



REPUBLIC OF ZAMBIA

**REPORT OF THE AUDITOR GENERAL
ON THE AUDIT OF
ACCOUNTS OF LOCAL AUTHORITIES**

**FOR THE
FINANCIAL YEARS ENDED 31ST DECEMBER 2018 AND 2019**





REPUBLIC OF ZAMBIA

REPORT OF THE AUDITOR GENERAL

ON THE AUDIT OF

ACCOUNTS OF LOCAL AUTHORITIES

FOR THE

FINANCIAL YEARS ENDED 31ST DECEMBER 2018 AND 2019

OFFICE OF THE AUDITOR GENERAL

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

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

CORE VALUES: Integrity
Professionalism
Objectivity
Teamwork
Confidentiality
Excellence
Innovation
Respect

PREFACE

It is my honour and privilege to submit the Report of the Auditor General on the Audit of Accounts of Local Authorities (Councils) for the financial years ended 31st December 2018 and 2019 in accordance with the Provisions of Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, the Local Government (Amendment) Act No. No. 12 of 2014, the Local Government Act No. 2 of 2019, the Constituency Development Fund Act No. 11 of 2018 and the Public Finance Management Act No.1 of 2018.

The main function of my Office is to audit the accounts of State organs, State institutions, Provincial Administration, Local Authorities and institutions financed from public funds. In this regard, this report covers selected audited local authorities. I conducted audits on the local authorities to examine whether the funds appropriated by Parliament and internally generated had been accounted for.

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

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



Dr. Dick Chellah Sichembe

AUDITOR GENERAL

Table of Contents

Executive Summary	i
PART I PREAMBLE	1-5
PART II PARAGRAPHS.....	6 - 316
1 Chama Town Council	6
2 Chembe Town Council	12
3 Chienge Town Council	14
4 Chilanga Town Council	19
5 Chililabombwe Municipal Council.....	23
6 Chingola Municipal Council.....	26
7 Chinsali Municipal Council	29
8 Chipata City Council.....	35
9 Chirundu Town Council	39
10 Chitambo Town Council.....	42
11 Choma Municipal Council.....	45
12 Chongwe Municipal Council	48
13 Isoka Town Council.....	57
14 Kabompo Town Council.....	62
15 Kabwe Municipal Council	66
16 Kalomo Town Council.....	73
17 Kalumbila Town Council.....	82
18 Kanchibiya Town Council	84
19 Kapiri Mposhi Town Council	86
20 Kasama Municipal Council.....	89
21 Katete Town Council	94
22 Kawambwa Town Council	100
23 Kitwe City Council	104
24 Livingstone City Council.....	112
25 Luampa Town Council	115
26 Luano Town Council	117
27 Luanshya Municipal Council.....	122
28 Lusaka City Council	133
29 Luwingu Town Council	145
30 Mafinga Town Council.....	150
31 Mambwe Town Council	156
32 Mansa Municipal Council.....	163
33 Manyinga Town Council	168
34 Masaiti Town Council.....	173

35	Mazabuka Municipal Council.....	179
36	Mbala Municipal Council	182
37	Milenge Town Council	187
38	Mongu Municipal Council.....	191
39	Monze Town Council	200
40	Mpika Town Council	207
41	Mpongwe Town Council	214
42	Mporokoso Town Council	217
43	Mpulungu Town Council.....	221
44	Mufumbwe Town Council.....	228
45	Mumbwa Town Council	233
46	Mungwi Town Council	237
47	Mwinilunga Town Council.....	242
48	Nakonde Town Council	247
49	Nchelenge Town Council	251
50	Ndola City Council	256
51	Petauke Town Council.....	265
52	Samfya Town Council	270
53	Senanga Town Council.....	275
54	Sesheke Town Council	280
55	Shiwang’andu Town Council	287
56	Siavonga Town Council.....	295
57	Sinazongwe Town Council.....	299
58	Sinda Town Council	303
59	Solwezi Municipal Council.....	307
60	Zimba Town Council	309
61	Recommendations.....	314
62	Acknowledgements.....	315
63	Recommendations of the Committee on Local Government Accounts.....	316
64	Conclusion	316
	PART III APPENDICES	317-337
65	Appendix 1.....	317
66	Appendix 2 – Glossary of Terms	338

Executive Summary

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

During the audit process, there were various levels at which the Office interacted and communicated with the Controlling Officer in the Ministry of Local Government and Principal Officers of local authorities. The purpose of the interaction was to provide an opportunity to the Controlling Officer and Principal Officers to clarify and take corrective action on the findings of the audits.

The audit findings mentioned in this Report are those which were not resolved during the audit process. This report also includes outstanding matters as reported in the Treasury Minutes (Action Taken Reports) for the period from 2011 to 2016 from the Ministry of Finance.

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

Some of the findings raised in this Report are:

- i. Failure to develop integrated development plans,
- ii. Poor management of solid waste,
- iii. Failure to update valuation rolls,
- iv. Failure to control markets by the Councils,
- v. Weaknesses in procurement and contract management,
- vi. Failure to secure properties with title deeds,
- vii. Failure to insure assets,
- viii. Weaknesses in the management of Local Government Equalisation and Constituency Development Funds.

Other irregularities raised in this Report are as shown in table 1.0 below.

Table 1.0: Summary of Other Irregularities

No.	Details	Amount K
1	Failure to Remit Statutory Obligations	1,693,684,384
2	Failure to Settle Staff Obligations	276,689,804
3	Unsupported Payments	20,762,409
4	Unaccounted for Stores	9,500,843
5	Unretired Imprest	1,426,934
6	Missing Payment Vouchers	19,265,971
7	Wasteful Expenditure	321,900
8	Failure to Collect Revenue	108,885,954
9	Questionable Payments	517,699
10	Irregular Payments	4,910,863
11	Failure to Recover Advances	862,978
12	Unaccounted for Revenue/Funds	2,656,435
13	Delayed Banking	1,062,015
	Total	2,140,548,189

PART I

PREAMBLE

1. Introduction

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

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

- i. The accounts of State organs, State institutions, Provincial Administration, Local Authorities and institutions financed from public funds,
- ii. The accounts that relate to the stocks, shares and stores of the Government,
- iii. Financial and value for money audits, including forensic audits and any other type of audit, in respect of a project that involves the use of public funds, and
- iv. Ascertain that money appropriated by Parliament or raised by the Government and disbursed;
 - has been applied for the purpose for which it was appropriated or raised,
 - was expended in conformity with the authority that governs it, and
 - was expended economically, efficiently and effectively.

The Report contains paragraphs on sixty (60) Local Authorities.

2. Scope of Audit

The audit scope covered the accounts and records of Local Authorities for the financial years ended 31st December 2018 and 2019 and in some cases, observations that required updating were reported as at 31st October 2020.

3. Constraints

i. Transport

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

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

ii. Information and Communications Technology Equipment

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

iii. Coronavirus Disease 2019 (COVID-19)

The audits of accounts for the financial years ended 31st December 2018 and 2019 conducted in 2020 were adversely affected by the COVID-19 pandemic. This resulted in suspension or scaling down on the scope of the audits to adhere to the public health guidelines issued by the Ministry of Health.

4. Audit Methodology

In the execution of the audit, programmes were designed to give reasonable assurance on the utilisation and management of public resources. The programmes included test checks, inspections and examination of accounting and other records maintained by the public officers entrusted with handling public resources. To ensure optimal utilisation of resources at my disposal, a risk-based audit approach was used.

5. Reporting Process

The reporting process involved three (3) major stages. The first stage was where a Management Letter was sent to the Principal Officer and copied to the Controlling Officer and was required to be responded to within fourteen (14) days. Where the Principal Officer did not respond to the queries or where the responses were not satisfactory, the Management Letter was upgraded to an Audit Reference (AR) Sheet.

The AR (second stage) was sent to the Controlling Officer and copied to the Principal Officer and was required to be responded to within seven (7) days. Where the queries in the AR were not addressed, the AR was upgraded to a Draft Annual Report Paragraph (DARP)

which was the third and final stage and the Controlling Officer was given up to seven (7) days in which to confirm as to whether the contents were factually correct or not. At every stage where responses received were satisfactory, amendments were made accordingly.

Where the findings had not been resolved, the DARPs were consolidated in the Report of the Auditor General on the Audit of Accounts of Local Authorities for the period under review.

6. Establishment and Mandate of Councils

Councils are established under Article 152 (3) of the Constitution of Zambia (Amendment) Act No. 2 of 2016 read together with the Local Government Act No. 2 of 2019.

The mandate of the Councils is the delivery of basic social and economic services to the people as set out in the Second Schedule of the Act which includes, among others, power to make by-laws and regulations, imposition of levies, fees and other charges and to formulate local policies to promote, guide and regulate development in the district.

7. Governance - The Council

In accordance with Article 153 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, Councils consist of:

- i. Elected Mayor or Council Chairperson,
- ii. Elected Ward Councillors, and
- iii. Not more than three (3) chiefs representing chiefs in the district, elected by the chiefs in the district.

The term of a Council is five (5) years commencing from the date the councillors are sworn into office after a general election and ending on the date Parliament is dissolved.

8. Management

a. City or Municipal Council

The operations of the City or Municipal Council is the responsibility of the Town Clerk who is the Principal Officer (Chief Executive Officer) and is assisted by Directors

responsible for Finance, Planning, Human Resource and Administration, Legal Services, Housing, Engineering Services and Public Health.

b. Town Council

The operations of a Town Council is the responsibility of the Council Secretary who is the Principal Officer (Chief Executive Officer) and is assisted by Council Treasurer, Director of Works, Chief Human Resource Officer and District Planning Officer.

9. Sources of Funds

Under the Constitution of Zambia (Amendment) Act No. 2 of 2016, a local authority is competent to levy, impose, recover and retain local taxes. A local authority may make by-laws to impose a levy on leviable persons owning or occupying property or premises situated within the area of the local authority, leviable persons carrying on a business, trade or occupation within the area of the local authority or the purchase or sale of a commodity within the area of the local authority.

The Council also receives funding through national support in form of Local Government Equalisation Fund (LGEF), Constituency Development Fund (CDF) and any other grants as the Government may issue.

10. Information and Communication Technology

The local authorities operated various Information and Communication Technology (ICT) systems to manage payroll, billing and preparation of financial statements such as Dove, Palmsoft and Baxtel.

However, the councils were not using a uniform system but were using standalone systems which were not integrated. Consequently, there was delay and lack of uniformity in the production of reports. Further, this caused challenges in cases where key officers were transferred between councils.

11. Financial Statements

Section 45 (1) and (2) of the Local Government Act No. 2 of 2019 requires that as soon as practicable, but not later than three months after the financial year, a local authority should submit to the Minister a report concerning the activities of a local authority during the

financial year and the report should include information on the financial affairs of a local authority and there should be appended to that report;

- i. an audited statement of financial position,
- ii. an audited statement of comprehensive income, and
- iii. other information that the Minister may require.

However, most local authorities were unable to submit financial statements for audit on time. Further, where financial statements were submitted, the figures in the statements were not supported with underlying records.

PART II

PARAGRAPHS

1 Chama Town Council

1.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K27,217,618 against which amounts totalling K20,478,022 were received and generated resulting in a negative variance of K6,739,596 as shown in table 1.1 below.

Table 1.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local taxes and rates	100,245	83,940	121,300	72,893	221,545	156,833	(64,713)
2	Fees	1,642,155	519,118	1,668,330	624,585	3,310,485	1,143,703	(2,166,782)
3	Licences	28,400	20,895	39,166	955	67,566	21,850	(45,716)
4	Permits	33,900	42,416	59,750	17,825	93,650	60,241	(33,409)
5	Levies	101,645	302,519	121,205	247,890	222,850	550,409	327,559
6	Charges and other Income	94,600	-	-	10,695	94,600	10,695	(83,905)
	Subtotal	2,000,945	968,888	2,009,751	974,843	4,010,696	1,943,731	(2,066,965)
	National Support							
7	Local Government Equalisation Fund	8,789,712	6,817,332	7,917,210	8,017,878	16,706,922	14,835,210	(1,871,712)
8	Grants in Lieu of Rates	-	250,000	100,000	200,000	100,000	450,000	350,000
9	Constituency Development Fund	3,200,000	-	3,200,000	3,249,082	6,400,000	3,249,082	(3,150,918)
	Sub Total	11,989,712	7,067,332	11,217,210	11,466,960	23,206,922	18,534,292	(4,672,630)
	Total	13,990,657	8,036,220	13,226,961	12,441,802	27,217,618	20,478,022	(6,739,596)

b. Operational Matters

i. Failure to Prepare an Integrated Development Plan

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an integrated development plan.

ii. Environmental Management

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the dumpsite carried out in August 2020 revealed the following:

- The Council did not fence the dumpsite for protection from access by unauthorised persons,
- There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite, and
- The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.

iii. Operation of Markets - Failure to Control and Manage Markets

Section 5 (1) of the Markets and Bus Stations Act No. 7 of 2007 stipulates that all markets and bus stations should be under the control of a local authority having jurisdiction in the area in which they are situated.

Contrary to the Act, two (2) markets namely Chikwa and Kamfutu in the district were not under the control of the Council.

c. Accounting for Revenue

i. Failure to Update the Main Valuation Roll

Section 9 (4) of the Rating Act No. 21 of 2018 states, “the rating authority shall not less than once in every five (5) years or such longer period as the Minister may approve, cause to be prepared a new main roll”.

Contrary to the Act, the Council did not have an updated valuation roll as at 31st October 2020 as the valuation roll in use was last updated in 1992.

ii. Failure to Collect Revenue from Sale of Plots

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

During the period under review, the Council offered for sale forty six (46) plots to the public out of which revenue amounting K523,000 was expected to be collected. However, as at 31st August 2020, the Council had only collected K122,500 leaving a balance of K400,500.

d. Procurement of Goods and Services

i. Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, seventy five (75) payments in amounts totalling K140,953 made during the period under review were not supported with documents such as invitation letters, invoices and receipts.

ii. Irregular Payment of Sitting Allowances

Cabinet Office Circular No. 11 of 2013 abolished payment of administrative allowances to officers in the public service.

Contrary to the circular, during the period under review, the Council paid sitting allowances in amounts totalling K34,740 to several officers for attending a tender committee meeting.

e. Management of Assets - Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which properties such as office block, bus station, council hall and markets were located.

f. Management of Local Government Equalisation Fund - Installation of Street Lights along Lundu Road

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received, in any financial year, to finance capital expenditure.

During the period under review, the Council received equalisation funds in amounts totalling K14,910,120 out of which at least K2,982,024 was to be utilised on capital projects.

In this regard, on 7th June 2019, the Council engaged Jack Kawinga Ltd to install fifteen (15) street lights along Lundu Road in Chama District at a contract sum of K160,000. The contract was for a period of four (4) weeks from the date of signing.

The scope of works included the supply and installation of fifteen (15) metallic poles, sodium lamps and lithium batteries.

As at 15th June 2019, the contractor had been paid in full.

A physical inspection carried out in August 2020 revealed that out of the fifteen (15) installed street lights, only six (6) were functional while nine (9) were non-functional.

g. Management of Constituency Development Fund - Poor Project Management

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a provision of K6,000,000 was made as Constituency Development Fund (CDF) to cater for Chama North and Chama South constituencies

and an amount of K3,200,000 was released resulting in an underfunding of K2,800,000.

In addition, there was a balance brought forward from 2017 of K1,414,977 bringing the total funds available to K4,614,977. The Council did not receive Constituency Development Funds for the year 2018.

As at 31st December 2019, amounts totalling K3,320,518 had been spent leaving a balance of K1,294,458.

On 10th January 2019, the Council awarded a contract to Kampheta General Dealers for the construction of a Maternity Annex and two (2) VIP toilets at Mabinga in Chama South Constituency. The contract sum was K179,003 and the project was to start on 14th January and end on 6th May 2019.

The scope of works included block and concrete works, roofing installation, plastering, carpentry, joinery and ironmongery, flooring and glazing, ceiling finishing, painting and decorating.

As at 31st August 2020, the contractor had been paid amounts totalling K122,660 leaving a balance of K56,343.

A physical inspection of the project carried out in August 2020 revealed that the project had not been completed, fifteen (15) months after the expected completion date. The outstanding works included:

- i. Plastering of two (2) septic tanks,
- ii. Painting of VIP toilets, and
- iii. Construction of a small veranda at the back of the maternity annex.

Further, the contractor was not on site.

h. Management of Liabilities

i Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K2,951,043 in respect of tax and pension contributions. See table 1.2 below.

Table 1.2: Unremitted Statutory Obligations

No.	Details	Amount K
1	LASF	348,701
2	NAPSA	482,656
3	ZRA	2,119,686
	Total	2,951,043

ii Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K2,835,171 in respect of long service bonus, leave and travel benefits and settling allowances among others some of which had been outstanding from as far back as 2017. See table 1.3 below.

Table 1.3: Outstanding Staff Obligations

No.	Details	Amount K
1	Long Service Bonus	938,391
2	Leave and Travel Benefits	4,500
3	Salaries and Wages	946,766
4	Settling Allowance	119,381
5	Councillor's arrears	392,408
6	Terminal Benefits	433,725
	Total	2,835,171

2 Chembe Town Council

2.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K26,767,862 against which amounts totalling K19,723,194 were received and generated resulting in a negative variance of K7,044,668. See table 2.1 below.

Table 2.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes	25,995	18,945	18,990	16,897	44,985	35,842	(9,143)
2	Fees & Charges	2,656,735	1,713,699	2,341,735	1,191,603	4,998,470	2,905,302	(2,093,168)
3	Licences	40,596	34,737	38,236	32,604	78,832	67,341	(11,491)
4	Levies	1,024,940	121,046	177,080	299,426	1,202,020	420,472	(781,548)
5	Permits	21,628	45,814	5,728	4,968	27,356	50,782	23,426
6	Other Receipts	140,234	83,811	64,200	114,018	204,434	197,829	(6,605)
	Subtotal	3,910,128	2,018,052	2,645,969	1,659,516	6,556,097	3,677,568	(2,878,529)
	National Support							
7	Local Government Equalisation Fund	9,891,531	6,365,119	7,320,234	7,353,548	17,211,765	13,718,667	(3,493,098)
8	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
9	Other Grants	-	453,903	-	273,056	-	726,959	726,959
	Subtotal	11,491,531	6,819,022	8,720,234	9,226,604	20,211,765	16,045,626	(4,166,139)
	Total	15,401,659	8,837,074	11,366,203	10,886,120	26,767,862	19,723,194	(7,044,668)

b. Operational Matters

i. Environmental Management

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

A physical inspection of Madonsa dumpsite carried out in March 2020 revealed that the Council was not complying with the Act. In particular, the following were observed:

- The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.
- The dumpsite was not certified by the ZEMA prior to its use.

ii. Lack of Firefighting and Prevention Services

First Schedule Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states, “a Local Authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have firefighting and prevention services as at 31st October 2020.

c. Accounting for Revenue – Failure to Collect Outstanding Revenue

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, as at 31st December 2019, the Council had not collected revenue in amounts totalling K87,677 in respect of rentals, fees, levies and premiums. See table 2.2 below.

Table 2.2: Uncollected Revenue

No.	Description	Amount K
1	Mast Levy	40,000
2	Trading License	3,326
3	Rentals	10,225
4	Plot Premium	34,126
	Total	87,677

d. Irregular Payment of Meal Allowance within the District

Cabinet Office Circular Minute dated 30th December 2015 stipulates that subsistence and meal allowances were not to be paid for activities undertaken within the district boundary.

Contrary to the circular, amounts totalling K9,155 were paid to several officers as meal allowance for activities carried out within the district boundary.

e. Management of Assets - Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which its properties were located.

3 Chienge Town Council

3.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K22,401,016 against which amounts totalling K15,198,231 were received and generated resulting in a negative variance of K7,202,785. See table 3.1 below.

Table 3.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes/Rates	12,060	3,405	-	-	12,060	3,405	(8,655)
2	Fees and charges	294,931	203,582	423,150	107,122	718,081	310,704	(407,378)
3	Licences	24,165	194	24,165	-	48,330	194	(48,136)
4	Levies	689,425	325,151	660,375	454,751	1,349,800	779,902	(569,899)
5	Charges	402,500	159,550	-	-	402,500	159,550	(242,950)
6	Other income	1,017,735	294,323	213,400	119,873	1,231,135	414,196	(816,939)
	Sub Total	2,440,816	986,204	1,321,090	681,746	3,761,906	1,667,950	(2,093,956)
	National Support							
7	Local Government Equalisation Fund	8,599,555	6,856,976	7,039,556	5,073,306	15,639,111	11,930,282	(3,708,829)
8	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
9	Other Grants	200,000	150,000	200,000	192,016	400,000	342,016	(57,984)
	Sub Total	10,399,555	7,006,976	8,639,556	6,865,322	18,639,111	13,530,282	(5,108,829)
	Total	12,840,371	7,993,180	9,960,646	7,547,067	22,401,016	15,198,231	(7,202,785)

b. Operational Matters**i. Failure to Develop an Integrated Development Plan**

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an integrated development plan.

ii. Lack of Firefighting and Prevention Services

First Schedule Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states, “a local authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council had not established firefighting and prevention services as at 31st October 2020.

iii. Environmental Management – Poor Management of Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the dumpsite carried out in October 2020 revealed the following:

- The Council did not fence the dumpsite for protection from access by unauthorised persons.
- There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite.
- The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.

c. Management of Payroll and Other Staff Related Matters

i. Irregular Payment of Subsistence and Meal Allowances

Cabinet Office Circular Minute dated 30th December 2015 stipulates that subsistence and meal allowances were not to be paid for activities undertaken within the district boundary.

Contrary to the circular, subsistence and meal allowances in amounts totalling K27,940 were paid to nineteen (19) officers for activities carried out within the district boundary.

ii. Payment of Subscription Fees to Professional Bodies

Cabinet Office Circular No. B18 of 2014 abolished payment of subscription fees for membership to professional bodies for employees.

Contrary to the circular, amounts totalling K13,125 were paid to five (5) professional bodies in respect of eighteen (18) officers. As at 31st October 2020, the amounts had not been recovered from the officers.

iii. Irregular Payments of Hotel Bills

During the period under review, the Council paid amounts totalling K45,874 to a lodge for accommodation, food and refreshments for three (3) officers that had been

transferred from various Councils to Chiengde Town Council. However, the payments were irregular in that the officers were not entitled as they were in receipt of housing allowance. As at 31st October 2020, the funds had not been recovered.

iv. Failure to Register Employees with NAPSA

Section 11 (2) of the National Pension Scheme Act requires that every person who is employed by a contributing employer should be registered as a member of the scheme.

Contrary to the Act, the Council did not register with National Pension Scheme Authority (NAPSA) twelve (12) casual workers it engaged during the period under review who were paid wages in amounts totalling K69,914.

d. Procurement of Goods and Services

i. Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, thirty six (36) payments in amounts totalling K308,903 were not supported with documents such as invoices and letters of termination or appointment.

ii. Unretired Accountable Imprest

Local Authorities Financial Regulation No. 119, (1) states, “special imprest shall be retired immediately after the purpose for which it is issued has been fulfilled”.

Contrary to the regulation, accountable imprest in amounts totalling K22,960 issued to nine (9) officers during the period under review had neither been retired nor recovered as at 31st October 2020.

e. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 requires that a Treasurer shall keep proper records of receipts and issue of stocks and stores.

Contrary to the regulation, plumbing materials costing K35,419 procured on 17th July 2019 were not accounted for in that there were no disposal details.

f. Management of Assets – Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which nineteen (19) properties such as the Civic Centre, houses, lodge and a market valued at K7,068,000 were located.

g. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA) National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K1,051,769 in respect of tax and pension contributions some of which had been outstanding from as far back as 2002. See table 3.2 below.

Table 3.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	335,982
2	NAPSA	299,854
3	LASF	415,933
	Total	1,051,769

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K2,110,344 in respect of various staff obligations such as

retirement benefits and long service bonuses some of which had been outstanding from as far back as 2013. See table 3.3 below.

Table 3.3: Outstanding Staff Obligations

No.	Staff Obligation	Amount K
1	Salary Arrears	1,558,115
2	Councillors' Allowances	96,000
3	Long Service Bonus	79,635
4	Settling In Allowance	82,571
5	Terminal Benefits	240,933
6	Leave Travel Benefits	53,090
	Total	2,110,344

4 Chilanga Town Council

4.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K34,418,791 against which amounts totalling K25,558,681 were received and generated resulting in a negative variance of K8,860,110. See table 4.1 below.

Table 4.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes and Rates	3,475,957	1,983,631	2,772,822	1,971,170	6,248,779	3,954,801	(2,293,978)
2	Fees and Charges	1,594,700	1,899,387	2,248,726	537,143	3,843,426	2,436,530	(1,406,896)
3	Licences	715,816	1,963,542	920,000	398,446	1,635,816	2,361,988	726,172
4	Levies	231,650	272,631	511,039	64,422	742,689	337,053	(405,636)
5	Permits	247,928	190,406	255,199	491,457	503,127	681,863	178,736
6	Other Income	159,200	185,248	746,400	226,913	905,600	412,161	(493,439)
7	Sub-Total	6,425,251	6,494,845	7,454,186	3,689,551	13,879,437	10,184,396	(3,695,041)
	National Support							
8	Local Government Equalisation Fund	9,389,677	6,628,220	7,949,677	6,646,065	17,339,354	13,274,285	(4,065,069)
9	Grants in Lieu of Rates	-	300,000	200,000	200,000	200,000	500,000	300,000
10	Constituency Development Fund (CDF)	1,600,000	1,600,000	1,400,000		3,000,000	1,600,000	(1,400,000)
	Subtotal	10,989,677	8,528,220	9,549,677	6,846,065	20,539,354	15,374,285	(5,165,069)
	Total	17,414,928	15,023,065	17,003,863	10,535,616	34,418,791	25,558,681	(8,860,110)

b. Operational Matters

i Environmental Management – Failure to Establish a Dumpsite

The Solid Waste Regulation and Management Act No. 20 of 2018 Section 6 (4) stipulates that a local authority shall, in consultation with the Zambia Environmental Management Agency, construct, operate and maintain landfills and other prescribed disposal facilities”.

Contrary to the Act, the Council did not have a dumpsite during the period under review.

ii Lack of Firefighting and Prevention Services

First Schedule Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states, “a Local Authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have firefighting and prevention services as at 31st October 2020.

c. Accounting for Revenue – Unaccounted for Revenue

Local Authorities Financial Regulation No. 72 states, “the Treasurer shall ensure that collectors of revenue account for the amount of moneys collected by them on a daily basis”.

Contrary to the regulation, the Council did not account for revenue in amounts totalling K53,441 collected during the period under review in that the funds were neither deposited nor was cash found on hand.

d. Procurement of Goods and Services

i. Unsupported and Missing Payment Vouchers

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered in

the accounts, shall be carefully filed, secured against loss, and be readily available for audit”,

Contrary to the regulation, sixty four (64) payments in amounts totalling K372,324 made during the period under review were not supported with documents such as letters of transfer or appointment, receipts and contracts.

In addition, twenty three (23) payment vouchers in amounts totalling K89,833 processed during the period under review were not availed for audit.

ii. Unretired Imprest

Local Authorities Financial Regulation No. 119 (1) states, “A special imprest shall be retired immediately the purpose for which they are issued has been fulfilled”.

Contrary to regulation, accountable imprest in amounts totalling K74,964 issued to six (6) officers for various activities such as workshops, training and monitoring had not been retired as at 31st October 2020.

Further, imprest in amounts totalling K5,730 issued to several officers to facilitate payment of allowances was not acquitted by the intended beneficiaries.

iii. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 requires that a Treasurer shall keep proper records of receipts and issue of stocks and stores.

Contrary to the regulation, various stores items costing K647,667 (general stores – K502,667 and fuel – K145,000) were not accounted for in that there were no receipt and disposal details.

e. Management of Assets - Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which seven (7) properties such as markets, houses and office block were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, the seven (7) properties had not been insured as at 31st October 2020.

f. Management of Constituency Development Fund

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a total provision of K3,000,000 was made as Constituency Development Fund (CDF) to cater for Chilanga Constituency and an amount of K1,600,000 was released in 2019.

In this regard, the Council engaged African Site Master Limited on 3rd December 2019 for the completion of a staff house at Munyeu Clinic in Mwembeshi Ward at a contract sum of K84,705 VAT inclusive, with a completion period of four (4) weeks from the date of signing the contract.

The scope of works included roofing, carpentry, joinery, ironmongery, painting, flooring, electrical installations and plumbing works.

The contract terms included;

- advance payment of 24% of the contract sum,
- termination of the contract where contractor abandons the works for a period of two (2) weeks and
- Council to recover liquidated damages at a rate not exceeding 10% of accepted contract sum.

As of August 2020, the contractor had been paid amounts totalling K31,118.

The following was observed:

- i. As of September 2020, the works had not been completed, six (6) weeks after the expected completion date as the structure was at roof level.

- ii. The contractor was not on site and the Council had not charged liquidated damages.

g. Management of Liabilities – Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K5,296,820 in respect of tax and pension contributions. See table 4.2 below.

Table 4.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	3,081,086
2	NAPSA	2,107,706
3	LASF	108,028
	Total	5,296,820

5 Chililabombwe Municipal Council

5.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K85,845,607 against which amounts totalling K60,862,820 were received and generated resulting in a negative variance of K24,982,787 as shown in table 5.1 below.

Table 5.1 Budget and Income

No.	Sources of Funds	Budget K	Actual K	Variance K
	Internally Generated			
1	Local Taxes	17,990,805	17,227,229	(763,576)
2	Fees and Charges	47,287,549	23,437,273	(23,850,276)
3	Licences	1,496,780	215,210	(1,281,570)
4	Levies	5,453,809	4,390,083	(1,063,726)
5	Permits	1,616,240	1,781,450	165,210
6	Other Income	116,424	33,860	(82,564)
7	Borrowings	-	4,581,870	4,581,870
8	Subtotal	73,961,607	51,666,975	(22,294,632)
	National Support			
9	Local Government Equalisation Fund	10,284,000	8,195,845	(2,088,155)
10	Constituency Development Fund	1,600,000	1,000,000	600,000
	Subtotal	11,884,000	9,195,845	(2,688,155)
	Total	85,845,607	60,862,820	(24,982,787)

b. Operational Matters - Failure to Develop an Integrated Development Plan

Section 19 of the Urban and Regional Planning Act No. 3 of 2015 provides that a planning authority should prepare an integrated plan for its area.

Contrary to the Act, the Council did not have an integrated development plan during the period under review.

c. Management of Assets

i. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which thirty six (36) properties valued at K11,365,218 were located.

ii. Motor Vehicles Involved in Road Traffic Accidents

During the period under review, two (2) insured motor vehicles were involved in road traffic accidents and were extensively damaged. However, as at 31st October 2020, the Council had not been compensated. See table 5.2 below.

Table 5.2 Motor Vehicles Involved in Accidents

No.	Make	Reg No.	Date of Accident
1	Toyota Hilux	BAD 4723	27.03.2019
2	Toyota Fortuner	BAJ 1716 ZM	21.08.2019

It was not clear why the Council had not been compensated despite the two (2) vehicles having been insured.

d. Management of Local Government Equalisation Fund - Failure to Install Culverts at Kawama Stream

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received, in any financial year, to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K8,195,845 out of which at least K1,639,169 was to be utilised on capital projects.

In this regard, on 6th June 2019, the Council procured twelve (12) culverts at a total cost of K25,000 to be installed at Kawama Stream. However, as at 31st October 2020, the culverts had not been installed.

e. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), Local Authorities Superannuation Fund (LASF) and National Pension Scheme Authority (NAPSA) amounts totalling K21,287,325 in respect of tax and pension contributions. See table 5.3 below.

Table 5.3: Unremitted Statutory Obligations

No.	Details	Amount K
1	NAPSA	5,888,430
2	LASF	3,272,980
3	ZRA	12,125,915
	Total	21,287,325

f. Land Management - Questionable Change of Ownership of Plots

The Council charges fees for change of ownership as follows; High Cost Plots - K2,000, Medium Cost Plots - K1,500, Low Cost Plots - K1,000 and Commercial Plots - K3,000.

During the period under review, twenty-nine (29) individuals applied to the Council for change of ownership for plots and the changes were effected.

However, there was no corresponding evidence of the revenue collected from the activity. Further, no evidence was availed to show that the plots for which change of ownership was approved had legitimate documentation such as offer letters.

6 Chingola Municipal Council

6.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and physical inspections of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K127,938,627 against which amounts totalling K91,237,671 were received and generated resulting in a negative variance of K36,700,956 as shown in table 6.1 below.

Table 6.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Owner's Rates	20,259,974	16,168,265	18,445,109	23,235,565	38,705,083	39,403,830	698,747
2	Local Taxes	240,000	226,343	240,000	143,608	480,000	369,951	(110,049)
3	Fees & Charges	22,897,360	9,462,836	9,205,810	6,876,380	32,103,170	16,339,216	(15,763,954)
4	Licences	509,660	351,330	2,566,380	412,023	3,076,040	763,353	(2,312,687)
5	Levies	741,360	1,133,477	606,360	10,238	1,347,720	1,143,715	(204,005)
6	Permits	1,153,200	1,763,401	1,809,150	1,901,047	2,962,350	3,664,448	702,098
7	Charges	-	-	16,549,350	2,478,369	16,549,350	2,478,369	(14,070,981)
8	Other Income	198,600	5,140	167,950	29,000	366,550	34,140	(332,410)
	Sub total	46,000,154	29,110,792	49,590,109	35,086,230	95,590,263	64,197,022	(31,393,241)
	National Support							
9	Local Government Equalisation Fund	13,762,176	11,164,039	12,586,188	13,056,610	26,348,364	24,220,649	(2,127,715)
10	Constituency Development Fund	3,200,000	1,000,000	2,800,000	1,600,000	6,000,000	2,600,000	(3,400,000)
11	Grant In Lieu Rates	-	-	-	220,000	-	220,000	220,000
	Sub Total	16,962,176	12,164,039	15,386,188	14,876,610	32,348,364	27,040,649	(5,307,715)
	Total	62,962,330	41,274,831	64,976,297	49,962,840	127,938,627	91,237,671	(36,700,956)

b. Accounting for Revenue – Failure to Collect Revenue

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, the following were observed:

i. Burial Permit Fees

The Council owns a fee paying grave site namely Town Centre Cemetery. During the period under review, the Council issued seventy three (73) burial permits from which fees totalling K182,500 were supposed to be realised. However, as at 31st October 2020, the fees had not been collected.

ii. Site Rent

The Council is responsible for management and administration of unplanned settlements. There were ten (10) unplanned settlements out of which five (5) were on the billing system. The settlers in the unplanned settlements were charged site rent of K60 per household annually.

During the period under review, the Council billed 7,946 households for site rent and was expected to collect K476,760. However, as at 31st October 2020, only K64,570 was collected from 935 households leaving a balance of K412,190.

c. Management of Assets – Failure to Maintain Properties

A physical inspection of selected properties carried out in October 2020 revealed that most of the Council’s properties were in a deplorable state. See pictures below:

- *Civic Centre*



- *Maiteneke Trading Hall*



- *Chitimukulu Hall (Chiwempala) - broken ceilings and leaking roof*



- *Phiri Market Sheds - dilapidated market shelter and damaged pillars*



d. Management of Liabilities - Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), Local Authorities Superannuation Fund (LASF) and National Pensions Scheme Authority (NAPSA) amounts totalling K34,657,210 in respect of tax and pension contributions some of which had been outstanding from as far back as 2017. See table 6.2 below.

Table 6.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	19,641,079
2	LASF	1,662,362
3	NAPSA	13,353,769
	Total	34,657,210

7 Chinsali Municipal Council

7.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K45,539,338 against which amounts totalling K29,095,404 were received and generated resulting in a negative variance of K16,443,934 as shown in table 7.1 below.

Table 7.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local taxes and rates	1,381,269	181,598	65,565	63,269	1,446,834	244,867	(1,201,967)
2	Fees and Charges	9,277,202	2,048,560	2,304,075	1,461,032	11,581,277	3,509,592	(8,071,685)
3	Permits	515,700	302,470	575,811	677,967	1,091,511	980,437	(111,074)
4	Levies	137,200	389,715	320,424	739,345	457,624	1,129,060	671,436
5	Licences	452,500	29,315			452,500	29,315	(423,185)
6	Other Receipts	1,212,399	44,700	3,147,970	1,056,194	4,360,369	1,100,894	(3,259,475)
7	Commercial venture	-	819,180	-	-	-	819,180	819,180
	Total	12,976,270	3,815,537	6,413,845	3,997,807	19,390,115	7,813,344	(11,576,771)
	National Support							
8	Local Government Equalisation Fund	11,285,467	9,070,867	11,695,256	10,311,216	22,980,723	19,382,083	(3,598,640)
9	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
10	Other Grants	-	270,000	168,500	29,977	168,500	299,977	131,477
	Sub Total	12,885,467	9,340,867	13,263,756	11,941,193	26,149,223	21,282,060	(4,867,163)
	Total	25,861,737	13,156,404	19,677,601	15,939,000	45,539,338	29,095,404	(16,443,934)

b. Operational Matters

i. Environmental Management - Poor Management of a Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the dumpsite carried out in October 2020 revealed that the Council did not fence the dumpsite for protection from access by unauthorised persons.

ii. Firefighting and Prevention Services

Section 5(c) of the First Schedule of the Local Government Act No. 2 of 2019 states, “a local authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have firefighting and prevention

services as at 31st October 2020.

c. Accounting for Revenue – Failure to Collect Billboard Fees and Proceeds from Sale of Plots

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, the Council did not charge and collect billboard fees from twenty one (21) companies that had erected billboards in the District.

Further, during the period under review, the Council offered 487 plots to the public and was expected to generate K5,086,675. However, as at 28th February 2020, only K306,725 had been collected leaving a balance of K4,779,950. See table 7.2 below.

Table 7.2: Uncollected Revenue from Sale of Plots

No.	Plot Category	No. of Plots	Expected Amount to be Collected K	Amount Collected K	Balance K
1	High Cost	310	3,836,925	292,225	3,544,700
2	Medium Cost	110	913,250	2,500	910,750
3	Low Cost	67	336,500	12,000	324,500
	Total	487	5,086,675	306,725	4,779,950

d. Management of Payroll – Failure to Recover Salary Advances

Terms and Conditions of Service for Local Government No. 105 (d) requires that an advance of salary shall be repaid within a reasonable period of time but not exceeding six (6) months.

Contrary to the terms and conditions of service, salary advances in amounts totalling K11,700 paid to six (6) officers during the period under review had not been recovered as at 31st October 2020.

e. Procurement of Goods and Services

i. Inadequately Supported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, sixteen (16) payments in amounts totalling K110,714 were not supported with documents such as invitation letters, invoices and receipts.

ii. Unretired Accountable Imprest

Local Authorities Financial Regulation No. 119, (1) states, “special imprest shall be retired immediately after the purpose for which it is issued has been fulfilled”.

Contrary to the regulation, accountable imprest in amounts totalling K25,500 issued to fourteen (14) officers during the period under review had not been retired as at 31st October 2020.

iii. Irregular Payment of Sitting Allowance

Cabinet Office Circular No. 11 of 2013, abolished payment of administrative allowances to officers in the public service.

Contrary to the circular, sitting allowance in amounts totalling K15,415 were paid to four (4) officers for attending evaluation and procurement committee meetings.

iv. Irregular Payment of Subsistence and Meal Allowances

Cabinet Office Circular Minute dated 30th December 2015 stipulates that subsistence and meal allowances should not to be paid for activities undertaken within the district boundary.

Contrary to the circular, subsistence and meal allowances in amounts totalling K14,120 were paid to seven (7) officers for activities carried out within the district boundary.

v. Irregular Payment for Accommodation and Meals

During the period under review, the Council paid amounts totalling K34,960 to various lodges for accommodation, food and refreshments on behalf of officers that had been transferred from various Councils to Chinsali Municipal Council. However, the payments were irregular in that the officers were not entitled as they were in receipt of housing allowance.

vi. Failure to Deduct Tax

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

Contrary to the Act, settling in allowance in amounts totalling K77,906 was paid to nine (9) officers without deducting tax.

vii. Irregular Drawing of Fuel

Ministry of Local Government Minute No. MLGH/71/6/93 dated 15th October 2012 stipulates that officers that are entitled to fuel allowance should not draw fuel from the Council's fuel account.

Contrary to the circular, fuel costing K24,158 was drawn from the pool account by the Mayor and Town Clerk who were in receipt of fuel allowance.

f. Management of Liabilities

i. Failure to Settle Overdraft

In December 2018, the Council obtained an overdraft of K750,000 from a commercial bank to facilitate payment of salaries on the understanding that the overdraft would be settled upon receipt of grants from the Treasury.

The overdraft provided for a floating interest of 30.25% per annum on the principal.

However, as of February 2020, the Council had not settled the overdraft which had accumulated to K1,032,032 (Principal - K750,000 and Interest - K282,032).

ii. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), Local Authorities Superannuation Fund (LASF) and National Pension Scheme Authority (NAPSA) amounts totalling K12,706,334 in respect of tax and pension some of which had been outstanding from as far back as 2016. See table 7.3 below.

Table 7.3: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	8,228,200
2	LASF	1,515,943
3	NAPSA	2,962,191
	Total	12,706,334

iii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K972,227 in respect of terminal benefits and settling in allowance some of which had been outstanding from as far back as 2016. See table 7.4 below.

Table 7.4: Outstanding Staff Obligations

No.	Details	Amount K
1	Terminal Benefits	736,199
2	Settling-in-Allowance	236,028
	Total	972,227

8 Chipata City Council

8.1 Audit Findings

An examination of accounting and other records maintained at the council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K125,821,075 against which amounts totalling K60,688,605 were received and generated resulting in a negative variance of K65,132,470 as shown in table 8.1 below.

Table 8.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Owners Rates	5,421,366	4,413,896	5,421,366	4,159,570	10,842,733	8,573,466	(2,269,267)
2	Local Taxes	180,000	179,862	154,875	107,879	334,875	287,741	(47,134)
3	Fees & Charges	19,758,773	5,236,558	14,441,488	4,424,285	34,200,261	9,660,843	(24,539,418)
4	Licences	160,400	182,765	1,125,445	156,460	1,285,845	339,225	(946,620)
5	Levies	1,895,187	3,528,460	2,695,366	2,701,255	4,590,553	6,229,715	1,639,162
6	Permits	1,547,050	2,125,055	1,317,912	1,601,948	2,864,962	3,727,003	862,042
7	Charges	10,991,700	721,705	25,580,000	2,401,668	36,571,700	3,123,373	(33,448,327)
8	Other Income	50,000	117,603	699,843	317,381	749,843	434,984	(314,860)
	Total	40,004,476	16,505,904	51,436,295	15,870,446	91,440,771	32,376,350	(59,064,422)
	National Support							
9	Local Government Equalisation Fund	12,814,152	10,349,939	12,466,152	11,272,316	25,280,304	21,622,255	(3,658,048)
10	Grants In Lieu of Rates	-	370,000	300,000	420,000	300,000	790,000	490,000
11	Constituency Development Fund	3,200,000	2,700,000	5,600,000	3,200,000	8,800,000	5,900,000	(2,900,000)
	Sub Total	16,014,152	13,419,939	18,366,152	14,892,316	34,380,304	28,312,255	(6,068,048)
	Total	56,018,628	29,925,843	69,802,447	30,762,762	125,821,075	60,688,605	(65,132,470)

b. Environmental Management – Illegal Use of Dumping Site

In March 2018, ZEMA directed the Council to decommission the disposal site as it was located near a water body and that the site was designated to be a Multi Facility Economic Zone (MFEZ). However, as at 31st October 2020, the Council had not decommissioned the dumpsite



Kagunda Dumpsite – Chipata

c. Accounting for Revenue

i. Unaccounted for Funds

On 12th June 2018, the Council withdrew an amount of K45,900 to meet various council obligations. However, as at 31st October 2020, the funds were unaccounted for in that there were no details of expenditure availed for audit and no cash was found on hand.

ii. Delayed Banking

Local Authorities Financial Regulation No. 19 states, “all cheques and cash received shall be banked as soon as possible but not later than two days after the day of receipt”.

Contrary to the regulation, there were delays in banking of revenue in amounts totalling K13,364 for periods ranging from three (3) to twenty (20) days. The delay in days did not include weekends and public holidays.

iii. Missing Receipt Books

Local Authorities Financial Regulation No. 28 (1) (b) requires that receipts of all types be preserved for the period of ten (10) years.

Contrary to the regulation, seven (7) receipt books used during the period under review were not availed for audit.

iv. Failure to Collect Receivables

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, the Council failed to collect revenue in amounts totalling K6,713,958 in respect of rates, rentals and bill boards as at 31st December 2019. See table 8.2 below.

Table 8.2: Outstanding Receivables

No.	Details	Amount K
1	Shops on Rent	26,630
2	Houses on Rent	5,300
3	Commercial property rentals	406,143
4	Bus Station parking slots	20,750
5	Property rates	4,671,108
6	Bill board levy	1,584,027
	Total	6,713,958

d. Management of Assets - Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which nineteen (19) properties were located.

e. Management of Constituency Development Fund - Procurement of Drilling Rig for Chipangali Town Council

On 17th November 2018, the Ministry of Local Government awarded a contract to Reginald Trading and Transport for the supply and delivery of a drilling rig at a contract price of K2,300,000 for the Chipangali Town Council.

As at 31st December 2019, amounts totalling K1,930,000 had been made to the supplier leaving a balance of K370,000.

A review of records and physical inspection conducted in November 2020 revealed

that the rig was received in September 2019 on behalf of Chipangali Town Council by Chipata City Council and was parked at Chipata Civic Centre.

However, the rig was not in use in that a six and half inch (6 ½”) hammer assembly component was not delivered.

f. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K25,661,705 in respect of tax and pension contributions. See table 8.3 below.

Table 8.3: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	12,573,378
2	NAPSA	6,323,968
3	LASF	6,764,358
	Sub Total	25,661,705

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K8,442,370 in respect of various staff obligations such as settling in allowance, terminal benefits and long service bonus. See table 8.4 below.

Table 8.4: Outstanding Staff Obligations

No.	Name	Amount K
1	Settling in Allowance	721,628
2	Terminal Benefits	4,514,823
3	Long Service Bonus	2,922,852
4	Employee Loan Repayments	202,035
5	Subsistence Allowance	81,031
	Total	8,442,370

9 Chirundu Town Council

9.1 Audit Findings

An examination of accounting and other records maintained at the council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K44,913,250 against which amounts totalling K32,028,579 were received and generated resulting in a negative variance of K12,884,671. See table 9.1 below.

Table 9.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Owners Rates	766,516	49,972	773,956	168,159	1,540,472	218,131	(1,322,341)
2	Local Taxes	-	27,540	-	-	-	27,540	27,540
3	Fees and Charges	6,268,814	6,424,272	5,859,678	4,214,202	12,128,492	10,638,474	(1,490,017)
4	Licences	310,510	186,708	18,880	41,548	329,390	228,256	(101,134)
5	Levies	130,500	388,872	264,500	404,689	395,000	793,561	398,561
6	Permits	592,960	605,921	108,300	535,297	701,260	1,141,218	439,958
7	Charges	3,826,500	298,950	3,770,000	624,269	7,596,500	923,219	(6,673,281)
8	Other Income	185,000	123,839	57,500	779,746	242,500	903,585	661,085
	Subtotal	12,080,800	8,106,074	10,852,814	6,767,911	22,933,614	14,873,985	(8,059,629)
	National Support							
9	Local Government Equalisation Fund	9,187,320	7,287,710	9,792,316	8,216,884	18,979,636	15,504,594	(3,475,042)
10	Grants in Lieu of Rates	200,000	50,000	-	-	200,000	50,000	(150,000)
11	Constituency Development Fund	1,400,000	-	1,400,000	1,600,000	2,800,000	1,600,000	(1,200,000)
	Sub Total	10,787,320	7,337,710	11,192,316	9,816,884	21,979,636	17,154,594	(4,825,042)
	Total	22,868,120	15,443,784	22,045,130	16,584,795	44,913,250	32,028,579	(12,884,671)

b. Operational Matters - Environmental Management

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the dumpsite carried out in October 2020 revealed that it was not fenced to restrict access and the solid waste was not sorted. See pictures below.



Unfenced dumpsite

c. Accounting for Revenue - Unaccounted for Revenue

Local Authorities Financial Regulation No. 72, states “the Treasurer shall ensure that collectors of revenue account for the amount of moneys collected by them on a daily basis”.

Contrary to the regulation, the Council did not account for revenue in amounts totalling K979,595 in that the funds were neither deposited nor was cash found on hand.

d. Procurement of Goods and Services – Unaccounted for Stores

Local Authorities Financial Regulation No. 145 states, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, stores items costing K44,766 (general stores - K30,665 and fuel - K14,101) procured during the period under review were unaccounted for in that there were no receipt and disposal details.

e. Management of Assets - Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which twenty (20) properties such as market, ablution block, office block, houses and bus station were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, the Council did not insure two (2) motor vehicles valued at K196,230. It was also observed that the two (2) motor vehicles were not registered with the Road Transport and Safety Agency.

f. Management of Liabilities - Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA) and National Pension Scheme Authority (NAPSA) amounts totalling K3,906,520 in respect of tax and pension contributions some of which had been outstanding from as far back as 2016. See table 9.2 below.

Table 9.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	3,670,188
2	NAPSA	236,332
	Total	3,906,520

10 Chitambo Town Council

10.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K28,272,305 against which amounts totalling K16,744,186 were received and generated resulting in a negative variance of K11,528,120. See table 10.1 below.

Table 10.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes	20,655	2,439	22,000	6,540	42,655	8,979	(33,676)
2	Fees & charges	850,390	472,127	621,279	98,932	1,471,669	571,059	(900,610)
3	Licences	67,137	22,527	54,014	43,695	121,151	66,222	(54,929)
4	Levies	251,655	81,265	121,790	34,691	373,445	115,956	(257,490)
5	Permits	38,913	5,801	23,350	31,146	62,263	36,947	(25,317)
6	Charges	3,632,000	1,162,370	1,821,500	172	5,453,500	1,162,542	(4,290,958)
7	Other Income	1,508,800	348,086	789,191	3,499	2,297,991	351,585	(1,946,406)
	Total	6,369,550	2,094,614	3,453,124	218,674	9,822,674	2,313,289	(7,509,385)
	National Support							
8	Local Government Equalisation Fund	8,024,816	6,547,337	7,424,816	6,223,560	15,449,632	12,770,897	(2,678,735)
9	Grant In Lieu of Rates	-	60,000	-	-	-	60,000	60,000
10	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
	Sub Total	9,624,816	6,607,337	8,824,816	7,823,560	18,449,632	14,430,897	(4,018,735)
	Total	15,994,366	8,701,952	12,277,939	8,042,234	28,272,305	16,744,186	(11,528,120)

b. Operational Matters

i. Failure to Develop an Integrated Development Plan

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an integrated development plan.

ii. Environmental Management – Poor Management of Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within

the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the dumpsite carried out in October 2020 revealed the following:

- The Council did not fence the dumpsite for protection from access by unauthorised persons,
- There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite, and
- The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.

c. Management of Stores - Unaccounted for Fuel

Local Authorities Financial Regulation No. 145 states, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, fuel costing K40,088 was not accounted for in that there were no receipt and disposal details.

d. Management of Assets – Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which two (2) properties were located.

e. Management of Local Government Equalisation Fund - Misapplication of Funds

The Local Government (Amendment) Act No.12 of 2014 requires that a Council was to use at least 20% of the equalisation funds received in any financial year to finance

capital expenditure.

During the period under review, the Council received equalisation funds in amounts totalling K12,770,897 out of which at least K2,554,179 was to be utilised on capital projects.

However, between March 2018 and December 2019, the Council borrowed amounts totalling K1,577,933 from the Capital account to facilitate its operations and as at 31st October 2020, only amounts totalling K1,078,927 had been reimbursed leaving a balance of K499,006.

f. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K1,254,686 in respect of tax and pension contributions. See table 10.2 below.

Table 10.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	1,210,344
2	NAPSA	42,868
3	LASF	1,474
	Total	1,254,686

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K406,298 in respect of commutation of leave days, terminal benefits and settling in allowance some of which had been outstanding from as far back as 2011. See table 10.3 below.

Table 10.3: Outstanding Staff Obligations

No.	Staff Obligation	Amount K
1	Commutation of Leave days	6,871
2	Terminal Benefits	399,427
	Total	406,298

11 Choma Municipal Council

11.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K72,501,604 against which amounts totalling K56,921,063 were received and generated resulting in a negative variance of K15,580,541 as shown in table 11.1 below.

Table 11.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes	4,511,260	1,424,728	4,511,260	1,522,349	9,022,520	2,947,077	(6,075,443)
2	Fees and Charges	9,618,207	3,701,682	11,365,828	13,703,923	20,984,035	17,405,605	(3,578,430)
3	Licences	1,368,750	2,171,988	945,992	188,349	2,314,742	2,360,337	45,595
4	Levies	157,500	823,254	769,187	1,529,163	926,687	2,352,417	1,425,730
5	Permits	2,608,604	1,873,737	1,054,840	915,294	3,663,444	2,789,031	(874,413)
6	Other Receipts	2,637,804	2,666,754	96,301	150,778	2,734,105	2,817,532	83,427
	Total	20,902,125	12,662,143	18,743,408	18,009,856	39,645,533	30,671,999	(8,973,534)
	National Support							
7	Local Government Equalisation Fund	13,577,376	10,852,338	12,078,695	11,796,726	25,656,071	22,649,064	(3,007,007)
8	Constituency Development Fund	3,200,000	-	3,200,000	3,200,000	6,400,000	3,200,000	(3,200,000)
9	Grants in Lieu of Rates	400,000	150,000	400,000	250,000	800,000.00	400,000	(400,000)
	Sub Total	17,177,376	11,002,338	15,678,695	15,246,726	32,856,071	26,249,064	(6,607,007)
	Total	38,079,501	23,664,481	34,422,103	33,256,582	72,501,604	56,921,063	(15,580,541)

b. Operational Matters - Environmental Management

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

A physical inspection of the dumpsite carried out in October 2020 revealed the following:

i. Poor Management of Dumpsite

- The dumpsite was not fenced to restrict access from unauthorised persons.
- The Council did not compact or cover the waste disposed.

ii. Failure to Collect Franchise Fees – Collection and Transportation of Solid Waste

During the period under review, the Council entered into contracts with three (3) companies for collection and transportation of solid waste for a period of one (1) year.

However, as at 31st October 2020, the Council had not collected franchise fees from the companies in amounts totalling K13,500.

c. Accounting for Revenue

i. Delayed Banking

Local Authorities Financial Regulation No. 19 (1) states, “ All cheques and cash received shall be banked as soon as possible, but not later than two (2) days after the day of receipt”.

Contrary to the regulation, there were delays in banking revenue in amounts totalling K109,969 for periods ranging from 3 to 122 days. The delay in days did not include weekends and public holidays.

ii. Failure to Collect Revenue – Telemasts

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, the Council failed to collect revenue in amounts totalling K49,050 from three (3) service providers in respect of telemast levies as at 31st December 2019. See table 11.2 below.

Table 11.2: Uncollected Revenue from Telemasts

No.	Service Provider	Amount K
1	Airtel	19,142
2	MTN	14,356
3	Zamtel	15,552
	Total	49,050

d. Management of Assets - Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which sixty-six (66) properties such as a stadium, community halls, houses, shops, play parks and markets were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, sixty six (66) council properties and (15) motor vehicles valued at K2,109,301 had not been insured as at 31st October 2020.

e. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K18,314,028 in respect of tax and pension contributions. See table 11.3 below.

Table 11.3: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	8,082,840
2	LASF	2,620,602
3	NAPSA	7,610,586
	Total	18,314,028

12 Chongwe Municipal Council

12.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and generate funds from various sources in amounts totalling K39,138,682 against which K23,302,435 was received and generated resulting in a negative variance of K15,836,247. See table 12.1 below.

Table 12.1: Budget and Income

No.	Type of Revenue	Budget K	Actual K	Variance K
1	Internally Generated			
2	Owners' Rates	11,263,489	3,793,147	(7,470,342)
3	Local Taxes	253,530	130,539	(122,991)
4	Fees and Charges	6,297,265	2,905,651	(3,391,614)
5	Licences	1,383,091	258,230	(1,124,861)
6	Levies	4,148,232	4,050,806	(97,426)
7	Permits	579,575	841,691	262,116
8	Charges	4,509,500	1,719,451	(2,790,049)
9	Other Income	200,000	2,486,251	2,286,251
	Sub-Total	28,634,682	16,185,766	(12,448,916)
	National Support			
10	Local Government Equalisation Fund	8,904,000	6,016,669	(2,887,331)
11	Grants in Lieu of Rates	-	100,000	100,000
12	Constituency Development Fund	1,600,000	1,000,000	(600,000)
	Sub-Total	10,504,000	7,116,669	(3,387,331)
	Total	39,138,682	23,302,435	(15,836,247)

b. Operational Matters

i. Environmental Management

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the dumpsite carried out in October 2020 revealed the following:

- The Council did not fence the dumpsite for protection from access by unauthorised persons.
- There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite.
- The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.

See pictures below.



Unfenced dumpsite

ii. Inadequacies in Provision of Firefighting and Prevention Services

Section 61 of the Local Government Act requires the Council to, among others provide firefighting and prevention services. However, a review of the firefighting and prevention section at the Council revealed the following:

- **Inadequate Number of Fire Services Staff**

Although the council had a Firefighting Unit, it was observed that the Unit was under staffed in that out of an establishment of sixty five (65) positions, thirty nine (39) were filled leaving a balance of twenty six (26) vacant as at 31st October 2020.

- **Failure to Insure Fire Officers**

Section 20 of the Fire Services Brigade Standing Orders requires among other things, that all Fire Officers be insured and be provided with protective clothing.

Contrary to the Standing Orders, the Council neither insured its fire officers nor provided protective clothing.

c. Accounting for Revenue

i. Failure to Reconcile Daily Cash Collection Sheets

Local Authorities Financial Regulation Nos. 71 and 72 state, “Collectors of revenue shall keep cash book sheets daily”, and that “the Treasurer shall ensure that collectors of revenue account for the amount of moneys collected by them on a daily basis”.

Contrary to the regulations, cash collections amounting to K143,224 were unaccounted for in that there were no reconciliations done. Further, cash collection sheets and deposit slips were not availed for audit. See table 12.2 below.

Table 12.2: Unaccounted for Revenue

No.	Source of funds	Amount K
1	Rest house	3,435
2	General	139,789
	Total	143,224

ii. Missing Receipt Books

Local Authorities Financial Regulation No. 28 requires the keeping of all accounting records such as cash books and receipts until they are audited. However, a scrutiny of the register of accountable documents during the period under review revealed that four (4) receipt books were not availed for audit.

Further, an inspection of receipt books availed for audit revealed that seventeen (17) receipts were missing from the availed receipt books as shown in table 12.3 below.

Table 12.3: Missing Receipts

No.	Source	No. of Receipts
1	Rest house	4
2	General	13
	Total	17

iii. Failure to Collect Revenue

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

However, a scrutiny of the records and receivables ledgers revealed that the Council was owed amounts totalling K173,373 in respect of rental income from ten (10) tenants as at 31st December 2019. The amount remained uncollected as at 31st October 2020.

d. Unretired Accountable Imprest

Local Authorities Financial Regulation No. 119 (1) and (2) states, “A special imprest shall be retired immediately the purpose for which they are issued has been fulfilled”. Further, “Where the imprest is not cleared within forty-eight hours of the holder’s return, the issuing officer shall, in writing, instruct the officer-in-charge of the salaries section to deduct the amount outstanding from the salary of that holder, in the following month”.

Contrary to the regulation, imprest in amounts totalling K19,941 issued to several officers during the period under review, had not been retired and no recoveries had been effected as at 31st October 2020.

e. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 requires that a Treasurer shall keep proper records of receipts and issue of stocks and stores.

Contrary to the regulation, various stores costing K157,633 (general stores - K74,650 and fuel - K82,983) were not accounted for in that there were no receipt and disposal details.

f. Management of Assets

An examination of an asset register and other related records for the Council revealed the following:

i. Failure to Insure Motor Vehicles

Roads and Road traffic Act No.11 of 2002 requires all users of motor vehicles or trailers to have at least third-party insurance cover.

Contrary to the Act, the Council did not insure four (4) motor vehicles during the period under review.

ii. Failure to Avail Motor Vehicle

A motor vehicle (Toyota Hilux Registration number BAE 6241) valued at K463,105 was not availed for inspection during an inspection of motor vehicles carried out in June, 2020 at the Council.

iii. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which twenty (20) properties such as a market, ablution block, office block, medium cost housing units, staff houses and bus station were located.

iv. Failure to Maintain Properties

A physical inspection carried out in June 2020 revealed that some properties were poorly maintained in that they were not painted and floors and ceiling boards were damaged. In particular, the following were observed:

- **Fire Station**

The fire station had damaged corridor floor and ceiling board. See pictures below.



Corridor inside fire station



Dilapidated ceiling board

- **Police Station**

The community hall which was being used as a police station had broken ceiling board, broken windows and exposed electrical wires. See pictures below.



Dilapidated Police Station

- **Council House**

A Council house with three (3) bedrooms, although occupied had a damaged roof, broken windows and damaged floors. See pictures below.



Dilapidated Council House

g. Management of Local Government Equalisation Fund - Contract for Street Lighting

The Local Government (Amendment) Act No.12 of 2014 requires that a Council should use at least 20% of the equalisation funds received in any financial year to finance capital expenditure.

During the period under review, the Council received equalisation funds in amounts totalling K6,016,669 out of which at least K1,203,334 was to be utilised on capital projects.

On 17th October 2018, the Council entered into a contract with South Hawk Trading to supply and install eight five (85) street lights at a contract sum of K344,250 with a contract period of fourteen (14) days from the date of signing the contract.

The Scope of works included:

- Excavation,
- Construction of concrete pads,
- Welding of base plate,
- Fitting of new street lights.

As of June 2020, the contractor had been paid amounts totalling K192,655 representing 56% of the contract sum.

A physical inspection of the project carried out in October 2020 revealed that out of eighty five (85) street lights that were procured, the supplier had only delivered and installed twenty eight (28) street lights.

Further, the excavated holes for the street lights were filled with garbage while the poles installed for the lights were vandalised, leaving electric cables exposed. See pictures below.



Vandalised street light pole



Street lights along the Great East Road

h. Management of Constituency Development Fund Projects

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a total provision of K1,600,000 was made as Constituency Development Fund (CDF) to cater for Chongwe Constituency and an amount of K1,000,000 was released resulting in an underfunding of K600,000.

As at 31st August 2020, amounts totalling K110,000 had been spent leaving a balance of K890,000.

In this regard, the Council embarked to complete projects that begun as far back as 2013 using labour based contracts. A physical inspection of selected projects conducted in October 2020 revealed that works for two (2) projects had not been completed. See table 12.4 below.

Table 12.4: Outstanding Works

Project Name	Ward	Estimated Cost	Scope of Works	Completion Period	Works Done	Cost of Works	Observations
Completion of a 2 x 1 classroom block	Kasenga	29,100	<ul style="list-style-type: none"> Block work from window level up to wall plate. Roofing, Plastering, Painting, Window, Door frames and Door installation 	Not Specified.	Plastering, Painting and Block work from window level up to wall plate completed.	K20,000	<ul style="list-style-type: none"> Doors and window panes not completed. Fixing of the doors also not completed.
Construction of a market Shelter at State Lodge.	Palabana	27,665	<ul style="list-style-type: none"> Steel works and Roofing Construction of selling counters Construction of floor slab 	December 2019	Construction of floor slab. Steel works	K14,450	<ul style="list-style-type: none"> Roofing and Construction of selling counters not completed. Materials had stayed in storage since works stalled in February 2020.

i. Management of Liabilities – Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K33,842,203 in respect of tax and pension contributions. See table 12.5 below.

Table 12.5: Unremitted Statutory Obligations

No.	Institution	Amount K
1	LASF	727,628
2	NAPSA	25,177,885
3	ZRA	7,936,689
	Total	33,842,203

13 Isoka Town Council

13.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K14,000,627 against which amounts totalling K9,956,714 were received and generated resulting in a negative variance of K4,043,913 as shown in table 13.1 below.

Table 13.1: Budget and Income

No.	Revenue Type	Budget K	Actual K	Variance K
	Internally Generated			
1	Local Taxes/Rates	26,655	12,061	(14,594)
2	Fees	2,996,795	845,985	(2,150,810)
3	Permits	487,496	289,868	(197,628)
4	Levies	128,503	39,275	(89,228)
5	Charges	882,750	336,467	(546,283)
6	Other Receipts	158,110	28,435	(129,675)
	Sub Total	4,680,309	1,552,091	(3,128,218)
	National Support			
7	Equalisation Fund	7,620,318	6,704,623	(915,695)
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Grants in Lieu of Rates	100,000	100,000	-
	Sub Total	9,320,318	8,404,623	(915,695)
	Total	14,000,627	9,956,714	(4,043,913)

b. Operational Matters

i. Failure to Prepare an Integrated Development Plan

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an approved integrated development plan.

ii. Environmental Management - Poor Management of Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a local authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

A physical inspection of the dumpsite carried out in March 2020 revealed that the dumpsite was not fenced and was not certified by the ZEMA prior to its use.

iii. Lack of Firefighting and Prevention Services

First Schedule Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states, “a local authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have a fire station and fire engine as at 31st October 2020.

c. Accounting for Revenue

i. Failure to Update the Main Valuation Roll

Section 9 (4) of the Rating Act No. 21 of 2018 states, “the rating authority shall not less than once in every five (5) years or such longer period as the Minister may approve, cause to be prepared a new main roll”.

Contrary to the Act, the Council did not have an updated valuation roll as at 31st October 2020 as the valuation roll in use was last updated in 1992.

ii. Missing Receipt Books

Local Authorities Financial Regulation No. 28 (1) (b) requires that receipts of all types be preserved for a period of ten (10) years.

Contrary to the regulation, three (3) receipt books used during the period under review were not availed for audit. See table 13.2 below.

Table 13.2: Missing Receipt Books

No.	Receipt Range	Type of Receipt
1	3051-3100	General (Barrier)
2	38251-39000	Market
3	3751-4500	General

iii. Failure to Collect Revenue

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, the Council failed to collect revenue in amounts totalling K31,038 in respect of billboard fees and mast levies as at 31st December 2019. See table 13.3 below.

Table 13.3: Uncollected Revenue

No.	Revenue Type	Amount K
1	Billboard Fees	11,038
2	Mast Levy	20,000
	Total	31,038

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

d. Procurement of Goods and Services

i. Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, eight (8) payments in amounts totalling K21,370 were not supported with relevant documentation such as invitation letters, invoices and receipts.

ii. Unaccounted for Fuel

Local Authorities Financial Regulation No. 145 states, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, fuel costing K16,513 procured during the period under review was unaccounted for in that there were no receipt and disposal details.

e. Management of Local Government Equalisation Fund – Non Operational System

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K6,704,623 out of which at least K1,340,925 was to be utilised on capital projects.

In this regard, in August and December 2019, the Council paid amounts totalling K61,022 to a local supplier for the supply of various equipment for installation of wireless internet, point of sale, network system and training of officers.

Despite the equipment being supplied, installed and officers trained, the wireless internet, point of sale and network system were not operational from the time of installation.

f. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA) and National Pension Scheme Authority (NAPSA) amounts totalling K3,791,727 in respect of tax and pension contributions some of which had been outstanding from as far back as 2017. See table 13.4 below.

Table 13.4: Unremitted Statutory Obligations

No.	Institution	Amount K
1	NAPSA	1,308,957
2	ZRA	2,482,770
	Total	3,791,727

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K4,901,825 in respect of staff obligations such as salary arrears, terminal benefits and settling in allowances some of which had been outstanding from as far back as 2017. See table 13.5 below.

Table 13.5: Outstanding Staff Obligations

No.	Description	Amount K
1	Salary arrears	1,167,882
2	Terminal benefits	3,341,390
3	Settling in allowances	392,554
	Total	4,901,825

14 Kabompo Town Council

14.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K26,409,553 against which amounts totalling K18,061,735 were received and generated resulting in a negative variance of K8,347,818 as shown in table 14.1 below.

Table 14.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes	121,594	9,526	237,622	11,945	359,216	21,471	(337,745)
2	Fees and Charges	1,741,926	616,739	1,216,000	418,096	2,957,926	1,034,835	(1,923,092)
3	Licences	-	1,090	32,000	2,827	32,000	3,917	(28,083)
4	Levies	-	671,862	426,000	260,727	426,000	932,589	506,589
5	Permits	-	8,630	29,004	14,130	29,004	22,760	(6,244)
6	Other receipts	575,534	1,207	160,000	1,957	735,534	3,164	(732,370)
	Total	2,439,054	1,309,054	2,100,626	709,682	4,539,680	2,018,735	(2,520,945)
	National Support							
7	Local Government Equalisation Fund	8,915,564	7,087,638	9,954,309	7,055,362	18,869,873	14,143,000	(4,726,873)
8	Grants in Lieu of Rates	-	100,000	-	200,000	-	300,000	300,000
9	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
	Sub Total	10,515,564	7,187,638	11,354,309	8,855,362	21,869,873	16,043,000	(5,826,873)
	Total	12,954,618	8,496,691	13,454,935	9,565,044	26,409,553	18,061,735	(8,347,818)

b. Failure to Collect Revenue from Sale of Plots

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

In June 2019, the Council offered 262 plots for sale to the public from which amounts totalling K1,612,200 (K157,200 application fees and K1,455,000 service charges) were expected.

Contrary to the regulation, as at 31st October 2020, only K309,905 had been collected leaving a balance of K1,302,295.

c. Irregular Payment of Sitting Allowance

Cabinet Office Circular No. 11 of 2013 abolished payments of administrative allowances.

Contrary to the circular, the Council paid sitting allowance in amounts totalling K30,300 to several officers for attending procurement and evaluation committee meetings. As at 31st October 2020, no recoveries had been made.

d. Management of Local Government Equalisation Fund - Landscaping at Musamba Market

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least 20% of funds received as equalisation funds in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K14,143,000 out of which at least K2,828,600 was to be utilised on capital projects.

In this regard, on 4th July 2019, the Council awarded a contract to Big Tree Enterprises Ltd of Kabompo for landscaping, paving and construction of drainage system at Musamba Market at a contract sum of K303,883 VAT inclusive with a duration of three (3) months.

The scope of works included; concrete works, block works, paver’s installation, road

signs, mild steel poles, steel gates, external lighting, plastering, painting and decorating and drainage works.

Although the project had been handed over to the employer, the following works costing K18,000 had not been undertaken as of July 2020:

- i. fitting of two (2) steel gates (K6,000)
- ii. Construction of the drainage (K1,000)
- iii. Fitting of one (1) flood light (K1,000)
- iv. Fitting of six (6) road signs (K10,000)

e. Management of Constituency Development Fund - Construction of a 1x3 Classroom Block at Chifubwe South Primary School

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a total provision of K3,000,000 was made as Constituency Development Fund (CDF) to cater for Kabompo Constituency and an amount of K1,600,000 was released.

A physical inspection of selected CDF projects in the District conducted in July 2020 revealed the following:

On 19th June 2019, the Council awarded a contract to Necman Zambia Limited for the construction of a 1x3 classroom block at Chifubwe South Primary School at a contract sum of K362,277 VAT inclusive with a duration of three (3) months ending on 20th September 2019.

As at 31st December 2019, amounts totalling K86,287 had been paid to Necman Zambia Limited leaving a balance of K275,990.

The scope of works included; superstructure, substructure, flooring, plastering, metal works, glazing, supply and fitting doors, painting, brick work and roofing.

i. Delayed Completion of the Project

Although the works were expected to be completed on 20th September 2019, the works had not been completed as at 4th November 2019.

In this regard, on 4th November 2019, the Council terminated the contract.

ii. Failure to Redeem the Performance Bond

The contractor had submitted a bond with condition that the insurance company was to obtain a bid for the completion of the contract or compensate the council the amount required by the employer to complete the contract up to the total not exceeding the amount of the bond of K54,342.

However, as at 31st October 2020, the Council had not redeemed the performance bond.

iii. Completion of Works

Following the termination of the contract, Big Tree Construction was engaged on 5th December 2019 to complete the remaining works at a contract sum of K270,645 VAT inclusive. The works were expected to be completed before March 2020.

As at 31st July 2020, amounts totalling K260,375 had been paid to the contractor leaving a balance of K10,270.

However, as at 31st October 2020, the works had not been completed as glazing, joinery, painting, screed finishes, spoon drains and aprons were still outstanding. See pictures below.



Incomplete 1 x 3 CRB

f. Management of Liabilities

i Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities

Superannuation Fund (LASF) amounts totalling K3,168,055 in respect of tax and pension contributions some of which had been outstanding from as far back as 2000. See table 14.2 below.

Table 14.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	2,115,522
2	NAPSA	564,094
3	LASF	488,439
	Total	3,168,055

ii Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K2,022,882 in respect of various staff obligations such as long service bonus, salary arrears, settling in allowance and Councillors allowances some of which had been outstanding from as far back as 2010.

15 Kabwe Municipal Council

15.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K147,752,416 against which amounts totalling K90,797,440 were received and generated resulting in a negative variance of K56,954,976 as shown in table 15.1 below.

Table 15.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget	Actual	Budget	Actual	Budget	Actual	Variance
Internally Generated								
1	Owners Rates	15,934,884	4,818,894	7,209,013	8,590,112	23,143,897	13,409,006	(9,734,891)
2	Local Taxes/Rates	300,000	180,754	-	-	300,000	180,754	(119,246)
3	Fees and charges	8,574,119	6,428,232	13,404,800	8,707,176	21,978,919	15,135,408	(6,843,511)
4	Licences	778,000	479,725	-	-	778,000	479,725	(298,275)
5	Levies	2,600,500	1,857,438	1,681,200	1,657,902	4,281,700	3,515,340	(766,360)
6	Permits	1,330,500	2,200,972	938,000	636,147	2,268,500	2,837,119	568,619
7	Charges	31,648,976	471,898	-	-	31,648,976	471,898	(31,177,078)
8	Other income	617,521	1,788,341	21,684,320	2,966,950	22,301,841	4,755,291	(17,546,550)
	Sub Total	61,784,499	18,226,254	44,917,333	22,558,287	106,701,832	40,784,541	(65,917,291)
National Support								
9	Local Government Equalisation Fund	16,375,592	27,624,905	16,375,592	15,410,944	32,751,184	43,035,849	10,284,665
10	Grants in Lieu of Rates	-	260,000	500,000	500,000	500,000	760,000	260,000
11	Constituency Development Fund	3,200,000	-	2,800,000	3,200,000	6,000,000	3,200,000	(2,800,000)
12	National Fire-Grant	-	1,000,000	1,799,400	2,017,050	1,799,400	3,017,050	1,217,650
	Sub Total	19,575,592	28,884,905	21,474,992	21,127,994	41,050,584	50,012,899	8,962,315
	Total	81,360,091	47,111,159	66,392,325	43,686,281	147,752,416	90,797,440	(56,954,976)

b. Environmental Management - Poor Management of Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the Mukobeko dumpsite carried out in October 2020 revealed the following:

- i. The Council did not fence the dumpsite for protection from access by unauthorised persons,
- ii. There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite, and
- iii. The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.

See pictures below.



Unfenced Mukobeko dumpsite



Scavengers spotted at the Dumpsite

c. Accounting for Revenue

i. Unpaid Tipping Fees

A review of the tipping reports in respect of various transporters of waste revealed that three (3) transporters had not paid fees in amounts totalling K19,982 during the period under review.

ii. Failure to Collect Revenue

Local Authorities Financial Regulation No. 12 (h) requires the Treasurer to collect punctually all revenue and other Council moneys which become due and payable to the Council.

Contrary to the regulation, the following were observed:

- **Sale of Plots**

During the period under review, the council offered 208 residential and 685 stall plots from which revenue in amounts totalling K4,066,800 was expected to be collected.

However, out of the expected revenue of K4,066,800 from the sale of plots, the Council collected amounts totalling K3,346,950 leaving a balance of K719,850 as at 31st October 2020.

- **Rentals from Properties**

Contrary to the regulation, the Council did not collect rent in amounts totalling K331,032 from 100 properties as at 31st October 2020.

Further, the Council did not provide lease agreements for eighteen (18) properties that were on rent during the period under review.

d. Management of Assets

i. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which eleven (11) properties valued at K34,003,600 were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, the council properties had not been insured as at 31st October 2020.

ii. Poor Maintenance of Buildings

A physical inspection of selected Council properties carried out in October 2020 revealed that some properties were dilapidated due to lack of maintenance as detailed below.

- **Mutende and Mwaizeni Taverns**

The windows were broken, doors were damaged and had not been painted for a long time. See picture below.



Mwaiseni Tavern

- **Nsaka Minimart and Tavern**

The windows were broken, doors were damaged and paint had faded.

- **Venus Theatre**

The windows were broken, doors were damaged, paint had faded and ceiling had collapsed.

e. Management of Constituency Development Fund – Delayed Completion of Projects

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a total provision of K6,000,000 was made as Constituency Development Fund (CDF) to cater for two (2) constituencies and an amount of K3,200,000 was released in 2018 resulting in an underfunding of K2,800,000.

The Ministry approved eleven (11) projects to be implemented in Bwacha Constituency. A physical inspection of selected projects carried out in October 2020 revealed that there were delays in the completion of projects as shown in table 15.2 below.

Table 15.2: Delayed Completion of Projects

No.	Project	Contractor	Contract Date		Contract	Contract Sum K	Amount spent K	Scope of Works	Observations
			Start	End					
1	Construction of 1x2 Class Room Block at Bwafwano Primary School	Underpin Business Limited	27.11.2019	19.02.2020	Full Contract	266,037.88	136,759.94	<ul style="list-style-type: none"> • Sub structure, Concrete and Block work, • Carpentry, joinery and iron monger, metal works, Roofing • Electrical installations, finishings • Painting and decorations • Drainage 	<p>The classroom block had been constructed up to roof level with the following works outstanding: completion of roofing and plastering, fixing of two (2) doors, a window frame and air vents, flooring, glazing, spoon drain, electrical installations, painting and decorations.</p> <p>The project had delayed by ten (10) months.</p>
2	Rehabilitation of Bwacha Police Station	Ndekamu Merchants and Works Enterprises Limited	27.11.2019	08.01.2020	Full Contract	240,000.00	136,759.94	<ul style="list-style-type: none"> • Demolition, Roofing, Door, Glazing, Electrical and Plumbing installations • Fixing ceiling board, Painting and decorations 	<p>The project had not been completed. The outstanding works included: completion of roofing, ceiling board, wiring, painting, plumbing and electrical installations.</p> <p>The project had delayed for eleven (11) months.</p>

f. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K64,685,561 in respect of tax and pension contributions. See table 15.3 below.

Table 15.3: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	15,027,421
2	NAPSA	42,905,141
3	LASF	6,752,999
	Total	64,685,561

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K21,149,453 in respect of accrued leave days, long service bonus and terminal benefits. See table 15.4 below.

Table 15.4: Outstanding Staff Obligations

No.	Details	Amount K
1	Commutation of leave days	10,520
2	Long service bonus	8,451,644
3	Terminal benefits	11,350,400
4	Leave days	157,756
5	Settling in allowance	1,179,133
	Total	21,149,453

16 Kalomo Town Council

16.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K37,457,682 against which amounts totalling K27,138,341 were received and generated resulting in a negative variance of K10,319,341 as shown in table 16.1 below.

Table 16.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes	976,390	418,023	976,390	452,014	1,952,780	870,037	(1,082,743)
2	Fees and Charges	7,091,829	1,648,744	5,078,680	3,221,224	12,170,509	4,869,968	(7,300,541)
3	Licences	23,492	367,466	203,245	196,421	226,737	563,887	337,150
4	Levies	253,837	221,101	69,837	110,467	323,674	331,568	7,894
5	Permits	68,975	59,185	76,850	99,477	145,825	158,662	12,837
6	Commercial Venture	200,000	365,533	-	120,000	200,000	485,533	285,533
7	Other grants (Cooperating Partners- SCRKA)	-	92,179	-	845,784	-	937,963	937,963
8	Commercial venture	-	365,553	-	-	-	365,553	365,553
9	Other Receipts	65,000	65,594	50,000	324,785	115,000	390,379	275,379
	Sub Total	8,679,523	3,603,378	6,455,002	5,370,172	15,134,525	8,973,550	(6,160,975)
	National Support							
10	Local Government Equalisation Fund	8,821,578	7,201,890	7,501,579	7,515,951	16,323,157	14,717,841	(1,605,316)
11	Constituency Development Fund	3,200,000	-	2,800,000	3,200,000	6,000,000	3,200,000	(2,800,000)
12	Grants in Lieu of rates	-	126,950	-	120,000	-	246,950	246,950
	Sub Total	12,021,578	7,328,840	10,301,579	10,835,951	22,323,157	18,164,791	(4,158,366)
	Total	20,701,101	10,932,218	16,756,581	16,206,123	37,457,682	27,138,341	(10,319,341)

In addition, an amount of K2,269,421 was brought forward from 2017 bringing the total funds available to K29,407,762.

b. Operational Matters - Environmental Management – Poor Management of the Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the dumpsite carried out in October 2020 revealed the following:

- i. The Council did not fence the dumpsite for protection from access by unauthorised persons.
- ii. The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.
- iii. There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite.

c. Accounting for Revenue

i. Missing Receipt Books

Local Authorities Financial Regulation No. 28 (1) (b) requires that receipts of all types be preserved for the period of ten years.

Contrary to the regulation, fourteen (14) receipt books used during the period under review were not availed for audit. See table 2 below.

ii. Delayed Banking

Local Authorities Financial Regulation No. 19 states, “all cheques and cash received shall be banked as soon as possible but not later than two days after the day of receipt”.

Contrary to the regulation, there were delays in banking of revenue in amounts totalling K46,320 for periods ranging from three (3) to thirty nine (39) days. The delay in days did not include weekends and public holidays.

iii. Failure to Update Valuation Roll

Section 9 (4) of the Rating Act No. 21 of 2018 states, “the rating authority shall not less than once in every five (5) years or such longer period as the Minister may approve, cause to be prepared a new main roll”.

Contrary to the Act, the Council did not have an updated valuation roll at the time of audit as the valuation roll in use expired in 2018.

d. Management of Assets - Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which thirty six (36) properties such as a farm, new bus station, houses and office buildings were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, the thirty six (36) buildings valued at K25,974,762 owned by the Council had not been insured as at 31st October 2020.

e. Management of Local Government Equalisation Fund – Misapplication of Funds

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K13,394,484 out of which at least K2,678,897 was to be utilised on capital projects.

Contrary to the Act, amounts totalling K1,071,189 meant for projects were applied on payment of salaries.

f. Management of Constituency Development Fund

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a total provision of K6,000,000 was made as Constituency Development Fund (CDF) to cater for two (2) constituencies and an amount of


K3,200,000 was released in 2018 resulting in an underfunding of K2,800,000. See table 16.2 below.

Table 16.2: CDF Funding



No.	Constituency	2018		2019		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
1	Kalomo Central	1,400,000	1,600,000	1,600,000	-	3,000,000	1,600,000	(1,400,000)
2	Dundumwezi	1,400,000	1,600,000	1,600,000	-	3,000,000	1,600,000	(1,400,000)
	Total	2,800,000	3,200,000	3,200,000	-	6,000,000	3,200,000	(2,800,000)


A physical inspection of the projects carried out in October 2020 revealed that the works had not been completed. See table 16.3 below.

Table 16.3 Delayed Completion of Projects

No.	Project Name	Ward/ Constituency	Contractor and Contract Sum	Contract Date / Duration	Allocated Amount K	Expenditure to Date			Scope of works	Observations
						Total Expenditure K	Labour K	Materials K		
1	Construction of 1x3 Classroom Block at Magraymond Primary School	Mwata – Kalomo Central	Mr. Victor Matambo (K7,000)	29.07.2019 to 29.10.2019	75,000	71,795		71,795	<ul style="list-style-type: none"> • Excavation works • Block work • Plastering • Roofing • Metal works • Painting 	<p>Works had not been completed, twelve (12) months after the expected completion date. The outstanding works included:</p> <ul style="list-style-type: none"> • Block work (superstructure) • Concrete slab, Plastering, Roofing • Carpentry, Metal works, Painting <p>See picture below.</p>  <p><i>Incomplete 1 x 3 Classroom Block</i></p>

2	Construction of Relative's Shelter at Kalomo Hospital (Request Mutanga)	Mwata – Kalomo Central	Mr. Dube Engram (K25,000)	29.07.2019 To 29.10.2019	130,000	129,102		129,102	<ul style="list-style-type: none"> • Excavation works • Block work • Plastering • Glazing • Plumbing works • Roofing • Electrical works • Carpentry • Metal works • Painting • Other general finishes. 	<p>Project had not been completed, twelve (12) months after the expected completion date. The outstanding works included:</p> <ul style="list-style-type: none"> • Plastering- exterior, Painting, • Power connections. • Spoon drain. <p>See picture below.</p>  <p><i>Incomplete Relative's Shelter at Request Mutanga Hospital</i></p>
3	Completion of 1x3 Classroom Block at Kantini Community School	Chamuka- Dundumwezi	Hakasikili Friday (K4,000)	07.01.2016 To 07.03.2016	40,000	36,535	2,000	34,535	<ul style="list-style-type: none"> • Block work • Plastering • painting • Roofing • Carpentry 	<p>Works had not been completed. Outstanding works included:</p> <ul style="list-style-type: none"> • Roofing, Plastering, Painting • Carpentry, Metal works • Drainage works

									<ul style="list-style-type: none"> • Drainage works • Metal works. 	<p>See picture below.</p>  <p><i>Incomplete 1 x 3 classroom block</i></p>
4	Construction of 1x3 classroom block at Habulile Primary School	Chikanta - Dundumwezi	Mr. Monday Sikayamba (K9,000)	10.08.2019 To 10.11.2019	120,000	105,606	4,500	101,106	<ul style="list-style-type: none"> • Excavation works • Block work • Plastering • Roofing • Metal works • Carpentry • Spoon drain • Other general finishes 	<p>Project had not been completed, eleven (11) months after the expected completion date. The outstanding works included Painting, Glazing and Spoon drain. See picture below.</p>  <p><i>Incomplete 1 x 3 classroom block</i></p>

5	Construction of 1x3 classroom block at Kasukwe Primary School	Kasukwe-Dundumwezi	Mr. Denis Mukonka (K1,795)	04.09.2019 04.12.2019	120,000	119,103	898	118,205	<ul style="list-style-type: none"> • Concrete works • Block work • Roofing • Plastering • Metal works • Carpentry • Spoon drain • Other general finishes 	<p>Project had not been completed, eleven (11) months after the expected completion date. The outstanding works included:</p> <ul style="list-style-type: none"> ▪ Roofing, Carpentry ▪ Casting concrete in the main foundation box and Spoon drain. <p>See picture below.</p> <div style="text-align: center;">  </div> <p style="text-align: center;"><i>Incomplete 1 x 3 classroom block</i></p>
---	---	--------------------	-------------------------------	--------------------------	---------	---------	-----	---------	--	--

g. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K6,218,240 in respect of tax and pension contributions. See table 16.4 below.

Table 16.4: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	4,093,705
2	NAPSA	1,570,763
3	LASF	553,772
	Total	6,218,240

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K1,243,818 in respect of terminal benefits, long service bonus and settling in allowance. See table 16.5 below.

Table 16.5: Outstanding Staff Obligations

No.	Details	Amount K
1	Terminal Benefits	487,500
2	Long Service Bonus	716,542
3	Sttling in Allowance	39,776
	Total	1,243,818

17 Kalumbila Town Council

17.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K99,120,042 against which amounts totalling K73,941,003 were received ‘ and generated resulting in a negative variance of K25,179,039 as shown in table 17.1 below.

Table 17.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes	29,864,671	36,134,808	29,864,671	20,688,186	59,729,342	56,822,994	(2,906,348)
2	Fees and Charges	12,223,200	935,009	11,621,250	1,428,160	23,844,450	2,363,169	(21,481,281)
3	Licences	-	54,680	8,500	22,980	8,500	77,660	69,160
4	Levies	-	713,424	237,800	778,249	237,800	1,491,673	1,253,873
5	Permits	-	175,890	158,950	194,650	158,950	370,540	211,590
6	Other receipts	85,000	378,891	80,000	99,897	165,000	478,788	313,788
	Total	42,172,871	38,392,702	41,971,171	23,212,122	84,144,042	61,604,824	(22,539,218)
	National Support							
7	Local Government Equalisation Fund	5,988,000	5,269,658	5,988,000	5,466,521	11,976,000	10,736,179	(1,239,821)
8	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
	Sub Total	7,588,000	5,269,658	7,388,000	7,066,521	14,976,000	12,336,179	(2,639,821)
	Total	49,760,871	43,662,360	49,359,171	30,278,643	99,120,042	73,941,003	(25,179,039)

b. Accounting for Revenue – Failure to Provide Receipts Books for Audit

The Local Authorities Financial Regulation No. 28 requires the keeping of accounting records such as cashbooks and receipts of all types until they are audited.

Contrary to the regulation, eighteen (18) receipt books meant for collection of revenue at markets (12) and bus stations (6) were not availed for audit.

c. Procurement of Goods and Services

i. Missing Payment Vouchers

Local Authorities Financial Regulation No. 98 (1) requires that all payment vouchers with supporting documents, and any other forms which support a

charge entered into the accounts, should be carefully filed, secured and be readily available for audit,

Contrary to the regulation, sixteen (16) payment vouchers in amounts totalling K251,962 processed during the period under review were not availed for audit.

ii. Failure to Deliver Firefighters' Uniforms

On 28th December 2018, the Council engaged Linchem Fire Accessory Solutions for the supply of firefighters' uniforms at a total cost of K102,089 with a delivery period of seven (7) days. As at 31st July 2019, the supplier had been paid in full.

However, as at 31st October 2020, the supplier had delivered uniforms costing K74,188 leaving a balance of uniforms costing K27,931.

d. Management of Constituency Development Fund (CDF) - Construction of a Staff House at Mushingashi Basic School

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a total provision of K3,000,000 was made as Constituency Development Fund (CDF) to cater for Solwezi West Constituency and an amount of K1,600,000 was released.

In this regard, on 23rd January, 2018, the Council awarded a contract to Nkolemma Construction and Waste Management for the construction of a staff house at Mushingashi Basic School at a contract sum of K133,189 with the duration of three (3) months up to April 2018. Further, there was a variation in the contract sum by K4,585 to K137,774.

The scope of works included superstructure, brick and concrete works, flooring, plastering, metal works, glazing, carpentry works, ceiling, plumbing, painting, roofing and external drainage works.

As at 31st July 2020, amounts totalling K137,774 had been paid to the contractor.

A physical inspection carried out in November 2020 revealed that the project had not been completed seventeen (17) months after the expected completion date and the contractor was not on site. The outstanding works included glazing, plumbing, painting and external drainage works. See pictures below.



Incomplete Construction of a Staff House

18 Kanchibiya Town Council

18.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K19,650,677 against which amounts totalling K14,102,538 were received and generated resulting in a negative variance of K5,548,139 as shown in table 18.1 below.

Table 18.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local taxes and rates	14,925	15,150	4,500	14,865	19,425	30,015	10,590
2	Fees and Charges	2,669,726	186,948	613,140	29,836	3,282,866	216,784	(3,066,082)
3	Licences	21,020	8,120	27,750	-	48,770	8,120	(40,650)
4	Permits	13,250	18,225	12,500	3,631	25,750	21,856	(3,894)
5	Levies	66,326	22,287	19,540	31,346	85,866	53,633	(32,233)
	Subtotal	2,785,247	250,730	677,430	79,678	3,462,677	330,408	(3,132,269)
	National Support							
7	Local Government Equalization Fund	7,512,000	5,685,261	5,676,000	6,026,869	13,188,000	11,712,130	(1,475,870)
8	Grants in Lieu of Rates	-	460,000	-	-	-	460,000	460,000
9	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
	Sub Total	9,112,000	6,145,261	7,076,000	7,626,869	16,188,000	13,772,130	(2,415,870)
	Total	11,897,247	6,395,991	7,753,430	7,706,547	19,650,677	14,102,538	(5,548,139)

b. Operational Matters – Failure to Prepare an Integrated Development Plan

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an approved integrated development plan.

c. Procurement of Goods and Services

i. Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, twenty one (21) payments in amounts totalling K171,962 were not supported with documentation such as invitation letters, invoices and receipts.

ii. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 states, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, stores items costing K279,310 (general stores - K243,836 and fuel - K35,474) procured during the period under review were unaccounted for in that there were no receipt and disposal details.

d. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), Local Authorities Superannuation Fund (LASF), and National Pension Scheme Authority (NAPSA) amounts totalling K466,178 in respect of tax and pension contributions some of which had been outstanding from as far back as 2017. See table 18.2 below.

Table 18.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	LASF	29,169
2	NAPSA	124,936
3	ZRA	312,073
	Total	466,178

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K75,000 in respect of leave and travel benefits.

19 Kapiri Mposhi Town Council

19.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K91,760,906 against which amounts totalling K48,391,621 were received and generated resulting in a negative variance of K43,369,285 as shown in table 19.1 below.

Table 19.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Rates	8,646,633	3,022,427	6,006,970	83,192	14,653,603	3,105,619	(11,547,984)
2	Local Taxes	42,180	199,453	32,355	9,644	74,535	209,097	134,562
3	Fees	7,691,140	1,795,934	2,420,580	1,208,522	10,111,720	3,004,456	(7,107,264)
4	Licences	873,264	721,974	444,133	509,061	1,317,397	1,231,035	(86,362)
5	Levies	1,405,720	2,159,458	139,250	427,966	1,544,970	2,587,424	1,042,454
6	Permits	871,688	385,194	250,050	182,201	1,121,738	567,395	(554,343)
7	Charges	12,100,000	609,764	27,099,000	7,771,110	39,199,000	8,380,874	(30,818,126)
8	Other Income	413,338	333,810	168,700	9,876,616	582,038	10,210,426	9,628,388
	Subtotal	32,043,963	9,228,014	36,561,038	20,068,312	68,605,001	29,296,326	(39,308,675)
	National Support							
9	Local Government Equalisation Fund	10,340,627	8,786,643	9,215,278	8,358,652	19,555,905	17,145,295	(2,410,610)
10	Grants In Lieu of Rates	300,000	200,000	300,000	150,000	600,000	350,000	(250,000)
11	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
	Subtotal	12,240,627	8,986,643	10,915,278	10,108,652	23,155,905	19,095,295	(4,060,610)
	Total	44,284,590	18,214,657	47,476,316	30,176,964	91,760,906	48,391,621	(43,369,285)

b. Environmental Management - Poor Management of Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the dumpsite carried out in October 2020 revealed the following:

- i. The dumpsite was not fenced for protection from access by unauthorised persons,
- ii. There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite, and
- iii. The waste was not compacted or covered with a layer of soil thereby exposing the community to health hazards.

c. Accounting for Revenue - Delayed Banking

Local Authorities Financial Regulation No. 19 states, “All cheques and cash received shall be banked as soon as possible but not later than two days after the day of receipt”.

Contrary to the regulation, there were delays in banking of revenue collected at the Council Lodge in amounts totalling K529,823 for periods ranging from one (1) to forty seven (47) days.

d. Procurement of Goods and Services

i. Missing and Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, twenty seven (27) payment vouchers in amounts totalling K156,816 made during the period under review were not availed for audit.

In addition, four (4) payments in amounts totalling K27,984 were not supported with documentation such as receipts and purchase orders.

ii. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 states “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, various stores items costing K310,183 procured during the period under review were unaccounted for in that there were no receipt and disposal details.

e. Management of Assets - Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the regulation, the Council did not secure title for parcels of land on which twenty (20) properties such as market toilets, main civic centre, and council lodge valued at K18,302,505 were located.

In addition, Local Authorities Financial Regulation No. 154 states that, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, the properties had not been insured as at 31st October 2020.

f. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), Local Authorities Superannuation Fund (LASF) and National Pension Scheme Authority (NAPSA) amounts totalling K10,319,737 in respect of tax and pension contributions. See table 19.2 below.

Table 19.2: Unremitted Statutory Obligations

No.	Details	Amount K
1	ZRA	5,574,790
2	LASF	2,334,437
3	NAPSA	2,410,509
	Total	10,319,737

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K8,269,935 in respect of various staff obligations such as terminal benefits, long service bonus and settling in allowance. See table 19.3 below.

Table 19.3: Outstanding Staff Obligations

No.	Details of Obligation	Amount K
1	Terminal Benefits	3,348,672
2	Long Service Bonus	1,958,641
3	Leave Travel Benefits	2,009,455
4	Social Holiday	56,750
5	Commuted Leave Days	152,180
6	Salary Arrears	113,948
7	Settling in Allowance	630,289
	Total	8,269,935

20 Kasama Municipal Council

20.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Governance - Lack of Chiefs' Representation

Contrary to Article 153 of the Constitution of Zambia (Amendment) Act No. 2 of 2016 which provides for the Council to have not more than three (3) chiefs representing chiefs in the district, elected by the chiefs in the district, Kasama Municipal Council did not have representatives of the Chiefs during the period under review.

b. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K88,014,396 against which amounts totalling K62,847,049 were received and generated resulting in a negative variance of K25,167,347 as shown in table 20.1 below.

Table 20.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes/ Rates	3,223,950	1,657,866	2,109,000	1,696,673	5,332,950	3,354,539	(1,978,411)
2	Fees and Charges	13,260,942	5,848,920	3,792,540	3,425,446	17,053,482	9,274,366	(7,779,116)
3	Licences	132,019	87,204	593,295	150,225	725,314	237,429	(487,885)
4	Levies	1,327,137	1,556,688	1,351,284	1,235,007	2,678,421	2,791,695	113,273
5	Permits	884,852	837,718	988,362	617,646	1,873,213	1,455,364	(417,850)
	Borrowing	2,500,000	1,950,000	5,000,000	4,985,067	7,500,000	6,935,067	(564,933)
6	Other Receipts	232,890	147,830	17,599,640	10,477,422	17,832,530	10,625,252	(7,207,278)
	Subtotal	21,561,790	12,086,226	31,434,121	22,587,485	52,995,911	34,673,711	(18,322,200)
	National Support							
7	Local Government Equalisation Fund	14,273,249	11,871,020	13,945,236	12,311,508	28,218,485	24,182,528	(4,035,957)
8	Grants in Lieu of Rates	200,000	414,500	200,000	376,309	400,000	790,809	390,809
9	Constituency Development Fund	3,200,000	-	3,200,000	3,200,000	6,400,000	3,200,000	(3,200,000)
	Sub Total	17,673,249	12,285,520	17,345,236	15,887,818	35,018,485	28,173,338	(6,845,147)
	Total	39,235,039	24,371,746	48,779,357	38,475,303	88,014,396	62,847,049	(25,167,347)

c. Failure to Collect Debt

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

However, as at 31st December 2019, the Council failed to collect amounts totalling K1,941,829 (petroleum levy – K73,000 and property rates - K1,868,829)

d. Unsupported Bank Deposits

Local Authorities Financial Regulation No. 69 requires that a receipt should be issued by the receiving officer whenever Council money is received.

However, amounts totalling K258,953 deposited during the period under review were not supported by receipts and deposit slips. It was therefore not possible to ascertain the completeness of the funds deposited.

e. Management of Payroll and Staff Related Matters - Failure to Recover Over paid Lunch Allowance

During the period under review, several officers were overpaid lunch allowance in amounts totalling K25,500 in relation to the Sun Funded Project activities. As at 31st October 2019, although the Council had refunded the overpayment to the project, the funds had not been recovered from the officers.

f. Procurement of Goods and Services

i. Unretired Accountable Imprest

Local Authorities Financial Regulation No. 119, (1) states, “special imprest shall be retired immediately after the purpose for which it is issued has been fulfilled”.

Contrary to the regulation, accountable imprest in amounts totalling K157,958 (2018 - K77,823 and 2019 - K80,135) issued to several officers during the period under review had not been retired as at 31st October 2020.

ii. Undelivered Billing System

On 22nd December 2017, the Council paid K175,856 to Palm Soft Computer Application Limited for the supply and installation of a billing software. However, the software had not been delivered as at 31st October 2020.

iii. Missing and Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, sixty (60) payment vouchers in amounts totalling K869,237 made during the period under review were not availed for audit.

In addition, eight (8) payments in amounts totalling K175,693 were not supported with documentation such as contracts, receipts and medical schemes.

iv. Irregular Drawing of Fuel

According to Ministry of Local Government Minute No. MLGH/71/6/93 dated 15th October 2012, officers that are entitled to fuel allowance should not draw fuel from the Council’s fuel account.

However, the Mayor who was receiving fuel allowance irregularly drew 1,511.57 litres of fuel costing K20,270 between June and December 2018.

In addition, fuel costing K21,213 was drawn by private motor vehicles between January and December 2018 without authority.

g. Management of Assets

i. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “a controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which twenty-eight (28) properties such as markets, shops and offices were located.

ii. Failure to Register and Insure Tractors

Sections 11 and 86 of the Road Traffic Act No. 11 of 2002 states, “no person shall use a motor vehicle or trailer unless such vehicle or trailer is registered and insured”.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the Act and Regulation, the Council did not register and insure a tractor procured in 2014 as at 31st October 2020.

h. Irregular Payment of Value Added Tax (VAT)

Section 27(1) of the VAT Act Chapter 331 of the Laws of Zambia requires that only companies that are registered for VAT can charge VAT.

Contrary to the Act, eight (8) companies contracted by the Council to supply and deliver building materials for works at the Civic Centre charged VAT in amounts totalling K268,750 although not registered for VAT. In this regard, the eight (8) companies were overpaid by K268,750. See table 20.2 below.

Table 20.2: Irregularly Paid VAT

No.	Account	No. of Contractors	Amount K
1	Local Government Equalisation Fund	4	188,963
2	Constituency Development Fund	4	79,787
	Total	8	268,750

i. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), Local Authorities Superannuation Fund (LASF) and National Pension Scheme Authority (NAPSA) amounts totalling K21,073,311 in respect of tax and pension contributions some of which had been outstanding from as far back as 2017. See table 20.3 below.

Table 20.3: Unremitted Statutory Obligations

No.	Institution	Amount K
1	LASF	2,064,228
2	NAPSA	6,006,792
3	ZRA	13,002,291
	Total	21,073,311

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K4,864,610 in respect of various staff obligations such as retirement benefits and long service bonuses some of which had been outstanding from as far back as 2015. See table 20.4 below.

Table 20.4: Outstanding Staff Obligations

No.	Staff Obligation	Amount K
1	Long Service Bonus	1,285,136
2	Settling In Allowance	1,226,157
3	Terminal Benefits	2,353,317
	Total	4,864,610

iii. Acquisition of a Loan without Authority

Section 26 (2) of the Public Finance Management Act No.1 of 2018 states, “a public body shall not borrow and lend monies except with the written authority of the Secretary to the Treasury”.

On 7th November 2018, Kasama Municipal Council signed an agreement with Zambia National Commercial Bank PLC for a loan facility of K2,500,000. The purpose of the loan was to meet the Local Authority's capital expenditure requirements. The loan was secured on property Plot No. 2009 currently used as Kapongolo Motel in Kasama town. As at 31st October 2020, the bank had released K1,950,000.

Contrary to the Act, Kasama Municipal Council acquired the loan without authority from the Secretary to the Treasury.

21 Katete Town Council

21.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K33,046,492 against which amounts totalling K24,866,730 were received and generated resulting in a negative variance of K8,179,762. See table 21.1 below.

Table 21.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Owners Rates	419,604	309,846	-	-	419,604	309,846	(109,758)
2	Local Taxes	51,000	22,215	622,515	216,825	673,515	239,040	(434,475)
3	Fees & Charges	2,551,735	1,111,080	4,136,112	1,204,164	6,687,847	2,315,244	(4,372,603)
4	Licences	69,250	1,080	-	-	69,250	1,080	(68,170)
5	Levies	600,235	402,125	-	-	600,235	402,125	(198,110)
6	Permits	385,075	146,482	-	-	385,075	146,482	(238,593)
7	Commercial Ventures	100,000	205,881	-	-	100,000	205,881	105,881
8	Other Income	266,476	120,664	190,000	330,617	456,476	451,281	(5,195)
	Subtotal	4,443,375	2,319,373	4,948,627	1,751,606	9,392,002	4,070,979	(5,321,023)
	National Support							
9	Local Government Equalisation Fund	9,687,130	7,740,478	8,367,360	9,206,731	18,054,490	16,947,209	(1,107,281)
10	Constituency Development Fund	3,200,000	3,200,000	2,200,000	-	5,400,000	3,200,000	(2,200,000)
11	Grants in Lieu of Rates	-	450,000	200,000	198,542	200,000	648,542	448,542
	Sub Total	12,887,130	11,390,478	10,767,360	9,405,273	23,654,490	20,795,751	(2,858,739)
	Total	17,330,505	13,709,851	15,715,987	11,156,879	33,046,492	24,866,730	(8,179,762)

b. Environmental Management – Poor Management of the Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

A physical inspection of the dumpsite carried out in October 2020 revealed that the dumpsite was not fenced.

c. Accounting for Revenue – Failure to Update Valuation Roll

Section 9(4) of the Rating Act No. 21 of 2018 states, “the rating authority shall, not less than once in every five (5) years or such longer period than the Minister may approve, cause to be prepared a new main roll”.

Contrary to the Act, the Council did not have an updated valuation roll as the last one expired in 2015.

d. Management of Payroll and Staff Related Matters - Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, thirteen (13) payments in amounts totalling K71,419 made during the period under review were not supported with documentation such as receipts, invitation letters and activity reports.

e. Management of Assets

i. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which fifteen (15) properties valued at K3,414,012 were located. See table 21.2 below.

Table 21.2: Properties not on Title Deeds

No.	Property Category	Qty	Amount K
1	Fire station	1	867,300
2	Katete police post	1	212,420
3	Bus station ablution	1	115,200
4	Plem Construction site	1	672,000
5	Old butchery	1	151,000
6	Milling Plant	1	290,000
7	Chigaga House	1	243,000
8	Mbangombe House	1	54,400
9	Kagoro sub center	1	205,000
10	Kagoro Houses	4	153,100
11	Kagoro Shop and premises	1	168,600
12	Bus Terminus	1	281,992
	Total	15	3,414,012

ii. Failure to Maintain Properties

A physical inspection of selected properties owned by the Council carried out in July 2020 revealed that some properties were dilapidated due to lack of maintenance as shown in table 21.3 below.

Table 21.3: Failure to Maintain Properties

No	Property Name	Property No.	Location	Status	Observations
1	Kagoro Shop	Unnumbered	Kagoro	Abandoned	<ul style="list-style-type: none"> Dirty walls, broken window panes and leaking roof.
2	Kagoro House	House No. 01	Kagoro	Occupied but no tenancy Agreement	<ul style="list-style-type: none"> Dirty walls, cracks on the edges of the window frames, broken window panes and damaged doors.
3	Kagoro House	House No. 02	Kagoro	Occupied by driver of the Chief.	<ul style="list-style-type: none"> Dirty walls and broken window panes.
4	Kagoro House	House No. 03	Kagoro	Occupied by Zambia Police	<ul style="list-style-type: none"> No hinges for window frame and dirty walls.
5	Kagoro House	House No 04	Kagoro	Occupied	<ul style="list-style-type: none"> Rusty iron sheets, cracked floor and no tenancy agreement.
6	Old council offices	Unnumbered	Kagoro	Unoccupied	<ul style="list-style-type: none"> Broken window panes.

7	Chigaga House	KAT/424	Boma	Occupied But no tenancy agreement.	<ul style="list-style-type: none"> Stained walls, broken window panes and damaged ceiling board.
8	Katete Milling Plant	KAT/236	Boma	Abandoned	<ul style="list-style-type: none"> Cracked veranda floor and leaking roof.
9	Old Council Butchery	Unnumbered	Boma	Abandoned	<ul style="list-style-type: none"> Broken window panes and stained walls.
10	Plem Site	Unnumbered	Boma	Abandoned	<ul style="list-style-type: none"> No roof broken windows panes and damaged door.

iii. Outstanding Receivables

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, the Council was owed amounts totalling K216,362 in respect of formalisation fees and property rates as at 31st December 2019. As at 31st October 2020, the amounts remained uncollected. See table 21.4 below.

Table 21.4: Outstanding Receivables

No.	Debtors	Details	Amount K
1	Food Reserve Agency	Formalisation Fees	10,000
2	Rates	Property Rates	206,362
		Total	216,362

f. Management of Constituency Development Fund

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a total provision of K5,400,000 was made as Constituency Development Fund (CDF) to cater for Mkaika and Milanzi Constituencies and an amount of K3,200,000 was released.

A physical inspection of selected projects carried out in October 2020 revealed weaknesses such as delayed completion and poor workmanship. See table 21.5 below.

Table 21.5: Project Management

No.	Project	Contractor	Contract Date	Contract Period	Contract Sum K	Amount Spent K	Scope	Observations
1	Construction of a 1 x 2 Classroom Block at Chamiwawa Primary School.	Kel Oracle Trading	24 th April 2019	Three (3) months	170,000	170,000	<p>The scope of works included:</p> <ul style="list-style-type: none"> • Sub- structure, concrete slab, super structure, roofing and painting. • Glazing, fitting of doors and grill doors. 	Though the classroom block had been completed, the roof was leaking and the grill door at the main entrance was out of position as the hinges had come off.
2	Construction of a 1 x 2 Classroom Block at Katawa Primary School.	Kel Oracle Trading	24 th April 2019	Two (2) months	170,000	161,339	<p>The scope of works included:</p> <ul style="list-style-type: none"> • Block work, plastering external and internal walls. • Glazing, fitting of window and door frames. • Flooring and roofing. 	<p>Though the classroom block had been completed, the following observations were noted:</p> <ul style="list-style-type: none"> • Grill door to the Head master's office had not been fitted. • Leaking roof in one of the classrooms. • The floor had developed cracks.

g. Management of Liabilities

i Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pensions Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and Workers Compensation Fund Control Board (WCFCB) amounts totalling K3,725,945 in respect of tax, pension and other contributions. See table 21.6 below.

Table 21.6: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	1,407,796
2	NAPSA	1,739,918
3	LASF	515,952
4	WCFCB	62,280
	Total	3,725,945

ii Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K3,234,658 in respect of allowances, long service bonus and terminal benefits. See table 21.7 below.

Table 21.7: Outstanding Staff Obligations

No.	Detail	Amount K
1	Settling in Allowances	305,165
2	Terminal Benefits	1,961,166
3	Long Service Bonus	878,627
4	Councillors' Allowances	89,700
	Total	3,234,658

22 Kawambwa Town Council

22.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K36,426,640 against which amounts totalling K23,743,976 were received and generated, resulting in a negative variance of K12,682,664. See table 22.1 below.

Table 22.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated:							
1	Local taxes	611,604	403,656	592,344	284,968	1,203,948	688,625	(515,323)
2	Fees and Charges	3,831,430	1,760,604	4,936,960	1,417,403	8,768,390	3,178,007	(5,590,383)
3	Licences	325,447	198,354	222,928	27,112	548,375	225,465	(322,910)
4	Levies	385,000	244,700	1,903,225	138,554	2,288,225	383,254	(1,904,971)
5	Permits	199,060	219,176	67,270	7,007	266,330	226,183	(40,147)
6	Commercial Venture	120,000	20,574	848,320	41,832	968,320	62,406	(905,914)
7	Other Receipts	113,200	431,318	-	187,413	113,200	618,731	505,531
	Subtotal	5,585,741	3,278,382	8,571,047	2,104,289	14,156,788	5,382,671	(8,774,117)
	National Support:							
8	Local Government Equalisation Fund	9,114,926	7,247,180	7,154,926	7,656,574	16,269,852	14,903,754	(1,366,097)
9	Grants in Lieu of Rates	-	100,000	-	100,000	-	200,000	200,000
10	Other Grants	-	265,500	-	292,050	-	557,550	557,550
11	Constituency Development Fund	3,200,000	1,100,000	2,800,000	1,600,000	6,000,000	2,700,000	(3,300,000)
	Subtotal	12,314,926	8,712,680	9,954,926	9,648,624	22,269,852	18,361,304	(3,908,547)
	Grand Total	17,900,667	11,991,062	18,525,973	11,752,914	36,426,640	23,743,976	(12,682,664)

b. Operational Matters

i. Failure to Develop an Integrated Development Plan

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an approved integrated development plan.

ii. Lack of Firefighting and Prevention Services

First Schedule Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states, “a Local Authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have a fire station, fire engine and fire officers as at 31st October 2020.

c. Failure to Collect Outstanding Revenue

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, as at 31st December 2019, the Council failed to collect revenue in amounts totalling K384,931 in respect of personal levy, property rates and billboard fees among others. See table 22.2 below.

Table 22.2: Outstanding Receivables

No.	Description	Amount K
1	Bill Boards	4,586
3	Tea Levy	128,895
4	Personal Levy-Kawambwa Tea	10,020
5	Property Rates-Kawambwa Tea	22,375
6	Property Rates-Commercial	6,112
7	Propert Rates -Residential	171,073
8	Propert Rates -Industrial	320
9	Shop Rentals	41,550
	Total	384,931

d. Management of Payroll and Staff Related Matters

i. Irregular Payment of Allowances

Cabinet Office Circular Minute dated 30th December 2015 stipulates that subsistence and meal allowances were not to be paid for activities undertaken within the district boundary.

Contrary to the circular, subsistence and meal allowances in amounts totalling K55,590 were paid to eleven (11) officers during the period under review for activities carried out within the district boundary.

ii. Irregular Payments for Officers' Lodging Bills

During the period under review, the Council paid amounts totalling K14,531 to various lodges for accommodation, food and refreshments on behalf of seven (7) officers that had been transferred from various Councils to Kawambwa Town Council. However, the payments were irregular in that the officers were not entitled as they were in receipt of housing allowances.

e. Management of Assets - Failure to Maintain Munkanta Council Lodge

A physical inspection of Munkanta Council Lodge carried out in August 2020 revealed that the structure was in a dilapidated state with cracks on the walls and damaged ceiling board. See pictures below.



Damaged Ceiling Board



Cracked wall



Dilapidated geyser

f. Management of Constituency Development Fund – Unauthorised Retention of Interest

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a total provision of K6,000,000 was made as Constituency Development Fund (CDF) to cater for two (2) constituencies and an amount of K2,700,000 was released in 2018 resulting in an underfunding of K3,300,000. See table 6 below.

The Public Finance Management Act No. 1 of 2018 states, “Interest accrued on funds released from the consolidated fund shall constitute general revenue and shall be paid into the consolidated fund”.

However, it was observed that interest in amounts totalling K23,184 was accrued and retained by the local authority without obtaining authority from the Secretary to the Treasury.

g. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K3,415,356 in respect of tax and pension contributions some of which had been outstanding from as far back as 2016. See table 22.3 below.

Table 22.3: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	1,958,152
2	NAPSA	1,315,832
3	LASF	141,372
	Total	3,415,356

ii. Failure to Settle Staff Obligations

As at 31st August 2020, the Council owed former and existing employees amounts totalling K1,333,663 in respect of various staff obligations such as retirement benefits, long service bonuses and leave commutation some of which had been outstanding from as far back as 2016.

23 Kitwe City Council

23.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to collect locally generated funds from various sources in amounts totalling K362,176,737 against which amounts totalling K257,612,279 were received and generated resulting in a negative variance of K104,564,458 as shown in table 23.1 below.

Table 23.1: Budget and Income

No.	Source of Funds	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Owner's Rates	59,688,468	38,716,846	59,688,468	35,143,295	119,376,936	73,860,141	(45,516,795)
2	Local Taxes	495,000	165,120	495,000	350,379	990,000	515,499	(474,501)
3	Fees and Charges	46,810,945	22,621,786	42,512,418	32,968,840	89,323,362	55,590,626	(33,732,736)
4	Licences	1,345,000	810,350	1,790,800	265,781	3,135,800	1,076,131	(2,059,669)
5	Levies	6,769,634	3,966,559	6,850,134	4,965,574	13,619,767	8,932,133	(4,687,634)
6	Permits	9,710,000	11,621,620	5,221,500	10,361,367	14,931,500	21,982,987	7,051,487
7	Charges	21,775,000	33,123,430	24,375,000	4,565,770	46,150,000	37,689,200	(8,460,800)
8	Other Income	1,465,000	768,372	2,057,942	914,155	3,522,942	1,682,527	(1,840,415)
	Sub total	148,059,046	111,794,083	142,991,261	89,535,161	291,050,307	201,329,244	(89,721,063)
	National Support							
9	Local Government Equalisation Fund	28,283,035	22,993,894	27,843,395.00	25,889,141.00	56,126,430	48,883,035	(7,243,395)
10	Constituency Development Fund	8,000,000	1,000,000	7,000,000.00	6,400,000.00	15,000,000	7,400,000	(7,600,000)
	Sub total	36,283,035	23,993,894	34,843,395.00	32,289,141.00	71,126,430	56,283,035	(14,843,395)
	Total	184,342,081	135,787,977	177,834,656	121,824,302	362,176,737	257,612,279	(104,564,458)

b. Operational Matters - Failure to Control and Manage Markets

Section 5 (1) of the Markets and Bus Stations Act No. 7 of 2007 stipulates that all markets and bus stations should be under the control of a local authority having jurisdiction in the area in which they are situated.

Contrary to the Act, nine (9) markets were not under the control of the Council.

c. Accounting for Revenue

i. Loss of Revenue – Dilapidated Buildings

During the period under review, the Council owned five (5) shops which were to be rented out to members of the public and rentals in amounts totalling K124,525 should have been collected. However, due to the failure by the Council to rehabilitate the shops, they were vacant throughout the year leading to loss of revenue.

ii. Failure to Avail Tenancy or Lease Agreements

During the period under review, the Council leased out 446 properties from which revenue in amounts totalling K1,482,780 was collected. However, the lease agreements were not availed for audit. Consequently, the terms and conditions under which the properties were leased could not be ascertained.

d. Management of Payroll and Staff Related Matters

i. Questionable Payments of Long Service Bonus and Terminal Benefits

During the period under review, the Council paid amounts totalling K517,699 (terminal benefits – K476,066, long service bonuses – K25,733 and gratuity – K15,900) to twenty (20) officers. However, the payments were questionable in that they did not have supporting documentation such as contracts, letters of appointment or termination, payslips and account ledgers.

ii. Irregular Payment of Subsistence and Meal Allowances

According to Cabinet Office Circular Minute dated 30th December 2015, subsistence and meal allowances were not to be paid for activities undertaken within the district boundary.

Contrary to the Circular, amounts totalling K241,895 were paid to several officers as subsistence and meal allowances for activities carried out within the district boundary.

iii. Failure to Recover Salary Advances

Terms and Conditions of Service for Local Government Officers No. 105 (d) requires that an advance of salary shall be repaid within a reasonable period of time but not exceeding six (6) months.

Contrary to the terms and conditions of service, salary advances in amounts totalling K264,758 paid to twenty one (21) officers during the period under review had not been recovered as at 31st October 2020.

e. Procurement of Goods and Services

i. Unsupported and Missing Payment Vouchers

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, 268 payments in amounts totalling K5,001,283 made during the period under review were not supported with documentation such as receipts, quotations, invoices and letters of termination or appointment and authority.

In addition, ten (10) payment vouchers in amounts totalling K117,449 made during the period under review were not availed for audit.

ii. Unacquitted Wages

The Local Authorities Financial Regulation No. 106 (2) states, “where the employee does not claim the wages, the cash shall be brought to account and a general receipt shall be issued, crediting the unpaid wages to the expenditure vote from which the wages were drawn”.

Accountable imprest in amounts totalling K152,313 was issued to nineteen (19) officers between 5th January and 20th December 2018 to facilitate the payment of wages. However, the funds were neither acquitted by the intended beneficiaries nor was cash found on hand.

f. Management of Stores

i. Unaccounted For Stores

Local Authorities Financial Regulation No. 145 states, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, various stores items costing K470,401 procured during the period under review were unaccounted for in that there were no receipt and disposal details.

In addition, the Council did not maintain fuel registers nor reconciled records for fuel costing K5,890,883. It was therefore, not possible to ascertain the completeness and reliability of information on fuel expenditure.

ii. Fuel Drawn by Non – Runner Motor Vehicles

A review of fuel statements and other transport records for the Council revealed that fuel in amounts totalling K22,201 was drawn by three (3) non-runner motor vehicles.

In addition, fuel in amounts totalling K12,895 was drawn by motor vehicles whose details were not recorded.

g. Management of Assets

i. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which ninety one (91) properties were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, eighty eight (88) properties valued at K1,501,410 had not been insured as at 31st October 2020.

ii. Failure to Maintain Properties

During the period under review, the Council did not maintain most of its properties as they were dilapidated. See pictures below.

- *KMB Butchery*



- *Civic Centre*



- *Cadet Hostel*



- *Buchi Hotel*



- *KCC Mechanical Workshop*



h. Management of Local Government Equalisation Fund

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K48,883,035 out of which at least K9,776,607 was to be utilised on capital projects.

The following were observed:

i. Wasteful Expenditure - Palmsoft Accounting and Financial Management Information System (PAFMIS)

On 24th January 2018, the Council engaged Palmsoft Computer Applications Limited of Kitwe to supply and install additional Palmsoft Accounting and Financial Management Information System (PAFMIS) modules for Procurement and Fixed Assets at a contract price of K321,900 with a delivery period of three (3) months from 24th January to 24th April 2018.

Although the supplier was paid in full and the modules had been installed, as at 31st October 2020, the modules were not being utilised rendering the expenditure wasteful.

ii. Questionable Payment of VAT

Section 27(1) of the VAT Act Chapter 331 of the Laws of Zambia requires that only companies that are registered for VAT can charge VAT.

The Council procured a heavy duty hydraulic block making machine and electric concrete mixing machine from SONAS Zambia Limited at a total cost of K208,050. However, on 12th November 2018, the Council paid the supplier K241,280 which included VAT of K33,230 despite the supplier not being registered for and charging

VAT. In this regard, the company was overpaid by K33,230 which had not been recovered as at 31st October 2020.

i. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA) and Local Authorities Superannuation Fund (LASF) amounts totalling K39,399,483 in respect of tax and pension contributions. See table 23.2 below.

Table 23.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	20,597,449
2	LASF	18,802,034
	Total	39,399,483

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K11,510,277 in respect of terminal benefits, long service bonus and gratuity. See table 23.3 below.

Table 23.3: Outstanding Staff Obligations

No.	Name	Amount K
1	Terminal Benefits	6,444,170
2	Long Service Bonus	4,670,557
3	Gratuity	395,550
	Total	11,510,277

24 Livingstone City Council

24.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Governance - Lack of Chiefs' Representation

Article 153 of the Constitution of Zambia (Amendment) Act No. 2 of 2016 provides for the Council to have not more than three (3) chiefs representing chiefs in the district, elected by the chiefs in the district.

Contrary to the Constitution, Livingstone City Council did not have representatives of the Chiefs during the period under review.

b. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K150,703,230 against which amounts totalling K103,188,015 were received and generated resulting in a negative variance of K47,515,215 as shown in table 24.1 below.

Table 24.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes	18,063,115	13,873,710	18,063,116	18,500,618	36,126,231	32,374,328	(3,751,903)
2	Fees and Charges	24,807,880	10,554,938	32,677,361	15,925,092	57,485,241	26,480,030	(31,005,211)
3	Licences	2,035,142	477,772	453,600	489,217	2,488,742	966,989	(1,521,753)
4	Levies	7,817,279	4,895,697	2,701,521	4,767,269	10,518,800	9,662,966	(855,834)
5	Permits	5,454,250	2,789,932	1,705,100	1,999,274	7,159,350	4,789,206	(2,370,144)
6	Other Income (Land Development Fu	800,000	-	3,900,000	1,000,000	4,700,000	1,000,000	(3,700,000)
	Total	58,977,666	32,592,049	59,500,698	42,681,470	118,478,364	75,273,519	(43,204,845)
	National Support							
7	Local Government Equalisation Fund	15,212,433	12,398,583	14,012,433	13,280,612	29,224,866	25,679,195	(3,545,671)
8	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
9	Grants in Lieu of Rates	-	250,000	-	385,301	-	635,301	635,301
	Sub Total	16,812,433	12,648,583	15,412,433	15,265,913	32,224,866	27,914,496	(4,310,370)
	Total	75,790,099	45,240,632	74,913,131	57,947,383	150,703,230	103,188,015	(47,515,215)

In addition, an amount of K4,187,541 was brought forward from 2017 bringing the total funds available during the period under review to K107,375,556.

c. Environmental Management - Dumpsite not Fenced

The Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Contrary to the statutory instrument, the dumpsite was not fenced.

d. Management of Assets

i. Lack of Title Deeds

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

Contrary to the Act, the Council did not secure title deeds for parcels of land on which fifty one (51) properties which included a stadium, community halls, houses, shops, play parks and markets were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

However, a scrutiny of the assets register and insurance documents revealed that two (2) motor vehicles valued at K104,000 and the fifty one (51) council properties were not insured.

ii. Failure to Maintain Assets

A physical inspection of selected properties carried out in February 2020 revealed that the properties were poorly maintained and were in a dilapidated state. See pictures below.



Chungwe Bar in Linda Township



Two houses – Linda Township Housing Unit



Pre-School in Maramba Area

e. Management of Liabilities – Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), Local Authority Superannuation Fund (LASF) and National Pension Scheme Authority (NAPSA) amounts totalling K84,998,084 in respect of tax and pension contributions. See table 24.2 below.

Table 24.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA (PAYE)	37,673,077
2	LASF	7,578,563
3	NAPSA	39,746,444
	Total	84,998,084

25 Luampa Town Council

25.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K10,979,284 against which amounts totalling K7,051,122 were received and generated resulting in a negative variance of K3,928,162 as shown in table 25.1 below.

Table 25.1: Budget and Income

No.	Revenue Type	Budget K	Actual K	Variance K
	Internally Generated			
1	Local Taxes/Rates	12,000	7,898	(4,102)
2	Fees and Charges	165,008	64,129	(100,879)
3	Licences	38,475	26,449	(12,026)
4	Levies	197,000	93,397	(103,603)
5	Permits	1,200	200	(1,000)
6	Charges	525,000	-	(525,000)
7	Other Income	35,600	19,500	(16,100)
	Sub total	974,283	211,573	(762,710)
	National Support:			
8	Grants in lieu of Rates	-	120,000	120,000
9	Local Government Equalisation Fund	8,405,001	6,719,549	(1,685,452)
10	Constituency Development Fund	1,600,000	-	(1,600,000)
	Sub total	10,005,001	6,839,549	(3,165,452)
	Total	10,979,284	7,051,122	(3,928,162)

b. Procurement of Goods and Services – Irregular Payment of Subscription Fees

Cabinet Office Circular No. B18 of 2014 abolished payment of subscription fees for membership to professional bodies for employees.

Contrary to the circular, amounts totalling K146,640 were paid to several professional bodies in respect of Council officers. As at 31st October 2020, the amounts had not been recovered from the officers.

c. Management of Assets – Lack of Title Deed

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deed for a parcel of land on which a lodge valued at K1,043,550 was located.

d. Management of Local Government Equalisation Fund - Misapplication of Funds

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K6,456,132 out of which at least K1,291,226 was to be utilised on capital projects.

However, in November 2019, the Council transferred K300,000 from Capital Account to the District Fund Account to pay November 2019 salaries, an expenditure which was not related to capital projects.

As at 30th November 2020, the Council had only reimbursed K100,000 leaving a balance of K200,000.

26 Luano Town Council

26.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K26,235,310 against which amounts totalling K16,324,428 were received and generated resulting in a negative variance of K9,910,882 as shown in table 26.1 below.

Table 26.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
	Owners Rates	34,642	22,361	34,642	34,642	69,284	57,003	(12,282)
1	Local Taxes/Rates	19,695	-	13,695	8,370	33,390	8,370	(25,020)
3	Fees and charges	281,701	113,468	495,201	88,152	776,902	201,620	(575,283)
4	Licences	13,273	250	13,273	-	26,546	250	(26,296)
5	Levies	224,095	57,677	261,810	33,543	485,905	91,220	(394,685)
6	Permits	22,520	4,505	10,820	10,550	33,340	15,055	(18,285)
7	Charges	1,330,500	7,310	3,221,500	7,630	4,552,000	14,940	(4,537,060)
8	Other income	578,324	266,495	2,209,908	15,713	2,788,232	282,208	(2,506,024)
	Sub Total	2,504,750	472,065	6,260,849	198,600	8,765,600	670,665	(8,094,934)
	National Support							
9	Local Government Equalisation Fund	7,764,895	6,732,746	6,584,816	7,151,017	14,349,711	13,883,763	(465,948)
10	Grants in Lieu of Rates	120,000	50,000	-	120,000	120,000	170,000	50,000
11	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
	Sub Total	9,484,895	6,782,746	7,984,816	8,871,017	17,469,711	15,653,763	(1,815,948)
	Total	11,989,645	7,254,811	14,245,665	9,069,617	26,235,310	16,324,428	(9,910,882)

b. Operational Matters

i. Lack of Firefighting and Prevention Services

First Schedule Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states, “a Local Authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have a fire station, fire engine and fire officers as at 31st October 2020.

ii. Lack of an Approved Integrated Development Plan

Section 19 of the Urban and Regional Planning Act No. 3 of 2015 provides that a planning authority should prepare an integrated plan for its area.

Contrary to the Act, the Council did not have an integrated development plan during the period under review.

iii. Environmental Management – Poor Management of Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the

waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

A physical inspection of Masansa dumpsite carried out in October 2020 revealed that the Council was not complying with the Act. In particular, the following were observed:

- The Council did not fence the dumpsite for protection from access by unauthorised persons.
- There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite.
- The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.

iv. Failure to Control and Manage Markets

Section 5 (1) of the Markets and Bus Stations Act No. 7 of 2007 stipulates that all markets and bus stations should be under the control of a local authority having jurisdiction in the area in which they are situated.

Contrary to the Act, four (4) markets in the district were not under the control of the Council as they were left under the control and management of chiefs.

c. Accounting for Revenue – Failure to Collect Revenue from Lease of Council Properties

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, the Council failed to collect revenue in amounts totalling K96,000 in respect of rentals as at 31st December 2019.

d. Procurement of Goods and Services

i. Missing Payment Vouchers

Local Authorities Financial Regulation No. 98 (1) states, “all Payment vouchers with supporting documents and any other forms which support a charge entered in the accounts, such be filed, secured against loss, and be readily available for audit”.

Contrary to the regulation, two (2) payment vouchers in amounts totalling K109,990 processed during the period under review were not availed for audit.

ii. Unaccounted for Fuel

Local Authorities Financial Regulation No. 145 states, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, fuel costing K9,949 procured during the period under review was unaccounted for in that there were no receipt and disposal details.

e. Management of Assets – Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “a controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which twenty six (26) properties were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, twenty four (24) Council properties had not been insured as at 31st October 2020.

f. Management of Local Government Equalisation Fund - Failure to Reimburse Borrowings

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K13,883,763 out of which at least K2,776,753 was to be utilised on capital projects.

However, the Council borrowed amounts totalling K2,229,277 from the capital projects account to finance various operational activities and as at 31st August 2020, the borrowed funds had not been reimbursed.

g. Management of Liabilities - Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pensions Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) amounts totalling K1,435,165 in respect of tax and pension contributions. See table 26.2 below.

Table 26.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	936,624
2	NAPSA	364,754
3	LASF	133,788
	Total	1,435,165

27 Luanshya Municipal Council

27.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K125,503,107 against which amounts totalling K79,913,107 were received and generated resulting in a negative variance of K45,590,000 as shown in table 27.1 below.

Table 27.1: Budget and Income

No.	Revenue Type	2019 K		2018 K		Total K		
		Budget	Actual	Budget	Actual	Budget	Actual	Variance
	Internally Generated							
1	Owners Rates	26,476,342	17,961,090	26,476,342	16,722,663	52,952,684	34,683,753	(18,268,931)
2	Local Taxes/Rates	145,155	125,445	77,805	119,538	222,960	244,983	22,023
3	Fees and Charges	8,574,864	3,217,117	7,473,355	3,294,872	16,048,219	6,511,989	(9,536,229)
4	Licences	409,468	182,828	823,386	54,849	1,232,854	237,677	(995,176)
5	Levies	753,600	1,061,416	454,956	1,193,269	1,208,556	2,254,685	1,046,129
6	Permits	2,070,400	1,350,600	2,612,200	865,078	4,682,600	2,215,678	(2,466,922)
7	Charges	2,904,850	1,556,186	10,542,558	2,995,014	13,447,408	4,551,200	(8,896,209)
8	Other Income	5,971,657	140,967	20,800	364,332	5,992,457	505,298	(5,487,159)
	Sub Total	47,306,336	25,595,648	48,481,401	25,609,615	95,787,737	51,205,263	(44,582,474)
	National Support							
9	Local Government Equalisation Fund	12,111,684	14,231,201	12,003,686	11,326,643	24,115,370	25,557,844	1,442,474
10	Grants in Lieu of Rates		120,000	-	330,000	-	450,000	450,000
11	Constituency Development Fund	2,800,000	-	2,800,000	2,700,000	5,600,000	2,700,000	(2,900,000)
	Sub Total	14,911,684	14,351,201	14,803,686	14,356,643	29,715,370	28,707,844	(1,007,526)
	Total	62,218,020	39,946,849	63,285,087	39,966,259	125,503,107	79,913,107	(45,590,000)

b. Operational Matters

i. Inadequate Firefighting Equipment

Section 61 of the Local Government Act requires the Council to, among others provide firefighting and prevention services.

However, the following deficiencies were observed regarding the operations of the firefighting and prevention section:

- It lacked firefighting and prevention services equipment such as an ambulance, fire extinguishers and protective clothing for firefighters.
- The fire hydrant at the Fire station had low water pressure.
- The Council had not installed any fire hydrants around the District.

In this regard, the Council may not have been able to provide adequate firefighting and prevention services.

ii. Failure to Develop an Integrated Development Plan

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an Approved Integrated Development Plan.

iii. Environmental Management - Poor Management of Dumpsite

The Environmental Management Act No. 12 of 2011 state, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, the Solid Waste Regulation and Management Act No. 20 of 2018 states, “a local authority shall within its jurisdiction, collect and dispose of, or arrange for the collection and disposal of, all household waste in accordance with this

Act, ensure that waste is collected, transported and disposed of in accordance with this Act, provide litter receptacles in public places; and prepare and submit reports relating to solid waste management to the Ministers responsible for health, environment or water”.

An inspection of the Ng’ombe dumpsite carried out in October 2020 revealed the following:

- The Council did not fence the dumpsite for protection from access by unauthorised persons,
- There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite,
- The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards, and
- There was indiscriminate burning of solid waste.

c. Accounting for Revenue

i. Under Collection of Revenue - Public Markets

According to Local Government Act Cap 281, the council has a mandate to impose fees or charges for any service or facility provided or goods or documents supplied by the Council in pursuance of or in connection with the discharge of any function of the council.

An inspection of various revenue points carried out in July 2020 revealed that the Council is in control of five (5) out of sixteen (16) markets, twenty two (22) public toilets, seven (7) bus stations and Baluba Motel.

In this regard, the council had sixteen (16) markets and traders in these markets were required to pay a daily fee of K1 in 2018 and K2 in 2019 per stand and a monthly fee of K20 per shop in both years.

An examination of records revealed that the Council’s expected revenue from the markets in the years 2018 and 2019 should have been K1,794,855 (shops - K847,680 and stands - K947,175).

However, the Council only collected K502,015 resulting in under collection of K1,292,839. See table 27.2 below.

Table 27.2: Under Collection of Revenue in Public Markets

Year	Expected Revenue K	Collected K	Variance K
2018	739,565	115,070	624,495
2019	1,055,290	386,946	668,344
Total	1,794,855	502,016	1,292,839

ii. Failure to Collect Revenue from Lease of Council Properties

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

A review of records at the Council for the year ended 31st December 2019 revealed that the Council had 134 properties on rent from which it was expected to collect revenue in amounts totalling K3,762,101.

However, only K2,249,274 was collected leaving a balance of K1,512,827 uncollected.

iii. Management of a Commercial Venture

During the period under review, the Council owned a commercial venture called Baluba Investment Holdings Limited which was incorporated on 18th January 2017 whose principal activities included tailoring, shoe making, a motel, a gymnasium and truck parking facility.

The following were observed regarding the management of the company:

- **Irregular Lease Agreement – Baluba Motel**

The Public Finance Act No. 15 of 2004 Section 49 (1) required that no person representing a ministry, department or statutory corporation should enter into an agreement or arrangement with any other person, organisation or Government committing the Government to receive or repay moneys pursuant to such agreement or arrangement unless such agreement or arrangement is authorised in writing by the Minister.

On 23rd December 2013, the Council signed a lease agreement for Baluba Motel with JX International Engineering Limited for an initial term of twelve (12) months with the option to renew the said term annually. Among the terms of the lease was an initial payment of a monthly fee of K20,000 which was subject to review.

The following were observed:

- **Failure to Obtain Approval**

Contrary to the Act, the Council did not obtain approval from the Secretary to the Treasury with respect to the lease of the Motel.

- **Failure to Avail Tender Documents**

Tender documents for the selection and award of lease of Baluba Motel to JX International Engineering were not availed for audit thereby making it not possible to ascertain the basis and terms on which the lease was awarded.

- **Unsettled Rentals**

The tenant vacated the Motel in February 2020 leaving a rental bill of K300,000 for the period from May 2019 to February 2020. As at 31st October 2020, the amount had not been recovered by the Council.

- **Failure to Maintain Motel**

The Council has a property maintenance policy which provides for maintenance and repairs of Council owned assets.

Contrary to the policy, the Council did not maintain Baluba Motel which was leased to JX International Engineering Limited. An inspection of the motel and its premises conducted in July 2020 revealed that the surroundings were dry and dirty. The buildings were not painted, the facility was not secured from trespassers, one court yard shelter had the roof blown off and iron sheets vandalized. See picture below.



Blown off roof - Court yard

- **Irregular Sub Division of Plot Number Property F/3338 - Baluba Motel**

The Urban and Regional Planning Act No. 3 of 2015 Section 7 (1b) states, “the Minister shall be responsible for the final approval authority for all plans prepared by planning authorities”.

Contrary to the Act, the Council under minute number LMC/SPWD&REC/198/12/13 subdivided land, property F/3388 Baluba Motel, to offer to developers, without prior authority from the Minister as no application and consent letters requiring the subdivision of the land were availed for audit scrutiny.

iv. Outstanding Receivables

The Local Authorities Financial Regulation No. 12 (h) requires the Council to collect punctually all revenue and other Council money which becomes due and payable to the Council.

Contrary to the regulation, as at 31st October 2020, the Council failed to collect receivables amounting to K60,885,052 some of which had been outstanding from as far back as 2017. See table 27.3 below.

Table 27.3: Outstanding Receivables

No.	Details	Amount K
1	Owners Rates	40,785,204
2	Sale of Plots	15,912,109
3	Rentals	3,047,483
4	Levies	1,140,257
	Total	60,885,052

d. Management of Payroll and Staff Related Matters

i. Non-recovery of Salary Advances

Local Government Terms and Conditions of Service No. 105 (d) requires that an advance of salary be repaid within a reasonable period of time but not exceeding six (6) months.

Contrary to the terms and conditions of service, salary advances in amounts totalling K9,000 paid to several officers during the period under review had not been recovered as at 31st October 2020.

ii. Irregular Payment of Housing Allowance

Circular MLGH/71/6/93 dated 27th November 2012 requires that housing allowance shall be paid through payroll to eligible employees who are self-accommodated.

However, a scrutiny of the payroll revealed that two (2) officers who were occupying Council houses were paid housing allowances in amounts totalling K31,200 despite being accommodated.

e. Procurement of Goods and Services

i. Unsupported and Missing Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, ninety five (95) payments in amounts totalling K1,258,885 made during the period under review were not supported with documents such as invoices and receipts.

In addition, 303 payment vouchers in amounts totalling K9,205,217 were not availed for audit.

ii. Unretired Accountable Imprest

Local Authorities Financial Regulation No. 119 (1) and (2) states, “A special imprest shall be retired immediately the purpose for which they are issued has been fulfilled” and, “Where the imprest is not cleared within forty-eight hours of the holder’s return, the issuing officer shall, in writing, instruct the officer-in-charge of the salaries section to deduct the amount outstanding from the salary of that holder, in the following month”.

Contrary to the regulation, amounts totalling K18,630 paid to four (4) officers in respect of allowances were not acquitted and there was no cash at hand as at 31st October 2020.

iii. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 requires that a Treasurer shall keep proper records of receipts and issue of stocks and stores.

Contrary to the regulation, various stores items costing K1,246,228 procured during the period under review were not accounted for in that there were no receipt and disposal details.

f. Management of Assets – Lack of Title Deeds

The Public Finance Management Act No. 1 of 2018, requires a controlling officer to ensure that all public properties under the controlling officer’s charge are secured with title deeds.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which fifty eight (58) properties valued at K34,665,197 were located.

In addition, Local Authorities Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with head of department”.

Contrary to the regulation, various assets comprising motor vehicles, plant/equipment and buildings had not been insured as at 31st October 2020.

g. Management of Local Government Equalisation Fund - Failure to Supply and Deliver a Garbage Compactor

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K20,729,844 out of which at least K4,145,969 was to be utilised on capital projects.

In this regard, on 13th July 2018, the Provincial Administration Office - Copperbelt Province entered into a contract with Emitach Enterprises Limited for the supply and delivery of one (1) brand new garbage compactor for Luanshya Municipal Council at a contract sum of K1,610,068 with a delivery period of 6 to 10 weeks starting from the date when the contract was signed to 19th October 2018.

The terms and conditions of the contract agreement among others included:

- Advance payment at 25%
- 50% payment upon successful pre-shipping inspection accompanied with invoices and a vessel number with proof of transit insurance
- 25% payment upon receipt and acceptance of goods
- Performance Bond
- 12 months validity of warranty
- Liquidated damages at 0.2% per week and maximum of 10%

As at 31st March 2020, the Council had paid K1,207,517 of the contract sum to the supplier representing 75% of the contract price. In addition, on 17th October 2018, the Council spent amounts totalling K140,224 on travel expenses and allowances for three (3) officers who travelled to China for pre-shipping inspection of the Garbage Compactor.

The following were observed:

- i. As of July 2020, the supplier had not supplied and delivered the garbage compactor, one (1) year and forty one (41) weeks after the expected delivery date of 19th October 2018 contrary to the terms and conditions of the contract.

- ii. The Council had not invoked the provisions of the contract with regard to the performance bond and liquidated damages.

h. Management of Constituency Development Fund – Unaccounted for Fertiliser

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2019, a total provision of K2,800,000 was made as Constituency Development Fund (CDF) to cater for two (2) constituencies in the district against which K3,200,000 was released by the Treasury.

In addition, an amount of K1,400,000 was brought forward from the previous year bringing the total funds available to K4,600,000.

In this regard, among other activities, the Council procured fertiliser costing K124,850 to be distributed to various groups in the constituencies.

However, as at 31st October 2020, the Council had not accounted for the fertiliser in that there were no distribution lists of the beneficiaries and the fertiliser was not in store.

i. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K55,753,773 in respect of tax and pension contributions. See table 27.4 below.

Table 27.4: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	14,220,624
2	LASF	7,822,000
3	NAPSA	33,711,149
	Total	55,753,773

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K26,954,306 in respect of various staff obligations such as retirement benefits, settling in allowances and long service bonus, some of which had been outstanding from as far back as 2017. See table 27.5 below.

Table 27.5: Outstanding Staff Obligations

No.	Details	Amount K
1	Long Service Bonus	6,794,691
2	Retirement Benefits	3,980,432
3	Leave Days	15,569,516
4	Gratuity	126,913
5	Settling in Allowance	482,755
	Total	26,954,306

28 Lusaka City Council

28.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K851,250,595 against which amounts totalling K521,651,066 were received and generated resulting in a negative variance of K329,599,529. See table 28.1 below.

Table 28.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Owners rates	82,702,322	70,771,125	135,250,688	64,069,550	217,953,010	134,840,675	(83,112,335)
2	Local taxes	15,000,000	2,308,116	3,437,500	2,265,913	18,437,500	4,574,029	(13,863,471)
3	Fees and Charges	206,832,316	109,733,528	176,480,762	98,852,790	383,313,078	208,586,318	(174,726,760)
4	Licences	3,831,500	2,257,505	2,655,095	2,314,873	6,486,595	4,572,378	(1,914,217)
5	Levies	29,911,767	29,969,901	14,430,778	22,079,402	44,342,545	52,049,303	7,706,758
6	Permits	29,027,478	16,030,682	15,503,993	9,853,556	44,531,471	25,884,238	(18,647,233)
7	Charges	294,080	208,827	94,080	150,191	388,160	359,018	(29,142)
8	Other Incomes	20,916,065	269,373	-	-	20,916,065	269,373	(20,646,692)
	Subtotal	388,515,528	231,549,057	347,852,896	199,586,275	736,368,424	431,135,332	(305,233,092)
	National Support							
9	Local Government Equalisation Fund	46,800,000	39,419,531	47,082,171	41,604,203	93,882,171	81,023,734	(12,858,437)
10	Grants in Lieu of Rates	-	-	-	792,000	-	792,000	792,000
11	Constituency Development Fund	11,200,000	5,000,000	9,800,000	3,700,000	21,000,000	8,700,000	(12,300,000)
	Sub Total	58,000,000	44,419,531	56,882,171	46,096,203	114,882,171	90,515,734	(24,366,437)
	Total	446,515,528	275,968,588	404,735,067	245,682,478	851,250,595	521,651,066	(329,599,529)

b. Environmental Management - Failure to Maintain the Dumpsite

The Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

However, a physical inspection conducted at Chunga dumpsite in October 2020 revealed that a large section of the wall fence had collapsed.

c. Accounting for Revenue - Failure to Collect Revenue

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

During the period under review, the Council was to collect amounts totalling K2,119,081 from four (4) companies that were engaged to collect and dispose waste within Lusaka District.

However, as at 31st October 2020, the Council had only collected K801,066 leaving a balance of K1,318,014. See table 28.2 below.

Table 28.2: Uncollected Franchise Fees

No.	Company	Contract Sum K	Amount Paid K	Balance K
1	Zoomlion	167,776	167,245	531
2	Twinecare commercial services	194,188	85,000	109,188
3	GL Carriers	1,109,613	248,611	861,002
4	Clean Fast Limited	647,503	300,210	347,293
Total		2,119,081	801,066	1,318,014

d. Operations of the Intercity Bus Terminus and City Market

Section 5(1) of the Market and Bus Station Act No. 7 of 2007 states, “all markets and bus stations shall be under the control and management of a local authority having jurisdiction in the area in which they are situated”. Further, Section 9(1) empowers a local authority to collect fees and levies from anyone who desires to sell goods in the market.

The following were observed:

i. Intercity Bus Terminus

Lusaka Intercity Bus Terminus is owned and managed by Lusaka City Council under the Department of Housing and Social Services.

During the period under review, the Lusaka Intercity Bus Terminus collected income in amounts totalling K32,712,469 against a budget of K45,985,574 resulting in an under collection of K13,273,105. See table 28.3 below.

Table 28.3: Budget and Income

Year	Budget K	Actual K	Variance K
2019	25,479,273	16,383,730	(9,095,543)
2018	20,506,301	16,328,738	(4,177,563)
	45,985,574	32,712,469	(13,273,105)

As at 31st December 2019, amounts totalling K32,417,075 had been spent (Inter City Bus Terminus K30,623,283 and Remittance to Lusaka City Council - K1,793,792)

A review of records, inquiries from management and a physical inspection of the station carried out in April 2020 revealed the following:

- **Unaccounted for Gate Fees – Bus Loading**

An analysis of information obtained from RTSA on buses that loaded from Intercity Bus Terminus and exited through the gate revealed that a total number of 36,966 exits were recorded in 2019 which translated in bus gate fees amounting to K11,341,700.

However, records from the InterCity Bus Terminus revealed that bus gate fees amounting to K10,909,705 were collected in 2019 resulting in a shortfall of K431,995.

- **Irregular Payment of Bonuses**

During the period under review, 206 staff were irregularly paid unspecified bonuses in amounts totalling K129,800 in that there was no authority from the Council.

ii. **Lusaka City Market**

During the period under review, the Lusaka City Market collected amounts totalling K28,248,548 against a budget of K29,084,815 resulting in an under collection of K836,268. See table 28.4 below.

Table 28.4: Budget and Income

No.	Year	Budget K	Actual K	Variance K
1	2018	13,543,026	12,684,571	(858,456)
2	2019	15,541,789	15,563,977	22,188
	Total	29,084,815	28,248,548	(836,268)

The following were observed:

- **Failure to Maintain a Register of Receipt Forms**

Local Authorities Financial Regulation No. 53 states, “Every officer who holds receipt forms shall keep a register in which the receipt and issue of all receipt forms shall be promptly entered”.

However, Lusaka City Market did not maintain a register of accountable documents thereby making it not possible to ascertain the total number of receipt books that had been received and issued out.

- **Unaccounted for Revenue**

Local Authorities Financial Regulation No. 72 states, “the Treasurer shall ensure that collectors of revenue account for the amount of moneys collected by them on a daily basis”.

Contrary to the regulation, Lusaka City Market did not account for revenue in amounts totalling K241,650 collected from various revenue collection points in that the funds were neither banked nor was cash found on hand as at 31st October 2020. See table 28.5 below.

Table 28.5: Unaccounted for Revenue

No.	Revenue type	Amount K
1	Market Levy	83,292
2	Car Park Fees	66,960
3	Ablution Fees	91,398
	Total	241,650

- e. **Failure to Recover Staff Advances**

Terms and Conditions of Service for Local Government Officers No. 105 (d) requires that an advance of salary shall be repaid within a reasonable period of time but not exceeding six (6) months.

Contrary to the terms and conditions of service, salary advances in amounts totalling K55,000 paid to fourteen (14) officers during the period under review had not been recovered as at 31st October 2020.

f. Procurement of Goods and Services

i. Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, sixty five (65) payments in amounts totalling K1,071,527 made during the period under review were not supported with documentation such as receipts and purchase orders. See table 28.6 below.

Table 28.6: Unsupported Payments

No.	Station	No. of Transactions	Amount K
1	Lusaka City Council	62	999,238
2	City Market	3	72,289
	Total	65	1,071,527

ii. Unretired Accountable Imprest

Local Authorities Financial Regulation No. 119 states, “imprest shall be retired immediately the purpose for which it is issued has been fulfilled”.

Contrary to the regulation, accountable imprest in amounts totalling K126,204 issued to thirty five (35) officers during the period under review had not been retired as at 31st October 2020. See table 28.7 below.

Table 28.7: Unretired Accountable Imprest

No.	Station	No. of Transactions	Amount K
1	Lusaka City Council	33	109,027
2	City Market	2	17,177
	TOTAL	35	126,204

iii. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 states, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, stores items costing K235,672 (general stores – K187,168 and fuel – K48,504) procured during the period under review were not accounted for in that there were no receipt and disposal details.

g. Management of Assets

i. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which properties such as residential houses, office buildings, fire station and play parks were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, some council properties which included the Civic Centre, commercial buildings and residential houses valued at K472,550,434 were not insured as at 31st October 2020.

ii. Leasing of Council Property - Kabwata Orphanage and Transit Centre

In 1997, Lusaka City Council leased out its Kabwata Maintenance Sub Depot to a Non-Governmental Organisation (NGO) which converted the sub depot into an Orphanage.

A review of records and a physical inspection of the property carried out on 13th March 2020 revealed the following:

- The lessee had developed the property by building additional structures and rehabilitating the main building at a total cost of K550,000.
- Council authority for the additional structures, lease agreement and amounts received from the lessee were not availed for audit.

See pictures below.



A general purpose block built by the tenant Sleeping quarters built by the tenant

h. Failure to Deliver an Integrated Car Wash and Business House Equipment

On 18th July 2019, the Council purchased carwash and business house equipment for Matero Ward 28 from John Ejo Enterprises Limited at a cost of K137,995.

However, as at 31st October 2020, the car wash and business house equipment had not been delivered by the supplier, fifteen (15) months after payment, and the Council had not taken any action.

i. Management of Local Government Equalisation Fund - Construction of Mini Civic Centres

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K81,023,734 out of which at least K16,204,747 was to be utilised on capital projects.

Subsequently, the Council embarked on a project to construct mini civic centres in the seven (7) constituencies.

In this regard, the council entered into seven (7) contracts totalling K12,671,638 with completion periods of sixteen (16) weeks.

As at 31st December 2019, amounts totalling K2,765,970 had been paid to the contractors representing 22% of the total contract sums. However, a scrutiny of contract documents and physical inspections carried out in October 2020 revealed that the mini civic centres had not been completed and the contractors were not on site. See table 28.8 below.

Table 28.8: Construction of Mini Civic Centres

No.	Constituency	Name of Contractor	Contract Amount K	Amount Paid K	Balance K	Percentage Completion (%)
1	Mandevu	Skytech construction Ltd	1,952,347	412,852	1,539,495	30
2	Matero	Jamcho trading Ltd	1,829,991	691,843	1,138,148	55
3	Munali	Zoncor Investment Ltd	1,674,783	351,217	1,323,565	75
4	Lusaka Central	Oluka Limited	1,651,564	444,435	1,207,130	20
5	Kabwata	Angel construction Ltd	1,909,569	686,435	1,223,133	75
6	Kanyama	Chacycan enterprises	1,791,880	179,188	1,612,692	80
7	Chawama	Mart speed construction Ltd	1,861,504		1,861,504	0
	Total		12,671,638	2,765,970	9,905,668	

j. Management of Constituency Development Fund (CDF)

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a total provision of K21,000,000 was made as Constituency Development Fund (CDF) to cater for seven (7) constituencies against which amounts totalling K8,700,000 were released resulting in an underfunding of K12,300,000.

The following were observed:

i. Completion of the Assembly Hall at Thorn Park Primary School (Phase 2) - Lusaka Central

On 21st February 2019, the Council entered into a contract with Limanya Enterprises Limited for completion of the Assembly Hall at Thorn park Primary School (phase 2) at a contract sum of K1,021,450 with a completion period of twelve (12) weeks.

The contract terms included, among others, performance guarantee of 10% of the contract sum.

The scope of works included the construction of a new sub structure, super structure, roofing, metal work and glazing, joinery and ironmongery, finishes, electrical installations, painting and decorating, plumbing installations and firefighting and external works

As at 31st December 2019, the contractor had been paid a total amount of K655,923 representing 64% of the contract sum.

The following were observed:

- Contrary to the general conditions, the performance bank guarantee was not provided by the contractor.

- A physical inspection carried out in May 2020 revealed that the completion of the project had delayed by fifty (50) weeks with the following works outstanding; finishings, plumbing, flooring, electrical installations, painting and external works.
- The contractor was not on site.

See pictures below.



Assembly hall under construction

Interior of assembly hall

ii. Chawama Constituency – Fencing and Water connection and Electrification of Kuku Health Post

On 13th May 2019, the Council entered into a contract with Kilimanjaro Trading Limited for the fencing, electrification and connection of water to Kuku Health Post at a contract sum of K396,300 with a completion period of twelve (12) weeks.

The scope of works included the construction of a wall fence with block work, pillar and sliding gate and water reticulation.

As at 31st May 2020, the contractor had been paid amounts totalling K272,603.

A physical inspection conducted in May 2020 revealed that the completion of the project had delayed by thirty five (35) weeks as of May 2020 and the water reticulation and electrification works had not been completed. Further, the contractor was not on site.

k. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authority Superannuation Fund (LASF) and Workers Compensation Fund Control Board (WCFCB) amounts totalling K912,769,625 in respect of tax and pension contributions. See table 28.9 below.

Table 28.9: Unremitted Statutory Obligations

No.	Institution	Amount Due K
1	ZRA	122,508,518
2	NAPSA	745,349,509
3	LASF	40,201,674
4	WCFCB	4,709,924
	Total	912,769,625

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K54,889,742 in respect of terminal benefits, long service bonus and gratuity some of which had been outstanding from as far back as 2017. See table 28.10 below.

Table 28.10: Outstanding Staff Obligations

No.	Details	Amount K
1	Terminal Benefits	18,965,338
2	Long Service Bonus	34,843,457
3	Gratuity	1,080,947
	Total	54,889,742

29 Luwingu Town Council

29.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K27,942,792 against which amounts totalling K18,705,454 were received and generated resulting in a negative variance of K9,237,338 as shown in table 29.1 below.

Table 29.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes	451,457	51,162	772,166	73,820	1,223,623	124,982	(1,098,641)
2	Fees & charges	1,862,338	495,496	1,580,118	448,263	3,442,456	943,759	(2,498,697)
3	Licences	23,390	3,907	32,265	5,891	55,655	9,798	(45,857)
4	Levies	243,990	39,667	320,735	38,649	564,725	78,316	(486,409)
5	Permits	111,494	109,729	230,594	88,328	342,088	198,057	(144,031)
6	Other Income	1,515,509	364,646	211,200	216,260	1,726,709	580,906	(1,145,803)
	Subtotal	4,208,178	1,064,607	3,147,078	871,211	7,355,256	1,935,818	(5,419,438)
	National Support							
7	Local Government Equalisation Funds	8,727,693	6,875,597	7,427,693	7,347,325	16,155,386	14,222,922	(1,932,464)
8	Grants In Lieu of Rates	607,550	439,164	180,000	100,000	787,550	539,164	(248,386)
9	Constituency Development Funds	1,600,000	-	1,600,000	1,600,000	3,200,000	1,600,000	(1,600,000)
10	Other Grants	-	-	444,600	407,550	444,600	407,550	(37,050)
	Subtotal	10,935,243	7,314,761	9,652,293	9,454,875	20,587,536	16,769,636	(3,817,900)
	Total	15,143,421	8,379,368	12,799,371	10,326,086	27,942,792	18,705,454	(9,237,338)

b. Operational Matters - Lack of Firefighting and Prevention Services

First Schedule Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states, “a local authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council had not established firefighting and prevention services as at 31st October 2020.

c. Accounting for Revenue – Failure to Collect Property Rates

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, as at 31st October 2020, the Council had not collected amounts totalling K1,137,020 in respect of property rates.

d. Procurement of Goods and Services - Missing Payment Vouchers

Local Authorities Financial Regulation No. 98 (1) states, “all Payment vouchers with supporting documents and any other forms which support a charge entered in the accounts, such be filed, secured against loss, and be readily available for audit”.

Contrary to the regulation, two (2) payment vouchers in amounts totalling K16,010 processed in February and November 2019 were not availed for audit. As a result, the validity, completeness and authenticity of the transactions could not be ascertained.

Further, two (2) payments in amounts totalling K11,100 processed in March and August 2019 were not supported with receipts.

e. Management of Assets

i. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which twenty three (23) properties such as markets, shops, bus station, staff houses, offices and motel were located. See table 29.2 below.

Table 29.2: Properties without Title Deeds

No.	Property	No. of Properties	Year Built/Bought
1	Councils and Chamber	1	1972
2	DPU Office Block	1	2016
3	Chulungoma Guest House	1	1972
4	Isandululula Guest House	1	1972
5	Pre-School Building	1	1982
6	Council Butchery and Shop Block	2	1972
7	Bus Station Shelter	1	1972
8	Water Kiosk	1	1989
9	Chikumanino Market	1	2006
10	Kamumango Market	1	2006
11	Main Market Shelter	1	2006
12	Residential House	1	1972
13	Medium Cost Houses	10	2010
	Total	23	

ii. Failure to Maintain Assets

A physical inspection of selected properties carried out in August 2020 revealed that most of the properties were in poor condition due to lack of maintenance as detailed below.

- **New Civic Centre**

The New Civic Centre was poorly maintained in that the building had roof leakages, damaged wall plates, non-functional urinals and peeled off wall tiles among others. See pictures below.



Leaking roof



Wall tiles peeled off



Non-functional urinal

- **Chulungoma Guest House**

The Guest House was poorly maintained in that it had leaking pipes and roof, no handles on some doors, the walls were cracked and unpainted and no taps. See pictures below.



Basin without taps



Doors without handles



Leaking pipes

f. Management of Local Government Equalisation - Rehabilitation of the ablution Block at the Civic Centre

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K14,222,922 out of which at least K2,844,584 was to be utilised on capital projects.

On 12th November 2018, the Council engaged Wamztech Electrical and Construction to rehabilitate the civic centre ablution block at a contract sum of K117,113 with a completion period of three (3) months from February to April 2019. The scope of works included fitting of wall and floor tiles, painting of the civic centre, laying new sewer lines, finishings, decorations and putting a new roof structure.

Although the works were completed, the following were observed:

i. Overpayment

As at 31st August 2020, amounts totalling K129,325 had been paid to the contractor resulting in an overpayment of K12,211 without authority.

ii. Failure to Follow Procurement Procedures

Section 108 (2) of the Public Procurement Act No. 12 of 2008 states, “a Procurement Unit shall include sufficient bidders in a shortlist of bidders to ensure effective competition, but in any case, shall obtain no less than three quotations”.

Contrary to the Act, the Council single sourced the contractor without authority from Zambia Public Procurement Authority.

g. Management of Liabilities

i Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pensions Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K9,027,765 in respect of tax and pension contributions. See table 29.3 below.

Table 29.3: Unremitted Statutory Obligations

No.	Institution	Amount K
1	NAPSA	2,052,442
2	LASF	323,203
3	ZRA	6,652,120
	Total	9,027,765

ii Failure to Settle Staff Obligations

As at 31st December 2019, the council owed former and existing employees amounts totalling K1,300,094 in respect of long service bonus and retirement benefits. See table 29.4 below.

Table 29.4: Outstanding Staff Obligations

No.	Type of Benefit	Amount K
1	Long Service Bonus	796,887
2	Retirement	503,207
	Total	1,300,094

As at 31st October 2020, the outstanding amounts had not been settled by the Council.

30 Mafinga Town Council

30.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K22,190,845 against which amounts totalling K17,099,513 were received and generated resulting in a negative variance of K5,091,333. See table 30.1 below.

Table 30.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local taxes and rates	7,500	204,883	115,000	29,842	122,500	234,725	112,225
2	Fees	1,813,200	319,654	1,211,575	8,221	3,024,775	327,875	(2,696,900)
3	Licences	25,995	8,036	371,300	47,742	397,295	55,778	(341,517)
4	Permits	241,939	68,817	272,539	26,006	514,478	94,823	(419,655)
5	Levies	42,625	2,445	818,500	43,080	861,125	45,525	(815,600)
	Subtotal	2,131,259	603,835	2,788,914	154,891	4,920,173	758,726	(4,161,448)
	National Support							
6	Local Government Equalisation Fund	8,675,336	6,907,334	5,595,336	7,833,453	14,270,672	14,740,787	470,115
7	Grants in Lieu of Rates	-	-	-	-	-	-	-
8	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
	Sub Total	10,275,336	6,907,334	6,995,336	9,433,453	17,270,672	16,340,787	(929,885)
	Total	12,406,595	7,511,169	9,784,250	9,588,344	22,190,845	17,099,513	(5,091,333)

b. Operational Matters - Lack of Firefighting and Prevention Services

First Schedule Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states, “a Local Authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council had not established firefighting and prevention services as at 31st October 2020.

c. Accounting for Revenue - Failure to Collect Revenue from Sale of Plots

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

In March 2019, the Council offered 117 plots for sale to members of the public from which revenue in amounts totalling K452,000 was expected to be collected within one (1) month from the date of offer.

Contrary to the regulation, only K92,821 had been collected as at 31st October 2020, leaving a balance of K359,179. See table 30.2 below.

Table 30.2: Uncollected Revenue from Sale of Plots

No.	Category of Plots Issued	Number of Plots	Expected Amount K	Amount Collected K	Balance K
1	High Cost Residential	50	200,000	51,250	148,750
2	Medium Cost Residential	50	150,000	27,771	122,229
3	Commercial	5	30,000	6,300	23,700
4	Small Holding	10	60,000	1,500	58,500
5	Place of Worship	2	12,000	6,000	6,000
	Total	117	452,000	92,821	359,179

d. Management of Assets - Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which six (6) properties such as staff houses and offices valued at K3,350,000 were located.

e. Management of Local Government Equalisation Fund - Misapplication of Funds

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K14,740,787 out of which at least K2,948,157 was to be utilised on capital projects.

Contrary to the Act, amounts totalling K337,307 meant for projects were applied on unrelated activities such as payment of subsistence allowance and hire of services.

f. Management of Constituency Development Fund

During the period under review, the Ministry of Local Government disbursed Constituency Development Funds (CDF) amounting to K1,600,000 for Mafinga Constituency against a budget of K3,000,000 resulting in an underfunding of K1,400,000.

In addition, there was a balance brought forward from 2017 of K700,000 bringing total funds available to K2,300,000.

A physical inspection of selected projects carried out in October 2020 revealed that there were delays in the completion of projects as shown in table 30.3 below.

Table 30.3: Delayed Completion of Projects

No.	Project	Contractor	Contract Date	Contract Period		Contract Sum K	Amount Paid K	Scope of Works	Observations
				Start	End				
1	Rehabilitation of a 1x2 Classroom block at Masangani Primary School	Tovicom Construction and suppliers	08.04.2019	08.04.2019	08.05.2019	35,000	35,000	Rehabilitation of a 1x2 classroom block	The building had been roofed and the following were observed: <ul style="list-style-type: none"> i. Cracks had developed on the floor, ii. Glazing had not been done, iii. Three (3) doors had not been fitted, and iv. Drainage had not been constructed.
2	Construction of Mother's Shelter at Wenela Clinic	Machipisha General Dealers	01.03.2019	01.03.2019	01.04.2019	41,298	41,298	Construction of Mother's Shelter – No BOQ provided	Although the contractor had been paid the whole contract sum, no works had been done.
3	Completion of 1x4 classroom block at Thendele Secondary School	Growing Tree General Dealers	25.03.2019	25.03.2019	25.04.2019	35,000	35,000	Completion of 1 x 4 classroom block.	The building had been roofed. However, the following works were outstanding; <ul style="list-style-type: none"> i. Flooring, Glazing, Fixing doors, and ii. Plastering, Painting.

g. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pensions Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K4,864,758 in respect of tax and pension contributions. See table 30.4 below.

Table 30.4: Unremitted Statutory Obligations

No.	Details	Amount K
1	NAPSA	3,064,178
2	LASF	85,689
3	ZRA	1,714,891
	Total	4,864,758

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K1,251,272 in respect of terminal benefits and salaries. See table 30.5 below.

Table 30.5: Outstanding Staff Obligations

No	Details	Amount K
1	Settling In Allowance	129,075
2	Salary Arrears	1,111,347
3	Repatriation	7,775
4	Salary Under-Payments	3,075
	Total	1,251,272

31 Mambwe Town Council

31.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K25,020,394 against which amounts totalling K19,647,127 were received and generated resulting in a negative variance of K5,373,267 as shown in table 31.1 below.

Table 31.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes	3,536,570	1,545,650	1,366,703	1,481,960	4,903,273	3,027,610	(1,875,663)
2	Licences	7,500	12,160	-	-	7,500	12,160	4,660
3	Permits	112,000	129,518	-	-	112,000	129,518	17,518
4	Commercial Venture	164,160	164,704	27,500	157,077	191,660	321,781	130,121
5	Owners Rates	-	-	5,000	2,455	5,000	2,455	(2,546)
6	Other Income	803,300	556,443	-	-	803,300	556,443	(246,857)
	Sub-Total	4,623,530	2,408,475	1,399,203	1,641,492	6,022,733	4,049,967	(1,972,767)
	National Support							
7	Local Government Equalisation Fund	7,848,828	6,175,399	7,848,833	7,521,761	15,697,661	13,697,160	(2,000,501)
8	Grants in Lieu of Rates	100,000	100,000	200,000	200,000	200,000	300,000	-
9	Constituency Development Fund (CDF)	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
	Subtotal	9,548,828	6,275,399	9,448,833	9,321,761	18,997,661	15,597,160	(3,400,501)
	Total	14,172,358	8,683,874	10,848,036	10,963,253	25,020,394	19,647,127	(5,373,267)

b. Environmental Management

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the dumpsite carried out in June 2020 revealed that the Council did not fence the dumpsite for protection from access by unauthorised persons.

c. Accounting for Revenue

i. Delayed Banking

Local Authorities Financial Regulation No. 19 (1) requires that all cash and cheques received shall be banked as soon as possible but not later than two days after the day of receipt.

Contrary to the regulation, the Council delayed in banking revenue in amounts totalling K44,272 for periods ranging from five (5) to twenty (24) days.

ii. Failure to Collect Revenue

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, the Council failed to collect revenue in amounts totalling K274,234 in respect of house rentals and commercial owners rates as at 31st December 2019. See table 31.2 below.

Table 31.2: Uncollected amounts

No.	Revenue Type	Amount K
1	House Rentals	8,100
2	Commercial Owners Rates	266,134
	Total	274,234

As at 31st October, 2020 the outstanding amounts had still not been collected.

d. Management of Payroll and Staff Related Matters – Irregular Payment of Subsistence Allowance

According to Cabinet Office Circular minute dated 30th December 2015, subsistence and Meal allowances were not to be paid for activities undertaken within the district boundary.

Contrary to the circular, the Council paid amounts totalling K23,346 to six (6) officers as subsistence allowance to undertake activities within the district boundary.

e. Procurement of Goods and Services

i. Unretired Accountable Imprest

Local Authorities Financial Regulation No. 119 (1) provides for the retirement of imprest within forty-eight hours of the holder's return.

Contrary to the regulation, accountable imprest in amounts totalling K11,618 issued to three (3) officers during the period under review had not been retired as at 31st October 2020.

ii. Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, "all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit".

Contrary to the regulation, eight (8) payments in amounts totalling K13,858 made during the period under review were not supported with documents such as invoices and receipts.

f. Management of Assets

i. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, "A controlling officer shall ensure that all public properties under the controlling officer's charge are secured with title deeds".

Contrary to the Act, the Council did not secure title deeds for parcels of land on which twenty six (26) properties such as Civic Centre, guest house, markets and staff houses valued at K3,929,500 were located.

ii. Failure to Maintain Council Properties

The Council had twenty three (23) houses comprising of seven (7) medium, thirteen (13) low and three (3) high cost houses.

A physical inspection of properties carried in November 2020 revealed that the houses were poorly maintained as detailed below:



House No. 1473 had a crack in the corner and through a room



House No. 1475 cracks on the veranda had been mended, but painting still remained outstanding

g. Management of Local Government Equalisation Fund

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K13,697,160 out of which at least K2,739,432 was to be utilised on capital projects.

The following were observed:

i. Misapplication of Funds

Contrary to the Act, amounts totalling K51,358 meant for capital projects were applied on unrelated activities such as subsistence allowance, meetings, utility bills, wages and service of motor vehicles.

ii. Construction of Chikowa Market Shelter

In January 2019, the Council approved and allocated K80,000 for the construction of a market shelter at Chikowa. In this regard, on 3rd December 2018, the Council awarded a labour only contract to Mr. Noah Mbewe to carry out the works at a

contract sum of K15,000 for a duration of four (4) weeks commencing on 3rd December 2018 and ending on 2nd January 2019.

The scope of works included bush clearing, excavation works, construction of sub and super structures, roofing, plastering, painting and finishes.

As at 30th June 2020, amounts totalling K37,426 had been spent on purchase of materials (K31,926) and labour (K5,500) leaving a balance of K42,574.

A physical inspection of the project carried out in October 2020 revealed that although the structure had been roofed, the project had not been completed twenty two (22) months after the expected completion date.

The outstanding works included flooring, painting of steel poles with red oxide, and back filling. See picture below.



Incomplete market shelter

h. Management of Constituency Development Fund

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a total provision of K3,000,000 was made as Constituency Development Fund (CDF) to cater for Malambo Constituency and an amount of K1,600,000 was released.

The following were observed:

i. Construction of a Police Post at Msoro

The Council approved and allocated an amount of K406,774 for the construction of a police post at Msoro. In this regard, on 15th November 2019, the Council entered into a contract with JBD Greentech Zambia LTD to carry out the works at a contract sum of K406,774 for a duration of twelve (12) weeks commencing on 15th November 2019 and ending on 14th February 2020.

The scope of works included excavation and earth work, brickwork and block work, carpentry, joinery and ironmongery, plumbing installation, storm and soil water drain, electrical installation, floor, wall and ceiling finishes, painting, decoration and glazing, septic tank, soak away, siting, drilling and equipping of a borehole and installation of water tank.

As at 30th June 2020, the contractor had been paid amounts totalling K331,060 leaving a balance of K75,714.

A physical inspection of the project carried out in October 2020 revealed that although the super structure had been constructed and roofed, the project had not been completed eight (8) months after the expected completion date.

The outstanding works included painting, plumbing, glazing, drilling of borehole and landscaping. See picture below.



Unfinished Police Post

ii. Construction of a 1 x 3 CRB at Chilongozi Primary School

In March 2019, the Council approved and allocated an amount of K394,269 for the construction of a 1 x 3 class room block (CRB) at Chilongozi Primary School. In this regard, on 15th November 2019, the Council entered into a contract with Cashmo Contractors and General Dealers Limited to carry out the works at a contract sum of K394,269 for a duration of twelve (12) weeks commencing on 15th November 2019 and ending on 14th February 2020.

The scope of works included excavation and earth works, concrete works, brick work and block work, roofing, carpentry, joinery and ironmongery, floor and wall finishes, painting and decoration finishes, and glazing.

As at 30th June 2020, the contractor had been paid amounts totalling K175,734 leaving a balance of K218,535.

A physical inspection of the project carried out in October 2020 revealed that the project had not been completed, eight (8) months after the expected completion date.

The outstanding works included roofing, ironmongery, carpentry works, glazing, floor and wall finishes, and painting and decoration. See picture below.



Unfinished construction of a 1 x 3 Classroom block

i. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority

Superannuation Fund (LASF) amounts totalling K2,111,645 in respect of tax and pension contributions. See table 31.3 below.

Table 31.3: Unremitted Statutory Obligations

No.	Institutions	Amount K
1	ZRA	1,420,709
2	NAPSA	353,843
3	LASF	337,092
	Total	2,111,645

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed amounts totalling K172,635 in respect of wages and councillors allowances some of which had been outstanding since 2016. See table 31.4 below.

Table 31.4: Outstanding Staff Obligations

No.	Details	Amount K
1	Councillors allowances	128,400
2	Wages	44,235
	Total	172,635

32 Mansa Municipal Council

32.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K70,930,777 against which amounts totalling K49,333,196 were received and generated resulting in a negative variance of K21,597,580 as shown in table 32.1 below.

Table 32.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes/Rates	3,103,842	1,563,186	1,563,102	1,611,685	4,666,944	3,174,871	(1,492,073)
2	Fees and charges	4,091,172	2,317,317	2,726,584	2,456,550	6,817,756	4,773,867	(2,043,889)
3	Licences	93,600	70,454	83,600	86,952	177,200	157,406	(19,795)
4	Levies	1,206,936	2,268,737	1,426,528	1,535,226	2,633,464	3,803,963	1,170,499
5	Permits	715,600	1,284,638	835,408	848,952	1,551,008	2,133,590	582,582
6	Charges	7,863,779	3,180,245	7,863,779	2,118,827	15,727,558	5,299,073	(10,428,486)
7	Other income	2,570,886	968,666	211,626	443,992	2,782,512	1,412,658	(1,369,854)
	Sub Total	19,645,815	11,653,244	14,710,627	9,102,184	34,356,442	20,755,428	(13,601,014)
	National Support							
8	Local Government Equalisation Fund	12,840,000	10,890,685	17,734,335	14,987,084	30,574,335	25,877,769	(4,696,566)
9	Constituency Development Fund	3,200,000	1,100,000	2,800,000	1,600,000	6,000,000	2,700,000	(3,300,000)
10	Other Grants	-	759,242	-	-	-	-	-
	Sub Total	16,040,000	12,749,927	20,534,335	16,587,084	36,574,335	28,577,769	(7,996,566)
	Total	35,685,815	24,403,171	35,244,962	25,689,268	70,930,777	49,333,196	(21,597,580)

b. Operational Matters

i. Failure to Develop an Integrated Development Plan

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an approved integrated development plan.

ii. Environmental Management

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, the Solid Waste Regulation and Management Act No. 20 of 2018 states, “a local authority shall within its jurisdiction, collect and dispose of, or arrange for the collection and disposal of, all household waste in accordance with this Act,

ensure that waste is collected, transported and disposed of in accordance with this Act, provide litter receptacles in public places; and prepare and submit reports relating to solid waste management to the Ministers responsible for health, environment or water”.

An assessment of the effectiveness of the environmental management and physical inspections carried out in June 2020 revealed the following:

- **Poor Management of Kampalala Dumpsite**
 - The dumpsite was not fenced to restrict access, and
 - There were no hazard and safety signs at the dumpsite.
- **Lack of Waste Holding Bays**

There were no waste holding bays at five (5) markets namely; Chilyapa, Maiteneke, UBZ, Main and Senama. As a result, waste generated was dumped indiscriminately. See pictures below.



Chilyapa Market



Maiteneke Market

c. Irregular Payments of Lunch Allowance

According to Cabinet Office Circular Minute dated 30th December 2015, meal allowance was not to be paid for activities undertaken within the district boundary.

Contrary to the Circular, amounts totalling K57,600 were paid to several officers as meal allowance for activities carried out within the district boundary.

d. Management of Constituency Development Fund

During the period under review, the Council budgeted to receive Constituency Development Funds (CDF) in amounts totalling K6,000,000 against which amounts totalling K2,700,000 for Mansa Central and Bahati constituencies were received resulting in a negative variance of K3,300,000.

In addition, there was a balance brought forward from 2017 of K3,232,232 bringing the total funds available to K5,932,232.

As at 31st March 2020, amounts totalling K4,373,054 had been spent leaving a balance of K1,559,178.

The following were observed:

i. Irregular Payment of Value Added Tax (VAT) to Unregistered Companies

Section 27(1) of the VAT Act Chapter 331 of the Laws of Zambia requires that only companies that are registered for VAT can charge VAT.

Contrary to the Act, ten (10) companies contracted by the Council to construct and complete various projects charged VAT in amounts totalling K187,137 although they were not registered for VAT with Zambia Revenue Authority. In this regard, the companies were overpaid by K187,137.

ii. Failure to Recover Advance Payment – Bahati Constituency

On 16th November 2018, the Council awarded a contract to Pamensa Investments Limited to complete construction of a 1x3 classroom block at Musendeka Primary School, completion of Rural Health Centres at Kasongole and Chilila and a staff house at Chofwe Primary School at a contract sum of K174,000. The contract period was ten (10) weeks from 29th December 2018 to 18th January 2019.

On 6th December 2018, the contractor was paid an advance of K34,800 being 20% of the contract sum.

On 18th November 2019, the contract was terminated due to non-performance by the contractor.

However, the advance payment of K34,800 had not been recovered as at 31st October 2020.

e. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K32,663,073 in respect of tax and pension contributions, some of which had been outstanding from as far back as 2013. See table 32.2 below.

Table 32.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	12,390,373
2	NAPSA	18,542,230
3	LASF	1,730,470
	Total	32,663,073

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K4,118,152 in respect of salary arrears, leave days, long service bonus and terminal benefits some of which had been outstanding from as far back as 2011. See table 32.3 below.

Table 32.3: Outstanding Staff Obligations

No.	Description	Amount K
1	Terminal Benefits	1,504,515
2	Long Service Bonus	1,843,807
3	Leave Travel Benefits	550,348
4	Salary Arrears	219,481
	Total	4,118,152

33 Manyinga Town Council

33.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K14,305,608 against which amounts totalling K9,278,124 were received and generated resulting in a negative variance of K5,027,484 as shown in table 33.1 below.

Table 33.1: Budget and Income

No.	Revenue Type	Budget K	Actual K	Variance K
	Internally Generated			
1	Local Taxes/Rates	12,000	3,563	(8,438)
2	Fees and Charges	3,178,785	232,275	(2,946,510)
3	Licences	-	1,035	1,035
4	Levies	-	632,047	632,047
5	Permits	-	8,726	8,726
6	Other Income	427,001	125,201	(301,800)
	Sub Total	3,617,786	1,002,846	(2,614,940)
	National Support			
7	Local Government Equalisation Fund	9,087,822	6,475,277	(2,612,545)
8	Grants in Lieu of Rates	-	200,000	200,000
9	Constituency Development Fund	1,600,000	1,600,000	-
	Sub Total	10,687,822	8,275,277	(2,412,545)
	Total	14,305,608	9,278,124	(5,027,484)

b. Environmental Management - Poor Management of a Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

A physical inspection of the dumpsite carried out in May 2020 revealed that the Council was not complying with the Act in that the dumpsite was not fenced. See picture below.



Unfenced dumpsite

c. Accounting for Revenue

i. Under Collection of Revenue from Timber

The Council levies trucks carrying timber from the district boundaries at a rate of K1,000 per truck load.

A scrutiny of records maintained at Manyinga Forestry Department revealed that during the year under review there were 790 timber truck loads that were transported out of the district.

In this regard, the Council was expected to collect revenue in amounts totalling K790,000 but only collected K559,500 leaving a balance of K230,500 uncollected as at 31st October 2020.

ii. Delayed Banking

Local Authorities Financial Regulation No. 19 requires that all cheques and cash received shall be banked as soon as possible but not later than two days after the day of receipt.

Contrary to the regulation, there were delays in banking of revenue in amounts totalling K188,398 for periods ranging from six (6) to eighty four (84) days.

d. Management of Local Government Equalisation Fund

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K6,475,277 out of which at least K1,295,055 was to be utilised on capital projects.

The following were observed:

i. Misapplication of Funds

A review of the capital account revealed that amounts totalling K125,673 were applied on unrelated activities such as subsistence allowance, training and workshops.

In addition, in 2019, amounts totalling K254,600 were borrowed from the capital account to facilitate operational activities. However, as at 31st October 2020, the funds had not been reimbursed.

ii. Completion of a 1x2 Laboratory at Manyinga Day Secondary School

On 10th December 2018, the Council awarded a contract to Utmost Resources for the completion of a 1x2 Laboratory at Manyinga Day Secondary School at a contract sum of K306,801. The duration of the contract was eight (8) weeks commencing on 12th January 2019 and ending 9th March 2019.

The scope of works included; brick works, plastering, flooring, construction of workstations, metal works, glazing, carpentry works, wiring, plumbing, painting, roofing and construction of an external drainage.

On 24th December 2019, the contract was terminated due to delays in completing the works. As of March 2020, the contractor had been paid amounts totalling K256,297.

A physical inspection of the project carried out in March 2020 revealed that the project had stalled and the Council had not engaged another contractor. The outstanding works included flooring, completion of work stations and painting.

Further, although the contractor had submitted a performance bond, there was no evidence that the Council had encashed it following failure to perform by the contractor.

e. Management of Constituency Development Fund

During the period under review, the Council received Constituency Development Funds (CDF) in amounts totalling K1,600,000 for Manyinga constituency. In addition, there was a balance brought forward from 2017 of K1,400,000 bringing the total funds available to K3,000,000.

As of March 2020, amounts totalling K2,464,730 had been spent leaving a balance of K535,270.

The following were observed:

i. Delayed Completion – Construction of a 1x2 Science Laboratory at Kasamba Secondary School

On 3rd July 2019, the Council awarded a contract to Cashmo Contractors for the completion of a 1x2 Science Laboratory at Kasamba Secondary School at a contract sum of K268,693. The duration of the contract was thirteen (13) weeks commencing on 3rd July 2019 and ending 2nd October 2019.

The scope of works included construction of the substructure ring beam, brick work, roofing, metal work, painting, decoration and finishes.

As at 31st March 2020, the contractor had been paid amounts totalling K165,892.

A physical inspection of the project carried out in March 2020 revealed that the project had not been completed, five (5) months after the expected completion date and the contractor was not on site. The outstanding works

included roofing, metal work, painting, decoration and finishes. See picture 2 below.



Incomplete Science Laboratory

ii. Failure to Construct a 1x2 Science Laboratory at Chifuwe North Secondary School

On 8th July 2019, the Council awarded a contract to Bekile Enterprises for the completion of a 1x2 Science Laboratory at Chifuwe North Secondary School at a contract sum of K258,976. The duration of the contract was thirteen (13) weeks from 8th July to 7th October 2019.

The scope of works included construction of the substructure ring beam, brick work, roofing, metal work, painting, decoration and finishes.

As of October 2019, the contractor had been paid amounts totalling K100,050.

A physical inspection of the project carried out in March 2020 revealed that the project had not been completed and that the contract was terminated in November 2019 due to abandonment of the site by the contractor. However, as of October 2020, the contractor had not been replaced. The outstanding works included roofing, metal work, painting, decoration and finishes.

Further, although the contractor had submitted a performance bond, there was no evidence that the Council had encashed it following failure to perform by the contractor. See pictures below.



Incomplete 1x2 Science Laboratory

34 Masaiti Town Council

34.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K24,939,007 against which amounts totalling K15,452,112 were received and generated resulting in a negative variance of K9,486,895 as shown in table 34.1 below.

Table 34.1: Budget and Income

No.	Revenue Type	Budget K	Actual K	Variance K
	Internally Generated			
1	Owner's Rates	7,512,109	5,296,015	(2,216,094)
2	Local Taxes	60,045	60,045	-
3	Fees and Charges	1,361,054	461,054	(900,000)
4	Licences	17,500	4,325	(13,175)
5	Levies	807,000	359,004	(447,996)
6	Permits	398,212	42,883	(355,329)
7	Other Income	74,815	1,434,553	1,359,738
8	Plot Premiums	2,720,000	-	(2,720,000)
	Sub Total	12,950,735	7,657,879	(5,292,856)
	National Support			
9	Local Government Equalisation Fund	8,788,272	7,794,233	(994,039)
10	Constituency Development Fund	3,200,000	-	(3,200,000)
	Sub Total	11,988,272	7,794,233	(4,194,039)
	Total	24,939,007	15,452,112	(9,486,895)

b. Operational Matters - Lack of Firefighting and Prevention Services

First Schedule Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states, “a Local Authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have a fire station and firefighting and prevention services equipment as at 31st October 2020.

c. Accounting for Revenue

i. Failure to Update the Main Valuation Roll

Section 9 (4) of the Rating Act No. 21 of 2018 states, “the rating authority shall not less than once in every five (5) years or such longer period as the Minister may approve, cause to be prepared a new main roll”.

Contrary to the Act, the Council did not have an updated valuation roll at the time of audit as the valuation roll in use expired in 2015.

ii. Questionable Remissions or Debt Cancellation

Section 22 (1) of the Rating Act No. 21 of 2018 states, “an occupier may apply to a rating authority for a remission of the whole or any part of the rate payable by the occupier on a rateable property and that the occupier shall state the reasons for which the remission is sought”.

Contrary to the Act, the Council had provided annual remissions to a Company in amounts totalling K10,487,725 during the period from 1st January 2017 to 31st October 2020 without supporting documentation.

iii. Failure to Collect Revenue from Sale of Plots

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

In June 2019, the Council offered thirty seven (37) plots consisting of commercial, industrial and high cost residential plots in various areas to successful applicants from which plot premiums in amounts totalling K8,315,000 and application fees in amounts totalling K400,000 were to be collected within a period of three (3) months.

Contrary to the regulation, as at 31st October 2020, the Council had not collected any revenue from the sale of plots.

d. Procurement of Goods and Services

i. Unsupported and Missing Payment Vouchers

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, thirty two (32) payments in amounts totalling K244,797 made during the period under review were not supported with documents such as invoices and receipts.

In addition, eighty two (82) payment vouchers in amounts totalling K893,496 made during the period under review were not availed for audit.

ii. Unretired Accountable Imprest

Local Authorities Financial Regulation No. 119, (1) states, “special imprest shall be retired immediately after the purpose for which it is issued has been fulfilled”.

Contrary to the regulation, accountable imprest in amounts totalling K76,020 issued to four (4) officers during the period under review had not been retired as at 31st October 2020.

Further, imprest in amounts totalling K123,962 issued to five (5) officers to facilitate payment of allowances was not acquitted by the intended beneficiaries.

e. Management of Stores

i. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 states, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, various stores items costing K226,751 (general stores – K74,698 and fuel – K152,053) procured during the period under review were unaccounted for in that there were no receipt and disposal details.

ii. Irregular Drawing of Fuel

The Local Government Minute No. MLGH/71/6/93 dated 15th October 2012 requires that employees above the salary scale of LGSS 03 are entitled to fuel allowance paid directly through the payroll.

Contrary to the minute, senior officers drew fuel from the pool account costing K57,666 despite being in receipt of fuel allowance through the payroll.

f. Management of Assets

i. Failure to Insure Property

Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, the Council did not insure three (3) properties valued at K4,800,000 and eight (8) motor vehicles whose value could not be ascertained.

ii. Failure to Maintain Properties

A physical inspection of selected properties carried out in April 2020 revealed that properties were dilapidated as shown in pictures below.

- **The Council Workshop**

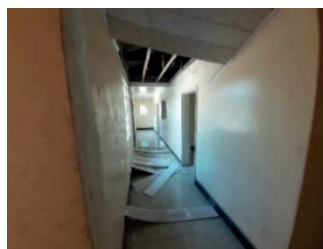
The workshop was in a deplorable state in that it had no windows, no roof, no doors among other things. See pictures below.



Dilapidated Council Workshop

- **Old Nsandabunga Rest House**

The Rest House's ceiling was falling off and the plaster was peeling off.



Ceiling falling off

g. Management of Local Government Equalisation Fund - Misapplication of Funds

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K7,794,233 out of which at least K1,558,847 was to be utilised on capital projects.

Contrary to the Act, amounts totalling K866,790 meant for capital expenditure were applied on unrelated activities such as allowances, fuel and service of vehicles.

h. Management of Constituency Development Fund

In 2018, the Council budgeted to receive Constituency Development Fund (CDF) in amounts totalling K3,200,000 and the whole amount was received while no funds were received in 2019.

The following were observed:

i. Misapplication of Funds

The Constituency Development Fund Act No. 11 of 2018, Section 12 stipulates that the Fund should not be used for any purposes other than disbursements to constituency accounts to meet costs of approved projects and administrative expenses not exceeding five per cent of the Fund.

Contrary to the Act, amounts totalling K1,365,925 meant for CDF were applied on operational activities not related to the purpose for which the funds were appropriated.

ii. Failure to Deliver Desks – Kafulafuta Constituency

On 28th February 2019, the Council paid Parkeys Jobbing Services an amount of K39,700 for the supply and delivery of 100 desks to Chikumbi Primary School. Although the delivery period was not stated, as at 31st October 2020, the supplier had only delivered twenty one (21) desks leaving seventy nine (79) costing K31,363 undelivered.

i. Management of Liabilities – Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K5,287,096 in respect of tax and pension contributions. See table 34.2 below.

Table 34.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	NAPSA	3,223,206
2	ZRA	1,815,673
3	LASF	248,217
	Total	5,287,096

35 Mazabuka Municipal Council**35.1 Audit Findings**

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K60,855,495 against which amounts totalling K50,056,596 were received and generated resulting in a negative variance of K10,798,899 as shown in table 35.1 below.

Table 35.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes	4,384,954	3,830,927	4,152,949	3,572,675	8,537,903	7,403,602	(1,134,301)
2	Fees and Charges	7,941,538	4,988,294	6,569,999	4,354,220	14,511,537	9,342,514	(5,169,023)
3	Licences	946,243	806,471	583,054	624,124	1,529,297	1,430,595	(98,702)
4	Levies	1,412,495	293,522	1,601,192	514,432	3,013,687	807,954	(2,205,733)
5	Permits	1,647,284	1,612,806	757,758	1,188,891	2,405,042	2,801,697	396,655
6	Other Receipts	-	62,269	-	2,900,000	-	2,962,269	2,962,269
	Total	16,332,514	11,594,289	13,664,952	13,154,342	29,997,466	24,748,631	(5,248,835)
	National Support							
7	Equalisation Fund	12,420,850	10,037,400	12,437,179	11,892,949	24,858,029	21,930,349	(2,927,680)
8	Constituency Development Fund	3,200,000	37,616	2,800,000	3,200,000	6,000,000	3,237,616	(2,762,384)
9	Grants in Lieu of Rates	-	140,000	-	-	-	140,000	140,000
	Sub Total	15,620,850	10,215,016	15,237,179	15,092,949	30,858,029	25,307,965	(5,550,064)
	Total	31,953,364	21,809,305	28,902,131	28,247,291	60,855,495	50,056,596	(10,798,899)

b. Operational Matters

i. Failure to Develop an Integrated Development Plan

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an integrated development plan during the period under review.

ii. Lack of Guidelines for Entry and Movements in the Dumpsite – West Villa Dumpsite

Section 60 (2) of the Solid Waste Regulation and Management Act No. 20 of 2018 states, “A local authority or solid waste management company under whose jurisdiction a landfill or disposal facility falls, shall issue guidelines and directions for entry into a landfill and other disposal facility, the manner of disposing solid waste, times of entry into and movement in a landfill or other disposal facility and other matters relating to safety and security in a landfill or other disposal facility that the local authority or solid waste management company considers necessary for such operations”.

Contrary to the Act, the Council had no guidelines regarding entry into the dumpsite by users thereby compromising public health.

c. Accounting for Revenue

i. Delayed Banking

Local Authorities Financial Regulation No.19 (1) states, “all cheques and cash received shall be banked as soon as possible, but not later than two days after the day of receipt”.

Contrary to the regulation, there were delays in banking revenue in amounts totalling K40,582 received during the period under review for periods ranging from three (3) to forty one (41) days. The delay in days did not include weekends and public holidays. See table 35.2 below.

Table 35.2: Delayed Banking

No.	Year	No. of Transactions	Amount K
1	2018	166	20,323
2	2019	84	20,259
	Total	250	40,582

ii. Failure to Collect Revenue from Billboards

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

During the period under review, the Council was expected to collect billboard revenue in amounts totalling K596,381.

Contrary to the regulation, the Council only collected K253,722 leaving a balance of K342,659 as at 31st October 2020.

d. Management of Assets - Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “a controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which twelve (12) properties were located.

e. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K22,890,560 in respect of tax and pension contributions some of which had been outstanding from as far back as December 2017. See table 35.3 below.

Table 35.3: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	14,606,633
2	LASF	3,098,424
3	NAPSA	5,185,504
	Total	22,890,560

f. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K547,904 in unpaid settling in allowances some of which had been outstanding from as far back as December 2017.

36 Mbala Municipal Council

36.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K39,352,283 against which amounts totalling K28,750,099 were received and generated resulting in a negative variance of K10,602,184. See table 36.1 below.

Table 36.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local taxes and rates	1,957,030	307,999	500,915	370,876	2,457,945	678,875	(1,779,070)
2	Fees	4,029,267	2,010,074	4,174,164	1,494,002	8,203,431	3,504,075	(4,699,356)
3	Licences	19,734	35,338	36,096	26,474	55,830	61,812	5,982
4	Permits	-	-	274,210	337,465	274,210	337,465	63,255
5	Levies	593,963	459,783	622,117	615,089	1,216,080	1,074,872	(141,208)
6	Charges and other income	1,446,208	962,792	462,615	84,732	1,908,823	1,047,523	(861,300)
	Subtotal	8,046,202	3,775,985	6,070,117	2,928,638	14,116,319	6,704,623	(7,411,696)
	National Support							
7	Local Government Equalisation Fund	11,287,932	9,514,507	10,447,932	10,079,219	21,735,864	19,593,726	(2,142,138)
8	Grants in Lieu of Rates	150,000	560,000	-	-	150,000	560,000	410,000
9	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
	Chief retainers	350,100	291,750	-	-	350,100	291,750	(58,350)
	Sub Total	13,388,032	10,366,257	11,847,932	11,679,219	25,235,964	22,045,476	(3,190,488)
	Total	21,434,234	14,142,242	17,918,049	14,607,857	39,352,283	28,750,099	(10,602,184)

b. Operational Matters

i. Failure to Prepare an Integrated Development Plan

The Urban and Regional Planning Act of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an approved integrated development plan.

ii. Environmental Management - Poor Management of Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the dumpsite carried out in July 2020 revealed the following:

- The Council did not fence the dumpsite for protection from access by unauthorised persons.
- There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite.

c. Accounting for Revenue

i. Failure to Collect Revenue

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, as at 31st December 2019, the Council failed to collect revenue in amounts totalling K411,659 in respect of property rates.

ii. Failure to Maintain an Updated Valuation Roll

Section 9 (4) of the Rating Act No. 21 of 2018 states, “the rating authority shall not less than once in every five (5) years or such longer period as the Minister may approve, cause to be prepared a new main roll”.

Although the Council paid amounts totalling K182,640 during the period under review for the updating of the valuation roll by the Government Valuation Department, as at 31st October 2020, the Council did not have an updated valuation roll and was still using the 2006 valuation roll.

iii. Unaccounted for Business Levy

Local Authorities Financial Regulation No. 72 states, “the Treasurer shall ensure that collectors of revenue account for the amount of moneys collected by them on a daily basis”.

During the period under review, the Council collected amounts totalling K14,536 in respect of business levy from fifteen (15) business houses.

Contrary to the regulation, only K1,500 was accounted for leaving a balance of K13,036 unaccounted for in that the funds were neither deposited nor found on hand as at 31st October 2020.

d. Travelling Out of Station without Authority

Minute No. MLGH/16/75 dated 23rd December 2015 states, “All Principal Officers shall seek permission in writing from the Permanent Secretary, Ministry of Local Government and Housing through the Provincial Local Government Officers (PLGO) in their respective provinces before leaving the stations.

Contrary to the Minute, the Principal Officer travelled out of the station without authority from the Permanent Secretary. In this regard, the officer was irregularly paid amounts totalling K17,815 in respect of subsistence allowance and fuel.

e. Management of Assets

i. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which six (6) properties valued at K4,153,900 were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, the properties had not been insured as at 31st October 2020.

ii. Failure to Maintain Properties

A physical inspection of selected properties carried out in October 2020 revealed that most of the properties were in a deplorable state. See pictures below:



TVMI Library and Pre School



Grass Hopper Council Rest House

f. Management of Local Government Equalisation Fund – Misapplication of Funds

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K19,593,726 out of which at least K3,918,745 was to be utilised on capital projects.

Contrary to the Act, only K1,640,362 was transferred to the capital account leaving a balance of K2,278,383.

Consequently, the Council was unable to implement three (3) approved projects that were allocated amounts totalling K965,586. See table 36.2 below.

Table 36.2: Unimplemented Projects

No.	Project	Amount K
1	Purchase of utility Vehicle-Light truck	650,000
2	Intergrated development plan	200,000
3	Information Communications Technology	115,586
	Total	965,586

Further, out of the funds transferred to the capital account, amounts totalling K106,568 were applied on non-capital related activities such as purchase of safety boots, fuel for general operations and remittance of Pay As You Earn without authority from the Secretary to the Treasury.

g. Management of Liabilities

i. Failure to Remit Statutory Contributions

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pensions Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K7,553,140 in respect of tax and pension contributions some of which had been outstanding from as far back as 2017. See table 36.3 below.

Table 36.3: Unremitted Statutory Obligations

No.	Institution	Amount K
1	NAPSA	2,365,633
2	LASF	1,003,297
3	ZRA	4,184,210
	Total	7,553,140

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K1,351,500 in respect of staff obligations such as salary arrears, retirement benefits and settling in allowances some of which had been outstanding from as far back as 2016. See table 36.4 below.

Table 36.4: Outstanding Staff Obligations

No.	Details	Amount K
1	Long Service Bonus	611,060
2	Accrued Leave Days	13,656
3	Salary Arrears	48,180
4	Settling in Allowances	182,971
5	Retirement Benefits	495,633
	TOTAL	1,351,500

37 Milenge Town Council

37.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K23,945,590 against which amounts totalling K17,292,290 were received and generated resulting in a negative variance of K6,653,300. See table 37.1 below.

Table 37.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local taxes	16,530	6,060	14,250	9,518	30,780	15,578	(15,202)
2	Fees and Charges	1,278,950	549,492	1,488,950	84,362	2,767,900	633,854	(2,134,047)
3	Licences	14,300	1,800	-	-	14,300	1,800	(12,500)
4	Levies	76,950	8,205	-	-	76,950	8,205	(68,745)
5	Permits	2,000	-	2,000	1,450	4,000	1,450	(2,550)
6	Commercial Venture	-	86,398	-	-	-	86,398	86,398
7	Other Receipts	800,000	506,591	1,372,786	549,413	2,172,786	1,056,004	(1,116,782)
	Subtotal	2,188,730	1,158,545	2,877,986	644,743	5,066,716	1,803,288	(3,263,428)
	National Support							
8	Local Government Equalisation Fund	8,311,561	6,563,958	7,567,313	7,075,044	15,878,874	13,639,002	(2,239,872)
9	Grants in Lieu of Rates	-	250,000	-	-	-	250,000	250,000
10	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
	Sub Total	9,911,561	6,813,958	8,967,313	8,675,044	18,878,874	15,489,002	(3,389,872)
	Total	12,100,291	7,972,503	11,845,299	9,319,787	23,945,590	17,292,290	(6,653,300)

b. Irregular Payment of VAT to a Non - Registered Supplier

Section 27(1) of the Value Added Tax (VAT) Act Chapter 331 of the Laws of Zambia requires that only companies that are registered for VAT can charge VAT.

On 22nd October 2018 and 16th May 2019, the Council awarded contracts for construction of a two (2) bedroomed semi-detached flats to Danny Ng'andwe General Dealers of Mansa, at contract prices of K389,722 and K439,079 respectively.

As at 31st October 2020, the contractor had been paid amounts totalling K581,831 VAT inclusive.

Although the contractor was not registered for VAT, he charged VAT in amounts totalling K100,445 contrary to the Act. In this regard, the contractor was over paid and the Council had not recovered the money as at 31st October 2020.

c. Accounting for Revenue – Failure to Collect Revenue

Local Authorities Financial Regulation No. 12 (h) requires the Treasurer to collect punctually all revenue and other Council moneys which become due and payable to the Council.

Contrary to the regulation, the following were observed:

i. House Rentals

During the period under review, the council had rented out its twenty one (21) dwelling houses with expected revenue from tenants of K104, 600 per annum. A scrutiny of tenancy agreements and bank statements revealed that the Council collected K87,600 leaving a balance of K17,000 uncollected as of October 2020. Although the defaulting tenants were served with reminders by Council management, the rentals remained uncollected for periods ranging from five (5) to ten (10) months.

ii. Water Bills

A scrutiny of water bills, cash book and bank statements revealed that during the period under review, the Council billed various institutions amounts totalling K37,200 in respect of water consumption.

However, as at 31st October 2020, the Council had not collected any amounts of bills issued.

d. Procurement of Goods and Services

i. Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, seventy four (74) payments in amounts totalling K434,700 were not supported with documentation such as receipts, quotations, purchase orders and goods received notes.

ii. Unretired Accountable Imprest

Local Authorities Financial Regulation No. 119 (1) states, “special imprest shall be retired immediately after the purpose for which it is issued has been fulfilled”.

Contrary to the regulation, accountable imprest in amounts totalling K9,168 issued to four (4) officers during the period under review had not been retired as at 31st October 2020.

iii. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 states, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, various stores items costing K366,049 (general stores – K293,290 and fuel – K72,759) procured during the period under review were unaccounted for in that there were no receipt and disposal details.

e. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which thirty six (36) properties were located.

f. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), Local Authorities Superannuation Fund (LASF) and National Pension Scheme Authority (NAPSA) amounts totalling K613,148 in respect of tax and pension contributions some of which had been outstanding from as far back as 2014. See table 37.2 below.

Table 37.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	LASF	110,665
2	NAPSA	103,617
3	ZRA	398,866
	Total	613,148

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K444,380 in respect of various staff obligations such as Councilors allowances, terminal benefits and leave pay some of which had been outstanding from as far back as 2014.

38 Mongu Municipal Council

38.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Governance - Lack of Chiefs' Representation

Contrary to Article 153 of the Constitution of Zambia (Amendment) Act No. 2 of 2016 which provides for the Council to have not more than three (3) chiefs representing chiefs in the district, elected by the chiefs in the district, Mongu Municipal Council did not have representatives of the Chiefs during the period under review.

b. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K58,255,907 against which amounts totalling K41,691,580 were received and generated resulting in a negative variance of K16,564,327 as shown in table 38.1 below.

Table 38.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Owners' Rates	3,472,933	1,698,218	1,400,000	652,085	4,872,933	2,350,303	(2,522,630)
2	Local Taxes	63,631	45,229	51,559	114,891	115,190	160,120	44,930
3	Fees & Charges	3,146,457	2,155,195	1,966,980	1,717,886	5,113,437	3,873,082	(1,240,355)
4	Licenses	1,235,600	1,053,638	-	-	1,235,600	1,053,638	(181,962)
5	Levies	1,111,965	202,588	953,408	1,465,556	2,065,373	1,668,144	(397,229)
6	Permits	1,694,504	701,775	766,683	1,115,862	2,461,187	1,817,637	(643,550)
7	Charges	3,800,000	811,444	1,124,974	315,257	4,924,974	1,126,700	(3,798,274)
8	Other Income	1,483,500	417,416	251,661	81,738	1,735,161	499,154	(1,236,007)
	Sub total	16,008,590	7,085,503	6,515,265	5,463,275	22,523,855	12,548,778	(9,975,078)
	National Support							
9	Local Government Equalisation Fund	14,766,026	12,181,282	14,166,026	12,927,520	28,932,052	25,108,802	(3,823,250)
10	Constituency Development Fund	3,200,000	-	3,200,000	3,200,000	6,400,000	3,200,000	(3,200,000)
11	Grant in Lieu of rates	-	370,000	400,000	464,000	400,000	834,000	434,000
	Sub total	17,966,026	12,551,282	17,766,026	16,591,520	35,732,052	29,142,802	(6,589,250)
	Total	33,974,616	19,636,785	24,281,291	22,054,795	58,255,907	41,691,580	(16,564,327)

c. Operational Matters - Environmental Management

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, the Solid Waste Regulation and Management Act No. 20 of 2018 states, “a local authority shall within its jurisdiction, collect and dispose of, or arrange for the collection and disposal of, all household waste in accordance with this Act, ensure that waste is collected, transported and disposed of in accordance with this Act, provide litter receptacles in public places; and prepare and submit reports relating to solid waste management to the Ministers responsible for health, environment or water”.

An assessment of the effectiveness of the environmental management revealed the following:

i. Failure to Provide Waste Receptacles or Refuse Bays

A physical inspection of four (4) markets namely; Imwiko, Mulambwa, Black and Green markets conducted in October 2020 revealed that the Council did not provide waste holding bays or receptacles (holders). See pictures below.



Imwiko Market



Black Market



Green Market



Mulambwa Market

ii. Management of Dumpsite

An inspection of the dumpsite carried out in October 2020 revealed the following:

- The Council did not fence the dumpsite for protection from access by unauthorised persons.
- There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite.

- The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.

d. Accounting for Revenue

i. Missing Receipt Books

Local Authorities Financial Regulation No. 28 (1) (b) requires that receipts of all types be preserved for the period of ten (10) years.

Contrary to the regulation, three (3) receipt books used for collection of market fees during the period under review were not availed for audit. See table 41.2 below.

Table 38.2: Missing Receipt Books

No.	Receipt Book Range	Type of Receipt
1	266401 - 266800	Market Receipt Book
2	761201-7616600	Market Receipt Book
3	766001-766400	Market Receipt Book

ii. Failure to Collect Revenue

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, as at 31st December 2019, the Council failed to collect revenue in amounts totalling K1,972,047 in respect of rates and rent for shops. See table 38.3 below.

Table 38.3: Outstanding Receivables

No.	Details	Amount K
1	Rates	1,805,747
2	Shops on Rent	166,300
	Total	1,972,047

iii. Failure to Charge Billboard Fees

Section 16 (2) of the Local Government Act No. 2 of 2019 states, “a local authority shall, in relation to advertisements, regulate the erection and display of

advertisements and advertising devices in, or in view of, streets and other public places”.

Contrary to the Act, the Council did not charge billboard fees in respect of 137 billboards erected by various companies in the district.

iv. Failure to Collect Departure Fees at Mongu Bus Station

During the period under review, gate fees per load charged by the Council were as shown in table 38.4 below.

Table 38.4: Departure Fees

No.	Details	Charge K
1	Big Bus	200
2	Taxi	5

A scrutiny of the departure security books maintained at Mongu bus station revealed that the Council failed to collect departure fees in amounts totalling K158,210 during the period under review.

e. Procurement of Goods and Services

i. Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, twelve (12) payments in amounts totalling K106,781 were not supported with documentation such as activity reports, invitation letters and receipts.

ii. Irregular Payment of Meal Allowance

According to Cabinet Office Circular Minute dated 30th December 2015, subsistence and meal allowances were not to be paid for activities undertaken within the district boundary.

Contrary to the Circular, meal allowance in amounts totalling K20,655 was paid to several officers for activities carried out within the district boundary.

f. Management of Infrastructure

i. Failure to Maintain Buildings

A physical inspection of selected properties carried out in October 2020 revealed that the properties were poorly maintained and were in a dilapidated state. See pictures below.



Ceiling board in corridors at Finance Department



Corridors of Council offices

ii. Failure to Maintain Urban Roads in Townships

Section 13 (1) and (2) of the Public Roads Act No. 11 of 2002, provides that the local authority shall be the road authority responsible for construction, care and maintenance of urban roads within its municipal jurisdiction.

However, an inspection of selected roads in October 2020 revealed that the Council did not maintain roads within the townships as shown in table 38.5 and pictures below.

Table 38.5: Condition of Township Roads

Name of Road	Location	Km	Observation
Kambule Street	Junction of Mongu - Lusaka Road (Kambule School Corner) to Independence Rd Junction	1.8	The road had sections with large potholes, deformed shoulders and a deep gully at Km 0.4
Queen Mother Road	From Independence Road junction to Lewanika Road junction	0.5	The road had large potholes between Km 0.2 and Km 0.9
Old Shoprite Road	From Mongu - Senanga Rd junction to Airport Road (Kapulanga junction)	5	The road had large potholes in most sections



Damaged Kambule Street

Old Shoprite Road - damaged spots

iii. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which twenty-nine (29) properties such as markets, shops, bus station, staff houses, offices and motel were located.

g. Management of Constituency Development Fund

During the period under review, the Council budgeted to receive CDF in amounts totalling K6,400,000 against which amounts totalling K3,200,000 were received resulting in a negative variance of K3,200,000. A total amount of K2,034,146 was brought forward from 2017 bringing the total funds available to K5,234,146. See table 38.6 below.

Table 38.6: Funding

No.	Constituency	Balance bf K	Funding K	Total K
1	Nalikwanda Constituency	1,022,256	1,600,000	2,622,256
2	Mongu Central Constituency	1,011,889	1,600,000	2,611,889
	Totals	2,034,146	3,200,000	5,234,146

As at 31st December 2019, a total amount of K3,756,344 had been spent leaving a balance of K1,477,802.

The following were observed:

i. Failure to Remit Deducted Value Added Tax (VAT)

During the period under review, the Council engaged a local contractor for the construction of Lwatembo Bridge and repair of the roof at Nakato Primary School in Nalikwanda Constituency at a contract sum of K351,447. As at 31st March 2020, the Council had paid the contractor a total amount of K307,663 for the two projects and withheld Value Added Tax (VAT) of K35,145.

However, as at 31st October 2020, the amount of K35,145 withheld as VAT had not been remitted to Zambia Revenue Authority (ZRA).

ii. Implementation of Projects

• Mongu Central Constituency

The Ministry of Local Government approved a budget of K2,620,655 for the implementation of forty-two (42) projects in Mongu Central Constituency.

The following were observed:

○ Failure to Use a Hammer mill and Repair a Tractor

On 28th September 2018, the Council procured a hammer mill at a cost of K22,000 for Imwiko Ward.

However, as at 31st October 2020 (25 months after its acquisition), the hammer mill was still in storage at the Council premises rendering the expenditure wasteful. See picture below.



A hammer mill at the Council premises

It was also observed that in 2018, the Council purchased a tractor at a cost of K265,000 and spent K24,034 on insurance and registration.

However, the tractor broke down in September 2019 and had not been repaired as at 31st October 2020. See picture below.



Broken down tractor

- **Unaccounted for Oxen, Plough and Trek Chain**

In September 2019, the Council procured an undisclosed number of oxen, plough and trek chain, all costing K12,000 for Sefula Cooperative in Namushakende Ward.

However, Sefula Cooperative had no physical presence and the oxen, plough and trek chain could not be traced as at 31st October 2020.

- **Nalikwanda Constituency - Poor Storage of Building Materials at Musalonga Primary School**

In 2019, the Council embarked on the completion of a 1x2 classroom block and a staff house at Musalonga Primary School in Mbekise Ward. The project was initially financed by the Ministry of General Education and was at window level when the Council took over. As at 31st March 2020, amounts totalling K72,823 had been spent on the project.

A physical inspection of the site carried out in March 2020 revealed that the staff house had been completed while the classroom block was at lintel level.

Further, an inspection of building materials revealed that 72 x 50kg pockets of cement costing K8,640 had caked. See pictures below.



Caked cement



Incomplete classroom block

h. Failure to Remit Tax

During the period under review, amounts totalling K286,869 in respect of settling in allowances and commutation of leave days were paid to twenty one (21) officers out of which Pay As You Earn (PAYE) in amounts totalling K90,373 was deducted. However, as at 31st October 2020, the amounts deducted had not been remitted to the Zambia Revenue Authority (ZRA).

39 Monze Town Council

39.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K43,734,143 against which amounts totalling K31,035,619 were received and generated resulting in a negative variance of K12,698,524 as shown in table 39.1 below.

Table 39.1: Budget and Income

Revenue Type	2019		2018		Total		
	Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
Internally Generated							
Local Taxes	2,251,364	742,705	1,637,483	918,060	3,888,847	1,660,765	(2,228,082)
Fees and Charges	2,447,690	1,201,174	2,915,016	1,663,380	5,362,706	2,864,554	(2,498,152)
Licences	512,300	385,088	449,606	415,632	961,906	800,720	(161,186)
Levies	196,500	95,625	552,263	407,904	748,763	503,529	(245,234)
Permits	871,600	733,258	355,000	400,314	1,226,600	1,133,572	(93,028)
Other Receipts	2,836,399	477,810	552,000	205,950	3,388,399	683,760	(2,704,639)
Sub Total	9,115,853	3,635,660	6,461,368	4,011,240	15,577,221	7,646,900	(7,930,321)
National Support							
Local Government Equalisation Fund	10,216,922	8,935,025	9,540,000	9,333,694	19,756,922	18,268,719	(1,488,203)
Constituency Development Fund	4,200,000	-	4,200,000	4,800,000	8,400,000	4,800,000	(3,600,000)
Grants in Lieu of rates	-	120,000	-	200,000	-	320,000	320,000
Sub Total	14,416,922	9,055,025	13,740,000	14,333,694	28,156,922	23,388,719	(4,768,203)
Total	23,532,775	12,690,685	20,201,368	18,344,934	43,734,143	31,035,619	(12,698,524)

In addition, an amount of K6,224,316 was brought forward from 2017 bringing the total funds available for expenditure during the period under review to K37,259,935.

b. Accounting for Revenue

i. Missing Receipt Books

Local Authorities Financial Regulation No. 28 (1) (b) states, “receipts of all types shall be preserved for a period of ten (10) years”.

Contrary to the regulation, thirty six (36) receipt books used for collection of revenue during the period under review were not availed for audit as at 31st October 2020.

ii. Delayed Banking

Local Authorities Financial Regulation No.19 (1) states, “All cheques and cash received shall be banked as soon as possible, but not later than two days after the day of receipt”.

Contrary to the regulation, there were delays in banking revenue in amounts totalling K75,981 received during the period under review for periods ranging from three (3) to thirty (30) days. The delay in days did not include weekends and public holidays. See table 39.2 below.

Table 39.2: Delayed Banking

No.	Year	Amount K
1	2018	40,616
2	2019	35,365
	Total	75,981

iii. Failure to Collect Revenue – Billboard Fees

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, the Council did not collect amounts totalling K190,835 in respect of billboards levy.

c. Procurement of Goods and Services

i. Missing and Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, ninety six (96) payment vouchers in amounts totalling K367,485 were not availed for audit.

In addition, twelve (12) payments in amounts totalling K135,903 made during the period under review were not supported with documentation such as receipts and invitation letters.

ii. Unretired Accountable Imprest

Local Authorities Financial Regulation No. 119, (1) states, “special imprest shall be retired immediately after the purpose for which it is issued has been fulfilled”.

Contrary to the regulation, accountable imprest in amounts totalling K20,777 issued to eight (8) officers during the period under review had not been retired as at 31st October 2020.

Further, imprest in amounts totalling K6,940 issued to five (5) officers to facilitate payment of allowances was not acquitted by the intended beneficiaries.

iii. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 states, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, stores items costing K189,476 comprising fuel (K51,557) and general stores (K137,919) procured during the period under review were unaccounted for in that there were no receipt and disposal details.

d. Management of Assets

i. Lack of Title Deeds

Public Finance Management Act No. 1 of 2018 Section 41(4) states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which twenty two (22) properties such as a guest house, houses, conference hall and a school were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, the Council did not insure eleven (11) motor vehicles valued at K10,020,000 and eighty seven (87) other properties valued at K17,992,301.

ii. Failure to Maintain Properties

A physical inspection of selected council properties carried out in October 2020 revealed that house number B/15 in Chisekesi and part of Nchete Guest House were in a dilapidated state. See pictures below.



Chisekesi, House Number B/15



Damaged Ceiling – Nchete Guest House

e. Management of Local Government Equalisation Fund – Misapplication of Funds

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K16,543,719 out of which at least K3,308,744 was to be utilised on capital projects.

However, the Council transferred a sum of K2,055,855 to the capital account leaving a balance of K1,252,890 which was misapplied on salaries and wages.

f. Management of Constituency Development Fund



During the period under review, the Council budgeted to receive CDF in amounts totalling K8,400,000 against which amounts totalling K4,800,000 were received resulting in a negative variance of K3,600,000.

A total amount of K5,449,772 was brought forward from 2017 bringing the total funds available to K10,249,772.

A physical inspection of selected projects carried out in September 2020 revealed weaknesses such as delayed completion and poor workmanship. See table 39.3 below.

Table 39.3: Delayed Completion of Projects

No.	Project	Contractor	Contract Date	Contract		Contract Sum K	Amount Spent K	Scope of Works	Observations
				Start	Expected End Date				
1	Construction of 1 x 3 Classroom Block at Kabanga Primary School	Koyuma Suppliers and Construction	17.04.2019	25.04.2019	25.08.2019	99,855	96,834.92	<ul style="list-style-type: none"> • Concrete works • Reinforcement • Block work • Roofing 	The project had not been completed twelve (12) months after the expected completion date with roofing and plastering (interior) outstanding.
2	Construction of 1 x 3 Classroom Block at Mahiba Primary School	Themats Enterprises	28.01.2019	01.02.2019	01.05.2019	150,000	150,000	<ul style="list-style-type: none"> • Block work up to Ring Beam and Construction of Ring Beam. • Block work up to Gable level, Roofing, Plastering and Metal works. • Painting and Decoration. • Drainage works. 	The project had not been completed sixteen (16) months after the expected completion date with the following works outstanding: plastering (interior), painting and metal works and floor screed. It was also observed that cracks had developed on the walls. See picture below.

										 <p><i>Crack on the wall</i></p>
	Construction of 1 x 2 Classroom Block at Luyaba Primary School	Themats Enterprises	05.11.2018	07.11.2018	07.02.2019	120,000	111,350	<ul style="list-style-type: none"> • Construction of sub and super structure. • Roofing. • Plastering • Flooring. • Metal works. • Painting and Decoration. • Drainage works 	<p>The project had not been completed nineteen (19) months after the expected completion date with the following works outstanding:</p> <ul style="list-style-type: none"> • Roofing, Plastering, Painting, • Fitting of window frames, glass panes, door frames and doors, Spoon drain and Floor screed. <p>See picture below.</p>  <p><i>Incomplete 1 x 2 CRB</i></p>	

g. Management of Liabilities - Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K25,035,011 in respect of tax and pension contributions some of which had been outstanding from as far back as December 2017. See table 39.4 below.

Table 39.4: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	4,245,225
2	NAPSA	20,151,850
2	LASF	637,937
	Total	25,035,011

40 Mpika Town Council

40.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K41,790,722 against which amounts totalling K30,975,433 were received and generated resulting in a negative variance of K10,815,289. See table 40.1 below.

Table 40.1: Budget and income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local taxes and rates	58,185	238,866	65,565	63,269	123,750	302,135	178,385
2	Fees and Charges	5,705,881	2,029,854	5,620,545	2,547,203	11,326,426	4,577,057	(6,749,369)
3	Licences	73,010	20,035	-	-	73,010	20,035	(52,975)
4	Permits	762,169	726,210	575,811	677,967	1,337,980	1,404,177	66,197
5	Levies	578,620	704,071	320,424	739,345	899,044	1,443,416	544,372
6	Borrowings	-	1,000,000	-	-	-	1,000,000	1,000,000
	Subtotal	7,177,865	4,719,036	6,582,345	4,027,784	13,760,210	8,746,820	(5,013,390)
	National Support							
7	Equalization Fund	11,535,256	8,227,397	10,295,256	10,511,216	21,830,512	18,738,613	(3,091,899)
8	Grants in Lieu of Rates	200,000	490,000	-	-	200,000	490,000	290,000
9	Constituency Development Fund	3,200,000	1,600,000	2,800,000	1,400,000	6,000,000	3,000,000	(3,000,000)
	Sub Total	14,935,256	10,317,397	13,095,256	11,911,216	28,030,512	22,228,613	(5,801,899)
	Total	22,113,121	15,036,433	19,677,601	15,939,000	41,790,722	30,975,433	(10,815,289)

b. Operational Matters

i. Failure to Prepare an Integrated Development Plan

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an integrated development plan.

ii. Environmental Management

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the dumpsite carried out in October 2020 revealed the following:

- The Council did not fence the dumpsite for protection from access by unauthorised persons.
- The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.

iii. Lack of Firefighting and Prevention Services

First Schedule Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states, “a Local Authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have a fire station and firefighting and prevention services equipment as at 31st October 2020.

iv. Failure to Control and Manage a Market - Chitulika Market

Section 5 (1) of the Markets and Bus Stations Act No. 7 of 2007 stipulates that all markets and bus stations should be under the control of a local authority having jurisdiction in the area in which they are situated.

Contrary to the Act, the Chitulika Market was not under the control of the Council. It was further observed that there were no public toilets at the market thereby posing a health hazard to the public.

c. Accounting for Revenue

i. Failure to Update a Valuation Roll

Section 9 (4) of the Rating Act No. 21 of 2018 states, “the rating authority shall not less than once in every five (5) years or such longer period as the Minister may approve, cause to be prepared a new main roll”.

Contrary to the Act, the Council did not have an updated valuation roll at the time of audit as the valuation roll in use was last updated in 1992.

ii. Missing Receipts Books

Local Authorities Financial Regulation No. 28 (1) (b) requires that receipts of all types be preserved for the period of ten (10) years.

Contrary to the regulation, twenty four (24) receipt books used during the period under review were not availed for audit.

iii. Failure to Collect Revenue from Sale of Plots

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

During the period under review, the Council offered 292 plots of various categories of land in Tazama New Area to successful applicants from which amounts totalling K3,715,500 were to be collected within three (3) months from the date of offer.

However, as at 31st October 2020, only K1,549,200 had been collected leaving a balance of K2,166,300.

d. Procurement of Goods and Services

i. Missing and Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, six (6) payment vouchers in amounts totalling K17,727 processed during the period under review were not availed for audit.

In addition, ninety (90) payments in amounts totalling K393,465 made during the period under review were not supported with documents such as contract, receipts and medical scheme.

ii. Irregular Payments of Subsistence and Meal Allowances

Cabinet Office Circular Minute dated 30th December 2015 stipulates that subsistence and meal allowances were not to be paid for activities undertaken within the district boundary.

Contrary to the Circular, amounts totalling K9,775 were paid to nine (9) officers as subsistence and meal allowances for activities carried out within the district boundary.

iii. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 requires that a Treasurer shall keep proper records of receipts and issue of stocks and stores.

Contrary to the regulation, various stores items costing K8,505 were not accounted for in that there were no receipt and disposal details.

e. Management of Assets – Failure to Insure Council Property

Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, thirty three (33) properties valued at K4,280,310 had not been insured as at 31st October 2020.

f. Management of Local Government Equalisation Fund

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K18,738,613 out of which at least K3,747,723 was to be utilised on capital projects.

The following were observed:

i. Failure to Reimburse Borrowings

During the period under review, the Council borrowed amounts totalling K284,000 from the capital projects account to facilitate payment of salaries. However, as at 31st October 2020, the borrowed funds had not been reimbursed.

Further, amounts totalling K6,828 meant for implementation of capital projects were applied on unrelated activities such as procurement of fuel for administrative and sports activities.

ii. Construction of Boreholes - Mpika Central Constituency

On 9th December 2019, the Council engaged El Wells Water Solutions to drill two (2) boreholes at Kapili and Makumbi markets in Mpika Central Constituency at a contract sum of K85,000 (K42,500 each) starting on 26th December 2019 and ending on 10th January, 2020.

The scope of works included borehole siting, civil works and installation of Indian Mark II Hand Pump at both sites.

On 23rd December 2019, the Council made a 50% advance payment of K42,500 to the contractor for mobilisation.

However, as at 31st October 2020, the contractor had not drilled the boreholes.

iii. Construction of Kapamba Bridge in Mukungule Chiefdom

On 19th February 2019, the Council engaged African Site Masters Limited to construct a bridge at Kapamba site in Mukungule Chiefdom of Chipembele Ward at a contract sum of K375,485 with a duration of two (2) months.

The scope of works included excavations and earth works, foundation works, construction of piers, wing walls, deck and guard rails and ancillary works.

As at 30th June 2020, the contractor had been paid amounts totalling K349,262 leaving a balance of K26,223.

A physical inspection carried out in June 2020 revealed that although the contractor had completed the project in October 2019, the bridge had caved in posing a danger to the public and no action had been taken to address the matter.

iv. Rehabilitation of Musakanya Guest House

During the period under review, the Council spent K149,050 to rehabilitate Musakanya guest house using force account.

However, a physical inspection of the project carried out in June 2020 revealed that the guest house was still in a dilapidated state and was not in use. See pictures below.



Dilapidated toilet



Broken Ceiling boards

g. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA) amounts totalling K1,963,906 in respect of tax.

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K5,792,589 in respect of salary arrears, long service bonus, settling in allowance and terminal benefits some of which had been outstanding from as far back as 2010. See table 40.2 below.

Table 40.2: Outstanding Staff Obligations

No.	Details	Amount K
1	Terminal Benefits	2,895,424
2	Long Service Bonus	2,573,000
3	Settling in allowance	2,373
4	Salary arrears	321,792
	Total	5,792,589

41 Mpongwe Town Council

41.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K31,691,976 against which amounts totalling K24,402,898 were received and generated resulting in a negative variance of K7,289,078 as shown in table 41.1 below.

Table 41.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Locally Generated							
1	Local Taxes	275,875	202,989	55,170	59,964	331,045	262,953	(68,092)
2	Fees and Charges	2,441,183	1,008,698	844,414	680,841	3,285,597	1,689,539	(1,596,058)
3	Licences	27,465	29,680	38,281	83,994	65,746	113,674	47,928
4	Levies	3,281,006	2,131,819	4,166,765	2,260,321	7,447,771	4,392,140	(3,055,631)
5	Permits	189,930	188,677	228,000	121,931	417,930	310,608	(107,322)
6	Owners' Rates	-	-	220,000	124,022	220,000	124,022	(95,978)
7	Charges	-	-	633,500	195,975	633,500	195,975	(437,525)
8	Other Incomes	-	-	300,000	1,213,193	300,000	1,213,193	913,193
	Sub-Total	6,215,459	3,561,863	6,486,130	4,740,241	12,701,589	8,302,104	(4,399,485)
	National Support							
9	Local Government Equalisation Fund	8,067,168	6,944,561	6,930,200	7,396,233	14,997,368	14,340,794	(656,574)
10	Grants in Lieu of Rates	200,000	160,000	793,019	-	993,019	160,000	(833,019)
11	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
	Subtotal	9,867,168	7,104,561	9,123,219	8,996,233	18,990,387	16,100,794	(2,889,593)
	Total	16,082,627	10,666,424	15,609,349	13,736,474	31,691,976	24,402,898	(7,289,078)

b. Operational Matters – Failure to Develop an Integrated Development Plan

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an approved integrated development plan.

c. Accounting for Revenue

i. Unaccounted for Revenue

Local Authorities Financial Regulation No. 72 states, “the Treasurer shall ensure that collectors of revenue account for the amount of moneys collected by them on a daily basis”.

Contrary to the regulation, the Council did not account for revenue in amounts totalling K215,098 collected from various revenue collection points in that the funds were neither deposited nor was cash found on hand.

ii. Failure to Collect Revenue

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, the following were observed:

- **Water Bills**

A review of records for water bills revealed that revenue totalling K104,300 in respect of water bills involving fifty three (53) clients had not been collected.

- **Proceeds from Sale of Plots**

During the period under review, the council was expected to collect amounts totalling K981,500 from sale of 142 plots. However, only K168,725 was collected leaving a balance of K812,775.

d. Procurement of Goods and Services

i. Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, fifteen (15) payments in amounts totalling K55,490 were not supported with documentation such as invoices and letters of termination or appointment.

ii. Unaccounted for Fuel

Local Authorities Financial Regulation No. 145 states, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, fuel costing K20,810 procured during the period under review was unaccounted for in that there were no receipt and disposal details.

Further, fuel in amounts totalling K91,817 involving 133 transactions was questionably drawn by non-runner motor vehicles.

e. Management of Local Government Equalisation Fund – Misapplication of Funds

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K14,340,794 out of which at least K2,868,159 was to be utilised on capital projects.

However, the Council misapplied amounts totalling K1,101,981 on procurement of office furniture and payment of allowances.

f. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K4,625,551 in respect of tax and pension contributions. See table 41.2 below.

Table 41.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	NAPSA	1,621,070
2	PAYE	2,949,900
3	LASF	54,581
	Total	4,625,551

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K1,025,540 in respect of various staff obligations such as long service bonus, terminal benefits, commutation of leave days and salary arrears.

42 Mporokoso Town Council

42.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K26,398,532 against which amounts totalling K17,588,339 were received and generated resulting in a negative variance of K9,010,193 as shown in table 42.1 below.

Table 42.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local taxes and rates	277,191	28,150	1,586,204	106,152	1,863,395	134,302	(1,729,093)
2	Fees and Charges	1,493,210	256,442	430,755	318,249	1,923,965	574,691	(1,349,274)
3	Licences	207,235	100,310	-	-	207,235	100,310	(106,925)
4	Permits	23,200	2,575	20,850	21,533	44,050	24,108	(19,942)
5	Levies	1,560	-	-	-	1,560	-	(1,560)
6	Other Receipts	189,300	130,001	1,388,400	274,796	1,577,700	404,797	(1,172,903)
	Subtotal	2,191,696	517,479	3,426,209	720,730	5,617,905	1,238,209	(4,379,696)
	National Support							
7	Local Government Equalisation Fund	7,857,873	6,833,385	7,017,876	7,316,745	14,875,749	14,150,130	(725,619)
8	Grants in Lieu of Rates	1,178,054	500,000	1,726,824	100,000	2,904,878	600,000	(2,304,878)
9	Constituency Development Fund	1,600,000	1,600,000	1,400,000	-	3,000,000	1,600,000	(1,400,000)
10	Other Grants	-	-	200,000	-	200,000	-	(200,000)
	Sub Total	10,635,927	8,933,385	10,344,700	7,416,745	20,780,627	16,350,130	(4,630,497)
	Total	12,827,623	9,450,864	13,770,909	8,137,475	26,398,532	17,588,339	(9,010,193)

b. Operational Matters**i. Lack of Firefighting and Prevention Services**

According to the Local Government Act No. 2 of 2019, Section 16(2), Subsection 5 (c) of the First Schedule, on the functions of the local government, the Council is required to establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire.

However, a review of the operations revealed that the Council had not established firefighting and prevention services unit as at 31st October 2020.

ii. Failure to Develop an Integrated Development Plan

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an approved integrated development plan.

iii. Environmental Management - Failure to Establish a Dumpsite

The Solid Waste Regulation and Management Act No. 20 of 2018 Section 6 (4) stipulates that a local authority shall, in consultation with the Zambia

Environmental Management Agency, construct, operate and maintain landfills and other prescribed disposal facilities”.

Contrary to the Act, the Council did not have a dumpsite during the period under review.

c. Procurement of Goods and Services - Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, payments in amounts totalling K50,907 made during the period under review were not supported with documents such as receipts and invitation letters.

d. Management of Assets

i. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which ten (10) properties such as the civic centre, market, guest house and a hall were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, the Council did not insure the ten (10) properties.

ii. Non-Operational Guest House

During the period under review, the Council owned Mikomba Guest House. However, a review of records and an inspection carried out in October 2020

revealed that the guest house had not been operational since 2016 and was dilapidated. See pictures below.



Broken windows and holes in rooms



Debris inside the rooms



Vandalised Door

e. Management of Local Government Equalisation Fund – Misapplication of Funds

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K14,150,130 out of which at least K2,830,026 was to be utilised on capital projects.

Contrary to the Act, amounts totalling K868,419 were applied on non-capital related activities such as councillors allowances and purchase of labour day attires.

f. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K3,264,308 in respect of tax and pension contributions. See table 42.2 below.

Table 42.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	LASF	420,994
2	NAPSA	2,264,858
3	ZRA	578,456
	Total	3,264,308

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K4,778,078 in respect of various staff obligations such as retirement benefits and long service bonuses some of which had been outstanding from as far back as 2015. See table 42.3 below.

Table 42.3: Outstanding Staff Obligations

No.	Details	Amount K
1	Long Service Bonus	202,100
2	Salary Arrears	2,519,502
3	Settling Allowance	40,375
4	Councillor arrears	26,400
5	Retirees Benefits	1,989,700
	Total	4,778,078

43 Mpulungu Town Council

43.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K25,664,275 against which amounts totalling K19,683,547 were received and generated resulting in a negative variance of K5,980,728. See table 43.1 below.

Table 43.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local taxes and rates	1,834,284	774,501	600,093	1,292,864	2,434,377	2,067,365	367,012
2	Fees and Charges	430,880	709,465	1,103,840	292,945	1,534,720	1,002,410	532,310
3	Licences	194,750	146,659	7,693	2,532	202,443	149,191	53,252
4	Permits	80,981	27,218	211,450	16,630	292,431	43,848	248,583
5	Levies	357,328	379,406	466,344	234,699	823,672	614,105	209,567
6	Other Receipts	-	1,115,730	120,000	110,372	120,000	1,226,102	(1,106,102)
	Subtotal	2,898,223	3,152,979	2,509,420	1,950,042	5,407,643	5,103,021	304,622
	National Support							
7	Local Government Equalisation Fund	9,361,924	6,598,972	7,794,708	6,281,554	17,156,632	12,880,526	4,276,106
8	Grants in Lieu of Rates	-	-	100,000	100,000	100,000	100,000	-
9	Constituency Development Fund	1,600,000	762,384	1,400,000	837,616	3,000,000	1,600,000	1,400,000
	Sub Total	10,961,924	7,361,356	9,294,708	7,219,170	20,256,632	14,580,526	5,676,106
	Total	13,860,147	10,514,335	11,804,128	9,169,212	25,664,275	19,683,547	5,980,728

b. Operational Matters

i. Inadequate Firefighting and Prevention Services

Section 16 (5) of the Local Government Act No. 2 of 2019 provides that, among other functions, the Council should establish and maintain firefighting, prevention and rescue services and take measures for the protection of life, property and natural resources from damage by fire.

Although during the period under review the Council had a firefighting and prevention services department, the officers did not have personal protective equipment such as fire tunics and boots.

ii. Failure to Develop an Integrated Development Plan

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an approved integrated development plan.

c. Accounting for Revenue

i. Failure to Collect Revenue

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, the Council did not collect revenue in amounts totalling K950,488 in respect of accommodation and meals (K151,690), rentals (K96,500) and property rates (K702,298).

ii. Unaccounted for Revenue

Local Authorities Financial Regulation No. 72 states, “the Treasurer shall ensure that collectors of revenue account for the amount of moneys collected by them on a daily basis”.

Contrary to the regulation, the Council did not account for revenue in amounts totalling K131,400 collected by two (2) officers in that the funds were neither deposited nor found on hand.

iii. Failure to Update a Valuation Roll

Section 9 (4) of the Rating Act No. 21 of 2018 states that, “the rating authority shall not less than once in every five (5) years or such longer period as the Minister may approve, cause to be prepared a new main roll”.

Contrary to the Act, the Council did not have an updated valuation roll at the time of audit as the valuation roll in use was last updated in 2006.

d. Payroll and Staff Related Matters

i. Irregular Payment of Meal Allowance

Cabinet Office Circular No.11 of 2013 states, “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 where lunch is not provided”. Further, in accordance with Cabinet Office Circular Minute of 2015

dated 30th December 2015, normal station of duty or work station shall mean, “a place of work within a district boundary”.

Contrary to the circulars, meal allowance in amounts totalling K8,465 was paid to six (6) officers for carrying out various activities within the district boundary.

ii. Failure to Recover Salary Advances

Terms and Conditions of Service for Local Government Officers No. 105 (d) requires that an advance of salary shall be repaid within a reasonable period of time but not exceeding six (6) months.

Contrary to conditions of service, recoveries in respect of salary advances in amounts totalling K6,500 paid to two (2) officers during the period under review had not been effected as at 31st October 2020.

iii. Irregular Payment of Housing Allowance

Conditions of Service for the Local Government Officers of 1996 require that housing allowance should only be paid to officers who are self-accommodated and not occupying Council houses.

Contrary to the conditions of service, the Council paid housing allowance in amounts totalling K30,478 to the Council Secretary for the period from January 2018 to May 2019 when he was accommodated in a Council house.

e. Procurement of Goods and Services - Missing and Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, 228 payments in amounts totalling K2,037,347 made during the period under review were not availed for audit.

In addition, thirty two (32) payments in amounts totalling K406,594 were not supported with documentation such as contract, receipts and medical scheme.

f. Management of Assets

i. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which twenty four (24) properties such as markets, shops, bus station, houses, offices and guest houses were located.

ii. Servicing of Motor Vehicles

In 2017, three (3) motor vehicles (Nissan Hard Body Registration No. ABF 6863, Mitsubishi Pajero Registration No. MPL 1 (ABZ 394) and Mitsubishi Sportero Registration No. ABT 6696) owned by the Council were taken for repairs and servicing to Clientele Trading and General Supplies of Lusaka.

In this regard, the Council was billed amounts totalling K391,910 in respect of motor vehicle servicing, repairs and spare parts out of which K386,910 had been settled leaving a balancing of K5,000.

However, as at 31st October 2020, the vehicles had not been repaired and returned to the Council.

g. Management of Local Government Equalisation Fund - Misapplication of Funds

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K12,880,525 out of which at least K2,576,105 was to be utilised on capital projects.

Contrary to the Act, capital projects funds totalling K616,940 were applied on unrelated activities such as personal emoluments, councillors' allowances and purchase of labour day attires.

Further, amounts totalling K779,700 borrowed from the capital projects account to facilitate payment of salaries had not been reimbursed as at 31st October 2020.

Consequently, sixteen (16) approved projects were not implemented.

h. Management of Constituency Development Fund

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a total provision of K3,000,000 was made to cater for Mpulungu Constituency and amounts totalling K1,600,000 were released. In addition, an amount of K1,408,833 was brought forward from 2017. Further, interest in amounts totalling K35,003 was realised bringing the total funds available to K3,043,836.

As at 31st December 2019, amounts totalling K1,530,522 had been spent leaving a balance of K1,513,314.

The following were observed:

i. Misapplication of Funds

The Constituency Development Fund Act No. 11 of 2018, Section 12 stipulates that the Fund should not be used for any purposes other than disbursements to constituency accounts to meet costs of approved projects and administrative expenses not exceeding five per cent of the Fund.

Contrary to the Act, amounts totalling K100,241 meant for CDF were applied on operational activities such as payment of allowances to officers attending budget hearings, payment of fuel for attending the Expo in Kasama and payment of wages to casual workers not related to the purpose for which the funds were appropriated.

ii. Missing Payment Vouchers

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, eleven (11) payment vouchers in amounts totalling K181,807 were not availed for audit.

iii. Unauthorised Retention of Interest

The Public Finance Management Act No. 1 of 2018 states, “Interest accrued on funds released from the consolidated fund shall constitute general revenue and shall be paid into the consolidated fund”.

However, it was observed that interest in amounts totalling K35,003 was accrued and retained by the local authority without obtaining authority from the Secretary to the Treasury.

iv. Undelivered Building Materials

On 22nd May 2018, the Council paid an amount of K33,989 to Five Fingers General Dealers for the supply of various building materials in respect of the construction of Iyendwe Health Post.

Although the delivery period was not stated, the building materials had not been delivered as at 31st October 2020 and no action had been taken by management.

i. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K17,252,017 in respect of tax and pension contributions. See table 43.2 below.

Table 43.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	5,891,427
2	NAPSA	8,847,728
3	LASF	2,512,862
	Total	17,252,017

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K4,378,369 in respect of various staff obligations such as retirement benefits and long service bonus some of which had been outstanding from as far back as 2016. See table 43.3 below.

Table 43.3: Outstanding Staff Obligations

No.	Details	Amount K
1	Long Service Bonus	749,329
2	Leave Travel Benefit	566,509
3	Salary arrears	1,297,475
4	Settling Allowance	423,639
5	Councillors' arrears	16,514
6	Terminal Benefits	1,324,903
	Total	4,378,369

44 Mufumbwe Town Council

44.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K36,946,215 against which amounts totalling K20,164,967 were received and generated resulting in a negative variance of K16,781,248 as shown in table 44.1 below.

Table 44.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes/Rates	658,000	14,096	599,311	597,718	1,257,311	611,814	(645,497)
2	Fees and charges	1,260,020	1,517,932	14,526,161	590,449	15,786,181	2,108,381	(13,677,800)
3	Licences	-	1,010	27,590	11,530	27,590	12,540	(15,050)
4	Levies	-	418,607	244,864	294,113	244,864	712,720	467,856
5	Permits	-	30,421	78,200	800	78,200	31,221	(46,979)
6	Other Incomes	800,000	677,142	37,900	188,176	837,900	865,318	27,418
	Sub Total	2,718,020	2,659,208	15,514,026	1,682,786	18,232,046	4,341,994	(13,890,052)
	National Support							
7	Local Government Equalisation Fund	7,857,085	6,759,941	7,857,084	7,213,031	15,714,169	13,972,973	(1,741,196)
8	Grants in Lieu of Rates	-	250,000	-	-	-	250,000	250,000
9	District Development Fund	-	-	-	-	-	-	-
10	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
	Sub Total	9,457,085	7,009,941	9,257,084	8,813,031	18,714,169	15,822,973	(2,891,196)
	Total	12,175,105	9,669,149	24,771,110	10,495,818	36,946,215	20,164,967	(16,781,248)

b. Environmental Management - Poor Management of a Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the Kasolo dumpsite carried out in October 2020 revealed that the Council did not fence the dumpsite for protection from access by unauthorised persons.

c. Procurement of Goods and Services

i. Unaccounted for stores

Local Authorities Financial Regulation No. 145 requires the treasurer to keep proper records of receipts and issue of stock and stores.

Contrary to the regulation, various stores items costing K292,909 procured during the period under review were not accounted for in that there were no receipt and disposal details.

ii. Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, fifty three (53) payments in amounts totalling K122,101 made during the period under review were not supported with documents such as receipts and invoices.

Further, allowances and salary arrears in amounts totalling K96,990 paid to thirty five (35) officers were not supported with records.

iii. Unretired Accountable Imprest

Local Authorities Financial Regulation No. 119, (1) states, “special imprest shall be retired immediately after the purpose for which it is issued has been fulfilled”.

Contrary to the regulation, accountable imprest in amounts totalling K17,124 issued to three (3) officers during the period under review had not been retired as at 31st October 2020.

iv. Irregular Payment of Sitting Allowances

Cabinet Office Circular No. 11 of 2013 abolished payment of administrative allowances to officers in the public service.

During the period under review, the Council paid sitting allowances in amounts totalling K12,600 to several officers for attending procurement meetings contrary to the circular.

v. Overpayment to Supplier

On 20th March 2019, the Council made a payment of K15,845 to a supplier for the supply of alcoholic beverages for the bar. However, a scrutiny of the cashbook and bank statements revealed that the supplier was paid an additional

K5,845 on 25th March 2019 resulting in an over payment of K5,845 which had not been recovered as at 31st October 2020.

d. Management of Payroll and Staff Related Matters - Failure to Recover Salary Advances

Local Government Terms and Conditions of Service No. 105 (d) requires that an advance of salary be repaid within a reasonable period of time but not exceeding six (6) months.

Contrary to the terms and conditions of service, salary advances in amounts totalling K43,500 paid to eighteen (18) officers during the period under review had not been recovered as at 31st October 2020.

e. Management of Local Government Equalisation of Fund – Misapplication of Funds

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K13,972,973 out of which at least K2,794,595 was to be utilised on capital projects.

However, amounts totalling K967,453 meant for capital projects were applied on unrelated activities such as payment of salaries.

f. Management of Constituency Development Fund - Completion of 1x3 Classroom Block at Wishimanga Secondary School

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a total provision of K3,000,000 was made to cater for Mufumbwe Constituency and amounts totalling K1,600,000 were released. In addition, an amount of K700,000 was brought forward from 2017 bringing the total available funds to K2,300,000.

As at 31st December 2019, amounts totalling K2,165,622 had been spent leaving a balance of K134,378.

In this regard, the Council allocated K70,469 for the completion of 1x3 classroom block at Wishimanga Secondary School. On 1st June 2019, the Council awarded a labour only contract to Samwika Jonas at a contract sum of K10,739 with a duration of three (3) months ending on 31st August 2019.

The scope of works included; plastering, roofing, fitting windows and doors, flooring and glazing.

As at 31st August 2020, amounts totalling K61,949 were spent on materials (K50,247), labour (K10,739) and monitoring (K963) leaving a balance of K8,520.

The following were observed:

i. Outstanding Works

A physical inspection of the project carried out in October 2020 revealed that the works had not been completed fourteen (14) months after the expected completion date. The outstanding works included; roofing of two (2) verandas, glazing, painting and plastering.

ii. Failure to Account for Building Materials

On 12th May 2019, the Council delivered various materials to Wishimanga Secondary School. A visit to the site revealed that among the materials delivered were 180 x 50kg pockets of cement costing K14,940. It was however, observed that the pockets of cement were not accounted for in that there were no disposal records.

g. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K982,825 in respect of tax and pension contributions. See table 44.2 below.

Table 44.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	92,548
2	NAPSA	524,438
3	LASF	365,838
	Total	982,825

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees salary arrears and allowances in amounts totalling K968,610. See table 44.3 below.

Table 44.3: Outstanding Staff Obligations

No.	Obligation	Amount K
1	Salary arrears	682,338
2	Councillors allowances	96,000
3	Settling in allowances	190,273
	Total	968,610

45 Mumbwa Town Council

45.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K27,095,121 against which amounts totalling K18,600,370 were received and generated resulting in a negative variance of K8,494,751 as shown in table 45.1 below.

Table 45.1: Budget and Income

No.	Revenue Type	Budget K	Actuals K	Variance K
	Internally Generated			
1	Owners Rates	1,080,004	957,909	(122,095)
2	Local Taxes	112,500	49,452	(63,048)
3	Fees & charges	3,710,102	1,941,899	(1,768,203)
4	Licences	55,500	81,850	26,350
5	Levies	370,500	314,389	(56,111)
6	Permits	894,263	744,765	(149,498)
7	Charges	3,070,000	2,673,250	(396,750)
8	Other Income	1,514,350	459,874	(1,054,476)
	Sub Total	10,807,219	7,223,388	(3,583,831)
	National Support			
9	Local Government Equalisation Fund	13,087,902	10,576,982	(2,510,920)
10	Grant In Lieu of Rates	-	800,000	800,000
11	Constituency Development Fund	3,200,000	-	(3,200,000)
	Sub Total	16,287,902	11,376,982	(4,910,920)
	Grand Total	27,095,121	18,600,370	(8,494,751)

b. Operational Matters – Environmental Management

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the dumpsite carried out in October 2020 revealed that the Council did not fence the dumpsite for protection from access by unauthorised persons.

c. Accounting for Revenue

The Local Authorities Financial Regulation No. 12 requires the Council to collect punctually all revenue and other Council money which becomes due and payable to the Council.

Contrary to the regulation, the following were observed:

i. Failure to Collect Outstanding Receivables

During the period under review, the Council failed to collect amounts totalling K2,827,245 in respect of property rates.

ii. Sale of Plots

During the period under review, the Council offered 165 plots for sale to the public from which amounts totalling K1,981,900 were expected to be collected within three (3) months from the date of offer. However, as at 31st October 2020, only K736,150 had been collected leaving a balance of K1,245,750.

d. Management of Assets – Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 requires a Controlling Officer to ensure that all public properties under the controlling officer's charge are secured with title deeds.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which twenty five (25) properties valued at K4,643,100 were located.

In addition, Local Authorities Financial Regulation No.154 requires that the Treasurer should take out insurance cover against losses, damaged, risks and liabilities which the Council may incur and should regularly review such cover in consultation with heads of departments.

Contrary to the regulation, the properties were not insured.

e. Management of Local Government Equalisation Fund - Irregular Payment of VAT to a Non - Registered Supplier

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K10,576,982 out of which at least K2,115,396 was to be utilised on capital projects.

Section 27(1) of the VAT Act Chapter 331 of the Laws of Zambia requires that only companies that are registered for VAT can charge VAT.

Contrary to the Act, a company contracted by the Council during the period under

review to supply and install a street lighting system charged VAT in amounts totalling K68,074 although not registered for VAT. In this regard, the company was overpaid by K68,074.

f. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K7,536,727 in respect of tax and pension contributions. See table 45.2 below.

Table 45.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	4,995,567
2	NAPSA	1,470,527
3	LASF	1,070,633
	Total	7,536,727

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K886,882 in respect of various staff obligations such as retirement benefits and long service bonus. See table 45.3 below

Table 45.3: Outstanding Staff Obligations

No.	Details	Amount K
1	Retirees	366,504
2	Long service bonus	451,229
3	Settling in allowance	63,983
4	Madison	5,167
	Total	886,882

46 Mungwi Town Council

46.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K12,686,419 against which amounts totalling K9,067,996 were received and generated resulting in a negative variance of K3,618,423 as shown in table 46.1 below.

Table 46.1: Budget and Income

No.	Revenue Type	Budget K	Actual K	Variance K
	Locally Generated			
1	Local Taxes/Rates	89,827	84,674	(5,153)
2	Fees & Charges	2,101,393	863,975	(1,237,418)
3	Licenses	137,993	129,460	(8,533)
4	Levies	17,206	34,392	17,186
5	Charges and other Income	17,840	16,638	(1,202)
	Sub total	2,364,259	1,129,139	(1,235,120)
	National Support:			
6	Local Government Equalisation Fund	8,622,160	6,718,857	(1,903,303)
7	Constituency Development Fund	1,600,000	1,000,000	(600,000)
8	Grant in Lieu of Rates	100,000	220,000	120,000
	Sub total	10,322,160	7,938,857	(2,383,303)
	Grandtotal	12,686,419	9,067,996	(3,618,423)

b. Operational Matters

i. Lack of Firefighting and Prevention Services

First Schedule Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states, “a local authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have firefighting and prevention services as at 31st October 2020.

ii. Failure to Develop an Integrated Development Plan

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an approved integrated development plan as at 31st October 2020.

iii. Environmental Management - Poor Management of Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the dumpsite carried out in October 2020 revealed that the Council had not fenced the dumpsite for protection from access by unauthorised persons.

c. Staff Related Matters - Irregular Payment of Meal Allowance

Cabinet Office Circular Minute dated 30th December 2015 stipulates that subsistence and meal allowances were not to be paid for activities undertaken within the district boundary.

Contrary to the circular, meal allowance in amounts totalling K18,650 was paid to several officers for activities carried out within the district boundary.

d. Procurement of Goods and Services - Unaccounted for Stores

Local Authorities Financial Regulation No. 145 requires that a Treasurer shall keep proper records of receipts and issue of stocks and stores.

Contrary to the regulation, various stores items costing K411,538 (general stores -

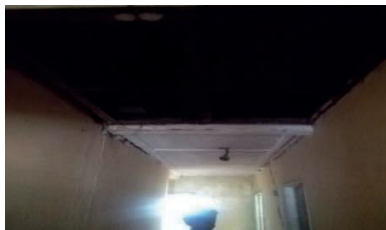
K80,975 and fuel - K330,563) procured during the period under review were not accounted for in that there were no receipt and disposal details.

e. Management of Assets

i. Failure to Maintain Properties

A physical inspection of properties carried out in October 2020 revealed that most council buildings and houses were in a dilapidated state. See pictures below.

- *Council Secretary's Residence*



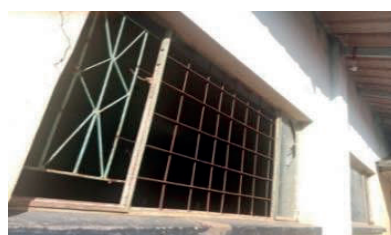
- *Works Office Block*



- *Police Building*



- *Council Hall*



ii. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “a controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which fourteen (14) properties such as a market, houses, office block and motel valued at K5,455,125 were located.

iii. Failure to Report an Accident

On 26th March 2019, a motor vehicle Mazda BT Registration No. GRZ 466 CN procured in 2017 at a cost of K330,950 was involved in a road traffic accident whilst being driven by a Council mechanic.

On 25th April 2019, the Permanent Secretary, Ministry of Local Government directed the Council to undertake the necessary action against the officer. However, as at 30th June 2020, the road traffic accident had not been reported to the police and no action had been taken against the officer. Instead, amounts totalling K38,975 had been spent on repairs of the motor vehicle.

f. Management of Local Government Equalisation Fund - Failure to Reimburse Borrowings

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K6,718,857 out of which at least K1,343,771 was to be utilised on capital projects.

However, in 2019, the Council borrowed amounts totalling K266,762 from the capital projects account to finance operational costs. As at 31st October 2020, the borrowed funds had not been reimbursed.

g. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pensions Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and Workers Compensation Fund Control Board (WCFCB) amounts totalling K6,293,221 in respect of tax, pension and other contributions. See table 46.2 below.

Table 46.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	LASF	214,940
2	NAPSA	4,411,181
3	ZRA	1,588,363
4	WCFCB	78,738
	Total	6,293,221

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K2,574,613 in respect of various staff obligations such as salaries, long service bonus and terminal benefits some of which had been outstanding from as far back as 2015. See table 46.3 below.

Table 46.3: Outstanding Staff Obligations

No.	Details	Amount K
1	Long Service Bonus	144,204.44
2	Leave and Travel benefits	32,280
3	Salaries and Wages	945,952
4	Settling Allowance	31,401
5	Terminal Benefits	1,420,775
	Total	2,574,613

47 Mwinilunga Town Council

47.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and generate funds from various sources in amounts totalling K18,678,021 against which K10,053,344 was received and generated resulting in a negative variance of K8,624,677. See table 47.1 below.

Table 47.1: Budget and Income

No.	Revenue Type	Budget K	Actual K	Variance K
	Internally Generated			
1	Local Taxes	526,750	-	(526,750)
2	Fees and Charges	5,876,480	589,371	(5,287,110)
3	Licences	174,800	8,475	(166,325)
4	Levies	1,396,980	293,776	(1,103,204)
5	Permits	114,650	253,940	139,290
6	Other receipts	268,745	540,727	271,982
	Subtotal	8,358,405	1,686,288	(6,672,117)
	National Support			
7	Constituency Development Funds	1,600,000	-	(1,600,000)
8	Local Government Equalisation Fund	8,719,616	7,927,056	(792,560)
9	Grants in lieu of Rates	-	120,000	120,000
10	Special grant	-	320,000	320,000
	Subtotal	10,319,616	8,367,056	(1,952,560)
	Total	18,678,021	10,053,344	(8,624,677)

b. Environmental Management - Poor Management of Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the Kawiku dumpsite carried out in June 2020 revealed the following:

- i. The Council did not fence the dumpsite for protection from access by unauthorised persons.
- ii. There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite.
- iii. The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.

c. Accounting for Revenue

i. Failure to Update Valuation Roll

Section 9 (4) of the Rating Act No. 21 of 2018 states, “a rating authority shall, not less than once in every five (5) years or such longer period as the Minister may approve, cause to be prepared a new main roll”.

However, the Council did not have an updated valuation roll as at 31st October 2020 as the last valuation roll expired in 2009.

ii. Unaccounted for Funds

Section 11 sub section 1 (n) and (o) of the Public Finance Management Act No. 1 of 2018 requires the Controlling Officer to manage and safeguard public assets and revenues and to maintain an effective system to account for liabilities and manage cash.

Contrary to the Act, revenue in amounts totalling K74,009 was unaccounted for in that whereas amounts totalling K651,840 were collected, only K577,831 was banked as at 31st October 2020.

iii. Under Collection of Revenue

- **Mining Explorations**

Section 27 of the Local Government Act No. 2 of 2019 requires a local authority to impose fees and charges by resolution of the Council. A scrutiny of records from Ministry of Mines revealed that 124 companies carried out mineral explorations and prospecting activities within the District boundaries out of which fees amounting to K5,160,000 were expected to be collected by the Council during the period under review.

However, only amounts totalling K115,230 were collected resulting in an under collection of K5,044,770.

- **Bus Loading, Mast and Rental Fees**

A scrutiny of revenue records for the period under review revealed that the Council was expected to collect K434,500 in respect of bus loading, mast and rental fees out of which amounts totalling K290,200 were collected leaving a balance of K144,300 uncollected. See table 47.2 below.

Table 47.2: Uncollected Revenue

No.	Income Type	Expected Collections K	Actual Collections K	Under Collected Income K
1	Bus Loading	216,000	157,353	58,647
2	Property Rentals	118,500	82,847	35,653
3	Tele Mast	100,000	50,000	50,000
	Total	434,500	290,200	144,300

d. Procurement of Goods and Services

- i. **Unsupported Payments**

Local Authorities Financial Regulation No. 98 (1) states, “All payment vouchers with supporting documents, and any other forms which support a charge entered in the accounts, shall be carefully filed, secured against loss, and be readily available for audit”.

Contrary to the regulation, seventeen (17) payments in amounts totalling K74,050 were not supported with documents such as, receipts, claim forms and acquittal sheets.

ii. Irregular Payment of Meal Allowance

Cabinet Office Circular No. 11 of 2013, stipulates that meal allowance should only be paid to an officer who travels for work away from his or her normal station of duty on official duty for eight (8) hours or more but not including an overnight stay.

Contrary to the circular, meal allowance in amounts totalling K6,830 was paid to seven (7) officers for activities undertaken within their normal duty station.

e. Failure to Recover Salary Advances

Terms and Conditions of Service for Local Government Officers No. 105 (d) stipulates that an advance of salary should be repaid within a reasonable period of time but not exceeding six (6) months.

Contrary to the conditions of service, salary advances in amounts totalling K13,617 paid to nine (9) officers had not been recovered as at 31st October 2020.

f. Management of Assets

i. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “a controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which twenty one (21) properties valued at K5,722,925 were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the Act, the Council did not insure eight (8) motor vehicles and three (3) motorcycles valued at K4,116,940.

ii. Failure to Maintain Assets

The Council did not have a maintenance policy to give guidance on how buildings were to be maintained. As a result, its properties were poorly maintained. See picture below.



Scrapped off roof of the Restaurant

g. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K5,319,915 in respect of tax and pension contributions. See table 47.3 below.

Table 47.3: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	903,585
2	NAPSA	3,334,917
3	LASF	1,081,414
	Total	5,319,915

48 Nakonde Town Council

48.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K83,983,276 against which amounts totalling K58,667,795 were received and generated, resulting in a negative variance of K25,315,481. See table 48.1 below.

Table 48.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes and Rates	49,200	6,888	45,190	27,063	94,390	33,951	(60,439)
2	Fees	22,450,880	18,920,945	15,936,960	19,282,818	38,387,840	38,203,763	(184,077)
3	Permits	73,580	177,955	719,808	552,499	793,388	730,454	(62,934)
4	Licences	311,800	203,812	-	-	311,800	203,812	(107,988)
5	Levies	90,696	294,706	622,800	153,771	713,496	448,477	(265,019)
6	Charges and other Income	19,112,760	296,805	284,000	5,000	19,396,760	301,805	(19,094,955)
7	Rest House	-	-	1,353,940	1,171,567	1,353,940	1,171,567	(182,373)
8	Chief Retainers	66,600	49,950	-	-	66,600	49,950	(16,650)
9	NRWSSP-ADB	1,702,239	176,103	14,593	43,091	1,716,832	219,194	(1,497,638)
10	Commercial Venture	1,674,240	947,449	-	-	1,674,240	947,449	(726,791)
11	Zesco Way Leave	134,200	134,200	-	-	134,200	134,200	-
12	Other Receipts	126,000	83,505	134,010	211,178	260,010	294,683	34,673
	Sub Total	45,792,195	21,292,318	19,111,301	21,446,987	64,903,496	42,739,305	(22,164,191)
	National Support							
13	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
14	Equalisation fund	8,676,090	6,926,523	7,303,690	7,351,967	15,979,780	14,278,490	(1,701,290)
15	Grants in lieu of rates	100,000	50,000	-	-	100,000	50,000	(50,000)
	Sub Total	10,376,090	6,976,523	8,703,690	8,951,967	19,079,780	15,928,490	(3,151,290)
	Total	56,168,285	28,268,841	27,814,991	30,398,954	83,983,276	58,667,795	(25,315,481)

b. Operational Matters - Environmental Management

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An assessment of the effectiveness of the environmental management revealed the following:

- i. The dumpsite was not certified by the Zambia Environment Management Agency prior to its use.
- ii. The Council did not fence the dumpsite for protection from access by unauthorised persons.
- iii. There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite.

c. Accounting for Revenue – Failure to Collect Revenue

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, the following were observed:

i. Sale of Plots

During the period under review, the Council offered 316 plots for sale to members of the public from which revenue in amounts totalling K4,125,750 was expected to be collected within one (1) month from the date of offer.

Contrary to the regulation, as at 31st October 2020, only K504,600 had been collected leaving a balance of K3,621,150. See table 48.2 below.

Table 48.2: Uncollected Revenue

No.	Category of Plots Issued	Number of Plots	Expected Amount K	Amount Collected K	Balance K
1	High Cost Wulonga	129	1,709,250	381,600	1,327,650
2	Commercial	4	100,000	82,000	18,000
3	Ibrahim high Cost	124	1,643,000	40,000	1,603,000
4	Medium Ibrahim	58	623,500	1,000	622,500
5	Commercial Ibrahim	1	50,000	-	50,000
	Total	316	4,125,750	504,600	3,621,150

ii. Failure to Collect Mast Levy

During the period under review, the Council failed to collect mast levy in amounts totalling K50,000 from Zamtel Ltd. See table 48.3 below.

Table 48.3: Uncollected Mast Levy

No.	Location of Tower	No. of Towers	Amount K
1	Nakonde Exchange	1	5,000
2	Ilonda	1	5,000
3	Mwenda Nkusu	1	5,000
4	Mwenzu	1	5,000
5	Nakonde Hospital	1	5,000
6	Mukalizi	1	5,000
7	Eagle School	1	5,000
8	Nankungulu	1	5,000
9	Kaombwe	1	5,000
10	Kazembe	1	5,000
	Total		50,000

d. Procurement of Goods and Services

i. Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, eleven (11) payments in amounts totalling K194,489 made during the period under review were not supported with documentation such as invoices and receipts.

ii. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 states, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, various stores items costing K259,191 procured during the period under review were unaccounted for in that there were no receipt and disposal details.

iii. Irregular Drawing of Fuel

According to Local Government Minute No. MLGH/71/6/93 dated 15th October 2012, no officer entitled to fuel allowance (Scale LGSS 3 and above) should draw fuel from the Council fuel account.

A review of the fuel disposal details revealed that 2,415 litres of diesel costing K27,314 (K14,411 – 2018 and K12,903 – 2019) were irregularly drawn by the motor vehicle allocated to the Council Chairperson as the officer was in receipt of fuel allowance.

e. Management of Assets - Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “a controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which fifteen (15) properties valued at K12,187,543 were located.

f. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA) and National Pension Scheme Authority (NAPSA) amounts totalling K2,050,067 in respect of tax and pension contributions. See table 48.4 below.

Table 48.4: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	717,803
2	NAPSA	1,332,264
	Total	2,050,067

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K227,820 in respect of terminal benefits and salaries. See table 48.5 below.

Table 48.5: Outstanding Staff Obligations

No.	Details	Amount K
1	Terminal benefits	19,620
2	Salaries	208,200
	Total	227,820

49 Nchelenge Town Council**49.1 Audit Findings**

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K32,293,397 against which amounts totalling K24,224,261 were received and generated, resulting in a negative variance of K8,069,136. See table 49.1 below.

Table 49.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes/Rates	31,530	14,890	31,530	10,748	63,060	25,638	(37,422)
3	Fees and charges	5,057,536	1,792,349	1,230,565	780,482	6,288,101	2,572,831	(3,715,270)
4	Licences	2,805	1,000	-	-	2,805	1,000	(1,805)
5	Levies	555,047	441,993	-	-	555,047	441,993	(113,054)
6	Permits	49,650	8,437	114,517	155,466	164,167	163,903	(264)
7	Other Receipts	28,481	36,995	3,436,309	2,859,444	3,464,790	2,896,439	(568,351)
8	Subtotal	5,725,049	2,295,664	4,812,921	3,806,140	10,537,970	6,101,804	(4,436,166)
	National Support							
9	Local Government Equalisation Fund	9,687,713	7,966,960	8,967,714	8,241,497	18,655,427	16,208,457	(2,446,970)
10	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
11	Other Grants	100,000	114,000	-	200,000	100,000	314,000	214,000
	Sub Total	11,387,713	8,080,960	10,367,714	10,041,497	21,755,427	18,122,457	(3,632,970)
	Total	17,112,762	10,376,624	15,180,635	13,847,637	32,293,397	24,224,261	(8,069,136)

b. Operational Matters

i. Failure to Develop an Integrated Development Plan

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an integrated development plan.

ii. Lack of Firefighting and Prevention Services

First Schedule Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states, “a local authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council had not established firefighting and prevention services as at 31st October 2020.

iii. Environmental Management

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, the Solid Waste Regulation and Management Act No. 20 of 2018 states, “a local authority shall within its jurisdiction, collect and dispose of, or arrange for the collection and disposal of, all household waste in accordance with this Act, ensure that waste is collected, transported and disposed of in accordance with this Act, provide litter receptacles in public places; and prepare and submit reports relating to solid waste management to the Ministers responsible for health, environment or water”.

An assessment of the effectiveness of the environmental management revealed the following:

- **Poor Management of a Dumpsite**

An inspection of the dumpsite carried out in October 2020 revealed the following:

- The Council did not fence the dumpsite for protection from access by unauthorised persons.
- The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.

- **Lack of Waste Holding Bay - Mupundu Market**

There were no designated places for dumping waste before it was collected for disposal at the dumpsite at Mupundu Market. As a result, traders and the general public dumped waste right behind the market posing a health risk. See picture 3 below.



Waste dumped behind the market

c. Procurement of Goods and Services

i. Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered in the accounts, shall be carefully filed, secured against loss, and be readily available for audit”.

Contrary to the regulation, eight (8) payments in amounts totalling K40,757 made during the period under review were not supported with documents such as receipts, invitation letters and distribution lists.

ii. Unaccounted for Fuel

Local Authorities Financial Regulation No. 145 states, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, fuel costing K22,788 procured during the period under review was unaccounted for in that there were no receipt and disposal details.

d. Management of Assets

i. Failure to Collect Motor Vehicle from a Garage

On 8th May 2018, the Council took a motor vehicle registration GRZ 358 CE (Hearse) to Kitwe for engine repairs at an unnamed garage. As at 15th July 2020, the vehicle had neither been repaired nor retrieved.

ii. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

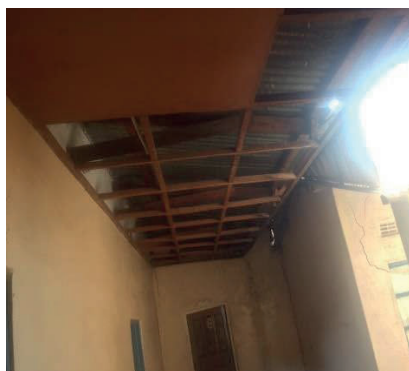
Contrary to the Act, the Council did not secure title deeds for parcels of land on which eleven (11) properties such as New Civic Centre, a house, office block and market were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

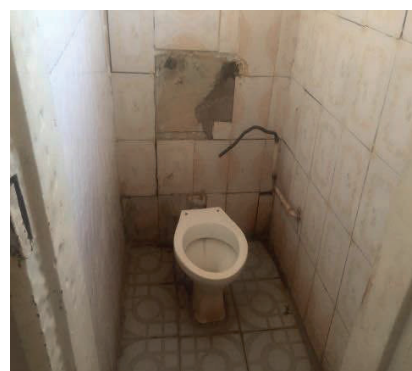
Contrary to the regulation, the eleven (11) properties valued at K6,753,140 had not been insured as at 31st October 2020.

iii. Failure to Maintain Kashikishi Guest House

A physical inspection of Kashikishi Guest House carried out in July 2020 revealed that the guest house was dilapidated in that the ceiling board in the corridor was falling, cracks had developed on the floor and walls and some toilets did not have cisterns. See pictures below.



Fallen Ceiling Board



Toilet without cistern

e. Management of Local Government Equalisation Fund – Irregular Charge of Value Added Tax (VAT)

During the period under review, the Council paid amounts totalling K412,858 to three (3) local contractors for works they undertook on its behalf and the payments included VAT amounting to K66,057.

However, the contractors were not registered for VAT with the Zambia Revenue Authority (ZRA). In this regard, the three (3) contractors were overpaid by amounts totalling K66,057. As at 31st October 2020, the overpayment had not been recovered.

f. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K1,447,534 in respect of tax and pension contributions some of which had been outstanding from as far back as 2016. See table 49.2 below.

Table 49.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	936,185
2	NAPSA	413,364
3	LASF	97,985
	Total	1,447,534

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K662,892 in respect of long service bonus, leave days and settling in allowances some of which had been outstanding from as far back as 2016. See table 49.3 below.

Table 49.3: Outstanding Staff Obligations

No.	Detail	Amount K
1	Long Service Bonus	430,914
2	Leave Days	183,273
3	Settling in Allowance	48,705
	Total	662,892

50 Ndola City Council

50.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K221,685,123 against which amounts totalling K181,466,410 were received and generated resulting in a negative variance of K40,218,713. See table 50.1 below.

Table 50.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Qwners rates	29,706,768	19,175,843	38,533,161	30,201,120	68,239,929	49,376,963	(18,862,966)
2	Local taxes	330,000	219,128	476,250	298,141	806,250	517,269	(288,981)
3	Fees and charges	22,804,454	14,572,742	28,388,477	21,279,850	51,192,931	35,852,592	(15,340,339)
4	Licences	1,109,850	515,363	481,250	307,459	1,591,100	822,822	(768,278)
5	Levies	1,331,500	4,057,092	2,139,350	3,769,598	3,470,850	7,826,690	4,355,840
6	Permits	5,462,432	10,236,100	3,980,300	1,644,886	9,442,732	11,880,986	2,438,254
7	Charges	16,199,670	19,381,585	3,791,858	6,206,848	19,991,528	25,588,433	5,596,905
8	Other income	-	46,040	4,421,146	-	4,421,146	46,040	(4,375,106)
	Total	76,944,674	68,203,893	82,211,792	63,707,902	159,156,466	131,911,795	(27,244,671)
	National Support							
9	Local Government Equalisation Fund	25,922,659	19,358,854	24,605,998	24,605,998	50,528,657	43,964,852	(6,563,805)
10	Constituency Development Fund	6,400,000	-	5,600,000	4,800,000	12,000,000	4,800,000	(7,200,000)
11	Capital Fund	-	-	-	200,000	-	200,000	200,000
12	Grants in Lieu of Rates	-	126,040	-	463,723	-	589,763	589,763
	Sub Total	32,322,659	19,484,894	30,205,998	30,069,721	62,528,657	49,554,615	(12,974,042)
	Total	109,267,333	87,688,787	112,417,790	93,777,623	221,685,123	181,466,410	(40,218,713)

b. Operational Matters - Failure to Produce an Approved Integrated Development Plan

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an approved Integrated Development Plan.

c. Accounting for Revenue

i. Use of Receipt Books with Same Serial Numbers

Local Authorities Financial Regulation No. 52 (1) requires that all receipt forms must be checked as soon as they are received to ensure that they are complete and correctly numbered.

Contrary to the regulation, the Council procured 943 receipt books that had the same serial number ranges from which revenue in amounts totalling K1,375,000 was collected.

ii. Failure to Collect Revenue - Sale of Plots

In 2018, the Council offered 707 plots of land in various areas to successful applicants from which amounts totalling K2,205,000 were to be collected within a period of three (3) months. However, as at 31st October 2020, amounts

totalling K2,102,177 were collected leaving a balance of K102,823 uncollected.

Further, the Council was to collect amounts totalling K26,025,550 within a period of three (3) weeks from date of offer as plot premiums for 1,015 commercial and residential plots offered to the public. However, amounts totalling K15,396,385 had been collected as at 31st October 2020 leaving a balance of K10,629,165.

iii. Missing Receipt Books

Local Authorities Financial Regulation No. 28 requires that receipts of all types are preserved for a period of ten (10) years.

However, a scrutiny of the register of accountable documents revealed that 412 receipt books (23 - toilet, 158 - car park, 120 - market and 111 - bus levy fees) issued during the period under review were missing as at 31st October 2020.

In this regard, it was not possible to ascertain the amounts of money collected on the missing receipts.

d. Management of Payroll and Staff Related Matters - Failure to Recover Salary Advances

Local Government Terms and Conditions of Service No. 105 (d) requires that an advance of salary be repaid within a reasonable period of time but not exceeding six (6) months.

Contrary to the terms and conditions of service, salary advances in amounts totalling K103,100 paid to twenty three (23) officers during the period under review had not been recovered as at 31st October 2020.

e. Procurement of Goods and Services

i. Unsupported and Missing Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered

into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, 298 payments in amounts totalling K3,622,964 made during the period under review were not supported with documents such as quotations, invoices, letters of termination or appointment.

In addition, thirty-eight (38) payment vouchers in amounts totalling K817,145 were not availed for audit.

ii. Unretired Accountable Imprest

Local Authorities Financial Regulation No. 119 (1) and (2) states, “A special imprest shall be retired immediately the purpose for which they are issued has been fulfilled” and, “Where the imprest is not cleared within forty-eight hours of the holder’s return, the issuing officer shall, in writing, instruct the officer-in-charge of the salaries section to deduct the amount outstanding from the salary of that holder, in the following month”.

Contrary to the regulation, imprest in amounts totalling K64,909 issued to thirty (30) officers during the period under review had not been retired and no recoveries had been effected as at 31st October 2020.

Further, amounts totalling K204,707 paid to thirteen (13) officers in respect of meal allowance were not acquitted and there was no cash at hand as at 31st October 2020.

iii. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 requires that a Treasurer should keep proper records of receipts and issue of stocks and stores.

Contrary to the regulation, various stores items costing K1,012,730 procured during the period under review were not accounted for in that there were no receipt and disposal details.

iv. Irregular Drawing of Fuel

Local Government Minute No. MLGH/71/6/93 dated 15th October 2012, requires that employees above the salary scale of LGSS 03 be paid fuel allowance directly through the payroll.

Contrary to the regulation, seven (7) officers in salary scale LGSS 03 drew fuel from the pool account in amounts totalling K143,718 during the period from January to December 2018 despite being paid monthly fuel allowances through the payroll.

In addition, fuel costing K28,550 was drawn by twenty four (24) motor vehicles which were not on the Council’s fleet without authority.

Further, fuel coupons and fuel statements for the period under review revealed that fuel costing K164,923 was drawn by twelve (12) non-runner motor vehicles.

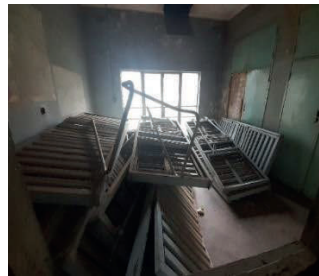
f. Management of Assets

i. Failure to Maintain Properties

A physical inspection of selected properties owned by the Council carried out in October 2020 revealed that some properties namely Kampemba Community Hall Kabushi and Chipulukusu Housing Offices among others were dilapidated due to lack of maintenance. See pictures below.



Kampemba Community Hall



Kabushi Housing Offices



Chipulukusu Housing Offices

ii. Failure to Insure Property

Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may

incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, the Council did not insure 145 properties valued at K151,717,101.

g. Management of Local Government Equalisation Fund

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K43,964,852 out of which at least K8,792,970 was to be utilised on capital projects.

The following were observed:

i. Misapplication of Funds

Contrary to the Act, amounts totalling K2,132,951 (2018 - K2,003,572 and 2019 - K129,379) were spent on activities not related to capital projects such as servicing of loan obtained to procure vehicles for Directors, purchase of furniture and office equipment among others.

ii. Unsupported Payments – 20% Capital Fund

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, twenty eight (28) payments in amounts totalling K1,000,342 were not supported with documents such as invoices, receipts and account statements.

iii. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 requires that a Treasurer shall keep proper records of receipts and issue of stocks and stores.

Contrary to the regulation, stores items costing K111,901 procured during the period under review were not accounted for in that there were no receipt and disposal details.

h. Management of Constituency Development Fund

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a total provision of K12,000,000 was made as Constituency Development Fund (CDF) to cater for four (4) Constituencies and an amount of K5,800,000 was released in 2018 while there was no funding in 2019. In addition, there was a balance brought forward from 2017 of K5,253,069 bringing the total funds available to K11,053,069.

As at 31st May 2020, amounts totalling K8,072,354 had been spent leaving a balance of K2,980,715. See table 50.2 below.

Table 50.2: Funding

No	Constituency	Balance B/f 01/01/2018 K	Funding Received K	Total Funds Available K	Expenditure K	Unspent Funds K
1	Bwana Mukubwa	1,529,956	1,600,000	3,129,956	2,603,914	526,042
2	Chifubu	875,065	1,600,000	2,475,065	1,902,738	572,327
3	Kabushi	1,799,701	1,000,000	2,799,701	1,714,989	1,084,712
4	Ndola Central	1,048,347	1,600,000	2,648,347	1,850,713	797,634
	Total	5,253,069	5,800,000	11,053,069	8,072,354	2,980,715

The following were observed:

i. Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, 132 payments in amounts totalling K2,946,135 made during the period under review were not supported with documents such as quotations, invoices, letters of termination or appointment.

ii. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 requires a Treasurer should keep proper records of receipts and issue of stocks and stores.

Contrary to the regulation, stores items costing K844,957 procured during the period under review for various projects in the constituencies of Ndola District did not have receipt and disposal records.

iii. Abandoned Project – Construction of a Clinic in George Compound

In May 2019, Ndola City Council entered into contract with Kingswear Imports and Contractor Limited to construct a clinic in George Compound at a contract sum of K677,349. As of March 2020, the contractor had been paid amounts totalling K203,224.

However, the contract was not availed for audit.

A physical verification carried out in November 2020 revealed that the project had reached roof level and the contractor had abandoned the site. See picture below.



Abandoned project

iv. Questionable and Failed Projects

During the period from March to June 2019, the Council disbursed an amount of K28,419 and procured cement and production materials costing K45,938 for several clubs. However, no records were availed to account for the materials and disbursed funds. Further, a physical inspection carried out in March 2020 revealed that the clubs did not exist.

As at 31st October 2020, the funds and materials were still not accounted for. See table 50.3 below.

Table 50.3: Questionable Projects

Date	Payee	Payments K	Constituency	Comment
25.03.2019	Ndola Dairy Farms	28,419	Bwana Mkubwa	Funds for Jacaranda Club
24.04.2019	Zambezi Portland	29,028	Bwana Mkubwa	Purchase of cement for youth empowerment for clubs in Bwana Mkubwa
14.06.2019	Mavester General Dealers	16,910	Bwana Mkubwa	Production materials for empowerment of clubs - Chapamo and Tulundulule
	Total	74,357		

Further, in 2019, the Council spent amounts totalling K445,231 on poultry farming projects for forty (40) clubs which failed to sustain business and had ceased operations by 31st October 2020 rendering the expenditure wasteful.

i. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K88,598,601 in respect of tax and pension contributions. See table 50.4 below.

Table 50.4: Unremitted Statutory Obligations

No.	Details	Amount K
1	NAPSA	18,954,727
2	PAYE	46,842,177
3	LASF	22,801,697
	Total	88,598,601

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K71,475,350 in respect of accrued leave days, long service bonus and terminal benefits among others. See table 50.5 below.

Table 50.5: Outstanding Staff Obligations

No.	Details	Amount K
1	Accrued Leave Days	40,380,128
2	Settling In Allowance	586,203
3	Terminal Benefits	14,749,691
4	Long Service Bonus	13,506,647
5	Medical Bills	1,150,683
6	Salary Arrears	1,101,998
	Total	71,475,350

51 Petauke Town Council

51.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K45,856,556 against which amounts totalling K30,199,788 were received and generated, resulting in a negative variance of K15,656,768. See table 51.1 below.

Table 51.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Sale of plots	2,450,500	779,900	3,038,675	1,151,025	5,489,175	1,930,925	(3,558,250)
2	Local Taxes/Rates	872,500	233,682	790,902	713,294	1,663,402	946,976	(716,426)
3	Fees and Charges	4,352,000	1,096,241	3,470,882	777,431	7,822,882	1,873,672	(5,949,210)
4	Licences	378,441	9,658	4,200	28,730	382,641	38,388	(344,253)
5	Levies	386,800	51,774	437,993	536,353	824,793	588,127	(236,666)
6	Charges	2,950,000	673,144	1,715,000	1,577,480	4,665,000	2,250,624	(2,414,376)
7	Permits	456,437	575,628	338,000	406,294	794,437	981,922	187,485
8	Other income	168,000	50,475	2,212,000	6,323	2,380,000	56,798	(2,323,202)
	Sub Total	12,014,678	3,470,502	12,007,652	5,196,930	24,022,330	8,667,432	(15,354,898)
	National Support							
9	Local Government Equalisation Fund	8,202,750	8,202,750	8,831,476	8,529,606	17,034,226	16,732,357	(301,870)
10	Constituency Development Fund	-	-	4,800,000	4,800,000	4,800,000	4,800,000	-
	Sub Total	8,202,750	8,202,750	13,631,476	13,329,606	21,834,226	21,532,357	(301,870)
	Total	20,217,428	11,673,252	25,639,128	18,526,536	45,856,556	30,199,788	(15,656,768)

b. Operational Matters - Environmental Management

The Environmental Management Act No. 12 of 2011 states, “a local authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

Further, the Solid Waste Regulation and Management Act No. 20 of 2018 states, “a local authority shall within its jurisdiction, collect and dispose of, or arrange for the collection and disposal of, all household waste in accordance with this Act, ensure that waste is collected, transported and disposed of in accordance with this Act, provide litter receptacles in public places; and prepare and submit reports relating to solid waste management to the Ministers responsible for health, environment or water”.

An inspection of Kalito dumpsite carried out in February 2020 revealed the following:

- i. The Council did not fence the dumpsite for protection from access by unauthorised persons.
- ii. There were no warning signs displayed at the dumpsite to warn the public of the existence of the dumpsite.
- iii. The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.

c. Accounting for Revenue

i. Failure to Update a Valuation Roll

Section 9 (4) of the Rating Act No. 21 of 2018 states, “the rating authority shall not less than once in every five (5) years or such longer period as the Minister may approve, cause to be prepared a new main roll”.

Contrary to the Act, the Council did not have an updated valuation roll as at 31st October 2020 as the valuation roll in use was last updated in 2010.

ii. Unaccounted for Revenue

Local Authorities Financial Regulation No. 72 states, “the Treasurer shall ensure that collectors of revenue account for the amount of moneys collected by them on a daily basis”.

Contrary to the regulation, revenue received during the period from May to November 2019 in amounts totalling K225,278 was unaccounted for in that the funds were neither deposited nor was cash found on hand.

d. Management of Payroll and Staff Related Matters

i. Irregular Payment of Allowances

Cabinet Office Circular No 11. of 2013 abolished payment of all administrative allowances to Public Service workers.

Contrary to the circular, seven (7) officers were paid sitting allowances in amounts totalling K5,200 for attending procurement committee meetings.

ii. Unauthorised Sponsorship for Training

Local Government Service Commission Circular No. 6 of 2014 requires that principal officers and officers of the Council to obtain authority from the Local Government Commission when going for training.

During the period under review, the Council sponsored an officer and spent K12,588 on tuition, examination fees and subsistence allowances without authority from the Commission, contrary to the circular.

iii. Payment of Subscription Fees to Professional Bodies

Cabinet Office Circular No. B18 of 2014 abolished payment of employee’s subscription fees for membership to professional bodies.

During the period under review, amounts totalling K20,275 were paid as subscription fees to three (3) professional bodies on behalf of eleven (11) officers contrary to the circular.

e. Unretired Accountable Imprest

Local Authorities Financial Regulation No. 119 (1) states, “special imprest shall be retired immediately after the purpose for which it is issued has been fulfilled”.

Contrary to the regulation, accountable imprest in amounts totalling K17,560 issued to two (2) officers during the period under review had not been retired as at 31st October 2020.

f. Management of Assets

i. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which ten (10) properties were located.

ii. Outstanding Receivables - Nyika Motel

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, amounts totalling K58,892 owed to the Motel by twenty nine (29) council officers for various services offered during the period from January to December 2019 had not been collected as at 31st October 2020.

g. Management of Local Government Equalisation Fund

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K16,732,357 out of which at least K3,346,471 was to be utilised on capital projects.

The following were observed:

i. Undelivered Motor Vehicle Spare Parts

On 13th August 2019, an amount of K18,000 was paid to Ian and Terry Logistics for the procurement of injector nozzles for a Council vehicle. According to the payment terms, the supplier was to deliver the items upon receipt of payment.

However, as at 31st October 2020, sixteen (16) months after the payment, the injector nozzles had not been delivered and the Council had not claimed a refund from the supplier.

ii. Construction of Wall Fence at Nyika Motel

On 6th March 2019, the Council awarded a contract to Ethaniam Zambia Ltd for the construction of a wall fence at Nyika Motel at a contract sum of K151,830 with a completion period of seven (7) weeks.

As at 17th February 2020, the contractor had been paid a total amount of K137,708 representing 91% of the contract sum leaving a balance of K14,122.

The following were observed:

- The scope of works was not availed for audit, as a result it was not possible to ascertain the actual specification of the works to be executed by the contractor.
- As at 31st October 2020, the project had not been completed and the contractor was not on site.

h. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K6,688,427 in respect of tax and pension contributions some of which had been outstanding from as far back as 2010. See table 51.2 below.

Table 51.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	3,451,336
2	NAPSA	1,762,518
3	LASF	1,474,572
	Total	6,688,427

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K6,334,982 in respect of various staff obligations such as salaries, long service bonus, terminal benefits and settling in allowances some of which had been outstanding from as far back as 2015. See table 51.3 below.

Table 51.3: Outstanding Staff Obligations

No.	Staff Obligation	Amount K
1	Salaries and Wages	2,527,845
2	Long Service Bonus	1,817,028
3	Settling In Allowance	392,980
4	Gratuity	9,651
5	Subsistence Allowance	42,880
6	Leave Travel Benefits	152,415
7	Terminal Benefits	1,392,183
	Total	6,334,982

52 Samfya Town Council

52.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K29,341,440 against which amounts totalling K19,348,279 were received and generated resulting in a negative variance of K9,993,161 as shown in table 52.1 below.

Table 52.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes/Rates	523,740	191,914	160,000	120,479	683,740	312,393	(371,347)
2	Fees and charges	3,610,910	1,892,599	4,503,368	546,202	8,114,278	2,438,801	(5,675,477)
3	Licences	9,660	19,983	214,987	37,805	224,647	57,788	(166,859)
4	Levies	297,716	368,882	384,437	261,484	682,153	630,366	(51,787)
5	Permits	108,700	65,045		33,470	108,700	98,515	(10,185)
6	Other receipts	-	64,750	507,682	96,150	507,682	160,900	(346,782)
7	Commercial Venture	250,000	78,570	-	258,843	250,000	337,413	87,413
	Total	4,800,726	2,681,743	5,770,474	1,354,433	10,571,200	4,036,176	(6,535,024)
	National Support							
8	Local Government Equalisation Fund	8,267,120	6,589,990	7,103,120	6,582,408	15,370,240	13,172,398	(2,197,842)
9	Other Grants	-	289,705	400,000	250,000	400,000	539,705	139,705
10	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
	Sub Total	9,867,120	6,879,695	8,903,120	8,432,408	18,770,240	15,312,103	(3,458,137)
	Total	14,667,846	9,561,438	14,673,594	9,786,841	29,341,440	19,348,279	(9,993,161)

b. Operational Matters

i. Inadequate Firefighting and Prevention Services

Section 16 (5) of the Local Government Act No. 2 of 2019 provides that, among other functions, the Council should establish and maintain firefighting, prevention and rescue services and take measures for the protection of life, property and natural resources from damage by fire.

Although during the period under review the Council had a firefighting and prevention services department, the department was inadequately staffed in that only five (5) out of thirty five (35) positions were filled.

Further, the department did not have firefighting equipment such as a fire tender and firefighting personal protective equipment.

ii. Failure to Produce an Approved Integrated Development Plan

Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015 requires the Local Authority to prepare and implement integrated development plans, local area and sectorial plans.

Contrary to the Act, the Council did not have an approved integrated development plan.

iii. Environmental Management - Poor Management of Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of Katanshya dumpsite carried out in October 2020 revealed the following:

- The Council did not fence the dumpsite for protection from access by unauthorised persons.
- There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite.
- The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.

c. Failure to Collect Outstanding Receivables – Billboard Fees and Service Charges

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, the Council failed to collect revenue in amounts totalling K220,250 in respect of billboard fees and service charges as at 31st December 2019. See table 52.2 below.

Table 52.2: Outstanding Receivables

No.	Description	Amount K
1	Bill Boards	47,505
2	Service Charges	172,745
	Total	220,250

d. Irregular Payment of Lunch Allowance

According to Cabinet Office Circular Minute of 2015 dated 30th December 2015, allowances are not to be paid for activities undertaken within the district boundary.

Contrary to the Circular, meal allowance in amounts totalling K16,586 was paid to four (4) officers during the period under review for carrying out activities within the district boundary.

e. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which two (2) properties were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, the Council did not insure the two (2) buildings.

f. Management of Constituency Development Fund - Irregular Payment of Value Added Tax

Section 27(1) of the VAT Act Chapter 331 of the Laws of Zambia requires that only companies that are registered for VAT can charge VAT.

Contrary to the Act, three (3) companies contracted by the Council to supply and deliver building materials for works at the Civic Centre charged VAT in amounts

totalling K64,056 although not registered for VAT. In this regard, the three (3) companies were overpaid by K64,056.

g. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K498,129 in respect of tax and pension contributions some of which had been outstanding from as far back as 2016. See table 52.3 below.

Table 52.3: Unremitted Statutory Obligations

No.	Details	Amount K
1	ZRA	277,276
2	NAPSA	108,478
3	LASF	112,374
	Total	498,129

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K1,240,405 in respect of various staff obligations such as terminal benefits, settling in allowances, long service bonus and councillors' allowances some of which had been outstanding from as far back as 2016.

53 Senanga Town Council

53.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K27,583,630 against which amounts totalling K17,642,706 were received and generated resulting in a negative variance of K9,940,924. See table 53.1 below.

Table 53.1: Budget and Income

No.	Revenue Type	2019		2018		Totals		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes/Rates	635,090	201,218	228,022	219,335	863,112	420,553	(442,559)
2	Fees and Charges	4,439,959	355,245	1,032,810	436,310	5,472,769	791,555	(4,681,214)
3	Licences	159,300	144,071	75,542	43,100	234,842	187,171	(47,671)
4	Levies	170,720	49,662	288,960	136,542	459,680	186,204	(273,476)
5	Permits	209,360	64,730	343,200	263,511	552,560	328,241	(224,319)
6	Charges	-	-	530,000	67,016	530,000	67,016	(462,984)
7	Other Income	120,839	11,798	23,000	39,908	143,839	51,706	(92,133)
	Sub Total	5,735,268	826,724	2,521,534	1,205,722	8,256,802	2,032,446	(6,224,356)
	National Support							
8	Local Government Equalisation Fund	8,423,414	6,524,895	7,703,414	7,015,365	16,126,828	13,540,260	(2,586,568)
9	WDC funds	-	50,000	-	-	-	50,000	50,000
10	Grant in lieu of rates	-	120,000	-	100,000	-	220,000	220,000
11	Valuation Roll	-	100,000	-	100,000	-	200,000	200,000
12	Constituency Development Fund	1,600,000	-	1,600,000	1,600,000	3,200,000	1,600,000	(1,600,000)
	Sub total	10,023,414	6,794,895	9,303,414	8,815,365	19,326,828	15,610,260	(3,716,568)
	Total	15,758,682	7,621,619	11,824,948	10,021,087	27,583,630	17,642,706	(9,940,924)

b. Operational Matter - Lack of Firefighting and Prevention Services

First Schedule Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states, “a Local Authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have firefighting and prevention services as at 31st October 2020.

c. Accounting for Revenue

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, the following were observed:

i. Market Fees

During the period under review, the Council was expected to collect market fees in amounts totalling K196,500.

However, the Council only collected K14,551 leaving a balance of K181,949 as at 31st October 2020.

ii. Timber Levy

As at 31st October 2020, the Council had not collected timber levy in amounts totalling K829,463.

d. Procurement of Goods and Services

i. Missing and Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, nine (9) payment vouchers in amounts totalling K13,972 made during the period under review were not availed for audit.

In addition, seventeen (17) payments in amounts totalling K277,691 were not supported with relevant documentation such as receipts, invoices, oral contracts and minutes.

ii. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 states, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, various stores items costing K29,443 procured during the period under review were unaccounted for in that there were no receipt and disposal details.

e. Management of Assets – Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “a controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which properties such as office buildings, motel, houses, ablution blocks and markets were located.

f. Management of Local Government Equalisation Fund - Misapplication of Funds

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K13,540,260 out of which at least K2,688,052 was to be utilised on capital projects.

Contrary to the Act, amounts totalling K1,028,187 meant for capital projects were applied on unrelated activities such as salaries, subscriptions to professional bodies and subsistence allowance.

g. Management of Constituency Development Fund

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a total provision of K3,200,000 was made as Constituency Development Fund (CDF) to cater for Senanga Constituency and an amount of K1,600,000 was released in 2018 while there was no funding in 2019.

The following were observed:

i. Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, refunds in amounts totalling K11,000 made during the period under review to several officers were not supported with receipts.

ii. Undelivered Banana Boat

During the period under review, the Council approved the procurement of a banana boat for Naluywa ward in amounts totalling K38,000. In this regard, on 28th November 2019, an advance payment of K14,625 was made to Fogg Frog Contractors for the purchase of a boat.

Although the delivery period was not stated, as at 31st October 2020, the boat had not been delivered and the funds had not been recovered.

iii. Construction of 10 Pole and Mud Houses at Nande Primary School

On 9th October 2018, the Council engaged Green Rite Dealers to construct ten (10) pole and mud houses at Nande Primary School at a contract sum of K91,455 with a completion period of ninety (90) days from the date of signing the contract.

The scope of works included the erection of a structural frame of poles, closing walls with pole and mud and roofing.

As at 31st October 2020, amounts totalling K119,158 had been paid to the contractor.

The following were observed:

- The contractor was paid K119,158 which was above the contract sum of K91,455 by K27,703 without a variation order.

- A physical inspection carried out in October 2020, ten (10) months after the expected completion period, revealed that five (5) houses were completed while the sixth one only had poles erected and roofed. The construction of the other four (4) had not commenced and the contractor was not on site. It was also observed that plaster had started peeling off from one of the completed houses. See pictures below.



One of the five (5) houses plaster peeling off



Uncompleted 6th house

h. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K3,533,597 in respect of tax and pension contributions some of which had been outstanding from as far back as 2002. See table 53.2 below.

Table 53.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	753,185
2	NAPSA	2,450,188
3	LASF	330,224
	Total	3,533,597

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K2,707,748 in respect of staff obligations such as terminal benefits, long service bonus and salary arrears some of which had been outstanding from as far back as 2012. See table 53.3 below.

Table 53.3: Outstanding Staff Obligations

No.	Details	Amount K
1	Terminal Benefits	446,192
2	Long Service Bonus	315,294
3	Leave Travel Benefits	330,143
4	Settling in Allowances	191,593
5	Salary Arrears	1,424,526
	Total	2,707,748

54 Sesheke Town Council

54.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K15,479,303 against which amounts totalling K8,469,629 were received and generated resulting in a negative variance of K7,009,674 as shown in table 54.1 below.

Table 54.1: Budget and Income

No.	Revenue Type	Budget K	Actual K	Variance K
	Internally Generated			
1	Local Taxes	25,849	12,216	(13,633)
2	Fees and Charges	1,005,050	1,481,067	476,017
3	Licences	21,500	14,660	(6,840)
4	Levies	445,500	257,721	(187,779)
5	Permits	97,800	37,668	(60,132)
6	Other Receipts	4,657,000	23,298	(4,633,702)
	Sub-total	6,252,699	1,826,630	(4,426,069)
	National Support			
7	Local Government Equalisation Fund	7,488,000	6,442,999	(1,045,001)
8	Grants in Lieu of Rates	138,604	200,000	61,396
9	Constituency Development Fund	1,600,000	-	(1,600,000)
	Sub-total	9,226,604	6,642,999	(2,583,605)
	Total	15,479,303	8,469,629	(7,009,674)

b. Operational Matters

i. Firefighting and Prevention Services

First Schedule Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states, “a local authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council had not established firefighting and prevention services as at 31st October 2020.

ii. Environmental Management - Poor Management of Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the dumpsite carried out in October 2020 revealed the following:

- The Council did not fence the dumpsite for protection from access by unauthorised persons.
- There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite.
- The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.

c. Accounting for Revenue

i. Missing Receipt Books

Local Authorities Financial Regulation No. 28 (1) (b) requires that receipts of all types be preserved for the period of ten (10) years.

Contrary to the regulation, fifteen (15) receipt books used during the period under review were not availed for audit.

ii. Failure to Account for Revenue

Local Authorities Financial Regulation No. 72 states, “the Treasurer shall ensure that collectors of revenue account for the amount of moneys collected by them on a daily basis”.

Contrary to the regulation, the following were observed:

- **Timber Levy**

According to records from the Department of Forestry, 12,390.70 cubic metres of timber (approximately 44,056 logs) were harvested in Sesheke and transported out of town from which the Council should have collected a sum of K743,442 (at K60 per cubic metre).

However, the Council did not collect any timber levy during the period under review.

- **Truck Levy**

The Council has a check point at the border with Namibia at Caprivi Strip where all vehicles entering Zambia are charged levies ranging from K5 to K150 depending on the size of the vehicle.

A scrutiny of truck levy receipt books revealed that the Council only collected K631,860. However, information obtained from Road Traffic and Safety Agency Office at Katima Mulilo Border revealed that 15,230 trucks entered into Zambia from the Namibian side and the Council should have collected an amount of K1,523,000 using a minimum rate of K100 per truck. This resulted in an under collection of revenue by K891,140.

d. Failure to Recover Salary Advances

The Terms and Conditions of Service for Local Government Officers No. 105 (d) (ii) states, “an advance shall be recovered in six (6) consecutive monthly instalments starting in the month following the one in which the advance was paid”.

Contrary to the condition of service, salary advances in amounts totalling K134,400 paid to staff during the period under review had not been recovered as at 31st October 2020.

e. Procurement of Goods and Services

i. Missing and Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, six (6) payment vouchers in amounts totalling K19,426 made during the period under review were not availed for audit.

In addition, payments in amounts totalling K56,173 were not supported with documents such as receipts, invoices, case records, attendance lists and minutes.

ii. Unretired Accountable Imprest

Local Authorities Financial Regulation No. 119, (1) states, “special imprest shall be retired immediately after the purpose for which it is issued has been fulfilled”.

Contrary to the regulation, accountable imprest in amounts totalling K10,650 issued to four (4) officers during the period under review had not been retired as at 31st October 2020.

iii. Payment of Subscription Fees to Professional Bodies

Cabinet Office Circular No. B18 of 2014 abolished payment of subscription fees for membership to professional bodies for employees.

Contrary to the circular, amounts totalling K10,410 were irregularly paid to four (4) professional bodies as subscription fees for several officers. As at 31st October 2020, the Council had not recovered the funds from the officers.

iv. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 states, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, fuel costing K16,280 procured during the period under review was unaccounted for in that there were no receipt and disposal details.

f. Management of Assets

i. Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which five (5) properties such as market, office block and motel were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, the Council did not insure the five (5) properties as at 31st October 2020.

ii. Failure to Maintain Properties

A physical inspection of selected properties owned by the Council carried out in October 2020 revealed that some properties were dilapidated due to lack of maintenance as detailed below.

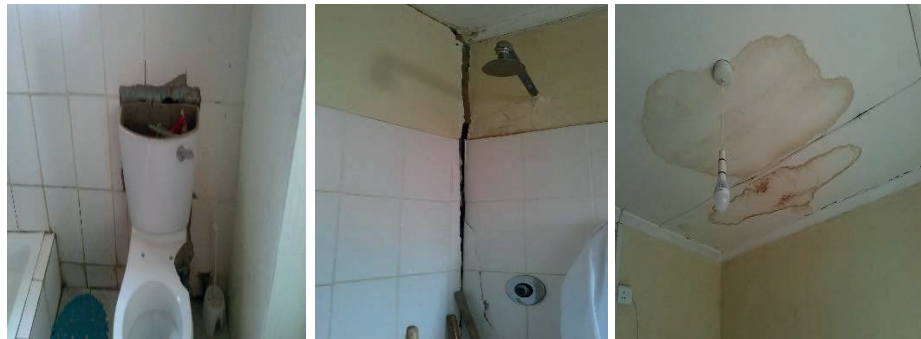
• **Council Abattoir**

- There were cracks and potholes on the floor and there was no drainage system for the smooth flow of waste.
- The room was poorly ventilated.

- The slaughter facilities such as pina block, chain block and slaughter box were damaged.
- The septic tank was blocked.

- **Council Lodge**

The shower basins in some rooms were broken and toilet pans had no covers. See pictures below.



Council Lodge

g. Management of Local Government Equalisation Fund – Misapplication of Funds

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K6,442,999 out of which at least K1,288,600 was to be utilised on capital projects.

However, amounts totalling K753,528 meant for capital projects were applied on unrelated activities such as salaries and subsistence allowances.

h. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), Local Authorities Superannuation Fund (LASF) and National Pension Scheme Authority (NAPSA) amounts totalling K5,600,260 in respect of tax and

pension contributions some of which had been outstanding from as far back as 2012. See table 54.2 below.

Table 54.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	4,354,710
2	LASF	854,667
3	NAPSA	390,883
	Total	5,600,260

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K6,875,476 in respect of various staff obligations such as settling in allowances, long service bonus and terminal benefits some of which had been outstanding from as far back as 2012. See table 54.3 below.

Table 54.3: Outstanding Staff Obligations

No.	Type of Liability	Amount K
1	Salary Arrears	151,571
2	Salaries	2,436,907
3	Long Service Bonus	3,011,097
4	Settling in Allowances	110,684
5	Terminal Benefits	292,000
6	Leave Days	873,218
	Total	6,875,476

55 Shiwang'andu Town Council

55.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K20,201,790 against which amounts totalling K16,278,010 were received and generated resulting in a variance of K3,923,780 as shown in table 55.1 below.

Table 55.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Personal levy	-	1,155	-	-	-	1,155	1,155
2	Fees and charges	969,190	169,614	28,684	219,703	997,874	389,317	(608,557)
3	Commercial Venture	10,000	8,960	-	-	10,000	8,960	(1,040)
4	Local Taxes	22,500	-	-	74,335	22,500	74,335	51,835
5	Licences	41,600	-	-	-	41,600	-	(41,600)
6	Levies	67,800	-	-	-	67,800	-	(67,800)
7	Permits	53,220	-	28,000	74,997	81,220	74,997	(6,223)
8	Other Receipts	200,000	-	-	24,349	200,000	24,349	(175,651)
	Sub-Total	1,364,310	179,729	56,684	393,384	1,420,994	573,113	(847,881)
	National Support							
9	Local Government Equalisation Fund	7,832,796	6,800,159	7,848,000	7,204,738	15,680,796	14,004,897	(1,675,899)
10	Grants in Lieu of Rates	100,000	100,000	-	-	100,000	100,000	-
11	Constituency Development Fund (CDF)	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
	Subtotal	9,532,796	6,900,159	9,248,000	8,804,738	18,780,796	15,704,897	(3,075,899)
	Total	10,897,106	7,079,888	9,304,684	9,198,122	20,201,790	16,278,010	(3,923,780)

b. Operational Matters – Failure to Establish a Firefighting and Prevention Unit

The Local Government Act No. 2 of 2019 No. 5 (c) states, “a local authority shall, in relation to community development establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have a firefighting and prevention unit.

c. Accounting for Revenue

i. Failure to Produce Receipts

The Local Authorities Financial Regulation No. 69 (1) stipulates that a receipt should be issued by the receiving officer whenever Council money is received.

Contrary to the regulation, the Council did not avail receipts for amounts totalling K60,481 that were collected from commercial ventures and deposited into the account. In this regard, it was not possible to confirm the accuracy of the amounts deposited.

ii. Unaccounted for Revenue

The Local Authorities Financial Regulation No. 72 stipulates that the Treasurer should ensure that collectors of revenue account for the amount of moneys collected by them on a daily basis.

Contrary to the regulation, out of amounts totalling K179,764 collected from taxes, licences and fees among others, amounts totalling K150,301 were deposited leaving a balance of K29,463 unaccounted for in that there was neither evidence of banking nor was cash found on hand.

iii. Failure to Collect Revenue

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, the following were observed:

- **Billboard Fees**

During the period under review, the Council invoiced ZESCO Limited amounts totalling K138,554 for bill boards mounted by the company. However, as at 30th November 2020, the funds had not been collected.

- **Personal Levy**

During the period under review, the Council was expected to collect personal levy in amounts totalling K11,805 from the 787 workers who were serving

within the district at K15 per worker. However, only amounts totalling K1,155 were collected leaving a balance of K10,650 uncollected.

- **Sale of Plots**

A review of receivables revealed that as at 31st October 2020, the Council was owed amounts totalling K1,003,950 in respect of unpaid premiums for the sale of 240 plots in 2018. See table 55.2 below.

Table 55.2: Uncollected Plots Premiums

No.	Plot Category	No. of Plots	Amount K
1	High Cost	177	555,450
2	Medium Cost	14	25,300
3	Low Cost	12	16,300
4	Small Holdings	18	337,000
5	Commercial	10	65,050
6	Church	5	2,500
7	Market Stall	4	2,350
	Total	240	1,003,950

d. Introduction on Payroll without Authority

Section 93 of the Local Government (Amendment) Act No. 6 of 2010 requires the Local Government Service Commission to appoint such principal officers and officers of a Council as the Commission considers necessary for the performance of the functions of such a Council.

However, during the period under review, three (3) officers were introduced on the payroll and were paid salaries in amounts totalling K124,000 without appointment letters from the Local Government Service Commission. In this regard, the engagement and payment of salaries to the officers was irregular.

e. Procurement of Goods and Services

i. Unsupported and Missing Payment Vouchers

Local Authorities Financial Regulation No. 98 (1) requires all payment vouchers with supporting documents and any other forms which support a charge entered in the accounts to be carefully filed, secured against loss and be readily available for audit.

Contrary to the regulation, 105 payment vouchers in amounts totalling K921,140 were not availed for audit.

In addition, forty five (45) payments in amounts totalling K354,041 made during the period under review were not supported with relevant documentation such as invitation letters, receipts and oral contract forms.

ii. Unretired Imprest

Local Authorities Financial Regulation No. 119 states, “a special imprest shall be retired immediately the purpose for which it is issued has been fulfilled and where the imprest is not cleared within forty-eight hours of the holder’s return, the issuing officers shall, in writing, instruct the officer in charge of the salaries section to deduct the amount outstanding from the salary of that holder the following month”.

Contrary to the regulation, imprest in amounts totalling K249,959 issued to twenty three (23) officers had not been retired and recoveries had not been effected as at 31st October 2020.

iii. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 requires a Treasurer to keep proper records of receipts and issue of stocks.

Contrary to the regulation, stores items costing K340,170 (general stores – K293,807 and fuel – K46,363) procured during the period under review were not accounted for in that there were no receipt and disposal details.

f. Management of Assets – Lack of Title Deeds

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

Contrary to the Act, the Council did not secure title deeds for parcels of land on which properties such as a dryport, Kalalantekwe Market Shelter, Matumbo Bus Station and the Civic Centre were located.

g. Management of Local Government Equalisation Fund – Misapplication of Funds

The Local Government (Amendment) Act No. 12 of 2014 requires that a Council should use at least twenty percent (20%) of its equalisation funds received in any financial year to finance capital projects.

During the period under review, the Council received equalisation funds in amounts totalling K14,004,897 out of which at least K2,800,974 was to be utilised on capital projects.

It was however observed that amounts totalling K143,188 meant for capital projects were applied on unrelated activities such as payment of salaries, stationery and cleaning materials.

h. Management of Constituency Development Fund

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a total provision of K3,000,000 was made as Constituency Development Fund (CDF) to cater for Shiwang’andu Constituency and an amount of K1,600,000 was released.

However, a physical inspection of selected CDF projects in the district conducted in November 2020 revealed weaknesses such as failure to complete projects on time and poor workmanship. See table 55.3 below.

Table 55.3: Delayed Completion of Projects

No.	Project	Contractor	Contract Date	Contract		Contract Sum K	Amount spent K	Scope of Works	Observations
				Start	Expected End Date				
1	Construction of a 1x3 CRB at Kalikiti Primary School	Machipisha General Trading	15.11.2019	22.11.2019	03.01.2020	63,357	61,189	Construction of the sub and super structures, roofing, flooring, fitting of windows and doors and construction of spoon drain	Construction of the sub and super structures and roofing had been completed leaving all other works outstanding resulting in delayed completion by ten (10) months.
2	Construction of a Mortuary – Matumbo	Katoli General Dealers And Construction	12.12.2019	20.12.2019	31.01.2020	137,480	112,649	Construction of the sub and super structures, roofing, flooring, fitting of windows and doors and construction of spoon drain	Construction of the sub and super structures and roofing had been completed leaving all other works outstanding resulting in delayed completion by ten (10) months.
3	Construction of a 1x2 CRB at	Buildlux General Dealers	24.12.2019	21.12.2019	24.03.2020	120,000	73,080	Construction of the sub and super structures, roofing, flooring, fitting of	The structure was at gable level with all the other works

	Chiseko Primary School							windows and doors and construction of spoon drain.	outstanding resulting in delayed completion of eight (8) months.
4	Construction of a 1x2 CRB at Chimpusa Community School	Chikukumba General Dealers	15.11.2019	22.11.2019	14.02.2020	120,000	115,000	Construction of the sub and super structures, roofing, flooring, fitting of windows and doors and construction of spoon drain.	The structure had been roofed with all the other works outstanding resulting in delayed completion by nine (9) months.
5	Completion of 1x2 CRB at Chikuta Primary School	Machipisha General Dealers	15.11.2019	22.11.2019	03.01.2020	64,767.12	61,767.13	Completion of the structure from lintel level, roofing, flooring, fitting of windows and doors and painting.	The structure had been roofed. However, the following works were outstanding; flooring, fitting of windows, doors and painting resulting in delayed completion by ten (10) months.
6	Rehabilitation of a 1x3 CRB at Masongo Primary School	Machipisha General Dealers	5.11.2019	22.11.2019	03.01.2020	50,000	48,000	Mending of cracks, roofing, painting, re- cast rough cast on external walls, flooring, replacement of glass panes, window handles, peg stays and locks and	The works had not been completed ten (10) months after the expected completion date. The following works were outstanding: i. Painting of the office and final coats on the walls of the classrooms.

								construction of the spoon drain.	ii. Construction of the spoon drain. Further, there was poor workmanship by the contractor in that the roof in one (1) of the classrooms was leaking.
7	Renovation of Ilondola Police Post and Construction of VIP Toilet	Mpika Concrete Block & Pavers Limited	29.11.2019	06.12.2019	24.01.2020	28,273	12,184	The scope of works included replacement of roof, fitting of toilet cisterns for the staff and toilet pans for male and female inmates, construction of concrete walls in the toilets for the male and female inmates, plumbing works and construction of septic and soakaway.	The works had not been completed ten (10) months after the expected completion date. The following works were outstanding: i. Installation of toilet pans for the inmates. ii. Completion of soakaway and septic tanks. iii. Completion of the plumbing works including pipes and water connections. iv. Construction of concrete walls in the toilets for the inmates.

i. Management of Liabilities – Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pensions Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K2,049,656 in respect of tax and pension contributions. See table 55.4 below.

Table 55.4: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	1,729,342
2	NAPSA	204,190
3	LASF	116,124
	Total	2,049,656

56 Siavonga Town Council

56.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K47,347,676 against which amounts totalling K37,778,597 were received and generated resulting in a negative variance of K9,569,079. See table 56.1 below.

Table 56.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Property Rates	7,085,801	4,615,360	6,887,588	8,815,320	13,973,389	13,430,680	(542,709)
2	Fees and Charges	4,900,395	691,015	2,237,364	687,828	7,137,759	1,378,843	(5,758,916)
3	Licences	15,000	14,700	14,420	105,465	29,420	120,165	90,745
4	Levies	3,601,097	2,253,670	2,278,299	2,109,726	5,879,396	4,363,396	(1,516,000)
5	Permits	434,870	100,692	36,000	35,920	470,870	136,612	(334,258)
6	Other Receipts	1,278,470	47,868	638,550	262,191	1,917,020	310,059	(1,606,961)
	Subtotal	17,315,633	7,723,305	12,092,221	12,016,450	29,407,854	19,739,755	(9,668,099)
	National Support							
7	Local Government Equalisation Fund	8,484,412	7,272,372	6,155,410	9,066,470	14,639,822	16,338,842	1,699,020
8	Grants in Lieu of Rates	-	-	100,000	100,000	100,000	100,000	-
9	Constituency Development Fund	1,600,000	-	1,600,000	1,600,000	3,200,000	1,600,000	(1,600,000)
	Subtotal	10,084,412	7,272,372	7,855,410	10,766,470	17,939,822	18,038,842	99,020
	Total	27,400,045	14,995,677	19,947,631	22,782,920	47,347,676	37,778,597	(9,569,079)

b. Environmental Management - Poor Management of Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the dumpsite carried out in October 2020 revealed the following:

- i. The Council did not fence the dumpsite for protection from access by unauthorised persons.
- ii. There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite.
- iii. The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.

c. Accounting for Revenue - Unaccounted for Revenue

Local Authorities Financial Regulation No. 72 states, “the Treasurer shall ensure that collectors of revenue account for the amount of moneys collected by them on a daily basis”.

Contrary to the regulation, the Council did not account for revenue in amounts totalling K234,011 collected from various revenue collection points in that the funds were neither deposited nor was cash found on hand.

d. Management of Payroll - Failure to Recover Staff Advances

Terms and Conditions of Service for Local Government Officers No. 105 (d) requires that an advance of salary shall be repaid within a reasonable period of time but not exceeding six (6) months.

Contrary to the terms and conditions of service, salary advances in amounts totalling K55,000 paid to fourteen (14) officers during the period under review had not been recovered as at 31st October 2020.

e. Procurement of Goods and Services

i. Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, 101 payments in amounts totalling K657,588 made during the period under review were not supported with relevant documents such as invitation letters, receipts, contracts, pay slips and goods received notes.

ii. Unretired Accountable Imprest

Local Authorities Financial Regulation No. 119, (1) states, “special imprest shall be retired immediately after the purpose for which it is issued has been fulfilled”.

Contrary to the regulation, accountable imprest in amounts totalling K216,034 issued to forty six (46) officers during the period under review had not been retired as at 31st October 2020.

iii. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 states, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, various stores items costing K608,289 (general stores - K53,782 and fuel - K554,507) procured during the period under review were unaccounted for in that there were no receipt and disposal details.

f. Management of Assets - Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 requires a Controlling Officer to ensure that all public properties under the controlling officer’s charge are secured with title deeds.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which eighteen (18) properties valued at K9,406,265 were located.

g. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and Workers Compensation Fund Control Board (WCFCB) amounts totalling K6,102,747 in respect of tax and pension contributions. See table 56.2 below.

Table 56.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	4,457,726
2	NAPSA	1,276,682
3	LASF	323,276
4	WCFCB	45,064
	Total	6,102,747

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K1,326,984 in respect of long service bonus and terminal benefits. See table 56.3 below.

Table 56.3: Outstanding Staff Obligations

No.	Details	Amount K
1	Long Service Bonus	1,268,338
2	Terminal Benefits	58,646
	Total	1,326,984

57 Sinazongwe Town Council

57.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K38,576,596 against which amounts totalling K28,242,038 were received and generated resulting in a negative variance of K10,334,558 as shown in table 57.1 below.

Table 57.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes	1,972,361	1,325,077	1,942,362	1,331,646	3,914,723	2,656,723	(1,258,000)
2	Fees and Charges	4,291,711	827,149	2,974,915	716,231	7,266,626	1,543,380	(5,723,246)
3	Licences	351,450	577,843	288,226	438,809	639,676	1,016,652	376,976
4	Levies	3,605,964	2,618,670	2,402,327	2,194,940	6,008,291	4,813,610	(1,194,681)
5	Permits	179,250	210,002	237,400	150,721	416,650	360,723	(55,927)
6	Other Receipts	202,500	319,301	40,000	-	242,500	319,301	76,801
	Sub Total	10,603,236	5,878,042	7,885,230	4,832,346	18,488,466	10,710,388	(7,778,078)
	National Support							
7	Local Government Equalisation Fund	9,204,070	7,424,659	7,884,060	7,866,985	17,088,130	15,291,644	(1,796,486)
8	Constituency Development Fund	1,600,000	-	1,400,000	1,600,000	3,000,000	1,600,000	(1,400,000)
9	Grants in Lieu of rates	-	440,005	-	200,000	-	640,005	640,005
	Sub Total	10,804,070	7,864,664	9,284,060	9,666,985	20,088,130	17,531,649	(2,556,481)
	Total	21,407,306	13,742,706	17,169,290	14,499,332	38,576,596	28,242,038	(10,334,558)

In addition, an amount of K428,670 was brought forward from 2017 bringing the total funds available during the period under review to K28,670,708.

b. Operational Matters - Lack of Firefighting and Prevention Services

First Schedule Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states, “a Local Authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council did not have a fire station, fire engine and fire officers as at 31st October 2020.

c. Accounting for Revenue - Failure to Collect Proceeds from Sale of Plots

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

In February 2019, the Council offered twenty nine (29) plots to members of the public from which revenue in amounts totalling K212,000 was expected to be realised within three (3) months from the date of offer.

However, as at 31st October 2020, only K60,597 had been collected leaving a balance of K151,403.

d. Procurement of Goods and Services

i. Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, five (5) payments in amounts totalling K13,255 were not supported with documents such as receipts, invitation letters and purchase orders.

ii. Irregular Payment of Sitting Allowances

Cabinet Office Circular No 11. of 2013 abolished payment of all administrative allowances to Public Service workers.

Contrary to the circular, nine (9) officers were paid sitting allowances in amounts totalling K90,600 for attending procurement committee meetings.

e. Management of Assets – Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which nine (9) properties such as a guest house and markets were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, nine (9) council properties had not been insured as at 31st October 2020.

f. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), Local Authority Superannuation Fund (LASF) and National Pension Scheme Authority (NAPSA) amounts totalling K3,399,102 in respect of tax and pension contributions. See table 57.2 below.

Table 57.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	2,335,849
2	LASF	237,883
3	NAPSA	825,371
	Total	3,399,102

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K645,032 in respect of salary arrears, long service bonuses and leave days. See table 57.3 below.

Table 57.3: Outstanding Staff Obligations

No.	Staff Obligation	Amount K
1	Salary Arrears (Notchess)	132,306
2	Long Service Bonus	84,592
3	Leave Days	428,135
	Total	645,032

58 Sinda Town Council

58.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K16,474,637 against which amounts totalling K10,110,696 were received and generated resulting in a negative variance of K6,363,941 as shown in table 58.1 below.

Table 58.1: Budget and Income

No.	Revenue Type	Budget K	Actual K	Variance K
	Internally Generated			
1	Owners Rates	72,613	83,576	10,963
2	Local Taxes	33,000	17,573	(15,428)
3	Fees & Charges	2,537,773	675,885	(1,861,888)
4	Licences	44,500	2,450	(42,050)
5	Levies	315,800	261,394	(54,406)
6	Permits	101,750	68,150	(33,600)
7	Charges	1,498,000	47,632	(1,450,368)
8	Other Income	15,000	54,834	39,834
	Subtotal	4,618,436	1,211,492	(3,406,944)
	National Support			
9	Local Government Equalisation Fund	8,656,201	7,299,204	(1,356,997)
10	Grants in Lieu of Rates	-	-	-
11	Constituency Development Fund	3,200,000	1,600,000	(1,600,000)
	Subtotal	11,856,201	8,899,204	(2,956,997)
	Total	16,474,637	10,110,696	(6,363,941)

b. Operational Matters - Environmental Management – Poor Management of Dumpsite

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

An inspection of the dumpsite carried out in October 2020 revealed the following:

- i. The Council did not fence the dumpsite for protection from access by unauthorised persons.
- ii. There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite.
- iii. The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.

c. Accounting for Revenue – Failure to Produce a Valuation Roll

Section 9 (4) of the Rating Act No. 21 of 2018 states, “the rating authority shall not less than once in every five (5) years or such longer period as the Minister may approve, cause to be prepared a new main roll”.

Contrary to Act, the Council did not have a valuation roll in place for the period under review.

d. Management of Payroll and Staff Related Matters – Failure to Recover Staff Advances

Terms and Conditions of Service for Local Government Officers No. 105 (d) requires that an advance of salary shall be repaid within a reasonable period of time but not exceeding six (6) months.

Contrary to the terms and conditions of service, salary advances in amounts totalling K15,000 paid to seven (7) officers during the period under review had not been recovered as at 31st October 2020.

e. Management of Assets - Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which five (5) properties such as the Civic Centre, modern markets and abattoir valued at K2,404,441 were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, the five (5) properties and two (2) motor vehicles valued at K2,404,441 and K699,370 respectively, had not been insured as at 31st October 2020.

f. Outstanding Receivables

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, as at 31st October 2020, the Council had not collected amounts totalling K171,735 in respect of business permits, crop, billboard and telemast levies among others. See table 58.2 below.

Table 58.2: Uncollected Receivables

No.	Details	Amount K
1	Grain Levy	105,852
2	Tele mast and Booth levy	19,000
3	Business and Bill board levy	3,619
4	Bill board levy	531
5	Pole levy	3,465
6	Owner’s Rates and Operating Permit	32,788
7	Bill board	1,200
8	Crop levy	5,279
	Total	171,735

g. Management of Liabilities

i. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) amounts totalling K348,545 in respect of tax and pension contributions. See table 58.3 below.

Table 58.3: Unremitted Statutory Obligations

No.	Name	Amount K
1	ZRA	76,538
2	NAPSA	262,310
3	LASF	9,697
	Sub Total	348,545

ii. Failure to Settle Staff Obligations

As at 31st December 2019, the Council owed former and existing employees amounts totalling K385,918 in respect of employees' and councillors' allowances and gratuities. Some of the debt had been outstanding from as far back as 2017. See table 58.4 below.

Table 58.4: Outstanding Staff Obligations

No.	Name	Amount K
1	Settling in Allowances	74,718
2	Gratuity for contract workers	7,200
3	Councillors' Allowances	304,000
	Total	385,918

59 Solwezi Municipal Council

59.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K126,979,987 against which amounts totalling K112,031,305 were received and generated resulting in a negative variance of K14,948,682 as shown in table 59.1 below.

Table 59.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
1	Local Taxes/Rates	35,177,759	29,294,119	35,113,259	45,136,990	70,291,018	74,431,109	4,140,091
2	Fees and Charges	5,732,448	5,381,720	4,186,745	4,319,679	9,919,193	9,701,399	(217,794)
3	Licences	-	158,907	-	245,800	-	404,707	404,707
4	Levies	-	2,004,020	-	1,863,524	-	3,867,544	3,867,544
5	Permits	-	1,379,330	-	1,266,123	-	2,645,453	2,645,453
6	Other Income	8,613,595	1,364,401	5,158,553	-	13,772,148	1,364,401	(12,407,747)
	Total	49,523,802	39,582,497	44,458,557	52,832,116	93,982,359	92,414,613	(1,567,746)
	National Support							
8	Local Government Equalisation Fund	9,717,786	8,481,125	9,222,842	9,535,567	18,940,628	18,016,692	(923,936)
9	Grants In Lieu of Rates	-	-	-	1,600,000	-	1,600,000	1,600,000
10	District Development Fund	528,500	-	528,500	-	1,057,000	-	(1,057,000)
11	Constituency Development Fund	1,600,000	-	11,400,000	-	13,000,000	-	(13,000,000)
	Sub Total	11,846,286	8,481,125	21,151,342	11,135,567	32,997,628	19,616,692	(13,380,936)
	Total	61,370,088	48,063,622	65,609,899	63,967,683	126,979,987	112,031,305	(14,948,682)

b. Operational Matters - Environmental Management

The Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off

and secured from scavenging.

The following were observed:

i. Failure to Collect Fees

The Council did not receive any licence fees from Wana Cleaning and Refuse Collection Services, a company which was engaged in 2009 for refuse collection and management of Kipemba dumpsite for a period of ten (10) years.

ii. Poor Management of a Dumpsite - Lack of Fencing

A physical inspection of the dumpsite carried out in April 2020 revealed that the dumpsite was not fenced to prevent access by unauthorised persons.

c. Accounting for Revenue - Failure to Collect Property Rates

Local Authorities Financial Regulation No. 12 (h) states, “the Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council”.

Contrary to the regulation, the Council failed to collect revenue in amounts totalling K41,695,136 in respect of rates for 4,346 properties on its valuation roll as at 31st December 2019 some of which had been outstanding from as far back as 2012.

d. Irregular Payment of Value Added Tax (VAT) to Unregistered Companies

Section 27(1) of the VAT Act Chapter 331 of the Laws of Zambia requires that only companies that are registered for VAT can charge VAT.

Contrary to the Act, fifteen (15) companies contracted by the Council to undertake various works charged VAT in amounts totalling K351,571 although not registered for VAT. In this regard, the fifteen (15) companies were overpaid by K351,571.

e. Failure to Remit Statutory Obligations

As at 31st December 2019, the Council owed the National Pension Scheme Authority (NAPSA) amounts totalling K35,155,518 in respect of pension contributions.

60 Zimba Town Council

60.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2018 and 2019 and a physical inspection of selected projects revealed the following:

a. Budget and Income

During the period under review, the Council budgeted to receive grants from the Ministry of Local Government and to generate funds from various sources in amounts totalling K42,485,578 against which amounts totalling K19,289,293 were received and generated resulting in a negative variance of K23,196,285 as shown in table 60.1 below.

Table 60.1: Budget and Income

No.	Revenue Type	2019		2018		Total		
		Budget K	Actual K	Budget K	Actual K	Budget K	Actual K	Variance K
	Internally Generated							
	Local Taxes	77,961	60,155	4,152,949	56,729	4,230,910	116,884	(4,114,026)
2	Fees and Charges	1,967,330	1,142,004	6,569,999	1,224,293	8,537,329	2,366,297	(6,171,032)
3	Licences	20,000	17,940	583,054	13,992	603,054	31,932	(571,122)
4	Levies	703,000	507,568	1,601,192	466,890	2,304,192	974,458	(1,329,734)
5	Permits	136,200	75,789	757,758	102,175	893,958	177,964	(715,994)
6	Other Receipts	350,033	131,055	-	127,839	350,033	258,894	(91,139)
	Total	3,254,524	1,934,511	13,664,952	1,991,918	16,919,476	3,926,429	(12,993,047)
	National Support							
7	Local Government Equalisation Fund	8,498,923	6,584,315	12,437,179	6,948,550	20,936,102	13,532,865	(7,403,237)
8	Constituency Development Fund	1,600,000	-	2,800,000	1,600,000	4,400,000	1,600,000	(2,800,000)
9	Grants in Lieu of Rates	230,000	230,000	-	-	230,000	230,000	-
	Sub Total	10,328,923	6,814,315	15,237,179	8,548,550	25,566,102	15,362,865	(10,203,237)
	Total	13,583,447	8,748,826	28,902,131	10,540,467	42,485,578	19,289,293	(23,196,285)

b. Operational Matters

i. Lack of Firefighting and Prevention Services

First Schedule Section 16 (2) sub section (5) (c) of the Local Government Act No. 2 of 2019 states, “a local authority shall, establish and maintain firefighting and prevention services, and take and cause the taking of measures for the protection of life, property and natural resources from damages by fire”.

Contrary to the Act, the Council had not established firefighting and prevention services as at 31st October 2020.

ii. Environmental Management – Poor Management of Dumpsite

The Environmental Management Act No. 12 of 2011 state, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites”.

In addition, the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 requires that a dumpsite should be enclosed, fenced off and secured from scavenging.

A physical inspection of the Dunka dumpsite carried out in August 2019 revealed the following:

- The Council did not fence the dumpsite for protection from access by unauthorised persons,
- There were no warning signs displayed at the dumpsite to warn the general public of the existence of the dumpsite, and
- The Council did not compact or cover the waste with a layer of soil thereby exposing the community to health hazards.

c. Accounting for Revenue – Missing Receipt Books

Local Authorities Financial Regulation No. 28 (1) (b) requires that receipts of all types be preserved for the period of ten (10) years.

Contrary to the regulation, eight (8) receipt books used during the period under review were not availed for audit.

d. Procurement of Goods and Services

i. Unretired Accountable Imprest

Local Authorities Financial Regulation No. 119, (1) states, “special imprest shall be retired immediately after the purpose for which it is issued has been fulfilled”.

Contrary to the regulation, accountable imprest in amounts totalling K15,255 issued to twelve (12) officers during the period under review had not been retired as at 31st October 2020.

ii. Missing and Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, fourteen (14) payment vouchers in amounts totalling K41,720 made during the period under review were not availed for audit.

In addition, fifty (50) payments in amounts totalling K258,787 were not supported with documentation such as receipts, invitation letters and purchase orders.

e. Management of Assets - Lack of Title Deeds

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states, “A controlling officer shall ensure that all public properties under the controlling officer’s charge are secured with title deeds”.

Contrary to the Act, the Council did not secure title deeds for parcels of land on which nineteen (19) properties valued at K1,400,185 were located.

In addition, Local Authorities Financial Regulation No. 154 states, “the Treasurer shall take out insurance cover against losses, damages, risks and liabilities which the Council may incur and shall regularly review such cover in consultation with the head of department”.

Contrary to the regulation, the nineteen (19) Council properties had not been insured as at 31st October 2020.

f. Management of Local Government Equalisation Fund - Installation of Street Lights in Zimba District

On 27th July 2018, Zimba Town Council entered into a contract with Ackjoe Contractors and General Dealers for the installation of thirty five (35) streetlights in Zimba Town at a contract price of K482,407 with a completion period of four (4) weeks commencing on 27th July 2018 and ending 24th August, 2018.

As at 31st August 2019, amounts totalling K412,856 had been paid to the contractor leaving a balance K69,551.

A physical inspection of the project carried out in October 2020 revealed that the contractor had installed twenty one (21) out of the thirty five (35) street lights resulting in a delay of thirteen (13) months.

g. Management of Constituency Development Fund

In the Estimates of Revenue and Expenditure for the financial years ended 31st December 2018 and 2019, a provision of K4,400,000 was made to cater for Mapatizya Constituency against which K1,600,000 was received. In addition, a balance of K675,139 was brought forward from 2017 bringing total funds available to K2,275,139.

The following were observed:

i. Unsupported Payments

Local Authorities Financial Regulation No. 98 (1) states, “all payment vouchers with supporting documents, and any other forms which support a charge entered into the accounts, shall be carefully filed, secured and be readily available for audit”.

Contrary to the regulation, six (6) payments in amounts totalling K47,985 made during the period under review were not supported with documents such as interim payment certificates, receipts and invoices.

ii. Unaccounted for Stores

Local Authorities Financial Regulation No. 145 states, “a Treasurer shall keep proper records of receipts and issue of stocks and stores”.

Contrary to the regulation, stores items costing K502,967 procured during the period under review were unaccounted for in that no receipt and disposal details were availed for audit.

h. Failure to Remit Statutory Obligations

As at 30th September 2020, the Council owed the Zambia Revenue Authority (ZRA), Local Authorities Superannuation Fund (LASF) and National Pension Scheme Authority (NAPSA) amounts totalling K3,142,440 in respect of tax and pension contributions some of which had been outstanding from as far back as 2018. See table 60.2 below.

Table 60.2: Unremitted Statutory Obligations

No.	Institution	Amount K
1	ZRA	2,588,537
2	LASF	18,948
3	NAPSA	534,955
	Total	3,142,440

61 Recommendations

In order to improve Public Financial Management and ensure that the local authorities are operating within the financial management and accounting framework as set out in the Constitution of Zambia (Amendment) Act No. 2 of 2016, Public Finance Management Act No. 1 of 2018, Public Procurement Act No. 12 of 2008, Appropriations Acts of 2019 and 2020, the Local Government (Amendment) Act No. No. 12 of 2014, the Local Government Act No. 2 of 2019, the Constituency Development Fund Act No. 11 of 2018 and any other laws and regulations, the following are recommended:

- i. The Controlling Officer and Principal Officers must ensure that revenue collection and expenditure are appropriately planned and controlled. This should be done by:
 - Adhering to relevant laws, regulations, circulars, and minutes,
 - Establishing and maintaining an effective, efficient, and transparent system of financial and risk management as well as adequate and robust internal controls,
 - Managing prudently public resources and safeguarding them,
 - Taking effective and appropriate steps to collect revenues due to councils that are under their charge,
 - Prevention of irregular or wasteful expenditure, misapplication of funds, theft or loss resulting from negligence or criminal conduct,
 - Taking immediate, effective, and appropriate disciplinary steps against erring office holders in the local authorities under their charge, and
 - Taking immediate and appropriate action on internal and external audit observations and recommendations.
- ii. The general revenue collected by appointed agents on behalf of local authorities should be promptly brought to account,
- iii. The Controlling Officer should explore ways of assisting local authorities in updating the valuation rolls timely,

- iv. The Controlling Officer and Principal Officers must ensure that the markets and bus stations are under the control of the respective councils in order to enhance the revenue base,
- v. The Controlling Officer and Principal Officers should ensure that project funds under CDF and LGEF are properly managed in accordance with guidelines,
- vi. The Controlling Officer and Principal Officers should ensure that there is strict adherence to procurement procedures and contract provisions,
- vii. The Controlling Officer and Principal Officers should ensure that dumpsites are properly managed,
- viii. The Controlling Officer and Principal Officers must ensure that all the assets under their charge are appropriately secured and insured,
- ix. The Controlling Officer and Principal Officers must ensure that all taxes and other statutory contributions are deducted and timely remitted to the respective institutions,
- x. The Controlling Officer must ensure that local authorities use a standardised and integrated ICT system for ease of reporting and management of information,
- xi. The Controlling Officer and Principal Officers must ensure that local authorities prepare and submit financial statements together with the underlying records for audit on time, and
- xii. The Controlling Officer and Principal Officers must ensure that local authorities maintain their buildings regularly.

62 Acknowledgements

I wish to thank all my staff for their hard work during the course of the audits to ensure that this report is produced despite challenges faced during the audit process. I also wish to express my gratitude to the Minister and the Permanent Secretary for the Ministry of Local Government as well as Principal Officers of the Local Authorities and their staff for their cooperation. It is because of their cooperation that I was able to carry out the audits in an objective, efficient and effective manner.

63 Recommendations of the Committee on Local Government Accounts

The outstanding issues in this report do not include outstanding matters in the Report of the Auditor General on the Accounts of Local Authorities for financial years ended 31st December 2015, 2016 and 2017 as the Action Taken Report from the Ministry of Finance had not been adopted by Parliament at the reporting date.

Appendix 1 to this Report summarises the status of the unresolved issues for which necessary remedial action is required.

Appendix 2 is the Glossary of Terms which has been included to make the report clearer and assist the users of the report fully understand the issues raised.

64 Conclusion

This Report has highlighted various areas of weaknesses in the management of local authorities and it is imperative that these weaknesses are addressed for these institutions to achieve their mandates effectively in the delivery of basic social and economic services to the people.

PART III

APPENDICES

65 Appendix 1

65.1 TREASURY MINUTES ON THE MANAGEMENT OF CONSTITUENCY DEVELOPMENT FUNDS AND GRANTS TO LOCAL AUTHORITIES FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER 2011 and 2012

LUAPULA PROVINCE

Paragraph 7 (4.4.2) a) Questionable Purchase of an Ambulance – Mwansabombwe Constituency

Paragraph 7 (4.4.2) b) Irregularities in the Procurement of an Ambulance (Pambashe Constituency)

Paragraph 7 (4.4.2) a) Irregular award of Contracts – Mwense District Council

WESTERN PROVINCE

Mongu Municipal Council

Paragraph 7 (4.5.1) ii) Failure to Execute Works – Sinking of Boreholes

Paragraph 7 (4.5.1) iii) Unaccounted for Fuel - Grading of Township Roads

Paragraph 7 (4.5.1) vi. Unaccounted for Building Materials

Paragraph 7 (4.5.1) c. Misappropriation of Funds - Luena Constituency – K84,150,000

Paragraph 10 (7) (1) (a) Irregularities in the awarding of contracts

Kaoma District Council

Paragraph 7 (4.5.2) a. Undelivered Hammer Mill - Mangango Constituency – K20,000,000

Mwandi District Council

Paragraph 7 (4.5.5) Mwandi Constituency i. Questionable Payment – K10,000,000

Paragraph 7 (4.5.5) ii. Unaccounted for Funds - Bush Clearing at Mwandi Cemetery

CENTRAL PROVINCE

Kabwe Municipal Council

Paragraph 7 (a) (ii) Road Rehabilitation

Paragraph 13 (a) Failure to recover money from anti-fraud unit of Zambia Police – K13,500

Paragraph 13 (b) Lack of Title Deeds and failure to insure properties

Paragraph 13 (c) Wasteful Expenditure – Construction of a Maternity Wing at Waya Ward

Paragraph 13 (d) Allocation of plots in a grave yard.

Serenje District Council – Serenje Central Constituency

Paragraph 7 (a) Failure to follow procurement guidelines – single sourcing of a truck – K100,000,000

Paragraph 7 (a) (iii) Tarring of Serenje Bus Station

Paragraph 7 (b) Failure to commence the project – muchinga constituency – K50,000,000

Mkushi District Council

Paragraph 7 (a) (i) Failure to follow procurement guidelines (Mkushi North Constituency)

Chibombo District Council

Paragraph 7 (v) Unaccounted for Hammer Mills – K150,000,000

Mumbwa District Council

Paragraph 7 (c) Failure to account for Animals

Paragraph 7 (4.11.1) iii. Construction Staff Houses – K192,000,000

Paragraph 8 (a) Lack of audited financial statements

Paragraph 8 (d) Misappropriation of funds – K43,195

Paragraph 8 (h) Missing Receipt Books – 94 receipt books were not submitted for audit

Paragraph 8 (q) Questionable allowances – K16,727

Paragraph 8 (t) Unaccounted for stores – K683,324 (General Stores – K514,420 and Fuel – K168,904)

Paragraph 8 (w) Supply of Grader

Paragraph 8 (x) Failure to fill key positions

Paragraph 8 (y) Officers occupying positions without authority

Paragraph 10 (a) Irregularities in the purchase of a Grader

Paragraph 10 (g) Overdue Receivables – K396,911

SOUTHERN PROVINCE

Paragraph 10 (8) (2) d. Rearing of dairy animals at Chuungwe Cooperative

Paragraph 10 (8) (2) e. Rehabilitation of Hikaunu Bridge – Bweengwa district

Paragraph 10 (8) (2) e. Rehabilitation of Hikaunu Bridge – Bweengwa constituency

Paragraph 10 (8) (4) a Kazungula District Council – Procurement of Earth Moving Equipment – K528,798,000 (Failure to deliver the earth moving equipment)

COPPERBELT PROVINCE

Paragraph 7 (4.8) e. Wasteful Expenditure – Procurement of a Grader – Ndola City Council – K430,495,000

NORTH WESTERN PROVINCE

Paragraph 7 (4.9) f. Misappropriation of Funds – K24,581,000

NORTHERN PROVINCE

Paragraph 10. c. Procurement of Hammer Mills – Lukashya constituency

MUCHINGA PROVINCE

Chama District Council

Paragraph 7 (4.11.1) b. Irregular Payments to Suppliers – K104,400,000

Paragraph 7 (4.11.1) g. Chama South Constituency i. Grading of Feeder Road from Chasato River to Junction of Chief Chikwa.

MINISTRY OF LOCAL GOVERNMENT AND HOUSING HEAD QUARTERS

Paragraph 8 (2) ii. Undelivered Cell Phones – Serenje District Council

Paragraph 8 (2) j. Unaccounted for Funds Sinazongwe District Council – K483,505,420

Paragraph 8 (2) Chama District Council – K24,000,000

Paragraph 8 (2) k. Wasteful Expenditure - Kaoma District Council – K58,879,775

Paragraph 8 (2) l. Over Payment to Contractor – Mwinilunga District Council

Paragraph 8 (2) m. Weaknesses in The Survey of Plots – Chongwe District Council

Paragraph 8 (2) Mambwe District Council

Paragraph 8 (2) i. Construction of Mwinilunga Civic Centre

TREASURY MINUTE ON THE REPORT OF COMMITTEE ON LOCAL GOVERNANCE, HOUSING AND CHIEFS' AFFAIRS ON THE REPORT OF THE AUDITOR GENERAL ON THE REVIEW OF OPERATIONS OF LOCAL AUTHORITIES FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER 2013, 2014 and 2015.

Paragraph 9 – Chilanga District Council

Paragraph 9 (l) Construction of ten (10) medium cost houses

Chipata Municipal Council

Paragraph 11 (a) Non – preparation of financial statements

Paragraph 11 (e) Misapplication of funds – Retirees benefits

Paragraph 11 (f) Lack of title deeds

Paragraph 11 (g) Failure to remit statutory contributions – K43,774,346

Paragraph 11 (h) Failure to pay benefits K8,652,753

Paragraph 11 (j) Employment of unqualified officers to key positions

Paragraph 12 – Chirundu District Council

Paragraph 12 (f) Lack of Title deeds

Paragraph 14 – Kafue District Council

Paragraph 14 (a) Failure to prepare financial statements

Paragraph 14 (b) Failure to collect property rates K185,018

Paragraph 14 (c) Uncollected Rent charges K25,000

Paragraph 14 (d) Failure to collect revenue – bill boards and outdoor advertising K135,000

Paragraph 14 (g) Unaccounted for stores K290,610 (General Stores – K77,363 and Fuel – K213,247)

Paragraph 14 (j) Irregular payment of sitting allowances – K7,200

Paragraph 14 (i) Failure to insure office equipment and other assets

Paragraph 14 (n) Failure to remit statutory contributions – K3,664,404.

Paragraph 14 (o) Failure to settle amounts owed to separated employees K11,514,906

Paragraph 14 (q) Unrecovered salary advances K264,256

Paragraph 14 (r) Lack of Title deeds

Paragraph 14 (t) Failure to insure buildings – K4,807,055

Paragraph 14 (v) Failure to develop land metropolitan college and school limited

Kasama Municipal Council

Paragraph 15 (a) Lack of Strategic and annual plans

Paragraph 15 (b) Non preparation of Financial Statements

Paragraph 15 (c) Irregularities in Revenue Collection: (i) Failure to collect revenue – K1,392,586; (ii) Outstanding Bill Board Levy – K195,381

Paragraph 15 (d) Staff Related Costs: (i) Appointment and promotion of staff without authority; (iv) Non Remittance of pension contributions to NAPSA K547,985 (v) Non-payment of Terminal Benefits K3,308,078.

Paragraph 15 (f) Irregularities in the allocation and sale of plots.

Paragraph 15 (g) Lack of title deeds

Paragraph 15 (h) Construction of the New Civic Centre: (i) Failure to provide documents

Katete District Council

Paragraph 16 (c) Employment of an unqualified officer to a key position

Paragraph 16 (a) Failure to prepare financial statements

Paragraph 16 (b) Lack of ownership documents for properties

Paragraph 16 (d) Missing receipt books – 21 receipt books

Paragraph 16 (e) Outstanding lodging fees and other receivables – Mphangwe motel – K376,780

Paragraph 16 (f) Failure to remit statutory contributions – K 1,850,490

Paragraph 16 (p) Unauthorised retention of interest earned K58,615

Paragraph 17- Livingstone City Council

Paragraph 17 (b) Failure to Prepare Audited Accounts and Annual Reports

Paragraph 17 (c) Lack of Title Deeds

Paragraph 17 (e) Failure to Produce Receipt Book 28 General revenue receipt books

Paragraph 17 (i) Missing payment vouchers K631,269

Paragraph 17 (q) Misapplication of Funds – K3,110,839

Paragraph 17 (r) Unretired Imprest – K265,327

Paragraph 17 (v) Failure to Produce Documentation on Disposal of Motor Vehicles

Paragraph 17 (w) Failure to Collect Revenue – K919,027

Paragraph 17 (x) Failure to Remit Statutory Obligations and Union Contributions – K5,751,886

Paragraph 17 (y) ii. Offices of the Dambwa Housing Unit

Paragraph 17 (y) iii. Tukongote Bar

Paragraph 17 (y) iv. Offices and Stores in Maramba

Paragraph 17 (z) Delayed Construction of Highlands Shelter Market

Paragraph 17 (aa). Delayed Completion of Project – Street Lighting

Paragraph 18 – Lusaka City Council

Paragraph 18 (a) Failure to produce Audited Financial Statements

Paragraph 18 (b) Failure to collect property rates K828,026

Paragraph 18 (c) Uncollected rental revenue – K772,340

Paragraph 18 (d) (i) Sale of Libala Tennis Court – Stand B/PN 20435

Paragraph 18 (d) (ii) Disposal of plots along mwatusanga road – woodlands, Lusaka

Paragraph 18 (e) Failure to pay retirement and terminal benefits K32,441,819

Paragraph 18 (f) Failure to remit statutory contributions K276,735,045

Paragraph 18 (g) Purchase of Office furniture

Paragraph 18 (h) Failure to supply elevators at the Civic Centre K87,777

Paragraph 18 (h) (i) Overpayment to Contractor – Construction of the Ticketing Office Block at intercity bus Terminus

Paragraph 19 - Mongu Municipal Council

Paragraph 19 (f) Samuel Kaywala vs Mongu Municipal Council

Paragraph 21 - Samfya District Council

Paragraph 21 (a) Non - Preparation of Financial Statements

Paragraph 21 (b) Failure to Acquire Title Deeds

Paragraph 21 (c) Failure to Provide and Maintain Fire Fighting Services

Paragraph 21 (g) Failure to Pay Retirement Benefits - K468,775

Paragraph 22 - Senanga District Council

Paragraph 22 (b) Lack of Bill Board Policy

Paragraph 22 (c) Failure to Prepare Financial Statements

Paragraph 22 (f) Use of Outdated Valuation Roll

Paragraph 22 (g) Failure to adopt ICT Frameworks

Paragraph 22 (i) Failure to Collect Property Rates - K571,430.

Paragraph 22 (k) Missing Receipt Books 77 receipt books

Paragraph 22 (l) Unaccounted for Revenue - K675,617

Paragraph 22 (o) Unsupported Payments K968,135

Paragraph 22 (p) Unretired Imprest - K222,995

Paragraph 22 (q) Questionable Payment of Allowances - K202,702

Paragraph 22 (s) Unrecovered Salary Advances - K199,529

Paragraph 22 w (ii) Failure to produce Title Deeds

Paragraph 22 w (iii) Failure to maintain properties

Paragraph 22 x. Failure to deduct tax from terminal benefits

Paragraph 22 y. Irregular payment of social holiday allowance K6,000

Paragraph 22 z. Payment of salary on wrong scale K66,878

Paragraph 22 aa. Failure to Remit statutory contribution K3,435,023

Paragraph 22 dd. Questionable payment

Paragraph 22 ff. Funding of a Business Entity using CDF – K9,000

Paragraph 22 gg. (ii) Failure to maintain a Register of Receipt forms

Paragraph 22 gg. (iii) Failure to collect revenue from the council officers – K76,510

Paragraph 23 - Sioma District Council

Paragraph 23 (a) Lack of Audited Financial Statements

Paragraph 23 (i) Questionable Retirement of Imprest - K51,400

Paragraph 23 (j) Irregular Payment of Social Holiday Allowance - K22,600

Paragraph 23 (l) Failure to Recover Salary Advances - K41,500

Paragraph 23 (m) Overpayment of Emoluments - K527,004

Paragraph 23 (o) Failure to Remit Statutory Contributions and Tax - K440,346

Paragraph 24 - Solwezi Municipal Council

Paragraph 24 (a) Unaccounted for Revenue - K110,814

Paragraph 24 (c) Missing Payment Vouchers - K15,097,411

Paragraph 24 (d) Unsupported Payments - K6,493,196

Paragraph 24 (e) Unretired Imprest - K12,720,215

Paragraph 24 (f) Unauthorised Overdrafts – Finance Pool Account – K2,016,958

Paragraph 24 (h) Failure to Produce Activity Reports - K531,631
Paragraph 24 (i) Over Payment of Subsistence Allowances - K485,520
Paragraph 24 (j) Irregular Payment of Allowances - K374,873
Paragraph 24 (k) Irregular Purchase of Phones for Senior Officers – K113,640
Paragraph 24 (l) Overpayment of Settling in Allowance – K376,686
Paragraph 24 (p) Failure to Bond Officers – K809,036
Paragraph 24 (q) Failure to Recover Salary Advances - K279,170
Paragraph 24 (r) Unaccounted for Stores - K4,732,155 (General Stores – K2,230,796 and Fuel – K2,501,358)

Paragraph 29 - Ministry of Local Government and Housing - Grants

Paragraph 29 (a) Unspent funds - K802,894
Paragraph 29 (b) Misapplication of Funds - K10,073,948
Paragraph 29 (c) Failure to Deduct Tax - K98,621
Paragraph 29 (e) Failure to Approve Payments – Zambezi District Council - K1,233,190
Paragraph 29 (f) Poor Record Keeping (Recurrent Grant) – Zambezi District Council
Paragraph 29 (g) Questionable Payments – Zambezi Council - K862,276
Paragraph 29 (i) Stores Items Without Receipt and Disposal Details - K140,037
Paragraph 29 (j) Unretired Accountable Imprest - K499,106
Paragraph 29 (k) Failure to Remit Statutory and Union Contributions - K85,623,868
Paragraph 29 (l) Failure to Report Motor Vehicle Accident to the Standing Accidents Committee -Nchelenge District
Paragraph 29 (n) Irregular Payment of Rural Hardship Allowance – Lundazi Council - K408,044
Paragraph 29 (o) Irregular Payment of Housing Allowance - K31,701

Paragraph 29 - Ministry of Local Government and Housing - CDF

Paragraph 29 (c) Unapproved Payments - K691,780
Paragraph 29 (d) Unsupported Payments - K709,323
Paragraph 29 (e) Unauthorised Retention of Interest Earned - K140,302
Paragraph 29 (f) Failure to Prepare Bank Reconciliations
Paragraph 29 (g) Irregular Payment of Value Added Tax (VAT) – Kitwe City Council - K59,203
Paragraph 29 (h) Unaccounted for Stores - K445,040
Paragraph 29 (i) Undelivered Stores Items - K299,632
Paragraph 29 (j) Questionable Retirement of accountable Imprest –Namwala Council - K9,850

Paragraph 29 (k) Non-Operational Projects – Chilanga District Council

Paragraph 26 (m) Questionable Hiring Out of CDF Equipment

Paragraph 26 (n) Project Management

TREASURY MINUTE ON THE REPORT OF COMMITTEE ON LOCAL GOVERNANCE, HOUSING AND CHIEFS' AFFAIRS ON THE REPORT OF THE AUDITOR GENERAL ON THE REVIEW OF OPERATIONS OF LOCAL AUTHORITIES FOR THE FINANCIAL YEARS ENDED 31ST DECEMBER 2014, 2015, 2016.

Paragraph 6 - Chingola Municipal Council

Paragraph 6 (a) Equalisation Fund: (i) Failure to avail Tender Documents – K1,750,084; (ii) Misapplication of funds – K238,007.

Paragraph 6 (c) Failure to collect revenue from debtors – K9,552,695

Paragraph 6 (d) Failure to Collect Penalties from Illegal Settlers – K4,602,500

Paragraph 6 (e) Uncollected revenue for plots in Gymkhana Township –K534,900

Paragraph 6 (f) Failure to allocate plots in Gymkhana – K897,600

Paragraph 6 (g) Failure to Collect Development Fees from sale of plots –K858, 160

Paragraph 6 (h) Unretired imprest K85,575

Paragraph 6 (i) Irregular Payment of Subsistence Allowance on Sponsored Activities – K33,397

Paragraph 6 (j) Failure to Compute Fuel Imprest Using Prescribed Formula

Paragraph 6 (k) Failure to Constitute a Medical Board – K238,075

Paragraph 6 (l) Travel Abroad Authority – K111,262

Paragraph 6 (n) Failure to Pay Staff Obligation – K10,874,161

Paragraph 6 (o) Failure to Remit Statutory Obligations, PAYE and Contributions to Union – K4,767,982

Paragraph 6 (p) Non-Recovery of Salary Advance K21,564

Paragraph 6 (q) Failure to Provide Oral Contracts for Casual Workers – K805,883

Paragraph 6 (r) Payment of Social Holiday Allowance – K30,000

Paragraph 6 (s) Irregular Payment of House Rentals

Paragraph 6 (t) Management of Non-Current Assets: (i) Lack of Title Deeds – K26255,79; (ii) Lack of Maintenance Policy (Abattoir, Twashuka Tarven, Chiwempala Community Hall, Zhikilalo Jere Library

Paragraph 7 -Chinsali Municipal Council

Paragraph 7 (a) Failure to Transfer Commercial Plots

Paragraph 7 (c) Failure to Adopt information and Communication Technology (ICT) Frameworks

Paragraph 7 (d) Lack of Title Deeds and Insurance

Paragraph 7 (e) Failure to Fill Key Positions

Paragraph 7 (f) Irregular Payment of Subsistence Allowances – K32,496

Paragraph 7 (g) Allowances Paid to Non-Council Employees without Authority
Paragraph 7 (h) Irregular Payments of Social Holiday Allowances – K28,309
Paragraph 7 (i) Unretired Accountable Imprest
Paragraph 7 (j) Failure to Prepare Activity Reports – K37,166
Paragraph 7 (k) Unsupported Payments – K37,795
Paragraph 7 (l) Unaccounted for Stores K58,056 (General Stores – K44,570) and Fuel – K13,486)
*Paragraph 7 (m) Failure to Remit Statutory Contributions, PAYE and Contributions to Unions K3,388,051-
K2,595,908, NAPSA-K442,630, Contributions to Unions – K5,149 and*
Paragraph 7 (n) Outstanding Staff Obligations K1,184,990
Paragraph 7 (o) Outstanding Receivables K966,467

Paragraph 8 Chipata City Council

Paragraph 8 (a) Lack of Strategic Plan
Paragraph 8 (b) Lack of Risk Management Policy
Paragraph 8 (c) Outstanding Receivables – K6,011,207
Paragraph 8 (d) Failure to Fill Vacant Positions
Paragraph 8 (e) Failure to Obtain Title deeds – K180,000
Paragraph 8 (f) Missing Payments Vouchers K392,475
Paragraph 8 (g) Unretired Imprest – K42,450
Paragraph 8 (h) Unsupported Payments – K175,229
Paragraph 8 (i) Unaccounted for Stores – K82,637
Paragraph 8 (j) Failure to Transfer Funds to the Project Account – K1,151,872
Paragraph 8 (k) Failure to Remit Statutory obligations and PAYE – K10,061,323

Paragraph 9 - Chipili Municipal Council

Paragraph 9 (a) Failure to Fill Vacant Positions
Paragraph 9 (b) Non-Preparation of Financial Statements
Paragraph 9 (c) Failure to Adopt ICT Frameworks
Paragraph 9 (d) Unaccounted for Stores – K149,764
Paragraph 9 (e) Equalisation Funds

Paragraph 10 - Chisamba District Council

Paragraph 10 (a) Failure to Produce Receipt Books
Paragraph 10 (b) Unaccounted for Revenue – K5,260
Paragraph 10 (b) Missing Payment Vouchers – K84,807
Paragraph 10 (c) Unapproved Payments – K21,019
Paragraph 10 (d) Un acquitted Allowance – K82,347

Paragraph 10 (e) Unsupported Payments – K344,124

Paragraph 10 (f) Unaccounted for Stores and Undelivered Materials

Paragraph 10 (h) Unretired Accountable imprest

Paragraph 10 (j) Failure to Prepare Activity Report – K104,338

Paragraph 10 (j) Failure to Remit Tax to ZRA – K97,890

Paragraph 10 (k) Unaccounted for fuel –K134,500

Paragraph 10 (l) Questionable Payment of Refunds – K157,000 (and Overpayment of K15,000)

Paragraph 10 (ii) Questionable Payment of Refund – K9,000

Paragraph 10 (p) Constituency Development Funds (CDF) – Fuel costing K73,258

Paragraph 11 Choma Municipal Council

Paragraph 11 (a) Equalisation Funds: (i) Failure to Transfer Funds to the Project Account – K1,558,064.51;

(ii) Misapplication of Funds – K348,558.67;

Paragraph 11 (b) Weaknesses in Accounting for Revenue from sale of plots – K1,895,000: (i) Outstanding Receivable – K2,060,5865; (ii) Failure to Pay Payables (Creditors) – K13,188,129.76; (iv)Weakness in Management of Properties

Paragraph 11 (a) (Lack of Title Deeds for Properties

Paragraph 12 Chongwe Municipal Council

Paragraph 12 (a) Weakness in the Management of Properties and other Movable Assets: (i) Failure to insure Motor vehicles; (ii) Failure to Avail Assets Ownership Documents; (iii) Failure To Change Ownership of Motor Vehicles _ K610,000; (iv) Irregularities in the Procurement of Two New Motor Vehicles from Toyota Zambia Limited; (v) Failure to Value Disposed of Motor Vehicles; (vi) Failure to Revalue Council Properties; (vii)Failure to Maintain the Council Abattoir

Paragraph 12 (d) Failure to Remit Statutory and Union Contributions – K8,727,57

Paragraph 12 (d) Outstanding Staff Obligations – K3,804,549

Paragraph 12 (f) Equalisation Fund – K11,569,330

Paragraph 13 - Kabwe Municipal Council

Paragraph 13 (a) Failure to Collect Land Charges on Plots – K10,893,503

Paragraph 13 (b) Failure to Revoke Offers Not Paid for K7,455,800

Paragraph 13 (c) Issuance of Plots under Special Conditions to Council Employees – K850,500

Paragraph 13 (d) Outstanding Receivables – K3,019,965

Paragraph 13 (e) Missing Payment Vouchers – K68,668

Paragraph 13 (f) Unsupported Payment – K214,984

Paragraph 13 (h) Unacquitted Allowances – K51,328

Paragraph 13 (f) Unaccounted for Stores – K154,019

Paragraph 13 (g) Irregular Payments – K60,599

Paragraph 13 (h) Failure to Insure Assets: (i) Buildings/Properties – K36,860,594; (ii) Motor Vehicle – K97,870.

Paragraph 13 (i) Failure to follow Tender Procedures – K50,000

Paragraph 13 (o) Irregular Medical Refunds – K55,738

Paragraph 13 (p) Irregular Hire of Skip Bins – K502,000

Paragraph 13 (q) Unretired Accountable imprest – K146,396

Paragraph 13 (r) Failure to Remit Statutory Contributions and PAYE – K11,932,377

Paragraph 13 (s) Irregular Payments of Social Holiday Allowance – K32,600

Paragraph 13 (t) Failure to provide Lease Agreement

Paragraph 13 (t) Outstanding Staff Obligations – K20,022,827

Paragraph 13 (u) Failure to Provide Reports – K72,117

Paragraph 13 (v) Environmental Audits: (i) Failure to Produce Waste Management Reports; (ii) Transport and Management of Waste; (iii) Collection of Waste in Excess of the License; (iv) Dumping of Waste without Authority

Paragraph 13 (y) Mukobeko Dumpsite

Paragraph 14 Kalomo District Council

Paragraph 14 (a) Failure to Prepare Financial Statements

Paragraph 14 (b) Weaknesses in the Management of Revenue – Failure to Provide General Revenue Receipt

Paragraph 14 (c) Outstanding Receivable – K1,046,952

Paragraph 14 (d) Outstanding Statutory and Other Obligations – K5,720,777

Paragraph 14 (e) Weaknesses in the Management of Properties: (i) Lack of Title Deeds for Properties; (ii) Failure to insure Council Property.

Paragraph 15 - Kaoma District Council

Paragraph 15 (e) Outstanding Receivable – K18,400

Paragraph 15 (f) Failure to Collect Quarry Levy – K375,900

Paragraph 15 (h) Lack of Billboard Policy

Paragraph 15 (i) Unsupported payments – K54,004

Paragraph 15 (j) Approval of Payments by Payee – K33,256

Paragraph 15 (k) Unretired Accountable imprest – K43,992

Paragraph 15 (o) Irregular Payment of Social Holiday and Other Allowances – K16,500

Paragraph 15 (q) Irregular Payment of Settling in Allowances – K35,800

Paragraph 15 (r) Payment for Training Expenses without Authority – K20,637

Paragraph 15 (s) Misapplication of Funds – K11,208

Paragraph 15 (i) Misapplication of Equilisation Fund – K1,424,612

Paragraph 15 (t) Failure to Settle Personal Emolument Arrears – K1,111,122

Paragraph 15 (u) Over-Payments of Settling in Allowance – K111,753

Paragraph 15 (v) Non Recovery of Salary Advances

Paragraph 15 (w) Unaccounted for Stores – K360,481

Paragraph 15 (a) Management of Council Property, Plant and Equipment: (i) Wasteful Expenditure on Procurement of a Gear Box – K52,000; (ii) Lack of Title Deeds; (iii) Failure to Insure Council Property (iv) Failure to Dispose of Unserviceable Plant, Vehicles and Equipment – K560,000; (v) Illegal Occupation of Council Hall – K73,200

Paragraph 15 (bb) Failure to prepare an integrated Waste Management Plan: (i) Supply of Faulty Banana Boats – K59,200

Paragraph 16 - Kapiri Mposhi District Council

Paragraph 16 (a) Failure to produce Receipts Books (58)

Paragraph 16 (b) Failure to Update Valuation Roll

Paragraph 16 (c) Unaccounted for Funds K23,580

Paragraph 16 (d) Unsupported payments K165,418

Paragraph 16 (f) Unaccounted for Stores - k70,724

Paragraph 16 (g) Irregular Refunds - K23,970

Paragraph 16 (h) Unretired Accountable imprest – K377,216

Paragraph 16 (i) Failure to prepare Activity Reports

Paragraph 16 (j) Failure to Register a Tractor and Trailer with RTSA

Paragraph 16 (k) Failure to insure Motor Vehicles and Specialized Equipment

Paragraph 16 (l) Failure to Obtain Title Deeds

Paragraph 16 (m) Failure to Provide Tenancy/Lease Agreements

Paragraph 16 (p) Outstanding Obligations – K16,211,613

Paragraph 16 (q) Equalization Funds: (i) Irregular Payment of Value Added Tax (VAT) – K10,678; (ii) Misapplication of Equalization Funds – K169,029

Paragraph 16 (r) Constituency Development Fund- Failure to Implement Projects Timely

Paragraph 16 (s) Environmental Management: (i) Lack of Environmental Management Policy and Bye laws; (ii) Lack of Operating License

Paragraph 17 - Kasama Municipal Council

Paragraph 17 (a) Equilisation Funds: (i) Missing Payment Vouchers – K188,726; (ii) Questionable introduction of Officer on Payroll – K20,684; (iii) Irregular Payment of Responsibility Allowance – K7,474; (iv) Irregular Payment of Allowances in Lieu of Personal to Holder Vehicles – K29,122; (v) Unauthorised Payments – K290,691; (vi) Failure to Recover Salary Advances – K35,474; (vii) Failure to Remit Statutory Contributions – K8,924,471

Paragraph 17 (b) Constituency Development Funds (CDF): (i) Missing Payment Vouchers – K481,365; (v) Unaccounted for Fuel – K274,638; (vi) Failure to implement Payment to Unapproved Projects – K29,135; (vii) Approved Projects – K70,500; (viii) Irregular Payments for Projects Under Lukashya Constituency – K57,835; (ix) Irregular Payments for Projects under Kasama Central Constituency – K115,774; (x) Failure to Deliver Building Materials Lukashya CDF; (xi) Irregular Drawing of Accountable imprest – K6,000;

Paragraph 17 (c) Weaknesses in the implementation of CDF Projects and other Irregularities: (i) Lukashya Constituency –Construction of Mukanga Bridge – Lusenga Ward (delayed completion of the Project); (ii) Kasama Central Constituency - Wasteful Expenditure –Procurement of a HP Power – Lukupa Ward and Rehabilitation of 1 x 3 CRB at Lilungu Primary School – Julia Chikamoneka Ward

Paragraph 18 - Kasempa District Council

Paragraph 18 (a) Lack of Strategic Plan

Paragraph 18 (b) Failure to Update Valuation Roll

Paragraph 18 (c) Unaccounted for Revenue – K747,547

Paragraph 18 (d) Unsupported Payments – K454,655

Paragraph 18 (e) Unretired imprest – K377,216

Paragraph 18 (f) Unapproved Payment Vouchers – K27,350

Paragraph 18 (g) Irregularities in the Management of Assets: (i) Outstanding Receivables – K97,056; (ii) Lack of title deeds; (iii) Failure to insure Council properties; (iv) Failure to dispose of Unserviceable vehicle; (v) Failure to Register Assets with Road and Safety Agency (RSTA)

Paragraph 18 (h) Staff Related Matters: (i) Failure to fill Key positions; (ii) Outstanding Staff Obligations – K1,179,763.

Paragraph 18 (o) Management of Grants: (i) Unsupported Payments Vouchers – K278,082; (ii) Unaccounted for Stores – K472,571

Paragraph 19 - Kazungula District Council

Paragraph 19 (a) ii. Misapplication of Funds – K201,881

Paragraph 19 (b) Misapplication of Funds – Plot fees – K822,922

Paragraph 19 (e) Over Payment – Commutation of Leave Days – K15,116

Paragraph 19 (f) Irregular Payment of Subsistence and Meal Allowance within the District – K82,216

Paragraph 19 (g) Unaccounted for Stores – K72,905

Paragraph 19 (h) Outstanding Receivables – K251,180

Paragraph 19 (i) Outstanding Statutory and Other Obligation – K962,966

Paragraph 19 (j) Weaknesses in the Management of Properties: (i) Lack of Title Deeds for Properties; (ii) Failure to insure Council Property

Paragraph 20 - Kitwe City Council

Paragraph 20 (a) Failure to Prepare Financial Statements

Paragraph 20 (b) Grants Received – K76,870,820

Paragraph 20 (c) Questionable Payment: (i) Government Valuation Department; (ii) Surveyor General

Paragraph 20 (d) Outstanding Receivables – K98,652,195

Paragraph 20 (e) Irregular Payment of Long Service Bonus

Paragraph 20 (g) Unremitted Pay as You Earn (PAYE) – K43,705,000

Paragraph 20 (h) Non- Remittance of Pension Contribution - NAPSA and LASF – K34,929

Paragraph 20 (i) Failure to Settle Terminal Benefits – K33,815, 091

Paragraph 20 (j) Irregularities in the Management of Assets: (i) Dilapidated Kitwe Bamboo Workshop Buildings; (ii) Failure to maintain a Shop , Bakanda Hall, Plot 4149 Nyerere Road, Stand No. 1301 Council Abattoir, Stand No. BUC – Buchi Domestic Science Training Centre, Stand No, 66BUC- Buchi Hotel, Block Three Shop No. 7 Buchi Kamitondo; (v) Lack of Title Deeds; (vi) Failure to insure Assets.

Paragraph 20 (k) Staff Related matters: (i) Failure to fill vacant positions

Paragraph 21 - Livingstone City Council

Paragraph 21 (a) Failure to transfer Funds to the Project Account

Paragraph 21 (b) Unsupported Payment Vouchers- K584,167

Paragraph 21 (c) Irregular Payment of Social Holiday Allowances – K139,000

Paragraph 21 (d) Irregular refunds of Medical Expenses – K17,962

Paragraph 21 (e) Irregular Payment of Sitting Allowances – K38,345

Paragraph 21 (f) Outstanding Receivables – K248,783

Paragraph 22 – Luangwa District Council

Paragraph 22 (a) Failure to prepare Financial Statements

Paragraph 22 (b) Lack of Title Deeds

Paragraph 22 (c) Failure to insure Assets

Paragraph 22 (d) Failure to update the main Roll

Paragraph 22 (e) Unaccounted for Stores – K 55,745

Paragraph 22 (f) Failure to remit Statutory Contributions and PAYE – K3,924,756

Paragraph 22 (k) Failure to Pay Benefits – K2,374,772

Paragraph 22 (i) Lack of Bill Board Policy

Paragraph 22 (m) Failure to dispose of unserviceable Motor Vehicles

Paragraph 22 (n) Equalization fund misapplication

Paragraph 23 – Luanshya Municipal

Paragraph 23 (a) General Administration: (i) Employment of Casual Workers; (ii) Failure to Pay Benefits – K26,030,716

Paragraph 23 (b) Income: (i) Failure to collect Property Rates – K21,899,325; (ii) Failure to collect Revenue – Bill Boards and Outdoors Advertising – K278,700; (iii) Failure to provide Lease Agreements; (iv) Uncollected rental Charges – K 1,389,705.

Paragraph 23 (d) Expenditure: (i) Unsupported payment vouchers – K222,874; (ii) Failure to Remit Statutory Obligations – K13,939,124.71.

Paragraph 23 (e) Management of Council Assets: (i) Failure to provide proof of ownership and insurance – K 30,432,884; (ii) Irregularities in the Leasing out of Baluba Motel; (iii) Failure to avail Breakdown for investment amounts; (iv) Irregularities in the procurement of Fire Tender.

Paragraph 22 (f) Physical Inspection of Assets: (i) Muchinshi Cocktail Bar – Mikomfwa Township, (ii) Council Factory.

Paragraph 24 Lusaka City Council

Paragraph 24 (a) Under collected of revenue – K78,284,802

Paragraph 24 (b) Memorandum of Agreement for Partnership on parking slots Management and Tow Services: (i) Failure to provide procurement process records; (ii) Failure to sign the working contract; (iii) Non-remittance of revenue to the council.

Paragraph 24 (c) Outstanding staff obligations – K27, 816,181 Terminal Benefits and K20,038,195 Long Service Bonuses

Paragraph 24 (d) Failure to Remit Statutory contributions and PAYE – K106,336,983

Paragraph 25 – Luwingu District Council

Paragraph 25 (a) Lack of Title Deeds

Paragraph 25(b) Failure to insure council properties – Buildings – K8,646,290

Paragraph 25 (c) Outstanding Receivables – K586,770

Paragraph 25 (d) Outstanding Debts – K 5, 545,910

Paragraph 25(e) Weaknesses in the Utilisation of Equalisation Funds – K9,463,881: (i) Procurement of an Engine – Nissan Navara – K68,500

Paragraph 26 – Mansa Municipal Council

Paragraph 26 (a) Unsupported payment vouchers – K235,507

Paragraph 26 (b) Irregular Payments of Social Holidays Allowances – K 19,881

Paragraph 26 (c) Irregular use of Imprest - K24, 680

Paragraph 26 (d) Irregular Payment of Sitting Allowances – K18,773

Paragraph 26 (e) Irregular Payment of allowances – K17,462

Paragraph 26 (f) Misapplication of Equalisation Funds – K3,088,164

Paragraph 26 (g) Outstanding Obligations – K18,310,407

Paragraph 26 (k) Failure to Acquire Title deeds

Paragraph 26 (l) Failure to insure council properties

Paragraph 26 (m) Failure to maintain properties

Paragraph 27 – Mkushi District Council

Paragraph 27 (a) Lack of a Strategic Plan

Paragraph 27 (c) Outstanding Receivable – K3,890,647

Paragraph 27 (d) Outstanding Statutory Obligations and PAYE – K7,188,470

Paragraph 27 (e) Outstanding Staff Obligations – K2,539,589

Paragraph 27 (f) Accident Vehicle – Toyota Prado – ALC 2074

Paragraph 27 (g) Creditors – Council Motel – K71,387

Paragraph 27 (h) Failure to fence the Dumpsite

Paragraph 28 – Mongu Municipal Council

Paragraph 28 (b) Management of Land: (i) Failure to collect Revenue from the Residential Plot Premium.

Paragraph 28 (j) Maintenance of Parks and Gardens

Paragraph 28 (k) Illegal development of structures on Council Property (Bus Station)

Paragraph 28 (l) Failure to register and insure tractors

Paragraph 28(m) Business Operating without Licenses

Paragraph 28 (n) Failure to maintain an updated valuation Roll

Paragraph 28 (o) Irregularities in waste management operations: (i) Operation of Uncertified Dumpsite

Paragraph 28 (q) Inadequacies in provision of Fire Fighting and Rescue Services: (i) Lack of Appropriate Communication System; (ii) Lack of adequate Fire Hydrants in the township;

Paragraph 28 (o) Failure to remit statutory contributions – K882,388

Paragraph 28 (q) Equalisation fund – Capital projects: (i) Rehabilitation of sir Mwanawina Motel; (ii) Construction of shops at the main station; (iii) Construction of wall fence at main bus station

Paragraph 29 – Mporokoso District Council

Paragraph 29 (a) Failure to Insure Council Properties – Buildings

Paragraph 29 (c) Outstanding receivables – K2,622,249

Paragraph 29 (d) Poor Debt Management – K12, 734,511 (Statutory contribution – K2,987,486, Trade creditors – K5,246,930 and Staff Creditors – K4,500,094).

Paragraph 29 (f) Equalisation Fund: (i) Misapplication of Equalisation Fund – K47,100; (ii) Weaknesses in the project implementation of Equalisation funds on capital projects construction of a wall fence at Mikomba Guest House; (iii) Inflated pricing of a four (4) meters sliding and pedestrian gates.

Paragraph 29 (g) Constituency Development Fund (CDF) – K1,400,000; (ii) Rehabilitation of Mikomba Recreation Centre; (iii) Lack of site possession certificate; (iv) Lack of variation orders – Rehabilitation of Mikomba Guest House; (v) Double payments for Building Materials – Rehabilitation of Mikomba Guest House

Paragraph 30 – Mufulira Municipal Council

Paragraph 30 (a) outstanding amount due on Leased Property

Paragraph 30 (b) Failure to prepare Financial Statements

Paragraph 30 (d) Procurement of goods and Services using Imprest

Paragraph 30 (e) Irregular appointment of Bailiffs

Paragraph 30 (f) Issuance of plots to Council Staff at a discounted price

Paragraph 30 (g) Amounts owed to Retirees

Paragraph 30 (h) Property Management: (ii) Physical Status of Houses and Buildings – K1,345,692.41

Paragraph 31 – Mumbwa District Council

Paragraph 31 (a) Use of Revenue before Banking – K308,169

Paragraph 31 (b) Outstanding Receivables – K6,303,439

Paragraph 31 (c) Failure to Settle Outstanding Bills – Payables: (i) Unremitted Statutory Contributions and PAYE – K16,497,458

Paragraph 31 (d) Land Acquisition

Paragraph 31 (e) Lack of Title Deeds – K781,000

Paragraph 31 (f) Management of Commercial Ventures: (i) Unreimbursed Borrowing – K11,000; (ii) Deplorable state of Mumbwa Tavern – K235,000 and K416,000

Paragraph 32 – Mwense District Council

Paragraph 32 (b) Failure to acquire title deeds

Paragraph 32 (d) Failure to recover funds – K11,500

Paragraph 32 (e) Failure to remit PAYE, Statutory and other contributions

Paragraph 33 – Nakonde District Council

Paragraph 33 (a) Failure to prepare financial statements

Paragraph 33 (b) Lack of strategic plan

Paragraph 33 (c) Failure to update Asset Register

Paragraph 33 (d) Failure to fill key positions

Paragraph 33 (e) Unaccounted for Revenue – K168,763

Paragraph 33 (f) Misappropriation of Funds – K40,530

Paragraph 33 (g) Missing Payment vouchers – K502,397

Paragraph 33 (h) Unsupported payment Vouchers – K483,010

Paragraph 33 (i) Failure to avail contracts for courts cases – K200,000
Paragraph 33 (j) Unretired Accountable Imprest – K93,214
Paragraph 33 (j) Irregular Refunds – K26,612
Paragraph 33 (k) Allowances paid to Non-Council Employees without Authority – K172,319
Paragraph 33 (l) Over Payments – K60,000
Paragraph 33 (m) Irregular Payments of Allowances: (i) Subsistence and Meal Allowances; (ii) Social Holiday Allowance; (iii) Transport Allowances
Paragraph 33 (q) Unaccounted for stores – K468,622
Paragraph 33 (r) Irregular Employment of Administrative Officer
Paragraph 33 (s) Sponsorship of Officers for Training without Authority – K302,520
Paragraph 33 (t) Failure to recover Salary Advances – K 47,367
Paragraph 33 (u) Payment of Salary Advances above Gross pays
Paragraph 33 (v) Salary over payments (Wrong Salary Scale) – K263,469
Paragraph 33 (w) Failure to Remit Statutory Contributions and PAYE – K2,864,651
Paragraph 33 (x) Outstanding Staff Obligations – K159,850

Paragraph 34 – Nchelenge District Council

Paragraph 34 (a) Misapplication of Equalisation Fund – K388,721
Paragraph 34 (b) Failure to Insure Council Properties
Paragraph 34 (c) Unaccounted for Revenue – K318,351
Paragraph 34 (d) Failure to produce Receipt Books
Paragraph 34 (e) Unsupported Payment Vouchers – K127,768
Paragraph 34 (f) Unretired Accountable Imprest
Paragraph 34 (g) Excess Payment of Cash Awards – Over payment
Paragraph 34(g) Loss of Public Funds
Paragraph 34 (h) Failure to Remit third Party Deductions
Paragraph 34 (i) Loss of funds through Penalties on Outstanding NAPSA Obligations – K143,119

Paragraph 35 – Ndola City Council

Paragraph 35 (a) General Administration – (i) Failure to fill vacant positions; (ii) Employment of Unqualified Officers to Key Positions; (iii) Employment of Casual Workers
Paragraph 35 (b) Outstanding Receivables: (i) Variances in Debtors Amounts; (ii) Exempt Bill Boards; (iii) Unsupported Declaration of Personal Levy K344,120; (iv) Failure to include Leased properties in the Revenue Database – K8,154,381
Paragraph 35 (c) Missing Payment Vouchers – K1,526,559
Paragraph 35 (d) unsupported payment vouchers
Paragraph 35 (e) Unretired Imprest

Paragraph 35 (g) Failure to avail Activity Reports

Paragraph 35 (h) Unaccounted for stores – K15,255,048

Paragraph 35 (i) Unacquitted Wages and Allowances – K542,515

Paragraph 35 (j) Failure to Remit Tax

Paragraph 35 (k) Irregular payment of Social Holiday Allowance – K67,500

Paragraph 35 (l) Non - Recovery of salary Advances – K78,600

Paragraph 35 (l) Payments of Long Service Bonus

Paragraph 35 (n) Failure to produce title deeds and to insure properties

Paragraph 35 (o) Irregularities in the Procurement of motor vehicles – Ford Rangers – K4,318,624

Paragraph 35 (p) Investments: (i) Investment in Kafubu Water and Sewerage Ltd; (ii) Management of the commercial Ventures – Kafubu Inn and New Ambassador hotel; (iii) Failure to Recover Hotel Bills; (iv) Failure to remit VAT; (v) Understatement of Revenue and Expenditure figures – New Ambassador Hotel – K102,261; (iv) Missing Payment vouchers – New Ambassador Hotel; (v) Unaccounted for stores; (vi) Unsupported payment vouchers; (vii) Failure to maintain Kafubu Inn.

Paragraph 35 (r) Overdrawn Bank Accounts – K5,885,827

Paragraph 35 (s) Unremitted statutory contribution and PAYE

Paragraph 35 (t) Failure to follow Suppliers Payment Policy

Paragraph 35 (u) Outstanding Staff Obligations – K66,754,892

Paragraph 35 (v) Unsettled Liabilities

Paragraph 35 (w) Management of Land: (i) Lack of Separation of Duties; (ii) Joint Venture with Henan Guoji Group for Development of Housing Units – Dola Hill; (iii) Uncollected Land Fees from sale of Plots; (iv) Unallocated Plots – Dola Hill; (v) Allocation of plots to more than one person – Dola hill; (vi) Failure to provide site plans; (vii) Plots not Beacons; (viii) Variance in Land Demarcation – Chifubu and Pamodzi.

Paragraph 35 (x) Environmental Management: (iv) Failure to produce Plans and Reports; (v) Illegal Dumping of waste – mine masala market; (vi) Illegal Transporters of solid waste; (vii) Dumpsite Management.

Paragraph 36 - Pemba District Council

Paragraph 36 (a) Failure to Collect Rentals – K10,500

Paragraph 36 (c) Misapplication of Funds – K2,317,425

Paragraph 36 (d) Weaknesses in the Non-Current Asset Management

Paragraph 36 (e) Failure to insure Motor Vehicles

Paragraph 36 (f) Lack of Maintenance Policy

Paragraph 36 (g) Failure to Pay Benefits

Paragraph 36 (h) Illegal Developers along Kasiya Road

Paragraph 37- Petauke District Council

Paragraph 37 (a) Misapplication of Funds for Capital Projects

Paragraph 37 (b) Failure to Prepare Financial Statements

Paragraph 37 (c) Under-collection of Receivable

Paragraph 37 (d) Lack of a Strategic Plan

Paragraph 37 (e) Lack of a Procurement Plan

Paragraph 37 (f) Lack of a Risk Management Policy

Paragraph 37 (g) Failure to Fill Vacant Posts

Paragraph 37 (h) Poor Maintenance of a Register of Accountable Documents

Paragraph 37 (i) Management of Nyika Motel

Paragraph 37 (j) Management of other Council Properties: (i) Failure to insure Movable Assets; (ii) Lack of Title Deeds for Council Property

Paragraph 37 (k) Failure to Remit Statutory Obligations

Paragraph 38 - Serenje District Council

Paragraph 38 (a) Failure to Collect Revenue

Paragraph 38 (b) Failure to Fill Vacant Position

Paragraph 38 (c) Lack of Strategic Plan: (i) Failure to Prepare Financial Statements; (ii) Outstanding Receivables; (iii) Misapplication of Equalization Fund; (iv) Contract for the Refurbishment of the Council Secretary's Residence

Paragraph 38 (d) Failure to Remit Statutory Obligation and PAYE

Paragraph 38 (h) Indebtedness of the Council to its Employee/Staff Obligations

Paragraph 38 (i) Failure to insure immovable Assets

Paragraph 38 (j) Failure of insure Movable Assets

Paragraph 38 (n) Recreation Centre: (i) Outstanding Rentals

Paragraph 38 (o) Failure to follow Constituency Development Fund (CDF) Guidelines – Payment of Sitting Allowance

Paragraph 38 (p) Irregular Procurement of a Truck

Paragraph 38 (q) Rehabilitation and Construction of the National Square: (i) lack of Competitive Procurement of Contractor

Paragraph 39 - Siavonga District Council

Paragraph 39 (a) Lack of Strategic Plan

Paragraph 39 (b) Lack of Title Deeds

Paragraph 39 (c) Failure to fill staff Establishment

Paragraph 39 (d) Under Collection of Revenues from property rates

Paragraph 39 (f) Missing Receipts Books

Paragraph 39 (h) Irregular payment of social holiday Allowance

Paragraph 39 (i) Non-Remittance of Statutory Obligations and PAYE

Paragraph 39 (k) outstanding long service Bonus

Paragraph 39(l) Wasteful Expenditure on Abandoned Construction of Siavonga Civic Centre

Paragraph 39 (m) Delay in Construction of Siavonga District Fire Station

Paragraph 39 (n) High Staff Turnover of Chief Officers

Paragraph 40 - Solwezi Municipal Council

Paragraph 40 (a) Missing Receipts Books

Paragraph 40 (b) Unsupported Payments Vouchers – K1,244,603

Paragraph 40 (c) Unaccounted for Stores – K403,216

Paragraph 40 (d) Irregular Payment of Allowances

Paragraph 40 (e) Failure to Reimburse Borrowed Funds – K105,036

Paragraph 40 (f) Failure to Deduct Tax – K549,880

Paragraph 40 (m) Wasteful Expenditure on Demurrage and Storage Charges – Shaftex Zambia Ltd – K332,788

Paragraph 40 (n) Failure to install Land and Property Management Information System

Paragraph 40 (o) Failure to follow procedure in Allocation of Residential and Commercial Plots

Paragraph 40 (p) Irregularities in the Management of Assets: (i) Failure to Collect Lease Rentals – Mutanda Rest House – K350,100

Paragraph 40 (q) Failure to collect Shop Rentals – Kyawama Market Shops – K756,000

Paragraph 40 (r) Lack of Title Deeds

Paragraph 40 (s) Failure to insure Council Properties

Paragraph 40 (t) Failure to Dispose of Unserviceable Vehicles

Paragraph 40 (u) Failure to Fill Key Positions

Paragraph 40 (v) Failure to Remit Statutory Obligations and PAYE – K25,172,411

66 Appendix 2 – Glossary of Terms

Accountable Documents	Documents such as receipts, licences, certificates, discs or tokens and others used in the collection of Revenues.
Audit Finding	The result of audit procedures and tests conducted by the auditor.
Controlling Officer	An officer designated as such by the Secretary to the Treasury to maintain accounts of a Ministry, Province or Agency.
Delayed Banking	Failure to bank moneys received not later than two days after the day of receipt.
Excess Expenditure	Expenditure incurred above the authorised budget amounts without the authorisation.
Failure to Follow Procurement Procedures	Non-Compliance with the Zambia Public Procurement Act and Procurement guidelines in the purchase of goods and services.
Irregular payments	Payments made outside the normal practice or acceptable regulations or norms.
Irregularity	Breach of laws, regulations or rules.
Imprest	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.

Misapplication	Use of funds budgeted for a programme on an unrelated programme without authority.
Misappropriation	Use of public funds for personal purposes or crediting public funds to a private bank account.
Outstanding Issues	These are audit queries that remain unresolved in the Treasury Minutes (Action Taken Reports) prepared by the Ministry of Finance on the Reports of the Auditor General.
Overpayments	Payments made above the correct price or rate.
Parliament	Legislative organ of Government.
Committee on Local Government Accounts (CLGA)	A sessional committee of the National Assembly established in terms of the standing orders. The committee examines the Auditor General's Report, as part of their mandate of examining the accounts showing the appropriation of the sums approved by the Ministry of Local Government.
Unaccounted for Revenue	Revenue collected but neither banked nor cash found on hand.
Unvouched Expenditure	Payment vouchers not availed for audit because they are either missing or payment vouchers that are not adequately supported with documentation.
Unretired Imprest	Imprest not accounted for.

Unauthorised Expenditure	Funds spent without approval by a responsible officer.
Unacquitted Payments	Payments made without evidence of having been received by the intended beneficiaries.
Unaccounted for Stores	Missing stores items without evidence of how they were received and utilised.
Undelivered Materials	Goods paid for but not received.
Non-Submission of Expenditure Returns	Failure to provide details of how funds disbursed were utilised.
Unaccounted for Funds	Missing funds without expenditure records.
Wasteful Expenditure	Expenditure incurred without benefits derived.
Reconciliation	The process of ensuring that two (2) or more sets of records agree.

**Office of the Auditor General
Stand No. 7951
Haile Selassie Avenue
Longacres
P.O. Box 50071
Lusaka-Zambia**

**Email: auditorg@ago.gov.zm
www.ago.gov.zm
Telephone: +260 211 252611 / 255760
Fax: +260 211 250349**