



Republic of Zambia

## REPORT OF THE AUDITOR GENERAL



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**ON THE AUDIT OF  
ACCOUNTS OF LOCAL AUTHORITIES  
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020**



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**FOR THE**

**FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

## **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 year ended 31<sup>st</sup> December 2020 in accordance with the Provisions of Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, 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 determine 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**



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## **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 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 2015 to 2017 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 collect revenue,
- ii. Failure to update valuation rolls,
- iii. Failure to develop integrated development plans,
- iv. Poor management of solid waste,
- v. Failure to fill vacant positions and in some cases, overemployment of staff on some positions,
- vi. Failure to secure properties with title deeds,
- vii. Failure to insure assets,
- viii. Failure to maintain properties,
- ix. Weaknesses in procurement and contract management, and

- x. Weaknesses in management of Local Government Equalisation and Constituency Development Funds.

Other irregularities raised in this Report are as shown in table 1 below.

**Table 1: Summary of Other Irregularities**

No.	Details	Amount K
1	Failure to Remit Statutory Obligations	2,179,722,068
2	Failure to Settle Staff Obligations	227,901,284
3	Unsupported Payments	4,066,171
4	Unaccounted for Stores	2,337,823
5	Unretired Imprest	120,105
6	Missing Payment Vouchers	2,114,618
7	Wasteful Expenditure	96,561
8	Failure to Collect Revenue	511,970,169
9	Questionable Payments	1,747,697
10	Irregular Payments	661,605
11	Failure to Recover Advances	75,750
12	Unaccounted for Revenue/Funds	150,382
13	Delayed Banking	470,057
	<b>Total</b>	<b>2,931,434,290</b>

# **PART I**

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## **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 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 seven (67) Local Authorities.

## **2 Scope of Audit**

The audit scope covered the accounts and records of Local Authorities for the financial year ended 31<sup>st</sup> December 2020 and, in some cases, observations that required updating were reported as at 31<sup>st</sup> October 2021.

## **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 negatively impacted the targeted time of completing the audit activities.

**ii. Information and Communications Technology Equipment**

During the period from 2017 to 2020, the number of staff increased from 524 to 620. 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 audit of accounts for the financial year ended 31<sup>st</sup> December 2020 conducted in 2021 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 Audit and Reporting Process**

The reporting process involved three (3) major stages. The first stage was where a preliminary query was issued to the Principal Officer and was required to be responded to within ten (10) days. The second stage was where an interim management letter was sent to the Principal Officer and copied to the Controlling Officer and was required to be responded to within fifteen (15) days.

The third stage was where the final management letter (Draft Annual Report Paragraph (DARP)) was issued to the Controlling Officer and was to be responded to within three (3) days to confirm the correctness of the facts.

At every stage where responses received were satisfactory, amendments were made accordingly.

Where the findings were not 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 a 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 bylaws 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**

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# **PARAGRAPHS**



## 12 Chadiza Town Council

### 12.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K15,704,627 against which amounts totalling K12,531,339 were received and generated resulting in a negative variance of K3,173,288. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	225,000	23,447	(201,553)
2	Fees and Charges	3,183,248	498,924	(2,684,324)
3	Licences	13,750	3,124	(10,626)
4	Levies	1,335,068	1,624,390	289,322
5	Permits	228,550	83,045	(145,505)
6	Other Receipts	-	62,219	62,219
	<b>Sub Total</b>	<b>4,985,616</b>	<b>2,295,149</b>	<b>(2,690,467)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	8,419,011	8,335,190	(83,821)
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Other Grants	700,000	301,000	(399,000)
	<b>Sub Total</b>	<b>10,719,011</b>	<b>10,236,190</b>	<b>(482,821)</b>
	<b>Total</b>	<b>15,704,627</b>	<b>12,531,339</b>	<b>(3,173,288)</b>

#### b. Failure to Manage Dumpsite

The Environmental Management Act No. 12 of 2011 states that, “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.

However, the following were observed:

- 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 existences of the dumpsite, and
- iii. The council did not compact the waste with a layer of soil thereby exposing the community to health hazards.

**c. Failure to Fill Vacant Positions**

The Council had an approved establishment of 123 positions out of which 98 were filled leaving 25 vacant as at 30<sup>th</sup> September 2021. Out of the vacant positions, some were key to the running of the Council such as Land Surveyor, Environmental Planner and Building Inspector.

**d. Management of Assets**

**i. Lack of Title Deeds**

Section 41(4) of the Public Finance Management Act, No. 1 of 2018 states 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 fifteen (15) parcels of land on which properties such as the market, bus station, council rest house and the civic centre were located.

**ii. Failure to Insure Motor Vehicles**

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 head of department”.

Contrary to the regulation, seven (7) motor vehicles had not been insured as at 30<sup>th</sup> September 2021.

**e. Local Government Equalisation Fund - Failure to Recover Advance Payment**

On 11<sup>th</sup> May 2020, Chadiza Town Council engaged Frachams Investment limited to construct a fire station at a contract sum of K426,226 and on 13<sup>th</sup> May 2020, an advance of K63,934 being 15% of the contract sum was paid to the contractor.

However, the contractor did not take possession of the site, twenty eight (28) days after receiving the advance payment as provided for under clause 58.1 of the contract.

Consequently, on 22<sup>nd</sup> October 2020, the Council terminated the contract due to failure by the contractor to commence works.

However, as at 30<sup>th</sup> September 2021, the Council had not recovered the advance paid to the contractor, eleven (11) months from the time the contract was terminated.

**f. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K4,577,440 in respect of tax, pension and union contributions, some dating from as far back as 2018. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	795,205	987,454	1,782,660	10,000	1,772,660
2	NAPSA	985,071	534,078	1,519,148	-	1,519,148
3	LASF	537,390	747,536	1,284,926	47,769	1,237,156
4	ZULAWU	28,475	34,101	62,577	34,101	28,475
	<b>Total</b>	<b>2,346,141</b>	<b>2,303,169</b>	<b>4,649,310</b>	<b>91,870</b>	<b>4,557,440</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K811,137 in respect of settling in allowances, terminal benefits and long service bonus, some dating from as far back as 2012. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Settling in Allowance	139,371	195,158	334,528	212,139	122,390
2	Terminal Benefits	605,527	-	605,527	160,500	445,027
3	Long Service Bonus	250,219	-	250,219	6,500	243,719
	<b>Total</b>	<b>995,117</b>	<b>195,158</b>	<b>1,190,275</b>	<b>379,139</b>	<b>811,137</b>

### 13 Chama Town Council

#### 13.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K14,493,755 against which amounts totalling K13,617,695 were received and generated resulting in a negative variance of K876,060. See table 1 below.

**Table 1: Budget and Income**

No	Source of Funds	Budget K	Income K	Variance K
	<b>Locally generated</b>			
1	Local taxes	100,245	58,054	(42,191)
2	Fees and Charges	1,496,855	405,101	(1,091,754)
3	Licences	31,200	10,615	(20,585)
4	Levies	101,645	289,147	187,502
5	Permits	28,000	80,467	52,467
	Other Receipts	94,600	-	(94,600)
	<b>Sub Total</b>	<b>1,852,545</b>	<b>843,384</b>	<b>(1,009,161)</b>
	<b>National Support</b>			-
6	Local Government Equalisation Fund	9,441,210	9,474,311	33,101
7	Constituency Development Fund	3,200,000	3,200,000	-
8	Other Grants	-	100,000	100,000
	<b>Sub Total</b>	<b>12,641,210</b>	<b>12,774,311</b>	<b>133,101</b>
	<b>Total</b>	<b>14,493,755</b>	<b>13,617,695</b>	<b>(876,060)</b>

**b. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K3,200,000 was made to cater for Chama North and Chama South constituencies and the whole amount was released.

In addition, an amount of K1,294,459 was brought forward from 2019 bringing the total funds available to K4,494,459. As at 31<sup>st</sup> December 2020, amounts totalling K1,521,875 had been spent leaving a balance of K2,972,584.

The following were observed:

**i. Misapplication of Funds**

Section 12 of the Constituency Development Fund Act No. 11 of 2018 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 K59,500 meant for CDF were used on the distribution of relief mealie meal that were allocated to the district by the Disaster Management and Mitigation Unit (DMMU), an activity not related to the purpose for which the funds were appropriated. As at 31<sup>st</sup> August 2021, the funds had not been reimbursed.

**ii. Unapproved Project**

Section 4 (c) of the Constituency Development Fund Act No. 11 of 2018 states that, “The Minister is responsible for receipt, review and approval of project lists from committees”.

Contrary to the Act, the Local Authority made payments in amounts totalling K27,467 involving two (2) transactions for rehabilitation of Chitukula Health project that was not approved by the Minister.

**iii. Project Physical Inspection**

A physical inspection of selected CDF projects in the District conducted in August 2021 revealed weaknesses in the management of projects such as failure

to complete projects on time, lack of supervision and poor workmanship. See table 2 below.

Table 2: Status of Projects

Constituency	Project	Contractor	Contract Date	Contract		Contract Sum K	Amount Paid K	Scope of Works	Project Status and Other Observations
				Start	End				
Chama North Constituency	Drilling of ten (10) Boreholes at Katangalika Day Secondary School, Dungulungu Health Post, Makeni B, Zondolola Community School, Kawele Community school, Mulilo Primary School, Kabale School, Nthebele Village and Kambeza in Chikonta Village	Amorgans Suppliers and Contractors Limited	06.01.2020	06.01.2020	20.03.2020	499,550	0	Borehole drilling, casing, hand pump installation, pumping testing, laboratory test for water quality and construction of civil works and drainages.	A physical inspection of the sites carried out in August 2021 revealed that the boreholes had not been drilled.

	Rehabilitation of three (1 x 3 and two 1 x 2 classroom blocks) at Lundu Primary School in Muchinga Ward	Christopher Zimba Hardware Supplies	18.12.2020	18.12.2020	29.07.2021	189,201	K198,076	Ironmongery, plastering and painting, roofing, glazing, floor finish and painting	A physical inspection of the project carried out in August 2021 revealed that the project had not been completed in that the following works were outstanding; flooring, painting, glazing and fitting of window frames and doors. Further, it was observed that the contractor had been overpaid by K8,875 and was not on site.
Chama South	Construction of Chikwa Local Court	Kampheta General Dealers	9.11.2020	17.11.2020	09.03.21	245,000	60,608	Preliminary works, excavations, footing, brickwork, backfilling and disposal, substructure collection, superstructure, concrete work, roofing, ironmongery, carpentry,	A physical inspection of the project carried out in August 2021 revealed that the project had not been completed in that only excavation of the foundation and backfilling had been done and the contractor was not on site.

							plastering, floor glazing, finish, plumbing works, painting, decoration and drainage works	
Renovation of Nangwa 1 x 2 Classroom Block and Staff House	Muchinga Construction	9.11.2020	17.11.2020	09.03.21	172,040	141,019	Brickwork, Roofing, Ironmongery and Floor Finish.	Renovation of the 1 x 2 classroom block had been completed. However, the following works were still outstanding on the renovation of the staff house; <ul style="list-style-type: none"> <li>• Glazing,</li> <li>• Fitting of door,</li> <li>• Fitting window frames, and</li> <li>• Painting of the Staff house.</li> </ul>
Renovation of Staff House at Chigoma Health Post and Construction of VIP Toilet	Caledonian C.S.S General Dealers	9.11.2020	17.11.2020	09.03.21	60,000	31,906	Staff House Carpentry, glazing, ironmongery, plastering, painting	Staff House Rehabilitation works had commenced. However, steps were not constructed and painting had not been done. <b>VIP Toilet</b>

									<p><b>VIP Toilet;</b> The structure had been built up to ring beam level. The outstanding works included;</p> <ul style="list-style-type: none"> <li>• Roofing,</li> <li>• Flooring, and</li> <li>• Joinery.</li> </ul>
Construction of a Laboratory at Chifunda Day Secondary School	Christopher of Zimbabwe Hardware Supplies	9.11.2020	17.11.2020	09.03.21	350,000	418,974	<p>Preliminary works, excavations, footing, brickwork, backfilling and disposal, surface bed, substructure collection, superstructure, concrete work, construction of laboratory concrete bed, roofing ironmongery, carpentry, plastering,</p>	<p>A physical inspection of the project carried out in August 2021 revealed that the project had not been completed in that the following works were outstanding; laboratory concrete bed, roofing, ironmongery, carpentry, plastering, glazing, flooring, plumbing, painting, decoration (finishing) and drainage works.</p> <p>Further, it was observed that the contractor had been overpaid by K68,974 and was not on site.</p>	

								glazing, floor finish, plumbing works, painting, decoration and drainage works	
	Construction of a 1x3 Classroom Block at Chimphamba Primary School (Phase I).	9.11.2020	17.11.2020	09.03.21	70,067	52,277		Concrete, brick work, roofing and iron monger.	A physical inspection of the project carried out in August 2021 revealed that the project had not been completed in that the following works were outstanding: plastering, painting, and fitting of seven (7) windows frames and a black board.
	Construction of 1x3 Classroom Block Nkhoka Secondary School (Phase II).	2.11.2020	10.11.2020	09.03.21	216,879	207,245		Concrete works, brickwork, roofing and iron monger.	A physical inspection of the project carried out in August 2021 revealed that the project had not been completed in that the following works were outstanding: plastering, painting, carpentry works, beam filling and fitting of window frames and grille gate.

**c. Management of Liabilities - Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K4,159,947 in respect of tax and pension contributions, some dating from as far back as 2019. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	2,119,686	1,029,835	3,149,521	20,000	3,129,521
2	NAPSA	482,656	477,524	960,180	322,455	637,725
3	LASF	348,701	187,601	536,302	143,601	392,701
	<b>Total</b>	<b>2,951,043</b>	<b>1,694,960</b>	<b>4,646,003</b>	<b>486,056</b>	<b>4,159,947</b>

## **14 Chasefu Town Council**

### **14.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K10,249,950 against which amounts totalling K8,997,221 were received and generated resulting in a negative variance of K1,252,730. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	6,390	4,420	(1,970)
2	Fees & Charges	342,880	175,874	(167,006)
3	Licences	6,800	1,008	(5,792)
4	Levies	111,400	112,686	1,286
5	Permits	5,480	100	(5,380)
6	Charges	949,000	-	(949,000)
	<b>Sub Total</b>	<b>1,421,950</b>	<b>294,088</b>	<b>(1,127,862)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	7,228,000	7,103,132	(124,868)
8	Consistiuency Development Fund	1,600,000	1,600,000	-
	<b>Sub Total</b>	<b>8,828,000</b>	<b>8,703,132</b>	<b>(124,868)</b>
	<b>Total</b>	<b>10,249,950</b>	<b>8,997,221</b>	<b>(1,252,730)</b>

**b. Failure to Operate a Dumpsite**

The Environmental Management Act No. 12 of 2011 states that, “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”.

Contrary to the Act, the council had not designated an area as dumpsite for disposing of waste thereby posing a health risk to the community.

**c. Failure to Prepare 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, as at 30<sup>th</sup> September 2021, the Council did not have a valuation roll.

**d. Failure to Fill Vacant Positions**

The Council had an approved establishment of fifty five (55) positions out of which forty seven (47) were filled leaving eight (8) positions vacant as at 30<sup>th</sup> September 2021. Out of the vacant positions, some were key to the running of the Council such as District Planning Officer, Health Inspector and Building Inspector.

**e. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K1,600,000 was made to cater for Chasefu Constituency and the whole amount was released.

In addition, an amount of K274,255 was brought forward from 2019 bringing the total funds available to K1,874,255.

As at 31<sup>st</sup> July 2021, amounts totalling K1,679,806 had been spent leaving a balance of K194,450.

The following were observed:

**i. Failure to Implement Approved Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

However, a review of the approved list of projects and progress reports for Constituency Development Fund revealed that two (2) projects with a total allocation of K58,000 had not been implemented as at 31<sup>st</sup> October 2021 despite being approved on 26<sup>th</sup> October 2020 by the Ministry of Local Government. See table 2 below.

**Table 2: Projects not Implemented**

No.	Name of Project	Approved Amount K
1	Drilling of 1 borehole at Chinana Area	40,000
2	Construction of Protected Shallow well at Mutulufu Cottage	18,000
	<b>Total</b>	<b>58,000</b>

**ii. Management of Economic Empowerment Projects**

During the period under review, the Council procured a hammermill and a welding machine at a total cost of K30,895 which were distributed to Lions' and Mpili Youth Clubs within the district.

A physical verification carried out in October 2021 revealed that the hammermill and the welding machine were not in use thereby denying the community of the intended benefits. See pictures below.



Hammer mill and Welding Machine laying idle

**iii. Completion of Mother's Shelter at Hoya Health Post**

On 20<sup>th</sup> November 2020, the Council entered into a labour-based contract with Edward Nyirenda at a contract sum of K3,589 for completion of the works at the Mother's Shelter at Hoya Health Post with a duration of four (4) weeks.

As at 31<sup>st</sup> October 2021, amounts totalling K21,541 (materials - K17,952 and labour - K3,589) had been spent.

However, a physical inspection of the works carried out in October 2021 revealed that the mother's shelter had not been completed in that plastering on the window seals, glazing, painting, rough casting of the outside walls and spoon drain had not been done. See picture below.



Mother`s Shelter Under Construction

**iv. Construction of a 1 x 3 Classroom Block at Phikamalaza Primary School**

On 16<sup>th</sup> December 2020, the Council entered into a labour-based contract with Mr. Abel Nyirenda at a contract sum of K13,300 for the construction of a 1 x 3 classroom block up to gable level with a contract duration of twelve (12) weeks.

The scope of works included, foundation trench excavation, foundation box, sub structure and block work, reinforced concrete slab, superstructure block work and lintel construction.

As at 31<sup>st</sup> October 2021, amounts totalling K86,728 had been spent on purchase of materials.

A physical inspection of the project carried out in October 2021 revealed that the project had not been completed in that construction of slab, superstructure block work and lintel were outstanding. See picture below.



Construction of 1 x 3 Classroom Block

**f. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K1,574,672 in respect of tax and pension contributions, some dating from as far back as 2017. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	389,068	822,018	1,211,086	65,000	1,146,086
2	NAPSA	33,299	371,546	404,845	33,226	371,618
3	LASF	15,134	78,885	94,019	37,052	56,968
	<b>Total</b>	<b>437,501</b>	<b>1,272,449</b>	<b>1,709,950</b>	<b>135,278</b>	<b>1,574,672</b>

## 15 Chienge Town Council

### 15.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K14,118,516 against which K12,932,545 was received and generated resulting in a negative variance of K1,185,971. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
2	Local taxes	9,000	40,169	31,169
3	Fees and Charges	1,645,315	1,012,484	(632,831)
4	Licences	82,946	384	(82,562)
5	Levies	661,050	412,995	(248,055)
6	Permits	178,825	34,123	(144,702)
7	Commercial Venture	618,506	12,244	(606,262)
8	Other Receipts	787,333	793,792	6,459
	<b>Sub Total</b>	<b>3,982,975</b>	<b>2,306,191</b>	<b>(1,676,784)</b>
	<b>National Support</b>			
9	Local Government Equalisation Fund	8,535,541	8,476,354	(59,187)
10	Constituency Development Fund	1,600,000	1,600,000	-
11	Other Grants	-	550,000	550,000
	<b>Sub Total</b>	<b>10,135,541</b>	<b>10,626,354</b>	<b>490,813</b>
	<b>Total</b>	<b>14,118,516</b>	<b>12,932,545</b>	<b>(1,185,971)</b>

#### b. Failure to Collect Mast Levy

The Local Authorities Financial Regulation No. 12 requires the Council to 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 K65,000 from mast levy. However, the Council had not collected mast levy as at 30<sup>th</sup> September 2021.

**c. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill in Vacant Positions**

The Council had an approved establishment of 109 positions out of which 72 were filled leaving 37 vacant as at 30<sup>th</sup> September 2021. Out of the vacant positions, some were key to the running of the Council such as Programmer and Valuation Officer.

**ii. Questionable Payment of Salaries to Officers**

During the period under review, the Council paid salaries in amounts totalling K298,574 to seven (7) officers on positions of market supervisor and market attendant, which were not provided for in the approved staff establishment.

As at 30<sup>th</sup> September 2021, the anomaly had not been rectified.

**d. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K36,965,282 in respect of tax and pension contributions, some dating from as far back as 2002. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	335,982	879,965	1,215,947	144,227	1,071,720
2	NAPSA	299,854	35,325,212	35,625,066	166,262	35,458,804
3	LASF	415,933	36,900	452,833	18,075	434,758
	<b>Total</b>	<b>1,051,769</b>	<b>36,242,077</b>	<b>37,293,846</b>	<b>328,564</b>	<b>36,965,282</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K117,903 in respect of long service bonus and terminal benefits, some dating from as far back as 2012. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Long Service Bonus	79,635	-	79,635	-	79,635
2	Terminal Benefits	240,933	-	240,933	202,665	38,268
	<b>Total</b>	<b>320,568</b>	<b>-</b>	<b>320,568</b>	<b>202,665</b>	<b>117,903</b>

## 16 Chililabombwe Municipal Council

### 16.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K65,346,734 against which amounts totalling K65,588,964 were received and generated resulting in a variance of K242,230. See table 1 below.

**Table 1: Budget and Income**

No.	Sources of Fund	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	19,320,832	18,217,848	(1,102,984)
2	Fees and Charges	24,479,100	23,461,306	(1,017,794)
3	Licences	353,239	372,369	19,130
4	Levies	6,832,212	7,046,616	214,404
5	Permits	2,138,831	2,385,351	246,520
6	Other Income	-	-	-
	<b>Sub Total</b>	<b>53,124,214</b>	<b>51,483,490</b>	<b>(1,640,724)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	10,622,520	11,293,449	670,929
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Other Grants	-	1,212,025	1,212,025
	<b>Sub Total</b>	<b>12,222,520</b>	<b>14,105,474</b>	<b>1,882,954</b>
	<b>Grand Total</b>	<b>65,346,734</b>	<b>65,588,964</b>	<b>242,230</b>

**b. Failure to Collect Refuse Collection Fees**

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K1,204,896 in respect of refuse collection fees. However, as at 31<sup>st</sup> August 2021, only amounts totalling K358,048 were collected leaving a balance of K846,848.

**c. Failure to Follow Procurement Procedures**

Section 108 (1)(2) of the Public Procurement Regulations of 2011 states that, “A procurement unit shall request for written quotations from a short list of bidders and shall include sufficient bidders in a short list of bidders to ensure effective competition, but in any case, shall obtain no less than three quotations”.

Contrary to the regulation, the Council procured goods and services in amounts totalling K135,300 during the period under review without obtaining three (3) competitive quotations.

**d. Failure to Implement Approved Constituency Development Fund Projects**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K1,600,000 was made to cater for Chililabombwe Constituency and the whole amount was released.

In addition, an amount of K1,096,802 was brought forward from 2019 bringing the total funds available to K2,696,802. As at 31<sup>st</sup> August 2021, amounts totalling K815,802 had been spent leaving a balance of K1,881,000.

However, four (4) projects which were allocated amounts totalling K948,296 had not been implemented. See table 2 below.

**Table 2: Projects Not Implemented**

No.	Project Name	Amount Allocated K
1	Grading of PeriUrban Roads	238,000
2	Counter Tops and Roofs at Lubengele Market	271,939
3	Market Shelter at Kakoso	310,142
4	Police Post at Kafue Ward	128,215
	<b>Total</b>	<b>948,296</b>

**e. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and National Health Insurance Management Authority (NHIMA) amounts totalling K29,184,798 in respect of tax and pension and health insurance contributions, some dating from as far back as 2017. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	12,125,915	3,693,345	15,819,260	90,000	15,729,260
2	NAPSA	5,888,430	3,210,657	9,099,087	13,168	9,085,919
3	LASF	3,272,980	807,991	4,080,971	113,410	3,967,561
4	NHIMA	104,266	426,617	530,883	128,826	402,057
	<b>Total</b>	<b>21,391,591</b>	<b>8,138,610</b>	<b>29,530,201</b>	<b>345,403</b>	<b>29,184,798</b>

## 17 Chingola Municipal Council

### 17.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council had budgeted to receive grants from the Ministry of Local Government and to generate income from various sources in amounts totalling K65,641,096 against which amounts totalling K51,238,493 were received and generated resulting in a negative variance of K14,402,603. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	20,499,974	23,248,436	2,748,462
2	Fees and Charges	25,270,996	6,083,712	(19,187,284)
3	Licences	395,250	457,230	61,980
4	Levies	1,004,900	1,698,990	694,090
5	Permits	1,307,800	2,674,250	1,366,450
6	Other Receipts	200,000	73,155	(126,845)
	<b>Sub Total</b>	<b>48,678,920</b>	<b>34,235,773</b>	<b>(14,443,147)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	13,762,176	13,522,720	(239,456)
8	Constituency Development Fund	3,200,000	3,200,000	-
9	Other Grants	-	280,000	280,000
	<b>Sub Total</b>	<b>16,962,176</b>	<b>17,002,720</b>	<b>40,544</b>
	<b>Total</b>	<b>65,641,096</b>	<b>51,238,493</b>	<b>(14,402,603)</b>

#### b. Failure to Collect Revenue

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

The following were observed:

**i. Leased Council Properties**

During the period under review, the Council was expected to collect amounts totalling K444,000 from leased properties. However, as at 31<sup>st</sup> July 2021, amounts totalling K307,905 were collected leaving a balance of K136,095.

Further, the Council was owed amounts totalling K708,347 in unsettled rental charges as at 31<sup>st</sup> July 2021.

**ii. Penalty Fees for Regularisation of Developments Made on Plots**

During the period under review, the Council carried out a land regularisation exercise for 222 settlers from which it was expected to collect K1,600,495.

However, as at 31<sup>st</sup> July 2021, the Council had not collected the fees.

**c. Procurement of Goods and Services**

**i. Wasteful Expenditure – Integrated Land Management Information System**

On 16<sup>th</sup> September 2016, the Council awarded a contract to Standard Business Consultancy Limited for the development of an Integrated Land Information Management System at a contract price of K437,000 which was executed and delivered in accordance with the contract terms and the contractor had been paid the full amount.

In addition, on 8<sup>th</sup> September 2020, the Council paid a total amount of K22,050 for training of staff on the use of the system.

As at 31<sup>st</sup> July 2021, the system was not in use despite having trained officers thereby rendering the expenditure of K459,050 wasteful.

**ii. Failure to Provide Survey Diagrams for Council Properties by BESAT Solutions Ltd**

On 14<sup>th</sup> February 2020, Chingola Municipal Council entered into a contract with BESAT Solution Limited to facilitate processing of title deeds for sixty (60) Council properties at a contract sum of K432,000 with a duration of ten (10) weeks.

The scope of works included preparation of site plans, numbering, processing of invitation to treat, processing of offer letters, cadastral survey and production of survey diagrams.

As at 31<sup>st</sup> July 2021, the Council had made payments in amounts totalling K216,000 leaving a balance of K216,000.

However, as at 31<sup>st</sup> July 2021, survey diagrams had not been produced, fifty (50) weeks after the expected completion date.

**d. Failure to Implement Approved Constituency Development Fund Projects**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K3,200,000 was made to cater for Chingola and Nchanga constituencies and the whole amount was released.

In addition, an amount of K2,263,188 was brought forward from 2019 bringing the total funds available to K5,463,188.

As at 31<sup>st</sup> July 2021, amounts totalling K920,041 had been spent leaving a balance of K4,543,147.

However, seven (7) projects which were allocated amounts totalling K3,040,000 during the period under review had not been implemented as at 31<sup>st</sup> July 2021. See table 2 below.

**Table 2: Projects not Implemented**

No.	Project Name	Allocated Amount K	Constituency
1	Construction of Mutimpa Bridge	1,100,000	Chingola
2	Completion of 1 x 5 CRB at Chabanyama Combined School	250,000	Chingola
3	Refurbishment of Mortuary Unit and Wallfence	170,000	Chingola
4	Erecting of Water Tank at Phiri Market	120,000	Nchanga
5	Construction of 1 x 3 CRB at Nchanga Secondary School	495,000	Nchanga
6	Construction of Speed Humps along Central Road	65,000	Nchanga
7	Construction of Chinfinza Brigde	840,000	Nchanga
	<b>Total</b>	<b>3,040,000</b>	

**e. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and National Health Insurance Management Authority (NHIMA) amounts totalling K42,202,264 in respect of tax and pension and insurance contributions, some dating from as far back as 2017. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	19,641,079	3,999,191	23,640,270	156,926	23,483,344
2	NAPSA	13,353,769	2,911,432	16,265,201	181,718	16,083,483
3	PSPF	11,084	6,167	17,252	-	17,252
4	NHIMA	34,289	416,078	450,367	-	450,367
5	LASF	1,662,362	603,753	2,266,115	98,297	2,167,819
	<b>Total</b>	<b>34,702,583</b>	<b>7,936,621</b>	<b>42,639,205</b>	<b>436,941</b>	<b>42,202,264</b>

## **18 Chinsali Municipal Council**

### **18.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K25,158,415 against which amounts totalling K16,718,168 were received and generated resulting in a negative variance of K8,440,247. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes and rates	1,780,086	261,084	(1,519,002)
2	Fees and charges	8,664,668	2,073,778	(6,590,890)
3	Licences	223,000	330,813	107,813
4	Permits	548,380	341,360	(207,020)
5	Levies	298,000	10,185	(287,815)
6	commercial venture	758,814	472,528	(286,286)
	<b>Subtotal</b>	<b>12,272,948</b>	<b>3,489,748</b>	<b>(8,783,200)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	11,285,467	11,278,420	(7,047)
8	other grants	-	350,000	350,000
9	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Sub Total</b>	<b>12,885,467</b>	<b>13,228,420</b>	<b>342,953</b>
	<b>Total</b>	<b>25,158,415</b>	<b>16,718,168</b>	<b>(8,440,247)</b>

**b. Lack of Disaster Recovery Plan**

Disaster recovery involves a set of policies, tools and procedures to enable the recovery or continuation of vital technological infrastructure and systems following either a natural or human-induced disaster. Key elements of a disaster recovery plan include among others, communication plan, role assignments and detailed IT asset inventory.

However, the Council operated without a disaster recovery plan during the period under review. In addition, there was no detailed IT asset inventory maintained by the council as at 28<sup>th</sup> February 2021.

**c. Failure to Prepare Integrated Development Plans**

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 (IDP).

**d. Failure to Provide 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, two (2) receipt books used during the period under review were not availed for audit.

**e. Failure to Fill Vacant Positions**

The Council had an approved establishment of 334 positions out of which 316 were filled leaving 18 vacant as at 30<sup>th</sup> April 2021. Out of the vacant positions, some were key to the running of the Council such as Chief Internal Auditor, Physical Planner, Senior Land Surveyor and Chief Building Inspector. It was further, observed that the positions had been vacant since 2017.

**f. Inadequately Supported Payments**

Local Authorities Financial Regulation No. 98 (1) states that, “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, forty-four (44) payments in amounts totalling K269,701 made during the period under review were not supported with relevant documentation such as receipts, invoices and letters of termination or appointment.

**g. 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 K27,034 (general stores – K18,304 and fuel – K8,730) were not accounted for in that there were no receipt and disposal details.

**h. Management of Local Government Equalisation Funds**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K11,278,420 were received as equalisation funds, out of which 20% amounting to K1,499,145 was allocated to capital projects while 80% amounting to K9,779,275 was allocated to operational expenses.

The following were observed:

**i. Failure to Reimburse Borrowings**

The Council borrowed amounts totalling K161,000 from the capital projects account to facilitate payment of salaries. However, as at 30<sup>th</sup> April 2021, the borrowed funds had not been reimbursed.

**ii. Misapplication of Funds For Capital Expenditure**

Contrary to the Act, amounts totalling K19,750 meant for capital expenditure were applied on unrelated activities such as purchase of fuel, motor vehicle spares and tyres.

**iii. Project Management - Construction of Bus Shelter**

On 22<sup>nd</sup> January 2020, the Council engaged Warm Zee Investment for the construction of Ilondola/Mulilansolo Bus Shelter at a contract sum of K216,444 with a duration of forty three (43) weeks.

Works commenced on 22<sup>nd</sup> January 2020 and were expected to be completed on 11<sup>th</sup> December 2020.

As at 30<sup>th</sup> April, 2021, the whole amount of K216,444 had been paid.

A physical inspection carried out in April 2021 revealed that the bus shelter was complete. However, as at 30<sup>th</sup> April 2021, the station had not been commissioned and was therefore not in use. Consequently, the bus station had been invaded by squatters and four (4) windowpanes had been broken.

**i. Failure to Spend Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K1,600,000 was made to cater for Chinsali Central Constituency and the whole amount was released.

In addition, an amount of K45,162 was brought forward from 2019 bringing the total funds available to K1,645,162. As at 31<sup>st</sup> December 2020, amounts totalling K367,429 had been spent leaving a balance of K1,277,733.

However, as at 30<sup>th</sup> April 2021, the amount of K1,277,733 had still not been spent, nine (9) months after the funds had been released.

**j. Management of the Council Guest House**

The Council owns Nkakula Guest House which operates as a commercial venture. It has fourteen (14) rooms and eight (8) employees. The Guest house generates revenue from the sale of rooms, food and beverages. A review of the operations at the guest house revealed the following:

**i. Failure to Collect Revenue**

Local Authorities Financial Regulation No. 12 (h) states that, “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 K95,425 in respect of accommodation (K91,300) and meals (K4,125) provided to officers who had been transferred from various councils to Chinsali Municipal Council and from officers on first appointment.

**ii. Unaccounted for Revenue**

Local Authorities Financial Regulation No. 72 states that, “The Council Treasurer shall ensure that collectors of revenue account for the monies collected by them on a daily basis”. Contrary to the regulation, revenue in amounts totalling K39,088 generated from the bar, restaurant and letting of rooms had not been accounted for in that funds were neither deposited nor was cash found on hand.

**iii. Casualisation of Nkakula Guest House Employees**

The Employment Code Act No. 3 of 2019 states that, “A body corporate that engages a casual employee for a job that is permanent in nature commits an offence and is liable upon conviction”.

Contrary to the Act, the Council engaged three (3) casual employees for jobs that were permanent in nature during the period under review. The workers were paid wages in amounts totalling K136,235 for the period they were employed on a casual basis. As at 30<sup>th</sup> April 2021, the position had not changed.

Further, contrary to the National Pension Scheme Act No. 7 of 2015, there was no evidence that the casual employees were making contributions to the National Pension Scheme Authority (NAPSA).

## 19 Chipata City Council

### 19.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial years ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K57,019,052 against which amounts totalling K32,393,131 were received and generated resulting in a negative variance of K24,625,921. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	5,601,366	3,562,831	(2,038,535)
2	Fees and Charges	19,731,943	6,487,024	(13,244,919)
3	Licences	7,443,900	672,711	(6,771,190)
4	Levies	3,554,436	3,030,627	(523,809)
5	Permits	3,152,000	2,297,072	(854,928)
6	Other Receipts	321,255	12,707	(308,548)
	<b>Sub total</b>	<b>39,804,900</b>	<b>16,062,971</b>	<b>(23,741,929)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	13,414,152	12,712,768	(701,384)
8	Constituent Development Fund	3,200,000	3,279,938	79,938
9	Grants in Lieu of Rates	600,000	337,454	(262,546)
	<b>Sub total</b>	<b>17,214,152</b>	<b>16,330,160</b>	<b>(883,992)</b>
	<b>Total</b>	<b>57,019,052</b>	<b>32,393,131</b>	<b>(24,625,921)</b>

**b. Delayed Development of 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 City Council did not have an Integrated Development Plan.

**c. Accounting for Revenue**

**i. Delayed Banking**

Local Authorities Financial Regulation No. 19 states that, “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 of revenue in amounts totalling K21,945 for periods ranging from three (3) to thirty (30) days.

**ii. Failure to Collect Telemast and Billboard Levies**

Local Authorities Financial Regulation No 12(h) states that, “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 K1,157,402 in respect of telemasts (K528,000) and billboards (K629,402) as at 30<sup>th</sup> June 2021.

**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.

Contrary to the regulation, twelve (12) receipt books issued during the period under review were not availed for audit.

**iv. 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 used 101 receipt books that were duplicated in that they had the same serial number ranges.

**d. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of 343 positions out of which 117 were filled leaving 226 vacant as at 30<sup>th</sup> June 2021. Out of the vacant positions, some were key to the running of the Council such as Legal Officer, Assistant Director Finance and Information Technology Manager. It was further observed that the positions had been vacant since December 2019.

**ii. Irregular Exemption of Pension Contributions from PAYE**

Article 188 (2) of the Constitution of Zambia (Amendment) Act No. 2 of 2016 states that, “A pension benefit shall be exempt from tax at the retirement age or end of employment period”.

Contrary to the provision, the Council irregularly exempted the contributions to pension amounting to K319,049 from fifty three (53) employees from being taxed.

**iii. Under Deduction of NAPSA**

Section 14 (1) of the NAPSA Act No. 40 of 1996 states that, “A contributing employer shall pay to the Scheme a contribution in respect of an employee in his employment consisting of the employer's contribution and the employee's contribution at the prescribed percentage”.

The Council was required to remit 5% of the gross salaries of the employees as NAPSA contributions. During the period under review, the Council paid gross salaries to twenty-seven (27) employees in amounts totalling K7,249,057. In this

regard, the Council was to remit to NAPSA amounts totalling K362,453 but remitted K319,049 resulting in under remittance of K43,404.

**e. Procurement of Goods and Services**

**i. Inadequately Supported Payments**

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

Contrary to the regulation, thirty five (35) payments in amounts totalling K346,938 made during the period under review were not supported with documents such as receipts, invitation letters and activity reports.

**ii. Failure to Recover Subsistence Allowance**

Section 172 of the Conditions of Service of 1996 for Local Government Officers requires that subsistence allowance is paid to an officer to cover additional expenses he/she has to meet when an officer travels on duty away from his/her normal duty station.

During the period under review, two (2) officers transferred to other councils were summoned for committee hearings and amounts totalling K11,817 were paid to them as subsistence allowance.

However, the officers did not travel for the committee hearings and the allowances had not been recovered.

**f. Fuel without Receipt and Disposal Details**

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

Contrary to the regulation, various stores items costing K307,760 (operations - K14,030 and CDF - K293,730) procured during the period under review were not accounted for in that there were no receipt and disposal details.

**g. Misapplication of Equalisation Funds**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the equalisation fund received in any financial year to finance capital expenditure.

During the period under review, amounts totalling K12,712,768 were received as equalisation funds, out of which an amount of K2,005,049 was transferred to capital projects.

In addition, there was an opening balance of K1,147,043 brought forward from 2019 as well as other funds in amounts totalling K173,700 bringing total available funds to K3,325,792 in 2020.

Contrary to the Act, the Council misapplied amounts totalling K500,000 meant for capital expenditure on operational expenses.

**h. Management of Liabilities**

**i. Failure to Remit Statutory Obligations and Other payables**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) and other obligations in amounts totalling K33,836,236 in respect of tax and pension and insurance contributions, some dating from as far back as 2018. See table 2 below.

**Table 2: Unremitted Statutory Obligations and Other Payables**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	12,573,378	4,158,391	16,731,769	-	16,731,769
2	NAPSA	6,323,968	2,167,123	8,491,091	100,000	8,391,091
3	LASF	6,764,358	944,679	7,709,037	-	7,709,037
4	NHIMA	-	212,484	212,484	14,707	197,778
5	ZULAWU	59,437	192,540	251,976	94,200	157,776
6	FIRESUZ	13,459	31,680	45,139	35,913	9,226
7	MADISON	223,523	197,456	420,979	15,556	405,424
8	INVESTRUST	-	234,135	-	-	234,135
	<b>Total</b>	<b>25,958,124</b>	<b>8,138,487</b>	<b>33,862,476</b>	<b>260,375</b>	<b>33,836,236</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K8,493,461 in respect of setting in allowances, terminal benefits and long service bonus, some dating from as far back as 2012. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Settling in Allowance	721,628	424,070	1,145,698	329,389	816,309
2	Terminal Benefits	4,514,823	487,070	5,001,893	242,900	4,758,993
3	Long Service Bonus	2,922,852	20,307	2,943,159	25,000	2,918,159
	<b>Total</b>	<b>8,159,303</b>	<b>931,447</b>	<b>9,090,750</b>	<b>597,289</b>	<b>8,493,461</b>

**20 Chirundu Town Council**

**20.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K22,133,620 against which amounts totalling K19,746,368 were received and generated resulting in a negative variance of K2,387,252. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variation K
	<b>Locally Generated</b>			
1	Local taxes	598,447	366,022	232,425
2	Fees and Charges	6,152,198	7,120,044	(967,846)
3	Licences	261,540	176,190	85,350
4	Levies	272,100	180,620	91,480
5	Permits	676,890	670,825	6,065
6	Other Incomes	3,131,549	330,542	2,801,007
	<b>Sub Total</b>	<b>11,092,724</b>	<b>8,844,243</b>	<b>2,248,481</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	9,440,896	9,202,125	238,771
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Grants in Lieu of Rate	-	100,000	(100,000)
	<b>Sub Total</b>	<b>11,040,896</b>	<b>10,902,125</b>	<b>138,771</b>
	<b>Total</b>	<b>22,133,620</b>	<b>19,746,368</b>	<b>2,387,252</b>

**b. Accounting for Revenue**

**i. Sale of Plots**

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K1,512,500 in plot premiums from 125 plots that were offered to successful applicants. However, as at 30<sup>th</sup> June 2021, only amounts totalling K152,500 had been collected leaving a balance of K1,360,000.

**ii. Unaccounted for Revenue**

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

Contrary to the regulation, the council collected amounts totalling K4,400 which was not accounted for as it was neither banked nor was cash found at hand.

**c. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of eighty (80) positions out of which thirty two (32) were filled leaving forty eight (48) vacant. Out of the vacant positions, some were key to the running of the Council such as Chief Building Inspector and Senior Health Inspector.

**ii. Overemployment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were four (4) authorised positions which were to be filled by four (4) officers but were instead filled by eleven (11) officers resulting in excess of seven (7) officers.

The seven (7) officers were paid salaries in amounts totalling K217,613 during the period under review.

Further, the Council paid salaries in amounts totalling K32,011 to an officer holding the position of Station Officer which did not exist in the approved establishment for the Council.

**d. Procurement of a Water Bowser**

On 26<sup>th</sup> of November 2020, Lusaka Provincial Administration signed a contract on behalf of Chirundu Town Council with NAMS Distributors Limited for the supply and delivery of one (1) water bowser at a contract sum of K1,400,000 VAT Exclusive with a delivery period of six (6) weeks from the date of contract signing.

The following were observed:

**i. Irregular Advance Payment**

Specific Conditions of Contract No GCC 14.1. Section viii, stipulated that an advance of 10% of the contract sum shall be paid upon signing of the contract.

Contrary to the provision the Council made an advance payment of 20% amounting to K280,000 to the contractor which was above the amount stipulated in the contract by K140,000.

**ii. Lack of Performance Security**

The general condition of the contract (GCC) No.18.1 of the signed contract, required that a performance security of 10% be provided.

However, the contractor did not provide the 10% performance security as required by the signed contract.

**iii. Failure to Deliver a Water Bowser**

A physical inspection and inquires made with management in August 2021 revealed that the the water bowser had not been delivered thirty three (33) weeks from the date the contract was signed.

**e. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA) and National Pension Scheme Authority (NAPSA) amounts totalling K5,368,819 in respect of tax and pension contributions, some dating from as far back as 2014. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	3,081,086	1,300,544	4,381,630	289,134	5,061,764
2	NAPSA	2,107,706	847,900	2,955,606	630,283	307,055
	<b>Total</b>	<b>5,188,792</b>	<b>2,148,444</b>	<b>7,337,236</b>	<b>919,417</b>	<b>5,368,819</b>

## 21 Chisamba Town Council

### 21.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K27,048,268 against which amounts totalling K19,185,819 were received and generated resulting in a negative variance of K7,862,449. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	297,258	6,695	(290,563)
2	Fees & Charges	3,798,816	1,609,898	(2,188,918)
3	Licences	67,670	42,215	(25,455)
4	Levies	1,009,250	431,813	(577,438)
5	Permits	1,004,000	51,888	(952,112)
6	Charges	8,126,118	8,085,234	(40,884)
7	Other Income	2,516,000	27,773	(2,488,227)
	<b>Sub Total</b>	<b>16,819,112</b>	<b>10,255,516</b>	<b>(6,563,596)</b>
	<b>National Support</b>			
8	Local Government Equalisation Funds	8,629,156	7,330,304	(1,298,852)
9	Constituency Development Funds	1,600,000	1,600,000	-
	<b>Sub Total</b>	<b>10,229,156</b>	<b>8,930,304</b>	<b>(1,298,852)</b>
	<b>Total</b>	<b>27,048,268</b>	<b>19,185,819</b>	<b>(7,862,449)</b>

#### b. Failure to Collect Revenue from Sale of plots

Local Authorities Financial Regulation No. 12 (h) states that, “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 472 residential plots for sale to successful applicants and was expected to collect amounts totalling K14,465,570 from the members of the public.

However, as at 31<sup>st</sup> August 2021, eight (8) months after the sale, amounts totalling K7,390,426 were collected leaving a balance of K7,075,144 uncollected.

**c. Management of Payroll and Other Staff Related Matters**

**i. Overemployment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were two (2) authorised positions which were to be filled with two (2) officers but were instead filled by four (4) officers resulting in excess of two (2) officers.

The two (2) officers were paid salaries in amounts totalling K22,187 as at 31<sup>st</sup> October 2021.

**ii. 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 K 60,500 paid to eight (8) officers during the period under review had not been recovered as at 31<sup>st</sup> October, 2021.

**d. 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 fifteen (15) properties such as council guest house, medium cost houses, new and old markets valued at K3,327,384 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 council did not insure seven (7) motor vehicles, fifteen (15) buildings and sixteen (16) specialised equipment valued at K159,240 as at 31<sup>st</sup> October 2021.

**e. Delayed Construction of a Constituency Development Fund Project - Mufunda Bridge**

On 26<sup>th</sup> August 2020, the Council engaged Dudumwezi Investment Limited of Lusaka to construct a bridge in Mutenga Ward of Chisamba district at a contract price of K199,240 with a contract duration of sixteen (16) weeks commencing 9<sup>th</sup> September and ending on 30<sup>th</sup> December 2020.

As of August 2021, the contractor had been paid K142,953 leaving a balance of K56,287.

The scope of works included removal of existing culverts, clearing of water channel, casting of concrete bedding, installation of three (3) line box culverts, construction of aprons, gravelling and compacting to completion.

A physical inspection of the works carried out in October 2021 revealed that the bridge had not been completed in that clearing of water channel up to 30 metres both inlet and outlet, gravelling and compacting had not been done, ten (10) months from the expected completion date.

Further, it was observed that the aprons of the bridge had started eroding. See picture below.



Incomplete Bridge

**f. Management of Liabilities**

**i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K3,981,464 in respect of tax and pension contributions, some dating from as far back as 2017. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	1,711,068	886,170	2,597,237	-	2,597,237
2	NAPSA	820,690	648,610	1,469,301	142,757	1,326,544
3	LASF	6,232	30,037	36,269	20,657	15,612
4	NHIMA	-	77,247	77,247	70,749	6,498
5	MADISON	12,835	38,832	51,667	16,094	35,573
	<b>Total</b>	<b>2,550,825</b>	<b>1,680,895</b>	<b>4,231,720</b>	<b>250,257</b>	<b>3,981,464</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K1,947,286 in respect of settling in allowances, terminal benefits and salary arrears, some dating from as far back as 2017. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Settling in Allowance	41,005	133,731	174,736	166,912	7,824
2	Terminal Benefits	638,264	-	638,264	39,506	598,758
3	Salary Arrears	1,702,124	-	1,702,124	361,420	1,340,704
	<b>Total</b>	<b>2,381,393</b>	<b>133,731</b>	<b>2,515,123</b>	<b>567,838</b>	<b>1,947,286</b>

## 22 Chitambo Town Council

### 22.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K15,979,778 against which amounts totalling K12,754,204 were received and generated resulting in a negative variance of K3,225,575. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	20,655	3,975	(16,680)
2	Fees & charges	850,390	540,723	(309,668)
3	Licences	67,137	54,833	(12,304)
4	Levies	251,655	119,741	(131,914)
5	Permits	38,913	9,064	(29,849)
6	Charges	3,632,000	1,811,220	(1,820,780)
7	Other Income	1,135,991	36,507	(1,099,484)
8	Commercial Venture	372,809	45,079	(327,730)
	<b>Sub Total</b>	<b>6,369,550</b>	<b>2,621,141</b>	<b>(3,748,409)</b>
	<b>National Support</b>			
9	Local Government Equalisation Funds	7,950,228	8,133,063	182,834
10	Grant In Lieu of Rates	60,000	200,000	140,000
11	Constituency Development Funds	1,600,000	1,600,000	-
12	Other Grants	-	200,000	200,000
	<b>Sub Total</b>	<b>9,610,228</b>	<b>10,133,063</b>	<b>522,834</b>
	<b>Total</b>	<b>15,979,778</b>	<b>12,754,204</b>	<b>(3,225,575)</b>

#### b. Operational Matters

##### i. Environmental Management

Section 46(3) of Solid Waste Regulation and Management Act No. 20 of 2018 states that, “An application for a permit shall comply with the Environmental Management Act, 2011, and be made in the prescribed manner and form on payment of a prescribed fee”.

Contrary to the Act, the Council operated a temporal dumpsite at Muchinka which was not approved by the Zambia Environmental Management Authority's (ZEMA).

**ii. Failure to Control and Manage Markets**

Section 5(1) of the Markets Act No. 7 of 2007 states that, "All markets and bus stations shall be under the control of a local authority having jurisdiction in the area in which they are situated".

Contrary to the Act, as at 30<sup>th</sup> September 2021, Chitambo Town Council did not control or manage five (5) markets under its jurisdiction. These markets were left under the control and management of community market committees.

**c. Accounting for Revenue**

**i. Failure to Collect Revenue**

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

The following were observed:

- **Commercial Ventures**

The Council operated a lodge, a rice farm and a block making machine as commercial ventures from which it expected to collect revenue in amounts totalling K372,809 during the period under review.

However, only K45,079 comprising K35,702 from the lodge and K9,377 from the rice farm was collected. The Council did not raise any revenue from the block making machine as it was not utilised during the period under review.

- **Sale of Residential Plots**

During the period under review, the Council offered 452 residential plots to successful applicants from which amounts totalling K4,606,230

(Application fees - K295,290; Premium fees K3,309,450; Survey fees - K860,300 and site plan fees - K141,190) were expected to be collected.

However, as at 30<sup>th</sup> September 2021, nine (9) months after the sale of plots, the Council had only collected a total amount of K2,033,485 leaving a balance of K2,572,745.

**d. Management of Assets**

**i. Lack of Title Deeds**

Section 41 (4) of the Public Finance Management Act No. 1 of 2018 states that, “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 had not secured title deeds for parcels of land on which two (2) housing units were located.

**ii. Failure to Maintain Council Properties**

Two (2) housing units at Mukuku bridge were not maintained and were in a state of disrepair. See pictures below.



Housing Units at Mukuku bridge

**e. Delayed Completion of a Constituency Development Fund Project – Mateyo Kakumbi Primary School**

On 28<sup>th</sup> August 2019, the Council awarded a labour only contract to Mwale Skeva for the rehabilitation of a 1 x 2 classroom block at Mateyo Kakumbi Primary School

at a contract price of K18,000.

The scope of works included construction of substructure and super structure, ironmongery, glazing, plastering, painting, decoration and construction of spoon drain.

As at 31<sup>st</sup> May 2021, the Council had spent K87,239 (labour - K2,000 and material - K85,239).

A physical inspection of the project carried out in September 2021 revealed that the classroom block was not completed with works such as glazing, beam filling, rough casting, painting and spoon drain were not done. See picture below.



Rehabilitation at Mateyo Kakumbi Primary School

**f. Management of Liabilities**

**i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF), Zambia United Local Authorities Workers Union (ZULAWU), Madison Insurance and National Health Insurance Management Authority (NHIMA) amounts totalling K2,443,093 in respect of tax and pension, union and insurance contributions, some dating from as far back as 2017. See table 2 below.

**Table 2 Unremitted Statutory and Other Obligations**

No.	Institution	Balance b/f K	Obligation for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	1,210,344	1,078,474	2,288,818	30,000	2,258,818
2	LASF	1,474	131,604	133,078	88,829	44,249
3	NAPSA	42,868	422,541	465,409	339,931	125,478
4	NHIMA	14,202	59,418	73,620	69,100	4,520
5	Madison	4,214	30,430	34,645	24,616	10,029
	<b>Total</b>	<b>1,273,102</b>	<b>1,722,467</b>	<b>2,995,569</b>	<b>552,477</b>	<b>2,443,093</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K1,571,304 in respect of settling in allowances, terminal benefits and loading and offloading allowances, some dating from as far back as 2017. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations in 2020 K	Cumulative Total K	Payments K	Balance K
1	Settling in Allowance	131,213	32,425	163,638	115,502	48,136
2	Terminal Benefits	399,427	1,198,106	1,597,533	105,000	1,492,533
3	Loading and offloading and Transport	34,710	-	34,710	4,075	30,635
	<b>Total</b>	<b>565,350</b>	<b>1,230,531</b>	<b>1,795,881</b>	<b>224,577</b>	<b>1,571,304</b>

## 23 Choma Municipal Council

### 23.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ending 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K30,529,793 against which amounts totalling K28,225,775 were received and generated resulting in a negative variance of K2,304,018. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	4,511,260	1,926,894	(2,584,366)
2	Fees and Charges	8,550,586	5,604,357	(2,946,230)
3	Licences	920,717	1,053,688	132,971
4	Levies	862,564	1,794,534	931,970
5	Permits	938,078	1,341,857	403,779
	<b>Sub Total</b>	<b>15,783,205</b>	<b>11,721,330</b>	<b>(4,061,875)</b>
	<b>National Support</b>			
6	Local Government Equalisation Fund	11,546,588	13,301,484	1,754,896
7	Constituency Development Fund	3,200,000	3,202,961	2,961
	<b>Sub Total</b>	<b>14,746,588</b>	<b>16,504,445</b>	<b>1,757,857</b>
	<b>Total</b>	<b>30,529,793</b>	<b>28,225,775</b>	<b>(2,304,018)</b>

In addition, funds amounting to K4,114,908 were brought forward from the previous year bringing the total funds available to K32, 340,683.

#### b. Environmental Management

##### i. Failure to Fence the New Kabanana Dumpsite

Contrary to the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 which requires that a dumpsite should be enclosed, fenced off and secured from scavenging, the dumpsite was not fenced for

protection and from access by unauthorised persons. Consequently, unauthorised structures had started mushrooming around the dumpsite. See picture below.



House built close to the dumpsite

**ii. Failure to Provide Clearly Marked Solid Waste Containers**

Section 26 (1) of the Solid Waste Regulation and Management Act No. 20 of 2018 requires that a local authority or a licenced solid waste provider shall, in the service zone under the local authority's or a licensed solid waste provider's jurisdiction, provide appropriate solid waste containers, for the disposal of solid waste, of a size and pattern, and clearly colour coded or marked, for different categories or subdivisions of solid waste, as may be prescribed by the Minister.

Contrary to the provision, the council did not provide appropriate and clearly marked solid waste containers.

**c. Accounting for Revenue**

**i. Delayed Banking**

Local Authorities Financial Regulation No. 19 states that, "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 of revenue in an amounts totalling K90,174 for periods ranging from three (3) to thirty seven (37) days.

**ii. Billboards and Property Rates**

Local Authorities Financial Regulation No. 12 (h) states that, “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 K7,379,090 in respect of billboards and property rates as at 30<sup>th</sup> June 2021.

**iii. Lack of Lease Agreements**

During the period under review, the Council owned various properties that it had leased out to the members of the public.

However, no lease agreements were availed for audit in respect of five (5) properties. Consequently, it was not possible to ascertain rentals receivable.

**d. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of 252 positions out of which 196 were filled leaving fifty six (56) vacant as at 30<sup>th</sup> June 2021. Out of the vacant positions, some were key to the running of the Council such as Chief Building Inspector, Civil Engineer and Senior Quantity Surveyor.

**ii. Overemployment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were eight (8) authorised positions which were to be filled by twelve (12) officers but were instead filled by twenty two (22) officers resulting in excess of ten (10) officers.

Consequently, the Council incurred excess expenditure on salaries paid to the ten (10) officers in amounts totalling K535,046 for the period under review.

**iii. Failure to Avail Contracts**

During the period under review, the Council engaged thirty one (31) revenue agents on commission basis. In this regard, commissions in amounts totalling K157,570

were paid for the period from 1<sup>st</sup> January to 31<sup>st</sup> December 2020. However, the engagement of these officers was irregular in that the Council did not have contractual agreements with each of the agents that was engaged.

**iv. Non-deduction of NAPSA Contributions**

Section 15 of the Provisions of the NAPSA Act, of 1996 states that, “The employee and employer shall contribute 5% each to the Fund”.

Contrary to the Act, the Council engaged seven (7) casual workers who were paid wages amounting to K65,070 without deducting NAPSA contributions.

Further, no oral contracts were availed to support the payments.

**e. Management of Assets**

**i. Lack of Title Deeds**

The Public Finance Management Act No. 1 of 2018 states that, “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 nine (39) properties valued at K6,947,727 were located.

**ii. Failure to Insure Assets**

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, forty two (42) council properties and nine (9) motor vehicles with a total value of K10,535,969 had not been insured as at 30<sup>th</sup> June 2021.

**iii. Failure to Maintain Properties**

A physical inspection of selected properties carried out in October 2020 revealed that the Mbabala Rest House, Mbabala Civic Centre Offices and Mbabala Council Chamber in Mbabala were poorly maintained and dilapidated in that roofs, windows

and ceiling board were broken, paint was worn-out, no doors, walls and floors were cracked. See pictures below.



Mbabala Rest House



Mbabala Civic Centre Offices



Mbabala Council Chamber

**f. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K3,200,000 was made to cater for Choma Central and Mbabala constituencies and the whole amount was released.

In addition, an amount of K3,381,615 was brought forward from 2019 bringing the total funds available to K6,581,615. As at 31<sup>st</sup> December 2020, amounts totalling K2,922,686 had been spent leaving a balance of K3,658,929.

The following were observed:

**i. Failure to Implement Approved Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

However, a review of the approved list of projects and progress reports for Constituency Development Fund revealed that four (4) projects with a total allocation of K544,541 had not been implemented as at 30<sup>th</sup> June 2021 despite being approved on 15<sup>th</sup> September 2020 by the Ministry of Local Government. See table 2 below.

**Table 2: Projects not Implemented**

No.	Project Name and Scope	Constituency	Amount Allocated K
1	Construction of Staff House at Maubwe Rural Health Post	Mbabala	169,706
2	Construction of Maternity Wing at Nalube Rural Health Post	Mbabala	115,491
3	Completion of 1x3 CRB at Maluma Basic School	Choma Central	168,392
4	Completion of Sichikwenke 1x3 CRB in State land	Choma Central	90,953
	<b>Total</b>		<b>544,541</b>

**ii. Contract for the Completion of Macha Market Shelter in Mbabala Constituency**

On 17<sup>th</sup> December 2020, the Council engaged Mamonisi Loss Control Services and General Contractors Limited for the completion of Macha Market Shelter at a contract sum of K149,614 with a duration of eight (8) weeks.

Works commenced on 24<sup>th</sup> December 2020 and were expected to be completed on 18<sup>th</sup> February 2021.

As at 30<sup>th</sup> June 2021, amounts totalling K26,536 had been paid leaving a balance of K123,078.

A physical inspection of the works carried out in June 2021 revealed that the market shelter had not been completed in that back filling of the sub structure, building of perimeter walls and building of concrete slab had not been done four (4) months after the expected completion date. See picture below.



Incomplete Macha Community Market Shelter

**g. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and Zambia United Local Authorities Workers Union (ZULAWU) amounts totalling K23,139,540 in respect of tax and pension contributions, some dating from as far back as 2017. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	8,082,840	1,121,987	9,204,827	-	9,204,827
2	NAPSA	7,610,586	3,629,685	11,240,271	-	11,240,271
3	LASF	2,620,602	223,840	2,844,442	150,000	2,694,442
4	ZULAWU	-	134,062	134,062	93,046	41,016
	<b>Total</b>	<b>18,314,028</b>	<b>5,109,574</b>	<b>23,289,540</b>	<b>243,046</b>	<b>23,139,540</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed amounts totalling K3,527,486 in respect of terminal benefits, long service bonus, settling in allowance and accrued leave days, some dating from as far back as 2012. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Terminal Benefits	1,670,491	75,272	1,745,763	362,284	1,383,479
2	Long Service Bonus	552,626	-	552,626	20,000	532,626
3	Settling in Allowance	989,366	176,920	1,166,286	-	1,166,286
4	Gratuity	445,095	-	445,095	-	445,095
	<b>Total</b>	<b>3,657,578</b>	<b>252,192</b>	<b>3,909,770</b>	<b>382,284</b>	<b>3,527,486</b>

## 24 Chongwe Municipal Council

### 24.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K44,906,209 against which amounts totalling K34,655,365 were received and generated resulting in a negative variance of K10,250,844. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Owners Rates	13,440,140	6,135,273	(7,304,867)
2	Local Taxes	253,530	281,581	28,051
3	Fees and Charges	7,990,622	6,591,482	(1,399,140)
4	Licences	291,035	308,162	17,127
5	Levies	4,113,482	5,043,228	929,746
6	Permits	1,864,650	988,596	(876,054)
7	Charges	5,239,250	1,504,268	(3,734,982)
8	Other Income	205,500	2,685,145	2,479,645
	<b>Sub Total</b>	<b>33,398,209</b>	<b>23,537,735</b>	<b>(9,860,474)</b>
	<b>National Support</b>			
9	Local Government Equalisation Grant	9,708,000	9,517,630	(190,370)
10	Grants in Lieu of Rates	200,000	-	(200,000)
11	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Sub Total</b>	<b>11,508,000</b>	<b>11,117,630</b>	<b>(390,370)</b>
	<b>Total</b>	<b>44,906,209</b>	<b>34,655,365</b>	<b>(10,250,844)</b>

**b. Failure to Update the Main 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 expired in 2018.

**c. Collection and Transportation of Solid Waste**

On 22<sup>nd</sup> May 2019, the Council entered into contracts with three (3) companies for collection and transportation of solid waste for a period of three (3) years commencing on 1<sup>st</sup> June 2019. Each contractor was required to pay K8,000 as franchise fee payable on award of the licenses.

However, as at 31<sup>st</sup> July 2021, the Council had not collected franchise fees in amounts totalling K32,000 from three (3) contractors for the period under review. See table 2 below.

**Table 2: Unpaid Franchise Fees**

No.	Name of Contractor	Franchise Amount K
1	Waste Master Zambia Ltd	8,000
2	Viclesa Construction and Garbage Collect Company Ltd	8,000
3	Citimop Limited Distric E	8,000
4	Citimop Limited Distric D	8,000
	<b>Total</b>	<b>32,000</b>

**d. Failure to Remit 50% of Fire License Revenue to Fire Services Unit**

Ministry of Local Government Circular MLGH/101/17/4 dated 21<sup>st</sup> July 2018 requires that a Local Authority should plough back fifty percent (50%) of revenue realised from fire certification to the fire department.

During the period under review, the Council collected amounts totalling K541,149 in issuance of fire certificates.

Contrary to the circular, the Council did not remit an amount of K270,575 being 50% of Fire License Revenue to Fire Services Unit.

**e. Asset Management**

**i. Failure to Register Specialised Equipment**

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

Contrary to the Act, two (2) specialised equipment valued at K48,730 acquired in 2009 and 2019 had not been registered by the Council as at 31<sup>st</sup> July 2021. See table 3 below.

**Table 3: Unregistered Specialised Equipment**

No.	Equipment Type	Year of Acquisition	Value K
1	Wheel Trailer-Tipper	2009	10,730
2	Tafe 5900DI	2019	38,000
	<b>Total</b>		<b>48,730</b>

**ii. Failure to Maintain Property**

A physical inspection of selected council properties carried out in July 2021 revealed that the Council Community Hall which was being used as a police station, was in a dilapidated state due to lack of maintenance. See pictures below.



Damaged Ceiling



Worn out tiles

**f. Failure to Reimburse Borrowed Funds**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K8,797,603 were received as equalisation funds, out of which an amount of K1,759,526 was transferred to capital projects while a total amount of K7,038,104 was allocated for operational expenses.

In addition, the Council had a brought forward amount of K228,339 from 2019 in the capital account bringing the total funds available for expenditure to K2,047,865.

However, the Council borrowed amounts totalling K200,000 from the capital project account to cater for the preparation of the valuation roll. As at 31<sup>st</sup> July 2021, a total amount of K150,000 had been reimbursed leaving a balance of K50,000.

**g. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K40,119,864 in respect of tax and pension and insurance contributions, some dating from as far back as 2014. See table 4 below.

**Table 4: Unremitted Statutory Obligations**

No.	Institution	Balance B/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	7,936,689	3,483,471	11,420,160	-	11,420,160
2	NAPSA	25,177,885	1,974,200	27,152,085	6,613	27,145,472
3	LASF	727,629	521,916	1,249,545	40,000	1,209,545
4	NHIMA	-	352,520	352,520	116,615	235,905
5	Madison Life Insurance	22,608	141,174	163,782	55,000	108,782
	<b>Total</b>	<b>33,864,811</b>	<b>6,473,281</b>	<b>40,338,092</b>	<b>218,228</b>	<b>40,119,864</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed amounts totalling K1,547,997 in respect of terminal benefits and settling in allowance, some dating from as far back as 2014. See table 5 below.

**Table 5: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Terminal Benefits	68,215	698,708	766,923	93,542	673,381
2	Settling In Allowance	808,439	403,092	1,211,531	336,915	874,616
	<b>Total</b>	<b>876,654</b>	<b>1,101,800</b>	<b>1,978,454</b>	<b>430,457</b>	<b>1,547,997</b>

**25 Isoka Town Council**

**25.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K13,968,660 against which amounts totalling K13,114,514 were received and generated resulting in a negative variance of K854,146 as shown in table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budgeted K	Income K	Variance K
<b>Locally Generated</b>				
1	Local taxes	372,601	24,293	(348,308)
2	Fees and Charges	1,893,219	1,511,032	(382,187)
3	Licences	71,845	34,334	(37,511)
4	Levies	43,860	132,412	88,552
5	Permits	338,200	241,454	(96,746)
6	Charges	996,920	38,727	(958,193)
7	Commercial Venture	150,000	-	(150,000)
8	Other receipts	92,889	962,326	869,437
<b>Sub Total</b>		<b>3,959,534</b>	<b>2,944,578</b>	<b>(1,014,956)</b>
<b>National Support</b>				
9	Local Government Equalisation Fund	8,309,126	8,269,936	(39,190)
10	Constituency Development Fund	1,600,000	1,600,000	-
11	Other Grants	100,000	300,000	200,000
<b>Sub Total</b>		<b>10,009,126</b>	<b>10,169,936</b>	<b>160,810</b>
<b>Total</b>		<b>13,968,660</b>	<b>13,114,514</b>	<b>(854,146)</b>

**b. 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 during the period under review were not availed for audit thereby exposing the Council to loss of revenue.

**ii. Failure to Collect Rental Charges**

Local Authorities Financial Regulation No. 12 (h) states that, “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 rental charges from a tenant in amounts totalling K10,200 for the period from 31<sup>st</sup> January to 31<sup>st</sup> December 2020.

**c. Irregular Use of Fuel**

According to Local Government Minute No. MLGH/71/6/93 dated 15<sup>th</sup> October 2012, no officer entitled to fuel allowance (Scale LGSS 3 and above) should draw fuel from the pool fuel account. However, a review of the fuel disposal details revealed that 303.73 litres of diesel costing K4,735 were irregularly drawn by a motor

vehicle allocated to the Council Chairperson as the officer was in receipt of fuel allowance.

**d. Management of Local Government Equalisation Fund**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K8,269,936 were received as equalisation funds, out of which 20% amounting to K1,653,987 was allocated to capital projects while 80% amounting to K6,615,949 was allocated to recurrent expenditure.

The following were observed:

**i. Failure to Reimburse Borrowed Funds**

The Council borrowed amounts totalling K106,653 from the project account to facilitate meeting of daily operational expenses. As at 31<sup>st</sup> July 2021, the funds had not been reimbursed.

Consequently, the Council was unable to implement two (2) approved projects that were allocated amounts totalling K127,000. See table 2 below.

**Table 2: Projects not Implemented**

No.	Project Name	Amount K
1	Motor bike	27,000
2	Community Hall	100,000
	<b>Total</b>	<b>127,000</b>

**ii. Delayed Completion of Kalungu Dry Port Ablution Block**

On 2<sup>nd</sup> October 2020, Isoka Town Council engaged Mbumba General Dealers for the completion of an ablution block in Kalungu Ward of Isoka West Constituency at a contract sum of K179,320 with a completion period of ninety (90) days.

As at 31<sup>st</sup> July 2021, amounts totalling K125,523 had been paid leaving a balance of K53,796.

However, a physical inspection of the works carried out in July 2021 revealed that the ablution block had not been completed, seven (7) months after the expected completion date. The outstanding works included fitting of two (2) geysers, glazing, electrical fittings, internal and external painting.

**iii. Delayed Completion of Waiting Shelter at Mwaiseni Area**

On 29<sup>th</sup> July 2020, Isoka Town Council engaged Plough Africa Zambia Limited for the completion of a bus shelter in Itukuta Ward of Isoka West Constituency at a contract sum of K382,439 with a completion period of ninety (90) days.

The scope of works included construction of a waiting shelter at pick and drop station in Mwaiseni Area.

As at 31<sup>st</sup> July 2021, amounts totalling K360,212 had been paid leaving a balance of K22,227.

However, a physical inspection of the works carried out in July 2021 revealed that the ablution block had not been completed nine (9) months after the expected completion date. The outstanding works included painting, fitting of seven (7) glass panes and eight (8) doors and tiling.

**e. Completion of a Constituency Development Fund Project - Staff House at Malonje Community School**

On 10<sup>th</sup> December 2020, the Council awarded a labour based contract to Wilamu General Dealers for the supply, delivery of roofing materials and completion of a teacher's house and toilets at Malonje Community School at a contract sum of K20,000. The contract duration was not mentioned.

As at 31<sup>st</sup> July 2021, the contractor had been paid amounts totalling K18,000.

However, a physical inspection carried out in July 2021 revealed that the house had collapsed due to poor workmanship. See picture below.



Collapsed Staff House

**f. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA) and National Pension Scheme Authority (NAPSA) amounts totalling K4,989,673 in respect of tax and pension contributions, some dating from as far back as 2017. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Name	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	NAPSA	1,308,957	590,637	1,899,594	55,000	1,844,594
2	ZRA	2,482,770	788,310	3,271,080	126,000	3,145,080
	<b>Total</b>	<b>3,791,727</b>	<b>1,378,947</b>	<b>5,170,674</b>	<b>181,000</b>	<b>4,989,674</b>

## 26 Kabompo Town Council

### 26.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K14,896,860 against which amounts totalling K12,137,065 were received and generated resulting in a negative variance of K2,759,795. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes/Rates	28,125	21,429	(6,696)
2	Fees and Charges	748,005	458,629	(289,376)
3	Licences	8,525	8,643	118
4	Levies	816,240	880,091	63,851
5	Permits	35,490	35,181	(309)
	<b>Sub Total</b>	<b>1,636,385</b>	<b>1,403,972</b>	<b>(232,413)</b>
	<b>National Support</b>			
6	Local Government Equalisation Fund	8,781,475	8,667,958	(113,517)
7	Constituency Development Fund	1,600,000	1,600,000	-
8	Other Grants	2,879,000	465,135.00	(2,413,865)
	<b>Sub Total</b>	<b>13,260,475</b>	<b>10,733,093</b>	<b>(2,527,382)</b>
	<b>Total</b>	<b>14,896,860</b>	<b>12,137,065</b>	<b>(2,759,795)</b>

#### b. Failure to Provide Warning Signs at Dumpsite

Section 60(2) of Solid Waste Regulation and Management Act No. 20 of 2018 states that, “A local authority 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 considers necessary for such operations”.

Contrary to the Act, the Council did not provide guidelines and directions for entry into the dumpsite.

**c. Failure to Update 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, as at 17<sup>th</sup> August 2021, the Council did not have an updated valuation roll as the last one expired in 2015.

**d. Lack of Title Deeds and Insurance for Council Property**

Section 41(4) of the Public Finance Management Act, No. 1 of 2018 states that, “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 seventeen (17) properties valued at K6,377,198 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 head of department”.

Contrary to the regulation, the seventeen (17) properties had not been insured as at 31<sup>st</sup> August, 2021.

**e. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K4,378,588 in respect of tax and pension and insurance contributions, some dating from as far back as 2000. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Type of Obligation	Balance K	Obligations for 2020 K	Payments K	Penalty K	Balance K
1	ZRA	2,115,522	770,086	10,000	-	2,875,608
2	NAPSA	564,094	547,227	194,800	99,941	916,521
3	LASF	488,439	142,632	109,926	-	521,146
4	Madison Funeral	-	32,994	22,230	-	10,765
5	NHIMA	-	65,354	10,805	-	54,549
	<b>Totals</b>	<b>3,168,055</b>	<b>1,558,293</b>	<b>347,761</b>	<b>99,941</b>	<b>4,378,588</b>

## 27 Kabwe Municipal Council

### 27.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K71,200,242 against which amounts totalling K39,782,281 were received and generated resulting in a negative variance of K31,417,961. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
2	Local Taxes	12,482,369	6,212,171	(6,270,198)
3	Fees and charges	23,750,383	6,026,050	(17,724,333)
4	Licences	778,000	450,900	(327,100)
5	Levies	2,614,500	1,717,688	(896,812)
6	Permits	3,726,000	4,080,638	354,638
7	Other Income	5,816,421	862,237	(4,954,184)
	<b>Total</b>	<b>49,167,673</b>	<b>19,349,684</b>	<b>(29,817,989)</b>
	<b>National Support</b>			
6	Local Government Equalisation Funds	17,571,381	16,412,597	(1,158,784)
7	Grant In Lieu of Rates	100,000	-	(100,000)
8	Constituency Development Fund	3,200,000	3,200,000	-
9	Other Grants (Fire training school)	1,161,188	820,000	(341,188)
	<b>Sub Total</b>	<b>22,032,569</b>	<b>20,432,597</b>	<b>(1,599,972)</b>
	<b>Total</b>	<b>71,200,242</b>	<b>39,782,281</b>	<b>(31,417,961)</b>

**b. Lack of an Integrated Development Plan**

Section 19 (3) of 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.

**c. Failure to Control and Manage Markets**

Section 5(1) of the Market and bus Station Act No.7 of 2007 stipulates that all markets and bust 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 as they were being managed by community committees.

**d. Accounting for Revenue**

**i. Failure to Collect Revenue**

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

The following were observed:

- **Leased Council Properties**

Contrary to the regulation, the Council failed to collect revenue in amounts totalling K845,142 in respect of rentals.

- **Property Rates**

Contrary to the regulation, the Council failed to collect revenue in amounts totalling K19,935,826 in respect of property rates.

**ii. Mulungushi Motel – Outstanding Bills**

Kabwe Municipal Council owns and operates Mulungushi Motel and Clayton Park as commercial ventures.

During the year under review, the Council accommodated three (3) employees who accumulated bills amounting to K54,750 at the Mulungushi Motel.

As at 30<sup>th</sup> June 2021, the officers had not settled the outstanding bills.

**iii. Failure to Avail Lease Agreements**

During the period under review, the Council owned various properties that it had leased out to the members of the public.

However, no lease agreements were availed for audit in respect of eight (8) properties. Consequently, it was not possible to ascertain rentals receivable.

**e. Management of Payroll and Other Related Staff Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of 415 positions out of which 226 were filled leaving 189 vacant as at 30<sup>th</sup> June 2021. Out of the vacant positions, some were key to the running of the Council such as Chief Administrative officer, Senior Administrative officer, Stores controller, Legal officer, Chief Accountant-Expenditure, Chief Internal Auditor, Chief Architect and Chief buildings inspector.

**ii. Overemployment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were eleven (11) authorised positions which were to be filled by twenty four (24) officers but were instead filled by thirty five (35) officers resulting in excess of eleven (11) officers.

The eleven (11) officers were paid salaries in amounts totalling K1,018,493 for the period under review.

**f. Procurement of Goods and Services**

**i. Unvouched Expenditure**

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

Contrary to the regulation, fifty-nine (59) payments in amounts totalling K515,302 made during the period under review were not supported with relevant documents such as invoices, receipts, ledgers and computations among others.

In addition, ninety (90) payment vouchers in amounts totalling K1,122,760 made during the period under review were not availed for audit.

**ii. Un-acquitted Allowances**

The Local Authorities Financial Regulation No.106 states that, “Where the employees do 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”.

Contrary to the Act, imprest in amounts totalling K33,547 issued to five (5) officers for various activities such as payment of subsistence allowance for women’s day celebrations were not acquitted as at 30<sup>th</sup> April 2021.

**iii. Unretired Accountable Imprest**

Local Authorities Financial Regulation No. 119 (1) and (2) states that, “A special imprest shall be retired immediately the purpose for which they are issued is fulfilled” and “Where the imprest is not cleared within forty eight hours of the holders 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 the holder, in the following month”.

Contrary to the regulation, imprest in amounts totalling K9,060 issued to four (4) officers during the period under review had not been retired and no recoveries had been effected as at 30<sup>th</sup> April, 2021.

**g. 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 K686,187 procured during the period under review were not accounted for in that there were no receipt and disposal details. See table 2 below.

**Table 2: Unaccounted for Stores**

No.	Description	Amount K
1	General Stores	166,502
2	Building materials	482,832
3	Fuel	36,853
	<b>Total</b>	<b>686,187</b>

**h. Management of Constituency Development Fund – Kabwe Central Constituency**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K3,200,000 was made to cater for Kabwe Central and Bwacha constituencies and the whole amount was released.

In addition, an amount of K3,446,145 was brought forward from 2019 bringing the total funds available to K6,646,145. As at 31<sup>st</sup> December 2020, amounts totalling K3,981,470 had been spent leaving a balance of K2,664,675.

The following were observed:

**i. Unaccounted for Stores (Face Masks)**

On 12<sup>th</sup> June 2020, the Council procured face masks at a cost of K19,965 from Tili Tailoring and General Dealers of Kabwe for donation to schools for COVID-19 prevention and the whole amount was paid.

However, the face masks could not be accounted for as no receipt and

disposal details were availed for audit.

**ii. Delay in Completion of Construction of Ablution Block at Katondo Primary School**

On 30<sup>th</sup> July 2020, the Council engaged Bryson Kateya Sylvester Kolala to construct an ablution block at Katondo Primary school at a labour only contract price of K10,000.

As at 30<sup>th</sup> April 2021, an amount of K93,120 had been spent on the project (Materials - K84,120 and labour - K9,000).

However, a physical inspection of the works carried out in April 2021 revealed that the ablution block had not been completed in that roofing, plastering, metal works, glazing, plumbing and painting had not been done. See picture below.



Uncompleted ablution block at Katondo Primary school

**iii. Delayed Completion of Katondo BOC Community School**

On 31<sup>st</sup> August 2020, the Council engaged Martin Chushi to construct a wall fence at Boc community school at a labour only contract price of K15,000.

As at 30<sup>th</sup> April 2021, an amount of K66,600 had been spent on the project (materials -K51,600 and labour - K15,000).

However, a physical verification conducted in April 2021 revealed that construction of the wall fence had not been completed as the works were at 50% completion.

In addition, it was observed that the contractor had been paid in full rendering the payment questionable.

Further, the contractor was not on site as at 30<sup>th</sup> April 2021.

**i. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K147,629,037 in respect of tax and pension and insurance contributions, some dating from as far back as 2016. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligation for 2020 K	Penalties K	Cumulative Total K	Payments K	Balance K
1	ZRA	15,027,421	3,803,953	-	18,831,374	-	18,831,374
2	NAPSA	42,905,141	2,503,551	66,943,114	112,351,806	-	112,351,806
3	LASF	6,752,999	8,710,494	-	15,463,493	20,000	15,443,493
4	Madison	97,403	360,710	-	458,113	252,796	205,316
5	NHIMA	60,992	329,276	-	390,268	100,000	290,268
6	ZULAWU	368,771	242,790	-	611,560	104,780	506,780
	<b>Total</b>	<b>65,212,727</b>	<b>15,950,773</b>	<b>66,943,114</b>	<b>148,106,613</b>	<b>477,576</b>	<b>147,629,037</b>

**ii. Outstanding Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K26,642,416 in respect of long service bonus, terminal benefits, travel benefits, settling in allowances and salary arrears, some dating from as far back as 2015. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Long Service Bonus	8,451,644	525,214	8,976,858	74,500	8,902,358
2	Terminal Benefits	11,350,400	1,955,306	13,305,706	471,243	12,834,464
3	Travel Benefits	157,756	-	157,756	-	157,756
4	Settling in Allowance	1,179,133	571,027	1,750,160	197,753	1,552,407
5	Salary Arrears	126,769	3,068,662	3,195,432	-	3,195,432
	<b>Total</b>	<b>21,265,702</b>	<b>6,120,209</b>	<b>27,385,912</b>	<b>743,495</b>	<b>26,642,416</b>

## 28 Kafue Town Council

### 28.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K97,393,197 against which amounts totalling K29,276,142 were received and generated resulting in a negative variance of K68,117,055. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	29,883,991	3,125,071	(26,758,920)
2	Fees and Charges	43,755,100	6,774,890	(36,980,210)
3	Licences	3,017,428	1,264,777	(1,752,651)
4	Levies	2,324,210	2,034,571	(289,639)
5	Permits	2,061,956	621,442	(1,440,514)
6	Other incomes	406,000	8,511	(397,489)
	<b>Sub Total</b>	<b>81,448,685</b>	<b>13,829,262</b>	<b>(67,619,423)</b>
	<b>National Support</b>			
7	Local Government Equalisation	14,044,512	13,615,683	(428,829)
8	Constituency Development Fund	1,600,000	1,631,197	31,197
9	Grants in Lieu of Rate	300,000	200,000	(100,000)
	<b>Sub Total</b>	<b>15,944,512</b>	<b>15,446,880</b>	<b>(497,632)</b>
	<b>Total</b>	<b>97,393,197</b>	<b>29,276,142</b>	<b>(68,117,055)</b>

In addition, funds amounting to K680,091 were brought forward from 2019 bringing the total funds available to K29,956,233.

#### b. Accounting for Revenue

##### i. Failure to Collect Billboard and Rental Charges

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K1,101,856 from billboards and rental charges. However, the Council had not collected any billboard and rental charges as at 30<sup>th</sup> September 2021.

**ii. Sale of Plots in Valley View Area**

In 2018, the Council offered 1,004 plots in Valley View Area for sale and amounts totalling K9,476,500 were expected to be collected as plot premiums. However, as at 30<sup>th</sup> September 2021, only amounts totalling K4,038,786 had been collected leaving a balance of K5,407,714. See table 2 below.

**Table 2: Uncollected Plot Premiums**

No.	Category of Plots Issued	No. of Plots	Plot Premium K	Expected Amount K	Amounts Collected K	Balance K
1	Place of Worship	2	15,000	30,000	-	-
2	Residential (High Cost)	500	11,500	5,750,000	3,675,436	2,074,564
3	Residential (Medium Cost)	500	7,000	3,500,000	286,850	3,213,150
4	Commercial Complex	1	120,000	120,000	-	120,000
5	Filling Station	1	76,500	76,500	76,500	-
	<b>Total</b>	<b>1004</b>		<b>9,476,500</b>	<b>4,038,786</b>	<b>5,407,714</b>

**c. Environmental Management**

**i. Failure to Manage Dumpsite**

The Environmental Management Act No. 12 of 2011 states that, “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.

However, the following were observed:

- 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 existences of the dumpsite,

- iii. The council did not compact the waste with a layer of soil thereby exposing the community to health hazards. See pictures below.



Unfenced dumpsite



Solid waste on the road

- iv. In addition, residential houses were built less than ten (10) meters away from the dumpsite posing a health hazard to the community.



Houses built near dumpsite

**ii. Failure to Collect Franchise Fees**

Section 40(3) of the Solid Waste Regulation and Management Act of 2018 states that, “Subject to the Business Regulatory Act, 2014, a licence granted under this section may provide for the payment of annual or other periodic fees that may be prescribed”.

Contrary to the Act, as at 30<sup>th</sup> September 2021, the Council had not collected amounts totalling K60,000 from five (5) solid waste contractors that were engaged in August 2019 to collect waste, twenty-four (24) months after signing the contracts.

**d. Overemployment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were two (2) authorised positions which were to be filled by two (2) officers but were instead filled by four (4) officers resulting in excess of two (2) officers.

The two (2) officers were paid salaries in amounts totalling K175,910 during the period under review.

**e. Failure to Insure Motor Vehicles**

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 Council had not insured a fire rescue truck as at 30<sup>th</sup> September 2021.

**f. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K40,882,564 in respect of tax and pension contributions, some dating from as far back as 2013. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Balance K
1	ZRA	6,783,539	2,142,646	8,926,185
2	NAPSA	28,157,493	1,536,452	29,693,945
3	LASF	1,851,095	411,338	2,262,434
	<b>Total</b>	<b>36,792,127</b>	<b>4,090,436</b>	<b>40,882,564</b>

## 29 Kalabo Town Council

### 29.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K18,795,457 against which amounts totalling K17,871,701 were received and generated resulting in a negative variance of K923,756. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	22,000	28,852	6,852
2	Fees and Charges	866,856	8,435	(858,421)
3	Licences	43,500	8,435	(35,065)
4	Levies	171,462	134,074	(37,388)
5	Permits	169,950	25,113	(144,837)
6	Other Receipts	41,000	222,868	181,868
7	Commercial Venture	400,283	490,153	89,870
	<b>Sub Total</b>	<b>1,715,051</b>	<b>917,930</b>	<b>(797,121)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	13,880,406	13,253,771	(626,635)
9	Constituency Development Fund	3,200,000	3,200,000	-
10	Other Grants	-	500,000	500,000
	<b>Sub Total</b>	<b>17,080,406</b>	<b>16,953,771</b>	<b>(126,635)</b>
	<b>Total</b>	<b>18,795,457</b>	<b>17,871,701</b>	<b>(923,756)</b>

#### b. Failure to Manage Dumpsite

The Environmental Management Act No. 12 of 2011 states that, “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.

However, a physical inspection of the dumpsite carried out in September 2021 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. Failure to Collect Plot Premiums**

Local Authorities Financial Regulation No. 12 (h) states that, “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 128 plots to successful applicants and was expected to collect amounts totalling K466,000 in plot premiums. However, as at 30<sup>th</sup> September 2021, amounts totalling K200,515 were collected leaving a balance of K265,485 twenty seven (27) months after the sale.

**d. Failure to Maintain 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, as at 30<sup>th</sup> September 2021, the Council did not have a valuation roll.

**e. Payment of Allowances within the Normal Duty Station**

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

Contrary to the circular, meal allowances in amounts totalling K28,750 were paid to twenty nine (29) officers for activities undertaken within their station of duty.

**f. 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 eight (8) properties such as the civic centre, market and council rest house were located.

Further, Local Authorities Financial Regulation No. 154 states that, "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 had not insured the eight (8) properties as at 30<sup>th</sup> September 2021.

**g. Misapplication of Local Government Equalisation Fund**

According to the Local Government Act No. 2 of 2019, a Council should use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K13,253,771 were received as equalisation funds, out of which an amount of K2,650,754 was allocated to capital projects.

However, the Council misapplied a total amount of K594,694 on operational expenses.

Consequently, four (4) approved projects in amounts totalling K550,000 were not undertaken. See table 2 below.

**Table 2: Projects not Implemented**

No	Name of the Project	Budget K	Status
1	Guest House Expansion	175,000	Not Implemented
2	Construction of Fire office at Aerodrom	100,000	Not Implemented
3	Construction of Culverts	200,000	Not Implemented
4	Refuse Bay	75,000	Not Implemented
	<b>Total</b>	<b>550,000</b>	

**h. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K3,200,000 was made to cater for Kalabo Central and Liuwa constituencies and the whole amount was released.

In addition, an amount of K1,352,547 was brought forward from 2019 bringing the total funds available to K4,570,903.

As at 31<sup>st</sup> December 2020, amounts totalling K992,623 had been spent leaving a balance of K3,578,280.

The following were observed:

**i. Maintenance of Interest Earning Accounts**

The Council maintained interest earning accounts for the management of the Constituency Development Funds (CDF). However, there was no authority from the Secretary to the Treasury to operate an investment account.

**ii. Delays in Implementing Projects**

The Ministry of Finance released a total of K3,200,000 to the Council in August 2020 for implementation of CDF projects. However, a review of monitoring reports and inquiries from management revealed that the implementation of projects only started in January 2021 despite receiving the 2020 CDF in August 2020 resulting into five (5) months period of delay.

**iii. Construction of 1 x 2 Classroom Block at Mutaa Primary School**

On 2<sup>nd</sup> October 2019, Kalabo Town Council awarded a contract to Biswamo Construction and Trading Ltd for the construction of a 1 x 2 classroom block

(CRB) at a contract sum of K294,000 with a completion period of six (6) months commencing in October 2019 and ending in March 2020.

As at 30<sup>th</sup> September 2021, amounts totalling K213,486 had been paid.

A physical inspection of the works carried out in September 2021 revealed that the 1 x 2 classroom block had not been completed in that metal works, glazing, flooring, carpentry, joinery and ironmongery, painting and decorations and external works had not been done, seventeen (17) months after the expected completion date. See pictures below.



Incomplete 1 x 2 CRB at Mutaa Primary School

**iv. Construction of a 1 x 2 Prefabricated Classroom Block at Litapuya Primary School**

On 19<sup>th</sup> August 2020, Kalabo Town Council engaged Manope Business Solutions Ltd for the construction of a 1 x 2 classroom block at a contract sum of K48,000 with a completion period of two (2) months commencing in August 2020 and ending in October 2020.

As at 30<sup>th</sup> September 2021, amounts totalling K12,012 had been paid.

A physical inspection of the works carried out in September 2021 revealed that the 1x2 classroom block had not been completed in that metal works, carpentry, joinery and ironmongery, floor and wall finishes, glazing, painting and decorations and dish drain had not been done, twelve (12) months after the expected completion date. See picture below.



Incomplete 1 x 2 Prefabricated Classroom Block

**i. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K6,777,630 in respect of tax and pension contributions, some dating from as far back as 1997. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	3,254,786	1,270,412	4,525,198	(350,000)	4,175,198
2	NAPSA	1,642,915	985,979	2,628,894	(267,561)	2,361,333
3	LASF	179,182	150,227	329,409	(88,310)	241,099
	<b>Total</b>	<b>5,076,883</b>	<b>2,406,618</b>	<b>7,483,501</b>	<b>(705,871)</b>	<b>6,777,630</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K4,198,621 in respect of terminal benefits and salary arrears, some dating from as far back as 2009. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Terminal Benefits	920,506	876,806	1,797,312	43,700	1,753,612
2	Salary Arrears	1,669,586	883,547	2,553,133	449,389	2,103,745
3	Salary Arrears-Councillors	381,614	170,632	552,246	210,982	341,264
	<b>Total</b>	<b>2,971,706</b>	<b>1,930,986</b>	<b>4,902,692</b>	<b>704,071</b>	<b>4,198,621</b>

## 30 Kalomo Town Council

### 30.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K21,879,200 against which amounts totalling K15,887,640 were received and generated resulting in a negative variance of K5,991,560. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	976,390	360,969	(615,421)
2	Fees and Charges	7,506,083	2,697,806	(4,808,277)
3	Licences	46,836	245,979	199,143
4	Levies	465,450	620,177	154,727
5	Permits	248,000	104,758	(143,242)
6	Commercial Venture	-	-	-
7	Other Receipts	86,000	-	(86,000)
	<b>Sub Total</b>	<b>9,328,759</b>	<b>4,029,689</b>	<b>(5,299,070)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	9,350,441	8,097,152	(1,253,289)
9	Constituency Development Fund	3,200,000	3,200,000	-
10	Other grants	-	560,799	560,799
	<b>Sub Total</b>	<b>12,550,441</b>	<b>11,857,951</b>	<b>(692,490)</b>
	<b>Total</b>	<b>21,879,200</b>	<b>15,887,640</b>	<b>(5,991,560)</b>

In addition, funds amounting to K655,525 were brought forward from the previous year bringing the total funds available to K16,543,165.

#### b. Failure to Collect Revenue

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K84,000 from a leased property owed by ZESCO Limited. However, as at 31<sup>st</sup> October 2021, amounts totalling K42,000 were collected leaving a balance of K42,000.

**c. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of 154 positions out of which 98 were filled leaving 56 vacant as at 30<sup>th</sup> June 2021. Out of the vacant positions, some were key to the running of the Council such as Market Manager and Senior Accounts Officer.

**ii. Failure to Deduct NAPSA Contributions**

Section 14 (1) of the NAPSA Act No. 40 of 1996 states that, “A contributing employer shall pay to the Scheme a contribution in respect of an employee in his employment consisting of the employer's contribution and the employee's contribution at the prescribed percentage”.

The Council was required to remit 5% of the gross salaries of the employees as NAPSA contributions. However, during the period under review, the Council paid gross wages to fifty six (56) employees in amounts totalling K392,675 without deducting NAPSA contributions.

**iii. Overemployment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were two (2) authorised positions which were to be filled by two (2) officers but were instead filled by four (4) officers resulting in excess of two (2) officers.

The two (2) officers were paid salaries in amounts totalling K128,935 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 that, “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 one (31) council properties such as the old civic centre, residential houses, fire brigade offices, Mwaata Market shops, market shelters, ablution block and tarven valued at K14,029,562 were located.

**ii. Failure to Maintain Assets**

A physical inspection carried out in June 2021 revealed that a council house was dilapidated with old and worn out painting and cracks in walls. See pictures below.



Dilapidated House No.120/E1 Zesco Compound

**e. Management of Local Government Equalisation Funds**

According to the Local Government (Amendment) Act No. 12 of 2014, a Council shall use at least twenty per cent (20%) of the equalisation funds received in any financial year, to finance capital expenditure. During the period under review, amounts totalling K8,839,689 were received as equalisation funds out of which amounts totalling K1,767,938 being 20% of the funded amounts were to be transferred to the projects account.

However, the following were observed:

**i. Misapplication of Capital Funds**

Amounts totalling K1,767,938 being 20% of equalisation funds meant for capital expenditure were expected to be transferred to the projects account. However, only an amount of K844,615 was transferred to the projects account leaving a balance of K923,323 which was misapplied on operational expenses.

**ii. Failure to Reimburse Borrowed Funds**

During the period under review, the Council borrowed amounts totalling K308,109 from the projects account to meet operational expenses. However, as at 30<sup>th</sup> September 2021, the funds had not been reimbursed.

**f. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K3,200,000 was made to cater for Kalomo Central and Dundumwezi constituencies and the whole amount was released.

In addition, an amount of K413,476 was brought forward from 2019 bringing the total funds available to K3,613,476. As at 31<sup>st</sup> December 2020, amounts totalling K388,056 had been spent leaving a balance of K3,225,420.

The following were observed:

**i. Construction of Staff House at Boongo Community School**

On 4<sup>th</sup> September 2019, Kalomo Town Council awarded Mr. Mudenda Frank a labour-based contract for construction of a staff house at Boongo Community School at a labour contract sum of K3,000 for a period of two (2) months starting from 6<sup>th</sup> September to 6<sup>th</sup> November 2019.

As at 30<sup>th</sup> September 2021, amounts totalling K51,047 (materials - K48,047 and labour - K3,000) had been spent.

A physical inspection of the works carried out in September 2021 revealed that the staff house had not been completed in that plastering, painting, flooring, fitting of glass panes and fitting of air vents had not been done, twenty one (21)

months after the expected completion date despite materials being on site. See picture below.



Incomplete staff house – Boongo Community School

**ii. Construction of Staff House at Sikweya Rural Health Centre**

On 19<sup>th</sup> August 2019, Kalomo Town Council awarded Mr. Oliver Mulumbilo a labour based contract for construction of a staff house at Sikweya Rural Health Centre at a contract sum of K3,000 for a period of two (2) months commencing on 19<sup>th</sup> August and ending on 19<sup>th</sup> October, 2019.

As at 30<sup>th</sup> September 2021, amounts totalling K59,850 (Materials - K58,350 and Labour - K1,500) had been spent.

A physical inspection of the works carried out in September 2021 revealed that the staff house had not been completed in that plastering and painting of the outside and inside, completion of flooring, fitting of door frame, five (5) doors and window frames and construction of spoon drain had not been done, twenty five (25) months after the expected completion date. See picture below.



Incomplete staff house – Sikweya Rural Health Post

**iii. Construction of Staff House at Nalubumba Clinic**

On 1<sup>st</sup> September 2019, Kalomo Town Council awarded Mr. Conheal Chibambo a labour based contract for construction of a staff house at Nalubumba Clinic at a contract sum of K4,000 for a period of four (4) months commencing on 15<sup>th</sup> September 2019 and ending on 15<sup>th</sup> January 2020.

As at 30<sup>th</sup> September 2021, amounts totalling K56,818 (Materials K54,818 and Labour K2,000) had been spent.

A physical inspection of the works carried out in September 2021 revealed that the staff house had not been completed in that roofing, plastering, painting, floor screed, glazing, back filling, fitting of doors and construction of spoon drain had not been done, twenty (20) months after the expected completion date despite materials being on site. Further, the contractor was not on site. See pictures below.



Incomplete Staff House at Nalubumba Clinic

## 31 Kalulushi Municipal Council

### 31.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review the Council had budgeted to receive grants from the Ministry of Local Government and to generate income from various sources in amounts totalling K74,237,020 against which amounts totalling K58,347,027 were received and generated resulting in a negative variance of K15,889,993. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	51,154,656	39,163,734	(11,990,922)
2	Fees and Charges	8,030,920	5,592,481	(2,438,439)
3	Licences	770,500	920,744	150,244
4	Levies	199,119	118,524	(80,595)
5	Permits	1,206,540	531,389	(675,151)
6	Other Receipts	78,598	285,306	206,708
7	Commercial Ventures	-	4,525	4,525
	<b>Sub Total</b>	<b>61,440,333</b>	<b>46,616,703</b>	<b>(14,823,630)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	11,196,687	10,030,324	(1,166,363)
9	Constituency Development Fund	1,600,000	1,600,000	-
10	Other Grants	-	100,000	100,000
	<b>Sub Total</b>	<b>12,796,687</b>	<b>11,730,324</b>	<b>(1,066,363)</b>
	<b>Total</b>	<b>74,237,020</b>	<b>58,347,027</b>	<b>(15,889,993)</b>

#### b. Failure to Collect Revenue

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K2,250,664 in rentals, billboards, banners and plot premiums. However, as at 30<sup>th</sup> September 2021, only amounts totalling K324,742 were collected leaving a balance of K1,263,281. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Revenue Type	Expected K	Collected K	Uncollected K
1	Rentals	788,718	90,155	698,563
2	Billboards and Banners	353,946	71,587	282,359
3	Plot Premiums	1,108,000	163,000	282,359
	<b>Totals</b>	<b>2,250,664</b>	<b>324,742</b>	<b>1,263,281</b>

**c. Overemployment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were eighty seven (87) authorised positions which were to be filled by eighty seven (87) officers but were instead filled by 136 officers resulting in excess of forty nine (49) officers.

The forty nine (49) officers were paid salaries in amounts totalling K3,726,408 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 that, “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) council properties such as the civic centre, Kalulushi Stadium, market shops and club house valued at K4,331,188 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 the department”.

Contrary to the regulation, the Council did not insure forty one (41) assets comprising thirty six (36) properties and five (5) motor vehicles as at 30<sup>th</sup> September 2021.

**ii. Failure to Maintain Property**

A physical inspection of selected properties owned by the Council carried out in September 2021 revealed that some properties were dilapidated due to lack of maintenance as detailed below.

- **Market Toilets**

A physical inspection of the market toilets revealed that the toilets were no longer flushable, door locks were broken and there was insufficient water. See pictures below.



Non- functional Toilet



Dilapidated Shower Room

- **Dongwe Centre**

The learning institution for primary school children was in a deplorable state with broken windows and doors and cracked floors among others. See picture below.



School Building with broken windows

**e. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K1,600,000 was made to cater for Kalulushi Constituency and the whole amount was released.

In addition, an amount of K1,101,697 was brought forward from 2019 bringing the total funds available to K2,701,697. As at 31<sup>st</sup> December 2020, amounts totalling K975,019 had been spent leaving a balance of K1,726,678.

The following were observed:

**i. Wasteful Expenditure - Economic Empowerment - Chicken Rearing**

During the period from January to April 2020, the Council spent amounts totalling K214,321 on the procurement of day-old chicks and other related poultry accessories to support seventeen (17) community-based clubs to engage in poultry as a business venture.

However, a physical verification carried out in September 2021 revealed that only one (1) club was functioning rendering the expenditure of K201,714 in respect of sixteen (16) dysfunctional clubs wasteful.

Further, the clubs had no appropriate buildings for chicken rearing as can be seen in the picture below.



House Used as a Chicken Run

**ii. Wasteful Expenditure - Economic Empowerment - Brick Making**

During the period under review, the Council spent amounts totalling K120,000 to procure six (6) manual and one (1) electrical block making machines which were distributed to seven (7) clubs within the district.

A physical verification carried out in September 2021 revealed that none of the recipients of the block making machines were using them as they were not empowered with raw materials such as quarry dust and cement, rendering the expenditure of K120,000 wasteful. See picture below.



An Idle Block Making Machine

**f. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K36,405,402 in respect of tax and pension contributions, some dating from as far back as 2017. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	19,872,345	4,829,540	24,701,884	396,651	24,305,234
2	NAPSA	5,702,472	2,568,201	8,270,672	1,021,885	7,248,788
3	LASF	4,402,380	776,180	5,178,560	327,179	4,851,381
	<b>Total</b>	<b>29,977,197</b>	<b>8,173,920</b>	<b>38,151,117</b>	<b>1,745,714</b>	<b>36,405,402</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former employees amounts totalling K817,709 in respect of retirement benefits dating from as far back as 2019.

**32 Kapiri Mposhi Town Council**

**32.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 and a physical inspection of selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council budgeted to receive income from the Ministry of Local Government and to generate income from various sources in amounts totalling K48,111,975 against which amounts totalling K27,489,170 were received and generated resulting in a negative variance of K20,622,805. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	8,803,812	4,517,521	(4,286,291)
2	Fees & charges	19,694,440	4,925,917	(14,768,523)
3	Licences	873,264	79,865	(793,399)
4	Levies	1,405,720	2,238,866	833,146
5	Permits	853,388	661,922	(191,466)
6	Other Income	413,338	1,071,425	658,087
7	Commercial Venture	3,098,493	1,362,306	(1,736,187)
	<b>Sub Total</b>	<b>35,142,455</b>	<b>14,857,822</b>	<b>(20,284,633)</b>
	<b>National Support</b>			
8	Local Government Equalisation Funds	11,069,520	11,031,348	(38,172)
9	Grant In Lieu of Rates	300,000	-	(300,000)
10	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Sub Total</b>	<b>12,969,520</b>	<b>12,631,348</b>	<b>(338,172)</b>
	<b>Total</b>	<b>48,111,975</b>	<b>27,489,170</b>	<b>(20,622,805)</b>

**b. Failure to Provide Waste Receptacles or Refuse Bays**

The Solid Waste Regulation and Management Act No. 20 of 2018 states that, “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”.

Contrary to the Act, a physical inspection of four (4) markets namely, Tambalale, Riverside, New market and Old Markets conducted in July 2021 revealed that the Council did not provide waste holding bays or receptacles (holders).

**c. Failure to Collect Rates and Business Levy**

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K167,364 in respect of property rates and business levy. However, as at 31<sup>st</sup> July 2021, only amounts totalling K18,111 were collected leaving a balance of K149,253.

**d. Overemployment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were seven (7) authorised positions which were to be filled by twelve (12) officers but were instead filled by nineteen (19) officers resulting in excess of seven (7) officers.

The seven (7) officers were paid salaries in amounts totalling K646,129 during the period under review.

**e. Management of Assets**

**i. Failure to Avail Title Deeds**

Section 41(4) of the Public Finance Management Act, No. 1 of 2018 states that, “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 such as the civic centre, council lodge, new market and ablution blocks were located.

In addition, Local Authorities Financial Regulation No.154 requires that the Treasurer should take out insurance cover against losses, damages, risks and liabilities which the Council may incur and should regularly review such cover in consultation with heads of departments.

Contrary to regulation, fifteen (15) buildings had not been insured.

**ii. Failure to Maintain Council Properties**

A physical inspection of selected properties carried out in July 2021 revealed that the Old Mukuni Tavern and Riverside and New markets were poorly maintained and dilapidated in that there was no running water, some doors and tiles were broken and walls were peeling off. See pictures below.



Old Mukuni Tavern

Broken door and peeled off tiles

**f. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K38,870,637 in respect of tax and pension, union and insurance contributions, some dating from as far back as 2015. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligation for 2020 K	Penalties K	Cumulative Total K	Payments K	Balance K
1	ZRA	5,574,790	1,215,564	-	6,790,354	-	6,790,354
3	NAPSA	2,410,509	1,162,821	25,578,776	29,152,105	-	29,152,105
2	LASF	2,334,437	305,419	63,673	2,703,530	30,000	2,673,530
4	NHIMA	-	37,180	-	37,180	14,965	22,215
5	FIRESUZ	4,110	24,194	-	28,304	23,726	4,578
6	Madison	55,882	49,043	-	104,926	-	104,926
7	ZULAWU	96,915	105,013	-	201,929	79,000	122,929
	<b>Total</b>	<b>10,476,643</b>	<b>2,899,235</b>	<b>25,642,449</b>	<b>39,018,328</b>	<b>147,691</b>	<b>38,870,637</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K5,656,214 in respect of long service bonus, terminal benefits, settling in allowance and gratuity, some dating from as far back as 2009. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Long Service Bonus	1,958,641	-	1,958,641	120,006	1,838,635
2	Terminal Benefits	3,348,672	146,986	3,495,658	225,010	3,270,648
3	Settling in Allowance	630,289	116,468	746,757	207,845	538,911
4	Gratuity	12,019	-	12,019	4,000	8,019
	<b>Total</b>	<b>5,949,621</b>	<b>263,454</b>	<b>6,213,076</b>	<b>556,861</b>	<b>5,656,214</b>

### 33 Kasama Municipal Council

#### 33.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K32,098,913 against which amounts totalling K27,756,613 were received and generated resulting in a negative variance of K4,342,300. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locall Generated</b>			
1	Local taxes	4,036,493	2,050,041	(1,986,452)
2	Fees and Charges	7,335,255	6,189,799	(1,145,455)
3	Licences	199,021	202,145	3,124
4	Levies	1,408,313	1,111,591	(296,722)
5	Permits	919,512	676,170	(243,342)
6	Other Receipts	140,000	16,155	(123,845)
	<b>Sub Total</b>	<b>14,038,593</b>	<b>10,245,901</b>	<b>(3,792,692)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	14,560,320	14,210,712	(349,608)
8	Constituent Development Fund	3,200,000	3,200,000	-
9	Grants in Lieu of Rates	300,000	100,000	(200,000)
	<b>Sub Total</b>	<b>18,060,320</b>	<b>17,510,712</b>	<b>(549,608)</b>
	<b>Total</b>	<b>32,098,913</b>	<b>27,756,613</b>	<b>(4,342,300)</b>

##### b. Management of Constituency Development Fund

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K3,200,000 was made to cater for Kasama Central and Lukashya constituencies and amounts totalling K3,200,000 were released.

In addition, an amount of K2,088,315 was brought forward from 2019 bringing the total funds available to K5,288,315.

As at 31<sup>st</sup> December 2020, amounts totalling K1,882,521 had been spent leaving a balance of K3,405,794.

The following were observed:

**i. Delayed Completion of Mulobola Health Post - Lukashya Constituency**

On 4<sup>th</sup> November 2019, Kasama Municipal Council engaged Structure General Dealers for completion of Mulobola Health Post at Kapopo Chisanga Community Centre at a contract sum of K110,508 over a period of seven (7) weeks.

As at 30<sup>th</sup> April 2021, amounts totalling K83,069 had been spent.

A physical inspection of the works carried out in April 2021 revealed that internal and external plastering and painting were not done eighteen (18) months after the expected completion date. See picture below.



Incomplete Mulobola Health Post

**ii. Delayed Completion - Shimumbo Primary School**

On 29<sup>th</sup> April 2020, Kasama Municipal Council engaged Joysam Enterprises Limited for completion of Shimumbo Primary School at a contract sum of K126,110 over a period of six (6) weeks.

As at 30<sup>th</sup> April 2021, amounts totalling K54,149 had been spent leaving a balance of K73,312.

A physical inspection of the works carried out in April 2021 revealed that internal plastering, beam filling, installation of doors, glazing and spoon drain were not done, nine (9) months after the expected completion date. See picture below.



Incomplete classroom block at Shimumbo Primary School

**iii. Delayed Completion of Ablution Block at Chikumanino Bus Station**

On 4<sup>th</sup> November 2019, Kasama Municipal Council awarded Chakama Construction Zambia Limited a labour based contract for the construction of an ablution block at a contract sum of K45,379 for a period of ten (10) weeks.

As at 30<sup>th</sup> April 2021, amounts totalling K102,961 (Materials – K89,773 and Labour – K13,188) had been spent.

A physical inspection carried out in April 2021 revealed that the structure had only been built up to foundation level, fourteen (14) months after expected completion date.

Further, the works had been abandoned rendering the amount of K102,961 spent on the project wasteful. See picture below.



Abandoned ablution block at foundation level

**c. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K25,987,048 in respect of tax and pension contributions, some dating from as far back as 2017. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	13,002,291	2,744,228	15,746,519	-	15,746,519
2	NAPSA	6,006,792	1,655,653	7,662,445	75,000	7,587,445
3	LASF	2,064,228	783,857	2,848,085	195,000	2,653,085
	<b>Total</b>	<b>21,073,311</b>	<b>5,183,737</b>	<b>26,257,048</b>	<b>270,000</b>	<b>25,987,048</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed amounts totalling K6,496,910 in respect of terminal benefits and settling in allowance, some dating from as far back as 2015. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Name	Balance B/F K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Terminal Benefits	2,353,317	2,838,775	5,192,092	173,403	5,018,689
2	Setting In Allowance	1,226,157	365,629	1,591,786	113,564	1,478,221
	<b>Total</b>	<b>3,579,474</b>	<b>3,204,403</b>	<b>6,783,877</b>	<b>286,967</b>	<b>6,496,910</b>

## 34 Katete Town Council

### 34.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K18,527,070 against which amounts totalling K15,793,625 were received and generated resulting in a negative variance of K2,733,445. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	699,898	215,490	(484,408)
2	Fees and Charges	3,323,270	1,533,268	(1,790,002)
3	Licences	84,750	16,180	(68,570)
4	Levies	618,610	488,242	(130,368)
5	Permits	523,075	301,884	(221,191)
6	Commercial Ventures	107,860	26,249	(81,610)
7	Other Receipts	158,991	201,268	42,277
	<b>Sub Total</b>	<b>5,516,454</b>	<b>2,782,581</b>	<b>(2,733,873)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	9,810,616	9,761,044	(49,572)
9	Constituency Development Fund	3,200,000	3,200,000	-
10	Other Grants	-	50,000	50,000
	<b>Sub Total</b>	<b>13,010,616</b>	<b>13,011,044</b>	428
	<b>Total</b>	<b>18,527,070</b>	<b>15,793,625</b>	<b>(2,733,445)</b>

#### b. 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, housing allowance in amounts totalling K1,023,149 was paid to 123 officers during the period under review without deducting tax.

**c. Delayed Construction of a Local Government Equalisation Fund Project - Kavulamungu Bridge**

On 4<sup>th</sup> February 2020, Katete Town Council signed a contract with Modern Construction Limited for the construction of Kavulamungu Bridge at a contract sum of K495,559 with a completion period of eight (8) weeks commencing in February and ending in April 2020.

The scope of works included excavation, culvert works, stone pitching and decking.

As at 31<sup>st</sup> May 2021, amounts totalling K162,084 had been paid to the contractor leaving a balance of K333,475.

A physical inspection of the project carried out in May 2021 revealed that no works had been done except for the diversion of water from the main stream, twelve (12) months after the expected completion date. It was further observed that the contractor was not on site.

**d. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K5,436,232 in respect of tax and pension, union and insurance contributions, some dating from as far back as 2013. See table 2 below.

**Table 2: Unremitted Statutory obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	1,407,796	1,010,486	2,418,282	54,000	2,364,282
2	NAPSA	1,739,918	750,020	2,489,938	157,657	2,332,281
3	LASF	515,952	281,061	797,013	170,118	626,896
4	ZULAWU	4,204	70,947	75,151	58,524	16,627
5	Workers Compensation Fund	62,280	-	62,280	2,000	60,280
6	NHIMA	-	120,398	120,398	84,532	35,866
	<b>Total</b>	<b>3,730,150</b>	<b>2,232,912</b>	<b>5,963,062</b>	<b>526,830</b>	<b>5,436,232</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K2,793,685 in respect of settling in allowance, terminal benefits and long service bonus, some dating from as far back as 2012. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Settling in Allowance	305,165	44,000	349,165	148,518	200,647
2	Terminal Benefits	1,961,166	-	1,961,166	229,071	1,732,095
3	Long Service Bonus	878,627	-	878,627	17,684	860,943
	<b>Total</b>	<b>3,144,958</b>	<b>44,000</b>	<b>3,188,958</b>	<b>395,273</b>	<b>2,793,685</b>

**35 Kawambwa Town Council**

**35.1 Audit Findings**

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K18,104,479 against which amounts totalling K19,797,650 were received and generated resulting in a variance of K1,693,171. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
2	Local taxes	589,530	281,478	(308,052)
3	Fees and Charges	1,496,317	1,352,252	(144,065)
4	Licences	304,514	260,704	(43,810)
5	Levies	30,685	10,459	(20,226)
6	Permits	30,460	172,443	141,983
7	Charges	2,810,000	2,748,533	(61,467)
8	Commercial Venture	216,000	11,735	(204,265)
9	Other Receipts	105,000	2,273,612	2,168,612
	<b>Sub Total</b>	<b>5,582,506</b>	<b>7,111,215</b>	<b>1,528,709</b>
	<b>National Support</b>			
9	Local Government Equalisation Fund	9,321,973	8,986,434	(335,539)
10	Constituency Development Fund	3,200,000	3,200,000	-
11	Other Grants	-	500,000	500,000
	<b>Sub Total</b>	<b>12,521,973</b>	<b>12,686,434</b>	<b>164,461</b>
	<b>Total</b>	<b>18,104,479</b>	<b>19,797,650</b>	<b>1,693,171</b>

In addition, the balance of K1,610,920 was brought forward from the year 2019 bringing the total available funds for expenditure to K21,408,570.

**b. Failure to Collect Revenue**

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K814,966 from property rates, tea levy and plot premiums. However, as at 30<sup>th</sup> September 2021, only amounts totalling K265,030 were collected leaving a balance of K549,936. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Type of Revenue	Expected Total K	Collected K	Uncollected K
1	Property Rates	644,018	265,030	378,988
2	Tea Levy	128,895	-	128,895
3	Personal Levy - Kawambwa Tea	10,020	-	10,020
4	Plot Premium	32,033	-	32,033
	<b>Total</b>	<b>814,966</b>	<b>265,030</b>	<b>549,936</b>

**c. Management of Payroll and Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of ninety four (94) positions out of which seventy four (74) were filled leaving twenty (20) vacant as at 30<sup>th</sup> September

2021. The vacant positions for revenue collectors were key to the running of the Council.

**ii. Non-deduction of NAPSA Contributions**

Section 15 of the National Pensions Scheme Act of 1996 states that, “The employee and employer shall contribute 5% each to the Fund”.

Contrary to the Act, the Council engaged thirty one (31) casual workers who were paid wages amounting to K62,213 without deducting NAPSA contributions.

**d. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K3,402,707 in respect of tax and pension contributions, some dating from as far back as 2016. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	1,958,152	608,080	2,566,233	608,080	1,958,152
2	NAPSA	1,315,832	514,221	1,830,053	514,221	1,315,832
3	LASF	141,372	160,275	301,647	172,924	128,723
	<b>Total</b>	<b>3,415,356</b>	<b>1,282,577</b>	<b>4,697,933</b>	<b>1,295,225</b>	<b>3,402,707</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed amounts totalling K1,932,051 in respect of terminal benefits, long service bonus and salary arrears, some dating from as far back as 2016. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Terminal Benefits	1,131,270	748,999	1,880,268	94,828	1,785,441
2	Long Service Bonus	85,172	-	85,172	29,221	55,951
3	Salary Arrears	117,221	-	117,221	26,562	90,660
	<b>Total</b>	<b>1,333,663</b>	<b>748,999</b>	<b>2,082,661</b>	<b>150,610</b>	<b>1,932,051</b>

## 36 Kazungula Town Council

### 36.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K20,837,929 against which amounts totalling K19,408,282 were received and generated resulting in a negative variance of K1,429,647. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	748,750	93,569	(655,181)
2	Fees and Charges	8,498,446	7,626,445	(872,001)
3	Licences	52,000	35,250	(16,750)
4	Levies	1,126,497	1,258,509	132,012
5	Permits	248,450	53,970	(194,480)
6	Commercial Venture	-	70,733	70,733
7	Other Receipts	48,000	22,885	(25,115)
	<b>Sub Total</b>	<b>10,722,143</b>	<b>9,161,361</b>	<b>(1,560,782)</b>
	<b>National Support</b>			
	Local Government Equalisation			
8	Fund	8,315,786	8,272,438	(43,348)
9	Constituency Development Fund	1,600,000	1,687,383	87,383
10	Other grants	200,000	287,100	87,100
	<b>Sub Total</b>	<b>10,115,786</b>	<b>10,246,921</b>	<b>131,135</b>
	<b>Total</b>	<b>20,837,929</b>	<b>19,408,282</b>	<b>(1,429,647)</b>

In addition, funds amounting to K1,309,764 were brought forward from the previous year bringing the total funds available to K20, 718,046.

#### b. Poor Management of Kazungula Dumpsite

The Environmental Management Act No. 12 of 2011 states that, “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.

However, the following were observed:

- i. There were no warning signs displayed at the dumpsite to warn the general public of the existences of the dumpsite.
- ii. The council did not compact the waste with a layer of soil and was being burnt thereby, exposing the community to health hazards.
- iii. The dumpsite was not fenced for protection and from access by unauthorised persons. See pictures below.



Uncompact solid waste



Dumpsite not fenced

### **c. Accounting for Revenue**

#### **i. Missing Receipt Books**

Local Authorities Financial Regulation No. 28 (1) (b) states that, “Receipts of all types shall be preserved for a period of ten (10) years”.

Contrary to the regulation, five (5) receipt books issued during the period under review were not availed for audit.

#### **ii. Delayed Banking**

Local Authorities Financial Regulation No. 19 states that, “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 of revenue in amounts totalling K36,406 for periods ranging from five (5) to forty eight (48) days.

**iii. Failure to Collect Revenue**

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K13,099,192 from property rates, mast levy, billboards and plot premiums owed by various institutions and individuals. However, as at 31<sup>st</sup> October 2021, amounts totalling K3,349,150 were collected leaving a balance of K9,750,042. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Revenue Type	Expected K	Collected K	Uncollected K
1	Property Rates	1,524,162	52,175	1,471,987
2	Zamtel-Mast Levy	45,000	-	45,000
3	Billboards	95,030	-	95,030
4	Plot Premiums	11,435,000	3,296,975	8,138,025
	<b>Totals</b>	<b>13,099,192</b>	<b>3,349,150</b>	<b>9,750,042</b>

**d. Procurement of Goods and Services**

**i. Irregular Use of Accountable Imprest**

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

Contrary to the regulation, accountable imprest in amounts totalling K45,103 was issued to nineteen (19) officers to procure goods and services whose values were obtainable on the market.

**ii. Irregular Medical Fees Refunds**

Section 156 of the Conditions of Service for Local Government Officers states that, “Officers and dependents are entitled to free medical attention from an approved

medical institution provided that the medical services have been authorised by the supervising officer on the recommendation of an approved medical officer and entitled to a refund on production of evidence of payment in accordance with any medical aid scheme in force”.

During the period under review, the Council paid medical refunds in amounts totalling K35,877 to various officers. However, the refunds were irregular in that the Council did not have a medical scheme in place.

**e. Employment of Casual Workers**

Section 7 (1) of the Employment Code Act No. 3 of 2019 prohibits institutions or persons from engaging employees on casual terms of employment for jobs which are permanent in nature.

Contrary to the Act, the Council engaged twenty five (25) casual employees for jobs that were permanent in nature and were paid amounts totalling K192,685 for the period they were engaged on a casual basis. As at 30<sup>th</sup> September 2021, the engagement of casual workers had not been normalised.

Further, contrary to the National Pension Scheme Act No. 7 of 2015, there was no evidence that the casual employees were making contributions to the National Pension Scheme Authority (NAPSA).

**f. Lack of Title Deeds**

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states that, “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) council properties such as the civic centre and residential houses 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 the department”.

Contrary to the regulation, the Council did not insure the five (5) motor vehicles as at 31<sup>st</sup> October 2021.

**g. Delays in Construction of Truck Yard**

On 17<sup>th</sup> November 2020, Kazungula Town Council engaged Ndanthia General Dealers Limited on a labour-based contract for construction of a Truck Yard at a contract sum of K77,389 with a contract period of six (6) weeks from 17<sup>th</sup> November 2020 to 31<sup>st</sup> December 2020.

The scope of works included excavation, casting C25 concrete footing, block work and construction of pillars using blocks.

As at 31<sup>st</sup> October 2021, amounts totalling K283,731 (labour – K247,480 and materials – K36,251) had been spent.

A physical inspection of the works carried out in October 2021 revealed that nine (9) months after the expected completion date, the truck yard had not been completed in that block work, concrete footing and construction of pillars had not been done. See pictures below.



Incomplete Truck Yard

**h. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K1,600,000 was made to cater for Katombora Constituency and the whole amount was released.

In addition, an amount of K413,263 was brought forward from 2019 bringing the total funds available to K2,013,263.

As at 31<sup>st</sup> December 2020, amounts totalling K247,927 had been spent leaving a balance of K1,765,336.

The following were observed:

**i. Delayed Submission of Proposed Projects to the Ministry**

Section 15 (1) of the Constituency Development Fund Act No. 11 of 2018 states that, “Subject to Section 6 (e), a Committee shall submit to the Minister a proposed project list and the estimated costs of the proposed projects before the end of the month of March in each year in the prescribed manner and form to ensure timely release of funds”.

However, a scrutiny of the approval letter from the Ministry of Local Government revealed that the Council submitted a proposed list on 12<sup>th</sup> January 2021 for Katombora Constituency after receiving funding on 18<sup>th</sup> August 2020 of K1,600,000. In this regard, there was a delay in submitting the list of proposed projects by six (6) months from the date funding was received.

Consequently, five (5) projects with total allocated funds amounting to K839,284 had not been implemented as at 31<sup>st</sup> October 2021.

**ii. Delayed Completion of Teacher’s House at Nzwida Primary School and 1 x 3 Classroom Block at Makunka Secondary School**

On 30<sup>th</sup> September 2019, Kazungula Town Council engaged Liberty Engineering Services for the construction of a teacher’s house at Nzwida Primary School and construction of 1 x 3 classroom block at Makunka Secondary School in Kazungula District at a contract price of K390,433 with a completion period of twelve (12) weeks starting on 7<sup>th</sup> October 2019 and ending on 30<sup>th</sup> December 2019.

As at 31<sup>st</sup> October 2021, amounts totalling K355,242 had been paid to the contractor.

A physical inspection of the works carried out in October 2021 revealed the following:

- **Construction of 1 x 3 Classroom Block at Makunka Secondary School**

The project was not completed and the contractor was not on site. The outstanding works included roofing, floor screed, plastering, painting, window panes, doors and spoon drain. See picture below.



Incomplete 1 x 3 CRB Makunka Secondary School

- **Construction of a Teacher's House at Nzwida Primary School**

The project was not completed and the contractor was not on site. The outstanding works included floor screed, plastering, painting, window panes, doors and spoon drain. See picture below.



Incomplete House at Nzwida Primary School

**iii. Delayed Completion of 1 x 3 Classroom Block at Sikaunzwe Primary School.**

On 27<sup>th</sup> August 2019, Kazungula Town Council engaged Piso Promise Civil Contractors Limited for the construction of a 1 x 3 Classroom Block (CRB) at Sikaunzwe Primary School at a contract sum of K399,032 with a completion period of sixteen (16) weeks starting on 3<sup>rd</sup> September 2019 and ending on 24<sup>th</sup> December 2019.

As at 30<sup>th</sup> October 2021, the contractor had been paid the whole amount.

A physical inspection of the works carried out in October 2021 revealed that the classroom block had not been completed in that polished floor screed, painting and fitting of window panes and doors had not been done. See picture below.



Incomplete 1 x 3 CRB Sikaunzwe Primary School

**i. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K5,332,163 in respect of tax and pension contributions, some dating from as far back as 2013. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	3,292,261	1,620,487	4,912,748	100,000	4,812,748
2	NAPSA	742,159	756,290	1,498,449	1,190,724	307,725
3	LASF	194,111	190,440	384,551	172,861	211,690
	<b>Total</b>	<b>4,228,531</b>	<b>2,567,217</b>	<b>6,795,748</b>	<b>1,463,585</b>	<b>5,332,163</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K169,051 in respect of long service bonus and settling in allowances, some dating from as far back as 2012. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Long Service Bonus	88,273	-	88,273	42,000	46,273
2	Settling in Allowances	253,778	165,310	419,088	296,310	122,778
	<b>Total</b>	<b>342,051</b>	<b>165,310</b>	<b>507,361</b>	<b>338,310</b>	<b>169,051</b>

### 37 Kitwe City Council

#### 37.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 and a physical inspection of selected projects revealed the following:

##### a. Budget and Income

During the period under review, the Council had budgeted to receive income from the Ministry of Local Government and to generate income from various sources in amounts totalling K190,962,291 against which amounts totalling K133,288,662 were received and generated resulting in a negative variance of K57,673,629. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	100,882,017	37,330,383	(63,551,634)
2	Fees and Charges	39,864,839	43,419,155	3,554,316
3	Licences	850,000	567,783	(282,217)
4	Levies	3,620,000	3,886,739	266,739
5	Permits	8,422,400	10,504,148	2,081,748
6	Other Receipts	1,040,000	544,288	(495,712)
	<b>Sub Total</b>	<b>154,679,256</b>	<b>96,252,496</b>	<b>(58,426,760)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	28,283,035	28,936,166	653,131
8	Constituency Development Fund	8,000,000	8,000,000	-
9	Other Grants	-	100,000	100,000
	<b>Sub Total</b>	<b>36,283,035</b>	<b>37,036,166</b>	<b>753,131</b>
	<b>Total</b>	<b>190,962,291</b>	<b>133,288,662</b>	<b>(57,673,629)</b>

**b. Lack of Disaster Recovery Plan/Business Continuity Plan**

During the period under review, Kitwe City Council did not have a disaster recovery plan/business continuity plan that ensures the entity responds to a disaster or other emergency that affects information systems and minimise the effect on business operations. The Council may not mitigate loss of information and disruption of operations in case of a disaster.

**c. Failure to Collect Revenue**

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

The following were observed:

**i. Leased and Rented Properties**

During the period under review, the Council was expected to collect amounts totalling K21,751,916 in respect of leased properties, rented houses and site rent. However, as at 31<sup>st</sup> July 2021, only amounts totalling K1,650,967 were collected leaving a balance of K20,100,949. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Revenue Type	Expected K	Collected K	Uncollected K
1	Leased Properties	1,938,420	905,920	1,032,500
2	Rented-Houses	133,235	60,843	72,392
3	Site rent	19,680,261	684,204	18,996,057
	<b>Totals</b>	<b>21,751,916</b>	<b>1,650,967</b>	<b>20,100,949</b>

**ii. Plot Premiums - Kafue Park**

During the period under review, the Council was expected to collect amounts totalling K7,410,000 in respect of plot premiums. However, as at 31<sup>st</sup> July 2021, amounts totalling K5,131,400 were collected leaving a balance of K2,278,600.

**iii. Plot Premiums – Way Leave S129**

During the period under review, the Council offered 1,088 plots to the public in different categories and was expected to collect amounts totalling K14,972,500

as plot premiums. However, as at 31<sup>st</sup> July 2021, amounts totalling K8,131,050 were collected leaving a balance of K6,841,450. See table 3 below.

**Table 3: Uncollected Revenue from Plots**

No.	Plot Category	No. of Plots	Cancelled Plots	Created Plots	Adjusted No. of Plots	Plot Premium K	Total Premium K
1	High Cost	54	11	0	43	30,500	1,311,500
2	Medium Cost	305	43	0	262	20,500	5,371,000
3	Low Cost	1,025	246	0	779	10,500	8,179,500
4	Commercial	1	0	0	1	100,000	100,000
5	Commercial (Small)	1		2	3	3,500	10,500
	<b>Total</b>	1,386	300	2	1,088	<b>165,000</b>	<b>14,972,500</b>
6	Amount Collected						8,131,050
	<b>Balance Not Collected</b>						<b>6,841,450</b>

**iv. Regularisation Fees**

During the period under review, Kitwe Town Council carried out a land regularisation exercise to normalise settlements in Ituna, Chimwemwe East Market and Sopelo. The Council was expected to collect K1,455,650 from the settlers for application forms and service charges for the regularisation.

However, as at 31<sup>st</sup> July 2021, only amounts totalling K97,700 had been collected leaving a balance of K1,357,950.

**v. Plot Premiums from Employees**

In 2019, the Council offered 116 plots to its employees who had applied for plots and were successful. The Council was expected to collect a total amount of K1,790,000 in plot premiums.

However, out of the 116 plots, 33 plots were offered to employees and the Council was expected to collect premiums totalling K540,000 out of which only K142,437 had been collected leaving a balance of K397,563.

**d. Irregular Drawing of Fuel**

Ministry of Local Government Minute No. MLGH/71/6/93 dated 15<sup>th</sup> 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 K136,649 was irregularly drawn from the pool account by seven (7) directors who were in receipt of fuel allowance.

**e. Failure to Change Ownership of Donated Motor Vehicles**

During the period under review, the council received six (6) motor vehicles through donations from various organisations. See table 4 below.

**Table 4: Failure to Change Ownership of Motor Vehicles**

No.	Vehicle Type	Registration No.	Absolute Owner
1	Toyota Hilux	ALL 763	China Henan International
2	Toyota Hilux	ALL 1348	
3	Nissan Hardbody	ABE 1252	Mwinilunga Town Council
4	Nissan UD85- Refuse Truck	ALR 9070	Nkana Water Sewerage Co.
5	Nissan UD85- Refuse Truck	ALV 4119	Nkana Water Sewerage Co
6	Sino Howo - Tipper	ACX 1451	Nizam Crusher Limited

However, as at 31<sup>st</sup> July 2021, the Council had not changed ownership of the vehicles.

**f. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K26,336,218 in respect of tax and pension contributions, some dating from as far back as 2012. See table 5 below.

**Table 5: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	36,298,397	9,885,590	46,183,988	43,244,692	2,939,296
2	NAPSA	20,431,499	5,424,586	25,856,085	22,617,370	3,238,716
3	LASF	18,802,034	2,708,874	21,510,909	1,352,702	20,158,206
	<b>Total</b>	<b>75,531,930</b>	<b>18,019,051</b>	<b>93,550,982</b>	<b>67,214,764</b>	<b>26,336,218</b>

## 38 Limulunga Town Council

### 38.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K10,599,627 against which amounts totalling K10,268,552 were received and generated resulting in a negative variance of K267,579. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	32,478	28,036	(4,442)
2	Fees and Charges	343,397	89,587	(253,810)
3	Licences	8,750	7,648	(1,102)
4	Levies	92,480	91,176	(1,304)
5	Permits	57,650	8,120	(49,530)
6	Other Grants	267,000	267,000	-
7	Other Receipts	50,000	60,861	10,861
	<b>Sub Total</b>	<b>851,755</b>	<b>552,428</b>	<b>(299,327)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	8,147,872	8,116,124	31,748
9	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Sub Total</b>	<b>9,747,872</b>	<b>9,716,124</b>	<b>31,748</b>
	<b>Total</b>	<b>10,599,627</b>	<b>10,268,552</b>	<b>(267,579)</b>

#### b. Failure to Operate a Dumpsite

The Environmental Management Act No. 12 of 2011 states that, “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”.

Contrary to the Act, the council had not designated an area as dumpsite for disposing of waste thereby posing a health risk to the community.

**c. Delayed Banking**

Local Authorities Financial Regulation No. 19 states that, “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 of revenue in an amounts totalling K77,798 for periods ranging from four (4) to forty one (41) days.

**d. Failure to Fill Vacant Positions**

The Council had an approved establishment of seventy four (74) positions out of which fifty four (54) were filled leaving twenty (20) vacant as at 31<sup>st</sup> October 2021. Out of the vacant positions, some were key to the running of the Council such as town planner, land surveyor, building inspector and revenue collector.

**e. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K667,818 in respect of tax and pension contributions, some dating from as far back as 2018. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Balance K
1	ZRA	414,996	-	414,996
2	LASF	63,969	19,958	83,926
3	NAPSA	-	168,895	168,895
	<b>Total</b>	<b>478,965</b>	<b>188,853</b>	<b>667,818</b>

## 39 Livingstone City Council

### 39.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K63,458,963 against which amounts totalling K43,788,823 were received and generated resulting in a negative variance of K19,670,140. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	28,924,419	15,711,803	(13,212,616)
2	Fees and Charges	8,163,062	7,866,870	(296,192)
3	Licences	4,072,822	598,910	(3,473,912)
4	Levies	4,878,660	4,447,682	(430,978)
	<b>Sub Total</b>	<b>46,038,963</b>	<b>28,625,265</b>	<b>(17,413,698)</b>
	<b>National Support</b>			
5	Local Government Equalisation Fund	15,620,000	13,463,558	(2,156,442)
6	Constituency Development Fund	1,600,000	1,600,000	0
7	Grants in Lieu of Rates	200,000	100,000	(100,000)
	<b>Sub Total</b>	<b>17,420,000</b>	<b>15,163,558</b>	<b>(2,256,442)</b>
	<b>Total</b>	<b>63,458,963</b>	<b>43,788,823</b>	<b>(19,670,140)</b>

#### b. Accounting for Revenue

##### i. Misappropriation of Revenue

The Local Authorities Financial Regulation No. 72 states 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 regulation, a revenue collector misappropriated revenue in amounts totalling K13,990 by altering deposit slips at the time of banking. As at 31<sup>st</sup> May 2021, a total amount of K9,746 had been recovered from the officer leaving a balance of K4,244.

**ii. Failure to Collect Revenue**

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

However, the following were observed:

- **Mukuni Park Curio Shops**

As at 31<sup>st</sup> May 2021, the Council did not collect revenue for rentals from Mukuni Park Curio Market Association in amounts totalling K98,160 for the lease of sixty one (61) stands at Mukuni Park.

- **Billboards**

During the period under review, the Council was expected to collect Billboard fees in amounts totalling K1,327,328 out of which only amounts totalling K395,349 were collected leaving a balance of K931,980 as at 31<sup>st</sup> May 2021.

- **Motor Vehicle Levy**

The Council levies motor vehicles entering and exiting the Livingstone - Victoria Falls border at a rate of K80 per truck.

A scrutiny of records maintained by Zambia Revenue Authority at Victoria Falls Border revealed that a total number of 17,277 trucks entered into and exited the Republic of Zambia through the Border Post during the period under review. In this regard, the Council was expected to collect K1,382,160 out of which amounts totalling K1,076,370 were collected resulting in an under collection of K305,790.

**c. Wasteful Expenditure - Repair of Tractor**

Sections 11 and 86 of the Road Traffic Act No. 11 of 2002 states that, “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 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”.

On 12<sup>th</sup> June 2017, specialised equipment (Tractor) Massey Ferguson registration number GRZ 1 - 3293 belonging to Livingstone City Council was involved in a road traffic accident with a private motor vehicle registration number AJD 3085.

According to the Police report, the driver of the tractor was found to be at fault and the Council was to compensate the owner of the private motor vehicle for the damage suffered.

In this regard, the owner took the vehicle to a private garage and the Council was to facilitate the repairs.

Although the vehicle was worked on, the Council delayed by twenty four (24) months in having the vehicle repaired and the garage charged the owner of the vehicle an amount of K34,691 for storage which the Council had to settle.

However, the Council did not settle the cost on time prompting the owner of the vehicle to take the matter to court.

In this regard, on 13<sup>th</sup> August 2020, the Court ordered the Council to pay a sum of K34,691 in three (3) equal monthly instalments to the owner of the damaged vehicle and the amount was paid in full starting from September to November 2020.

Therefore, the payment of storage charges by the Council constituted wasteful expenditure as it could have been avoided.

**d. Unaccounted for Fuel**

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

Contrary to the regulation, fuel costing K229,965 involving twelve (12) transactions procured during the period under review was not accounted for in that there were no receipt and disposal details.

e. **Management of Liabilities**

i. **Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K92,614,973 in respect of tax and pension contributions, some dating from as far back as 2015. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payment K	Balance K	Variance in the Year K
1	ZRA	37,673,077	4,016,171	41,689,248	-	41,689,248	37,673,077
3	NAPSA	39,746,444	2,879,144	42,625,588	-	42,625,588	39,746,444
2	LASF	7,578,563	1,001,355	8,579,918	252,781	8,327,137	7,325,782
	<b>Total</b>	<b>84,998,084</b>	<b>7,896,670</b>	<b>92,894,754</b>	<b>252,781</b>	<b>92,641,973</b>	<b>84,745,303</b>

ii. **Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K1,450,184 in respect of terminal benefits and long service bonus, some dating from as far back as 2013. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Totals K	Payments K	Balance K
1	Terminal Benefits	611,717	546,501	1,158,218	189,443	968,775
2	Long Service Bonus	1,037,808	-	1,037,808	556,399	481,409
	<b>Total</b>	<b>1,649,525</b>	<b>546,501</b>	<b>2,196,026</b>	<b>745,842</b>	<b>1,450,184</b>

## 40 Luangwa Town Council

### 40.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K14,913,462 against which amounts totalling K12,156,832 were received and generated resulting in a negative variance of K2,756,630. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	739,011	32,861	(706,150)
2	Fees and Charges	2,723,615	770,310	(1,953,305)
3	Licenses	48,500	62,060	13,560
4	Levies	950,752	744,228	(206,524)
5	Permits	47,600	37,866	(9,734)
6	Other Income	23,000	-	(23,000)
	<b>Total</b>	<b>4,532,478</b>	<b>1,647,325</b>	<b>(2,885,153)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	8,650,984	8,759,507	108,523
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Grants in Lieu of Rates	130,000	150,000	20,000
	<b>Sub Total</b>	<b>10,380,984</b>	<b>10,509,507</b>	<b>128,523</b>
	<b>Total</b>	<b>14,913,462</b>	<b>12,156,832</b>	<b>(2,756,630)</b>

In addition, funds amounting to K87,960 were brought forward from 2019 bringing the total funds available to K12,244,792.

#### b. Poor Management of Dumpsite

The Environmental Management Act No. 12 of 2011 states that, “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.

However, the following were observed:

- 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 the waste with a layer of soil thereby exposing the community to health hazards. See pictures below.



Dumpsite not fenced and waste not compacted

**c. Missing Receipt Books**

Local Authorities Financial Regulation No.28 (1) (b) states that, “Receipts of all types shall be preserved for a period of ten (10) years”.

Contrary to the regulation, three (3) receipt books issued during the period under review were not availed for audit.

**d. 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, stores items costing K29,500 procured during the period under review were not accounted for in that there were no receipt and disposal details.

**e. Management of Assets**

**i. Lack of Title Deeds**

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states that, “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) council properties valued at K6,066,790 such as the civic centre, residential houses, lodge, abattoir, council shop and ablution blocks were located.

**ii. Failure to Insure Assets**

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 the department”.

Contrary to the regulation, the Council did not insure nine (9) vehicles and specialised equipment valued at K743,420 as at 31<sup>st</sup> October 2021

**f. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of the firefighting unit of 36 positions out of which 13 were filled leaving 23 vacant as at 31<sup>st</sup> October 2021. Out of the vacant positions, some were key to the running of the Council such as Firemen. It was further, observed that the positions had been vacant since 2017.

**ii. Failure to Insure Fire Officers**

Section 20 – Health/sickness – of the Fire Services Brigade Standing Orders requires, among other things, that all Fire Officers should be insured.

Contrary to the provisions of the Fire Services Brigade Standing Orders, the Council did not insure all the thirteen (13) officers.

**g. Misapplication of Local Government Equalisation Fund**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K8,759,507 were received as equalisation funds, out of which an amount of K273,596 was transferred to capital projects account, while a total amount of K8,485,911 was allocated to operational expenses.

In this regard, amounts totalling K1,751,901 being 20% of equalisation funds meant for capital expenditure were expected to be transferred to the project account. It was however observed that only K273,596 was transferred to the account leaving a balance of K1,478,305 which was misapplied on payment of personal emoluments.

**h. Delayed Completion of a Constituency Development Fund Project - Boys Dormitory at Kaunga Secondary School**

On 16<sup>th</sup> January 2020, Luangwa Town Council awarded a labour-based contract to Lhumart Solutions Ltd of Lusaka District for the completion of a boys' dormitory at a contract sum of K157,285 with a completion period of ten (10) weeks commencing in January and ending in March 2020.

As at 31<sup>st</sup> May 2021, amounts totalling K89,185 had been paid to the contractor.

A physical inspection carried out in October 2021 revealed that the dormitory was not completed in that carpentry, metal works, electrical installation, distribution box installation, flooring, wall and ceiling finishes, glazing, painting and decorations were not done, eighteen (18) months after the expected completion date. See picture below.



Incomplete Dormitory

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K13,027,342 in respect of tax and pension contributions, some dating from as far back as 2013. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Totals K	Payments K	Balance K
3	ZRA	2,573,393	614,528	3,187,921	-	3,187,921
1	LASF	523,287	82,243	605,530	30,000	575,530
2	NAPSA	8,993,522	286,294	9,279,816	15,925	9,263,891
	<b>Total</b>	<b>12,090,202</b>	<b>983,065</b>	<b>13,073,267</b>	<b>45,925</b>	<b>13,027,342</b>

## 41 Luanshya Municipal Council

### 41.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 and a physical inspection revealed the following:

#### a. Budget and Income

During the period under review, the Council had budgeted to receive grants from the Ministry of Local Government and to generate income from various sources in amounts totalling K64,847,325 against which amounts totalling K56,431,244 were received and generated resulting in negative variance of K8,416,081. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated Funds</b>			
1	Local taxes	19,339,994	27,128,289	(7,788,295)
2	Fees and Charges	24,377,571	9,659,441	14,718,130
3	Licences	208,200	873,886	(665,686)
4	Levies	1,322,156	30,841	1,291,315
5	Permits	2,084,710	1,243,610	841,100
6	Other Receipts	82,000	53,995	28,005
7	Commercial Ventures	782,400	138,609	643,791
	<b>Sub Total</b>	<b>48,197,031</b>	<b>39,128,671</b>	<b>9,068,360</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	13,450,294	13,502,573	(52,279)
9	Constituency Development Fund	3,200,000	3,200,000	-
10	Other Grants	-	600,000	(600,000)
	<b>Sub Total</b>	<b>16,650,294</b>	<b>17,302,573</b>	<b>(652,279)</b>
	<b>Total</b>	<b>64,847,325</b>	<b>56,431,244</b>	<b>8,416,081</b>

#### b. Failure to Collect Revenue

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K1,349,056 in respect of leased and rented properties and billboards. However, as at 30<sup>th</sup> September 2021, only amounts totalling K134,320 were collected leaving a balance of K1,214,736. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Revenue Type	Expected K	Collected K	Uncollected K
1	Leased and Rented Properties	995,433	19,807	975,626
2	Billboards and Banners	353,623	114,513	239,110
	<b>Totals</b>	<b>1,349,056</b>	<b>134,320</b>	<b>1,214,736</b>

**c. Failure to Maintain Properties**

A physical inspection carried out at Mikomfwa Market revealed that shops and toilets were in dilapidated state and were not in use. See pictures below.



Rotten Roofing Sheets, Broken doors and broken windows

**d. Failure to Implement Approved Constituency Development Fund Projects**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a provision of K3,200,000 was made to cater for Roan and Luanshya constituencies and the whole amount was released.

In addition, there was a balance brought forward from 2019 of K723,864 bringing the total funds available to K3,923,864. As at 30<sup>th</sup> September 2021, amounts totalling K744,601 had been spent leaving a balance of K3,179,263.

In this regard, eleven (11) projects which were allocated amounts totalling K3,040,000 during the period under review had not been implemented. See table 3 below.

**Table 3: Projects not Implemented**

No.	Project Name	Amount K	Constituency
1	Completion of Chibolya Clinic	1,150,000	Luanshya
2	Pumbps for Clinics	24,000	Luanshya
3	Youth Empowerment	240,000	Luanshya
4	Various Rehabilitations (3 Projects)	106,000	Luanshya
5	Wall fences for Schools (3)	240,000	Roan
6	Rehabilitations (5) Schools	210,000	Roan
7	Purchase of Tractor	535,000	Roan
8	Education support	200,000	Roan
9	Grading of Mpata Hill Road	75,000	Roan
10	Procurement of Gen set	160,000	Roan
11	Market Shelter	100,000	Roan
	<b>Grand Total</b>	<b>3,040,000</b>	

**e. Management of Liabilities****i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K61,054,899 in respect of tax and pension contributions, some dating from as far back as 2016. See table 4 below.

**Table 4: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	14,220,624	3,497,976	<b>17,718,600</b>	250,000	<b>17,468,600</b>
2	NAPSA	33,711,149	2,549,107	<b>36,260,256</b>	830,489	<b>35,429,767</b>
3	LASF	7,822,000	1,076,529	<b>8,898,529</b>	741,997	<b>8,156,532</b>
	<b>Total</b>	<b>55,753,773</b>	<b>7,123,612</b>	<b>62,877,385</b>	<b>1,822,486</b>	<b>61,054,899</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K10,411,410 in respect of leave travel benefits, settling in allowances, retirement benefits and long service bonus, some dating from as far back as 2012. See table 5 below.

**Table 5: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Leave Travel Benefits	10,500	71,600	82,100	9,700	<b>72,400</b>
2	Settling in Allowances	482,755	792,045	1,274,800	585,620	<b>689,180</b>
3	Retirement Benefits	3,980,432	5,579	3,986,011	1,068,915	<b>2,917,096</b>
4	Long Service Bonus	6,794,691	-	6,794,691	61,957	<b>6,732,734</b>
	<b>Total</b>	<b>11,268,378</b>	<b>869,224</b>	<b>12,137,602</b>	<b>1,726,193</b>	<b>10,411,410</b>

## 42 Lufwanyama Town Council

### 42.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review the Council had budgeted to receive grants from the Ministry of Local Government and to collect locally generated income from various sources in amounts totalling K22,693,622 out of which amounts totalling K21,461,349 were received and generated resulting in a negative variance of K1,232,273. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	6,290,031	5,518,298	(771,733)
2	Fees and Charges	4,730,268	3,692,246	(1,038,022)
3	Licences	153,400	143,110	(10,290)
4	Levies	493,307	545,062	51,755
5	Permits	230,344	220,716	(9,628)
6	Other Receipts	10,000	149,082	139,082
	<b>Sub Total</b>	<b>11,907,350</b>	<b>10,268,514</b>	<b>(1,638,836)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	9,186,272	9,142,835	(43,437)
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Other Grants	-	450,000	450,000
	<b>Sub Total</b>	<b>10,786,272</b>	<b>11,192,835</b>	<b>406,563</b>
	<b>Total</b>	<b>22,693,622</b>	<b>21,461,349</b>	<b>(1,232,273)</b>

**b. Lack of an Integrated Development Plan**

Section 19 (3) of 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 (IDP).

**c. Failure to Collect Revenue**

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K2,125,299 in respect of property rates, pole levy, bus station fees and rentals from various institutions and individuals. However, as at 30<sup>th</sup> September 2021, amounts totalling K1,349,862 were collected leaving a balance of K775,437. See table 2 below.

**Table 2: Uncollected Plot Premiums**

No.	Revenue Type	Expected K	Collected K	Uncollected K
1	Rates	982,858	935,562	47,296
2	Plot Premiums	363,900	59,300	304,600
3	Levies	232,041	50,000	182,041
4	Other Income	546,500	305,000	241,500
		<b>2,125,299</b>	<b>1,349,862</b>	<b>775,437</b>

**d. Management of Assets**

**i. 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 twelve (12) houses valued at K1,451,000 were located.

**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 that, “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 30<sup>th</sup> September 2020.

**e. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K3,883,791 in respect of tax and pension contributions, some dating from as far back as 2015. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	2,487,845	1,170,500	3,658,345	300,000	3,358,345
2	NAPSA	351,209	597,784	948,993	597,784	351,209
3	LASF	180,162	154,383	334,545	160,308	174,237
	<b>Total</b>	<b>3,019,216</b>	<b>1,922,666</b>	<b>4,941,882</b>	<b>1,058,091</b>	<b>3,883,791</b>

## 43 Lukulu Town Council

### 43.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K13,903,439 against which amounts totalling K15,844,770 were received and generated resulting in a negative variance of K1,941,331. See table 1 below.

**Table 1: Budget and Income**

No.	Revenue Type	Budget K	Income K	Variance K
1	<b>Locally Generated</b>			
2	Local taxes	9,726	31,350	21,624
3	Fees and Charges	370,763	2,142,360	1,771,597
4	Licences	2,292	17,340	15,048
5	Levies	796,358	608,800	(187,558)
6	Permits	9,508	13,900	4,392
7	Other Receipts	-	509,904	509,904
8	Commercial Venture	-	-	-
	<b>Sub Total</b>	<b>1,188,647</b>	<b>3,323,654</b>	<b>2,135,007</b>
	<b>National Support</b>			
9	Local Government Equalisation Fund	10,814,792	10,821,116	6,323.76
10	Constituency Development Fund	1,600,000	1,600,000	-
11	Other Grants	300,000	100,000	-200,000.00
	<b>Sub Total</b>	<b>12,714,792</b>	<b>12,521,116</b>	<b>193,676</b>
	<b>Total</b>	<b>13,903,439</b>	<b>15,844,770</b>	<b>(1,941,331)</b>

#### b. Failure to Maintain Dumpsite

The Environmental Management Act No. 12 of 2011 states that, “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.

However, the following were observed:

- 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 existences of the dumpsite
- iii. The council did not compact the waste with a layer of soil thereby exposing the community to health hazards. See picture below.



Dumpsite not fenced

**c. Lack of Firefighting and Prevention Services**

Section 16 (2) sub section (5) (c) of the Local Government Act No.

2 of 2019 states that, “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 provide firefighting and prevention services as at 31st July 2021.

**d. Management of Assets**

**i. 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 thirty-seven (37) properties such as the civic centre, bus station, National Assembly office and new market shelter were located.

**ii. Missing Assets**

Local Authorities Financial Regulation No. 152 requires Heads of Departments to carry out a physical check of the assets of the local authorities and take appropriate action for any missing asset.

However, a scrutiny of the register and a physical inspection of the assets carried out in August 2021 at the Council revealed that seven (7) automobiles such as grader DD 560, 1 x 2 Massey Ferguson tractor, 1 x 4 Massey Ferguson tractor, compactor, Toyota Land Cruiser, Sisu Truck SL 140, and Toyota Hilux 2.8 valued at K394,500 were missing. The assets were purchased between 2002 and 2020.

**e. Delayed Implementation of Butchery/Abattoir Project**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K10,814,792 were received as equalisation funds, out of which an amount of K2,173,032 was transferred to the capital project account.

In addition, an amount of K76,020 was brought forward from the previous year bringing the total available funds for capital expenditure to K2,249,052 in 2020.

In October 2020, the Council purchased fridges and freezers, mincemeat and sausage making machines, weighing scales, butcher boy blades and personal protective equipment (PPE) at a cost of K142,620 for use in the Council's butchery and abattoir. However, as at 31<sup>st</sup> August 2021, ten (10) months after being procured, the equipment was not in use.

**f. Delayed Completion of a Constituency Development Fund Project – Lipeho Bridge**

On 8<sup>th</sup> December 2017, the Council awarded a contract to Kabacy Enterprises for the construction of a foot bridge at Lipeho at a contract sum of K124,064 over a period of two (2) months.

In February 2018, the scope of works was varied from construction of a footbridge to construction of a light vehicle bridge which resulted in an additional cost of K49,640 bringing the total amount of the contract to K173,704.

As at 31<sup>st</sup> August 2021, the contractor had been paid a total amount of K128,490.

A physical inspection of the project carried out in August 2021 revealed that the bridge had not been completed and the contractor was not on site. See picture below.



Uncomplt Bridge at Lipeho

**g. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K4,969,532 in respect of tax and pension contributions, some dating from as far back as 2012. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f 2020 K	Obligations for 2020 K	Accumulated Total K	Payments K	Balance K
1	Zambia Revenue Authority	1,472,127	242,800	1,714,927		1,714,927
2	NAPSA	3,093,552	169,022	3,262,574	185,000	3,077,574
3	Local Authorities Superannuation Fund	121,070	20,769	141,840		141,840
4	Workers Compensation Fund	41,000	-	41,000	5,809	35,191
	<b>Total</b>	<b>4,727,749</b>	<b>432,592</b>	<b>5,160,341</b>	<b>190,809</b>	<b>4,969,532</b>

**ii. Failure to Settle Staff and Other Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K1,565,309 in respect of salary arrears, some dating from as far back as 2010.

**44 Lusaka City Council**

**44.1 Audit Findings**

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K321,534,793 against which amounts totalling K268,322,274 were received and generated resulting in a negative variance of K53,212,519. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	85,238,421	77,809,072	(7,429,349)
2	Fees and Charges	91,831,504	75,819,053	(16,012,451)
3	Licences	16,886,733	4,484,048	(12,402,685)
4	Levies	49,533,144	37,330,183	(12,202,961)
5	Permits	8,701,933	18,045,106	9,343,173
6	Commercial Venture	9,240,000	1,336,963	(7,903,037)
	<b>Sub Total</b>	<b>261,431,735</b>	<b>214,824,425</b>	<b>(46,607,310)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	48,903,058	41,930,527	(6,972,531)
8	Constituency Development Fund	11,200,000	11,567,322	367,322
	<b>Sub total</b>	<b>60,103,058</b>	<b>53,497,849</b>	<b>(6,605,209)</b>
	<b>Total</b>	<b>321,534,793</b>	<b>268,322,274</b>	<b>(53,212,519)</b>

In addition, funds amounting to K9,808,452 were brought forward from the previous year bringing the total funds available to K278,130,726.

**b. Lack of Disaster Recovery Plan**

Disaster recovery involves a set of policies, tools and procedures to enable the recovery or continuation of vital technological infrastructure and systems following either a natural or human-induced disaster. Key elements of a disaster recovery plan include among others, communication plan, role assignments and detailed IT asset inventory.

However, the Council operated without a disaster recovery plan during the period under review.

**c. Environmental Management**

The Environmental Management Act No. 12 of 2011 states that, “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 that, “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”.

The following were observed:

**i. Failure to Collect Franchise and Tipping Fees**

During the period under review, Lusaka City Council had engaged sixteen (16) firms in the collection and transportation of solid waste for a period of three (3) years from 20<sup>th</sup> October 2020. The terms of engagement were that a prescribed franchise fee was to be paid by the contractor to the Council on award of the contract and thereafter an annual franchise fee of K15,000 was payable on award of the License.

However, as at 30<sup>th</sup> September 2021, the Council had not collected franchise fees in amounts totalling K240,000 from the sixteen (16) solid waste contractors.

In addition, the Council was expected to collect amounts totalling K3,653,684 in respect of tipping fees. However, as at 30<sup>th</sup> September 2021, amounts totalling K2,043,543 were collected leaving a balance of K1,610,141. The tipping fees had been outstanding from as far back as 2019. See table 2 below.

**Table 2: Outstanding Tipping Fees**

No.	Franchise Contractor	Opening Balance 2020 K	Amount Due K	Cumulative Total K	Amount Collected K	Outstanding Amounting K
1	Rukwa	119,511	39,679	159,190	96,631	62,559
2	Cherishes Clean Care	2,202	118,297	120,499	112,473	8,026
3	Kabanana Waste Management	-	2,515	2,515	-	2,515
4	Reelka Enterprises Ltd	-	2,511	2,511	-	2,511
5	Clean Friends (z) Ltd	-	1,455	1,455	-	1,455
6	Clean Fast Ltd	654,020	477,999	1,132,019	620,110	511,909
7	Zoomlion	235,031	249,904	484,935	303,328	181,606
8	Citimop Ltd	338,305	248,196	586,501	528,000	58,500
9	Sadebe	-	3,324	3,324	-	3,324
10	Acka General Dealers	566,972	173,536	740,507	150,000	590,507
11	Twincare	259,622	160,607	420,229	233,000	187,229
	<b>Total</b>	<b>2,175,662</b>	<b>1,478,022</b>	<b>3,653,684</b>	<b>2,043,543</b>	<b>1,610,141</b>

**ii. Management of the Chunga Dumpsite**

The Council did not compact or cover the waste with a layer of soil thereby exposing the community and council workers to health hazards. See picture below.



Uncompact heap of solid waste at the dumpsite

Houses and trading places have been built less than ten (10) meters away from the dumpsite posing a health hazard to the community. See pictures below.



Buildings erected less than ten (10) metres



Residential near main entrance to the dumpsite

### iii. Lack of Waste Holding Bays

A physical inspection carried out on various garbage collection points revealed that there were no waste holding bays or receptacles that had been provided in those collection points thereby posing health hazards to the community. Further, garbage was dumped at various undesigned sites and where waste bins were provided, waste was not collected on time. See pictures below.



No waste bay at Chilenje market



No waste bay at Luburma market



Over filled waste bay at Town Centre



Garbage in the middle of Freedom way

#### iv. Failure to Monitor Illegal Waste Collectors

During the period under review, two (2) companies not registered with the Council were collecting waste in Northmead, Woodlands and Chilenje.

In addition, the companies did not comply with regulations in that the garbage collected was inadequately covered and workers had no protective clothing. See pictures below.



Unlicensed garbage collector (Armtech Ltd)



Workers in garbage truck without protective clothing

#### d. Accounting for Revenue

##### i. Failure to Collect Receivables

Local Authorities Financial Regulation Nos. 12 (h) and 76 require that all revenue and other Council moneys which become due and payable to the Council must be collected punctually.

Contrary to the regulation, as at 31<sup>st</sup> December 2020, the Council was owed amounts totalling K340,496,946 in uncollected rates, ground rent, rentals, bill boards and solid

waste some of which had not been collected from as far back as 2016. See table 3 below.

**Table 3: Uncollected Revenue**

No.	Details	Balance b/f 1.1.2020 K	Amounts Accrued During the Year K	Total Amounts Collectable K	Amounts Collected K	Adjustments (Debt Write off) K	Outstanding Debt K
1	Rates	99,685,400	77,843,630	177,529,030	72,711,429	22,823,913	81,993,688
2	Ground Rent	155,168,603	64,200,737	219,369,340	6,441,577		212,927,763
3	Billboards	34,737,389	73,141,600	107,878,989	10,499,282	72,794,092	24,585,614
4	Rent	27,182,585	13,081,411	40,263,996	5,443,001	21,807,306	13,013,690
5	Solid Waste	17,080,518	3,101,286	20,181,804	6,003,040	6,202,573	7,976,191
	<b>TOTAL</b>	<b>333,854,495</b>	<b>231,368,664</b>	<b>565,223,159</b>	<b>101,098,330</b>	<b>123,627,883</b>	<b>340,496,946</b>

**ii. Operations of the Intercity Bus Terminus**

Lusaka Intercity Bus Terminus is owned and managed by Lusaka City Council under the Department of Housing and Social Services. According to Section 5(1) of the Markets and Bus Stations Act No. 7 of 2007, the Intercity Bus Terminus is supposed to be managed on behalf of the Council by a Management Board appointed by the Minister of Local Government. However, the Management Board for the facility was dissolved in 2011 and since then, Lusaka City Council Management took over the management and control of the bus station. The bus station operated as a semi-autonomous entity headed by a manager, an assistant manager and other staff employed by the council to run the daily affairs of the station.

During the period under review, the Lusaka Intercity Bus Terminus collected income in amounts totalling K14,730,730 against a budget of K26,130,000 resulting in an under collection of K11,399,270. The collection represented 56% of the budgeted amount.

As at 31<sup>st</sup> December 2020, amounts totalling K14,410,338 had been spent by the Inter City Bus Terminus management leaving a balance of K313,392.

The following were observed:

- **Failure to Remit Contributions to Lusaka City Council**

In the 2020 Estimates of Revenue and Expenditure for Lusaka City Council, Intercity Bus Terminus, Kulima Tower, City Market, Soweto Market and the Lusaka Clothing Factory were reclassified as commercial ventures. The

reclassification meant that the bus terminus was expected to operate on a surplus which was to be remitted to the Council. In this regard, during the year under review, an amount of K6,515,375 was provided for in the budget as remittances to the Council by the Intercity Bus Terminus. However, as at 31<sup>st</sup> December 2020, only amounts totalling K110,000 had been remitted to the Council resulting in a variance of K6,405,375.

- **Unaccounted for Gate Fees – Bus Loading**

During the period under review, gate fees per load charged by the Council were as shown in table 4 below.

**Table 4: Gate Fees for Buses**

No.	Category	Rate per Load K
1	Local Number plates on International Route	400
2	Foreign Number plates on International Route	600
3	Local Routes	300

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 34,636 exits were recorded in 2020 which translated in bus gate fees amounting to K10,453,000 (Local – K10,284,000 and international – K169,000).

However, a scrutiny of records from the InterCity Bus Terminus revealed that bus gate fees amounting to K10,391,633 were collected in 2020 resulting in a shortfall of K61,367 which could not be accounted for.

- e. **Failure to Adhere to Contract Terms – Construction of Modern Shops**

On 26<sup>th</sup> March 2020, Lusaka City Council signed a lease agreement with Alije Investment Limited to construct eighty four (84) shops (28 big shops and 56 small shops) under the face lifting project at Intercity Bus Station at a contract sum of K7,000,000 with a contract period of twelve (12) months.

The agreement provided for the developer to retain control of the twenty eight (28) big shops for a period of thirteen (13) years while the fifty six (56) small shops would fall under the control of the Council.

However, an examination of the contract document and a physical inspection carried out in October 2021 revealed that the contractor had not completed the construction of fourteen (14) small shops.

Further, the following documents were not availed for audit:

- i. Approved plans and drawings,
- ii. The books of accounts to determine the income realised from the shops,
- iii. Certificate of completion and handover notes, and
- iv. The number of shops occupied and details of how much revenue was collected monthly during the period under review.

**f. Irregular Payment of Acting Allowance**

During the period under review, twenty (20) officers acted in higher positions and were paid acting allowances in amounts totalling K105,103. However, there was no authority from the Local Government Service Commission for the officers to act in the higher positions rendering the payment of acting allowance irregular.

**g. Procurement of Goods and Services**

**i. Unsupported Payment Vouchers**

Local Authorities Financial Regulation No. 98 (1) states that, “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, ten (10) payment vouchers in amounts totalling K86,528 were not supported with relevant documentation such as receipts, invoices, letters of termination or appointment and contracts.

**ii. Irregular Use of Imprest**

Financial Regulation No. 86 (c) of 2006 states that, “Accountable imprest is imprest that is issued as payment to facilitate the purchase of goods and services whose values cannot be ascertained at the time”. It was however observed that imprest in amounts totalling K169,361 was issued to various officers to facilitate the purchase of shirts, building materials, refreshments among others, whose values could be ascertained.

**iii. Irregular Payment of Allowances**

Cabinet Office Circular Minute dated 30<sup>th</sup> 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 K56,340 were irregularly paid as lunch allowances to officers for work done within the office and district boundary such as setting files in the town clerk’s office, getting documents from the store room and demolition exercise, removing of street vendors and removal of makeshift structures by Council police and State police.

**iv. Failure to Adhere to Ministerial Guidelines**

On 6<sup>th</sup> November 2020, an invitation letter with reference number MLG/101/13/18 was issued for the Annual General Meeting (AGM) for planners to be held in Livingstone. The letter indicated, “Only Local Authorities that were up to date with their payroll and had balanced their ledgers were permitted to sponsor their planners, who should be paid up members to attend the Annual General Meeting and only Registered Planners are expected to attend”.

Contrary to the ministerial instruction, the Council sponsored five (5) officers at a cost of K36,800 to attend the elective AGM despite being in two (2) months salary arrears.

**h. Management of Stores**

**i. Unaccounted for Stores**

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

Contrary to the regulation, various stores items costing K470,404 procured during the period under review were unaccounted for in that there were no receipt and disposal details.

**ii. Failure to Withhold Value Added Tax**

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

Contrary to the circular, Lusaka City Council did not withhold VAT from payments in amounts totalling K205,256 made to various suppliers.

**i. Management of Assets**

**i. Lack of Title Deeds**

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

Contrary to the Act, Lusaka City Council did not secure title deeds for parcels of land on which thirty six (36) properties such as the civic centre, firebrigade, residential houses and play parks valued at K41,891,314 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, as at 31<sup>st</sup> October 2021, the Council had not insured its properties.

**ii. Failure to Register Specialised Equipment**

Contrary to the Roads and Road Traffic Act which requires that all motor vehicles and earth moving equipment to be registered with the Road Transport and Safety Agency (RTSA), the Council did not register with the Agency fifteen (15) of its specialised equipment whose values could not be ascertained.

**iii. Council Vehicles Involved in Road Traffic Accidents**

- On 30<sup>th</sup> April 2018, a Lusaka City Council fire tender registration number GRZ 710 CN was involved in a road traffic accident (RTA) with a private motor vehicle. A scrutiny of the police report in respect of the accident revealed that the driver of the fire tender was at fault. In this regard, in October 2020, the Council spent K16,800 on the repair of the private vehicle.

However, as at 30<sup>th</sup> September 2021, driver of the fire tender had not been charged by the Council.

- On 30<sup>th</sup> April 2018, a tipper truck registration number BAK 6102 was involved in a road traffic accident (RTA) with a private motor vehicle. A scrutiny of the police report in respect of the accident revealed that the driver of the tipper truck caused the accident. In this regard, in October 2020, the Council spent K12,500 on the repair of the private motor vehicle.

However, as at 30<sup>th</sup> September 2021, driver of the tipper truck had not been charged.

Further, claims laid with ZISC General for compensation were not honored as the Council owed the insurance company K11,386,625 in unsettled premiums.

**iv. Failure to Maintain Properties - Lusaka City Clothing Factory**

A physical inspection conducted in October 2021 revealed that the entire roof on the tailoring section for the factory was dilapidated in that the floor had potholes and part of the ceiling had fallen off. See pictures below.



Dilapidated ceiling at the clothing factory

**j. Illegal Land Allocation**

On 31<sup>st</sup> July 2020, the Minister of Local Government, suspended the council (Mayor and Councillors) of Lusaka City for three (3) months for suspected illegal land allocation.

Inquiries from management and the Permanent Secretary at the Ministry of Local Government and Rural Development revealed that the Council was suspended due to illegalities in land administration. To this effect, an Adhoc Committee was constituted to investigate the matter and, in this regard, nineteen (19) cases were presided on. According to the report of the Committee, there were rampant illegal, irregular or disorderly land allocations in the district such as encroachment on road reserve, illegal sale of land and unfair issuance of stop order for extension perpetrated mainly by civic leaders and Lusaka City Council staff.

Based on the findings of the Committee, the following recommendations were made:

- All illegal structures sitting on public facilities such as utility lines, road reserves, play parks, roundabouts and government properties should be demolished where possible as provided for under section 49 (3) of the Urban and Regional Planning Act No. 3 of 2015.
- All ownership documents for properties found wanting issued by Lusaka City Council such as offer letters, certificates of title, survey diagrams and planning permission be cancelled where possible.
- Any further creation, regularisation and extension be suspended until a robust automated land management system was put in place.

However, as at 30<sup>th</sup> September 2021, there was no evidence to show that the recommendations of the Adhoc Committee were implemented.

**k. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a provision of K11,200,000 was made as Constituency Development Fund (CDF) to cater for seven (7) constituencies in Lusaka district and the entire amount was released.

The following were observed:

**i. Failure to Remit Interest**

Section (33) of the Public Finance Management Act No. 1 of 2018 states that, “Interest accrued on funds released from the consolidated fund shall constitute general revenue and shall be paid into the consolidated fund”.

Contrary to the Act, interest in amounts totalling K367,321 accrued during the period under review was retained by the Council without authority from the Secretary to the Treasury.

**ii. Unretired Accountable Imprest**

Local Authorities Financial Regulation No. 119, (1) states that, “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 K18,170 issued to six (6) officers for monitoring Constituency Development Fund projects during the period under review had neither been retired nor recovered as at 31<sup>st</sup> October 2021.

**l. Management of Liabilities**

**i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K971,285,353 in respect of tax

and pension, union and insurance contributions, some dating from as far back as 2013. See table 5 below.

**Table 5: Unremitted Statutory and Other Contributions**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	LASF	40,079,053	1,425,409	41,504,462	253,045	41,251,417
2	NAPSA	745,349,508	3,654,151	749,003,659	-	749,003,659
3	ZRA(PAYE)	127,293,590	19,686,162	146,979,752	-	146,979,752
4	ZRA(VAT)	24,428,303	-	24,428,303	-	24,428,303
5	ZRA(Withholding Tax)	33,200	-	33,200	-	33,200
6	ZCTU	827,333	82,506	909,839	144,441	765,398
7	Funeral Scheme	1,432,001	1,435,001	2,867,002	-	2,867,002
8	Medical Insurance	906,778	339,920	1,246,698	-	1,246,698
9	Workers Compensation	4,709,924	-	4,709,924	-	4,709,924
	<b>Total</b>	<b>945,059,690</b>	<b>26,623,149</b>	<b>971,682,839</b>	<b>397,486</b>	<b>971,285,353</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed amounts totalling K41,344,472 in respect of long service bonus, accrued leave days, terminal benefits and other staff costs dating from as far back as 2011. See table 6 below.

**Table 6: Outstanding Staff Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Long Service Bonus	34,843,457	-	34,843,457	11,235,824	23,607,633
2	Leave Travel Benefits	413,500	-	413,500	209,106	204,394
3	Terminal Benefits	18,965,338	-	18,965,338	1,491,040	17,474,298
4	Others-Staff Related Costs	10,400	505,001	515,401	457,254	58,147
	<b>Total</b>	<b>54,232,695</b>	<b>505,001</b>	<b>54,737,696</b>	<b>13,393,224</b>	<b>41,344,472</b>

Consequently, during the period under review the Council spent amounts totalling K226,265 as interest for late payment of terminal benefits to three (3) former council employees.

**m. Legal Matters**

A review of selected files for legal cases revealed that Lusaka City Council was sued by various individuals and companies during the period under review. In this regard, the Council incurred costs in amounts totalling K6,686,290 as compensations. See table 7 below.

**Table 7: Legal Costs Incurred by Council**

No.	Details	Amount Awarded K	Amount Paid K	Balance K	Remarks
1	Chilombo Chola	80,000	80,000	-	Harassment and distruction of property by Council Police
2	Afdub Farah Trading	200,000	200,000	-	Legal costs awarded in favour of Afdub Farah Trading arising from LCC's failure to adhere to Section 23 of the Ratings Act, Cap 192 of the Laws of Zambia
3	Gilbert Lungu	1,639,729	200,000	1,439,729	Judgement passed in favour of G. Lungu arising from LCC's failure to adhere to disciplinary procedure
4	Jacob Kamanga	120,000	60,000	60,000	Judgement passed in favour of J Kamanga arising from LCC's failure to adhere to sale of house procedure
5	Patson Musongole	935,000	72,917	862,083	Judgement passed in favour of P Musongole arising from LCC's wrongful demolition of property
6	Sylvester Mulenga, Morgan Kabwe	690,000	170,000	520,000	Judgement passed in favour of Silver Mulenga and Morgan Kabwe arising from LCC's auction of obsolete motor vehicles which were later repossessed by the Council.
7	Wilson Mukuwerere	50,000	35,000	15,000	Judgement passed in favour of W Mukuwerere arising from LCC's wrongful handling of sale of plot
8	Lt General Solomon Mumbi	2,971,561	1,250,000	1,721,561	Judgement passed in favour of Lt. Gen. Mumbi arising from LCC's failure to adhere to the Town and Planning Act.
	<b>Total</b>	<b>6,686,290</b>	<b>2,067,917</b>	<b>4,618,373</b>	

Therefore, the compensation costs incurred by the Council were wasteful as it could have been avoided.

## **45 Luwingu Town Council**

### **45.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K16,736,269 against which amounts totalling K13,472,156 were received and generated resulting in a negative variance of K3,264,113. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variation K
	<b>Locally Generated</b>			
1	Local Taxes	451,456	175,114	(276,342)
2	Fees and Charges	1,767,745	540,314	(1,227,431)
3	Licences	41,820	14,561	(27,259)
4	Levies	454,905	81,435	(373,470)
5	Permits	144,531	104,983	(39,548)
6	Commercial Ventures	1,360,877	159,150	(1,201,727)
7	Other Receipts	1,708,378	1,519,287	(189,091)
	<b>Sub Total</b>	<b>5,929,712</b>	<b>2,594,844</b>	<b>(3,334,868)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	8,727,693	8,642,011	(85,682)
9	Constituency Development Fund	1,600,000	1,600,000	-
10	Other Grants	478,864	635,301	156,437
	<b>Sub Total</b>	<b>10,806,557</b>	<b>10,877,312</b>	<b>70,755</b>
	<b>Total</b>	<b>16,736,269</b>	<b>13,472,156</b>	<b>(3,264,113)</b>

**b. Management of the Local Government Equalisation Fund**

According to the Local Government Act No.2 of 2019, a Council should use at least twenty (20) percent of the Equalisation Fund received in any financial year, to finance capital expenditure. During the period under review, amounts totalling K8,642,011 were received as equalisation funds, out of which 20% amounting to K1,728,402 was transferred to capital projects while 80% amounting to K6,913,609 was allocated to recurrent expenditure.

The following were observed:

**i. Failure to Transfer Funds**

In 2018, Luwingu Town Council received K176,845 as Local Government Equalisation Fund on behalf of Lupososhi Town Council which had no bank account as it had just been created.

Although the Lupososhi Town Council opened an account in January 2019, as at 31<sup>st</sup> July 2021, only an amount of K100,000 had been transferred leaving a balance of K76,845.

**ii. Failure to Recover Funds for Unperformed Works**

On 2<sup>nd</sup> December 2019, Luwingu Town Council engaged Wamztech Electrical and Construction to rehabilitate the Civic Centre Council chamber at an initial

contract sum of K106,144. There were two (2) variations in amounts totalling K52,200 bringing the total contract sum to K158,344 out of which amounts totalling K127,119 had been paid to the contractor leaving a balance of K31,225. On 13<sup>th</sup> May 2021, the Council terminated the contract due to non-performance by the contractor.

Consequently, on 24<sup>th</sup> June 2021, the Council wrote a letter to the contractor demanding for a refund of an amount of K52,937 for the outstanding works which were not done.

However, as at 31<sup>st</sup> August 2021, the Council had not received the funds from the contractor.

**iii. Poor Workmanship - Construction of a Culvert at Insansa Stream**

On 11<sup>th</sup> December 2019, the Council awarded a contract to Mwandwe Multi-Purpose Co-operative Society Limited for the construction of the culvert at Insansa Stream at a contract sum of K27,640. The duration of the contract was thirty (30) days. The scope of works included preparing of the site for casting of concrete bed and letting to cure for a minimum of seven (7) days, casting of reinforced box culvert on the concrete bed and backfilling around the box culverts.

As at 31<sup>st</sup> August 2021, a total amount of K24,876 had been paid to the contractor leaving a balance of K2,764.

A physical inspection carried out in August 2021 revealed that the culvert had been damaged and partly washed away by the rains and was in a bad state rendering the expenditure wasteful. See pictures below.



Damaged bridge at Insansa stream

**c. Management of Liabilities**

**i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K10,267,183 in respect of tax and pension, union and insurance contributions, some dating from as far back as 2013. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	6,652,120	892,071	7,544,191	25,000	7,519,191
2	NAPSA	2,052,442	417,409	2,469,851	141,981	2,327,870
3	LASF	323,203	177,582	500,785	107,986	392,799
4	ZULAWU	-	37,173	37,173	16,185	20,987
5	MADISON	-	34,742	34,742	34,263	479
6	NHIMA	-	27,370	27,370	21,514	5,857
	<b>Total</b>	<b>9,027,765</b>	<b>1,586,347</b>	<b>10,614,112</b>	<b>346,929</b>	<b>10,267,183</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K1,346,684 in respect of long service bonus, retiree benefits and councillors allowances, some dating from as far back as 2012. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Long service bonus	796,887	-	796,887	18,500	778,387
2	Retiree benefits	503,207	93,810	597,017	129,314	467,703
3	Councillors allowances	129,524	-	129,524	28,930	100,594
	<b>Total</b>	<b>1,429,618</b>	<b>93,810</b>	<b>1,523,428</b>	<b>176,744</b>	<b>1,346,684</b>

## 46 Mambwe Town Council

### 46.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K14,252,224 against which amounts totalling K12,189,278 were received and generated resulting in a negative variance of K2,062,946. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	1,766,484	912,398	(854,086)
2	Fees and Charges	949,080	595,200	(353,880)
3	Licences	7,500	283,370	275,870
4	Levies	420,000	24,970	(395,030)
5	Permits	117,000	72,640	(44,360)
6	Commercial Ventures	164,160	278,553	114,393
7	Other Receipts	680,000	189,084	(490,916)
	<b>Sub Total</b>	<b>4,104,224</b>	<b>2,356,216</b>	<b>(1,748,009)</b>
	<b>National Support</b>			
8	Local Government Equalisation Funds	8,448,000	8,133,063	(314,937)
9	Constituency Development Fund	1,600,000	1,600,000	-
10	Other Grants	100,000	100,000	-
	<b>Sub Total</b>	<b>10,148,000</b>	<b>9,833,063</b>	<b>(314,937)</b>
	<b>Total</b>	<b>14,252,224</b>	<b>12,189,278</b>	<b>(2,062,946)</b>

#### b. Failure to Fill Vacant Positions

The Council had an approved establishment of seventy nine (79) positions out of which fifty five (55) positions were filled leaving twenty four (24) vacant as at 30<sup>th</sup> September 2021. Out of the vacant positions, some were key to the running of the Council such as Assistant Commercial Manager, Assistant Buildings Inspector, Environmental Planner and Public Relations Officer. The positions had been vacant since 2018.

**c. Delayed Submission of Proposed Constituency Development Fund Projects to the Ministry**

Section 15 of Constituency Development Fund Act No. 11 of 2018 (1) states that, “Subject to section 6 (e), a Committee shall submit to the Minister a proposed project list and the estimated costs of the proposed projects before the end of the month of March in each year in the prescribed manner and form to ensure timely release of funds”.

However, a scrutiny of the approval letter from the Ministry of Local Government revealed that the Council submitted a proposed list of projects for Malambo Constituency on 12<sup>th</sup> January 2021 after receiving funding of K1,600,000 on 18<sup>th</sup> August 2020. In this regard, there was a delay in submitting the list of proposed projects by six (6) months.

Consequently, thirty six (36) projects which were allocated funds totalling K913,369 had not been implemented as at 30<sup>th</sup> September 2021.

**d. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K3,175,904 in respect of tax and pension, union and insurance contributions, some dating from as far back as 2011. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	1,420,709	1,003,334	2,424,043	114,000	2,310,043
2	NAPSA	353,843	457,234	811,077	369,439	441,638
3	LASF	337,092	124,290	461,382	74,523	386,859
4	NHIMA	-	66,637	66,637	53,225	13,412
5	ZULAWU	-	41,302	41,302	17,351	23,951
	<b>Total</b>	<b>2,111,645</b>	<b>1,692,796</b>	<b>3,804,441</b>	<b>628,537</b>	<b>3,175,904</b>

## ii. Failure to Settle Staff Obligations

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K3,029,292 in respect of settling in allowance, accrued leave days, terminal benefits, salary arrears and long service bonus among others, some dating from as far back as 2011. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Settling In Allowance	203,215	143,017	346,232	224,634	121,598
2	Leave Travel Benefit	-	7,830	7,830	-	7,830
3	Terminal Benefits	876,075	215,776	1,091,851	9,000	1,082,851
4	Salary/Wages Arrears	44,235	1,040,831	1,085,066	-	1,085,066
5	Long Service Bonus	556,916	-	556,916	6,000	550,916
6	Councilors Allowances	128,400	-	128,400	19,700	108,700
7	Other Staff Costs	52,184	30,147	82,331	10,000	72,331
	<b>Total</b>	<b>1,861,025</b>	<b>1,437,601</b>	<b>3,298,626</b>	<b>269,334</b>	<b>3,029,292</b>

## 47 Mansa Municipal Council

### 47.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K39,783,920 against which amounts totalling K28,565,167 were received and generated resulting in a negative variance of K11,218,753. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	3,715,541	1,064,850	(2,650,691)
2	Fees & Charges	14,560,687	7,084,477	(7,476,210)
3	Licences	93,600	98,812	5,212
4	Levies	1,206,936	1,333,170	126,234
5	Permits	835,664	1,433,871	598,207
6	Commercial Venture	1,440,997	117,851	(1,323,146)
7	Other Receipts	1,110,495	676,165	(434,330)
	<b>Sub Total</b>	<b>22,963,920</b>	<b>11,809,197</b>	<b>(11,154,723)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	13,620,000	13,555,970	(64,030)
9	Constituency Development Fund	3,200,000	3,200,000	-
10	Other Grants			-
	<b>Sub Total</b>	<b>16,820,000</b>	<b>16,755,970</b>	<b>(64,030)</b>
	<b>Total</b>	<b>39,783,920</b>	<b>28,565,167</b>	<b>(11,218,753)</b>

In addition, there was an opening balance of K515,021 bringing the total amount available for expenditure to K29,080,188.

**b. Overemployment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were nine (9) authorised positions which were to be filled by thirty three (33) officers but were instead filled by fifty (50) officers resulting in excess of seventeen (17) officers.

The seventeen (17) officers were paid salaries in amounts totalling K702,204 during the period under review.

**c. Construction of a Constituency Development Fund Project - Paul Mambilima Police Post**

On 16<sup>th</sup> April 2020, Mansa Municipal Council engaged Mwachi Business Solutions Limited for the construction of Paul Mambilima Police Post (Phase I) at a contract sum of K119,819 with a contract period of twelve (12) weeks ending on 17<sup>th</sup> June 2020.

As at 30<sup>th</sup> April 2021, the contractor had been paid amounts totalling K113,828.

A physical inspection of the works carried out in July 2021 revealed that the Police Post had been completed.

However, the following were observed:

- The superstructure had developed cracks.



Cracks developing

- Plaster to block walls on concrete to plinth had started falling off.



Plaster falling off

- One coat of bitumastic paint on concrete to plinth was used instead of three (3) coats.



One Coat of bitumastic paint

#### **d. Management of Liabilities**

##### **i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K54,146,494 in respect of tax and pension contributions, some dating from as far back as 2014. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Outstanding Amount K
1	ZRA	12,390,373	2,104,328	14,494,701	25,000	14,469,701
2	NAPSA	18,542,230	19,301,453	37,843,683	393,550	37,450,133
3	LASF	1,730,470	526,190	2,256,660	30,000	2,226,660
	<b>Total</b>	<b>32,663,073</b>	<b>21,931,971</b>	<b>54,595,044</b>	<b>448,550</b>	<b>54,146,494</b>

**ii. Failure to Settle Staff Obligations**

As at 31st December 2020, the Council owed former and existing employees amounts totalling K3,684,869 in respect of terminal benefits, long service bonus, leave travel and salary arrears, some dating from as far back as 2014. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance as at 31.12.2020 K
2	Terminal Benefits	1,504,515	-	1,504,515	765,413	739,102
3	Long Service Bonus	1,843,807	-	1,843,807		1,843,807
4	Leave Travel	550,348	60,000	610,348	47,847	562,501
	Salary Areas	219,481	883,014	1,102,495	563,037	539,459
	<b>Total</b>	<b>4,118,151</b>	<b>943,014</b>	<b>5,061,165</b>	<b>1,376,296</b>	<b>3,684,869</b>

**48 Mazabuka Municipal Council****48.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K35,820,449 against which amounts totalling K30,552,984 were received and generated resulting in a negative variance of K5,267,465. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
1	Local Taxes	9,304,050	7,313,393	(1,990,657)
2	Fees and Charges	6,626,640	4,699,874	(1,926,766)
3	Licences	457,236	588,697	131,461
4	Levies	2,171,789	746,171	(1,425,618)
5	Permits	786,734	1,010,626	223,892
6	Commercial Venture	-	1,556	1,556
7	Other Receipts	-	200,002	200,002
	<b>Sub Total</b>	<b>19,346,449</b>	<b>14,560,319</b>	<b>(4,786,130)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	12,564,000	12,271,658	(292,342)
9	Constituency Development Fund	3,200,000	3,200,100	100
10	Other grants	710,000	520,907	(189,093)
	<b>Sub Total</b>	<b>16,474,000</b>	<b>15,992,665</b>	<b>(481,335)</b>
	<b>Total</b>	<b>35,820,449</b>	<b>30,552,984</b>	<b>(5,267,465)</b>

In addition, funds amounting to K3,046,307 were brought forward from the previous year bringing the total funds available to K33,599,291.

**b. Environmental Management**

The Environmental Management Act No. 12 of 2011 states that, “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.

However, the following were observed:

**i. Lack of Fence**

The council did not fence the dumpsite for protection from access by unauthorised persons.

**ii. Non-Compacting Of Waste**

The council did not compact the waste with a layer of soil thereby exposing the community to health hazards. See pictures below.



Dumpsite not fenced



Uncompact solid waste

**iii. Failure to Provide Clearly Marked Solid Waste Containers**

Section 26(1) of the Solid Waste Regulation and Management Act No. 20 of 2018 (1) states that, “A local authority or a licenced solid waste provider shall, in the service zone under the local authority’s or a licensed solid waste provider’s jurisdiction, provide appropriate solid waste containers, for the disposal of solid waste, of a size and pattern, and clearly colour coded or marked, for different categories or sub-divisions of solid waste, as may be prescribed by the Minister”.

Contrary to the provision, the council did not provide appropriate and clearly marked solid waste containers.

**c. Accounting for Revenue**

**i. Failure to Collect Revenue from Billboards**

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K572,199 from meat inspection, billboards and rental charges owed by various institutions and individuals. However, as at 30<sup>th</sup> June 2021, amounts

totalling K380,504 were collected leaving a balance of K191,695. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Revenue Type	Expected K	Collected K	Uncollected K
1	Meat Inspection	42,480	33,345	9,135
2	Billboard bills	354,039	244,439	109,600
3	Rental Charges	175,680	102,720	72,960
	<b>Total</b>	<b>572,199</b>	<b>380,504</b>	<b>191,695</b>

**d. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of 154 positions out of which 133 were filled leaving 21 vacant as at 30<sup>th</sup> June 2021. Out of the vacant positions, some were key to the running of the Council such as Senior Systems Analyst, Health Inspector and Valuation Officer.

**ii. Overemployment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were seven (7) authorised positions which were to be filled by seven (7) officers but were instead filled by fifteen (15) officers resulting in excess of eight (8) officers.

The eight (8) officers were paid salaries in amounts totalling K508,471 during the period under review.

**e. Lack of Title Deeds**

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states that, “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) council properties such as the houses, motel, abattoirs and shops 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 the department”.

Contrary to the Act and Regulation, the Council did not insure thirteen (13) motor vehicles valued at K2, 993,118 as at 30<sup>th</sup> June 2021.

**f. Failure to Maintain Assets**

A physical inspection of selected properties carried out in June 2020 revealed that the Magoye Council bar was dilapidated in that windows, paint was worn-out, walls and floors were cracked. See pictures below.



Magoye Council Bar

**g. Failure to Implement Constituency Development Fund Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

However, as at 30<sup>th</sup> June 2021, twelve (12) projects such as construction of staff houses and classroom blocks, drilling of boreholes and rehabilitation of a bridge with a total allocation of K1,047,287 had not been implemented despite being approved on 24<sup>th</sup> December 2020 by the Ministry of Local Government.

## **h. Management of Liabilities**

### **i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K25,893,977 in respect of tax and pension contributions, some dating from as far back as 2016. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Name	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	14,606,633	1,818,993	16,425,626	564,107	15,861,519
2	NAPSA	5,185,504	1,451,682	6,637,186	-	6,637,186
3	LASF	3,098,424	483,349	3,581,773	186,501	3,395,272
	<b>Total</b>	<b>22,890,561</b>	<b>3,754,024</b>	<b>26,644,585</b>	<b>750,608</b>	<b>25,893,977</b>

### **ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2019, the Council owed former and existing employees amounts totalling K547,904 in unpaid settling in allowances some of which had been outstanding dating from as far back as December 2017.

## **49 Mbala Municipal Council**

### **49.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income in amounts totalling K19,691,608 against which amounts totalling K17,408,185 were received and generated resulting in a negative variance of K2,283,423. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variation K
	<b>Locally Generated</b>			
1	Local Taxes	1,606,537	180,210	(1,426,327)
2	Fees and Charges	3,419,736	2,220,762	(1,198,974)
3	Licences	34,934	57,553	22,619
4	Levies	332,907	350,602	17,695
5	Permits	547,890	233,123	(314,767)
6	Other Income	-	3,740	3,740
	<b>Sub Total</b>	<b>5,942,004</b>	<b>3,045,990</b>	<b>(2,896,014)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	11,999,604	11,927,475	(72,129)
8	Other Grants	150,000	834,720	684,720
9	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Sub Total</b>	<b>13,749,604</b>	<b>14,362,195</b>	<b>612,591</b>
	<b>Total</b>	<b>19,691,608</b>	<b>17,408,185</b>	<b>(2,283,423)</b>

**b. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill in Vacant Positions**

During the period under review, the Council had an authorised staff establishment of 217 positions out of which 201 positions were filled leaving 16 vacant positions some of which were key to the running of the institution such as Director of Public Health, Chief Health Inspector and Chief Committee Clerk among others.

**ii. Overemployment of Staff**

An examination of the establishment register revealed that one (1) position of Senior Committee Clerk was occupied by two (2) officers resulting in excess of one (1) officer.

The excess officer was paid salaries in amounts totalling K80,339 during the period under review.

Further, the Council paid salaries in amounts totalling K73,948 to an officer holding the position of Environmental Health Technologist which did not exist in the approved establishment for the Council.

**c. Failure to Insure Movable Assets**

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 the department”.

Contrary to the Regulation, the Council did not insure six (6) motor vehicles and other movable assets belonging to the Council as at 31<sup>st</sup> May 2021.

**d. Management of the Local Government Equalisation Fund**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K11,927,745 were received as equalisation funds, out of which 20% amounting to K2,385,549 was allocated to capital projects while 80% amounting to K9,542,196 was allocated to recurrent expenditure.

The following were observed:

**i. Misapplication of Capital Funds**

Amounts totalling K2,385,549 being 20% of equalisation funds meant for capital expenditure were expected to be transferred to the project account. However, it was observed that amounts totalling K1,985,561 were transferred to the account leaving a balance of K399,988 which was misapplied on operational expenses.

**ii. Failure to Reimburse Borrowed Funds**

The Council borrowed amounts totalling K1,458,962 from the project account to meet operational expenses out of which only amounts totalling K150,730 were paid back leaving a balance of K1,308,232.

Consequently, the Council was unable to implement four (4) approved projects that were allocated amounts totalling K585,000. See table 2 below.

**Table 2: Projects not Implemented**

No.	Project	Amount K
1	Purchase of Utility truck	450,000
2	High Capacity Gen-Set	60,000
3	Solar Energy	50,000
4	Motor Bikes	25,000
	<b>Total</b>	<b>585,000</b>

**iii. Wasteful Expenditure - Failure to Utilise Software**

On 9<sup>th</sup> October 2020, the Council purchased bulk billing short message software from Villo Zambia Limited at a cost of K15,000 and was delivered. The software was for the purpose of notifying clients in respect of outstanding fees and charges.

However, as at 31<sup>st</sup> May 2021, the software was not being utilised rendering the payment wasteful.

**e. Constituency Development Fund Project - Construction of a 1 x 4 Classroom Block at Mwamba Day Secondary School**

On 18<sup>th</sup> July 2019, the Council awarded a labour based contract to Goodwell Sinyangwe for the construction of a 1 x 4 classroom block at Mwamba Day Secondary School at a contract price of K6,500 for a period of two (2) months. The scope of works included construction of the substructure, superstructure, fixing of window frames, fixing of door frames, plastering, roofing, flooring, fixing of hardwood doors and painting.

As at 31<sup>st</sup> May 2021, amounts totalling K89,185 (labour – K2,000 and materials – K87,185) had been spent.

A physical inspection carried out in May 2021 revealed that the classroom block was not completed in that plastering, flooring, fixing of doors and painting were still outstanding, eighteen (18) months after the expected completion date.

Further, it was observed that the although classroom block had been roofed, the roof had been blown off due to poor workmanship. See picture below.



Incomplete 1 x 4 Classroom Block

**f. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K10,497,039 in respect of tax and pension contributions dating from as far back as 2017. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Name	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	4,184,210	1,653,418	5,837,628	30,000	5,807,628
2	NAPSA	2,365,633	1,014,205	3,379,838	41,158	3,338,680
3	LASF	1,003,297	397,433	1,400,730	50,000	1,350,730
	<b>Total</b>	<b>7,553,140</b>	<b>3,065,057</b>	<b>10,618,197</b>	<b>121,158</b>	<b>10,497,039</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed existing and former employees amounts totalling K5,072,372 in respect of long service bonus, accrued leave days, salary arrears, settling in allowance and terminal benefits, some dating from as far back as 2012. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Long Service Bonus	611,060	-	611,060	209,925	401,135
2	Accrued Leave days	13,656	13,527	27,183	-	27,183
3	Salary Arrears	48,180	2,928,833	2,977,013	45,357	2,931,657
4	Settling in Allowances	182,971	736,078	919,049	346,317	572,732
5	Terminal Benefits	495,633	644,033	1,139,666	-	1,139,666
	<b>Total</b>	<b>1,351,500</b>	<b>4,322,471</b>	<b>5,673,971</b>	<b>601,599</b>	<b>5,072,372</b>

## 50 Mkushi Town Council

### 50.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 and a physical inspection of selected properties 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 income from various sources in amounts totalling K22,261,370 against which amounts totalling K17,856,751 were received and generated resulting in a negative variance of K4,404,619. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	1,330,000	555,446	(774,554)
2	Fees & charges	4,052,430	1,344,237	(2,708,193)
3	Licences	41,750	21,045	(20,705)
4	Levies	5,584,605	4,053,400	(1,531,205)
5	Permits	416,250	397,122	(19,128)
6	Other Income	300,000	279,536	(20,464)
7	Commercial Venture	-	474,183	474,183
	<b>Sub Total</b>	<b>11,725,035</b>	<b>7,124,970</b>	<b>(4,600,066)</b>
	<b>National Support</b>			
8	Local Government Equalisation Funds	8,816,335	8,611,781	(204,554)
9	Grant In Lieu of Rates	120,000	520,000	400,000
10	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Sub Total</b>	<b>10,536,335</b>	<b>10,731,781</b>	<b>195,446</b>
	<b>Total</b>	<b>22,261,370</b>	<b>17,856,751</b>	<b>(4,404,619)</b>

#### b. Poor Management of Myafi Dumpsite

Section 60(2) of Solid Waste Regulation and Management Act No. 20 of 2018 states that, “A local authority 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 considers necessary for such operations”.

The Council had a dump site namely Myafi dumpsite away from Mkushi Town. Contrary to the Act, the following were observed:

- i. The dumpsite was not fenced in order to protect it and restrict access by unauthorised persons,
- ii. There were no warning signs, and
- iii. There was no one manning the site.

**c. Failure to Collect Revenue**

The Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K6,491,029 in respect of pole levy, property rates, mast levy, rental charges and plot premiums. However, as at 31<sup>st</sup> May 2021, amounts totalling K665,730 were collected leaving a balance of K5,987,599. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Revenue Type	Expected K	Collected K	Uncollected K
1	Pole Levy	15,000	-	15,000
2	Property Rates	6,201,029	509,280	5,691,749
3	IHS Towers	250,000	125,000	125,000
4	Zamtel(Masts)	25,000	-	25,000
5	Rentals	97,500	10,900	86,600
6	Plot Premiums	64,800	20,550	44,250
	<b>Totals</b>	<b>6,491,029</b>	<b>665,730</b>	<b>5,987,599</b>

**d. Overemployment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were two (2) authorised positions which were to be filled by nine (9) officers but were instead filled by fifteen (15) officers resulting in excess of six (6) officers.

The six (6) officers were paid salaries in amounts totalling K396,192 during the period under review.

**e. 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 fifteen (15) parcels of land on which properties such as the civic centre, Council Danida offices, Council Motel among others were located.

**f. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) and other institutions in amounts totalling K11,633,953 in respect of tax and pension contributions, some dating from as far back as 2000. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligation for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	5,051,614	946,313	5,997,927	32,948	5,964,979
2	LASF	931,347	254,289	1,185,637	142,476	1,043,161
3	NAPSA	4,023,410	682,574	4,705,985	224,290	4,481,695
4	Workers Compensation	144,119	-	144,119	-	144,119
	<b>Total</b>	<b>10,150,490</b>	<b>1,883,176</b>	<b>12,033,666</b>	<b>399,714</b>	<b>11,633,953</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K3,653,846 in respect of settling in allowance, terminal benefits salary arrears and long service bonus, some dating from as far back as 2009. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Settling in Allowance	187,512	134,916	322,428	271,864	50,564
2	Terminal Benefits	2,648,962	-	2,648,962	197,415	2,451,547
3	Salary Arrears	447,293	-	447,293	94,800	352,493
4	Long Service bonus	826,242	-	826,242	27,000	799,242
	<b>Total</b>	<b>4,110,009</b>	<b>134,916</b>	<b>4,244,925</b>	<b>591,079</b>	<b>3,653,846</b>

## 51 Mongu Municipal Council

### 51.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K42,506,946 against which amounts totalling K24,963,219 were received and generated resulting in a negative variance of K17,543,727. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	3,570,463	1,201,614	(2,368,849)
2	Fees and Charges	15,136,846	2,931,761	(12,205,085)
3	Licences	2,558,608	1,204,137	(1,354,471)
4	Levies	246,980	288,616	41,636
5	Permits	1,658,516	948,217	(710,299)
6	Other Grants	250,000	100,000	(150,000)
7	Commercial Venture	324,480	148,912	(175,569)
8	Other Receipts	491,780	274,087	(217,694)
	<b>Sub Total</b>	<b>24,237,673</b>	<b>7,097,343</b>	<b>(17,140,330)</b>
	<b>National Support</b>			
9	Local Government Equalisation Fund	15,069,273	14,665,876	(403,397)
10	Constituency Development Fund	3,200,000	3,200,000	-
	<b>Sub Total</b>	<b>18,269,273</b>	<b>17,865,876</b>	<b>(403,397)</b>
	<b>Total</b>	<b>42,506,946</b>	<b>24,963,219</b>	<b>(17,543,727)</b>

**b. Wrongful Disposal of Medical Waste**

Contrary to the Environmental Management Act No. 12 of 2011 which requires waste to be properly classified and disposal to be restricted, during the period under review, the medical waste was indiscriminately dumped at Kande Dumpsite together with ordinary waste and burnt thereby posing a health risk to the surrounding community. See picture below.



Illegal Disposal of Medical Waste

**c. Failure to Collect Revenue**

The Local Authorities Financial Regulation No. 12 (h) states that, “The Treasurer/ finance director 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 amounts totalling K24,176,695 in respect of pole levy, bus station fees, rentals and property rates. However, as at 31<sup>st</sup> May 2021, only amounts totalling K856,076 were collected leaving a balance of K23,320,619. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Revenue Type	Expected K	Collected K	Uncollected K
1	Pole Levy	73,616	-	73,616
2	Property Rates	24,032,879	856,076	23,176,803
3	Bus Station Fees	40,200	-	40,200
4	Rentals	30,000	-	30,000
	<b>Totals</b>	<b>24,176,695</b>	<b>856,076</b>	<b>23,320,619</b>

**d. Unsupported Payments**

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

Contrary to the regulation, payments in amounts totalling K102,970 made during the period under review were not supported with relevant documents such as authority to pay differential allowance, invoices, receipts, ledgers and computations.

**e. 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 K88,209 procured during the period under review were not accounted for in that there were no receipt and disposal details.

**f. Management of Assets - Sir Mwanawina Motel**

**i. Use of Staff House by a Retired Officer**

The staff house meant to accommodate the motel manager was occupied by an officer who retired in 2014 and was paid repatriation benefits amounting to K5,000 in 2017. However, the retired officer continued to occupy the house without paying rent.

Consequently, the subsequent manager made his own accommodation arrangements and was paid K19,292 as housing allowance in 2020.

**ii. Failure to Maintain the Motel**

A physical inspection of the motel revealed that it was in a dilapidated state with cracks on the walls, the peeling off floor, broken glass panes, broken toilet seat and damaged ceiling board. See pictures below.



Broken Toilet



Broken Glasses

**iii. 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 the civic centre offices, council offices, staff house, bus station, market and a motel were located.

**g. Misapplication of Local Government Equalisation Fund**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K14,665,876 were received as equalisation funds, out of which amount totalling K1,955,565 were transferred to capital projects while amounts totalling K12,710,311 were allocated to operational expenses.

However, the Council misapplied amounts totalling K977,611 from the capital project account to meet operational expenses. As at 31<sup>st</sup> May 2021, the funds had not been reimbursed.

#### **h. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K3,200,000 was made to cater for Mongu Central and Nalikwanda constituencies and the whole amount was released.

In addition, an amount of K1,478,202 was brought forward from 2019 bringing the total funds available to K4,678,202. As at 31<sup>st</sup> December 2020, amounts totalling K1,007,541 had been spent leaving a balance of K3,670,661.

The following were observed:

#### **i. Maintenance of Interest Earning Accounts**

The Public Finance Management Act No. 1 of 2018 states that, “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 K48,304 was accrued and retained during the period under review by the Local Authority without obtaining authority from the Secretary to the Treasury. See table 3 below.

**Table 3: Interest Earned**

No.	Constituency	Amount Available K	Bank Interest K
1	Mongu Central	2,504,920	25,245
2	Nalikwanda	2,173,282	23,059
	<b>Total</b>	<b>4,678,202</b>	<b>48,304</b>

#### **ii. Failure to Implement Approved Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

However, a review of the approved list of projects and progress reports for Constituency Development Fund revealed that twenty five (25) projects with a

total allocation of K1,520,000 had not been implemented as at 31<sup>st</sup> May 2021 despite being approved in December 2020 by the Ministry of Local Government.

**i. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31st December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K13,234,577 in respect of tax and pension contributions, some dating from as far back as 2017. See table 4 below.

**Table 4: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	6,194,453	2,092,533	8,286,986	110,000	8,176,986
2	LASF	1,903,841	439,355	2,343,196	214,425	2,128,771
3	NAPSA	1,864,011	1,166,168	3,030,179	101,360	2,928,819
	<b>Total</b>	<b>9,962,306</b>	<b>3,698,056</b>	<b>13,660,362</b>	<b>425,785</b>	<b>13,234,577</b>

**ii. Failure to Settle Staff Obligations**

As at 31st December 2020, the Council owed former and existing employees amounts totalling K9,331,758 in respect of salary arrears, settling in allowance and terminal benefits, some dating from as far back as 2010. See table 5 below.

**Table 5: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Salary Arrears	4,830,560	-	4,830,560	45,357	4,785,203
2	Settling Allowances	1,535,849	370,009	1,905,858	573,552	1,332,306
3	Terminal benefits	4,299,629	1,107,184	5,406,813	2,192,564	3,214,249
	<b>Total</b>	<b>10,666,038</b>	<b>1,477,193</b>	<b>12,143,231</b>	<b>2,811,473</b>	<b>9,331,758</b>

## 52 Monze Town Council

### 52.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K24,103,693 against which amounts totalling K16,586,860 were received and generated resulting in a negative variance of K7,516,833. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	4,395,907	384,150	(4,011,757)
2	Fees and Charges	2,453,984	296,475	(2,157,509)
3	Licences	601,580	313,425	(288,155)
4	Levies	146,500	88,419	(58,081)
5	Permits	888,800	415,588	(473,212)
6	Commercial Venture	240,000	5,112	(234,888)
7	Other Receipts	360,000	5,000	(355,000)
	<b>Sub Total</b>	<b>9,086,771</b>	<b>1,508,170</b>	<b>(7,578,601)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	10,216,922	10,278,690	61,768
9	Constituency Development Fund	4,800,000	4,800,000	-
	<b>Sub Total</b>	<b>15,016,922</b>	<b>15,078,690</b>	<b>61,768</b>
	<b>Total</b>	<b>24,103,693</b>	<b>16,586,860</b>	<b>(7,516,833)</b>

#### b. Poor Management of Chicheleko Dumpsite

The Environmental Management Act No. 12 of 2011 states that, “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.

However, the following were observed:

- i. There were no warning signs displayed at the dumpsite to warn the general public of the existences of the dumpsite
- ii. The council did not compact the waste with a layer of soil and was being burnt thereby, exposing the community to health hazards.



Uncompact solid waste



No warning signs at the dumpsite

### **c. Accounting for Revenue**

#### **i. Unaccounted for Revenue**

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

However, amounts totalling K19,303 receipted between 11<sup>th</sup> November 2020 and 29<sup>th</sup> December 2020 on receipt numbers 2872451 to 2872676 were not accounted for in that neither deposit slips nor cash was found at hand.

#### **ii. Failure to Avail Lease Agreements**

During the period under review, the Council owned various properties that it had leased out to the members of the public.

However, no lease agreements were availed for audit in respect of eighteen (18) properties. Consequently, it was not possible to ascertain rentals receivable.

**iii. Failure to Collect Revenue**

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K2,971,864 in respect of property rates and billboards. However, as at 31<sup>st</sup> October 2021, only amounts totalling K138,592 were collected leaving a balance of K2,833,272.

**iv. Failure to Collect License Fees**

According to the minutes of the Health, Environmental, Licensing and Social Services Committee dated 29<sup>th</sup> January 2020, the Council was to register and issue licenses to all transporters of general waste and users of the dumpsite at an annual fee of K1,000 for the transportation of general waste and K500 for the use of a disposal site per year respectively.

A scrutiny of records pertaining to transporters and users of the dumpsite revealed that the Council did not issue licences to thirteen (13) transporters and dumpsite users thereby resulting in a loss of revenue amounting to K18,150.

**d. Procurement of Goods and Services**

**i. Missing Payment Vouchers**

Local Authorities Financial Regulation No. 98 (1) states that, “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, eighty one (81) payments in amounts totalling K809,146 made during the period under review were not availed for audit.

**ii. Unacquitted Payments**

The Local Authorities Financial Regulation No. 106 (2) states that, “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”.

Contrary to the Act, imprest in amounts totalling K21,368 issued to six (6) officers for various activities such as payment of subsistence allowance were not acquitted as at 30<sup>th</sup> September 2021.

**iii. Irregular Use of Accountable Imprest**

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

Contrary to the regulation, imprest in amounts totalling K43,900 issued to four (4) officers for the procurement of goods such as stationery and electricity units whose values were obtainable on the market.

**iv. Questionable Payment**

On 18<sup>th</sup> December 2020, a Council employee was paid an amount of K10,400 to attend a consultative meeting.

However, the purpose and invitation to the meeting and evidence that the officer attended the meeting were not availed for audit thereby rendering the payment questionable.

**v. Failure to Deduct Income 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 K122,764 was paid to twelve (12) officers without deducting tax.

**e. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of 123 positions out of which 94 were filled leaving 29 vacant as at 30<sup>th</sup> June 2021. Out of the vacant positions, some were key to the running of the Council such as Systems Analyst, Senior Building Inspector, Land Surveyor, Senior Health Inspector, Senior Legal Assistant.

**ii. Overemployment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were two (2) authorised positions which were to be filled by two (2) officers but were instead filled by five (5) officers resulting in excess of three (3) officers.

The three (3) officers were paid salaries in amounts totalling K144,684 during the period under review.

**f. 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 twelve (12) properties such as houses, post office and show grounds were located.

**g. Management of Local Government Equalisation Fund**

According to the Local Government Act No. 2 of 2019, a Council should use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K10,212,988 were received as equalisation funds, out of which an amount of K981,311 was transferred to capital projects account while an amount of K9,231,677 was allocated to operational expenses.

In addition, an amount of K7,184 was brought forward from the previous year bringing the total funds available for capital expenditure to K988,495 in 2020.

The following were observed:

**i. Misapplication of Capital Funds**

Amounts totalling K2,042,598 being 20% of equalisation funds meant for capital expenditure were expected to be transferred to the projects account. It was however observed that only K981,311 was transferred to the account leaving a balance of K1,061,287 which was misapplied on operational expenses.

**ii. Failure to Reimburse Borrowed Funds**

During the period under review, the Council borrowed amounts totalling K431,286 from the projects account to meet operational expenses. However, as at 30<sup>th</sup> September 2021, the amount borrowed had not been reimbursed.

**h. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of 4,800,000 was made to cater for Monze Central, Bweengwa and Moomba constituencies and the whole amount was released.

In addition, amounts totalling K768,742 (Monze Central - K407,386; Bweengwa - K13,851 and Moomba - K347,505 ) were brought forward from 2019 bringing the total funds available for expenditure to K5,568,742.

As at 30<sup>th</sup> September 2021, amounts totalling K621,765 were spent leaving a balance of K4,946,977.

The following were observed:

**i. Missing Payment Vouchers**

Local Authorities Financial Regulation No. 98 (1) states that, “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, twenty six (26) payment vouchers in amounts totalling K130,444 made during the period under review were not availed for audit.

**ii. Failure to Implement Approved Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

However, a review of the approved list of projects and progress reports for Constituency Development Fund revealed that eight (8) projects with a total allocation of K250,455 had not been implemented as at 30<sup>th</sup> September 2021 despite being approved on 16<sup>th</sup> November 2020 by the Ministry of Local Government. See table 2 below.

**Table 2: Projects not Implemented**

No.	Project Name/Scope	Constituency	Amount Allocation K
1	Construction of 4 Namilongwe Culverts	Monze Central	100,000
2	Rehabilitation of Bunyenyenye	Monze Central	20,000
3	Construction of Mwanza Dip Tank	Moomba	20,000
4	Rehabilitation of run out at Chibinda dam	Moomba	10,000
5	Construction of Clinic at Njola	Moomba	20,000
6	Completion of Nalutanda RHC	Bweengwa	33,128
7	Renovation of Chungu bridge	Bweengwa	28,396
8	Renovation of Vet Camp house	Bweengwa	18,930
	<b>Total</b>		<b>250,455</b>

**53 Mpika Town Council**

**53.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K22,005,613 against which amounts totalling K19,081,535 were

received and generated resulting in a negative variance of K2,924,078. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	75,000	52,037	(22,963)
2	Fees and Charges	5,619,540	2,908,620	(2,710,920)
3	Licences	51,885	33,713	(18,172)
4	Levies	584,725	963,961	379,236
5	Permits	451,865	781,215	329,350
6	Other receipts	114,731	69,053	(45,678)
	<b>Sub Total</b>	<b>6,897,746</b>	<b>4,808,599</b>	<b>(2,089,147)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	11,607,867	10,672,936	(934,931)
8	Constituency Development Fund	3,200,000	3,200,000	-
9	Other Grants	300,000	400,000	100,000
	<b>Sub Total</b>	<b>15,107,867</b>	<b>14,272,936</b>	<b>(834,931)</b>
	<b>Total</b>	<b>22,005,613</b>	<b>19,081,535</b>	<b>(2,924,078)</b>

**b. Failure to Develop Integrated Development Plans**

Section 19 (3) of 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. Failure to Collect Rentals from Bus Station**

Local Authorities Financial Regulation No 12(h) states that, “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 rented out shops at the bus station to traders from which revenue in amounts totalling K136,300 was expected to be collected. However, the Council collected rentals in amounts totalling K49,000 leaving a balance of K87,300 uncollected.

**d. Wasteful Expenditure on CCTV for Bus Station**

On 27<sup>th</sup> May 2020, the Council engaged Shepma Techno Solution of Lusaka to supply and install a wireless security system with Closed Circuit Television (CCTV) cameras at the bus station and truck park of Mpika Town Council at a contract price of

K32,020. The system was meant to remotely monitor chargeable motor vehicles entering and leaving the bus station directly from the Civic Centre.

Although the supplier was paid in full for the installation of the system in June 2020, a physical inspection carried out in June 2021 revealed that the system had broken down. Inquiries with management revealed that the system had only worked for two (2) weeks after installation. As at 30<sup>th</sup> June 2021, the system was still not working rendering the expenditure wasteful.

**e. Management of Assets**

**i. 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 the market, council farm, bus station, council rest house and the civic centre were located.

**ii. Management of Farm – Manyowe Farm**

Mpika Town Council owns Manyowe Farm which is about 250 hectares in size and is used for rearing animals.

The following were observed:

• **Failure to Insure Cattle**

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, thirty seven (37) herds of cattle at the Farm had not been insured as at 30<sup>th</sup> June 2021.

- **Failure to Tag Farm Animals**

Section 6(1) of the Animal Identification Act No. 28 of 2010 states that, “An owner of the animal shall mark an animal with an identification mark”.

Contrary to the Act, the thirty five (35) animals were not marked with identification marks as at 30<sup>th</sup> June 2021.

**f. Management of Local Government Equalisation Fund**

According to the Local Government Act No. 2 of 2019, a Council was to use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K10,672,936 were received as equalisation funds, out of which 20% amounting to K2,134,587 was allocated to capital projects while 80% amounting to K8,538,349 was allocated to recurrent expenditure.

The following were observed:

**i. Misapplication of Capital Funds**

During the period under review, the Council borrowed an amount of K484,558 from capital account to facilitate loan repayments, payment of terminal benefits and servicing of motor vehicles among others.

However, as at 30<sup>th</sup> June 2021, the borrowed amount had not been reimbursed.

Consequently, approved projects such as opening of roads in Lubambala Ward and restocking of Manyongwe Farm were not undertaken.

**ii. Construction of Hand Dug Wells – Abandoned Works**

On 17<sup>th</sup> June 2020, the Council awarded a labour based contract to Blackson Nshimbi to excavate seven (7) hand dug wells at Nabwalya Primary, Chaya Primary, Kapangula Community and Chalwe Community Schools and Luangwa and Nathan Villages at a contract sum of K24,000 with a contract period of twenty (20) days.

The scope of works included excavation of each well to a depth of 17 meters, lowering and mounting of rings and covering the top with concrete slab.

On 16<sup>th</sup> July 2020, an advance payment of K12,000 was paid to the contractor to enable him commence the works leaving a balance of K12,000.

However, as at 30<sup>th</sup> June 2021, the works had not been completed and the contractor had abandoned the works.

Further, building materials valued at K3,558 which were delivered to the sites by the council had not been accounted for by the contractor.

**g. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K3,200,000 was made to cater for Mpika Central and Mfuwe constituencies and the whole amount was released.

In addition, an amount of K2,145,697 was brought forward from 2019 bringing the total funds available to K5,345,697. As at 31<sup>st</sup> December 2020, amounts totalling K2,817,949 had been spent leaving a balance of K 2,527,748.

A physical inspection of selected Constituency Development Fund (CDF) projects in the District conducted in June 2021 revealed weaknesses in the management of projects such as failure to complete projects on time, lack of supervision and poor workmanship among others. See table 2 below.

**Table 2: Status of Projects**

Constituency	Project	Contractors	Contract Date	Start Date	End Date	Contract Sum K	Amount Paid K	Scope of Works	Status
Mpika Central Constituency	Construction of a 1 x 3 CRB at Mwamfushi Basic School	Joseph Zulu – Labour only at contract.	08.04.2020	08.04.2020	22.05.2020	6,850	38,500 (Labour – 6,850 and Materials – 31,650)	Construction of slab and superstructure	As at 30 <sup>th</sup> June 2021, the project was not completed in that the following works were still outstanding: <ul style="list-style-type: none"> <li>• Slab was halfway done, and</li> <li>• Blockwork was at window level.</li> </ul>
	Construction of Luchenene Health post	Ignitius Mwenya	1/07/2020	19.08.2020	01.10.2020	5,000	63,392 (Labour - 5,000 and materials - 58,392)	Floor and wall finish, metalwork, carpentry, joinery, ironmongery, glazing, concrete works, roofing and other miscellaneous works	As at 30 <sup>th</sup> June 2021, the building had not completed in that the following works were still outstanding: <ul style="list-style-type: none"> <li>• Concrete was not done on the veranda,</li> </ul>

									<ul style="list-style-type: none"> <li>Interior and exterior painting,</li> <li>Fitting of six (6) window frames, and</li> <li>Fitting of two (2) door frames.</li> </ul> <p>Further, works had stalled and the contractor was not on site.</p>
Construction of a 1x3 classroom block at Kaluba primary school in Chipembele ward	Oris Bwalya	24.11.2020	14.12.2020	14.01.2021	8,070	50,000 (Labour - 8,070 and materials 41,930)	<ul style="list-style-type: none"> <li>Brickwork</li> <li>Floor and wall finishing</li> <li>Carpentry</li> <li>Ironmongery</li> <li>Metalwork</li> <li>Glazing</li> </ul>	<p>As at 30<sup>th</sup> June 2021, the project had not been completed in that the following works were still outstanding:</p> <ul style="list-style-type: none"> <li>Fixing of four (4) windowpanes,</li> <li>Fixing of two (2) window frames,</li> <li>Fixing of twenty-four (24) window handles and twelve</li> </ul>	

										(12) window frames, and <ul style="list-style-type: none"> <li>Spoon drain.</li> </ul> Further, a crack had developed on the floor.
Construction of a 1x3 classroom block at Kalonje day school in Mupamazi ward	Matthews Mwansa	25.09.2019	30.09.2019	30.11.2019	28,000	37,365 (Labour - 10,640 Materials - 26,725)	<ul style="list-style-type: none"> <li>Excavations</li> <li>Concrete works</li> <li>Blockwork</li> <li>Floor and wall finish</li> <li>Painting</li> <li>Metal work</li> <li>External work</li> <li>Joiner and Ironmongery</li> <li>Roofing</li> </ul>	<ul style="list-style-type: none"> <li>Flooring and wall finishing,</li> <li>Carpentry,</li> <li>Glazing,</li> <li>Painting,</li> <li>Metal work,</li> <li>Joiner and ironmongery, and</li> <li>Roofing.</li> </ul>	As at 30 <sup>th</sup> June 2021, the building had not been completed. The outstanding works included:	

## 54 Mporokoso Town Council

### 54.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K12,058,716 against which amounts totalling K11,739,955 were received and generated resulting in a negative variance of K318,762. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	277,250	71,165	(206,085)
2	Fees and Charges	1,149,428	560,414	(589,014)
3	Licences	152,711	106,015	(46,696)
4	Permits	13,308	4,767	(8,541)
5	Other Receipts	233,832	177,121	(56,711)
	<b>Sub Total</b>	<b>1,826,529</b>	<b>919,482</b>	<b>(907,046)</b>
	<b>National Support</b>			
6	Local Government Equalisation Fund	8,532,188	8,620,472	88,284
7	Constituency Development Fund	1,600,000	1,600,000	-
8	Other Grants	100,000	600,000	500,000
	<b>Sub Total</b>	<b>10,232,188</b>	<b>10,820,472</b>	<b>588,284</b>

#### b. Failure to Collect Revenue

Local Authorities Financial Regulation No. 12 (h) states that, “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 K312,887 in respect of rates, rentals and billboards as at 31<sup>st</sup> December 2020. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Name	Description	Amount K
1	Rates	Property Rates	206,086
2	Rentals	Council Buildings	73,021
3	Zesco	Bill Boards	19,710
4	Impact Media	Bill Boards	6,570
5	Zesco	Pole Levy	7,500
	<b>Total</b>		<b>312,887</b>

As at 31<sup>st</sup> July 2021, the funds had still not been collected.

**c. Management of Payroll and Other Staff Related Matters**

**i. Failure to Fill in Vacant Positions**

The Council had an approved establishment of 122 positions out of which 113 were filled leaving 9 vacant as at 31<sup>st</sup> July 2021. Out of the vacant positions, some were key to the running of the Council such as Administrative Officer, Assistant Commercial Manager, Social Economic Planner and Senior Community Development Officer.

**ii. Failure to Register Employees with NAPSA**

Section 11 (2) of the National Pension Scheme Act No. 7 of 2015 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) fifteen (15) casual workers it had engaged during the period under review who were paid wages in amounts totalling K100,800.

**d. Management of the Local Government Equalisation Fund**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K8,620,472 were received as equalisation funds, out of which 20% amounting to K1,724,094 was allocated to

capital projects while 80% amounting to K6,896,378 was allocated to recurrent expenditure.

The following were observed:

**i. Misapplication of Capital Funds**

Contrary to the Act, out of the K1,724,094 transferred to the project account, amounts totalling K395,846 were spent on unrelated activities such as payments for refuse collection, survey services, motor vehicle servicing and travel allowances.

**ii. Delayed Completion of Market Shelter and VIP Latrines at Bweupe Market**

On 20<sup>th</sup> November 2020, the Council engaged Mwila Silas for the construction of a market shelter and two (2) VIP latrines on a labour-based contract at a sum of K24,000.

The duration of the contract was three (3) months commencing on 27<sup>th</sup> November 2020 and ending on 27<sup>th</sup> February 2021.

As at 31<sup>st</sup> July 2021, a total amount of K100,604 (materials - K92,180 and labour - K8,424) had been spent on the project.

A site visit conducted on 26<sup>th</sup> July 2021 revealed that the market shelter was at ring beam level while construction of the latrines had not commenced, five (5) months after the expected completion date. See picture below.



Bweupe market shelter at ring beam level

**e. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a provision of K1,600,000 was made to cater for Mporokoso Constituency and the whole amount was released. In addition, an amount of K1,690,213 was brought forward from 2019 bringing the total funds available to K3,290,213.

As at 31<sup>st</sup> December 2020, amounts totalling K1,635,418 had been spent leaving a balance of K1,654,795.

The following were observed:

**i. Delayed Completion of a Classroom Block - Nakalongo Primary School**

On 27<sup>th</sup> July 2020, the Council awarded a contract to LPN Flooring and Aluminum for the construction of a 1 x 3 classroom block at Nakalongo Primary School at a contract sum of K96,775. The duration of the contract was three (3) months commencing on 29<sup>th</sup> July 2020 and ending on 29<sup>th</sup> October 2020.

As at 31<sup>st</sup> July 2021, the contractor had been paid amounts totalling K14,516.

A physical inspection carried out on 26<sup>th</sup> July 2021, revealed that the project was at excavation stage, nine (9) months after the expected completion date.

See picture below.



1 x 3 classroom block at excavation stage

**ii. Delayed Completion of Staff House at Lupungu Secondary School**

On 21<sup>st</sup> July 2020, the Council awarded a contract to Daluk Stationary and General Dealers for the construction of a house at Lupungu Day Secondary School at a contract sum of K98,019. The duration of the contract was three (3) months commencing on 27<sup>th</sup> July 2020 and ending on 27<sup>th</sup> October 2020.

As at 31<sup>st</sup> July 2021, the contractor had been paid amounts totalling K45,272.

A physical inspection carried out on 26<sup>th</sup> July 2021 revealed that the house was not complete, nine (9) months after the expected completion date. The outstanding works included installation of fascia boards and external painting. See picture below.



Incomplete staff house at Lupungu Day Secondary School

**iii. Delayed Completion of Kasonkotyo Primary School**

On 21<sup>st</sup> July 2020, the Council awarded a contract to Daluk Stationary and General Dealers for the construction of a 1 x 3 classroom block at Kasonkotyo Primary School at a contract sum of K99,978. The duration of the contract was three (3) months commencing on 27<sup>th</sup> July 2020 and ending on 27<sup>th</sup> October 2020.

As at 31<sup>st</sup> July 2021, the contractor had been paid K70,532.

A site visit conducted in July 2021 revealed that the project was only at ring beam level, nine (9) months after the expected completion date. See picture below.



Incomplete 1x3 classroom block

**f. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K3,343,486 in respect of tax and pension contributions, some dating from as far back as 2016. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance bf K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	578,456	63,175	641,631	-	641,631
2	NAPSA	2,264,858	34,671	2,299,529	-	2,299,529
3	LASF	420,994	142,140	563,134	160,809	402,326
	<b>Total</b>	<b>3,264,308</b>	<b>239,986</b>	<b>3,504,294</b>	<b>160,809</b>	<b>3,343,486</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K2,761,977 in respect of long service bonus, salary arrears, settling in allowance, councilors' allowance and terminal benefits, some dating from as far back as 2015. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Name	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Balance K
1	Long Service Bonus	202,100	-	202,100	202,100
2	Salary arrears	2,519,502	-	2,519,502	2,519,502
3	Setting In Allowance	40,375	-	40,375	40,375
4	Councillors	26,400	30,000	56,400	56,400
5	Retiree benefits	1,989,700	538,310	2,528,010	2,528,010
	<b>Total</b>	<b>4,778,077</b>	<b>568,310</b>	<b>2,761,977</b>	<b>2,761,977</b>

**g. Management of Tourism Development Fund**

During the period under review, the Council received K500,000 from the Ministry of Tourism and Arts as Tourism Development Fund in respect of the installation of culverts on three crossing points and construction of a ticketing office. See table 5 below.

**Table 5: Tourism Projects**

No.	Details	Amount K
1	Installation of culverts on three crossing points	300,064
2	Construction of ticketing office	199,926
	<b>Total</b>	<b>499,990</b>

The following were observed:

**i. Poor Project Management - Construction of Culverts on Access Roads to Lumangwe and Kabwelume Waterfalls**

On 28<sup>th</sup> October 2020, the Council awarded a contract to Chidram Suppliers and Construction Limited for the construction of culverts at four (4) crossing points to Lumangwe and Kabwelume Waterfalls at a contract sum of K277,500 VAT Inclusive. The duration of the contract was seven (7) weeks commencing on 4<sup>th</sup> November 2020 and ending on 4<sup>th</sup> February 2021.

As at 31<sup>st</sup> July 2021, the contractor had been paid amounts totalling K239,384.

A site visit conducted on 26<sup>th</sup> July 2021 revealed that installation of culverts had not been completed five (5) months after the expected completion date. See pictures below.



Incomplete works on culverts

**ii. Irregular Charge 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, Chidram Suppliers and Construction Limited, a company which was not registered for VAT charged amounts totalling K38,301 as VAT.

In this regard, the company was overpaid by K38,301. As at 31<sup>st</sup> July 2021, the overpayment had not been recovered.

**iii. Failure to Implement Funded Project**

As at 31<sup>st</sup> July 2021, construction of the Ticketing Office had not commenced despite the availability of funds amounting to K199,926.

## 55 Mpulungu Town Council

### 55.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 and a physical inspection of selected projects revealed the following:

#### a. Budget and Income

During the period under review, the Council budgeted to receive funds from the Ministry of Local Government and to generate income from various sources in amounts totalling K21,567,939 against which amounts totalling K14,041,674 were received and generated resulting in a negative variance of K7,526,265. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	1,087,445	1,641,047	553,602
2	Fees and Charges	948,030	614,848	(333,182)
3	Licenses	11,300	248,147	236,847
4	Levies	7,255,200	475,560	(6,779,640)
5	Other Income	1,318,363	167,770	(1,150,593)
	<b>Sub Total</b>	<b>10,620,338</b>	<b>3,147,372</b>	<b>(7,472,966)</b>
	<b>National Support</b>			
6	Local Government Equalisation Fund	9,347,601	9,294,302	(53,299)
7	Constituency Development Fund	1,600,000	1,600,000	-
8	Grant in Lieu of Rates	-	-	-
	<b>Sub Total</b>	<b>10,947,601</b>	<b>10,894,302</b>	<b>(53,299)</b>
	<b>Total</b>	<b>21,567,939</b>	<b>14,041,674</b>	<b>(7,526,265)</b>

#### b. Operational Matters

##### i. Failure to Establish Street Lighting System

The Local Government Act No. 2 of 2019 section 16 (2) 5 (b) states that “A local authority shall in relation to community development establish and maintain a system of lighting in streets and other public places”.

Contrary to the Act, the Council did not have streetlights in townships and other public places during the period under review.

##### ii. Failure to Establish and Maintain Cemeteries

Section 7 (b) of the Local Government Act No. 2 of 2019 states that, “A local authority shall, in relation to Public health establish and maintain cemeteries, and

mortuaries and otherwise provide for the control of the dead and destitute persons who die in the area of the local authority”.

Contrary to the Act, the Council did not have a cemetery during the period under review. Consequently, the community was using a traditional burial site.

**c. Accounting for Revenue**

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

However, the following were observed:

**i. Failure to Collect Revenue**

• **Truck Levy Fees**

The Council levies motor vehicles entering and exiting the town through a barrier at a rate of K10 per truck. A scrutiny of records maintained by Mpulungu Harbour and the Council revealed that a total number of 6,782 trucks entered into and exited the town, whereas the records maintained by the Council revealed that 2,338 trucks entered and exited the town resulting in understatement in the number of trucks recorded by 4,444. In this regard, the Council was expected to collect K67,820 but only collected K23,380 thereby resulting in an under collection of K44,440.

• **Property Rates and Rentals**

Contrary to the regulation, the Council failed to collect revenue in amounts totalling K1,461,096 in respect of rates (K1,440,596) and rentals (K20,500) as at 30<sup>th</sup> September 2021. See table 4 below.

**ii. Unaccounted for Revenue**

Local Authorities Financial Regulation No. 72 states 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 regulation, the Council did not account for revenue in amounts totalling K30,624 collected from various sources 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 Payments**

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

Contrary to the regulation, four (4) payments in amounts totalling K13,391 made during the period under review were not supported with relevant documents such as receipts, invitation letters and acquittal sheets.

**ii. Failure to Remit Tax**

The Income Tax Act Chapter 323 of the Laws of Zambia requires that Pay As You Earn (PAYE) be deducted from officers' emoluments and remitted to the Zambia Revenue Authority (ZRA).

Contrary to the Act, PAYE relating to settling in allowance in amounts totalling K17,827 deducted from five (5) officers had not been remitted to ZRA as at 30<sup>th</sup> September 2021.

**e. Misapplication of Local Government Equalisation Fund**

According to the Local Government Act No.2 of 2019, a Council shall use at least twenty (20) percent of the Equalisation Fund received in any financial year, to finance capital expenditure. During the period under review, amounts totalling K9,294,302 were received as equalisation funds, out of which amounts totalling K1,090,553 were transferred to capital projects while amounts totalling K8,203,749 were allocated to operational expenses.

The Council was expected to transfer amounts totalling K1,858,860 to the capital project account for capital expenditure. However, amounts totalling K1,090,553 were

transferred to the project account leaving a balance of K768,307 which was misapplied on payment of salaries, contrary to the Act.

In addition, the Council borrowed amounts totalling K800,493 from the capital project account to meet operational expenses during the period under review. As at 30<sup>th</sup> September 2021, the funds had not been reimbursed.

Consequently, four (4) projects in amounts totalling K1,860,000 were not implemented. See table 2 below.

**Table 2: Projects not Implemented**

No.	Project	Approved Amount K
1	Construction of markets	560,000
2	Construction of the dry port	500,000
3	Drilling of boreholes and tank mounting	400,000
4	Renovation and rehabilitation of Walamo Hall	400,000
	<b>Total</b>	<b>1,860,000</b>

**f. Management of Constituency Development Fund - Payments Using Cash**

Constituency Development Fund Guideline No. 3(c) of 2017 states that, “All payments to contractors executing constituency projects shall be paid by bank cheque and no payments in cash shall be allowed”.

Contrary to the guideline, the Council paid amounts totalling K28,850 for the procurement of building materials using cash.

**g. Weaknesses in the Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K30,692,160 in respect of tax and pension contributions and insurance, some dating from as far back as 2010. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institutions	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	5,891,427	1,102,480	6,993,907	-	6,993,907
2	NAPSA	8,847,728	11,948,188	20,795,916	-	20,795,916
7	LASF	2,512,862	366,560	2,879,422	8,000	2,871,422
6	NHIMA	-	111,198	111,198	111,198	-
3	ZULAWU	-	30,756	30,756	-	30,756
4	Madision	-	28,722	28,722	28,722	-
5	FIRESUZ	-	10,160	10,160	10,000	160
	<b>Total</b>	<b>17,252,017</b>	<b>13,598,063</b>	<b>30,850,080</b>	<b>157,920</b>	<b>30,692,160</b>

## ii. Failure to Settle Staff Obligations

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K4,267,291 in respect of terminal benefits, long service bonus, accrued leave days, salary arrears, councillors' arrears and settling in allowance, some dating from as far back as 2012. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Terminal Benefits	1,324,903	-	1,324,903	500	1,324,403
2	Long Service Bonus	749,329	-	749,329		749,329
3	Leave Travel Benefits	566,509	-	566,509		566,509
4	Salary Arrears	1,297,475		1,297,475	6,000	1,291,475
5	Councillor Arrears	16,514	18,000	34,514		34,514
6	Settling In Allowance	423,639	-	423,639	122,579	301,061
	<b>Total</b>	<b>4,378,369</b>	<b>18,000</b>	<b>4,396,369</b>	<b>129,079</b>	<b>4,267,291</b>

## 56 Mufulira Municipal Council

### 56.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 and a physical inspection of selected projects revealed the following:

**a. Budget and Income**

During the period under review, the Council budgeted to receive funds from the Ministry of Local Government and to generate income from various sources in amounts totalling K56,084,184 against which amounts totalling K46,832,170 were received and generated resulting in a negative variance of K9,252,013. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	15,818,144	11,661,914	(4,156,230)
2	Fees and Charges	12,281,609	7,506,051	(4,775,558)
3	Licences	1,474,292	1,156,413	(317,879)
4	Levies	11,160	4,100	(7,060)
5	Permits	1,796,660	1,154,915	(641,745)
6	Charges	6,202,500	5,394,925	(807,575)
7	Other Receipts	1,646,000	1,123,336	(522,664)
	<b>Sub Total</b>	<b>39,230,365</b>	<b>28,001,654</b>	<b>(11,228,711)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	12,053,819	11,560,517	(493,302)
9	Constituency Development Fund	4,800,000	6,800,000	2,000,000
10	Other Grants	-	470,000	470,000
	<b>Sub Total</b>	<b>16,853,819</b>	<b>18,830,517</b>	<b>1,976,698</b>
	<b>Total</b>	<b>56,084,184</b>	<b>46,832,171</b>	<b>(9,252,013)</b>

**b. Environmental Management**

The Environmental Management Act No. 12 of 2011 states that, “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 that, “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”.

The following were observed:

**i. Poor Management of Butondo Dumpsite**

- The Council did not fence the dumpsite for protection from access by unauthorised persons.
- There were no hazard and safety signs at the dumpsite.
- 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. See Pictures below.



Butondo Dumpsite

**ii. Lack of Waste Holding Bays**

There were no waste holding bays at three (3) markets namely; Kamuchanga, Road Side, and Malela. As a result, waste generated was dumped indiscriminately posing a danger to public health. See pictures below.



Road Side Market



Malela Market

**c. Failure to Collect Revenue**

Local Authorities Financial Regulation No. 12 (h) states that, “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 K258,863 had not been collected in respect of rentals as at 31<sup>st</sup> July 2021.

**d. Management of Payroll and Staff Related Matters**

**i. Overemployment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were eight (8) authorised positions which were to be filled by sixteen (16) officers but were instead filled by twenty nine (29) officers resulting in excess of thirteen (13) officers.

The thirteen (13) officers were paid salaries in amounts totalling K683,023 during the period under review.

**ii. Non-deduction of NAPSA Contributions**

Section 14 (1) of the NAPSA Act No. 40 of 1996 states that, “A contributing employer shall pay to the Scheme a contribution in respect of an employee in his employment consisting of the employer's contribution and the employee's contribution at the prescribed percentage”.

In this regard, the Council was required to remit 5% of the gross salaries of the employees as NAPSA contributions.

Contrary to the Act, thirty seven (37) casual workers were paid wages in amounts totalling K920,947 without deducting the NAPSA contributions.

**e. Procurement of Goods and Services**

**i. Inadequately Supported Payments**

Local Authorities Financial Regulation No. 98 states that, “All payment vouchers with supporting documents, and any other forms which support the 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 K526,228 made during the period under review were not supported with relevant documents such as letters of transfer or appointment, receipts and contracts.

**ii. Unretired Accountable Imprest**

Local Authorities Financial Regulation No. 119 states that, “Imprest shall be retired immediately the purpose for which it is issued has been fulfilled”.

Contrary to the regulation, accountable imprest in amounts totalling K78,840 issued to three (3) officers during the period under review had not been retired as at 31<sup>st</sup> July 2021 and no recoveries were made from the officers.

**iii. Irregular Use of Imprest**

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

Contrary to the regulation, imprest in amounts totalling K46,475 issued to three (3) officers was used to procure goods and services whose values were obtainable on the market.

**iv. Irregular Payments – Accommodation Bills**

The Condition of Service No. 171 (e) for division I,II and III Council workers of 1996 states that, “When an officer is transferred to a station where he is entitled to a Council accommodation and he cannot be allowed such accommodation immediately, he may temporarily be accommodated in a hotel with his family with the approval of the Principal Officer at the expense of the receiving Council”.

It was however, observed that during the period under review, the Council paid Kamuchanga Hotel an amount of K63,336 in respect of accommodation for fifty two (52) officers who were on transfer from various councils to Mufulira Municipal Council and were not entitled to Council accommodation. The payments were irregular in that the officers who were paid for were not entitled to council accommodation as they were in receipt of housing allowance.

**v. Irregular Payment of Subscription Fees to Professional Bodies**

The Ministry of Local Government Circular No MLG/101/22/126 dated 15<sup>th</sup> January 2020 abolished payment of subscription fees for membership to professional bodies for employees.

Contrary to the Circular, amounts totalling K8,200 were paid to two (2) professional bodies in respect of five (5) officers. As at 31<sup>st</sup> July 2021, the amounts had not been recovered from the officers.

**vi. Irregular Payment of Lunch Allowance**

Cabinet Office Circular Minute dated 30<sup>th</sup> 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 K3,600 was paid to four (4) officers for activities carried out within the district boundary.

**vii. Irregular Procurement of Diaries and Calendars**

Cabinet Office Circular, Minute of 2015 referenced CO 101/6/4 dated 10<sup>th</sup> December 2015 abolished the procurement of diaries and calendar's for employees in the Public Service.

Contrary to the Circular, Mufulira Municipal Council spent amounts totalling K46,950 in the procurement of diaries and calendars for Council Staff.

**viii. Printing of Receipt Books from Private Institutions**

Cabinet Office Circular No. 11 of 2020 dated 10<sup>th</sup> July 2020 abolished the procurement and printing of documents for Government or Parastatals from private institutions with effect from 1<sup>st</sup> September 2020.

Contrary to the Circular, the Council spent amounts totalling K25,000 in November 2020 for printing documents such as receipts, fuel registers, stores requisition and issue notebooks using private printers.

**f. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K57,334,828 in respect of tax and pension contributions some of which had been outstanding dating from as far back as 2017. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	22,229,642	280,059	22,509,701	20,000	22,489,701
2	NAPSA	24,688,193	191,452	24,879,645	30,000	24,849,645
3	LASF	10,044,531	77,893	10,122,424	126,941	9,995,483
	<b>Totals</b>	<b>56,962,365</b>	<b>549,403</b>	<b>57,511,769</b>	<b>176,941</b>	<b>57,334,828</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K11,848,096 in respect of terminal benefits, long service bonus, settling in allowances and accrued leave days, some dating from as far back as 2012. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Terminal Benefits	5,027,770	715,732	5,743,502	5,000	5,738,502
2	Long Service Bonus	3,764,626	-	3,764,626	63,643	3,700,983
3	Settling in Allowance	512,914	85,733	598,648	51,801	546,847
4	Accrued Leave Days	1,861,763	-	1,861,763	-	1,861,763
	<b>Total</b>	<b>11,167,074</b>	<b>801,466</b>	<b>11,968,539</b>	<b>120,444</b>	<b>11,848,096</b>

**57 Mufumbwe Town Council**

**57.1 Audit Findings**

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K13,004,968 against which amounts totalling K11,902,696 were received and generated resulting in a collection with a negative variance of K1,102,272. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes/Rates	45,000	39,230	(5,770)
2	Fees and Charges	1,860,020	465,759	(1,394,261)
3	Licences	2,500	600	(1,900)
4	Levies	388,500	591,975	203,475
5	Permits	102,000	65,795	(36,205)
6	Commercial Venture	600,000	455,155	(144,845)
7	Other Receipts	-	-	-
	<b>Sub Total</b>	<b>2,998,020</b>	<b>1,618,514</b>	<b>(1,379,506)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	8,406,948	8,569,292	162,344
9	Constituency Development Fund	1,600,000	1,600,000	-
10	Other Grants	-	114,890	114,890
	<b>Sub Total</b>	<b>10,006,948</b>	<b>10,284,182</b>	<b>277,234</b>
	<b>Total</b>	<b>13,004,968</b>	<b>11,902,696</b>	<b>(1,102,272)</b>

**b. Failure to Update 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, as at 31<sup>st</sup> October 2021, the Council did not have an updated valuation roll as the last one expired in 2018.

**c. Failure to Insure Assets**

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, eight (8) properties valued at K1,679,305 had not been insured as at 31<sup>st</sup> October 2021.

**d. Delayed Implementation of Constituency Development Fund Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

However, a review of the approved list of projects and progress reports for Constituency Development Fund revealed that twelve (12) projects with a total allocation of K1,440,000 had not been implemented as at 31<sup>st</sup> October 2021 despite being approved by the Ministry of Local Government on 23<sup>rd</sup> December 2020. See table 2 below.

**Table 2: Projects not Implemented**

No.	Project Details	Approved Allocation K
1	Construction of Classroom Blocks	723,068
2	Construction of staff houses	400,000
3	Construction of Maternity Annex	124,060
4	Culvert Rehabilitation	120,000
5	Construction of Market Shelter	72,872
	<b>Total</b>	<b>1,440,000</b>

**e. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K2,153,470 in respect of tax, pension and insurance contributions, some dating from as far back as 2018. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	92,548	601,197	693,745	185,095	508,649
2	NAPSA	524,438	860,301	1,384,739	249,656	1,135,083
3	LASF	365,838	86,115	451,953	53,833	398,120
4	NHIMA	-	24,590	24,590	-	24,590
5	Madison GRZ	-	87,027	87,027	-	87,027
	<b>Total</b>	<b>982,824</b>	<b>1,659,230</b>	<b>2,642,054</b>	<b>488,584</b>	<b>2,153,470</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K2,173,040 in respect of settling in allowance, salary arrears,

councillors' allowances, terminal benefits and commutation of leave days, some dating from as far back as 2017. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Settling in allowances	190,273	214,177	404,450	22,500	381,950
2	Salary arrears	682,338	638,616	1,320,954	-	1,320,954
3	Councillors allowances	96,000	-	96,000	8,000	88,000
4	Terminal benefits	226,764	-	226,764	36,500	190,264
5	Commutation of leave days	239,164	-	239,164	47,291	191,873
	<b>Total</b>	<b>1,434,539</b>	<b>852,793</b>	<b>2,287,332</b>	<b>114,291</b>	<b>2,173,040</b>

## 58 Mumbwa Town Council

### 58.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K31,352,785 against which amounts totalling K23,296,824 were received and generated resulting in a negative variance of K8,055,961 as shown in table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	2,820,138	1,097,096	(1,723,042)
2	Fees and charges	8,406,060	3,432,030	(4,974,030)
3	Licences	128,700	25,660	(103,040)
4	Levies	788,200	1,036,561	248,361
5	Permits	833,250	291,326	(541,924)
6	Commercial Venture	1,994,300	583,856	(1,410,444)
7	Other Receipts	-	72,690	72,690
	<b>Sub Total</b>	<b>14,970,648</b>	<b>6,539,219</b>	<b>(8,431,429)</b>
	<b>National Support</b>			
8	Local Government Equalization Fund	13,182,137	12,917,605	(264,532)
9	Grant In Lieu of Rates	-	640,000	640,000
10	Constituency Development Fund	3,200,000	3,200,000	-
	<b>Sub Total</b>	<b>16,382,137</b>	<b>16,757,605</b>	<b>375,468</b>
	<b>Total</b>	<b>31,352,785</b>	<b>23,296,824</b>	<b>(8,055,961)</b>

**b. Failure to Collect Revenue**

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K1,343,788 in respect of bill board fees, property rates and cattle levy. However, as at 31<sup>st</sup> October 2021, amounts totalling K800,147 were collected leaving a balance of K543,641.

**c. Management of Staff and Other Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of 213 positions out of which 167 were filled leaving 46 vacant as at 31<sup>st</sup> October 2021. Out of the vacant positions, some were key to the running of the Council such as Deputy Director of Works, Leading Firefighter and Market Supervisor.

**ii. Overemployment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were two (2) authorised positions which were to be filled by two (2) officers but were instead filled by four (4) officers resulting in excess of two (2) officers.

The two (2) officers were paid salaries in amounts totalling K30,998 during the period under review.

In addition, the Council employed an officer on the position of Market Master. However, the position did not exist on the authorised establishment.

**iii. Employment of Casual Workers**

Section 7 (1) of the Employment Code Act No. 3 of 2019 prohibits institutions or persons from engaging employees on casual terms of employment for jobs which are permanent in nature.

Contrary to the Act, the Council engaged four (4) casual employees for jobs that were permanent in nature and were paid wages in amounts totalling K84,555 for the period they

were engaged on a casual basis. As at 31<sup>st</sup> October 2021, the engagement of casual workers had not been normalised.

Further, contrary to the National Pension Scheme Act No. 7 of 2015, there was no evidence that the Council was remitting contributions to the National Pension Scheme Authority (NAPSA).

**d. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K3,200,000 was made to cater for Mumbwa Central and Nangoma constituencies and the whole amount was released.

As at 30<sup>th</sup> September 2021, amounts totalling K1,937,347 had been spent.

The following were observed:

**i. Failure to Implement Approved Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

However, a review of the approved list of projects and progress reports for Constituency Development Fund revealed that four (4) projects with a total allocation of K220,000 had not been implemented as at 31<sup>st</sup> October 2021 despite being approved by the Ministry of Local Government on 6<sup>th</sup> October 2020.

**ii. Failure to Deliver Building Materials**

On 23<sup>rd</sup> November 2020, the Council procured building materials from Mulla Shopping Centre at a cost of K88,633 (building materials – K78,633 and transportation – K10,000) for the construction of a 1 x 3 classroom block at Munungu Primary School.

However, inquiries and a physical verification carried out in October 2021 revealed that the materials had not been delivered nine (9) months after the payment was made.

**iii. Failure to Complete Court House**

On 20<sup>th</sup> May 2019, the Council engaged Alex Silubunga on a labour based contract for the Construction of Chief Shakumbila Traditional Court at a contract sum of K11,000.

As at 31<sup>st</sup> October 2021, amounts totalling K85,353 had been spent (materials - K80,853 and labour - K4,500).

A physical inspection of the works carried out in October 2021 revealed that the superstructure had been built up to wall plate level. However, works such as roofing, beam filling, fitting windows and door frames had not been done. See Picture below.



Uncompleted Court House

**e. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K10,458,748 in respect of tax and pension contributions, some dating from as far back as 2019. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balances K
1	ZRA	4,995,567	1,524,533	6,520,100	40,000	6,480,100
2	NAPSA	1,470,527	988,118	2,458,645	76,944	2,381,701
3	LASF	1,070,633	253,751	1,324,384	39,785	1,284,599
4	Madison	-	99,189	99,189	44,299	54,890
5	Zulawu	181,378	116,264	297,641	40,183	257,458
	<b>Total</b>	<b>7,718,105</b>	<b>2,981,855</b>	<b>10,699,959</b>	<b>241,211</b>	<b>10,458,748</b>

## ii. Failure to Settle Staff Obligations

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K1,429,356 in respect of terminal benefits, accrued leave, settling in allowance and long service bonus, some dating from as far back as 2012. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balances K
1	Terminal Benefits	366,504	369,955	736,458	147,978	588,480
2	Accrued Leave and Transportation	-	77,809	77,809	-	77,809
3	Settling in allowance	190,273	196,175	386,448	67,000	319,448
	Long Service Bonus	578,928	-	578,928	135,310	443,619
	<b>Total</b>	<b>1,135,705</b>	<b>643,938</b>	<b>1,779,643</b>	<b>350,288</b>	<b>1,429,356</b>

## 59 Mungwi Town Council

### 59.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K15,087,832 against which amounts totalling K14,170,841 were received and generated resulting in a negative variance of K916,991. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	250,149	72,828	(177,321)
2	Fees and Charges	2,030,641	1,764,069	(266,572)
3	Licences	174,023	101,880	(72,143)
4	Levies	15,006	11,547	(3,459)
5	Permits	57,330	12,946	(44,384)
6	Commercial Ventures	50,250	9,546	(40,704)
	<b>Sub Total</b>	<b>2,577,399</b>	<b>1,972,816</b>	<b>(604,583)</b>
	<b>National Support</b>			
7	Local Government Equalization Grant	8,449,206	8,400,698	(48,508)
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Other Grants	2,461,227	2,197,327	(263,900)
	<b>Sub Total</b>	<b>12,510,433</b>	<b>12,198,025</b>	<b>(312,408)</b>
	<b>Total</b>	<b>15,087,832</b>	<b>14,170,841</b>	<b>(916,991)</b>

**b. Failure to fill in Key Vacant Positions**

The Council had an approved establishment of eighty-seven (87) positions out of which eight two (82) were filled leaving five (5) vacant as at 30<sup>th</sup> September 2021.

**c. Failure to Collect Revenue**

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K4,754,716 in respect of rental charges, hire of vehicle, crop levy, property rates and service charge. However, as at 30<sup>th</sup> September 2021, only amounts totalling K1,382,083 were collected leaving a balance of K3,372,633. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Revenue Type	Expected Revenue K	Collected K	Uncollected K
1	Rental Charges	101,600	10,000	91,600
2	Hire of Vehicle	7,500	-	7,500
3	Crop Levy	353,357	-	353,357
4	Property Rates	1,234,400	361,213	873,188
5	Service Charge	3,057,859	1,010,871	2,046,988
	<b>Total</b>	<b>4,754,716</b>	<b>1,382,083</b>	<b>3,372,633</b>

**d. 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 K32,144 procured during the period under review were not accounted for in that there were no receipt and disposal details.

**e. Misapplication of Local Government Equalisation Fund**

According to the Local Government Act No.2 of 2019, a Council should use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure. During the period under review, amounts totalling K8,409,698 were received as equalisation funds, out of which amounts totalling K1,488,954 were transferred to capital projects while amounts totalling K6,920,744 were allocated for operational expenses.

The Council was expected to transfer amounts totalling K1,680,140 to the capital project account for capital expenditure. However, amounts totalling K1,488,954 were transferred to the project account leaving a balance of K141,189 which was misapplied on operational expenses contrary to the Act.

In addition, the Council borrowed amounts totalling K217,203 from the capital project account to meet operational expenses. However, as at 30<sup>th</sup> September 2021, the funds had not been reimbursed.

Consequently, two (2) projects in amounts totalling K410,000 were not implemented. See table 3 below.

**Table 3: Projects not Implemented**

No.	Project	Approved Amount K
1	Rehabilitation of Martin Mwamba Hall	220,000
2	Construction of Fishing Ponds	190,000
	<b>Total</b>	<b>410,000</b>

**f. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K1,600,000 was made to cater for Malole Constituency and the whole amount was released. In addition, an amount of K1,036,285 was brought forward from 2019 bringing total funds available to K2,636,285.

As at 31st December 2020, amounts totalling K62,558 had been spent leaving a balance of K2,573,728.

**i. Failure to Implement Approved Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

However, a review of the approved list of projects and progress reports for Constituency Development Fund revealed that nine (9) projects with a total allocation of K1,048,575 had not been implemented as at 30<sup>th</sup> September 2021 despite being approved by the Ministry of Local Government on 10<sup>th</sup> February 2021. See table 4 below.

**Table 4: Projects not Implemented**

No.	Project	Allocated Amount K
1	Construction of Katongo Chibwe Bridge	80,000
2	Construction of Muchaka Bridge	80,000
3	Construction of Marteniy Annex at Nseluka	200,000
4	Construction of a placenta pit at Ngulula Health Post	28,285
5	Construction of a 1x2 CRB at Kalembo Community School	219,840
6	Completion of Muyala Rural Health Post	150,450
7	Construction and installation of a water reticulation project at Chief Makasa's Palace	110,000
8	Construction of a water reticulation system at Ndomi Village	80,000
9	Construction of Mibe Bridge	100,000
	<b>Total</b>	<b>1,048,575</b>

**ii. Management of Capital Projects**

A review of documents and a physical inspection carried out in August 2021 revealed weaknesses in the management of projects as detailed in table 5 below.

**Table 5: Uncompleted Projects**

No.	Project	Contractor	Contract Start Date	Contract End Date	Amount Allocated K	Amount Spent K	Scope of works	Status
1	Construction of Makasa Market	Force Account	-	-	90,242	98,580	<ul style="list-style-type: none"> <li>• Flooring.</li> <li>• Building of concrete stands.</li> <li>• Fixing of door frames.</li> <li>• Fixing of door.</li> <li>• Installation of mortice locks.</li> <li>• Painting.</li> </ul>	A physical inspection of the project carried out in September 2021 revealed that the project had not been completed in that the following works were outstanding; plastering of inside of the concrete stands, fixing of door frames, fixings of doors and painting.
2	Construction of Ring Culverts at Mutale Namutimba Bridge	Force Account	-	-	112,085	83,941	<ul style="list-style-type: none"> <li>• Excavation of trenches to lay culverts.</li> <li>• Joints to connect the concrete culverts.</li> <li>• Installation of 8 culverts.</li> <li>• Backfilling.</li> </ul>	A physical inspection of the project carried out in September 2021 revealed that the project had been completed. However, it was observed that the surface of the concrete had developed a crack.

**g. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K6,858,844 in respect of tax and pension contributions, some dating from as far back as 2014. See table 6 below.

**Table 6: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Totals K	Payments K	Balance K
1	ZRA	1,588,363	904,883	2,493,246	337,278	2,155,969
2	NAPSA	4,411,181	456,670	4,867,851	467,608	4,400,243
3	LASF	214,940	105,279	320,219	98,397	221,822
4	Workers Compensation	78,738	-	78,738	-	78,738
5	ZULAWU	-	42,382	42,382	40,309	2,073
	<b>Total</b>	<b>6,293,222</b>	<b>1,509,214</b>	<b>7,802,436</b>	<b>943,592</b>	<b>6,858,844</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K1,957,796 in respect of long service bonus, travel benefits, salaries and wages, settling in allowances and terminal benefits, some dating from as far back as 2015. See table 7 below.

**Table 7: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Long Service Bonus	144,204	-	144,204	10,000	134,204
2	Leave, Travel Benefits	32,280	60,350	92,630	35,500	57,130
3	Salaries and Wages	945,952	30,787	976,739	723,370	253,369
4	Settling In Allowance	31,401	85,411	116,812	63,048	53,764
5	Terminal Benefits	1,420,775	115,623	1,536,398	77,069	1,459,329
	<b>Total</b>	<b>2,574,612</b>	<b>292,171</b>	<b>2,866,784</b>	<b>908,987</b>	<b>1,957,796</b>

## 60 Mwense Town Council

### 60.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 and a physical inspection of selected projects carried out in April 2021 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 income from various sources in amounts totalling K16,571,015 against which amounts totalling K15,985,843 were received and generated resulting in a negative variance of K585,172. See table 1 below.

**Table 1: Budget and Income**

No.	Sources of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	1,744,239	1,333,419	(410,820)
2	Fees & Charges	1,512,765	1,001,699	(511,066)
3	Licences	16,671	12,030	(4,641)
4	Levies	157,800	191,896	34,096
5	Permits	16,508	24,100	7,592
6	Commercial Venture	1,116,100	993,160	(122,940)
7	Other Receipts	72,000	63,483	(8,517)
	<b>Sub Total</b>	<b>4,636,083</b>	<b>3,619,786.65</b>	<b>(1,016,296)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	8,734,932	8,646,057	(88,875)
9	Constituency Development Fund	3,200,000	3,200,000	-
10	Other Grants		520,000	520,000
	<b>Sub Total</b>	<b>11,934,932</b>	<b>12,366,057</b>	<b>431,125</b>
	<b>Total</b>	<b>16,571,015</b>	<b>15,985,843</b>	<b>(585,172)</b>

#### b. Failure to Establish Cemeteries

Section 7 (b) of the Local Government Act No. 2 of 2019 states that, “A local authority shall, in relation to public health establish and maintain cemeteries and mortuaries and otherwise provide for the control of the dead and destitute persons who die in the area of the local authority”.

Contrary to the Act, the Council did not have a cemetery during the period under review. Consequently, the community was using a traditional burial site.

**c. Failure to Collect Revenue**

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

The following were observed:

**i. Property Rates**

Contrary to the regulation, the Council was owed amounts totalling K387,502 in respect of property rates as at 31<sup>st</sup> December 2020. As at 30<sup>th</sup> June 2021, the amounts remained uncollected. See table 2 below.

**Table 2: Uncollected Property Rates**

No.	Category	No of Properties	Expected Amount K	Amount Received K	Variance K
1	Residential	959	111,949	24,006	87,943
2	Commercial	47	292,151	2,889	289,263
3	Industrial	3	1,306,005	1,295,708	10,296
	<b>Total</b>	<b>1,009</b>	<b>1,710,105</b>	<b>1,322,603</b>	<b>387,502</b>

**ii. Sale of Residential Plots**

During the period under review, the Council was expected to collect K81,000 from the sale of twenty one (21) residential plots offered to the public. However, as at 30<sup>th</sup> June 2021, only K38,500 had been collected leaving a balance of K42,500.

**iii. Service Charges**

During the period under review, the Council carried out a land regularisation exercise to normalise settlement in a Roads Camp. The Council was expected to collect K124,200 from Roads Camp settlers for application forms and service charges for the regularisation.

However, as at 30<sup>th</sup> June 2021, amounts totalling K99,950 had been collected leaving a balance of K24,250.

**d. Irregular Use of Imprest**

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

However, imprest in amounts totalling K5,900 issued to an officer involving two (2) transactions was used to procure goods and services whose values were obtainable on the market.

**61 Mwinilunga Town Council**

**61.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K18,478,021 against which amounts totalling K13,498,172 were received and generated resulting in a negative variance of K4,979,848. See table 1 below.

**Table 1: Budget and Income**

No.	Sources of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	526,750	3,305	(523,445)
2	Fees and Charges	5,876,480	717,268	(5,159,212)
3	Licences	174,800	8,797	(166,003)
4	Levies	1,396,980	385,648	(1,011,332)
5	Permits	114,650	23,700	(90,950)
6	Commercial Venture	-	-	-
7	Other Receipts	218,745	1,085,790	867,045
	<b>Sub Total</b>	<b>8,308,405</b>	<b>2,224,508</b>	<b>(6,083,897)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	7,980,616	8,890,065	909,449
9	Constituency Development Fund	1,400,000	1,600,000	200,000
10	Other Grants (GILR, Chiefs Retainers)	789,000	783,600	(5,400)
	<b>Sub Total</b>	<b>10,169,616</b>	<b>11,273,665</b>	<b>1,104,049</b>
	<b>Total</b>	<b>18,478,021</b>	<b>13,498,172</b>	<b>(4,979,848)</b>

**b. Failure to Collect Revenue from Regularisation of Plots**

During the period under review, the Council carried out a land regularisation exercise for 222 settlers from which it was expected to collect K579,420.

However, as at 30<sup>th</sup> September 2021, only K94,288 was collected leaving a balance of K485,132.

**c. Failure to Implement Constituency Development Fund Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

Contrary to the Act, thirty seven (37) projects which were allocated amounts totalling K1,519,980 during the period under review had not been implemented as at 30<sup>th</sup> September 2021.

#### d. Failure to Remit Statutory Obligations

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and Madison amounts totalling K8,319,317 in respect of tax and pension and insurance contributions, some dating from as far back as 2000. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Penalties K	Cumulative Total K	Payments K	Balance K
1	ZRA	903,585	605,973	-	1,509,558	30,000	1,479,558
2	NAPSA	3,334,917	879,633	1,211,866	5,426,416	60,362	5,366,054
3	LASF	1,081,414	254,102	56,546	1,392,061	53,551	1,338,511
4	MADISON	-	135,194	-	135,194	-	135,194
	<b>TOTAL</b>	<b>5,319,916</b>	<b>1,874,902</b>	<b>1,268,412</b>	<b>8,463,230</b>	<b>143,913</b>	<b>8,319,317</b>

## 62 Nakonde Town Council

### 62.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K42,458,636 against which amounts totalling K30,862,199 were received and generated resulting in a negative variance of K11,596,437. See table 1 below.

**Table 1: Budget and Income**

No.	Sources of Funds	Budget K	Income K	Variance K
	<b>Locally generated</b>			
1	Local Taxes	49,200	32,246	(16,954)
2	Fees and Charges	29,537,567	16,525,970	(13,011,597)
3	Licences	248,700	109,567	(139,133)
4	Levies	345,696	204,768	(140,928)
5	Permits	222,863	119,521	(103,342)
6	Commercial Ventures	958,636	631,134	(327,502)
7	Other Income/ Other Receipts:	725,776	296,312	(429,464)
	<b>Sub Total</b>	<b>32,088,438</b>	<b>17,919,518</b>	<b>(14,168,920)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	8,703,598	8,627,541	(76,057)
9	Constituency Development Fund	1,600,000	1,600,000	-
10	Other Grants	66,600	2,715,140	2,648,540
	<b>Sub Total</b>	<b>10,370,198</b>	<b>12,942,681</b>	<b>2,572,483</b>
	<b>Total</b>	<b>42,458,636</b>	<b>30,862,199</b>	<b>(11,596,437)</b>

**b. Failure to Develop Integrated Development Plans**

Section 19 (1) and (3) of the Urban and Regional Planning Act No. 3 of 2015 requires that a Local Authority prepares an integrated development plan (IDP) for its area which shall be a principal planning instrument to guide and inform all planning and development in the area of the local authority and all planning decisions of a planning authority.

Contrary to the Act, the Council did not have an Integrated Development Plan (IDP) as at 31<sup>st</sup> October 2021.

**c. Management of Payroll and Other Staff Related Matters**

**i. Payment of Rural Hardship Allowances to Ineligible Employees**

The Council irregularly paid 278 officers rural hardship allowances in amounts totalling K1,921,739 as they were operating from a station that was not eligible for rural hardship.

**ii. Questionable Payment of Salaries to Officers**

During the period under review, the Council paid salaries in amounts totalling K1,269,893 to eleven (11) officers who were on positions which were not provided for in the approved staff establishment such as Senior Systems Analyst, Quantity Surveyor and Legal Officer among others.

As at 31<sup>st</sup> October 2021, the anomaly had not been rectified.

**d. Failure to Implement Approved Constituency Development Fund Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

Contrary to the Act, a review of the approved list of projects and progress reports for Constituency Development Fund revealed that six (6) projects with a total allocation of K478,413 had not been implemented as at 31<sup>st</sup> October 2021 despite being approved by the Ministry of Local Government on 19<sup>th</sup> October 2020. See table 2 below.

**Table 2: Projects not Implemented**

No.	Project Name	Amount Allocated K
1	Construction of Kazembe Health Post (Phase 1) in Mpande Ward	80,000
2	Construction of Staff House at Ibrahim School in Old Fife Ward	88,866
3	Completion of Science Lab at Kaombwe Secondary School (Phase 1) in Muselele Ward	80,000
4	Construction of Market Shelter at Waitwika (Phase 1) in Popomozi Ward	75,000
5	Completion of Classroom Block (Vyonga & Illendela) in Isunda Ward	60,000
6	Phase 2: Completion of Science Laboratory at Ntatumbila Secondary School	94,547
	<b>Total</b>	<b>478,413</b>

**e. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA) and National Pension Scheme Authority (NAPSA) amounts totalling K2,429,954 in respect of tax and pension contributions, some dating as far back as 2018. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cummulative Total K	Payments K	Balance K
1	ZRA	717,803	378,075	1,095,878	425,378	670,500
2	NAPSA	1,332,264	912,587	2,244,851	485,397	1,759,454
	<b>Total</b>	<b>1,332,264</b>	<b>912,587</b>	<b>2,244,851</b>	<b>485,397</b>	<b>1,759,454</b>

**63 Namwala Town Council**

**63.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 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 income from various sources in amounts totalling K17,181,796 against which amounts totalling K12,548,222 were received and generated resulting in a negative variance of K4,633,574. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	46,523	15,740	(30,783)
2	Fees and Charges	4,784,190	1,124,101	(3,660,089)
3	Licences	71,675	90,219	18,544
4	Levies	1,292,528	819,498	(473,030)
5	Permits	286,880	187,388	(99,492)
6	Commerical Venture	-	(11,017)	(11,017)
7	Others Receipts	200,000	181,812	(18,188)
	<b>Sub Total</b>	<b>6,681,796</b>	<b>2,407,741</b>	<b>(4,274,055)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	8,580,000	8,540,481	(39,519)
9	Constituency Development Fund	1,600,000	1,600,000	-
10	Other Grants	320,000		(320,000)
	<b>Sub Total</b>	<b>10,500,000</b>	<b>10,140,481</b>	<b>(359,519)</b>
	<b>Total</b>	<b>17,181,796</b>	<b>12,548,222</b>	<b>(4,633,574)</b>

In addition, there was a brought forward balance of K532,716 from 2019 bringing the total funds available for expenditure to K13,080,938.

**b. Accounting for Revenue**

**i. Missing Receipt Books**

Local Authorities Financial Regulation No.28 (1) (b) states that, “Receipts of all types shall be preserved for a period of ten (10) years”.

Contrary to the regulation, six (6) receipts issued during the period under review were not availed for audit.

**ii. Delayed Banking**

Local Authorities Financial Regulation No. 19 states that, “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 of revenue in amounts totalling K56,843 for periods ranging from four (4) to seventy (70) days.

**iii. Failure to Prepare 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, as at 31<sup>st</sup> October 2021, the Council did not have an updated valuation roll as the last one expired in 2001.

**c. Failure to Fill Vacant Positions**

The Council had an approved establishment of 143 positions out of which 80 were filled leaving 68 vacant as at 31<sup>st</sup> October 2021. Out of the vacant positions, some were key to the running of the Council such as Senior Accountant and Assistant Commercial Manager.

**d. 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 nine (9) council properties such as the civic centre and guest house valued at K4,047,378 were located.

**e. Misapplication of Local Government Equalisation Fund**

According to the Local Government (Amendment) Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the equalisation funds received in any financial year to finance capital expenditure while 80% is to be used on operational expenses.

During the financial year ended 31<sup>st</sup> December 2020, equalisation funds in amounts totalling K8,540,000 were received from the Central Government out of which K1,708,096 was to be deducted as 20% for capital projects.

However, only K190,605 was transferred to the project account leaving a balance of K1,517,491 which was misapplied on salaries and other council expenses .

**f. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation

Fund (LASF) amounts totalling K5,102,011 in respect of tax and pension and union contributions, some dating from as far back as 2014. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Penalties K	Cumulative Total K	Payments K	Balance K
1	ZRA	2,981,474	863,641	-	3,845,115	-	3,845,115
2	LASF	59,435	212,851	7,020	279,305	15,792	263,513
3	NAPSA	326,364	615,143	-	941,506	-	941,506
4	ZALAWU	-	55,693	-	55,693	17,280	38,413
5	FIRESUZ	-	18,934	-	18,934	5,470	13,464
	<b>To ta l</b>	<b>3,367,273</b>	<b>1,766,261</b>	<b>7,020</b>	<b>5,140,554</b>	<b>38,542</b>	<b>5,102,011</b>

## 64 Nchelenge Town Council

### 64.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 and a physical inspection of selected projects carried out in June 2021 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 income from various sources in amounts totalling K17,098,636 against which amounts totalling K13,780,529 were received and generated resulting in a negative variance of K3,318,107. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	549,387	41,454	(507,933)
2	Fees and Charges	4,634,828	1,769,966	(2,864,862)
3	Licences	5,440	-	(5,440)
4	Levies	551,528	569,911	18,383
5	Permits	11,000	-	(11,000)
6	Commercial Venture	-	23,976	23,976
7	Other Receipts	-	-	-
	<b>Sub Total</b>	<b>5,752,183</b>	<b>2,405,307</b>	<b>(3,346,876)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	9,646,453	9,725,222	78,769
9	Constituency Development Fund	1,600,000	1,600,000	-
10	Other Grants	100,000	50,000	(50,000)
	<b>Sub Total</b>	<b>11,346,453</b>	<b>11,375,222</b>	<b>28,769</b>
	<b>Total</b>	<b>17,098,636</b>	<b>13,780,529</b>	<b>(3,318,107)</b>

In addition, there was an opening balance of K986,114 bringing the total amount available for expenditure to K14,766,643.

**b. Failure to Establish and Maintain Cemeteries**

Section 7 (b) of the Local Government Act No. 2 of 2019 states that, “A local authority shall, in relation to Public health establish and maintain cemeteries, and mortuaries and otherwise provide for the control of the dead and destitute persons who die in the area of the local authority”.

Contrary to the Act, the Council did not have a cemetery during the period under review. Consequently, the community was using a traditional burial site.

**c. Failure to Collect Revenue**

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

The following were observed:

**i. Property Rates**

During the period under review, the Council was expected to collect amounts totalling K517,215 from property rates. However, as at 30<sup>th</sup> September 2021, only amounts totalling K5,745 were collected leaving a balance of K511,470.

**ii. Failure to Collect Revenue from Sale of Plots**

The Council offered twenty three (23) residential plots, (3) medium cost residential plots, fifteen (15) high cost residential plots and five (5) commercial plots located near Lake Mweru for sale to the public from which amounts totalling K282,000 were expected to be collected. However, as at 30<sup>th</sup> September 2021, the Council had only collected a total amount of K31,100 leaving a balance of K250,900.

**d. Management of Payroll and Staff Related Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of eighty five (85) positions out of which sixty five (65) were filled leaving twenty (20) vacant as at 30<sup>th</sup> September 2021. Out of the vacant positions, some were key to the running of the Council such as Building Inspector and Land Surveyor. It was further, observed that the positions had been vacant since January 2020.

**ii. Questionable Payment of Salaries to Officers**

During the period under review, the Council paid salaries in amounts totalling K128,811 to three (3) officers who were on positions of Environment Planner, Police Sergeant and Programmer which were not provided for in the approved staff establishment.

As at 30<sup>th</sup> September 2021, the anomaly had not been corrected.

**e. Procurement of Goods and Services**

**i. Unvouched Expenditure**

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

Contrary to the regulation, twenty (20) payments in amounts totalling K368,141 made during the period under review were not supported with documents such as invoices and receipts.

In addition, twenty one (21) payment vouchers in amounts totalling K52,268 made during the period under review were not availed for audit scrutiny.

**ii. Unretired Imprest**

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

Contrary to the regulation, accountable imprest in amounts totalling K14,035 issued to three (3) officers for the purchase of hand tools, office entertainment and payment of subsistence allowances among others had not been retired as at 30<sup>th</sup> September 2021.

**iii. Irregular Use of Imprest**

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

However, imprest in amounts totalling K8,180 issued to four (4) officers was used to procure goods and services whose values were obtainable on the market.

**f. Failure to Create Access Roads**

The Ministry of Lands and Natural Resources Circular No. 1 of 1985 requires plots to be surveyed, beacons, numbered and roads created before advertising them for public offering.

Contrary to the circular, the Council sold twenty three (23) plots to the members of the general public in Lake Mweru area and collected plot premiums in amounts totalling K31,100 without creating access roads. See picture below.



Allocated plots with no access roads

**g. Abandoned Local Government Equalisation Fund Project – Nchelenge Council Lodge**

On 10<sup>th</sup> July 2020, Nchelenge Town Council engaged Chibulula Enterprises Limited for the construction of 1 x 2 chalets at a contract sum of K395,082 over a period of twelve (12) weeks.

Scope of works included excavations and earthworks, concrete works for substructure and superstructure, brick and block works, roofing, metal works, carpentry, joinery, ironmongery, electrical installations, flooring, painting and decorations.

As at 30<sup>th</sup> September 2021, amounts totalling K296,311 had been paid to the contractor.

A physical inspection of the project carried out in September 2021 revealed that the chalets had not been completed as works such as fitting of ten (10) door frames and window frames, electrical, ceiling board, plastering, plumbing, painting and decorations were not done and the contractor was not on site. Further, the works had been abandoned. See pictures below.



Incomplete and Abandoned Project

**h. Failure to Implement Approved Constituency Development Fund Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

However, a review of the approved list of projects for Constituency Development Fund revealed that five (5) projects with a total allocation of K1,042,905 had not been implemented as at 30<sup>th</sup> September 2021 despite being approved by the Ministry of Local Government on 8<sup>th</sup> July 2021. See table 2 below.

**Table 2: Projects not Implemented**

No.	Project	Allocated Amount K
1	Construction of Market at Chipakilu	450,000
2	Construction of Maternity Ward Kefulwa	250,553
3	Construction of Maternity Ward Chabilikila	250,553
4	Feeder Roads	90,299
5	Bore hole drilling	1,500
	<b>Total</b>	<b>1,042,905</b>

**i. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K1,893,697 in respect of tax and pension, union and insurance contributions, some dating from as far back as 2016. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	936,185	948,219	1,884,404	680,860	1,203,544
2	NAPSA	413,364	464,429	877,793	388,373	489,420
3	LASF	97,985	133,749	231,734	67,119	164,615
4	NHIMA	-	30,593	30,593	5,975	24,619
5	ZULAWU	-	46,004	46,004	34,503	11,501
	<b>Total</b>	<b>1,447,534</b>	<b>1,622,994</b>	<b>3,070,528</b>	<b>1,176,830</b>	<b>1,893,697</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K652,233 in respect of long service bonus, leave commutation and settling in allowance, some dating from as far back as 2012. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligation for 2020 K	Cumulative Total K	Payments K	Balance K
1	Long Service Bonus	430,914	-	430,914	25,580	405,334
2	Leave Commutation	183,273	-	183,273	18,244	165,029
3	Settling in Allowance	48,705	63,401	112,106	30,235	81,871
	<b>Total</b>	<b>662,892</b>	<b>63,401</b>	<b>726,293</b>	<b>74,059</b>	<b>652,233</b>

**65 Ndola City Council**

**65.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K135,273,521 against which amounts totalling K104,876,068 were actually received and generated resulting in a negative variance of K30,397,453. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	57,285,350	19,081,434	(38,203,916)
2	Fees and Charges	17,578,117	14,525,801	(3,052,316)
3	Licences	3,578,487	5,033,723	1,455,236
4	Permits	7,840,132	13,980,260	6,140,128
	<b>Sub Total</b>	<b>86,282,086</b>	<b>52,621,218</b>	<b>(33,660,868)</b>
	<b>National Support</b>			
5	Local Government Equalisation Fund	26,079,838	25,452,426	(627,412)
6	Constituency Development Fund	6,400,000	7,796,442	1,396,442
7	Other Grants	-	1,465,100	1,465,100
8	Other Receipts	16,511,597	17,540,882	1,029,285
	<b>Sub Total</b>	<b>48,991,435</b>	<b>52,254,850</b>	<b>3,263,415</b>
	<b>Total</b>	<b>135,273,521</b>	<b>104,876,068</b>	<b>(30,397,453)</b>

**b. Information and Communication Technology**

**i. Duplicated System Receipt Numbers**

The Microsoft NAV (2013 R2) is designed to issue an electronic receipt each time a client transacts with the Council. Among the features on the receipt are the receipt number, names of the client, date of payment and amount paid.

A review of receipts generated by the system revealed that the integrity of receipt numbering was compromised in that same receipt numbers were allocated to different transactions. In particular, it was observed that 6,845 receipt numbers with amounts totalling K12,179,092 were allocated to 13,689 transactions. As at 31<sup>st</sup> May 2021, the anomaly had not been rectified.

**ii. Lack of Disaster Recovery Plan**

Disaster recovery involves a set of policies, tools and procedures to enable the recovery or continuation of vital technological infrastructure and systems following either a natural or human-induced disaster. Key elements of a disaster recovery plan include among others, communication plan, role assignments and detailed IT asset inventory.

However, the Council operated without a disaster recovery plan during the period under review.

**c. Failure to Provide Clearly Marked Solid Waste Containers**

Section 26(1) of the Solid Waste Regulation and Management Act No. 20 of 2018 (1) states that, “A local authority or a licenced solid waste provider shall, in the service zone under the local authority’s or a licensed solid waste provider’s jurisdiction, provide appropriate solid waste containers, for the disposal of solid waste, of a size and pattern, and clearly colour coded or marked, for different categories or sub-divisions of solid waste, as may be prescribed by the Minister”.

Contrary to the Act, the council did not provide appropriate and clearly marked solid waste containers.

**d. Accounting for Revenue**

**i. Failure to Collect Revenue**

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

However, the following were observed:

- **Burial Permit Fees**

The Council issued out eighteen (18) burial permits valued at K500,000 and collected K300,500 leaving K149,500 uncollected as at 31<sup>st</sup> May 2021.

- **Rentals from Council Managed Shops and Property**

The Council did not collect revenue for rentals from tenants in amounts totalling K542,244 during the period under review.

In addition, the Council did not enter into lease agreements with former employees (former Town Clerk and Former Director of Finance) who were occupying Council houses from as far back as 2013 and were not paying rent.

Further, tenants who were occupying the squash, tennis and bowling clubs did not enter into tenancy or lease agreements and were not paying rent while

tenants occupying Lowenthal Theatre although had a tenancy or lease agreement were not paying rent.

- **Business Permits and Licenses**

The Council did not collect revenue in amounts totalling K1,984,948 from 2,454 business premises in respect of fire, health and trading licenses.

**ii. Missing Receipt Books**

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

Contrary to the regulation, seventy two (72) receipt books issued during the period under review were not availed for audit.

**iii. 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 used sixty eight (68) receipt books that were duplicated in that they had the same serial number ranges.

Further, Local Authorities Financial Regulation No. 53 states that, “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, the Council did not enter the sixty eight (68) duplicated receipt books in the register.

**iv. Failure to Issue Receipts**

Local Authorities Financial Regulation No. 51 (1) states that, “Receipt form for which payments are received shall be issued on or with prescribed forms”.

Contrary to the regulation, during the period under review, amounts totalling K172,189 were deposited into fire bank account without being receipted.

**v. Unsupported Revenue**

Local Authorities Financial Regulation No. 72 states that, “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 banked amounts totalling K5,024,258 from various revenue collection points. However, there were no documents such as daily cash summaries indicating the receipts which were used to collect the revenue. It was therefore not possible to ascertain the completeness of the revenue collected.

**vi. Failure to Collect Plot Premiums from Civic Leaders and Council Employees**

In 2018, the Council created a total of 1,559 plots in Dola Hill out of which 153 were offered to Council employees and 24 to Civic leaders. The council employees and civic leaders were expected to pay amounts totalling K2,539,790 by 9<sup>th</sup> October 2020. However, as at 31<sup>st</sup> May 2021, the funds had not been paid.

**e. Management of Payroll and Other Staff Matters**

**i. Overemployment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were 23 authorised positions which were to be filled by 73 officers but were instead filled by 114 officers resulting in excess of 41 officers.

The 41 officers were paid salaries in amounts totalling K2,556,632 during the period under review.

**ii. 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 K15,250 paid to four (4) officers during the period under review had not been recovered as at 31<sup>st</sup> May 2021.

**iii. Unsupported Payments**

Local Authorities Financial Regulation No. 98 (1) states that, “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, 109 payments in amounts totalling K1,836,972 made during the period under review were not supported with documents such as receipts, expenditure returns and invitation letters among others.

**f. 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, plumbing materials costing K234,052 procured during the period under review were not accounted for in that there were no receipt and disposal details.

**g. Lack of Title Deeds**

The Public Finance Management Act No. 1 of 2018 states that, “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 129 properties valued at K186,635,954 were located.

**h. Failure to Reimburse Local Government Equalisation Funds**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K25,452,426 were received as equalisation funds, out of which amounts totalling K4,694,279 were transferred to capital projects account while a total amount of K20,758,147 was allocated for operational expenses.

In addition, the Council had a brought forward amount of K5,018,918 from 2019 in the capital account bringing the total funds available for capital expenditure to K9,713,197.

However, the Council borrowed amounts totalling K3,977,571 from the capital project account to meet operational expenses during the period under review. As at 31<sup>st</sup> May 2021, the funds had not been reimbursed.

**i. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K6,400,000 was made to cater for four (4) constituencies and the whole amount was released.

In addition, an amount of K4,581,758 was brought forward from 2019 bringing the total funds available to K10,981,758.

As at 31<sup>st</sup> May 2021, amounts totalling K3,730,866 had been spent leaving a balance of K7,250,891. See table 2 below.

**Table 2: Income and Expenditure**

No.	Constituency	Balance b/f K	Funds Received K	Total Funds Available K	Expenditure K	Closing Balance K
1	Ndola Central	1,199,390	1,600,000	2,799,390	757,115	2,042,275
2	Kabushi	1,419,896	1,600,000	3,019,896	1,249,235	1,770,662
3	Bwana Mukubwa	1,299,879	1,600,000	2,899,879	1,412,726	1,487,153
4	Chifubu	662,592	1,600,000	2,262,592	311,790	1,950,802
	<b>Total</b>	<b>4,581,758</b>	<b>6,400,000</b>	<b>10,981,758</b>	<b>3,730,866</b>	<b>7,250,891</b>

The following were observed:

**i. Undelivered Building Materials**

During the period under review, the Council purchased materials costing K249,003 for construction of Mwenya Medando and Kantolomba Clinics and Kansenshi Combined School.

However, a physical inspection carried out in May 2021 revealed that the materials had not been delivered to the sites.

Further, the Council was to purchase materials for electrification of Mwenya Medando Clinic at a cost of K41,744 as per BoQ but instead paid suppliers amounts totalling K84,754 resulting in an over payment of K43,010 and the materials were not delivered.

**ii. Wasteful Expenditure – Purchase of Float Switches**

In October 2020, the Council purchased 100 float switches costing K15,000 for a water tank at Mwenya Medando Clinic. At as 31<sup>st</sup> May 2021, only five (5) switches had been delivered.

However, the tank could only be fitted with one (1) float switch rendering the purchase of other ninety nine (99) switches costing K14,850 wasteful.

**iii. Unaccounted for Stores**

Contrary to Local Authorities Financial Regulation No. 145, stores items costing K394,017 involving nineteen (19) transactions procured during the period under review for various projects in Bwana Mukubwa Constituency were not accounted for in that there were no receipt and disposal records.

**j. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K102,202,287 in respect of tax and pension contributions, some dating from as far back as 2007. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payment K	Balance K
1	ZRA	46,842,177	7,349,481	54,191,658	100,000	54,091,658
2	NAPSA	18,954,727	4,156,039	23,110,766	-	23,110,766
3	LASF	22,801,697	2,648,165	25,449,862	450,000	24,999,862
	<b>Total</b>	<b>88,598,601</b>	<b>14,153,686</b>	<b>102,752,287</b>	<b>550,000</b>	<b>102,202,287</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K33,844,984 in respect of settling in allowances, long service bonus and terminal benefits, some dating from as far back as 2013. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Totals K	Payments K	Balance K
1	Terminal Benefits	14,749,691	5,048,920	19,798,611	236,245	19,562,366
2	Long Service Bonus	13,506,647	-	13,506,647	122,064	13,384,583
3	Salaries Arrears	1,101,998	-	1,101,998	203,963	898,035
	<b>Total</b>	<b>29,358,336</b>	<b>5,048,920</b>	<b>34,407,256</b>	<b>562,272</b>	<b>33,844,984</b>

**k. Commercial Venture - The New Ambassador Hotel****i. Missing Receipt Books**

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

Contrary to the regulation, three (3) receipt books at the New Ambassador Hotel issued during the period under review were not availed for audit.

**ii. Unaccounted for Revenue**

Local Authorities Financial Regulation No. 72 states 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 regulation, the New Ambassador hotel did not account for amounts totalling K32,990 collected from fourteen (14) guests who were accommodated at

the Hotel. The guests were recorded in the register but there was no evidence that the funds paid were receipted and banked.

## 66 Petauke Town Council

### 66.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K24,408,081 against which amounts totalling K20,957,484 were received and generated resulting in a negative variance of K3,450,597. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes/Rates	858,865	628,538	(230,327)
2	Fees and Charges	7,108,591	3,836,712	(3,271,879)
3	Licences	44,058	11,984	(32,074)
4	Levies	449,372	586,374	137,002
5	Permits	803,420	528,310	(275,110)
6	Commercial Venture	100,000	(105,202)	(205,202)
	<b>Sub Total</b>	<b>9,364,306</b>	<b>5,486,716</b>	<b>(3,877,590)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	10,143,775	10,070,768	(73,007)
8	Grants in Lieu of Rates	4,800,000	4,800,000	-
9	Constituency Development Fund	100,000	600,000	500,000
	<b>Sub Total</b>	<b>15,043,775</b>	<b>15,470,768</b>	<b>426,993</b>
	<b>Total</b>	<b>24,408,081</b>	<b>20,957,484</b>	<b>(3,450,597)</b>

#### b. Accounting for Revenue

##### i. Missing Receipt Books

A review of the Register of Accountable Documents and receipt books provided revealed that one (1) receipt book with receipt numbers from 217751 to 218500 was

not submitted for audit contrary to Local Authorities Financial Regulation No. 28 (1). It was therefore not possible to establish the amount that could have been collected.

**ii. 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 forty (40) receipt books that had the same serial number ranges.

**iii. Failure to Collect Revenue**

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

The following were observed:

- **Sale of Plots**

During the period under review, the council offered for sale 275 plots to successful applicants from which revenue amounting to K5,706,000 was expected to be collected. However, as at 30<sup>th</sup> June 2021, the council only collected K1,615,000 leaving a balance of K4,091,000. See table 2 below.

**Table 2: Uncollected Revenue – Sale of Plots**

No.	Category	No of Plots	Expected Amount K	Amount Paid K	Balance K
1	Commercial	82	2,052,000	638,250	1,413,750
2	Residential	193	3,654,000	976,750	2,677,250
	<b>Total</b>	<b>275</b>	<b>5,706,000</b>	<b>1,615,000</b>	<b>4,091,000</b>

- **Billboards and Telemasts**

During the period under review, the council expected to collect billboard and telemast fees in amounts totalling K255,000 out of which amounts totalling K174,049 were collected leaving a balance of K80,951. See table 3 below.

**Table 3: Uncollected Revenue – Billboards and Telemasts**

No.	Type of Revenue	Expected Amount K	Amount Collected K	Balance K
1	Billboards	175,000	111,877	63,123
2	Telemasts	80,000	62,172	17,828
	<b>Total</b>	<b>255,000</b>	<b>174,049</b>	<b>80,951</b>

**c. Failure to Fill Vacant Positions**

The Council had an approved establishment of 256 positions out of which 175 were filled leaving 81 vacant as at 30<sup>th</sup> June 2021. Out of the vacant positions, some were key to the running of the Council such as Deputy Director of Works, Mechanic and Works Supervisor.

**d. Management of Local Government Equalisation Fund**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K10,170,799 were received as equalisation funds, out of which K1,742,934 was transferred to the capital renewal account. In addition, there was an opening balance of K12,408 brought forward from 2019 as well as other funds in amounts totalling K500,000 bringing total funds available to K2,255,342 in 2020.

As at 31<sup>st</sup> December 2020, an amount of K1,898,967 had been spent leaving a balance of K356,375.

The following were observed:

**i. Delayed Completion of Fitting of the Ceiling Board at the Civic Centre**

On 22<sup>nd</sup> May 2020, the council engaged Gofa Enterprises on a labour based contract to fit ceiling boards at the Civic Centre at a contract price of K23,000 with a completion period of three (3) weeks.

As at 3<sup>rd</sup> September 2020, the council had spent amounts totalling K49,885 (labour - K13,775 and materials - K36,110).

A physical inspection carried out in July 2021 revealed that the works had not been completed in that the ceiling board in the Council Chamber and western wing of the building had not been fitted thirteen (13) months after the expected completion date.

**ii. Fitting of Tiles at the Civic Centre**

On 2<sup>nd</sup> September 2020, the council engaged Gofa Enterprises on a labour-based contract to fit tiles at the Civic Centre at a contract price of K49,950 with a completion period of sixteen (16) weeks.

As at 3<sup>rd</sup> September 2020, the council had spent amounts totalling K127,843 (Labour - K17,493 and Material - K110,350).

A physical inspection carried out in July 2021 revealed that the works had not been completed in that the tiling of the Council Chamber, entrance and corridors had not been done seven (7) months after the expected completion date.

**e. Management of Liabilities**

**i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and National Health Insurance Management Authority (NHIMA) among others, amounts totalling K7,607,671 in respect of tax and pension contributions, some dating as far back as 2010. See table 4 below.

**Table 4: Unremitted Statutory Obligations**

No.	Institution	Balance b/f 2019 K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	3,451,336	1,335,293	4,786,630	50,000	4,736,630
2	NAPSA	1,762,519	847,405	2,609,924	-	2,609,924
3	ZULAWU	52,217	78,633	130,849	29,850	100,999
4	Firesuz	11,273	13,047	24,320	17,000	7,320
5	NHIMA	17,974	134,825	152,799	-	152,799
	<b>Total</b>	<b>5,277,345</b>	<b>2,274,378</b>	<b>7,551,723</b>	<b>96,850</b>	<b>7,607,671</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K7,617,332 in respect of settling in allowances, terminal benefits, long service bonus and accrued salaries among others, some dating from as far back as 2012. See table 5 below.

**Table 5: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Settling in Allowance	392,980	217,463	610,443	26,476	583,967
2	Terminal Benefits	1,392,183	647,319	2,039,502	10,000	2,029,502
3	Long Service Bonus	1,817,028	-	1,817,028	-	1,817,028
4	Salaries/Wages	2,527,845	1,013,922	3,541,767	736,997	2,804,770
5	Gratuity	9,651	-	9,651	-	9,651
6	Councillor	103,800	124,200	228,000	57,000	171,000
7	Leave Travel	152,415	52,000	204,415	3,000	201,415
	<b>Total</b>	<b>6,395,901</b>	<b>2,054,904</b>	<b>8,450,805</b>	<b>833,473</b>	<b>7,617,332</b>

**f. Commercial Venture - Management of Nyika Motel**

Petauke Town Council operates one (1) commercial venture named Nyika Motel which offers accommodation, food, beverages and hire of conference facilities.

An examination of the accounting documents and other records carried out in April 2021 revealed the following:

**i. Irregular Use of Imprest**

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

Contrary to the regulation, imprest in amounts totalling K5,727 was issued to two (2) officers to procure fuel and generator and motor vehicle spare parts whose values were obtainable on the market.

**ii. Outstanding Receivables from Council Officers**

Local Authorities Financial Regulation No. 12 (h) states that, “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 K79,087 were not collected from eleven (11) officers in respect of accommodation, meals and beverage bills accrued at Nyika Motel as at 31<sup>st</sup> March 2021.

**67 Samfya Town Council**

**67.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K14,767,208 against which amounts totalling K11,869,496 were received and generated resulting in a negative variance of K2,897,712. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	541,212	223,418	(317,794)
2	Fees and Charges	3,399,248	957,401	(2,441,847)
3	Licences	9,660	24,082	14,422
4	Levies	499,377	308,981	(190,396)
5	Permits	108,706	46,393	(62,313)
6	Commercial Venture	250,000	129,616	(120,384)
	<b>Sub Total</b>	<b>4,808,203</b>	<b>1,689,891</b>	<b>(3,118,312)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	8,209,005	8,217,025	8,020
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Other Grants	150,000	362,580	212,580
	<b>Sub Total</b>	<b>9,959,005</b>	<b>10,179,605</b>	<b>220,600</b>
	<b>Total</b>	<b>14,767,208</b>	<b>11,869,496</b>	<b>(2,897,712)</b>

**b. Failure to Collect Revenue**

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K1,377,208 in respect of property rates and billboard fees. However, as at 31<sup>st</sup> October 2021, amounts totalling K983,620 were collected leaving a balance of K393,587.

**c. Overemployment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were two (2) authorised positions which were to be filled by two (2) officers but were instead filled by three (3) officers resulting in excess of one (1) officer.

The excess officer was paid salaries in amounts totalling K24,784 during the period under review.

**d. Irregular Use of Imprest**

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

Contrary to the regulation, imprest in amounts totalling K12,392 issued to five (5) officers involving eight (8) transactions was used to procure goods and services whose values were obtainable on the market.

**e. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K1,661,389 in respect of tax and pension contributions, some dating from as far back as 2016. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f 2020 K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	277,276	852,570	1,129,846	90,000	1,039,846
2	NAPSA	108,478	433,202	541,680	92,473	449,207
3	LASF	112,374	106,442	218,816	46,480	172,336
	<b>Total</b>	<b>498,128</b>	<b>1,392,214</b>	<b>1,890,342</b>	<b>228,953</b>	<b>1,661,389</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K1,077,040 in respect of terminal benefits, settling in allowance, long service bonus and councillors’ allowances, some dating from as far back as 2012. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f 2020 K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Terminal Benefits	464,076	93,670	557,746	173,224	384,522
2	Settling in allowance	536,508	184,823	721,331	166,108	555,223
3	Long Service Bonus	110,780	-	110,780	11,000	99,780
4	Councillors' Allowances	129,040	-	129,040	91,525	37,515
	<b>Total</b>	<b>1,240,404</b>	<b>278,493</b>	<b>1,518,897</b>	<b>441,857</b>	<b>1,077,040</b>

## 68 Senanga Town Council

### 68.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K16,211,045 against which amounts totalling K10,955,855 were received and generated resulting in a negative variance of K5,255,184. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	718,423	62,513	(655,910)
2	Fees and Charges	3,706,065	497,413	(3,208,652)
3	Licences	151,583	204,102	52,519
4	Levies	204,900	40,488	(164,412)
5	Permits	237,660	129,042	(108,618)
6	Other Grants	-	120,000	120,000
7	Other Receipts	1,220,863	37,706	(1,183,157)
	<b>Sub Total</b>	<b>6,239,494</b>	<b>1,091,264</b>	<b>(5,148,229)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	8,371,551	8,264,591	(106,960)
9	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Sub Total</b>	<b>9,971,551</b>	<b>9,864,591</b>	<b>(106,960)</b>
	<b>Total</b>	<b>16,211,045</b>	<b>10,955,855</b>	<b>(5,255,189)</b>

**b. Environmental Management**

The Environmental Management Act No. 12 of 2011 states that, “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.

However, the following were observed:

- i. There were no warning signs displayed at the dumpsite to warn the general public of the existences of the dumpsite
- ii. The council did not compact the waste with a layer of soil and was being burnt thereby, exposing the community to health hazards.
- iii. Contrary to the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 which requires that a dumpsite should be enclosed, fenced off and secured from scavenging, the dumpsite was not fenced for protection and from access by unauthorised persons. See picture below.



Unfenced dumpsite

**c. Management of Payroll and Other Related Staff Matters**

**i. Failure to Fill Vacant Positions**

The Council had an approved establishment of fifty one (51) positions out of which forty seven (47) were filled leaving four (4) vacant as at 30<sup>th</sup> March 2021. The vacant positions were for the Human Resource Officer, Socio-economic Planner, Deputy Director of works and Assistant Internal Auditor.

**ii. Irregular Payment of Housing Allowance**

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

Contrary to the circular, the council paid seven (7) officers housing allowances in amounts totalling K32,098 despite being accommodated.

**iii. Failure to Recover Funds From a Dismissed Officer**

In December 2017, a Social Economic Planner was granted paid study leave to pursue a Masters of Arts in Development Studies for a period of two (2) years from December 2017 to December 2019. However, the officer did not return for work after the completion of studies.

Consequently, in January 2021, the Local Government Service Commission dismissed the officer and recommended that she refunds an amount of K288,296 the council had spent on her training during the period of paid study leave and salaries for the period from January to April 2020.

However, as at 31<sup>st</sup> March 2021, the funds had not been recovered from the officer.

**d. Failure to Maintain Properties**

A physical inspection of selected properties carried out in March 2021 revealed that a 1 x 2 block of residential flats, a tavern and (5) five housing units were dilapidated in that roofs for some housing units, windows and ceiling boards were broken. See pictures below.



Unmaintained 1 x 2 Block of Flats and Tavern

**e. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K1,600,000 was made to cater for Senanga Constituency and the whole amount was released.

In addition, an amount of K1,234,497 was brought forward from 2019 bringing the total funds available to K2,834,497. As at 31<sup>st</sup> December 2020, amounts totalling K962,981 had been spent leaving a balance of K1,871,516.

The following were observed:

**i. Construction of Male Cell at Senanga Correctional Facility**

On 30<sup>th</sup> March 2020, Senanga Town Council engaged Kwalombota and Sons Contractors on a labour-based contract for Construction of a male Cell at Senanga Prison at a contract sum of K16,000 over a period of three (3) months.

Works commenced on 6<sup>th</sup> April 2020 and were expected to be completed on 6<sup>th</sup> July 2020.

As at 31<sup>st</sup> March 2021, amounts totalling K120,000 (labour – K16,000 and materials – K104,000) had been spent.

A physical inspection of the works carried out in March 2021 revealed that the Male Cell had not been completed in that fitting of doors and windows, plumbing and flooring had not been done. See picture below.



Male Cell at Senanga Correctional Facility

**f. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA) National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K3,760,509 in respect of tax and pension and union contributions, some dating as far back as 2002. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payment K	Balance K
1	ZRA	753,185	211,931	965,116	25,000	940,116
2	NAPSA	2,450,188	105,859	2,556,047	60,105	2,495,941
3	LASF	330,224	47,964	378,188	53,734	324,454
4	ZULAWU	3,098		3,098	3,098	-
	<b>Total</b>	<b>3,536,695</b>	<b>365,753</b>	<b>3,902,448</b>	<b>141,937</b>	<b>3,760,511</b>

**ii. Failure to Settle Staff Obligations**

At 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K2,606,348 in respect of salary arrears, settling in allowances, leave travel benefits, terminal benefits and long service bonus, some dating as far back as 2009. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Salary Arrears	1,424,526	-	1,424,526	-	1,424,526
2	Settling In Allowances	191,593	8,361	199,954	46,928	144,665
3	Leave Travel Benefits	330,143	-	330,143	8,608	321,535
4	Terminal Benefits	446,192	-	446,192	40,364	405,828
5	Long Service Bonus	315,294	-	315,294	5,500	309,794
	<b>Total</b>	<b>2,707,748</b>	<b>8,361</b>	<b>2,716,109</b>	<b>101,400</b>	<b>2,606,348</b>

**69 Senga Hill Town Council****69.1 Audit Findings**

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K14,885,446 against which amounts totalling K10,903,027 were received and generated resulting in a negative variance of K3,982,419. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variation K
	<b>Locally Generated</b>			
1	Local Taxes	41,820	19,335	(22,485)
2	Fees and Charges	2,226,740	566,898	(1,659,842)
3	Licences	129,570	60,400	(69,170)
4	Levies	343,198	-	(343,198)
5	Permits	2,720	350	(2,370)
6	Other Receipts	816,500	9,058	(807,442)
	<b>Sub Total</b>	<b>3,560,548</b>	<b>656,041</b>	<b>(2,904,507)</b>
	<b>National Support</b>			
7	Local Government Equalization Fund	8,478,832	8,446,986	(31,846)
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Other Grants	1,246,066	200,000	(1,046,066)
	<b>Sub Total</b>	<b>11,324,898</b>	<b>10,246,986</b>	<b>(1,077,912)</b>
	<b>Total</b>	<b>14,885,446</b>	<b>10,903,027</b>	<b>(3,982,419)</b>

**b. Failure to Collect Revenue from Property Rates and Plot Premiums**

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K633,040 in respect of property rates and plot premiums. However, as at 31<sup>st</sup> August 2021, only amounts totalling K234,560 were collected leaving a balance of K398,480.

**c. Procurement of Goods and Services**

**i. Questionable Procurement - Covid 19 Protective Equipment**

Section 108 (1)(2) of the Public Procurement Regulations of 2011 states that, “A procurement unit shall request for written quotations from a short list of bidders and shall include sufficient bidders in a short list of bidders to ensure effective competition, but in any case, shall obtain no less than three quotations”.

On 31<sup>st</sup> March 2020, the Council procured Covid 19 protective equipment at a cost of K40,019 from Justine Sikanyika. However, a scrutiny of the quotations attached revealed that out of the three (3) quotations, two (2) had the same TPIN. It was not clear why quotations from two (2) different suppliers had the same TPIN.

**ii. Failure to Withhold Tax**

Section 29.0 of the Zambia Revenue Authority Practice Note No. 1 of 2020 states that, “Rental income receipt by any person is subject to withholding tax at the rate of 10% and it is a final tax”.

Contrary to the Practice Note, amounts totalling K48,000 involving four (4) transactions were paid as rentals for the office block the council was occupying without deducting 10% withholding tax of K4,800.

**d. Management of Local Government Equalisation Fund**

According to the Local Government Act No. 2 of 2019, a Council shall use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K8,446,986 were received as equalisation funds, out of which an amount of K1,689,397 was transferred to capital account.

The following were observed:

**i. Failure to Reimburse Borrowings**

During the period under review, the Council borrowed amounts totalling K1,164,280 from the capital project account to meet operational expenses. As at 31<sup>st</sup> August 2021, amounts totalling K753,063 were reimbursed leaving a balance of K411,217.

**ii. Construction of Office Block - Phase II**

On 15<sup>th</sup> July 2020, the Council entered into a contract with Kawisha Contractors and General Dealers for the construction of the Council office block (Phase II) at a contract sum of K466,242 with a completion period of twelve (12) weeks.

The scope of works included carpentry, joinery and ironmongery, metal work, plumbing installation, electrical installation, floor, wall and ceiling finishes, glazing, painting and decoration, external drainage and septic tank.

As at 31<sup>st</sup> August 2021, the contractor was paid amounts totalling K384,000 leaving a balance of K82,242.

A physical inspection carried out in August 2021 and a review of the Bill of Quantities (BoQ) revealed that although the project had been completed, items costing K40,900 had not been installed. See table 2 below.

**Table 2: Uninstalled Items on the Office block**

No.	Description	Quantity	Unit Price K	Total K
1	Hand Wash Basins	3	800	2,400
2	Urinals	1	500	500
3	Security Bars - 2400mm * 1500mm	8	1,000	8,000
4	Security Bars - 1800mm * 1200mm	12	1,000	12,000
5	Security Bars - 1200mm * 1200mm	3	600	1,800
6	Security Bars - 500mm * 600mm	16	300	4,800
7	Steel Pressed Aluminium Doors	4	2,500	10,000
8	Rubber Door Stoppers	28	50	1,400
	<b>Total</b>			<b>40,900</b>

It was further observed that the contractor used wrong materials contrary to those specified in the BoQ as detailed below.

- Clear glass was used on the toilet windows instead of obscure glass
- PVC ceiling boards were used instead of gypsum ceiling boards
- Ordinary paint was used instead of washable paint resulting in fading of the paint. See pictures below.



Clear glass on toilet windows



Decoloring wall

**e. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K1,457,437

in respect of tax and pension and insurance contributions, some dating from as far back as 2017. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance B/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	597,637	786,080	1,383,717	412,988	970,728
2	NAPSA	144,774	471,223	615,997	270,648	345,349
3	LASF	61,023	118,311	179,333	69,015	110,319
4	Public Pensions	5,067	12,300	17,367	7,175	10,192
6	NHIMA	-	37,269	37,269	26,983	10,286
5	Madison Life Insurance	9,845	45,646	55,491	44,926	10,564
	<b>Total</b>	<b>818,345</b>	<b>1,470,828</b>	<b>2,289,174</b>	<b>831,736</b>	<b>1,457,438</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K228,905 in respect of terminal benefits and settling in allowance, some dating from as far back as 2018. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Terminal Benefit	221,684	-	221,684	20,000	201,684
2	Settling In Allowance	100,944	47,459	148,403	121,181	27,222
	<b>Total</b>	<b>322,628</b>	<b>47,459</b>	<b>370,087</b>	<b>141,181</b>	<b>228,906</b>

## 70 Serenje Town Council

### 70.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 and a physical inspection of selected properties 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 income from various sources in amounts totalling K27,636,882 against which amounts totalling K18,643,691 were received and generated resulting in a negative variance of K8,993,191. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	653,754	360,230	(293,524)
2	Fees & charges	4,781,595	1,761,316	(3,020,279)
3	Licences	14,560	14,792	232
4	Levies	540,170	1,322,349	782,179
5	Permits	354,030	482,599	128,569
6	Charges	7,689,100	1,749,365	(5,939,735)
7	Other Income	30,000	-	(30,000)
8	Commercial Venture	1,507,922	484,138	(1,023,784)
	<b>Total</b>	<b>15,571,131</b>	<b>6,174,789</b>	<b>(9,396,342)</b>
	<b>National Support</b>			
9	Local Government Equalisation Fund	8,665,751	8,650,301	(15,450)
10	Grant In Lieu of Rates	200,000	618,600	418,600
11	Constituency Development Fund	3,200,000	3,200,000	-
	<b>Sub Total</b>	<b>12,065,751</b>	<b>12,468,901</b>	<b>403,150</b>
	<b>Total</b>	<b>27,636,882</b>	<b>18,643,691</b>	<b>(8,993,191)</b>

#### b. Poor Management of Ika Forest Dumpsite

The Environmental Management Act No. 12 of 2011 states that, “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 Ika Forest dumpsite carried out in July 2021 revealed the following:

- i. The Council had not deployed officers to manage the dumpsite,
- ii. The Council did not compact and cover the waste with a layer of soil as required, and
- iii. Waste was being dumped indiscriminately along the route to the dumpsite.

**c. Failure to Collect Revenue**

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

The following were observed:

**i. Rental Charges**

During the period under review, the Council was expected to collect revenue in amounts totalling K345,360 from rental charges. However, as at 31<sup>st</sup> July 2021, amounts totalling K307,630 had been collected leaving a balance of K37,730.

**ii. Sale of Plots**

During the period under review, the council offered 146 plots to successful applicants from which they were expected to collect amounts totalling K10,022,950. However, as at 31<sup>st</sup> July 2021, amounts totalling K637,950 were collected leaving a balance of K9,385,000.

In addition, eight five (85) individuals were allocated plots valued at K6,927,550 without paying application fees.

**d. Overemployment of Staff**

An examination of the establishment register revealed that some positions were overstaffed. In particular, it was observed that there were four (4) authorised

positions which were to be filled by six (6) officers but were instead filled by eleven (11) officers resulting in excess of five (5) officers.

The five (5) officers were paid salaries in amounts totalling K177,811 during the period under review.

**e. Management of Assets**

**i. Lack of Title Deeds**

Section 41(4) of the Public Finance Management Act, No. 1 of 2018 states 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, as at 31<sup>st</sup> July 2021, the Council did not secure title deeds for parcels of land on which twelve (12) properties such as the civic centre, rest house, fire station and residential houses 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, eleven (11) properties had not been insured.

A physical inspection of selected properties carried out in July 2021 revealed that the Council Hall, Recreation Hall and Kanona Guest House were dilapidated in that roofs, windows and ceiling boards were broken, paint was worn-out, walls and floors were cracked. See pictures below.



Dilapidated Recreation Hall and Kanona Guest House

**ii. Non-functional Market**

A physical inspection of Kafina Market which was conducted in March 2021 revealed that the Market which had sixty eight (68) trading stands had been abandoned by traders. Consequently, the Council lost an opportunity to collect expected revenue. See picture below.



Non-functional Kafina market

**f. Management of Liabilities**

**i. Failure to Remit Statutory and Other Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Local Authorities Superannuation Fund (LASF) and other institutions amounts totalling K21,799,784 in respect of tax and pension, union and insurance contributions, some dating from as far back as 2018. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	9,547,882	1,500,167	11,048,049	10,800	11,037,249
2	NAPSA	7,861,706	707,618	8,569,324	-	8,569,324
3	LASF	1,754,729	368,589	2,123,318	69,456	2,053,862
4	Madison	14,628	52,653	67,281	36,627	30,654
5	NHIMA	9,704	116,271	125,975	60,287	65,688
6	ZULAWU	14,428	60,197	74,625	37,472	37,153
7	FIRESUZ	3,402	23,182	26,585	20,730	5,854
	<b>Total</b>	<b>19,206,478</b>	<b>2,828,678</b>	<b>22,035,156</b>	<b>235,372</b>	<b>21,799,784</b>

**ii. Outstanding Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K2,827,061 in respect of leave travel benefits, long service bonus, terminal benefits and settling in allowances, some dating from as far back

as 2012. See table 3 below.

**Table 3: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Leave Travel Benefits	16,500	-	16,500	12,500	4,000
2	Long Service Bonus	740,862	-	740,862	58,600	682,262
3	Terminal Benefits	379,038	1,524,690	1,903,728	42,500	1,861,228
4	Settling in Allowance	-	290,071	290,071	10,500	279,571
	<b>Total</b>	<b>1,136,400</b>	<b>1,814,761</b>	<b>2,951,161</b>	<b>124,100</b>	<b>2,827,061</b>

## 71 Sesheke Town Council

### 71.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling

K13,815,533 against which amounts totalling K11,881,955 were received and generated resulting in a negative variance of K1,933,578. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	1,820,000	22,117	(1,797,883)
2	Fees and Charges	1,680,600	1,508,901	(171,699)
3	Licences	32,500	28,350	(4,150)
4	Levies	365,000	448,088	83,088
5	Permits	87,500	116,680	29,180
6	Other Receipts	15,000	52,500	37,500
	<b>Sub Total</b>	<b>4,000,600</b>	<b>2,176,636</b>	<b>(1,823,964)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	8,014,933	8,105,319	90,386
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Other Grants	200,000	-	(200,000)
	<b>Sub Total</b>	<b>9,814,933</b>	<b>9,705,319</b>	<b>(109,614)</b>
	<b>Total</b>	<b>13,815,533</b>	<b>11,881,955</b>	<b>(1,933,578)</b>

**b. 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 that, “A Local Authority shall, establish and maintain fire-fighting 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 30<sup>th</sup> September 2021.

**c. Failure to Collect Revenue**

Local Authorities Financial Regulation No. 12 (h) states that, “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 30<sup>th</sup> September 2021, the Council failed to collect revenue in amounts totalling K1,472,650 in respect of property rates, timber, bus and truck levies. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Type of Revenue	Expected K	Collected K	Outstanding K
1	Timber Levies	718,038	195,470	522,568
2	Truck/Vannete Levy	1,270,200	838,700	431,500
3	Bus Levies	73,000	50,540	22,460
4	Property Rates	510,367	14,245	496,122
	<b>Total</b>	<b>2,571,605</b>	<b>1,098,955</b>	<b>1,472,650</b>

**d. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2020, a total provision of K1,600,000 was made to cater for Sesheke Constituency and the whole amount was released.

In addition, an amount of K684,759 was brought forward from 2019 bringing the total funds available to K2,284,759.

The following were observed:

**i. Failure to Implement Approved Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

However, a review of the approved list of projects and progress reports for Constituency Development Fund revealed that nine (9) projects with a total allocation of K1,600,000 had not been implemented as at 30<sup>th</sup> September 2021 despite being approved by the Ministry of Local Government on 15<sup>th</sup> January 2021.

**ii. Failure to Complete a 2019 Constituency Development Fund Project - 1 x 2 Laboratory at Katima Secondary School**

On 5<sup>th</sup> November 2019, Sesheke Town Council engaged Katima Multipurpose on a labour based contract for completion of a 1 x 2 Laboratory at Katima

Secondary School at a contract sum of K25,500 over a period of three (3) months.

As at 30<sup>th</sup> September 2021, amounts totalling K23,690 (labour – K19,125 and materials – K4,565) had been spent.

A physical inspection of the works carried out in September 2021 revealed that the school laboratory had not been completed in that fitting of doors in the two (2) inside offices and internal and external plastering had not been done. It was further observed that the flooring was poorly done and works had stalled. See picture below.



Incomplete Laboratory

**e. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K6,347,291 in respect of tax and pension contributions, some dating from as far back as 2012. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	4,354,710	493,860	4,848,570	85,000	4,763,570
2	LASF	854,667	79,428	934,095	63,508	870,588
3	NAPSA	390,883	402,250	793,133	80,000	713,133
	<b>Total</b>	<b>5,600,260</b>	<b>975,538</b>	<b>6,575,798</b>	<b>228,508</b>	<b>6,347,291</b>

## ii. Failure to Settle Staff Obligations

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K6,314,719 in respect of salary arrears, long service bonus, settling in allowance, terminal benefits among others, some dating from as far back as 2012. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Salary Arrears	151,571	-	151,571	9,238	142,333
2	Salaries/Wages Arrears	2,436,907	-	2,436,907	503,467	1,933,440
3	Long Service Bonus	3,011,097	-	3,011,097	33,366	2,977,731
4	Settling in allowance	110,684	82,823	193,507	60,867	132,641
5	Terminal Benefits	292,000	-	292,000	44,542	247,458
6	Leave Days for Retired Officers	873,218	-	873,218	7,102	866,116
7	Councillors allowances	27,000	-	27,000	12,000	15,000
	<b>Total</b>	<b>6,902,477</b>	<b>82,823</b>	<b>6,985,300</b>	<b>670,582</b>	<b>6,314,719</b>

## 72 Shangombo Town Council

### 72.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K10,510,631 against which amounts totalling K10,840,822 were received and generated resulting in a positive variance of K330,191. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	6,000	11,445	5,445
2	Fees and Charges	834,010	500,691	(333,319)
3	Licences	2,660	1900	(760)
4	Levies	50,087	138,483	88,396
5	Permits	4,250	620	(3,630)
6	Other Receipts	12,517	33,774	21,257
	<b>Sub Total</b>	<b>909,524</b>	<b>686,913</b>	<b>(222,611)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	8,231,298	8,181,396	(49,902)
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Other Grants	100,000	42,322	(57,678)
	<b>Sub Total</b>	<b>9,931,298</b>	<b>9,823,718</b>	<b>(107,580)</b>
	<b>Total</b>	<b>10,840,822</b>	<b>10,510,631</b>	<b>(330,191)</b>

**b. Accounting for Revenue****i. Failure to Collect Revenue**

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

The following were observed:

- **Uncollected Timber Levies**

The Council levies trucks carrying timber from the district boundaries at a rate of K2,000 per truck load of timber harvested in the District.

A scrutiny of records maintained at Shangombo Department of Forestry revealed that during the period under review, there were 431 timber truck loads that were transported out of the district. In this regard, the Council was expected to collect revenue in amounts totalling K862,000 but only collected K109,470 leaving a balance of K752,530 as at 31<sup>st</sup> July 2021.

- **Unpaid Plot Premiums**

During the period under review, the council offered for sale 500 plots to successful applicants from which revenue amounting to K2,507,000 was expected to be collected. See table 2 below.

**Table 2: Uncollected Plot Premiums**

No.	Category of Plots	No. of Plots Allocated	Plot Premiums K	Expected Amount K
1	Residential High Cost	457	4,000	1,828,000
2	Residential Medium Cost	14	3,500	49,000
3	Institutional	11	30,000	330,000
4	Industrial	6	30,000	180,000
5	Commercial	12	10,000	120,000
	<b>Total</b>	<b>500</b>		<b>2,507,000</b>

However, as at 31<sup>st</sup> July 2021, the council had only collected K202,600 leaving a balance of K2,304,400.

- ii. **Delayed Banking**

Local Authorities Financial Regulation No. 19 states that, “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 of revenue in an amounts totalling K39,042 for periods ranging from five (5) to sixty seven (67) days.

- c. **Management of Assets**

- i. **Failure to Handover Laptop**

In July 2020, the Procurement Officer was transferred to Sinazongwe Town Council. However, as at 31<sup>st</sup> July 2021, the officer had not handed over the laptop that was assigned to him.

- ii. **Irregular Use of Houses for Rentals**

The Council had fourteen (14) institutional houses meant for accommodation of its officers to mitigate the accommodation challenges in the district.

Circular No. MLGH/71/6/93 dated 27<sup>th</sup> November 2012 requires that housing allowance should be paid through payroll to eligible employees who are not accommodated.

Contrary to the circular, twelve (12) officers who occupied council houses also received housing allowances.

**iii. Lack of Title Deeds**

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states that, “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 which included a market, institutional houses, office block, ablution block and butchery were located.

**d. Delayed Completion of a Local Government Equalisation Fund Project - Laboratory at Shangombo Secondary School**

On 27<sup>th</sup> October 2020, Shangombo Town Council engaged Rasaka Contractors on a labour-based contract for completion of the Laboratory at Shangombo Secondary School at a contract sum of K27,790 over a period of eight (8) weeks.

The works commenced on 27<sup>th</sup> October 2020 and were expected to be completed on 21<sup>st</sup> December 2020.

As at 31<sup>st</sup> July 2021, amounts totalling K100,598 (labour – K15,075 and materials – K85,523) had been spent.

A physical inspection of the works carried out in July 2021 revealed that the school laboratory had not been completed in that plumbing works, electrical fittings and drainages had not been done. See picture below.



Front view of the Incomplete laboratory

**e. Delayed Completion of a Constituency Development Fund Project - Beshe Primary School**

On 5<sup>th</sup> February 2020, Shangombo Town Council engaged Integrity Enterprises Limited on a labour based contract for Phase II for the construction of a 1 x 3 classroom block at Beshe Primary School at a contract sum of K38,500 over a period of six (6) weeks.

As at 31<sup>st</sup> July 2021, a total amount of K200,772 had been spent on materials (K161,397) and labour (K39,375).

A physical inspection of the works carried out in July 2021 revealed that the classroom block had not been completed in that rough casting, glazing, painting and fitting of window frames and doors had not been done.



Incomplete Classroom Block

**f. Management of Liabilities**

**i. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority

Superannuation Fund (LASF) amounts totalling K3,303,167 in respect of tax and pension contributions, some dating from as far back as 2017. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Cumulative Total K	Payments K	Balance K
1	ZRA	2,097,384	278,494	1,818,890
2	NAPSA	1,707,050	224,877	1,482,173
3	LASF	2,104	-	2,104
	<b>Total</b>	<b>3,806,539</b>	<b>503,372</b>	<b>3,303,167</b>

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2020, the Council owed former and existing employees amounts totalling K951,484 in respect of long service bonus, salary arrears and terminal benefits, some dating from as far back as 2012. See table 4 below.

**Table 4: Outstanding Staff Obligations**

No.	Type of Debt	Cumulative Total K	Payments K	Balance K
1	Long Service Bonus	259,838	25,000	234,838
2	Salary Arrears	319,791	25,000	294,791
3	Terminal benefits	461,855	40,000	421,855
	<b>Total</b>	<b>1,041,484</b>	<b>90,000</b>	<b>951,484</b>

## 73 Shiwang'andu Town Council

### 73.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 and a physical inspection of selected projects carried out in June 2021 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 income from various sources in amounts totalling K11,295,611 against which amounts totalling K10,811,978 were received and generated resulting in a negative variance of K483,633. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	7,500	1,740	(5,760)
2	Fees and Charges	848,050	507,239	(340,811)
3	Licences	20,600	3,200	(17,400)
4	Levies	88,150	45,752	(42,398)
5	Permits	48,400	2,250	(46,150)
6	Commercial Venture	10,000	-	(10,000)
7	Other receipts	150,000	58,551	(91,449)
	<b>Sub Total</b>	<b>1,172,700</b>	<b>618,732</b>	<b>(553,968)</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	8,522,911	8,493,246	(29,665)
9	Constituency Development Fund	1,600,000	1,600,000	-
10	Other Grants	-	100,000	100,000
	<b>Sub Total</b>	<b>10,122,911</b>	<b>10,193,246</b>	<b>70,335</b>
	<b>Total</b>	<b>11,295,611</b>	<b>10,811,978</b>	<b>(483,633)</b>

#### 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. Poor Management of Dumpsite**

The Environmental Management Act No. 12 of 2011 states that, “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.

However, the following were observed:

- i. The council did not fence the dumpsite for protection from access by unauthorised persons, and
- ii. The council did not compact the waste with a layer of soil thereby exposing the community to health hazards.

**c. Irregular Use of Accountable Imprest**

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

Contrary to the regulation, accountable imprest in amounts totalling K35,626 was issued to four (4) officers for procurement of goods whose values were obtainable on the market.

**d. Unaccounted for Stores**

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

Contrary to the regulation, various stores items costing K44,151 (Stores – K24,654 and Fuel – K19,497) procured during the period under review were not accounted for in that there were no receipt and disposal details.

**e. Management of Local Government Equalisation Fund**

According to the Local Government Act No.2 of 2019, a Council shall use at least twenty (20) percent of the equalisation fund received in any financial year, to finance capital expenditure. During the period under review, amounts totalling K8,493,247 were received as equalisation funds, out of which 20% amounting to K1,698,649 was allocated to capital projects while 80% amounting to K6,794,598 was allocated to recurrent expenditure.

The following were observed:

**i. Misapplication of Capital Funds**

Amounts totalling K1,698,649 being 20% of equalisation funds meant for capital expenditure were expected to be transferred to the project account. It was however observed that K1,417,018 was transferred to the account leaving a balance of K281,630 which was misapplied on operational expenses.

**ii. Failure to Reimburse Borrowed Funds**

The Council borrowed amounts totalling K50,000 from the project account to meet operational expenses. However, as at 31<sup>st</sup> October 2021, the amount borrowed had not been reimbursed.

**f. Failure to Implement Approved Constituency Development Fund Projects**

Section 21(1) of the Constituency Development Fund Act No. 11 of 2018 states that, “A project under this Act shall be implemented by the Council, and where necessary with the assistance of a relevant department of the Government in the district in which the constituency is located”.

However, a review of the approved list of projects and progress reports for Constituency Development Fund revealed that seven (7) projects with a total allocation of K1,162,572 had not been implemented as at 31<sup>st</sup> October 2021 despite being approved by the Ministry of Local Government on 22<sup>nd</sup> February 2021. See table 2 below.

**Table 2: Projects not Implemented**

No	Project Name	Amount K
1	Construction of a Bridge in Chakulwa Area	125,134
2	Rehabilitation of a 1x2 CRB at Timba Primary School	69,938
3	Construction of a 1x2 Classroom Block at Nabutende Primary School	230,000
4	Construction of a 1x2 Classroom Block at Chiwala Community School	255,000
5	Construction of a 1x2 Classroom Block at Chimbwese Primary School	230,000
6	Completion of a 1x2 Classroom Block at Mutitima Primary School	47,500
7	Construction of a 1x2 Classroom Block at Mufushi Primary School	205,000
	<b>Total</b>	<b>1,162,572</b>

**g. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K2,644,696 in respect of tax and pension contributions, some dating from as far back as 2018. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f 2020 K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	1,729,342	338,495	2,067,837	149,421	1,918,416
2	NAPSA	204,190	513,038	717,228	146,634	570,594
3	LASF	116,124	103,601	219,725	64,039	155,686
	<b>Total</b>	<b>2,049,656</b>	<b>955,134</b>	<b>3,004,790</b>	<b>360,094</b>	<b>2,644,696</b>

## 74 Siavonga Town Council

### 74.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K33,363,103 against which amounts totalling K25,704,230 were received and generated resulting in a negative variance of K7,658,873. See table 1 below.

**Table 1: Budget and Income**

No.	Sources of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	7,156,726	8,000,317	843,591
2	Fees and Charges	5,977,076	1,010,274	(4,966,802)
3	Licenses	389,900	258,193	(131,707)
4	Levies	4,120,000	2,023,426	(2,096,574)
5	Permits	291,150	226,216	(64,934)
6	Other Income	4,812,509	3,288,828	(1,523,681)
	<b>Sub Total</b>	<b>22,747,361</b>	<b>14,807,254</b>	<b>(7,940,107)</b>
	<b>National Support</b>			
7	Local Government Equalisation Fund	9,015,742	9,056,327	40,585
8	Constituency Development Fund	1,600,000	1,600,000	-
9	Grants in Lieu of Rates	-	240,649	240,649
	<b>Sub Total</b>	<b>10,615,742</b>	<b>10,896,976</b>	<b>281,234</b>
	<b>Total</b>	<b>33,363,103</b>	<b>25,704,230</b>	<b>(7,658,873)</b>

In addition, funds amounting to K2,304,544 were brought forward from 2019 bringing the total funds available to K28,008,775.

#### b. Failure to Collect Property Rates

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K14,474,274 in respect of leased properties. However, as at 31<sup>st</sup> July 2021, amounts totalling K6,456,464 were collected leaving a balance of K8,017,810.

**c. Failure to Claim Insurance**

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”.

On 7<sup>th</sup> November 2020, a motor vehicle, Scania Fire Tender registration number GRZ844CN was involved in a road accident and was extensively damaged. The accident was reported to the police and the Ministry of Local Government.

Although the motor vehicle was comprehensively insured with Zambia State Insurance Company (ZSIC), the Council had not made any claim with the insurance company and the vehicle had not been repaired as at 30<sup>th</sup> September 2021, ten (10) months after the accident had occurred. See pictures below.



Fire Tender Involved in Road Traffic Accident – GRZ844CN

**d. Delayed Completion of a Local Government Equalisation Fund Project - New Fire Station**

On 2<sup>nd</sup> December 2020, Siavonga Town Council engaged Krel Mining and Contractors of Solwezi District for the construction of a new fire station (Phase I) at a contract sum of K479,334 with a completion period of twelve (12) weeks.

As at 30<sup>th</sup> September 2021, amounts totalling K287,601 had been paid to the contractor.

A physical inspection of the works carried out in September 2021 revealed that the fire station had not been completed in that roofing, plastering and painting among others had not been done. See pictures below.



Incomplete Fire Station

**e. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K7,117,733 in respect of tax and pension contributions, some dating from as far back as 2017. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Accumulated Amount K	Payments K	Balance K
1	ZRA	4,457,726	1,403,045	5,860,771	268,096	5,592,676
2	NAPSA	1,276,682	878,796	2,155,478	928,796	1,226,682
3	LASF	323,276	323,276	646,551	348,176	298,376
	<b>Total</b>	<b>6,057,684</b>	<b>2,605,117</b>	<b>8,662,801</b>	<b>1,545,068</b>	<b>7,117,733</b>

## 75 Sinazongwe Town Council

### 75.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K25,691,629 against which amounts totalling K21,378,675 were received and generated resulting in a negative variance of K4,312,954. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local taxes	5,543,532	4,844,263	(699,269)
2	Fees and Charges	2,620,900	1,158,208	(1,462,692)
3	Licences	696,350	655,829	(40,521)
4	Levies	5,014,778	3,890,814	(1,123,964)
5	Permits	339,000	135,455	(203,545)
6	Other Receipts	673,000	583,874	(89,126)
7	Commercial Venture	-	(11,621)	(11,621)
	<b>Sub Total</b>	<b>14,887,560</b>	<b>11,256,822</b>	<b>(3,630,738)</b>
	<b>National Support</b>			
8	Local Government Equalisation	9,204,069	8,521,853	(682,215.99)
9	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Sub total</b>	<b>10,804,069</b>	<b>10,121,853</b>	<b>(682,216)</b>
	<b>Total</b>	<b>25,691,629</b>	<b>21,378,675</b>	<b>(4,312,954)</b>

#### b. 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 that, “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 31<sup>st</sup> October 2021.

**c. Delayed Banking**

Local Authorities Financial Regulation No. 19 states that, “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 of revenue in an amounts totalling K147,849 for periods ranging from four (4) to seven (7) days.

**d. Lack of Title Deeds**

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states that, “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) council properties such as the civic centre valued at K3,838,600 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 heads of departments”.

Contrary to the regulation, the Council did not insure its properties as at 31<sup>st</sup> October 2021.

**e. Delayed Completion of a Local Government Equalisation Fund Project - Solar Streetlights**

On 12<sup>th</sup> September 2019, the Council engaged Transatlantic Ventures for the supply, installation and commissioning of solar streetlights in Maamba Township at a contract price of K200,008 with a completion period of twelve (12) weeks.

The works were expected to commence on 26<sup>th</sup> September 2019 and were to be completed on 19<sup>th</sup> December 2019.

As at 30<sup>th</sup> September 2021, a total amount of K86,161 was paid to the contractor leaving a balance of K113,848.

A physical inspection of the project site carried out in September 2021 revealed that the project had not been completed in that works such as installation of street light poles and installation of housing of halogen bulbs had not been done, twenty two (22) months after the expected completion date. See picture below.



Incomplete installation of street lights in Maamba Township

**f. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) among other institutions amounts totalling K4,796,915 in respect of tax and pension and union contributions, some dating from as far back as 2015. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payment K	Balance K
1	ZRA	2,325,849	1,240,369	3,566,218	60,000	3,506,218
2	LASF	237,883	195,311	433,194	137,208	295,986
3	NAPSA	825,371	503,683	1,329,054	408,932	920,122
4	ZULAWU	28,921	56,075	84,996	36,701	48,295
5	ZCTU	20,797	12,860	33,657	7,363	26,294
	<b>Total</b>	<b>3,438,821</b>	<b>2,008,298</b>	<b>5,447,119</b>	<b>650,204</b>	<b>4,796,915</b>

## 76 Solwezi Municipal Council

### 76.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K65,616,279 against which amounts totalling K46,054,520 were received and generated resulting in a negative variance of K19,561,759. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
<b>Locally Generated</b>				
1	Local Taxes/Rates	35,177,759	25,847,123	(9,330,636)
2	Fees and charges	12,419,311	3,697,163	(8,722,148)
3	Licences	2,745,900	286,651	(2,459,249)
4	Levies	2,232,701	1,668,504	(564,197)
5	Permits	1,722,822	1,453,271	(269,551)
6	Commercial Venture	-	77,021	77,021
7	Other Income	-	522,435.00	522,435
	<b>Sub Total</b>	<b>54,298,493</b>	<b>33,552,168</b>	<b>(20,746,325)</b>
<b>National Support</b>				
8	Local Government Equalisation Fund	9,717,786	10,452,162	734,376
9	Grants in Lieu of Rates	-	150,190	150,190
10	Other Grant (DHID)	-	300,000	300,000
11	Constituency Development Fund	1,600,000	1,600,000	-
	<b>Sub Total</b>	<b>11,317,786</b>	<b>12,502,352</b>	<b>1,184,566</b>
	<b>Total</b>	<b>65,616,279</b>	<b>46,054,520</b>	<b>(19,561,759)</b>

#### b. Failure to Remit Statutory Obligations

As at 31<sup>st</sup> December 2020, the Council owed the National Pension Scheme Authority (NAPSA) amounts totalling K36,331,446 in respect of pension contributions dating from as far back as 2000.

#### c. Failure to Enforce Court Judgement

In 2018, Kalumbila Town and Solwezi Municipal Councils were jointly sued by Lumwana Mining Company challenging the legality of Solwezi Municipal Council collecting local taxes from Lumwana Mining Company when it was under the jurisdiction of Kalumbila Town Council.

Consequently, on 30<sup>th</sup> October 2018, the Court ruled in favour of Solwezi Municipal Council and awarded costs in amounts totalling K4,334,993 to be settled by Lumwana Mining Company. However, as at 31<sup>st</sup> July 2021, thirty two (32) months from the date of judgement, the Council had not collected the awarded costs.

## 77 Zambezi Town Council

### 77.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K15,711,684 against which amounts totalling K16,344,517 were received and generated resulting in a positive variance of K632,833. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes/Rates	52,500	14,185	(38,315)
2	Fees and Charges	1,521,920	813,266	(708,654)
3	Licences	105,800	58,732	(47,068)
4	Levies	586,376	521,451	(64,925)
5	Permits	98,000	181,802	83,802
6	Commercial Venture	-	312,126	312,126
7	Other Receipts	126,349	1,126,271	999,922
	<b>Sub Total</b>	<b>2,490,945</b>	<b>3,027,833</b>	<b>536,888</b>
	<b>National Support</b>			
8	Local Government Equalisation Fund	9,820,739	9,886,684	65,945
9	Constituency Development Fund	3,200,000	3,200,000	-
10	Other Grants	200,000	230,000	30,000
	<b>Sub Total</b>	<b>13,220,739</b>	<b>13,316,684</b>	<b>95,945</b>
	<b>Total</b>	<b>15,711,684</b>	<b>16,344,517</b>	<b>632,833</b>

**b. Lack of Warning Signs at Dumpsite**

Section 60(2) of Solid Waste Regulation and Management Act No. 20 of 2018 states that, “A local authority 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 considers necessary for such operations”.

Contrary to the provision, the Council did not provide guidelines and directions for entry into the dumpsite.

**c. Accounting for Revenue**

**i. Failure to Update 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, as at 31<sup>st</sup> July 2021, the Council did not have an updated valuation roll as the last one expired on 28<sup>th</sup> August 1997.

**ii. Uncollected Revenue from Timber levy**

The Council levies trucks carrying timber from the district boundaries at a rate of K1,000 per truck load for unprocessed timber and K2,000 for processed timber.

A scrutiny of records maintained at Zambezi Forestry Department revealed that during the period under review there were 713 timber truck loads (625 for unprocessed and 88 for processed) that were transported out of the district during the period under review.

In this regard, the Council was expected to collect revenue in amounts totalling K801,000 but only collected K528,800 leaving a balance of K272,200 as at 31<sup>st</sup> July 2021.

**iii. Failure to Register Dogs**

Section 6 (1) of the Control of Dogs Act No. 13 of 1994 states that, “Every owner or other person having the custody of a dog of the apparent age of three months or over shall register such dog and take in respect thereof a badge and certificate of registration as hereinafter provided”.

Contrary to the Act, the Council did not carry out any dog registration and did not collect any revenue regarding dog levy despite being a registration authority.

**d. Failure to Remit Outstanding Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authority Superannuation Fund (LASF) and other institutions amounts totalling K5,945,373 in respect of tax and pension and insurance contributions, some dating from as far back as 2013. See table 2 below.

**Table 2: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	2,923,107	813,544	3,736,651	60,000	3,676,651
2	NAPSA	332,466	701,418	1,033,884	287,691	746,193
3	LASF	1,305,799	112,470	1,418,270	9,545	1,408,725
4	NHIMA	-	82,792	82,792	20,757	62,035
5	Madison GRZ	-	61,155	61,155	9,385	51,770
	<b>Totals</b>	<b>4,561,372</b>	<b>1,771,379</b>	<b>6,332,751</b>	<b>387,378</b>	<b>5,945,373</b>

## 78 Zimba Town Council

### 78.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31<sup>st</sup> December 2020 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 income from various sources in amounts totalling K14,852,062 against which amounts totalling K12,110,622 were received and generated resulting in a negative variance of K2,741,440. See table 1 below.

**Table 1: Budget and Income**

No.	Source of Funds	Budget K	Income K	Variance K
	<b>Locally Generated</b>			
1	Local Taxes	81,493	50,989	(30,504)
2	Fees and Charges	3,824,840	1,458,976	(2,365,864)
3	Licences	143,320	9,380	(133,940)
4	Levies	486,040	455,164	(30,876)
5	Permits	141,400	50,048	(91,352)
6	Commercial Venture	70,889	(1,928)	(72,817)
7	Other Receipts	103,600	170,776	67,176
	<b>Sub Total</b>	<b>4,851,582</b>	<b>2,193,405</b>	<b>(2,658,177)</b>
	<b>National Support</b>			
	Local Government Equalisation			
8	Fund	8,200,480	8,167,217	(33,263)
9	Constituency Development Fund	1,600,000	1,600,000	-
10	Other grants	200,000	150,000	(50,000)
	<b>Sub Total</b>	<b>10,000,480</b>	<b>9,917,217</b>	<b>(83,263)</b>
	<b>Total</b>	<b>14,852,062</b>	<b>12,110,622</b>	<b>(2,741,440)</b>

In addition, funds amounting to K1,050,197 were brought forward from the previous year bringing the total funds available to K13,160,859.

#### b. Accounting for Revenue

##### i. Delayed Banking

Local Authorities Financial Regulation No. 19 states that, "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 of revenue in an amounts totalling K57, 369 for periods ranging from 3 to 166 days.

**ii. Failure to Collect Revenue**

Local Authorities Financial Regulation No. 12 (h) states that, “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 amounts totalling K708,300 from leased properties, billboards and plot premiums owed by various institutions and individuals. However, as at 30<sup>th</sup> October 2021, only amounts totalling K70,400 were collected leaving a balance of K637,900. See table 2 below.

**Table 2: Uncollected Revenue**

No.	Revenue Type	Expected K	Collected K	Uncollected K
1	Leased Properties	91,800	26,400	65,400
2	Billboards Fees	24,000	6,000	18,000
3	Plot Premiums	592,500	38,000	554,500
	<b>Totals</b>	<b>708,300</b>	<b>70,400</b>	<b>637,900</b>

**c. Failure to Prepare 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, as at 30<sup>th</sup> September 2021, the Council did not have an updated valuation roll as the last one expired in 2018.

**d. Irregular Use of Accountable Imprest**

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

Contrary to the regulation, accountable imprest in amounts totalling K13,750 was issued to six (6) officers to procure goods and services whose values were obtainable on the market.

**e. Failure to Fill Vacant Positions**

The Council had an approved establishment of 136 positions out of which 106 were filled leaving 30 vacant as at 30<sup>th</sup> September 2021. Out of the vacant positions, some were key to the running of the Council such as Building Inspector and Land Surveyor.

**f. Lack of Title Deeds**

Section 41(4) of the Public Finance Management Act No. 1 of 2018 states that, “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) council properties such as the civic centre, dwelling houses, ablution block, Trekkers Guest house, market shelters and new offices 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 the department”.

Contrary to the regulation, the Council did not insure fifteen (15) Council properties in valued at K2,193,556 as at 30<sup>th</sup> September 2021.

**g. Management of Constituency Development Fund**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2020, a total provision of K1,600,000 was made to cater for Mapatizya Constituency and the whole amount was released.

In addition, an amount of K455,078 was brought forward from 2019 bringing the total funds available to K2,055,078. As at 30<sup>th</sup> December 2021, amounts totalling K1,373,962 had been spent leaving a balance of K681,116.

The following were observed:

**i. Construction of 1 x 3 Classroom Block at Sibajene Community School**

On 22<sup>nd</sup> October 2020, Zimba Town Council engaged Chinjila General Contractors for the construction of a 1 x 3 classroom block at Sibajene Community School at a contract sum of K268,556 with a completion period of nine (9) weeks.

As at 30<sup>th</sup> September 2021, amounts totalling K127,944 had been paid to the contractor.

A physical inspection of the works carried out in September 2021 revealed that the truck yard had not been completed in that roofing, polished floor screed, plastering, painting, fitting of window frames, windowpanes and doors and construction of spoon drain had not been done. See picture below.



1 x 3 Classroom Block at Sibajene Community School

**ii. Construction of 1 x 3 Classroom Block at Misika Primary School**

On 10<sup>th</sup> November 2020, Zimba Town Council engaged Mr. Charles Mudenda for the Construction of a 1 x 3 classroom block at a labour contract sum of K16,500 for a duration of six (6) weeks commencing on 16<sup>th</sup> November 2020 and ending on 22<sup>nd</sup> January 2021.

As at 30<sup>th</sup> September 2021, amounts totalling K147,242 (Labour – K13,500 and Materials – K133,742) had been spent.

A physical inspection of the works carried out in September 2021 revealed that the classroom block had not been completed in that plastering and painting of one (1) classroom block, roofing of one classroom block, flooring of one (1) classroom block and glazing of all windows had not been done.

It was further observed that 2 x 20 litres PVA paint valued at K1,780 had expired thereby resulting in wasteful expenditure. See picture below.



Incomplete 1 x 3 Classroom Block

#### **h. Failure to Remit Statutory Obligations**

As at 31<sup>st</sup> December 2020, the Council owed the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF) amounts totalling K7,100,706 in respect of tax, pension and union contributions, some dating from as far back as 2018. See table 3 below.

**Table 3: Unremitted Statutory Obligations**

No.	Institution	Balance b/f K	Obligations for 2020 K	Accumulated Total K	Amount Paid K	Balance K
1	ZRA	2,588,537	1,786,001	4,374,538	-	4,374,538
2	LASF	18,948	93,859	112,807	-	112,807
3	NAPSA	534,955	2,078,407	2,613,362	94,964	2,518,398
4	ZULAWU	32,247	45,227	77,474	-	77,474
5	ZCTU	17,489	-	17,489	-	17,489
	<b>Total</b>	<b>3,192,176</b>	<b>4,003,494</b>	<b>7,195,670</b>	<b>94,964</b>	<b>7,100,706</b>

## 79 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. 15 of 2011, Appropriations Act of 2019, the Local Government Act No. 2 of 2019, the Constituency Development Fund Act No. 11 of 2018 and any other relevant 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, safeguarding and managing prudently public resources,
  - 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 should ensure that project funds under CDF and LGEF are properly managed in accordance with guidelines,

- v. The Controlling Officer and Principal Officers should ensure that there is strict adherence to procurement procedures and contract provisions,
- vi. The Controlling Officer and Principal Officers should ensure that dumpsites are properly managed,
- vii. The Controlling Officer and Principal Officers must ensure that all the assets under their charge are appropriately secured and insured,
- viii. The Controlling Officer and Principal Officers must ensure that all taxes and other statutory contributions are deducted and timely remitted to the respective institutions,
- ix. The Controlling Officer must ensure that local authorities use a standardised and integrated ICT system for ease of reporting and management of information,
- x. 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
- xi. The Controlling Officer and Principal Officers must ensure that local authorities maintain their buildings regularly.

## **80 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.

## **81 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 31<sup>st</sup> December 2018 and 2019 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.

## **82 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**

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# **APPENDICES**



## **83 Appendix 1**

TREASURY MINUTE ON THE REPORT OF THE COMMITTEE ON LOCAL GOVERNMENT ACCOUNTS ON THE REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF LOCAL AUTHORITIES FOR THE FINANCIAL YEARS ENDED 31<sup>ST</sup> DECEMBER 2015, 2016 AND 2017, FOR THE FOURTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY, APPOINTED ON 21<sup>ST</sup> SEPTEMBER 2017.

### **83.1 Analysis of Closed and Outstanding Issues**

#### **Chadiza District Council**

Failure to Maintain a Valuation Roll, Misapplication of Funds - Equalization Funds for salaries- K2,013,172, Failure to Obtain Title Deeds for thirty-six (36) properties.

#### **Chama District Council**

Failure to Provide Receipt Books- K657, 330, Unaccounted for Revenue K12,083, Failure to Update Valuation Roll, Unsupported Payments K97,249, Irregular Payment of Subsistence Allowances K3, 070 Failure to Avail Assets Ownership Documents, Improper Disposal of Waste, Constituency Development Funds (CDF)- K1,400,000 balance of K2,800,000 that was brought forward from 2016 bringing the total funds available to K4,200,000.

Chama South - Construction of a Staff House at Zoole Primary School Verification Status as of June 2020. The site was not reachable due to the terrain of the roads and management did not provide progress reports on the current status. Therefore, the matter is outstanding.

Construction of National Assembly Staff House at Mangwele. The site was not reachable due to the terrain of the roads and management did not provide progress reports on the current status. Therefore, the matter is outstanding.

Construction of a 1\*3 Class Room Block at Kabele Primary School. However, it was observed that the window panes for the office were not fitted to frame. Verification Status as of June 2020 - The site was not reachable due to the terrain of the roads and management did not provide progress reports on the current status. Therefore, the matter is outstanding.

Construction of 1\*3 Class Room Block at Zebe Primary School. Slab was not done, works had stalled as the contractor was not on site, 350 pockets of cement costing K55,855 had caked and 21 PVA, 22 HC & 1 GP paint costing K123,333 had expired. Verification Status as of June 2020-the site was not reachable due to the terrain of the roads and management did not provide progress reports on the current status. Therefore, the matter is outstanding.

Construction of a Health Centre at Mundalanga. As at 28th February 2019, the structure was at roof level with the following works outstanding: beam filling, painting, fixing glass panes. Verification Status as of June 2020 - The site was not reachable due to the terrain of the roads and management did not provide progress reports on the current status. Therefore, the matter is outstanding.

Completion of a 1 x 2 Classroom Block at Chimilila Primary School. As at 28th February 2019, the building had been roofed. However, the following works were outstanding: Plastering, Painting (Interior and Exterior), Fixing air vents, Spoon drain, Fixing doors, Fixing windowpanes. Verification Status as of June 2020 - The site was not reachable due to the terrain of the roads and management did not provide progress reports on the current status. Therefore, the matter is outstanding.

Completion of a 1\*2 Classroom Block at Kasambandola Primary School. As at 28th February 2019, the roofing of a class room block was completed. However, timber trusses used for roofing had been eaten off by termites and the roof had since been blown off on one of the classrooms. Verification Status as of June 2020 - The site was not reachable due to the terrain of the roads and management did not provide progress reports on the current status. Therefore, the matter is outstanding.

#### **Chililabombwe Municipal Council**

Failure to Remit Statutory Obligations – K10,599,639, Failure to Remit Tax - K32, 855, Failure to Repair a Fire Tender – GRZ 851CN, Lack of Title Deeds – for thirty-three (33) properties valued K1,933,153, Failure to Maintain Properties- Lubengele Community Hall was valued at K253,600, Engineering Buildings and Council Restaurant.

#### **Chinsali Municipal Council**

Irregular Payments- Subsistence Allowances K38,433 - 2015, Irregular Payments - Fuel Drawn by Motor Vehicles not on Institutional Fleet K2,188, Failure to Avail Title Deeds - twenty-one (21) properties valued at K9,314,845, Uncollected Revenue K2,117,166, Failure to Remit Statutory and Other Contributions – K7,482,939, Outstanding Staff Obligations - K279,035, Failure to Produce Waste Management Plans and Reports

#### **Chipata City Council**

Missing Payment Vouchers- twenty seven (27) payment vouchers amounting to K178,279.15, Unretired Accountable Imprest K30,428.75, Irregular Medical Refunds K9, 504, Failure to Inscribe Council Assets, Failure to Remit Statutory obligations and PAYE K13, 284,355, Unaccounted for Stores K48,616.7, Misapplication of Funds - Equalization Funds K1,811,379, Lack of Title Deeds for Council Property, Failure to Register the Chipata Motel with PACRA, Failure to Pay Income Tax K36,311, Outstanding Receivables from Council Workers- K126,444.64, Unaccounted for Stores K40,829.70, Illegal use of Dumping Site, Lack of a Weigh Bridge, Dumpsite Not Fenced, Exposure of Community to Health Risk, Lack of Borehole, Non Payment for Use of Dump Site.

### **Chirundu District Council**

Failure to Produce Receipt Books and Other Accountable Documents K1,343,741, Unaccounted for Revenue K20,047, Unsupported Payments K131,879.26, Unretired Accountable Imprest K2,700, Irregular Use of Accountable Imprest K23,100, Unaccounted For Stores K227,32 General Stores –(K101,045 and fuel – K126,276), Failure to Settle Staff Obligations K5,057,149, Failure to Settle Statutory Obligations and Contributions K2,337,710.88, Misapplication of Capital Funds K652,449, No contract for Office at Rented Premises K40, 780.

### **Choma Municipal Council**

Weaknesses in the Management of Commercial Properties – (K96,673 loss), Irregular Drawing of Fuel- K6,855 Unpaid Settling in Allowances – K502,420.84, Failure to Remit Statutory Contributions- K9,996,367, Failure to Complete a Project - Community Radio Station - K195,300.

### **CDF**

Construction of VIP Toilets at Simpweze Rural Health Centre Choma Central K21,091. Application was approved in 2017 but it was not funded, the project has since been funded under CDF 2018

Construction of Water Bourne Toilets Nkumbula Health Post Choma Central K102,106. Application was approved in 2017 but it was not funded, the project has since been funded under CDF 2018

Construction of Rural Health Post Chipande Health Post Choma Central K33,117. Application was approved in 2017 but it was not funded, the project will be funded in future CDF funding as it was not funded under CDF 2018

Construction of Rural Health Post Chandamali/ Kabanana Health Post Choma Central K37,037. Application was approved in 2017 but it was not funded, the project has since been funded under CDF 2018

Creation and Opening of Drainages Mwapona Compound Choma Central K31,039. Work commenced and now in progress

Construction of Staff House Halumba Rural Health Post Mbabala K49,120. Project is ongoing at Plaster level. 90% completion

### **Chongwe Municipal Council**

Under Collection of Revenue from Office Block and House Rentals K134,800, Failure to Insure Assets (land and buildings valued at K7,787,275 and motor vehicles valued at K16,192,464), Failure to Provide Title Deeds for buildings owned by the Council valued at K7,787,275, Failure to Remit Statutory Obligations and Other Contributions K13,969,791, Outstanding Staff Obligations - K664, 586.14, Lack of a Weigh Bridge.

### **Ikelengi Municipal Council**

Lack of a Strategic Plan, Lack of a Risk Management Policy, Failure to Adopt ICT Frameworks, Failure to Prepare Valuation Roll, Lack of Title Deeds- twelve (12) properties valued at K4,778,869, Failure to Produce Activity

Reports K43,334, Unretired Accountable Imprest K102,146, Irregular Payment of Subsistence Allowance within the District K 56,450, Irregular Payment of Sitting Allowances K2,900, Failure to Deduct Pay As You Earn (PAYE) - K22,110, Failure to Remit Statutory Obligations K498,891.00, Failure to Report a Road Traffic Accident (repaired at a cost of K15,000.00), Misapplication of Equalization Funds K365,983, Splitting of Payments to Circumvent Tender Procedure K89,100.

#### **Isoka District Council**

Missing Receipt and License Books (eleven (11) revenue receipt books and two (2) firearm license books), Unaccounted for Revenue K95,357, Failure to Update Valuation Roll, Missing Payment Vouchers forty- four (44) payment vouchers in amounting to K156,863, Unsupported Payments K74,500, Unretired Accountable Imprest K41,730, Failure to Prepare Activity Reports K46,614, Irregular Payments of Subsistence Allowances K156,424, Irregular Payments of Sitting Allowances - K2,650, Irregular Payments of Out of Pocket Allowances for Sponsored Activities K17,133, Failure to Avail Title Deeds, Failure to Remit Tax - K536,483, Misapplication of Equalization Funds K58,914

#### **CDF**

The Council received an amount of K700,000

Completion of 1x2 classroom block at Kafwimbi Primary School K2,000 Plastering, flooring, painting interior and exterior walls and fitting of air vents. (Labour cost). As at 28th February 2019, the works had not been completed

Construction of Market Shelter at Sansamwenje. As at 28th February 2019, the works had not commenced.

Completion of 1x2 classroom block at Nachisungu Primary School. As at 28th February 2019, although the superstructure had been done, only 90% of the roofing had been done.

#### **Kabwe Municipal Council**

Uncollected Revenue K6,375,020, Failure to Avail 240 Receipt Books, Failure to Remit Statutory Obligation - K25,658,202, Outstanding Staff Obligations- K20,620,744, Failure to Avail seventy-nine (79) property Title Deeds, Irregular Payment of VAT to a Non - Registered Supplier - K47,142, Unaccounted for (9) street lights- K123,042, Paving of the Civic Centre - Overpayment K40,602, Lack of Documentation (amount revised from the budgeted amount of K4,500,000 to K8,500,000 and later on the approved contract sum of K21,997,777), Bill of Quantity overpriced - K7,677,730, Overpayment of K2,618,653 on mobilization, Stalled Works due to Non-Payment, Unpaid Service Fees for four Transporters - K14,000, Unpaid Tipping Fees - K68,235.

#### **Kalabo District Council**

Unsupported Payments K8, 350, Irregular Refunds for Officers' Medical Bills - K10,900, Failure to Recover Laptops from Transferred Officers K36,000, Failure to Remit Tax K238,200, Lack of Title Deeds for Properties,

Failure to Update the Valuation Roll, Lack of an Official Dumpsite, Lack of Fire Fighting Services, Irregular Payment of Allowances K49, 750

#### **Kaputa District Council**

Failure to Acquire Title Deeds, Failure to Insure Property and Office Equipment, Lack of a Strategic Plan, Failure to Remit Statutory Obligations and Other Contributions - K4,463,570,

#### **Kasama Municipal Council**

Failure to Fill Key Positions, Failure to Settle Staff Obligations K4,067,046, Failure to Settle Statutory Obligations and other Contributions K6,790,731, Outstanding Receivables K3,605,181, Missing Payment Vouchers K146,965, Unretired Accountable Imprest K258,692, Unapproved Payment Vouchers K37,192, Failure to Produce Activity Reports K340,186, Unaccounted-for Stores K1,061,425 (General Stores – K547,128 and Fuel – K514,297), Irregular Hiring of a Motor Vehicle- K17,850, Failure to Collect Revenue from the Sale of Plots K 8,544,340, Misapplication of Equalisation Funds K1,567,944, Failure to Maintain Buildings- Bantungwa Tarven, Abattoir, Buseko Community Hall, Building with seven (7) classrooms.

#### **Kawambwa District Council**

Failure to Acquire Title Deeds, Failure to Insure Immovable Properties, Loss of Revenue in the Leased-out Council Building, Failure to Settle Outstanding Debts K626,222.

#### **Livingstone City Council**

Outstanding Staff Obligations K1,511,25, Waste Management- Lack of Perimeter Boundary to the Dumpsite.

#### **Luano District Council**

Lack of a Strategic Plan, Lack of a Risk Management Policy, Unaccounted for Revenue – K228,990, Failure to Avail Authority for Plots Offered at Discounted Prices, Failure to Avail twenty-six (26) Receipt Books for Audit, Unsupported Payments – K361,324, Unapproved Payments – K821, 383, Un acquitted Allowances – K157,626, Questionable Payments – K153,053, Unaccounted for General Stores – K344,209 (General Stores - K218,944 and Fuel - K125,265), Questionable Procurement of Solar Panels– K34,098, Unretired Accountable Imprest – K220,233, Failure to Provide Activity Reports, Irregular Payment of Subsistence Allowance –K142,651, Irregular Payment of Subsistence Allowance on Sponsored Activities – K13920, Wasteful Expenditure – K12,298, Questionable Payments – K114,631, Irregular Drawing of Fuel – K11,394, Sponsorship of Officer for Training without Authority from the Commission, Failure to Remit Statutory Obligations and Other Contributions – K751,193, Outstanding Staff Obligations – K1,749,012, Irregular Payment of Social Holiday Allowances – K23,000, Non-recovery of Salary Advances – K72,750 Submission by the Council Secretary, Irregular Payment of Salary Advances – K80,000, Misapplication of Capital Funds K1,000,170, Failure to Insure Buildings – K905,309, Misapplication of CDF Funds K97,781, Unsupported CDF Payments – K2,550,687.

### **Lufwanyama Municipal Council**

Failure to Remit Statutory Obligations - K700,855, Lack of Title Deeds for the Civic Centre building and sixteen (16) residential houses, Failure to Collect Land Fees from Sale of Plots K8,245,930, Inadequacies in Provision of Fire Fighting and Rescue Services, Lack of a Fire Station.

### **Lundazi District Council**

Uncollected Revenue K381, 982, Failure to Remit Statutory Obligations and PAYE K2,498,637, Lack of Title Deeds for thirty (30) Council Property valued at K5,705,000, Weaknesses in the Management of Tigone Motel, Lack of Weigh Bridge at the Dump Site.

### **Lusaka City Council**

Failure to Fill Vacant Positions, Unsupported Payments K16,672,859, Un acquitted Allowances K3,736,009, Unretired Accountable Imprest K994,718, Motor Vehicles Involved in Road Traffic Accidents with no loss, accident and police reports availed for audit, Failure to Register eighteen (18) Motor Vehicles, Lack of Title Deeds for the Civic Centre buildings and (12) residential houses situated in Ibex Hill (10), Olympia Park (1) and Rhodes Park (1), Failure to Maintain twelve (12) Council Residential Houses, Failure to Remit Statutory and Other Contributions, Outstanding Staff Obligations K97,787,115.

### **Mansa Municipal Council**

Failure to settle Outstanding Obligations – K32,107,966

### **Mbala Municipal Council**

Outstanding Receivables K1,381,698, Failure to Remit Statutory Obligations- K5,798,736, Failure to Collect Land Development Fees from Sale of Plots K200,846, Failure to Transfer Equalisation Funds K530,508.

### **Mongu Municipal Council**

Failure to Prepare a Procurement Plan, Lack of an Approved Information Security Policy

Under Collection of Revenue K2,518,783, Payment of Subscription Fees to Professional Bodies K16,940, Failure To Remit Tax K57,331, Failure To Deduct Tax - K149,540, Outstanding Staff Bills K3,414,914, Lack of Title Deeds twenty-nine (29) properties worth K1,548,351, Failure To Control Illegal Developments – Encroachments On The Water Reserve Well Field, Failure to Implement seven (7) Approved Projects costing K315,000 - Nalikwanda Constituency

Completion of Namufolo 1x2 CRB. No progress Matter is still outstanding.

Completion of 1x2 CRB at Imalyo. The 1x2 CRB was at 75%. Matter is still outstanding.

Completion of 1x2 CRB at Sibongo Primary School. The 1x2 CRB was abandoned at window level Matter is still outstanding.

Proposed Construction of a staff house at Nangalata Primary. Matter is still outstanding.

### **School**

Moulding of blocks at Kaamba Community School. No progress. Matter is still outstanding.

Repair of blown off roof at Simulumbe Primary School. No progress Matter is still outstanding.

### **Monze District Council**

Misappropriation of Funds K100,500, Failure to Remit Statutory Obligations K3,263,401, Lack of Title Deeds for twenty-one (21) properties Properties, Failure to Insure Assets worth K6,500,000.

Moomba - Construction of Kaumba Staff House- remains outstanding until cracks on the floor and wardrobe are rectified.

Bweengwa Constituency - Construction of Chuungu Bridge and Construction of Culvert at Kanundwa Road - remains outstanding until cracks on the floor and wardrobe are rectified.

Moomba Constituency - Construction of Kaumba Staff House. As at 5<sup>th</sup> November 2018, the project had not been completed, forty-two (42) months after the expected completion date. The outstanding works included fitting of 10 windowpanes and 8 doors and painting.

Moomba Constituency - Completion of Sikabenga Health Post. As at 5<sup>th</sup> November 2018, the project had not been completed. Further inquiries revealed that the project stalled since 2016.

Bweengwa Constituency - Construction of Chuungu bridge. As at 5<sup>th</sup> November 2018, the project was not completed twenty-seven (27) months after the expected completion date.

### **Ndola City Council**

Outstanding Receivables – Land Rates K84,242,199, Loss of Revenue Due to Non-Issuance of Fire Certificate K134,200, Missing Payment Vouchers K6,093,965, Unsupported Payment Vouchers K2,855,924, Unaccounted for Stores K850,714, Failure to Follow Tender Procedures Unretired Accountable Imprest K249,202, Irregular Payment of Holiday Allowance K24,000 Misapplication of Equalization Fund K201,600, Uncollected Land Fees K12,383,422, Failure to Allocate Plots - K4,042,203, Allocation of Plots to More than One Buyer - K2,537,500.

### **Petauke District Council**

Failure to Collect Revenue K402,384.84, Failure to remit Statutory Obligations K1,741,127, Lack of Title Deeds for for eleven (11) properties Council Property, No license to operate Dumpsite, Failure to Prepare an Integrated Waste Management Plan.

### **Rufunsa District Council**

Failure to Maintain a Valuation Roll, Unsupported Payments – K17,366.91, Failure to Remit Tax – K280,211, Lack of Title Deeds.

### **Serenje District Council**

Failure to Meet Revenue Targets K3,834,254, Failure to Present Receipt Books for Audit, Unaccounted for Revenue K81,929, Uncollected Revenue from Sale of Plots - K540,000, Irregular Payment of Rural Hardship Allowance K545,359, Non-Remittance of Statutory Obligations K3,953,116, Unsupported Payments K48,806.82, Failure to Register and Insure Specialised Equipment, Irregular Payment of Refunds K52,990, Lack of a Maintenance Policy, None Payment for Accommodation by Council Employees and Councilors K21,670, CDF-Failure to Avail Tender Documents K38,991.25, Unaccounted for Building Material K523,969, Failure to Produce Waste Management Reports, Operating without a ZEMA Licence

### **Sesheke District Council**

Lack of a Strategic Plan, Lack of a Billboard Policy, Irregular Refunds of Medical Expenses K10,579, Misapplication of Equalization Funds K61,300, Outstanding Statutory Obligations - K2,334,394, Failure to Settle Staff Obligations- K2,334,394, Lack of Title Deeds and Insurance Policies for five (5) properties, Lack of Fire Fighting and Rescue Services, Inadequate Public Health and Environmental Services Unit Staff, Lack of a Weigh Bridge,

### **Siavonga District Council**

Unsupported payments K3,078, Unretired Accountable Imprest- K3,110, Unaccounted For Stores K20,000, Failure to Avail Activity Reports K20,000, Failure To Insure four (4) vehicles valued at K1,277,630, Failure To Remit Statutory Obligations K3,678,044.

### **Solwezi Municipal Council**

Lack of a Risk Management Policy, Lack of Title Deeds – eleven (11) properties valued at K14,340,000, Failure to Collect Revenue - Bill Boards K420,571, Failure to Collect Rentals - Kyawama Market K693,000, Unretired Accountable Imprest – K25,375, Failure to Recover Salary Advances – K3,000, Irregular Payment of Weekday Overtime Allowance – K40,495, Failure to Prepare an Integrated Waste Management Plan

### **Zambezi District Council**

Failure to Update the Valuation Roll, Lack of Title Deeds, Failure to Collect Shop Rentals K14, 424, Missing Receipts Books - forty-nine (49) receipt books, Unaccounted For Stores K310,978 (General Stores – K290,643 And Fuel – K20,335), Unretired Accountable Imprest K256,260, Irregular Payment of Night Duty and Responsibility Allowances K17,380, Irregular Payment of Subsistence Allowances K52,990, Un-Acquitted Allowances K59,705, Unapproved Payment K183,731, Questionable Payment Of Subsistence Allowances K26,000 (K6,000 Unapproved), Outstanding Staff Entitlements K5,761,764, Failure to Remit Tax and Statutory Contributions K663, 967.57, Misapplication of Equalization Funds K556,542, Misapplication of Funds K16,030

## 84 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.

<b>Misappropriation</b>	Use of public funds for personal purposes or crediting public funds to a private bank account.
<b>Outstanding Issues</b>	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.
<b>Overpayments</b>	Payments made above the correct price or rate.
<b>Parliament</b>	Legislative organ of Government.
<b>Committee on Local Government Accounts (CLGA)</b>	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.
<b>Unaccounted for Revenue</b>	Revenue collected but neither banked nor cash found on hand.
<b>Unvouched Expenditure</b>	Payment vouchers not availed for audit because they are either missing or payment vouchers that are not adequately supported with documentation.
<b>Unretired Imprest</b>	Imprest not accounted for.
<b>Unauthorised Expenditure</b>	Funds spent without approval by a responsible officer.
<b>Unacquitted Payments</b>	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.

