Sector Plan Implementation Funds – on the progress made to address the issues raised*
- Para 64 (62) Accounting irregularities - On the measures taken to address the issues raised.*

- Para 76 (74) Irregularities in Accounting for Personal Emoluments – As to whether the matters raised have since been addressed.*
- Para 78 (76) Accounting weaknesses – PRP Funds - Progress made to resolve the matters raised (a) – (d).*
- Para 79 (77) Road Rehabilitation Irregularities on Contract Management - Progress made on the matters.*
- Para 80 (78) Accounting irregularities On the current position of Police investigation.*
- Para 81 (75) Misapplication of funds -As regards the latest position on the matter.*
- Para 89 (87) Irregularities in the Procurement of Cattle – Progress made on items (a) and (b)*
- Para 90 (88) Rehabilitation and Construction of Dams-As regards progress made on the issues raised in (a) and (b)*
- Para 72 (70) Irregularities in the Management of Personal and other emoluments –As regards progress made on the matters raised (b) and (c).*
- Para 73 (71) Construction of Health Posts/Rehabilitation of Health Facilities - progress made on the matter.*
- Para 75 (74) Weaknesses in Administration of Funds – As regards measures put in place to resolve the issues raised (a) and (b).*
- Para 84 (82) Accounting irregularities -As regards progress made on the matter.*
- Para 83 (81) Accounting and other Irregularities - regarding the current position on the matter.*

*Para 88 (86) Accounting irregularities – regarding the current position on the matters (b) – (c)*

***TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FOURTH SESSION OF THE TENTH NATIONAL ASSEMBLY.***

***Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2007.***

*Para 7(8) Revenue Collections-Current position on the matters raised in (c)-(f).*

*Para 8(9) Accounting and other irregularities-Whether the queries raised in (a)-(c) have since been addressed.*

*Para 9(10) Irregularities in Accounting for Revenue-Current position on matters raised in (a) and (c).*

*Para 10(11) Weaknesses in Accounting for Revenue-Latest position on issues raised.*

*Para 11(12) Irregularities in Accounting for Revenue Collections-As regards the current position on the matters raised.*

*Para 12(13) Irregularities in Accounting for Revenue Collections- As regards the current position on the matters raised.*

*Para 14(15) Irregularities in Accounting for Revenue-Current position the issue raised.*

*Para 15(16) Weakness and Irregularities in the Zambia Transport and Information System (ZAMTIS)-Progress made in addressing the issues raised.*

*Para 16(17) Weakness in Accounting for Revenue-As to whether the recorded loss of K63, 288,400 has been recovered.*

*Para 17(18) Irregularities in Accounting for Revenue-The current position on the matters raised in (a) to (d).*

*Para 18(19) Weakness in Accounting for Personal Emoluments, Loans and other irregularities-Latest position on the outstanding matters.*



- Para 19(20) Weakness in Accounting for Personal Emoluments, Loans and other irregularities- Latest position on the outstanding matters.*
- Para 20(21) Accounting and other Irregularities-Latest position on the outstanding matters.*
- Para 21(22) Poor Contract Management-Construction of AMCO house, Kitwe- Progress made in addressing the issues raised.*
- Para 22(24) Accounting and other Irregularities- Current position the issues raised.*
- Para 24(28) Accounting Irregularities- Current position the issues raised.*
- Para 25(29) Accounting and other Irregularities- Latest position on the outstanding matters.*
- Para 26(30) Accounting and other Irregularities- Progress made in addressing the issues raised.*
- Para 27(31) Irregularities in Accounting for DHMT funds-As to whether the issues raised have been addressed.*
- Para 28(32) Weaknesses in Accounting for Funds-the current position on the matters raised.*
- Para 30(34) Delays in the construction of the District hospital- the current position on the matters raised.*
- Para 32(36) Weaknesses in Accounting for PRP funds-- Latest position on the outstanding matters.*
- Para 34(38) Weaknesses in Accounting for Bursary Scheme- Progress made in addressing the issues raised.*
- Para 35(39) Accounting and other irregularities-current position on issues raised in c-h.*
- Para 36(40) Accounting and Other irregularities in Sector Plan implementation- Progress made in addressing the issues raised.*
- Para 37(41) Weaknesses in Accounting for funds and stores- current position on issues raised.*
- Para 38(42) Irregular Purchase of a house and other irregularities-Whether the issues have since been addressed.*
- Para 39(43) Weaknesses in Accounting and other Irregularities-Current position on (a) to (d)*

- Para 40(44) Weaknesses in Accounting for funds and other irregularities-whether the queries have been addressed.*
- Para 41(45) Weakness in Accounting for Irrigation and Land Husbandry Programmes (RIF)-RPP-The current position on issues raised in (d).*
- Para 43(47) Accounting and other irregularities-Whether the issues raised in (b) to (d) have since been addressed.*
- Para 44(48) Accounting and other Irregularities-Latest position on the matters raised.*
- Para 45(49) Weaknesses in Accounting for PRP funds-whether the issues raised in (b)-(d) have been addressed.*
- Para 46(50) Monitoring and Evaluation, Construction of staff house for provincial staff-whether the queries have been addressed.*
- Para 47(51) Irregularities in Accounting for High School requisites -latest position on the court case.*
- Para 48(52) Accounting and Other irregularities-Current position on item (a)*
- Para 49(53) Weaknesses in Accounting for PRP funds-Progress made on the matter*
- Para 50(54) Failure to complete projects-Progress made to complete all the outstanding projects*
- Para 51(58) Accounting and other irregularities-Whether the issues raised in (a)-(c) have been addressed.*
- Para 52(59) Failure to Execute Rehabilitation works-Whether the works at Chisale Day School have been completed.*
- Para 53(60) Weaknesses in Accounting for Recurrent Departmental charges-The current position on items (c) and (h).*
- Para 55(62) Irregularities in Accounting for Building materials –whether the issues raised in (c) have been addressed.*
- Para 56(63) Weaknesses in Accounting for PRP funds- The current position on issues raised.*

*Para 57(64) Weaknesses in Accounting for Building Materials and Failure to complete projects (Teachers houses)-whether the issues raised in (a) I, ii, iii c and d have been addressed.*

*Para 58(65) Weaknesses in Accounting for Building Materials and Failure to complete projects- Progress made in addressing issues raised in (b) to (i).*

*Para 61(68) Accounting and other irregularities-current position on the matters raised.*

***TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE  
FOR FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY***

***Report of the Auditor General on the Accounts for the financial year ended 31st December 2008.***

*Paragraph 7(7) Outturn and Appropriation Accounts – As to the whether unreconciled balance of K53, 670,924,188 has been resolved.*

*Paragraph 8(8) General Revenue – Progress made in addressing issues raised (a) i-ix (b)*

*Paragraph 9(9) Weaknesses in accounting for revenue – progress made in addressing (a) and (c)*

*Paragraph 10(10) Accounting Irregularities in revenue collections – As regards the latest position on items (a) and (b)*

*Paragraph 12 (12) Irregularities in Accounting for Revenue collections - whether the issues raised in (i) and (iv) have since been addressed.*

*Paragraph 13 (13) Accounting irregularities in Revenue collections – Progress made in resolving the outstanding issues in (a) and (c)*

*Paragraph 14 (14) Weaknesses in Accounting for Revenue and other irregularities – Progress made in addressing issues raised (a) (b) (c) (d)*

*Paragraph 15 (15) Accounting irregularities in Revenue collection – Progress made in resolving the outstanding issues*

- Paragraph 16 (16) Accounting Irregularities in Revenue collections – Progress made in resolving the issues raised in (a) – (b)*
- Paragraph 17 (17) Irregularities in accounting for Revenue – As to whether the issues raised in (a) (b) and (c) have been addressed*
- Paragraph 18 (18) Weaknesses and Irregularities in Accounting for Revenue – Measures taken to address the issues raised*
- Paragraph 20 (19) Weaknesses in Accounting for Revenue – As to whether the issues raised in (i) and (ii) have been resolved*
- Paragraph 21 (20) Accounting and other Irregularities – Progress made in addressing issues raised*
- Paragraph 22 (21) Accounting and Other Irregularities- Progress made in addressing issues raised.*
- Paragraph 23 (22) Accounting and other Irregularities – Progress made in addressing issues raised in (b) (f) (g) (h) (j) (l) and (m)*
- Paragraph 24 (23) Weaknesses in Accounting for PRP funds – As to whether the work s have since been completed*
- Paragraph 25 (24) Accounting and Irregularities – Progress made in resolving the issues outstanding in (b) (c) (e) (f) and (g)*
- Paragraph 26(25) Accounting Irregularities – Progress made in resolving the outstanding issues*
- Paragraph 27 (26) Accounting and other irregularities – Progress made in addressing issues raised (a) – (h)*
- Paragraph 28(27) Accounting and Other Irregularities - Current position on the matters raised (b)*
- Paragraph 30(29) Accounting and other Irregularities – As to whether payment in amounts totalling US\$4,244 have been supported and disciplinary action taken against the officer responsible.*

- Paragraph 32(31) Accounting and other irregularities - As to whether the controlling officer has come up with a formula for apportioning bills.*
- Paragraph 35(34) Accounting and Other Irregularities – As to when the advance recovery detailed will be availed for audit.*
- Paragraph 36(35) Accounting and other irregularities – As to whether the issues in (b) viii and ix have been addressed.*
- Paragraph 40(39) Accounting and other Irregularities – Progress made in addressing issues raised (a)i-ix*
- Paragraph 41(40) Weaknesses in Accounting for Personal Emoluments and other Irregularities – Progress made to resolve the outstanding issues.*
- Paragraph 42 (41) Accounting and other Irregularities – As regards progress made in addressing the issues raised.*
- Paragraph 43(42) Accounting and other Irregularities – As regards progress made in addressing the issues raised in (a)(b)(c)(g)(h)*
- Paragraph 44(43) Irregularities in the Procurement of Hearses – the latest position on the investigations.*
- Paragraph 45(44) Accounting Irregularities – The current position regarding the issues Paragraph raised in (a)I and iv*
- Paragraph 46(45) Irregularities in Procurement of Motor vehicles- Current position on item (a)iii and (b)*
- Paragraph 47 (46) Accounting and other irregularities - As to whether the claim for insurance has been processed and police report availed.*
- Paragraph 48(47) Compensation and Awards- As to whether the investigations into the final reconciliation have been concluded.*
- Paragraph 49(48) Accounting and Other Irregularities – As to whether the building has been completed and commissioned.*

- Paragraph 50 (49) Accounting and other irregularities- As to whether the outstanding issues have since been resolved.*
- Paragraph 51 (50) Accounting and other Irregularities – Progress made in addressing issues raised in (b)ii*
- Paragraph 52 (51) Accounting Irregularities – As to whether the necessary retirements have been availed and construction works completed.*
- Paragraph 53 (52) Accounting and Other Irregularities – Whether the issues raised have been resolved*
- Paragraph 54 (53) Accounting Irregularities – Administration of the RDC account- As to whether the issues raised in (a) and (c) have been addressed*
- Paragraph 55 (54) Accounting and Other Irregularities – As to whether the issues raised in (a) (c) (d) (e) (g)i,iii*
- Paragraph 56 (55) Accounting and other Irregularities in the execution of the projects- current position on items (a) (b) and (c)*
- Paragraph 57 (56) Accounting and other Irregularities – Current status on items (a) – (d)*
- Paragraph 58 (57) Accounting and other Irregularities – As to whether the issues raised (a) i, ii have been addressed*
- Paragraph 60 (59) Irregularities in Accounting for forestry Development Credit Funds- Whether all queries raised have since been addressed*
- Paragraph 61 (60) Accounting and other Irregularities – As to whether all the outstanding bills amounting to K406, 351,146.74 have been cleared*
- Paragraph 62 (61) Accounting and other Irregularities – As to whether the amount of K274, 746.500, K51, 794,044 and K226, 250.000 have been recovered.*
- Paragraph 63 (62) Weaknesses in Accounting and failure to follow tender procedures – As to whether the issues raised in (a) and (b) have been addressed.*
- Paragraph 64 (63) Accounting and other irregularities – Progress made in resolving the outstanding issues.*

- Paragraph 65 (64) Accounting and other irregularities – As to whether all the issues raised have been resolved.*
- Paragraph 66 (65) Weaknesses in Accounting for sector/ National Implementation  
Frame work funds – Progress made in resolving the issues raised*
- Paragraph 67 (66) Irregularities in the Management of Grants and Distance Learning Education Funds – Whether the issues raised in (a) iii, iv, v (b) iii, iv, vii, viii iv x*
- Paragraph 68 (67) Accounting Irregularities – Progress made in addressing issues raised.*
- Paragraph 69 (68) Accounting other irregularities - latest position on the matter raised.*
- Paragraph 70 (69) Accounting irregularities – latest position on the matter raised.*
- Paragraph 71 (70) Accounting irregularities – Progress in addressing issues raised in (b) ii*
- Paragraph 72 (71) Accounting irregularities – Progress made in resolving the issues.*
- Paragraph 73 (72) Weakness in Accounting and other irregularities – Progress made in resolving all outstanding issues.*
- Paragraph 74 (73) Weaknesses in Accounting and other irregularities – Progress made in addressing the issues raised (a) - (d)*
- Paragraph 75 (74) Weakness in Accounting for PRP funds – As the works on the laboratory block and other works have been done.*

<i>Paragraph 76 (75)</i>	<i>Accounting and other irregularities – Progress made in addressing the issues raised in (a) – (g).</i>
<i>Paragraph 77 (76)</i>	<i>Construction of Youth Skills Centre – Progress made to resolve the Outstanding issues.</i>
<i>Paragraph 78 (77)</i> <i>(a) – (h)</i>	<i>Accounting and other irregularities – Whether the issues raised in</i>
<i>Paragraph 79 (78)</i>	<i>Accounting and other irregularities – Progress made in addressing the issues raised.</i>
<i>Paragraph 80 (79)</i>	<i>Accounting and other irregularities in the management of General Deposit Account – As to whether the receipt and disposal details for the fuel has been availed.</i>
<i>Paragraph 81(80)</i>	<i>Management of Poverty Reduction Programme (PRP) – As to whether the Imprest has been retired.</i>
<i>Paragraph 82 (81)</i>	<i>Construction of Provincial Minister’s House and fencing of VIP House-Progress made in resolving the outstanding issues.</i>
<i>Paragraph 83 (82)</i>	<i>Irregularities in contract management – As to whether the works have since been completed.</i>
<i>Paragraph 84 (83)</i>	<i>Irregularities in Project Management – Kalumwange Clinic – Progress made in addressing the issues raised.</i>
<i>Paragraph 85 (84)</i>	<i>Irregularities in Accounting for PRP funds – Regarding progress made in on issues raised.</i>
<i>Paragraph 86 (85)</i>	<i>Accounting irregularities – As to whether the overpaid salaries have been recovered.</i>
<i>Paragraph 87 (86)</i>	<i>Accounting and other irregularities – As to whether the amount of K19,403,257</i>



- Paragraph 89 (88) Accounting and other irregularities – As to the whether the construction of the house at Chanida Border and the office block at Mwami Border have been completed.*
- Paragraph 90 (89) Weaknesses in Accounting for Canal funds – As to whether the issues raised in (d) have been addressed.*
- Paragraph 91 (90) Weaknesses in Accounting for Borehole construction Funds- As to Whether the issues raised in (b) (c) and (d) have been resolved.*
- Paragraph 92 (91) Failure to complete Projects and other irregularities – As to whether the stores records have been traced and verified.*
- Paragraph 93 (92) Accounting Irregularities – As to whether the issues raised in (a) and (b) have been addressed.*
- Paragraph 94 (93) Irregularities in the procurement of school Requisites – As to whether Retrospective Treasury Authority has been obtained.*
- Paragraph 95 (94) Accounting Irregularities – As to whether the raised has since been addressed.*

***TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY.***

***Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2009.***

- Paragraph 7 (5) Outturn and Appropriation accounts - current position on (d) unretired imprest.*
- Paragraph 8 (6) Weaknesses in Revenue Collection - Current position on item d (i) and (ii)*
- Paragraph 10 (8) Misappropriation of Revenue and other Irregularities – As regards the current position on the matters raised in a, b and c.*
- Paragraph 11 (9) Weaknesses in Accounting for Revenue – Current position on matters raised in a to c.*

- Paragraph 12(10) Irregularities in Accounting for Revenue – whether the matters raised in a and b have been addressed.*
- Paragraph 13 (11) Accounting and Other Irregularities – Progress made in addressing the issues raised in a (ii, iii, iv) and b.*
- Paragraph 14 (12) Weaknesses in the Administration of PMEC – The current position on issues raised in a – f.*
- Paragraph 15 (13) Accounting and Other Irregularities – Progress made on the issues raised in a, c, d (ii), e, g and h.*
- Paragraph 16 (14) Accounting and Other Irregularities – Progress made on the issue raised in d.*
- Paragraph 17 (15) Irregularities in Accounting and Contract Management – Progress on the matters in a, b, c(ii), f, and h(ii).*
- Paragraph 18 (16) Weaknesses in the Personalised Passport System (PPS) – Progress made regarding the issues raised in a, e(i),(ii) (iii), f, g, h j ,k, and m.*
- Paragraph 19 (17) Accounting Irregularities – Latest position on the matter raised in e.*
- Paragraph 20 (18) Accounting and Other Irregularities- As to whether the issues raised in b and c (i-ii) have been addressed.*
- Paragraph 21 (19) Accounting and Other Irregularities - Latest position on the matters raised in a and c.*
- Paragraph 22 (20) Accounting and Other Irregularities - Progress made on issues raised in a, b(ii) and c.*
- Paragraph 23 (21) Accounting and Other Irregularities- Progress made on issues raised in a to c.*
- Paragraph 24 (22) Accounting and Other Irregularities -Latest position on the matters raised in a and b ( misapplication).*
- Paragraph 26 (24) Accounting and Other Irregularities – Current status on items a, c(ii), d, and e.*
- Paragraph 27 (25) Accounting and Other Irregularities – As to whether the issues raised in a and c have been addressed.*

- Paragraph 28 (26) Accounting and Other Irregularities – Progress made in addressing the issues raised in a, b (ii) and c.*
- Paragraph 29 (27) Accounting and Other Irregularities – As to whether the issues raised in b – e have been addressed.*
- Paragraph 30 (28) Accounting and Other Irregularities – Progress made in addressing the issues raised in a (i) and b.*
- Paragraph 31 (29) Accounting and Other Irregularities - As to whether the issues raised in a, b, c, e, f, g and h have been addressed.*
- Paragraph 32 (30) Accounting and Other Irregularities - Current status on items a-c.*
- Paragraph 33 (31) Accounting and Other Irregularities - As to whether the issues raised in a, b, c, d, g, h and j have been addressed.*
- Paragraph 34 (32) Accounting and Other Irregularities - Current status on items c and e.*
- Paragraph 36 (34) Accounting and Other Irregularities - As to whether the issues raised in a, c (ii),(iii), d (i),(iii), e, i and j have been addressed.*
- Paragraph 37 (35) Accounting and Other Irregularities - As to whether the issues raised in a, e(ii),(iv), i and j have been addressed.*
- Paragraph 38 (36) Accounting and Other Irregularities – Progress made in addressing the issues raised in a ,c (ii) , and d .*
- Paragraph 39 (37) Weaknesses in the Implementation of IFMIS – Progress made in addressing issues raised in a , b, c, d (iii),e ,f, h and i.*
- Paragraph 40 (38) Accounting and Other Irregularities – Progress in addressing issues raised in a-d.*
- Paragraph 41 (39) Accounting and Other Irregularities – As to whether the issues raised in f(i),(ii),(iii) g and K.*
- Paragraph 42 (40) Accounting and Other Irregularities - Progress in addressing issues raised in the Mirror Account relating to a, b, d and e and Expanded Basket- matters raised in to a, b, c, d, e, f, g, m and n.*
- Paragraph 43 (41) Accounting and Other Irregularities – Latest position on the matter raised in c.*

- Paragraph 44 (42) Accounting and Other Irregularities – Progress made in resolving the issues raised in a, d, h, I and j.*
- Paragraph 45 (43) Accounting and Other Irregularities – Latest position on the matter raised in d.*
- Paragraph 46 (44) Accounting and Other Irregularities – As to whether the outstanding works raised in (c) concerning the works at Kasiya, Solwezi, Mongu, Kaoma Trades Training Institutes and Gemstone Processing and Lapidary Training Centre have been completed.*
- Paragraph 47 (45) Accounting and Other Irregularities – Progress made in addressing the issues raised in a, b, c, d, e and g .*
- Paragraph 48 (46) Accounting and Other Irregularities – Progress made in resolving issues raised in a, c, d and e.*
- Paragraph 49 (47) Accounting and Other irregularities - Progress made in addressing the issues raised in a, b, c, and f.*
- Paragraph 50 (48) Accounting and Other Irregularities – Progress made in resolving issues raised in a, b, c, d, f, g, h, i, j, K, l and m.*
- Paragraph 51 (49) Accounting and Other Irregularities – Latest position regarding the matters raised in a and b.*
- Paragraph 52 (50) Accounting and Other Irregularities – Progress made in resolving all outstanding issues raised in a, b, c, d, e and f.*
- Paragraph 54 (52) Accounting Irregularities - Progress made in resolving issues raised in a, b, and d.*
- Paragraph 55 (53) Accounting Irregularities – Progress made regarding issues raised in a (i),(iii), (iv), b (ii),(iv), d , e, f and g.*
- Paragraph 56 (54) Accounting and Other Irregularities - Latest position regarding the matters raised in a to d.*
- Paragraph 57 (55) Accounting and Other Irregularities - Latest position regarding the matters raised in a to f.*
- Paragraph 58 (56) Accounting Irregularities – Progress made in addressing issues raised in a - e.*

- Paragraph 59 (57) Accounting and Other irregularities – Progress made in addressing issues raised in a – f.*
- Paragraph 60 (58) Accounting Irregularities – The Current position regarding the issues raised in a – h.*
- Paragraph 61 (59) Accounting and Other Irregularities – The current position on items a (ii, iii and iv), b (i-iv) and c (i-ii).*
- Paragraph 62 (60) Accounting Irregularities – Progress made in addressing issues raised in a, b, c(i, iii, iv,) ,d, e, f, g and h*
- Paragraph 63 (61) Irregularities in the Administration of the General Deposit Account – The current position regarding the issues raised in a- c.*
- Paragraph 65 (63) Irregularities in the Payment and Recoveries of Loans and Advances – Progress made in addressing the issues raised in a-c.*
- Paragraph 66 (64) Non Operational Health Posts and Misapplication of Funds – Current position of items a and b.*
- Paragraph 67 (65) Irregularities in Accounting for PRP Funds – The current position regarding issues raised in a, b, c, d, e and f.*
- Paragraph 68 (=) Irregularities in Accounting for PRP Funds – Current position on items a – f.*
- Paragraph 70 (67) Accounting and Other Irregularities - As regards progress made in addressing issues raised in a, b, c, d(i) and e.*
- Paragraph 71 (68) Accounting and Other Irregularities – Progress made in addressing issues raised in a – c.*
- Paragraph 72 (69) Weaknesses in the Implementation of Rural Roads Projects – Current position on issues raised in a and b.*
- Paragraph 73 (70) Accounting and Other Irregularities – whether the issues raised in a, b and c (iii).*
- Paragraph 74 (71) Weaknesses in Accounting for Personal Emoluments – Latest position on the matters raised in a – e.*
- Paragraph 75 (72) Accounting Irregularities – Current position on issues raised in a – c.*
- Paragraph 76 (73) Accounting Irregularities on the General Deposit Account (GDA) – The current position on issues raised in b-d*

**TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIRST SESSION OF THE ELEVENTH NATIONAL ASSEMBLY.**

**Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2010.**

**Zambia Revenue Authority**

Paragraph 8 (7) Weaknesses in Revenue Collection - Latest position on b (ii) concerning transits clearance documents not availed for audit – Ndola and c (iv) concerning unaccounted for deposits at Mwami , c(v) , (vii).

**Ministry Of Lands**

Paragraph 8 (8) Accounting and Other Irregularities - Latest position on a (regarding Mongu and Chipata – unaccounted for revenue), d and e.

**Ministry Of Home Affairs-Zambia Police**

Paragraph 9 (9) Accounting and Other Irregularities – whether the issues raised in a –e and g have been addressed.

**Road Traffic and Safety Agency**

Paragraph 10 (10) Weaknesses in Accounting for Revenue – Latest position on a, b (Kitwe and Livingstone regarding missing accountable documents), c ,d and e.

**Judiciary**

Paragraph 11 (11) Accounting and Other Irregularities – Whether the issues raised in a and c have been addressed.

**Ministry of Home Affairs – Passport and Citizenship**

Paragraph 12 (12) Irregularities in Accounting for Revenue Collections - Latest position on f – unsupported deposits.

**Ministry of Mines and Minerals Development**

Paragraph 13 (13) Accounting and Other Irregularities - As regards progress made in addressing issues raised in b, e and g

**Ministry of Home Affairs**

Paragraph 14 (14) Irregularities in Accounting and Contract Management – Progress made on the matters raised in b ,c,d,e,f,I,j,k and l.

***Ministry of Home Affairs***

Paragraph 16 (16) *Weaknesses in Accounting for Prisons Industries Revolving Fund - Latest position on Provincial Offices (Northern Region ) item c (i).*

***Ministry of Foreign Affairs***

Paragraph 17 (17) *Accounting and Other Irregularities – Progress on the matters raised in a, b(ii) and c.*

***Mission Abroad-Washington Dc***

Paragraph 18 (18) *Accounting and Other Irregularities – As to whether the issues raised in b and d have been addressed.*

***Mission Abroad - New York***

Paragraph 19 (19) *Accounting and Other Irregularities – The current position on the issues raised in c.*

***Mission Abroad - Moscow***

Paragraph 20 (20) *Accounting and Other Irregularities - the current position on the issues raised in b (i- iii and vi).*

***Mission Abroad-Addis Ababa***

Paragraph 21 (21) *Accounting and Other Irregularities – whether the issues raised in b (ii) and c have been addressed.*

***Mission Abroad–Beijing***

Paragraph 22 (22) *Accounting and Other Irregularities – Whether the queries raised in a to f have been addressed.*

***Mission Abroad – Abuja***

Paragraph 23 (23) *Accounting and Other Irregularities - Progress made in addressing issues raised in b (ii and iv).*

***Mission Abroad - New Delhi***

Paragraph 24 (24) *Accounting and Other Irregularities – Whether the queries raised in (a) have been addressed.*

***Mission Abroad Luanda***

Paragraph 25 (25) *Accounting and Other Irregularities – Whether the queries raised in (b) and (c) have been addressed.*

***Mission Abroad-Ottawa***

Paragraph 26 (26) *Accounting and Other Irregularities – Progress made in addressing the issues raised in b (iii and iv).*

***Ministry of Finance and National Planning***

Paragraph 28 (28) *Accounting and Other Irregularities - whether the issues raised in d (i ,ii- regarding unretired imprest and unacquitted payments).*

***Ministry of Information and Broadcasting Services***

Paragraph 29 (29) *Accounting and Other Irregularities – Progress made in addressing issues raised in a, b, c and d.*

***Public Service Management Division***

Paragraph 30 (30) *Weaknesses in the Administration of the Scheme – Current position on the matters raised in b and d.*

***Ministry of Local Government and Housing***

Paragraph 31 (31) *Weaknesses in Accounting for Government Grants – Latest position on the matters raised in a, b, c, d, e, f, g and i*

***Ministry of Commerce, Trade and Industry***

Paragraph 32 (32) *Accounting and Other Irregularities – Latest position on the matters raised in a – c.*

***Ministry of Finance and National Planning***

Paragraph 33 (33) *Accounting and Other Irregularities – Current position on issues raised in a , b, c and f (i-iii).*

***Ministry Of Finance And National Planning (Central Statistical Offices)***

Paragraph 34 (34) *Accounting and Other Irregularities – Latest position on the matters raised in b, c(ii- iii), d , h(ii), j, l, m, n, o(ii) and the double payment of allowances – Mungwi , q (iii and iv) and r.*



***Ministry of Community Development and Social Services***

*Paragraph 35 (35) Accounting and Other Irregularities – whether the issues raised in b , c, d, f, h(ii) and j (vi).*

***Ministry of Health***

*Paragraph 36 (36) Accounting and Other Irregularities - As to whether the issues raised in a (i-ii), c, d, e, f, g (i),i, j, and n have been addressed.*

***Ministry of Communications and Transport***

*Paragraph 37 (37) Accounting and Other Irregularities – Latest position on the issues raised in b – f.*

***Ministry of Works and Supply***

*Paragraph 38 (38) Accounting and Other Irregularities – Progress made in addressing the issues raised in a(i),d, e and g.*

***Ministry of Science, Technology and Vocational Training***

*Paragraph 39 (39) Accounting and Other Irregularities- Current position on the issues raised in d (ii &iv) and e (iii-iv).*

***Ministry of Youth, Sport and Child Development***

*Paragraph 41 (42) Accounting and Other Irregularities – As to whether the issues raised in c, d and e have been addressed.*

***Ministry of Defence-Headquarters***

*Paragraph 42 (43) Accounting and Other Irregularities - The current position on the issues raised in a and b(ii ).*

***Ministry of Defence - Zambia Army***

*Paragraph 43 (44) Accounting and Other Irregularities - As regards the latest position on the issues raised in a, c, d(i & iii), e, f and g.*

***Ministry of Defence - Zambia Air Force***

*Paragraph 44 (45) Accounting and Other Irregularities - The current position on the issues raised in e.*

***Ministry of Defence - Zambia National Service***

*Paragraph 45 (46) Accounting and Other Irregularities - As to whether the issues raised in e (i ,iv) f and h.*

***Ministry of Education***

*Paragraph 46 (47) Accounting and Other Irregularities – The current position on the matters raised in a-g, i-p.*

***Ministry of Education Headquarters***

*Paragraph 47 (48) Weaknesses in Accounting for the National Implementation Framework (NIF) – Progress made in addressing issues raised in a – g, i –m and p.*

***Ministry of Lands***

*Paragraph 48 (49) Accounting and Other Irregularities – Current position on the issues raised in a to c and d (i).*

***Ministry of Agriculture and Cooperatives***

*Paragraph 49 (50) Accounting and Other Irregularities - Progress made in addressing the issues raised in a, d (i – regarding Nelkan Industrial Construction, iv, v and vi).*

***Ministry of Agriculture and Cooperatives***

*Paragraph 50 (51) Accounting and Other Irregularities –Regarding the current position on matters raised in d and e.*

***Ministry of Agriculture and Livestock***

*Paragraph 51 (52) Accounting and Other Irregularities – Progress made on items b, d, f(ii), g and m.*

***Ministry of Agriculture and Cooperatives***

*Paragraph 52 (53) Weaknesses in Accounting for Personal Emoluments and Other Irregularities – As regards the latest position on the matters raised in a – e.*

***Office of the President - Lusaka Province***

*Paragraph 53 (54) Irregularities in Accounting for Rural Roads Funds – Progress made on the matters raised in b, c and d (ii,iii,v).*

***Office of the President - Lusaka Province***

Paragraph 54 (55) *Accounting and Other Irregularities – Progress made to resolve the matters raised in b, c, d and f.*

***Office of the President - Copperbelt Province***

Paragraph 55 (56) *Accounting and Other Irregularities - As regards the Latest Position on the matters raised in a and b.*

***Office of the President - Copperbelt Province***

Paragraph 56 (57) *Accounting and Other Irregularities – Whether the issues raised in a to c have since been addressed.*

***Office of the President - Copperbelt Province***

Paragraph 57 (58) *Accounting and Other Irregularities – As to whether the matters raised in a(ii-iii), b to i.*

***Office of the President – Central Province***

Paragraph 58 (59) *Irregularities in Accounting for Rural Roads Funds - whether the matters raised in a to c have been resolved.*

***Office of the President - Central Province***

Paragraph 59 (60) *Irregularities in the Management of Funds - Regarding the latest position on a ,b and c.*

***Office of the President - Northern Province***

Paragraph 61 (62) *Accounting and Other Irregularities – Progress made in addressing the issues raised in a, b, c(i, ii and iv) and d.*

***Office of the President - Northern Province***

Paragraph 62 (63) *Accounting and Other Irregularities – The current position on the matters raised in a - e.*

***Office of the President - Western Province***

Paragraph 63 (64) *Irregularities in Accounting for PRP funds – Latest position on the item raised in a.*

***Office of the President - Western Province***

Paragraph 64 (65) *Accounting and Other Irregularities - Whether the issues raised in a,b, c(i) and f (ii&iii).*

***Office of the President - Western Province***

Paragraph 65 (66) *Accounting and Other Irregularities - Latest position on the issues raised in b.*

***Office of the President - Western Province***

Paragraph 66 (67) *Accounting Irregularities - Whether the issues raised in a – b have been resolved.*

***Office of the President - Western Province***

Paragraph 67 (68) *Accounting and Other Irregularities - The current position on the matters raised in a – c, e (ii), and f.*

***Office of the President - Western Province***

Paragraph 68 (69) *Accounting and Other Irregularities – Latest position on issues raised in b and c.*

***Office of the President - Luapula Province***

Paragraph 70 (71) *Accounting and Other Irregularities - The current position on the matters raised in a, b and d.*

***Office of the President - Luapula Province***

Paragraph 71 (72) *Accounting and Other Irregularities – Latest position on the issue raised in a (ii).*

***Office of the President – North-Western Province***

Paragraph 72 (73) *Accounting and Other Irregularities – The current position on issues raised in a – d.*

***Office of the President – North-Western Province***

Paragraph 73 (74) *Accounting and Other Irregularities – Whether the issues raised in c and d have been addressed.*

***Office of the President – Southern Province***

Paragraph 74 (75) *Accounting and Other Irregularities - Latest position on the issues raised in a, b, c, d, e and f.*

***Office of the President – Southern Province***

Paragraph 75 (76) *Accounting and Other Irregularities – The current position on the matters raised in a and b.*

***Office of the President – Southern Province***

Paragraph 76 (77) *Accounting and Other Irregularities – Latest position on the issues raised in a and b.*

***Office of the President – Southern Province***

Paragraph 77 (78) *Irregularities in Accounting for Funds- Whether the issues raised in b, c, d and e(ii) have been addressed.*

***Secretary to the Treasury - Constitutional and Statutory Expenditure***

Paragraph 78 (79) *Accounting and Other Irregularities – Latest position on c (lack of Reconciliation).*

***TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE SECOND SESSION OF THE ELEVENTH NATIONAL ASSEMBLY.***

***Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2011.***

***Zambia Revenue Authority***

Paragraph 7 (6) *Accounting and Other Irregularities – Latest position on the issues raised in c, and f (iii, iv).*

***Ministry of Energy & Water Development***

Paragraph 8(7) *Accounting and Other Irregularities – Progress made in addressing the issues raised in b.*

***Ministry of Finance***

Paragraph 9(8) *Accounting and Other Irregularities – Latest position on the issues raised in a and b(i, ii).*

***Ministry of Mines and Minerals Development***

Paragraph 10(9) *Accounting and Other Irregularities – Progress made in addressing issues raised in a to c.*

***Judiciary***

*Paragraph 11(10) Accounting and Other Irregularities – Latest position on the issues raised in a to c.*

***Ministry of Lands***

*Paragraph 13(12) Accounting and Other Irregularities – whether the issues raised in a to c have been addressed.*

***Ministry of Agriculture and Cooperatives***

*Paragraph 14(13) Accounting and Other Irregularities – Progress made in addressing issues raised in a and c (ii).*

***Ministry of Gender & Child Development***

*Paragraph 15(14) Accounting and Other Irregularities – Latest position on the issues raised in a.*

***Ministry of Home Affairs – Zambia Police***

*Paragraph 16(15) Accounting and Other Irregularities – Progress made in addressing issues raised in a (ii,iv) and b (iii,v).*

***Ministry of Energy & Water Development***

*Paragraph 17(16) Accounting and Other Irregularities – whether the issues raised in a to j have been addressed.*

***Ministry of Home Affairs***

*Paragraph 18(17) Accounting and Other Irregularities – Latest position on the issues raised in b and c.*

***Ministry of Home Affairs***

*Paragraph 19(18) Accounting and Other Irregularities – Latest position on the issues raised in a and b.*

***Ministry of Home Affairs***

*Paragraph 20(19) Accounting and Other Irregularities – Progress made in addressing issues raised in a ,to c.*

***Ministry of Foreign Affairs - Headquarters***

*Paragraph 21(20) Accounting and Other Irregularities – whether the issues raised in a , c, d and f have been addressed.*

***Ministry of Foreign Affairs - Lubumbashi***

*Paragraph 22(21) Accounting and Other Irregularities – Latest position on the issues raised in a, b to c (i).*

***Ministry of Foreign Affairs - Washington***

*Paragraph 23(22) Accounting and Other Irregularities – Progress made in addressing issues raised in a to c.*

***Ministry of Foreign Affairs - Lilongwe***

*Paragraph 24(23) Accounting and Other Irregularities – Latest position on the issues raised in a , b and d.*

***Ministry of Foreign Affairs - London***

*Paragraph 25(24) Accounting and Other Irregularities – whether the issues raised in a to h, have been addressed.*

***Ministry of Foreign Affairs – Dar-es-salaam***

*Paragraph 26(25) Accounting and Other Irregularities – Latest position on the issues raised in a to c.*

***Ministry of Foreign Affairs - Gaborone***

*Paragraph 27(26) Accounting and Other Irregularities – Progress made in addressing issues raised in a and b.*

***Ministry of Foreign Affairs - Maputo***

*Paragraph 28(27) Accounting and Other Irregularities – Progress made in addressing issues raised in a and c.*

***Ministry of Foreign Affairs - Windhoek***

*Paragraph 29 (28) Accounting and Other Irregularities – Latest position on the issues raised in a to c.*

***Ministry of Foreign Affairs - Brussels***

*Paragraph 30 (29) Accounting and Other Irregularities – Latest position on the issues raised in c,e and h.*

***Ministry of Foreign Affairs - Harare***

*Paragraph 31(30) Accounting and Other Irregularities – Latest position on the issues raised in a(i,iii),c and d.*

***Ministry of Foreign Affairs - Berlin***

*Paragraph 32(31) Accounting and Other Irregularities – Latest position on the issues raised in a.*

***Ministry of Foreign Affairs - Pretoria***

*Paragraph 33(32) Accounting and Other Irregularities –whether the issues raised in b and c have been addressed.*

***Ministry of Foreign Affairs - Paris***

*Paragraph 34(33) Accounting and Other Irregularities – As regards progress made to resolve the issues raised in a and b(i,iii).*

***Ministry of Foreign Affairs - Rome***

*Paragraph 35(34) Accounting and Other Irregularities – Latest position on the issues raised in a to f.*

***Ministry of Foreign Affairs - Luena***

*Paragraph 36(35) Accounting and Other Irregularities – As regards the latest position on the issues raised in a and b.*

***Office of the Vice President***

*Paragraph 37(36) Accounting and Other Irregularities – Latest position on the issues raised in a and b.*

***Ministry of Local Government & Housing***

*Paragraph 38(37) Management of Compensation and Awards – Latest position on the issues raised in a, c-j.*



***Ministry of Justice***

*Paragraph 39(38) Accounting and Other Irregularities – Latest position on the issues raised in b and c.*

***Ministry of Commerce, Trade & Commerce***

*Paragraph 40(39) Accounting and Other Irregularities – Progress made on the matters raised in b, c, d, e,i and l(i).*

***Ministry of Finance***

*Paragraph 41(40) Accounting and Other Irregularities – Progress made to resolving the matters raised in f.*

***Ministry of Finance – Central Statistical Office***

*Paragraph 42(41) Irregularities in Accounting for Funds – Latest position on the issues raised in a, c, d and e).*

***Ministry of Community Development, Mother & Child Health***

*Paragraph 43(42) Accounting and Other Irregularities – Progress made on the matters raised in a (ii, iv) and f.*

***Ministry of Health***

*Paragraph 44(43) Accounting and Other Irregularities – Regarding the current position on the matters raised in b (i,iii,iv,vi,viii,ix),c & f .*

***Ministry of Health – Ronald Ross General Hospital***

*Paragraph 45(44) Accounting and Other Irregularities – Latest position on the issues raised in b, c, d, e, f, g and h.*

***Ministry of Transport, Works, Supply & Communication***

*Paragraph 46(45) Accounting and Other Irregularities – As regards the progress made to the issues raised in a, c, d& e.*

***Ministry of Science , Technology & Vocational Training – Kabwe Trades***

*Paragraph 47(46) Accounting and Other Irregularities – As to whether the matters raised in b and g have been addressed.*

***Ministry of Defence – Headquarters (Medical Services)***

*Paragraph 48(47) Accounting and Other Irregularities – Latest position on the issues raised in a to d.*

***Ministry of Defence – Zambia Army (Administration, Operations, Training)***

*Paragraph 49(48) Accounting and Other Irregularities – Progress made on the issues raised in c & g.*

***Ministry of Defence – Zambia National Service***

*Paragraph 50(49) Accounting and Other Irregularities – Latest position on the issues raised in a, b, c, & e.*

***Ministry of Education***

*Paragraph 51(50) Accounting and Other Irregularities – On the progress made on issues raised in a, c, d, f, g & h.*

***Ministry of Education – Regional Headquarters***

*Paragraph 52(51) Accounting and Other Irregularities – As to whether the issues raised in a, b, d to r have been addressed.*

***Ministry of Livestock & Fisheries Development***

*Paragraph 53(52) Accounting and Other Irregularities – Latest position on the issues raised in b to f.*

***Ministry of Livestock & Fisheries Development (Copperbelt Province)***

*Paragraph 54(53) Accounting and Other Irregularities – Latest position on the issues raised in c & d.*

***Ministry of Livestock & Fisheries Development (Southern Province)***

*Paragraph 55(54) Accounting and Other Irregularities – Latest position on the issues raised in a, b, d, e, f & g.*

***Ministry of Livestock & Fisheries Development (Northern Province)***

*Paragraph 56(55) Accounting and Other Irregularities – The current position on the issues raised in a, c, d & f.*

***Ministry of Livestock & Fisheries Development (Western Province Provincial Office)***

*Paragraph 57(56) Accounting and Other Irregularities – As regards the latest position on issues raised in a to c.*

***Ministry of Livestock & Fisheries Development (Western Province)***

*Paragraph 58(57) Accounting and Other Irregularities – Latest position on the issues raised in c, d (i) & e.*

***Ministry of Livestock & Fisheries Development (Eastern Province)***

*Paragraph 59(58) Accounting and Other Irregularities – The current position on the issues raised in a, c, d & e (i,ii).*

***Ministry of Livestock & Fisheries Development (North - Western Province)***

*Paragraph 60(59) Accounting and Other Irregularities – As regards the latest position on issues raised in b & c.*

***Ministry of Agriculture & Cooperatives***

*Paragraph 61(60) Accounting and Other Irregularities – The current position on the issues raised in b to e.*

***Ministry of Agriculture & Cooperatives (Agribusiness & Marketing Department)***

*Paragraph 62(61) Accounting and Other Irregularities – Latest position on the issues raised in a, b (i,iv,), c,d,e,f, h & j(ii,iii).*

***Ministry of Agriculture & Cooperatives (Copperbelt Province)***

*Paragraph 63(64) Accounting and Other Irregularities – As regards the latest position on issues raised in a to f.*

***Ministry of Agriculture & Cooperatives (Southern Province)***

*Paragraph 64(63) Accounting and Other Irregularities – The current position on the issues raised in a, b, d to g*

***Ministry of Agriculture & Cooperatives (Northern Province)***

*Paragraph 65(64) Accounting and Other Irregularities – Latest position on the issues raised in b to e.*

***Ministry of Agriculture & Cooperatives (Southern Province)***

*Paragraph 66(65) Accounting and Other Irregularities – The current position on the issues raised in a to e.*

***Ministry of Agriculture & Cooperatives (Eastern Province)***

*Paragraph 67(66) Accounting and Other Irregularities – Latest position on the issues raised in a, b, c& e.*

***Ministry of Agriculture & Cooperatives (North Western Province)***

*Paragraph 68(67) Accounting and Other Irregularities – The current position on the issues raised in a to c.*

***Ministry of Agriculture & Cooperatives (Lusaka Province)***

*Paragraph 69(68) Accounting and Other Irregularities – On the progress made on issues raised in c (ii).*

***Office of the President – Lusaka Province***

*Paragraph 70(69) Accounting and Other Irregularities – Latest position on the issues raised in a to e.*

***Office of the President – Lusaka Province (PRP)***

*Paragraph 71(70) Accounting and Other Irregularities – The current position on the issues raised in a, b, c, d, e(i,ii) & g .*

***Office of the President – Lusaka Province***

*Paragraph 72(71) Accounting and Other Irregularities – Latest position on the issues raised in a, b, c, d(i,ii,iii,iv,v,vi) , & e.*

***Office of the President – Copperbelt Province***

*Paragraph 73(72) Accounting and Other Irregularities – The current position on the issues raised in b & d.*

***Office of the President – Copperbelt Province***

*Paragraph 74(73) Accounting and Other Irregularities – Progress made on the issues raised in a to j.*

***Office of the President – Copperbelt Province (PRP)***

Paragraph 75(74) *Accounting and Other Irregularities – Progress made on the issues raised in a, b, c, e, g (i) & h.*

***Office of the President – Copperbelt Province***

Paragraph 76(75) *Accounting and Other Irregularities – The current position on the issue raised in a, b, e & f.*

***Office of the President – Central Province***

Paragraph 77(76) *Accounting and Other Irregularities – Progress made on the issues raised in a.*

***Office of the President – Western Province***

Paragraph 78(77) *Accounting and Other Irregularities – The current position on the issues raised in b, c, d, e, f & g (i, ii, iv).*

***Office of the President – Western Province***

Paragraph 79(78) *Accounting– Progress made on the issues raised in b, c, f, & g.*

***Office of the President – Western Province***

Paragraph 80(79) *Irregularities in Accounting for Funds – Progress made on the issues raised in a to c (i).*

***Office of the President – Western Province***

Paragraph 81(80) *Accounting and Other Irregularities – current position on the issues raised in b & c.*

***Office of the President – Eastern Province***

Paragraph 82(81) *Accounting and Other Irregularities – Progress made on the issues raised in a & e.*

***Office of the President – Eastern Province***

Paragraph 83(82) *Accounting and Other Irregularities – The current position on the issues raised in a (ii), c & d(i).*

***Office of the President – Eastern Province***

Paragraph 84(83) *Accounting and Other Irregularities – Latest position on the issues raised in a.*

***Office of the President – North Western Province***

*Paragraph 85(84) Accounting and Other Irregularities – The current position on the issues raised in a, b, d & e .*

***Office of the President – Southern Province***

*Paragraph 86(85) Accounting and Other Irregularities – Whether the issues raised in a, b, c, d, f, g h, & I (ii) have been addressed .*

***Office of the President – Southern Province***

*Paragraph 87(86) Accounting and Other Irregularities – The current position on the issues raised in a to c & e to h.*

***Office of the President – Southern Province***

*Paragraph 88(87) Accounting and Other Irregularities – Progress made on the issues raised in a to d .*

***Office of the President – Southern Province***

*Paragraph 89(88) Accounting and Other Irregularities – Progress made on the issues raised in a, b, c, d & f(ii).*

***Office of the President – Southern Province***

*Paragraph 90(89) Accounting and Other Irregularities – Progress made on the issues raised in a to d.*

## **APPENDIX 2 - GLOSSARY OF TERMS**

<b>Accountable Documents</b>	Documents such as receipts, licences, certificates, discs or tokens and others used in the collection of Revenues.
<b>Controlling Officer</b>	An officer designated as such by the Secretary to the Treasury to maintain accounts of a Ministry, Province or Spending Agency.
<b>Delayed Banking</b>	Failure to bank moneys received not later than the next business day or at least twice every month where banking facilities do not exist.
<b>Excess expenditure</b>	Expenditure incurred without the authorisation of National Assembly normally above the authorised budget amounts.
<b>Failure to Follow Procurement Procedures</b>	Non-Compliance with the ZPPA Act and Procurement guidelines in the purchase of goods and services.
<b>Irregular payments</b>	Payments made outside the normal practice or acceptable regulations or norms.
<b>Irregularity</b>	Breach of rules, regulations or laws.
<b>Imprest</b>	Funds or monies issued out to facilitate payments of a minor nature, meet expenses when the officer is travelling on duty or to facilitate the purchase of goods and services whose value cannot be ascertained at the time.
<b>Misapplication</b>	Use of funds budgeted for a programme on an unrelated programme without authority from the Secretary to the Treasury.

<b>Misappropriation</b>	Use of public funds for personal purposes or crediting public funds to a private bank account.
<b>Non-Recovery of Salary advances and Loans</b>	Failure to effect recovery of loans or advances.
<b>Overpayments</b>	Payments made above the normal price charged.
<b>Parliament</b>	Legislative organ of Government
<b>Public Accounts Committee (PAC)</b>	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.
<b>Unaccounted For Revenue</b>	Revenue collected but neither banked nor on hand.
<b>Statement B</b>	Statement of budget execution. This highlights the budget performance of the Government during the period under review.
<b>Statement C</b>	Statement of detailed budget execution (Comparative statement of authorized provision and actual expenditure)
<b>Unvouched Expenditure</b>	Payment vouchers not availed for audit because they are either missing or inadequately supported. This may be a means of concealing a wrong doing
<b>Unretired Imprest</b>	Imprest not retired.
<b>Unauthorised expenditure</b>	Funds spent for the purpose not intended for or in excess of the allocated amount.



<b>Unacquitted payments</b>	Payments made without evidence of having been received by the intended beneficiaries.
<b>Unapproved payments</b>	Payments made without the necessary approval from the Controlling Officer.
<b>Unaccounted-For Stores</b>	Lack of receipt and disposal details for goods procured.
<b>Undelivered Materials</b>	Goods paid for but not received.
<b>Non-Submission of Expenditure Returns</b>	Failure to provide details of how funds disbursed were utilised.
<b>Unaccounted for Funds</b>	Failure to properly account for the funds.
<b>Wasteful expenditure</b>	Expenditure incurred where there is no benefit derived.
<b>Reconciliation</b>	The process of ensuring that two (2) sets of records are in agreement.