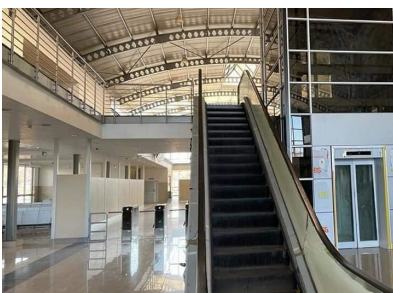
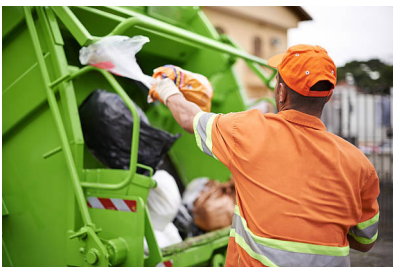




REPUBLIC OF ZAMBIA

OFFICE OF THE AUDITOR GENERAL



**REPORT OF THE AUDITOR GENERAL  
ON THE  
ACCOUNTS OF LOCAL AUTHORITIES  
FOR THE  
FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER 2022**



**REPUBLIC OF ZAMBIA**

**REPORT OF THE AUDITOR GENERAL**

**ON THE AUDIT OF**

**ACCOUNTS OF LOCAL AUTHORITIES**

**FOR THE**

**FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER 2022**

## **OFFICE OF THE AUDITOR GENERAL**

### **VISION:**

An independent and credible audit institution promoting transparency and accountability in the management of public resources for the well-being of the citizenry

### **MISSION:**

To provide timely quality audit services to promote transparency and accountability in the management of public resources.

### **CORE VALUES:**

Integrity

Objectivity

Excellence

Teamwork

Confidentiality

Professionalism

## **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 2022 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.

My Office is mandated 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 the audit of all local authorities. I conducted audits on the local authorities to determine whether the funds appropriated by Parliament and internally generated had been used for the intended purpose and 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. Ron M. Mwambwa, FCMA, FZICA, CGMA, CFE

**ACTING 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 Rural Development 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 update valuation rolls,
- ii. Failure to control markets
- iii. Failure to develop integrated development plans,
- iv. Poor management of solid waste,
- v. Failure to fill vacant positions, over employment of staff and failure to confirm officers on probation,
- vi. Failure to secure properties with title deeds,
- vii. Failure to insure motor vehicles and buildings,
- viii. Failure to maintain properties,
- ix. Failure to establish firefighting services.

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

**Table 1: Summary of Other Irregularities**

<b>No.</b>	<b>Details</b>	<b>Amount K</b>
1	Missing Payment Vouchers	67,497,071
2	Unsupported Payments	60,648,701
3	Failure to Collect Revenue	656,899,225
4	Failure to Recover Salary Advances	416,231
5	Irregular use of Accountable Imprest	421,771
6	Unretired Accountable Imprest	1,198,200
7	Failure to Collect Revenue from Billboards	458,325
8	Failure to Settle Statutory and Other Obligations	3,583,720,728
9	Failure to Settle Staff Obligations	366,318,647
10	Unaccounted for stores	13,857,436
11	Misapplication of funds	11,640,012
12	Failure to Reimburse Borrowings	17,174,909
	<b>Total</b>	<b>4,780,251,258</b>

# **PART I**

---

## **PREAMBLE**





## **1. Introduction**

This Report has been produced in accordance with the Provisions of Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, the Local Government 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 116 Local Authorities which are made up of City, Municipal and Town Councils.

## **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 2022 and, in some cases, observations that required updating were reported as at 31<sup>st</sup> October 2023.

## **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 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 2022, 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 in procuring ICT equipment from Government and Cooperating Partners, the gap still exists.

**4. Audit Methodology**

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards require us to plan an audit, conduct risk assessment, design and conduct audit procedures and report on the audit findings. The standards require us to consider the following five (5) steps:

**i. Planning**

During planning, we focus on obtaining an understanding of auditee business, its challenges and risks, organisational structure, key business and financial reporting processes and trends to heighten the effectiveness and efficiency of the audit.

**ii. Risk Assessment**

This process includes meeting with the audit committee and key financial and other key personnel of the auditee. It also involves reviewing the financial reporting implications arising from strategic goals, objectives, business plans and risk areas. During risk assessment we consider how fraud or error could result in a material misstatement of the auditee's financial statements.

**iii. Evaluation and Internal Controls**

In developing an audit strategy, the standards require us to obtain an understanding of the entity and its environment, including its internal controls and work performed by the Internal Audit department. We begin this process by evaluating controls at the entity level

that relate to financial reporting. This assessment includes aspects of control environment, risk assessment, monitoring, information system (including information technology) and financial reporting processes. We also obtain an understanding of controls over financial reporting activities such as the recording and processing of transactions. This helps us to:

- identify the types of misstatements that could occur whether due to error or fraud;
- evaluate the internal control deficiencies that may increase the risk of material misstatement; and
- design internal control testing strategies, where such an approach would be appropriate.

**iv. Audit Testing**

Our audit approach focuses our audit efforts on those financial statement assertions that have an increased risk of material misstatement. Based on our understanding and knowledge of the auditee, we expect to perform a combination of tests of controls, substantive tests of details and analytical procedures, such as testing high value, unusual and other key items and items selected through sampling routines recalculation, inspection, observation procedures analytical procedures, including trend, ratio, and reasonableness tests. Consideration for value for money and compliance was also factored in during the Audit Testing phase. At this stage, we use different Computer Assisted Audit Tools (CAATs) such as IDEA.

**v. Concluding and Reporting**

Reporting is normally done in a management letter to the auditee, but the ISSAIs allow for verbal communication as an alternative. The management letter describes the misstatements clearly, and when appropriate include recommendations.

In the course of preparing the Report, each Principal Officer was sent appropriate Interim Management Letters. A verification was done upon providing explanations and documents supporting the explanations to the issues raised in the management letter after which a status report was issued to the Controlling Officers indicating the resolved and unresolved issues.

A Draft Audit Report Paragraph (DARP) was then issued to the Controlling Officer for comments and confirmation of the correctness of the facts presented. Where the comments varied with the facts presented, and were proved to be valid, the affected DARP was amended accordingly.

In order to ensure optimal utilisation of resources at my disposal, a risk-based audit approach was used to prioritise clients so that resources were targeted towards the most - risky areas of Government operations.

## **5. Reporting Stages**

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

The third stage was the final management letter (Draft Annual Report Paragraph (DARP) issued to the Controlling Officer and which 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 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 to deliver 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 end of 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 they 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.

Although the local authorities submitted financial statements on time, in most cases, the figures in the financial statements submitted were not supported with underlying records.

## **12. Financial Reporting Framework**

The Councils have adopted the International Public Sector Accounting Standards (IPSAS) cash basis as its framework for financial reporting. The Councils have also adopted Local Authorities Accounting Policies (LAAPs) which are a set of accounting policies that provide guidance on the preparation of financial statements for local authorities in Zambia issued by the Ministry of Finance and National Planning.

The objective of the audit was to give an opinion on whether the financial statements have been presented truthfully and fairly in all material respects. In addition, the audits identified various issues, although not directly impacting on the presentations of the financial statements, were considered necessary to report as they were material by nature in that there were areas of non-compliance with the relevant statutory provisions.

### **13. Audit Opinions**

The signing procedure of Annual Financial Statement for the Local Authority shall take the following steps:

- i Upon advice from the Office of the Auditor General to sign the financial statements, a meeting of the Council shall be convened where the financial statements shall be tabled and considered.
- ii After consideration of the financial statements, a resolution shall be passed to adopt the financial statements and to authorise that they be signed. The date of the resolution shall be the authorisation date of the financial statements and that date shall be inserted in the financial statements as provided for in the LAAPs.
- iii After the resolution, copies of financial statements shall be printed and be signed as follows:
  - The Mayor/Chairperson shall sign the Report of the Council and insert the date when he or she signs the report.
  - The Mayor/Chairperson shall sign the Statement of Responsibility for the Annual Financial Statements
  - The Town Clerk/Council Secretary shall also sign the Statement of Responsibility for the Annual Financial Statements
  - The Director of Finance/ Treasurer shall also sign the Statement of Responsibility for the Annual Financial Statements
  - The date when all the three will have signed the Statements of Responsibility for the Annual Financial Statements shall be inserted in the Statement as required the LAAPs.

Local Authorities are hereby instructed to ensure that they sign the financial statements that have been audited by the Office of the Auditor General. Any changes to the financial



statements at the time of signing should be made with knowledge and approval of the Office of the Auditor General.

Once the copies of financial statements are signed by the Local Authorities, they shall be submitted to the Office of the Auditor General for inclusion of signed Independent Auditor's Report.

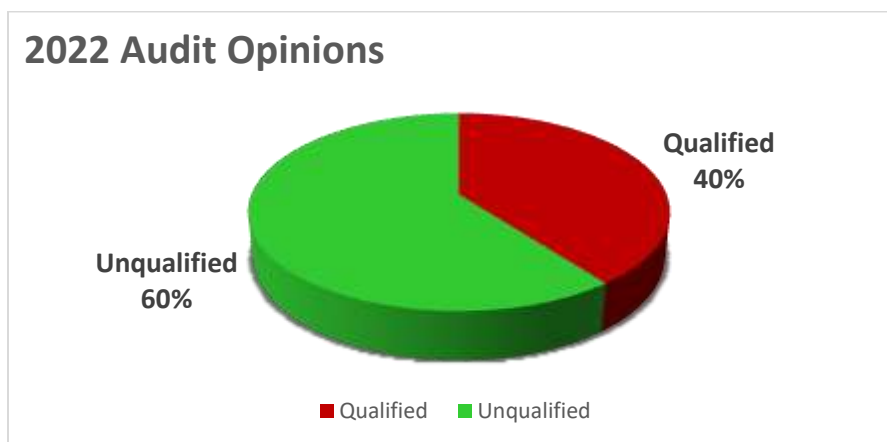
The Local Authority shall then bind the complete financial statements and circulate copies to relevant stakeholders such as the Permanent Secretary, Ministry of Local Government and Rural Development, the Auditor General and Parliament.

At the time that this report was being concluded, the following were the proposed audit opinions which were submitted to the respective local authorities for tabling and adoption before their respective Councils.

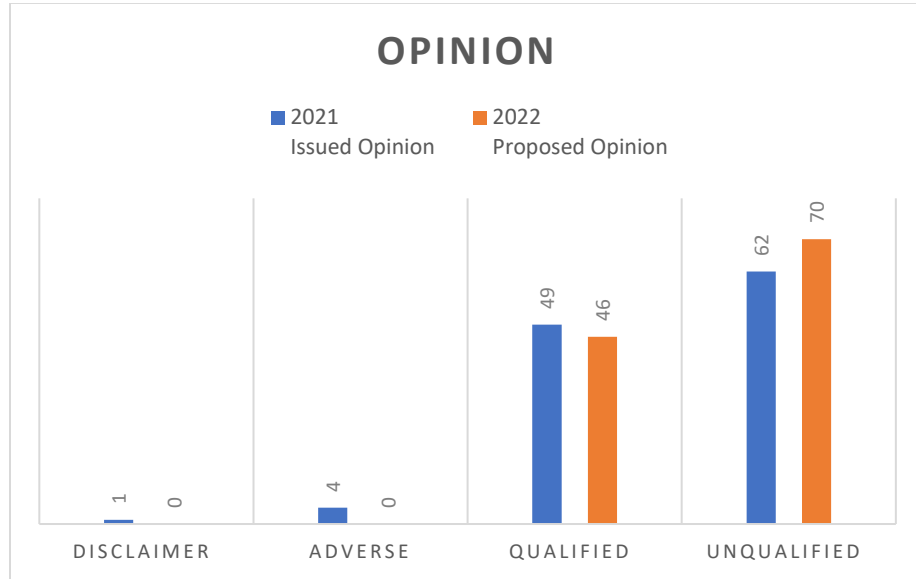
The qualified opinions pertaining to forty six (46) Local Authorities arose from uncorrected errors and misstatements that were material either quantitatively or by its nature, although not pervasive throughout the financial statements, were not rectified.

The audit opinions on the financial statements for the 116 Councils were as follows:

- i. Seventy (70) unqualified opinions; and
- ii. Forty six (46) qualified.



The two-year comparative analysis of the audit opinions which were issued on the financial statements of Councils were as shown in the graph below.



See Appendix 1 which shows a two-year comparative analysis of the audit opinions which were issued on the financial statements of Councils.



# **PART II**

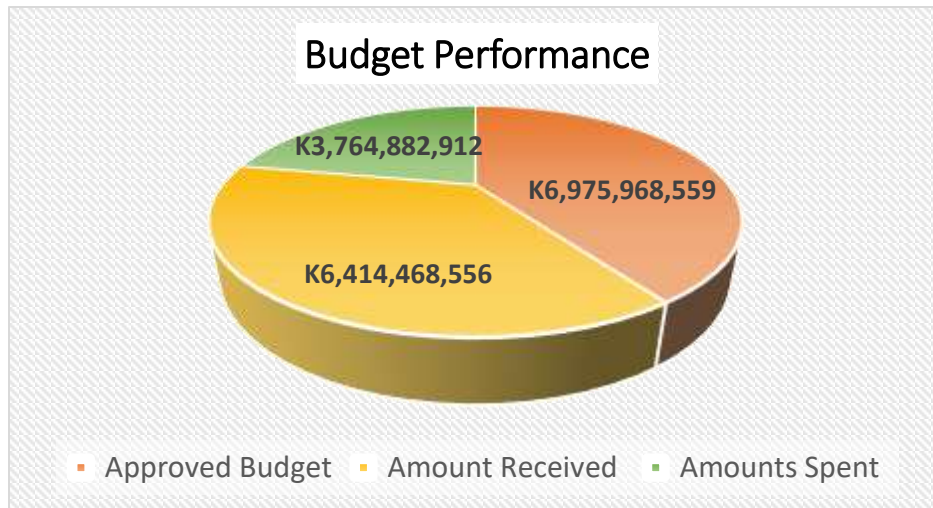
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# **PARAGRAPHS**



#### 14. Budget, Funding and Expenditure

During the period under review, the Councils budgeted to receive grants from the Ministry of Local Government and Rural Development and to generate funds from various sources in amounts totalling K6,975,968,559 against which amounts totalling K6,414,468,556 were received and generated resulting in a negative variance of K2,649,585,644. See graph below.



As at 31<sup>st</sup> December 2022, amounts totalling K3,764,882,912 had been spent by the 116 Local Authorities. See Appendix 2.

The audit report contains ninety five (95) paragraphs. In order to ensure that the findings are best classified, the findings have been classified into cross-cutting audit observations and specific observations.

## 15. CROSSCUTTING AUDIT OBSERVATIONS

Crosscutting audit observations refer to findings that are generally found in most councils which reveal consistent internal control deficiencies and non-compliance with various legal provisions. The observations have been classified into:

- Revenue Management;
- Expenditure Matters;
- Stores Management;
- Human Resource Management;
- Management of Council Properties;
- Environmental Matters;
- Management of Liabilities;
- Management of Local Government Equalization Funds; and
- Weaknesses in Management of Fire Fighting and Rescue Services.

The following are the cross-cutting observations:

### a. **Lack of a Database of Businesses**

The local authorities generally did not have in place a database of the businesses operating within their respective jurisdictions. The local authorities' failure to establish and maintain a comprehensive database hampers the local authority's ability to monitor and regulate business activities and also compromises its capacity to make informed decisions that foster economic development such as revenue collection.

### b. **Revenue Management**

#### i. **Failure to Collect Revenue**

Regulation 9 (h) of the Public Finance Management (General) Regulations of 2020 requires the head of the accounting unit of a local authority to collect in a timely manner all revenue and other public monies due and payable to the local authority.

During the period under review, revenue in respect of property rates, billboards, site rent and personal levy in amounts totalling K1,039,899,098 was expected to be collected by seventy three (73) Councils.

However, as at 31<sup>st</sup> October 2023, only revenue in amounts totalling K382,999,873 had been collected leaving a balance of K656,899,225. See Appendix 3.

**ii. Failure to Update Valuation Roll**

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

Contrary to the Act, as 31<sup>st</sup> October 2023, sixteen (16) Councils did not have updated valuation rolls in that the main valuation rolls were either not updated or the timeframe since the last update was in excess of the five (5) year period that is allowable. Consequently, the councils did not have up to date valuations for properties which were valued prior to the expiration of the roll while properties that were built after the last valuation were not captured on the roll. In this regard, the revenue with respect to rates was either under collected for properties that were undervalued or not collected for properties which were not on the roll. See Appendix 4.

**iii. Missing Receipt Books**

Regulation No.17 (1) (b) of The Public Finance Management (General) Regulations of 2020 states, “Receipts of all types shall be preserved for a period of ten (10) years”.

Contrary to this Regulation, there were 187 receipt books which were issued to ten (10) Councils by the Ministry of Finance and National Planning that were not availed for audit. It was therefore not possible to ascertain how much revenue was collected and deposited using these receipt books. See Appendix 5.

**iv. Failure to Control Markets**

Section 5 (I) of the Bus and Markets Act of 2007 requires that all markets and bus stations should be under the control of a local authority having jurisdiction in the area in which they are situated.

During the period under review, there were various markets that were within the jurisdiction of eighteen (18) councils. However, as at 31<sup>st</sup> October 2023, 158 markets were not under the control of the councils. Consequently, the councils were not able to collect any revenue from the markets that were not under their control. See Appendix 6.



**c. Expenditure Matters**

**i. Unsupported Payments**

Regulation No. 62 (b) of the Public Finance Management (General) Regulations of 2020 requires that an assigned officer should ensure that original documents such as invoices, salary sheets, claim forms and other relevant supporting documents are attached to the authority for the payment.

Contrary to the Regulation, during the period under review, various payments made at forty one (41) Councils in amounts totalling K60,648,701 were not supported with relevant documents. See Appendix 7.

**ii. Missing Payment Vouchers**

Regulation No. 72 (1) of the Public Finance Management (General) Regulations of 2020 states that, “a payment voucher with supporting documents, and any other forms which support a charge entered in the accounts, shall be filed, secured against loss, and be readily available for audit.”

Contrary to the regulation, there were 3,036 payment vouchers in amounts totalling K67,497,071 made during the period under review at twenty (28) councils that were not availed for audit. See Appendix 8.

**iii. Irregular Use of Accountable Imprest**

Regulation 94 (3) of the Public Finance Management (General) Regulations of 2020 states “Accountable imprest be issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time of payment for which the imprest holder is required to submit receipts after the purchase of those goods and services.”

However, accountable imprest in amounts totalling K421,771 was issued to various officers at nine (9) councils for the procurement of goods whose values were obtainable on the market. See Appendix 9.

**iv. Unretired Accountable Imprest**

Regulation 104 (1) of the Public Finance Management (General) Regulations of 2020 requires that Special or accountable imprest should be retired immediately after the purpose for which the imprest was issued is fulfilled.

Contrary to the Regulation, Accountable Imprest in amounts totalling K1,198,200 issued to various officers at nineteen (19) councils had not been retired as at 31<sup>st</sup> October 2023. See Appendix 10.

**d. Stores Management**

**i. Unaccounted for Fuel**

Section 41 (5) of the Public Finance Management Act No. 1 of 2018 requires a Controlling Officer to ensure that all public stores under that Controlling Officer's charge are accounted for in each financial year as shall be specified by the Secretary to the Treasury.

Contrary to the Act, fuel costing K13,857,436 procured at thirty eight (38) councils during the period under review was not accounted for in that there were no receipt and disposal details. See Appendix 11.

**ii. Failure to Inscribe Assets**

Public Stores Regulation No. 154, requires that, "all furniture and equipment belonging to public institutions must be clearly marked with distinguishing letters in an inconspicuous part of the asset to identify it as a government property."

Contrary to the Regulation, as at 31<sup>st</sup> October 2023, assets costing K3,352,582 procured during the period under review by nine (9) councils had not been inscribed with identification marks. See Appendix 12.

**e. Human Resource Management**

**i. Failure to Recover Salary Advances**

Section 105 (d) of the Terms and Conditions of Service for Local Government Officers requires that a salary advance should 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 K416,231 paid to ninety nine (99) officers at nine (9) councils during the period under review had not been recovered as at 31<sup>st</sup> October 2023. See Appendix 13.

**ii. Over Employment of Staff**

An examination of the establishment registers at forty three (43) councils revealed that some positions were overstaffed. In particular, it was observed that there were 1,986 positions which were to be filled by 2,308 officers but were instead filled by 2,912 officers resulting in an excess of 604 staff who were paid salaries in amounts totalling K79,363,724. See Appendix 14.

**iii. Failure to Fill Vacant Positions**

During the period under review, forty nine (49) councils had an approved establishment of 6,532 positions out of which 4,158 were filled leaving 2,374 vacant.

As at 31<sup>st</sup> October 2023, the positions which had been vacant for periods ranging from six (6) months to ten (10) years had not been filled. Included in the vacant positions were positions which were critical for the efficient and effective operation of Councils such as Director of Works, Assistant Commercial Managers, Chief Procurement Officers, Chief Human Resource Officers, Land surveyors and Civil Engineers. See Appendix 15.

**iv. Failure to Confirm Staff**

Section 27 (1) of the Employment Act No. 3 of 2019 states, “an employee may be employed for a probationary period, not exceeding three (3) months, for the purpose of determining that employees’ suitability for the appointment.”

In addition, Section 25 (b) (i) of the Terms and Conditions of Local Government Officers stipulates that when an officer is appointed to act in a higher post with a view to awarding him/her substantive promotion, the effective date of such promotion shall be the date on which the officer commenced to act on the post. Officers selected for promotion shall normally be appointed by the Service Commission or the responsible officers to act for a period of not less than three (3) months with a view to establishing their suitability for substantive promotion.

Further, Section 22 of the Terms and Conditions of Service for Local Government Officers provides that an officer appointed to act in a higher post shall receive an acting allowance equal to the difference between his or her substantive salary applicable to the post.

A review of the Council payroll revealed that 346 officers at thirty nine (39) councils had not been confirmed as at 31<sup>st</sup> October 2023 despite acting for periods ranging from five (5) months to three hundred and ninety six (396) months. See Appendix 16.

**v. Employees Without Requisite Qualifications**

Contrary to the individual job descriptions for Local Authorities which provide for minimum qualifications for officers occupying various positions, it was observed that 237 members of staff at twenty five (25) councils did not meet the requisite educational and professional qualifications for the positions they were holding. See Appendix 17.

**f. Management of Council Properties**

**i. Failure to Provide White Books for Movable Assets**

Section 13 (7) of the Road Traffic Act No. 11 of 2002 states, “On the registration of a new owner, the licensing officer shall charge the prescribed fee, make necessary alterations to the registration document or issue a new registration document, and shall deliver the altered or new registration document to the new registered owner as the case may be.

Contrary to the Act, seven (7) councils did not provide white books for 145 motor vehicles making it not possible to ascertain the ownership of the vehicle. See Appendix 18.

**ii. Failure to Secure Properties with Title Deeds**

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

Contrary to the Act, as at 31<sup>st</sup> October 2023, sixty one (61) councils had not secured title deeds for 1,347 properties under their charge. See Appendix 19.

**iii. Failure to Repair Fire Tenders**

During the period under review, eight (8) fire tenders were involved in road traffic accidents. However, as at 31<sup>st</sup> October 2023, five (5) councils had not been compensated by the insurance companies. Consequently, the fire tenders had neither been repaired nor replaced. See Appendix 20.

**iv. Failure to Insure Motor Vehicles and Buildings**

Regulation 41 (1) of the Public Finance Management Act (General) Regulations of 2020 states “a public body shall insure public assets with an insurance company registered under the Insurance Act, 1997.”

Contrary to the Regulation, as at 31<sup>st</sup> October 2023, twenty seven (27) Councils did not insure a fleet of 238 motor vehicles and 213 properties, See Appendix 21.

**v. Failure to Maintain Council Properties**

During the period under review, twenty nine (29) councils had 115 properties under their charge. A physical inspection of the properties carried out in September 2023 revealed that the properties were dilapidated. See Appendix 22.

**g. Environmental Matters**

**i. Failure to Establish a Waste Disposal Site**

Section 57(2) of the Environmental Management Act No. 12 of 2011 states, “a Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites.”

Contrary to the Act, as at 31<sup>st</sup> October 2023, there were fourteen (14) Councils that did not have sites that were designated as dumpsites. See Appendix 23.

**ii. Failure to Fence Dumpsite**

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

Contrary to the provision, forty three (43) councils did not fence the dumpsites their respective charge. See Appendix 24.

**iii. Failure to Establish and Maintain Cemeteries**

Section 7 (b) of the First Schedule to the Local Government Act No. 2 of 2019 requires that a local authority should, among others, establish and maintain cemeteries and otherwise provide for and control of the dead, and destitute persons who die in the area of the local authority.

Contrary to the Act, as at 31<sup>st</sup> October 2023, four (4) councils had not established cemeteries. See Appendix 25.

**iv. Failure to Sort Waste**

Section 28 (a) to (f) of the Solid Waste Regulation and Management Act No. 20 of 2018 which states that, a waste generator shall sort, or cause to be sorted, various categories of solid waste into different groups or clusters, such as— (a) organic waste; (b) plastic waste; (c) paper waste (d) glass waste; (e) metal waste; or (f) any other group or cluster that may be specified in regulations issued by the Minister. In addition, Section 2 of the Act defines a waste generator as a person that generates solid waste or is in possession or control of solid waste.

Contrary to the provision, waste that was dumped at various dumpsites by twelve (12) council was not sorted. See Appendix 26.

**v. Failure to Provide Waste Receptacles**

Section 66 (b) of the Solid Waste Regulation and Management Act No. 20 of 2018 provides that a Local Authority and licensed solid waste service provider should undertake community obligations at the direction of the Minister, which may involve any activity aimed at keeping public areas clean and free of solid waste, including

the provision of waste receptacles or prescribed containers and other appropriate facilities in public areas in order to minimise and deal with solid waste on public roads and reserves and other areas accessible to the public.

A physical inspection of selected areas carried out during the period from May to October 2023 revealed that, contrary to the provisions of the Act, forty two (42) councils did not provide waste receptacles thereby posing health hazards to the community. Consequently, the garbage was being dumped in undesignated areas such as, along the roadside, trading places and residential areas. See Appendix 27.

**vi. Failure to Control Street Vending**

Regulation 9 of the Local Government (Street Vending and Nuisances) (Amendment) (No. 2) Regulations of 2018 prohibits the sale of local produce in any street or public place other than a market established by the Council, except with permission from the Council. In addition, Regulation 25 of the Regulation prohibits selling vegetables and fruits from the ground, open vans, wheel burrows or other conveyances without permission from the Council. The violation of the provisions of the regulation attracts a penalty of K750 and K500 respectively.

Contrary to the Regulations, a physical inspection of selected areas at five (5) councils carried out during the period from May to July 2023 revealed that traders were found selling various merchandise including farm produce and fruits along the main road in the central business district and outside the markets. As at 31<sup>st</sup> October 2023 no penalties had been charged. See Appendix 28.

**vii. Failure to Develop an Integrated Development Plan**

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

Contrary to the Act, there were twenty one (21) Councils that did not have an integrated development plan in place. See Appendix 29.

**viii. Failure to Dispose of Unserviceable Vehicles**

Section 44 (1) of the Public Finance Management Act of 2018 provides that the controlling body of a local authority, statutory corporation or state-owned enterprise should establish a Committee of Survey (COS) as and when need arises for the purpose of disposal of unserviceable, obsolete, obsolescent, or surplus stores, equipment or assets.

During the period under review, there were nine (9) councils which had various motor vehicles and equipment which were unserviceable and had not been disposed of. See Appendix 30.

**ix. Failure to Install and Maintain Street Lights**

Section 5 (b) of the Local Government Act No. 2 of 2019 states, “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 provision, there were fifteen (15) councils where the street lighting was either not installed or maintained. The lack of maintenance was as a result of the councils not replacing damaged streetlights and not attending to non-functional streetlights. See Appendix 31.

**h. Management of Liabilities**

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

As at 31<sup>st</sup> December 2022, 113 councils owed various institutions amounts totalling K3,583,720,728 in respect of tax, pension, insurance contributions and supply of goods and services, some of which had been outstanding from as far back as 2013. See Appendix 32.

**ii. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2022, ninety one (91) councils owed former and existing employees amounts totalling K366,318,647 in respect of long service bonus, leave travel benefits and terminal benefits some of which had been outstanding from as far back as 2009.



**i. Misapplication of Funds**

During the period under review, twenty two (22) councils misapplied amounts totalling K11,640,012 which were meant to be utilized on capital projects on operational expenses. See Appendix 33.

**j. Failure to Transfer Funds to Capital Account**

Section 47 (2) of the Local Government Act No. 2 of 2019 provides that a Council should use at least 20 percent of the Equalisation Fund received in any financial year, to finance capital expenditure.

During the period under review, amounts totalling K240,771,865 were received as equalisation funds by twenty three (23) councils out of which amounts totalling K45,640,654 being 20% of the funded amount were to be transferred to the capital account.

However, the twenty three (23) councils had only transferred amounts totalling K28,465,745 to the capital account while the balance of K17,174,909 had not been transferred as at 31<sup>st</sup> October 2023. See Appendix 34.

**k. Weaknesses in Management of Fire Fighting and Rescue Services**

**i. Failure to Establish Fire Fighting Services**

Section 61 of the Local Government Act No. 2 of 2019 provides, among other functions, that the Council should establish and maintain fire-fighting, prevention and rescue services, and take measures for the protection of life, property and natural resources from damage by fire within the municipality.

Contrary to the Act, as at 31<sup>st</sup> October 2023, thirty four (34) Councils had no firefighting services.

**ii. Failure to Insure Fire Officers**

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

Contrary to the provisions, there were fourteen (14) Councils that did not insure 331 officers who were under their respective firefighting units.

**iii. Lack of Communication Tools and other equipment**

Section 7.1 (vi) of the National Fire Policy requires that all fire brigades are equipped with appropriate radio communication systems.

During a physical verification at four (4) councils, it was observed that the fire service department did not have proper communication systems such as toll-free call line, GPS for easy navigation among others. Consequently, staff at the Council used personal phones to respond to emergencies.

**iv. Lack of A Rescue Ambulance and Marine Rescue Equipment**

Section 7.1 (d) (iii) of the National Fire Policy requires facilitating the procurement of appropriate firefighting equipment, utility vehicles and dedicated fire ambulances for all fire brigades across the country.

During a physical verification carried out from September to October 2023, the fire brigade at six (6) councils did not own an ambulance, utility vehicle and marine rescue equipment.

**v. Lack of Personal Protective Equipment (PPE)**

Section 7.1 (d) (ii) of the National Fire Policy requires that there should be a minimum stock of both firefighting and Personal Protective Equipment (PPE) for any fire brigade of a particular grade to function.

Contrary to the provision, during the period under review, the fire fighters at five (5) councils were not equipped with firefighting attire.

**vi. Poorly Equipped Fire Station Dormitories**

Section 7.1 (d) (i) of the National Fire Policy requires that all fire brigades should be housed in appropriate and modern fire station buildings.

A physical verification carried out from August to October 2023, at the fire station dormitories of four (4) councils revealed that there were no blankets, no disinfectants and cleaning materials and the beds were broken down with worn out mattresses.

## SPECIFIC FINDINGS

Specific audit findings refer to observations that specifically relate to individual Councils and are not cross-cutting within the local government.

The findings are as follows:

### 16. Chadiza Town Council

#### a. Operational Matters

##### i. Operation of Bus Station - Illegal Bus Station

Section 6 (1) (a) of the Markets and Bus Station Act No. 2 of 2007 provides that a person shall not, except in partnership with a Local Authority and with the approval of the Minister establish any market or bus station in any area. In addition, Section 6 (2) makes it a criminal offence to contravene the provisions of the Act.

Contrary to the Act, a bus station was illegally established in the Town Centre without obtaining relevant authority. As at 31<sup>st</sup> October 2023, the Council had not taken any action against the owners of the bus station. See picture below.



*Illegal Bus Station within the CBD*

##### ii. Failure to Operationalise the Ablution Block at Chadiza's New Market

Section 33 (2) (r) of the Market and Bus Station Act No. 7 of 2007 requires markets to establish and maintain sanitary conveniences and services and ablution facilities.

Contrary to the Act, the Council's new market did not have a functional ablution block as there was no water reticulation.


**b. Construction of Crossing Points**


During the period under review, the Council received amounts totalling K3,000,000 from the Ministry of Local Government and Rural Development for construction and rehabilitation of three (3) crossing points at Katula, Chinzombe and Kabvumo.

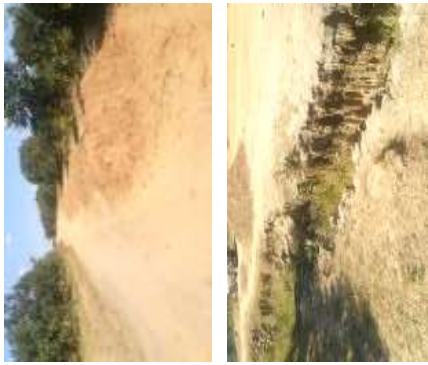
As at 31<sup>st</sup> October 2023, amounts totalling K2,176,309 had been spent leaving a balance of K823,691.

A review of documents and physical inspections of the crossing points carried in September 2023 revealed that there were delays in the completion of works. See table 1 below.

**Table 1: Stalled Works for Crossing Points Under Force Account**

No.	Project	Contract Type	Contract Period	Start Date	End Date	Budget K	Amount Spent K	Scope of Works	Project Status and Other Observations
1	Katula Crossing Point	Force Account	10 weeks	25.08.2022	10.11.2022	269,170	129,272	Desilting of the existing bridge, spot dumping, graveling 900m.	<p>A physical inspection of the project carried out in September 2023 revealed that spot dumping of gravel had been done. However, the following works were outstanding; desilting and erosion control, graveling of 900m.</p> <p>No works were ongoing at the time of inspection. See picture below.</p> 

No.	Contract Type	Contract Period	Start Date	End Date	Budget K	Amount Spent K	Scope of Works	Project Status and Other Observations
2	Construction of Kabvumo Crossing Point	10 weeks	25.08.22	10.11.22	239,932	174,140	Construction of double culverts.	<p>A physical inspection of the project carried out in September 2023 revealed that no works had been done at the crossing points and there were no works ongoing at the time of inspection. See picture below.</p> 

No.	Project	Contract Type	Contract Period	Start Date	End Date	Budget K	Amount Spent K	Scope of Works	Project Status and Other Observations
3	Chanzombe Crossing Point	Force Account	10 weeks	25.08.22	10.11.22	274,340	175,945	Desilting of the existing bridge, spot dumping, grading (2.3 km) and erosion control.	<p>A physical inspection of the project carried out in September 2023 revealed that the following works had been done; grading of the road, side sloping of drains and heaping of gravel on some sections of the road. However, the following works were outstanding; spot gravelling and leveling, stone pitching near the crossing point, erosion control and desilting. See pictures below.</p> 
				<b>TOTAL</b>		<b>783,442</b>	<b>479,356</b>		

## 17. Chama Town Council

### a. Rural Water Account - Unreconciled Balances

A scrutiny of the monthly bank reconciliation statements and the bank statements for selected months in the Rural Water, Chief Retainers and Development accounts for 2022, revealed that the bank balances used in the reconciliation statements were not matching with the closing bank statement balances provided by the bank in amounts totalling K123,930 as shown in table 1 below.

**Table 1: Bank Reconciliations Balance Not Matching with Bank Statement Balances**

<b>Bank Account Details</b>	<b>Month</b>	<b>Bank Reconciliation Balance K</b>	<b>Bank Statement Balance K</b>	<b>Variance K</b>
Rural Water	June 2022	14,371	7,370	7,001
	November 2022	35,924	213	35,711
Chief Retainers	November 2022	7,288	287	7,000
	June 2022	44,264	11,748	32,516
	November 2022	58,792	23,081	35,711
Development	November 2022	8,385,628	8,383,628	2,000
	June 2022	8,196,598	8,194,598	2,000
	November 2022	6,101,996	6,099,996	2,000
<b>Total</b>				<b>123,939</b>

Further, three (3) payments made in January and June 2022 in amounts totalling K39,211 were unrepresented as at 30<sup>th</sup> September 2023. However, the transactions which were not cleared by the bank could no longer appear on the bank statement.

### b. Discrepancies in Closing and Opening of Cash Book Balance - Chief Retainers Account

A scrutiny of the cash book closing balance for the months of April and opening cash book balance for the month of May 2022, were different in that the closing balance on 30<sup>th</sup> April 2022 was K1,447 whereas the opening balance on 1<sup>st</sup> May 2022 was K6,448 resulting in the difference of K5,000. The Council failed to avail bank reconciliations for the difference.

### i. Irregular Payment of Salaries to a Summarily Dismissed Officer

According to Section 10.8 (b) (xxix) of the Disciplinary Code Procedures in Handling Offences in the Public Service and Local Government Service of 2021, summary dismissal shall be applied to an officer who commits fraud.



On 28<sup>th</sup> September 2022, a revenue collector was charged for fraud and subsequently dismissed on 22<sup>nd</sup> February 2023 by the Council. However, a review of the payroll revealed that the officer had not been removed from the payroll and as at 30<sup>th</sup> June 2023, the officer was irregularly paid salaries in amounts totalling K17,984, four (4) months after the dismissal.

**ii. Questionable Transfer of Principal Officer – Council Secretary**

On 9<sup>th</sup> November 2022, an established Council Secretary was transferred from Nakonde Town Council to Chama Town Council in the same capacity. Inquiries with management and inspection of documents revealed that the position was already filled by the substantive Council Secretary who was on administrative leave. Consequently, the Council paid extra salaries of K84,913 as at 31<sup>st</sup> December 2022, for payments of two (2) officers who were already established.

As at 30<sup>th</sup> June 2023, the substantive Council Secretary was still on the administrative leave whereas, the Council Secretary who was transferred from Nakonde Town Council was again transferred to Shibuyunji Town Council on 20<sup>th</sup> March 2023.

**iii. Employees without Grade 12 Certificates**

On 15<sup>th</sup> August 2022, the Local Government Service Commission advertised for the recruitment of officers in various positions that were vacant in Local Authorities. Chama Town Council received officers that were employed by the Commission. However, the following were observed:

- **Chief Human Resource Officer**

The job description of the position requires a minimum qualification of Form V/Grade 12 School Certificate with five (5) credits or better and a vocational/professional qualification of a Degree in Human Resource Management or equivalent and must be a member of the Zambia Institute of Human Resource Management (ZIHRM).

A review of the records for the Chief Human Resource Officer, revealed that the officer did not meet the minimum requirement of Grade 12 Certificate and the officer only had a transcript for the Degree in Human Resource and Management.

In this regard, amounts totalling K102,566 were paid to the officer for a period of seven (7) months from December 2022 to June 2023.

- **Building Inspector**

The job description of the position requires a minimum qualification of Form V/Grade 12 School Certificate with five (5) credits or better and a vocational/professional qualification of a Diploma in Construction or equivalent. A review of the records for the Building Inspector, revealed that the officer did not meet the minimum requirement for Grade 12 Certificate of five credits or better. In this regard, amounts totalling K65,748 were paid to the officer for a position not qualified to hold.

**iv. Failure to Remit 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, the Council made nine (9) payments in amounts totalling K25,552 towards settling in allowances during the period under review without remitting tax.

**v. Irregularities in the Procurement of Laptops**

The Council procured two (2) laptops from Rujei-Tech Business Services at a cost of K39,750. However, a physical inspection of the laptops revealed that the specifications in the Local Purchase Order (LPO) and the Goods Received Note (GRN) did not match with the actual specifications of the laptops received in that the RAM and Storage capacity for laptops purchased were lower than what was actually paid for. See table 2 below.

**Table 2: Procurement Irregularities**

No.	Details	Specifications of Approved Laptop	Specific Laptop in Use
1	PROCESSOR	Core i5	Core i5
2	RAM	12GB	8GB
3	STORAGE	500GB	237GB

**c. Management of Local Government Equalization Fund - Failure to Implement Approved Projects**

Five (5) projects were approved by the full Council for implementation using the 20% Local Government Equalisation component. However, as of June 2023, three (3) projects with contract amounts totalling K333,500 had not been implemented by the Council. See table 3 below.

**Table 3: Projects not implemented**

<b>No.</b>	<b>Activities</b>	<b>Budgeted Amount K</b>
1	Construction/Renovation of Houses	75,000
2	Extention of Office Accommodation	143,500
3	Valuation Roll	115,000
	<b>Total</b>	<b>333,500</b>

**18. Chasefu Town Council**

**a. Failure to Collect Revenue from Sale of Plots**

Regulation 9 (h) of the Public Finance Management (General) Regulations 2020 requires the head of accounting unit of a local authority to “collect in a timely manner all revenue and other public monies due and payable to the local authority.”

The Council offered for sale one hundred and three (103) plots to successful applicants from which revenue amounting to K555,500 were expected to be collected. However, as at 31<sup>st</sup> December 2022, the Council had collected amounts totalling K331,490 leaving a balance of K224,010.

**b. Failure to Create Access Roads**

The Ministry of Lands and Natural Resources Circular No. 1 of 1985 requires plots to be surveyed, beaconed, numbered and roads created before advertising them for public offering.

Contrary to the Circular, the Council offered one hundred and thirty-eight (138) plots in Emusa area to members of the general public and collected plot premiums in amounts totalling K280,000 without creating access roads.

## **19. Chavuma Town Council**

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

Circular No MLGRD/101/23/24 dated 9<sup>th</sup> March 2022 stipulates that officers in Division I are eligible for payment of rural hardship allowance if they are working in a station that is deprived of any of the following:

- Access to registered retail outlets/service stations;
- Access to banks/banking services/postal services;
- Access to all weather road;
- Access to electricity; and
- Access to piped water supply

Contrary to the Circular, the Council paid Rural Hardship Allowances in amounts totalling K1,528,506 to eighty-nine (89) officers who were not eligible in that officers operated at stations that did not lack the above-mentioned facilities.

## **20. Chembe Town Council**

### **a. Use of Private Printed Receipt Books**

Cabinet Office Circular No. 11 dated 10<sup>th</sup> July 2020 abolished the procurement and printing of documents for Ministries, Provinces and Agencies from private institutions with effect from 1<sup>st</sup> September 2020.

Contrary to the Circular, during the period under review, the Council procured ninety (90) general receipt books from a private institution without obtaining authority from the Secretary to the Treasury.

### **b. Irregular Cash Withdrawals**

Ministry of Finance Treasury and Finance Management Circular No. 1 of 2022 guided Controlling officers that no cash shall be withdrawn for payment of subsistence

allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary's account.

Contrary to the Circular, during the period under review, the Council issued imprest in amounts totalling K38,275 to two (2) officers to facilitate for the payment of subsistence allowance to other officers instead of paying directly into the beneficiaries' accounts.

## **21. Chibombo Town Council**

### **a. Un-acquitted Payments**

Regulation No. 68 (1) (a) of the Public Finance Management (General) Regulations of 2020 stipulates that a payment made through a third party should be supported with a receipt or acquittal sheet.

Contrary to the Regulation, as at 31<sup>st</sup> October 2023, five (5) payments in amounts totalling K58,284 which were meant to facilitate the payment of allowances for meetings and orientation of key stakeholder to various beneficiaries had not been acquitted.

## **22. Chifunabuli Town Council**

### **a. Operational Matters - Failure to Service Plots – No 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 offered fifty (50) plots to members of the public without creating access roads. Consequently, the successful applicants could not start developing their plots.

### **b. 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, two (2) companies contracted by the Council to complete projects charged VAT in amounts totalling K68,418 although they were not registered for VAT with Zambia Revenue Authority.

In this regard, the companies were overpaid by K37,505. See table 1 below.

**Table 1: Irregular Charge of VAT**

No.	Contractor	Project Name	Contract Sum K	Payments K	VAT K
1	Nkumbu Lubuto Enterprises	Completion of 1x3 CRB at Kapumpe Pri Sch	259,259	116,556	18,649
2	Chanewa Enterprise Limited	Completion of 1x3 CRB at Shikamushile Pri Sch	168,351	117,848	18,856
	<b>Total</b>		<b>427,610</b>	<b>234,404</b>	<b>37,505</b>

### 23. Chikankata Town Council

#### a. Accounting Irregularities - Irregular Payment of Value Added Tax (VAT)

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

Contrary to the Act, eighteen (18) companies that were not registered for VAT supplied goods and services to the Council at a cost of K191,197 during the period under review and had charged VAT in amounts totalling K30,591.

As at 31<sup>st</sup> October 2023, the VAT amount had not been recovered.

#### b. Operational Matters - Unutilised Newly Constructed Market

A physical inspection carried out in October 2023 revealed that the newly constructed Turnpike Green Market was not being utilised by traders. However, the traders were operating along Turnpike road which is right in front of the newly constructed market. See pictures below.



*Turnpike Road*



*Green Market – Unoccupied*

## **24. Chienge Town Council**

### **a. Questionable Receipts**

Regulation 17 (1) (b) of the Public Finance Management (General) Regulations of 2020 states, “Receipts of all types shall be preserved for a period of ten (10) years.”

Contrary to the Regulation, receipts totalling K42,333 for business levy were not availed for audit verification and could not be traced to any of the books recorded in the register of accountable documents. In this regard, it was not possible to ascertain if the amounts recorded were the actual amounts collected.

### **b. Expenditure**

As at 31<sup>st</sup> December 2022, amounts totalling K19,738,991 had been spent.

The following were observed:

#### **i. Management of Payroll and Staff Related Matters - Officers on Paid Study Leave without Bonding Agreement**

Section 148 (b) of the Terms and Conditions of Service for the Local Government Service Commission requires that an officer who is sponsored by the council or granted study leave for purpose of attending a course should sign a bonding agreement with the council prior to commencement of the course.

Contrary to the above provisions, seven (7) officers who were on paid study leave did not have bonding agreements with the Council.

#### **ii. Unauthorised payments**

Regulation 8 (1) Public Finance Management (General) Regulations of 2020 states, “the accounting officer should verify that disbursements made or incurred by the issue of Payment Voucher, order warrants, requisitions or any other documents are properly authorized.”

Contrary to the Regulation, seventy-eighty (78) payments in amounts totalling K734,377. were made without the approval by the responsible officer.

**iii. Un-acquitted Allowances**

Imprest in amounts totalling K108,452 issued to five (5) officers for various activities such as payment of sitting allowances for Council meeting, wages for casual workers and among others were not acquitted as at 31<sup>st</sup> October 2023.

**25. Chilanga Town Council**

**a. Expenditure**

**i. Payments made without Encashment Lists**

Section 143 (1) (2) of the Public Finance Management (General) Regulations, 2020 states, “A public body whose bank account is not on the Treasury Single Account shall capture all transactions on a backing sheet or encashment list for purposes of payment or movement of public funds or monies and a bank shall not facilitate payment or movement of public funds or monies without a backing sheet or encashment list.”

However, during the period under review, the Council had not used backing sheets or encashment lists for payments made in amounts totalling K889,106. The failure to use backing sheets or encashment lists may make it difficult to detect irregular payments.

**ii. Irregular Withdrawal of Cash**

Section 3.26 of the Ministry of Finance Treasury and Finance Management Circular No. 1 of 2022 states, “No cash shall be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary’s account.”

Contrary to the Circular, during the period under review, a total of K595,681 was issued as imprest to facilitate for payment of various activities instead of paying directly into the beneficiaries’ bank accounts.

**b. Failure to Spend Capital Project Funds**

Section 47 (2) of the Local Government Act No. 2 of 2019 provides that a Council should use at least 20 percent of the Equalisation Fund received in any financial year, to finance capital expenditure.



During the period under review, amounts totalling K8,365,168 were received as equalisation funds, out of which 20% amounting to K1,673,034 was transferred to the capital account. In addition, amounts totalling K1,800,016 in respect of capital projects was brought forward from 2021 bringing the total available funds to K3,473,050.

As at 31<sup>st</sup> October 2023, amounts totalling K564,921 had been spent on Capital Projects leaving a balance of K2,908,129. However, a list of the projects on which the total amount of K564,921 was spent was not availed for audit.

**c. Failure to Build the Modern Fire Station**

The National Fire and Rescue Services Policy No. 7.1 (d) (i) under general fire management requires a fire station to be housed in an appropriate and modern fire station building.

Contrary to the Policy, the Council had no modern fire station and instead used a three (3) bedroomed staff house as a station which was not adequate. Consequently, various equipment and documents were being stored in the male dormitories under the beds due to lack of proper storage area. Further, the station had no running water in the bath room, windows had no glass panes and both male and female officers were using one bathroom. See picture below.



*Staff house turned into fire station*



*Items kept in the dormitory*

**d. Management of Assets**

**i. Failure to Maintain Township Roads**

Paragraph 4(a)(b) of the First Schedule of the Local Government Act No. 2 of 2019 provides that a local authority should, in relation to a public street, exercise general control, care and maintenance of all public roads, streets, avenues, lanes, sanitary

lanes and foot walks forming part thereof, bridges, squares, ferries and water courses and to remove all obstacles.

Contrary to the Act, a physical verification carried out in September 2023 revealed that nine (9) township roads had potholes. See picture below.



*Chitimulu Road*

## **26. Chilubi Town Council**

### **a. Management of Local Government Equalisation Fund**

#### **i. Construction of Council Guest House**

On 24<sup>th</sup> May 2016, the Council awarded Astone Contractors and General Dealers a labour-based contract for the construction of a Council Guest House at a contract sum of K326,121 being 25% of material cost on labour based.

The scope of works included the substructure, superstructure, plumbing works, electrical works, ceiling board, finishes and decorations, surface paving and spoon drain, geyser fixing and hand driers for twenty-four (24) rooms.

As of October 2023, amounts totalling K2,578,066 (materials – K2,228,945 and labour – K349, 121) had been spent.

A physical inspection carried in October 2023 and a review of records revealed the following:

- **Irregular Award of Contract**

Section 52.2 of the conditions of contract states that “if the contract is terminated for the Employer’s convenience or because of the fundamental

breach of Contract by the Employer, the Project Manager shall issue a certificate for the value of the work done”. However, on 29<sup>th</sup> March 2023, management awarded another contract to the same contractor at a sum of K117,252 for the construction of twelve rooms at the Council Guest House without terminating the initial contract.

- **Overpayment to Contractor**

A review of the project ledger revealed that amounts totalling K349,121 had been paid to the contractor against a contract price of K326,121 resulting in an overpayment of K23,000 and as of October 2023, the overpayment had not been recovered from the contractor.

- **Delayed Completion**

A physical inspection carried out on 26<sup>th</sup> October 2023 revealed that the motel was roofed with the following works outstanding; plumbing works, electrical works, ceiling board, plastering, flooring, glazing, ironmongery, painting, tile fixing, surface paving, spoon drain, geyser and hand drier fixing had not been completed for twelve (12) rooms of the guest house while geyser and hand dryer fixing was not complete on the other twelve (12) rooms of the guest house eight (8) years after the award of the contract. See picture below.



*Incomplete part of Council Guest House*

**b. Management of Payroll and Staff Related Matters - Irregular Payment of Commutation of Leave**

PSMD Circular No. B18 of 2018 of Public Service Management Division suspended the payment of commutation of leave days.

Contrary to the Circular, the Council irregularly paid amounts totalling K110,901 to twenty-two (22) officers as commutation of leave.

**c. Management of Assets - Non-functional Market**

In 2020, the Council constructed a market with six (6) trading bases at a cost of K85,130. A physical inspection of the market carried out in October 2023, revealed that the market was not in use as marketeers preferred trading on the streets. See picture below.



*Constructed Market*

**27. Chingola Municipal Council**

**a. Accounting for Revenue**

**i. Failure to Collect Regularization Fees**

Section 13 2(a) the Urban and Regional Planning Act No. 3 of 2015, stipulates that the function of the Local planning authority is to regulate, control and plan for the development and use of land and buildings within its area. When clients build without the documentation from the council, a regularization process is undertaken which involves the planning department inspecting the property and ascertain the suitability of the land.

If the property has no encumbrances, the application together with the proposed site plan is reported to the planning and information system committee, subsequently to the full council meeting where it is approved. The approval for regularization is subject to the applicant paying the regularization fees which includes the land and penalty (regularization) fees.

During the year under review, the council approved a total of 828 properties for regularization. However, regularisation fees amounting to K6,899,820 were not collected.

**b. Operational Matters**

**i. Maintenance of Township Roads - Failure to Maintain Township Roads**

Paragraph 4 of the first schedule of the Local Government Act No. 2 of 2019 states, “A local authority shall, in relation to a public street and street— exercise general control, care and maintenance of all public roads, streets, avenues, lanes, sanitary lanes and foot walks forming part thereof, bridges, squares, ferries and water courses and to remove all obstacles therefrom.”

However, a physical inspection carried out revealed that nine (9) township roads (covering 11.8 Km) out of the twenty-three (23) township roads (covering 31.5 Km) were maintained leaving fourteen (14) township roads covering 19.65 Km in a deplorable state requiring grading and resurfacing as they had potholes and gullies making them impassable, despite the Council having a budget provision for road maintenance of K9,406,287 in the period under review. See pictures below.



*Mupaka Road, Kabundi South Township      Chiwempala Road, Chiwempala Township*

**ii. Illegal Establishment of Market**

Section 6 (1) (a) of the Markets and Bus Station Act No. 2 of 2007 states that “a person shall not, except in partnership with a Local Authority and with the approval of the Minister establish any market or bus station in any area.”

Further, 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, three (3) markets namely Kalilo, Luano and Soweto markets established without authority from the council.

As at 31<sup>st</sup> October 2023, the Council had not regularized the establishment and operations of these markets.

**c. Weaknesses in Information Technology Systems**

**i. Lack of an Information Technology Steering Committee**

CoBIT PO4.3 on the establishment of an Information Technology (IT) Steering Committee states that an IT Steering Committee (or equivalent) composed of executive, business and IT management should be established to:

- Determine prioritization of IT enabled investment Programs in line with the enterprise's business strategy and priorities.
- Tracks status of IT projects and resolve resource conflict, and
- Monitor service levels and service improvements.

Contrary to the requirement, Chingola Municipal Council did not have an IT Steering Committee to oversee and monitor its IT projects and activities.

**ii. Lack of Hardware Maintenance**

Chingola Municipal Council did not carry out any maintenance on the IT equipment during the period under review. This exposed the hardware to frequent failures due to failure to change aging parts.

**iii. Physical and Environmental Security - Access to Computer Server**

Section 5.5.1.2 of the Public Service Information Security Standard stipulates that MPAs shall ensure the reason for authorization, date and time of entry and departure of visitors shall be recorded, and all visitors shall be supervised unless their access has been previously approved; The identity of visitors shall be authenticated by an appropriate means:

- A physical logbook or electronic audit trail of all access shall be securely maintained and monitored; and

- Externally contracted personnel shall be granted restricted access to secure areas or information processing facilities only when required.

Contrary to the standard, the Council did not maintain a logbook for its server room and the server room had a label clearly indicating its purpose contrary to Section 5.5.1.3 which states, “MPAs shall ensure key facilities are sited to avoid access by the public and where applicable, buildings shall be unobtrusive and give minimum indication of their purpose.”

## 28. Chinsali Municipal Council

### a. Failure to Avail Information on Sale of Plots

A review of revenue collection records revealed that the Council offered 646 plots for sale in Kapasa Makasa University area to the general public during the period under review. In this regard, the Council expected to generate revenue in amounts totalling K7,250,900. See table 1 below.

**Table 1: Plots Offered for Sale in Kapasa Makasa University Area**

No.	Plot Category	Size	Number of Plots on Offer	Application Fee K	Premium Charge K	Expected Amount K
1	High Cost	50mx50m	250	300	13,500	3375300
2	Medium C	30mx40m	200	300	8500	1700300
3	Low Cost	15mx20m	150	300	5500	825300
4	Commerci	10mx20m	16	500	12000	192500
5	Commerci	100mx100	17	1000	27500	468500
6	Lodges	100mx100	3	1000	27500	83500
7	Filling Stat	200mx100	2	5000	100000	205000
8	Shaopping	200mx200	1	7000	200000	207000
9	Places of V	100mx100	7	1000	27500	193500
	<b>Total</b>		<b>646</b>			<b>7250900</b>

However, the Council did not avail information on the actual revenue collected from the offered plots.

**b. Management of Local Government Equalisation Fund - Failure to Implement Approved Projects**

During the period under review, the Council received K16,535,439 Local Government Equalisation Funds out of which 20% (K3,307,088) was to be used on capital projects in accordance with the Local Government Act No. 2 of 2019.

In this regard eleven (11) projects were approved by the Council for implementation using the 20% Local Government Equalisation Fund.

However, as 31<sup>st</sup> July 2023, three (3) projects in amounts totalling to K1,300,000 had not been implemented by the Council. See table 2 below.

**Table 2: Projects not implemented**

<b>No.</b>	<b>Project</b>	<b>Amount K</b>
1	Bridge and Culverts (Crossing point)	500,000
2	Market at Nambuluma	300,000
3	Valuation roll	1,300,000
	<b>Total</b>	<b>2,100,000</b>

**29. Chipangali Town Council**

**a. Management of Local Government Equalisation Fund (LGEF)**

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, the Council allocated amounts totalling K1,681,615 toward twelve (12) capital projects under the Local Government Equalisation Fund as detailed in table 1 below.



**Table 1: Allocation of LGEF Capital Funds to Projects**

No.	Project/ Activity Name	Amount Allocated K
1	Construction of Kabwandile Toilets	46,350
2	Procurement of Office Equipment	72,460
3	Procurement of Furniture	102,438
4	Land Demarcation & Survey	188,310
5	Farm Project	269,087
6	Completion of constructions at Shanganani Check Point	183,740
7	Rehabilitation of Chitandika Police Post	60,000
8	Drilling of Twelve (12) Boreles	569,231
9	Retention for construction of Council Office Block	18,774
10	Rehabilitation of Council Buildings	36,226
11	Construction of Bus Stop	35,000
12	Maintenance of Existing Roads, Bridges & Culverts	100,000
	<b>Total:</b>	<b>1,681,615</b>

The following were observed:

**i. Rehabilitation of Chamaumba Crossing Point – Poor Workmanship**

The Council spent amounts totalling K32,081 for the rehabilitation of Chamaumba Crossing Point in Lunghuswe Ward of Chipangali District using force accounting method.

The scope works included backfilling, compaction, stone pitching and unblocking of clogged culverts.

A physical inspection carried out on 18<sup>th</sup> July 2023 revealed that the rehabilitation had been completed. However, it was observed that embankment had been eroded and no remedial works had been carried out as at 31<sup>st</sup> October 2023. See picture below.



*Eroded Embankments*

**ii. Rehabilitation of Chitandika Police Post - Incomplete Works**

On 30th November 2022 the Council signed a contract with Sinhula Sonkhe Enterprises Limited for the rehabilitation of Chitandika police post at a contract sum of K59,805.

The scope of works included:

- concrete works for spoon drainage and lintels,
- concrete blockwork for holding cells and brickwork as well as mending of cracks, and
- Thirty (30) mm floor screed for holding cells and verandah, concrete reinforcements as well as shuttering.

As at 31st December 2022, amounts totaling K53,825 had been paid to the contractor leaving a balance of K5,981.

A physical inspection carried on 18th July 2023 revealed that the works had not been completed in that mending of cracks and floor screeding in the holding cells had not been done. See Pictures below.



*Floor Screed not Done*



*Unmended Cracks*

**b. Management of Commercial Ventures – Unutilized Block Making Machine**

On 31<sup>st</sup> August 2021, the Council procured a block making machine from SONAS Zambia Limited at a cost of K232,848. The complete set of the machine included heavy duty hydraulic block making machine, heavy duty diesel concrete mixer and heavy-duty dumper and was to be used as an income generating activity by making blocks for sale.

The machine was delivered by the supplier on 27<sup>th</sup> October 2021.

A physical inspection carried out in May 2023, revealed that the machine was not in use and was just kept at the Civic Centre nineteen (19) months after delivery. Inquiries with management revealed that the Council was in the process of acquiring land where the machine would be installed.

In this regard, the rationale of procuring the heavy-duty block making machine was questionable in that Council had procured the machine prior to securing land where it was supposed to be installed. See pictures below.



*Unutilized Block Making Machine*

### **30. Chipata City Council**

#### **a. Underutilised Market Shelter and 20 Council shops**

During the year under review, the Council owned a market shelter with sixty (60) stands and twenty (20) shops for which revenue in amounts totalling K112,320 should have been collected. However, a physical inspection carried out in February 2023, revealed that only five (5) shops and forty-six (46) stands were occupied and the Council collected K56,496 resulting in an under collection of K55,824.

### **31. Chipili Town Council**

#### **a. Failure to Collect Revenue from the Sale of Plots**

Regulation 9 (h) of the Public Finance Management (General) Regulations of 2020 requires the head of accounting unit of a local authority to “collect in a timely manner all revenue and other public monies due and payable to the local authority.”

During the period under review, the Council offered nineteen (19) residential plots and twenty (20) commercial plots in the township area for sale to the public. In this regard, the Council was expected to collect K184,650 as proceeds.

However, the council only managed to collect plot premiums of K161,400 leaving a balance of K23,250 still outstanding as at 30<sup>th</sup> September 2023.

**b. Irregular Payment of Housing Allowance to Officers in Institutional Houses**

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

However, a scrutiny of the payroll revealed that twenty-one (21) officers who were occupying Council houses were paid housing allowances in amounts totalling K253,377 despite being accommodated. In addition, there were no Tenancy Agreements entered into with the employees.

**c. Accounting Irregularities**

**i. Questionable Payment of Fuel Allowance without the Use of Motor Vehicle**

During the period under review, amounts totalling - K146,770 (subsistence allowances K64,667 and fuel allowances – K82,103) involving fourteen (14) transactions were paid to nine (9) officers as subsistence and fuel allowances to enable them to undertake various activities. However, it was not possible to ascertain whether the activities were undertaken in that there was no evidence of travel such as logbooks for motor vehicles used or bus fare receipts availed for audit scrutiny rendering the payments questionable.

**ii. Questionable Payment for Meals and Refreshments**

During the period under review, amounts totalling K82,725 involving twelve (12) transactions were paid for meals and refreshments to participants who attended council meetings. However, the payments were questionable in that they were not supported by the attendance lists for the meetings.

**d. Failure to Implement Approved Projects - Management of Local Government Equalization 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 K10,207,778 were received as equalisation funds, out of which 20% amounting to K2,041,556 was allocated to capital projects while 80% amounting to K8,166,222 was allocated to operational expenses.

In addition, there was a brought forward balance of K1,021,833 bringing the total Capital funds available to K11,229,611.

During the period under review, the Council approved a budget of K1,648,386 under the Local Government Equalisation Fund for implementation of ten (10) projects such as procurement of motorbike, water scheme project and construction of council lodge among others. However, the council did not implement four (4) approved projects with approved amount of K332,386. See table 1 below.

**Table 1: Projects not Implemented**

<b>No.</b>	<b>Name of Project</b>	<b>Budgeted Amount K</b>
1	Construction of ruck park phase 1	227,386
2	Opening of the road to the dumpsite	30,000
3	Drilling of borehole in lufubu ward	45,000
4	Construction of rumble strip	30,000
	<b>Total</b>	<b>332,386</b>

**e. Failure to Control Use of Motor Vehicles**

On 21<sup>st</sup> May 2022, a Council Isuzu motor vehicle, registration No. BAK 542ZM was involved in a road traffic accident due to careless driving by the driver.

In this regard, on 23<sup>rd</sup> May 2022, the driver was suspended from duty and put on half salary for the period of eight (8) months on which the suspension was lifted on 24<sup>th</sup> January 2023. In addition, at lifting the suspension, the driver was surcharged the sum equivalent to half salary of the months that had been withheld by the Council in amounts totaling K15,789.

The motor vehicle was comprehensively insured with the Zambia State Insurance Corporation to which the Council was eligible to a claim of K357,500. Instead, the council decided to trade in the damaged motor vehicle at a cost of K69,000 and the 10% excess charge of K35,750 to be borne by the driver thereby, reducing the total claim to K252,750. See table 4 below.

A scrutiny of documentation revealed that, the Council was charged K295,000 for the repair of the vehicle leading to total expenditure of K364,000 thereby incurring additional cost of K6,500 which could have been avoided had the council decided not to trade in the damaged motor vehicle.

As at 31<sup>st</sup> October 2023, the motor vehicle was still a non-runner in that the motor vehicle was still marooned at Paton General Dealers, a private Garage of Lusaka resulting in wasteful expenditure of K364,000.

Further, it was observed that the Council failed to collect the 10% excess expenditure of K35,750 from the driver who caused the damage to the motor vehicle in that the half salary claimed of K15,789 was not adequate to cater for the cost by K19,960.

As at 31<sup>st</sup> October 2023, the vehicle was not yet repaired.

## **32. Chisamba Town Council**

### **a. Failure to Register Moveable Asset**

Section 11 (1) of the Road Traffic Act No. 11 of 2002 states, “Subject to the other provisions of this Act, no person shall use a motor vehicle or trailer unless such vehicle or trailer is registered in accordance with the provisions of this Act.” In addition, Section 11 (2) states, “An application for the registration of a motor vehicle or trailer shall be made by the owner on the prescribed form within fourteen days of change of ownership into the applicant's name.”

Contrary to the provisions, as at 31<sup>st</sup> October 2023, the Council had not registered a truck loader backhole valued at K 1,358,048.

### **33. Choma Municipal Council**

#### **a. Unaccounted for Revenue - Meat inspection**

In Paragraph 19 ( c ) (iii) of the report of the Auditor General on Accounts for the Local Authorities for the financial year ended 31<sup>st</sup> December 2021 mention was made on the failure to account for K33,728 revenue for meat inspections done in the four (4) abattoirs namely Zam Zam, Zam So, Zam Star and Choma Halaal resulting in the funds being unaccounted for.

In their Report for the Second Session of the Thirteenth National Assembly, the Committee on Local Government Accounts (CLGA) urged the Local Authority to be proactive and desist from taking action after the audit process.

However, a review of the revenue ledgers and receipts carried out in July 2023 revealed that the situation had not improved as revenue in amounts totalling K34,920 from meat inspections had not been accounted for as at 31<sup>st</sup> October 2023.

#### **b. Management of Payroll and Other Staff Related Matters - Employment of Casual Workers**

Section 7 (6) of the Employment Code Act No. 3 of 2019 defines casualisation as an employment practice where an employer, without permissible reason, engages or re-engages an employee on a temporary or fixed basis, to perform work which is permanent in nature.

Further, Section 7 (1) of the Act prohibits the employer from engaging in casualisation.

Contrary to the Provision, as at 31<sup>st</sup> October 2023, the Council employed twenty seven (27) casual workers in the categories of watchman, general workers, sanitary workers and physical security for periods exceeding twelve (12) months. As at 31<sup>st</sup> December 2022, the workers were paid wages in amounts totalling K602,512.

#### **c. Operational Matters**

##### **i. Failure to Maintain Roads**

Paragraph 4 of the First Schedule of the Local Government Act No. 2 of 2019 states that, “a Local Authority shall, in relation to a public street and exercise general

control, care and maintenance of all public roads, streets, avenues, lanes, sanitary lanes and foot walks forming part thereof, bridges, squares, ferries and water courses and to remove all obstacles therefrom.”

A review of the budget for the year under review revealed that the Council did not budget for pothole patching and tarred road maintenance. Consequently, a physical inspection of Singani, Mochipapa, Adastra and Second street roads in the township revealed that the roads were in a deplorable state in that the roads had developed potholes that were not being attended to. See pictures below.



*Singani Road*



*Mochipapa Road*



*Adastra Road*



*Junction of Adastra and Second Street Roads*

**ii. Management of Markets - Illegal Market-Makalanguzu Market**

The Choma Municipal Council has a total of six (6) markets that are within Choma Central.

Section 6 (1) (a) of the Markets and Bus Station Act No. 2 of 2007 states that “a person shall not, except in partnership with a Local Authority and with the approval of the Minister establish any market or bus station in any area.”



Contrary to the Act, Makalanguzu Market in Town Centre under Simacheche ward which was illegally established in that neither authority from the Council nor the approval of the Minister was obtained prior to its establishment. See pictures below.

**d. Management of Assets - Failure to Claim Insurance**

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

On 15<sup>th</sup> July 2022, a motor vehicle, Tunland registration number BAE 8921 was involved in a road traffic accident and was extensively damaged. The Council subsequently reported the accident to the police and the Ministry of Local Government. However, despite the Motor Vehicle having been comprehensively insured with Greenwood Insurance for which the insurance premiums were up to date, as at 31<sup>st</sup> October 2023, the Council had not made a claim. See picture below.

**34. Chongwe Municipal Council**

**a. Issuance of Receipt Books and Data Capturing**

According to the system in place, the Council issues general receipt books to revenue collectors upon clearance by the Internal Audit Department of the earlier issued receipt books. After the revenue collectors issue individual receipts to clients at the close of the day, receipts are consolidated by the Chief Cashier on the Treasurers Receipts with the support of daily cash collection summary sheets. The daily cash collection summary sheets are then handed over to the Accountancy Section for use in updating of the cash books and the Dove Billing System.

The following were observed:

- i. Six (6) revenue collectors were issued with two (2) or more receipt books at a time between 19<sup>th</sup> May 2021 to 30<sup>th</sup> December 2022 contrary to the system in place of issuing one (1) receipt book at a time;
- ii. The daily cash collection sheets were not serially numbered making reconciliations between the source documents and transactions captured in the Baxcel accounting

system difficult. Further, the daily cash collection sheets were not checked by Internal Audit Department; and

- iii. The revenue collectors issued manual receipts to customers upon payment. However, the manual receipts did not always match with the system generated receipts produced by the Dove Billing System. Therefore, it was difficult to reconcile the amounts collected from the source documents and the receipts recorded in the Dove Billing System.

**b. Shared Accounts – Dove Billing**

A review of the Dove Billing System which is used revealed that two user accounts, namely “System” and “Accounts Officer,” are shared among multiple users. The "System" account has administrative privileges and is used for sensitive tasks such as account creation, amendments, deletions and bulk billing.

The shared use of accounts, especially the administrative "System" account, compromises the integrity of the audit trail. This makes it difficult to hold individuals accountable for actions performed on the system.

Management in response to the preliminary query dated 9<sup>th</sup> October 2023 indicated that since June 2023, the system had a bug which prevents the addition of more accounts for other users. As at 31<sup>st</sup> October 2023, the vendor had not resolved the issue.

**c. Lack of Revenue Database**

The Council collects revenue from taxes, fees, charges and levies among others within the district boundary. The Council did not maintain data bases of individuals or business within the district boundaries from which various revenue types could have been collected. Further, there was also no system of monitoring under/misstatements of charges/fees either from possible collusion between revenue payers or Council agents.

Therefore, it was difficult to monitor compliance in revenue collection. A visit conducted between 16<sup>th</sup> October and 8<sup>th</sup> November 2023 to thirteen (13) farms revealed no evidence of payment of applicable fees and levies to the Council.

**d. Failure to Record Receipt Books in the Register of Accountable Documents**

Regulation 110 (1) of the Public Finance Management (General) Regulations of 2020 states, “An office holder who is required to keep receipt forms shall maintain a register of accountable documents in Accounts Form V set out in the Schedule in which the receipt and issuance of the receipt form is entered within the same day on the receipt or issuance of the receipt form.”

Contrary to the Regulation, the Council did not record five (5) receipt books for firearm licences, general receipt books and licence to process dangerous petroleum in the register of accountable documents.

**e. Irregular Completion of Receipt Form**

Paragraph 11.2.1(a) of the Local Government Financial Manual states, “Types of receipts include manual receipts, which are manually issued on payment for a service or levy such as grain levy, market levy, parking fees etc. These are normally printed in books and are serially numbered. They are usually in triplicates with the original going to payer, the duplicate submitted to the revenue section for bookkeeping purposes and the triplicate retained in the receipt book for audit purposes.”

Further, Regulation 119 (1) and (2) of the Public Finance Management (General) Regulations of 2020 states, “A receipt form shall be completed either in ink, in indelible pencil or electronic form; and a counterfoil or copy of a receipt form shall contain the same details as those appearing on the original receipt form.”

A review of selected used receipt forms revealed that the contents of 116 duplicate receipt forms were not clear thereby making it difficult to establish the service that was paid for and the amount received.

It was further observed that three (3) receipt forms were left blank while the rest of the receipt forms in the book were used. The three (3) receipt forms were not cancelled.

**f. Questionable Receipts Issued to Zhongyang ECO Agriculture Industrial Park (Zambia Ltd)**

On 22<sup>nd</sup> June 2022, the Council issued a quotation to Zhongyang ECO Agriculture Industrial Park (Zambia Limited) for business levy, fire certificate, health permit,

personnel levy and fuel storage amounting to K9,430 for the year 2022. Further, on 8<sup>th</sup> November 2022, the Council issued a quotation for business levy, fire certificate, health permit, personnel levy, wheat levy and fuel storage amounting to K19,330 for the year 2023. On 27<sup>th</sup> June 2022 and 15<sup>th</sup> November 2022, the Council received payments from Zhongyang ECO Agriculture Industrial Park against the issued quotations and raised receipts in amounts totalling K28,760 as shown in the table 1 below.

**Table 1: Receipts Issued to Zhongyang ECO Agriculture Industrial Park (Z) Limited**

No.	Receipt No.	Receipt Date	Quotation Date	Amount K
1	633659	27/06/2022	27/06/2022	9,430
2	3664011	15/11/2022	08/11/2022	10,000
3	3664012	15/11/2022	08/11/2022	9,330
	<b>Total</b>			<b>28,760</b>

A scrutiny of receipts issued to Zhongyang ECO Agriculture Industrial Park (Zambia Limited) and the related documents at the Council revealed the following:

Receipt No. 633659 dated 27<sup>th</sup> June 2022 amounting to K9,430 was not among the serial numbers of receipt books recorded in the register of accountable documents and the receipt book was not available for audit scrutiny.

Receipt numbers 3664011 and 3664012 whose amounts were K10,000 and K9,330 respectively were dated 15<sup>th</sup> November 2022 while the Council date stamp on the receipts was dated 23<sup>rd</sup> August 2021, thirteen (13) months before the quotations and the receipts were issued.

A scrutiny of bank statements revealed that revenue received from the three (3) receipts issued to Zhongyang ECO Agriculture Industrial Park (Zambia Limited) in amounts totalling K28,760 was not deposited into the Council bank accounts.

The quotations did not specify the period covered while the fuel storage costs in the quotations was not supported by storage capacity involved making their completeness and accuracy questionable. Further, there were no documents to support the wheat levy of K10,000 from a harvest of 1,000 bags x 50 Kgs at K10 per bag hence the harvest could be understated.

**g. Unaccounted for Revenue**

Regulations 119 (2) of the Public Finance Management (General) Regulations of 2020 states, “a counterfoil or copy of a receipt form shall contain the same details as those appearing on the original receipt form.”

A review of the general receipt books, business levy certificate books and physical inspection of selected business houses conducted in October 2023 revealed that amounts totalling K50,059 were receipted by seven (7) Revenue Collectors.

However, a review of ten (10) duplicate receipt copies revealed that the seven (7) Revenue Collectors recorded different amounts totalling K1,472 on the copies.

Further, a review of the bank statements revealed that amounts totalling K1,472 were deposited into the Council bank account resulting in unaccounted for revenue of K48,587.

**Table 2: Unaccounted for Revenue**

No.	Receipt Raised By	Client on Original Receipt	Type of Revenue on Original Receipt/Other Records	Client on Duplicate Receipt	Type of Revenue on Duplicate Receipt	Receipt No.	Amount on Original Receipt	Amount on the Duplicate	Amount Deposited	Amount not Accounted for
A	Group Accountant	ZDA Henan Guoiji Development	Property Rates	Peter Nkandu	Burial permit	3369775	5,045.00	20.00	20.00	5,025.00
B	Revenue Collector	Big Five Mini Mart	Business levy, fire certificate, health permit, food handler	Amos Mpundu	Property rates	3810733	3945	215.00	215.00	3,730.00
C	Revenue Collector	Grace Malina	Business levy, fire certificate, personal levy	Nelly Chinyam	Property rates	3812704	2,210.00	120.00	120.00	2,090.00
D	Revenue Collector	Bri Ozii	Business levy, fire certificate, health permit	Chisha Chisala	Property rates	3664026	11,730.00	60.00	60.00	11,670.00
E	Revenue Collector	Fish Life Limited	Business levy, fire certificate, health permit, personal life, food handler	Enock Mbewe	Business Levy	3884868	5,336.00	300.00	300.00	5,036.00
F	Accounts Officer	RSS Treasurer and Crafts Limited	Business levy, fire certificate, health permit and personal levy	Noel Farms	bird levy	3811467	5,311.50	500.00	500.00	4,811.50
G	Revenue Collector	Dorothy Mwanza	Business levy	Motor Vehicle BLB 433	Crop levy	3813322	3,431.00	50.00	50.00	3,381.00
H	Revenue Collector	Espeka Zambia Limited	Business levy and professional occupation	Zimba Rangan	Charcoal levy	3814071	6,000.00	55.00	55.00	5,945.00
I	Revenue Collector	Kleos Reings Academy	Business levy		Toilet Fees	3866646	3,000.00	2.00	2.00	2,998.00
J	Revenue Collector	Hazikimana Etienne	Business levy, liquor licence, health and fire certificate	Kabwe Shimba	Livestock levy	3813349	4,050.40	150.00	150.00	3,900.40
	<b>Total</b>						<b>50,058.90</b>	<b>1,472.00</b>	<b>1,472.00</b>	<b>48,586.90</b>

The following were observed:

**i. ZDA Henan Guoiji Development**

According to the procedure of distributing revenue receipt copies at the Council, the original was issued to the client, duplicate was attached to the daily summary collection sheet, triplicate and quadruplicate copies were retained in the receipt book.

A scrutiny of receipt books revealed that on 27<sup>th</sup> July 2021 an amount of K20 was received from a client as payment for burial permit and General Receipt No.3369775

was issued. However, a review of records for burial permit maintained by the Council revealed that there was no burial permit that was issued to the client.

Inquiries from management revealed that the receipt copy in question related to a payment for property rates from ZDA Henan Guoiji Development of K5,045 which had been altered by a revenue collector who recorded details of the client with an amount of K20.

Further, a visit to ZDA Henan Guoiji Development revealed that the Council had issued the triplicate copy of the receipt to the company whereas the original and duplicate copies remained unaccounted for. In this regard the amount of K5,025 was misappropriated by the revenue collector.

**ii. Big Five Mini-Mart**

On 28<sup>th</sup> December 2022, a revenue collector received an amount of K3,945 in respect of business levy, fire certificate, health permit and food handler certificate from Big Five Mini-Mart and issued general receipt No.3810733.

A review of the original General Receipt No.3810733 revealed that an amount of K3,945 was recorded on it, while K215 was recorded on duplicate copies.

Further, a review of the bank statement revealed that only K215 was deposited in the Council's bank account. In this regard, an amount of K3,730 was not accounted for.

**iii. Grace Malina**

On 12<sup>th</sup> January 2023, Revenue Collector received an amount of K2,210 for the payment of business levy, fire certificate and personal levy from Grace Malina and issued general receipt No.3812704. However, it was observed that the copies of the receipt retained for audit were different from the original copy in that the amount recorded was only K120 paid by Nelly Chinyama for property rates on 2<sup>nd</sup> January 2023.

A further confirmation with the bank statement revealed that only K120 recorded on the duplicate copy was deposited in the Council's bank account. In this regard, amounts totaling K2,090 were unaccounted for.

**iv. Bri-Ozii**

On 23<sup>rd</sup> December 2022, Revenue Collector received an amount of K11,730 for business levy, fire certificate and health permit from Bri-Ozii and issued a General Receipt No.3664026. However, it was observed that the copies of receipts retained for audit were different from the original copy in that the amount recorded was K60 paid by Chisha Chisala for property rates on 7<sup>th</sup> December 2022.

A review of the bank statement revealed that only K60 recorded on the duplicate copy was deposited in the Council's bank account. In this regard, the Council was defrauded of an amount of K11,670.

**v. Fishlife Investment Limited**

On 1<sup>st</sup> March 2023, Revenue Collector received an amount of K5,336 for business levy, fire certificate, health permit, personal levy and food handler certificate from Fishlife Investment Limited and issued a General Receipt No.3884868. However, it was observed that the copies of receipts retained for audit were different from the original copy that was availed by the client in that the amount recorded was K300 paid by Enock Mbewe for business levy on 1<sup>st</sup> March 2023.

A review of the bank statement revealed that only K300 recorded on the duplicate copy was deposited in the Council's bank account. In this regard, the Council was defrauded of a total amount of K5,036.

**vi. RSS Treasurer and Crafts Limited**

On 21<sup>st</sup> December 2022, Revenue Collector received an amount of K5,311.50 for business levy, fire certificate, health permit and personal levy from RSS Treasurer and Crafts Limited and issued a General Receipt No.3811467. However, it was observed that the copies of receipt retained for proof of figures were different from the original copy in that the duplicate copies had an amount of K500 paid by Noel Farms for bird levy on 21<sup>st</sup> December 2022.

**vii. Dorothy Mwanza**

On 12<sup>th</sup> May 2023, Revenue Collector received an amount of K3,431 from Dorothy Mwanza for the payment of business levy and issued proof of payment General



Receipt No.3813322. However, it was observed that the copies of receipts retained for audit were different from the original copy in that the amount recorded was K50 for crop levy paid by an unknown person using Motor Vehicle Registration No. BLB433 on 3<sup>rd</sup> March 2021

A review of the bank statement revealed that only K50 recorded on the duplicate copy was deposited in the Council's bank account. In this regard, the Council was defrauded of a total amount of K3,381.

**viii. Espeka Zambia Limited**

On 20<sup>th</sup> February 2023, Revenue Collector received an amount of K6,000 for business levy and professional occupation from Espeka Zambia Limited and issued General Receipt No.3814071. However, it was observed that the copies of receipts retained for audit were different from the original copy in that the amount recorded in the duplicate copies was K55 paid by Zimba Rangando for charcoal levy on 22<sup>nd</sup> February 2023.

A review of the bank statement revealed that only K55 recorded on the duplicate copy was deposited in the Council's bank account. In this regard, the Council was defrauded of a total amount of K5,945.

**ix. Kleos Reings Academy**

On 12<sup>th</sup> January 2023, Revenue Collector received an amount of K3,000 from Kleos Reings Academy for the payment of business levy and issued General Receipt No.3866646. However, it was observed that the copies of the receipts retained for audit were different from the original copy in that the amount recorded on the duplicate copies was K2 paid as toilet fees on 14<sup>th</sup> November 2022 by an unknown person.

A review of the bank statement revealed that only K2 recorded on the duplicate copy was deposited in the Council's bank account. In this regard, the Council was defrauded of a total amount of K2,998.

**x. Hazikimana Etienne**

On 4<sup>th</sup> April 2023, Revenue Collector received an amount of K4,050.40 for the payment of business levy, liquor, health and fire certificate from Hazikimana Etienne and issued General Receipt No.3813349. However, it was observed that the copies of the receipt retained for audit were different from the original copy in that the amount recorded on the duplicate copies was K150 paid as Livestock levy by Kabwe Shimba on 27<sup>th</sup> March 2023.

Further a visit at Revenue Collector revealed that the client was also issued receipt number 4160627 dated 2<sup>nd</sup> August 2023 with an amount of K4,051 for the payment business levy, liquor, health and fire certificate for the same period. However, the issuance of this receipt was questionable as the client had already been issued receipt number 3813349.

A review of the bank statement revealed that only K150 recorded on the duplicate copy of No.3813349 was deposited in the Council's bank account. In this regard, the Council was defrauded of an amount of K3,900.

**h. Misappropriation of Revenue**

The revenue collection system in place requires clients to make payments to the Council by depositing directly into the Council's bank accounts by either physically visiting the bank or using bank agents' Point of Sale (POS) machines.

During the period October 2022 to October 2023, Leopards Hill Polocrosse Club applied for renewal of business levy permits and was subsequently issued with quotations totalling K33,676 for the period January 2022 to December 2024. An inquiry with management at Leopards Hill Polocrosse Club conducted in October 2023, revealed that the company had transferred amounts totaling K33,676 to a Health Inspector at the Council in respect of the permits contrary to the Council procedure. A review of the records revealed that the Council had issued two (2) permits to the company.

However, a scrutiny of the Council's bank statements revealed that the amounts had not been credited to any Council bank account. Further, although two (2) general receipts were issued for amounts totaling K22,384, the dates for the receipts and transactions were different, while the Council did not issue a receipt and license for the third

transaction of K11,292. In this regard the Council lost revenue in amounts totalling K33,676. See table 2 below.

**Table 2: Leopards Hill Polocrosse Club**

No.	Position	Transaction Date	Amount Transferred K	General Receipt No.	Date Receipt was issued
A	Revenue Collector	14.10.2021	11,092	327852	12.10.2021
B	Revenue Collector	05.12.2022	11,292	3813718	30.01.2023
C		04.10.2023	11,292	No General Receipt issued	N/a
	<b>Total</b>		<b>33,676</b>		

**i. Uncredited POS Transactions**

The Council allows clients to make payments for property rates, business levy, and various other fees through multiple platforms such as direct bank transfers, deposits through ZANACO POS (both direct and agent), and mobile money options such as Tingg and Kazang.

Clients are required to present proof of payment, following which revenue collectors issue official Council receipts. The transactions are then recorded in the Baxcel Accounting System, serving as an integral component of the Council’s financial record-keeping.

A review of the POS deposit slips and receipts for fifteen (15) transactions revealed that amounts totalling K58,576 were recorded as revenue. However, a scrutiny of the bank statements revealed that only K265 was credited to the Council bank account resulting in accounted for revenue of K58,311. See table 3 below.

**Table 3: Uncredited POS Deposits**

No.	Name of Agent	Receipt Date	POS Date	Name of Customer	General Receipt No.	POS Receipt No.	POS Amount K	Amount Credited to Bank K	Unaccounted for Revenue K
1	Caleb Phiri	16.02.23	02.02.23	Chimphembela Trust Ltd	3884542	010711	2,500	265	2,235
2	Geofrey Nkhuwa	07.02.23	02.02.23	Chimphembela Trust Ltd	3813629	415474	6,600	-	6,600
3	Geofrey Nkhuwa	10.02.23	02.02.23	Collins Mwadama	3814357	415473	4,617	-	4,617
4	Sky Blue Enterprises	08.02.23	28.11.22	Hinga Services Limited	3813638	374871	2,117	-	2,117
5	Sky Blue Enterprises	03.02.23	28.11.22	Hinga Services Limited	3813638	374871	1,532	-	1,532
6	Sky Blue Enterprises	08.02.23	01.02.23	Patrick Buhendwa	3813638	374871	4,035	-	4,035
7	Sky Blue Enterprises	01.02.23	11.01.23	M.Y.C Catering Services	3813638	374871	5,872	-	5,872
8	Sky Blue Enterprises	10.02.23	03.01.23	Edward Chanda Mukuka	3813638	477871	3,035	-	3,035
9	Sky Blue Enterprises	10.02.23	10.01.23	Marian Munkanda Nabulyato (Food Spot)	3813638	477881	2,557	-	2,557
10	Sky Blue Enterprises	10.02.23	24.01.23	Mika Meats Limited	3813638	374848	4,297	-	4,297
11	Sky Blue Enterprises	10.02.23	28.11.22	Lizwe Zulu	3813638	374871	2,111	-	2,111
12	Sky Blue Enterprises	16.02.23	28.11.22	Carvickel Drug Store	3813638	374871	1,532	-	1,532
13	Sky Blue Enterprises	10.02.23	20.01.23	Samuel Kwitonda	3813638	374840	2,445	-	2,445
14	Sky Blue Enterprises	14.02.23	21.12.22	Zina Nshirimana	3813638	374871	4,035	-	4,035
15	Special FX Technologies	30.01.23	05.12.22	Leopard's Hill Polocrosse Club	3813638	374871	11,292	-	11,292
	<b>Total</b>						<b>58,576</b>	<b>265</b>	<b>58,311</b>

In particular, the following were observed:

**i. Chimphembela Trust Limited and Mika Meats Limited**

During the period from 24<sup>th</sup> January to 16<sup>th</sup> February 2023, the Council issued two (2) receipts to Chimphembela Trust Limited for renewal of business levy and health permits and one (1) receipt to Mika Meats Limited for renewal of business levy. An inquiry with management at Chimphembela Trust Limited and Mika Meats Limited conducted in October 2023 revealed that the companies had paid cash amounts totalling K13,397 to a Health Inspector at the Council in respect of the permits contrary to the Council procedure. The Council issued the receipts based on cash deposit slips from ZANACO agents' POS machines. A review of the records revealed that the Council had issued three (3) permits to the companies.

However, a scrutiny of the Council's bank statements revealed that only amounts totalling K265 had been credited to the Council bank account leaving a balance of K13,132 unaccounted for. See table 4 below.

**Table 4: Uncredited POS Deposits**

No.	Company Name	Name of Agent	Transaction Date	POS Amount K	Amount Credited to Council Bank Account K	Unaccounted for Revenue K	General Receipt No.
1	Chimphembela Trust Limited	Geoffrey Nkhuwa	07.02.2023	6,600	-	6,600	3813629
2	Chimphembela Trust Limited	Caleb Phiri	16.02.2023	2,250	15	2,235	3884542
		Lyamat Enterprises		250	250	-	
3	Mika Meats	Sky Blue Enterprise	24.01.2023	4,297	-	4,297	3814358
		<b>Total</b>		<b>13,397</b>	<b>265</b>	<b>13,132</b>	

**ii. Patrick Buhendwa**

On 8<sup>th</sup> January 2023, Patrick Buhendwa applied for renewal of business licence and was subsequently issued with a quotation of K4,035 for the period from January to December 2023. In this regard, the Council issued a receipt No. 3813637 on 1<sup>st</sup> February 2023 for K4,035 based on a cash deposit slip from a ZANACO POS Agent, Sky Blue Enterprise.

However, a review of the bank statement revealed that the amount had not been credited to any Council bank account as at 31<sup>st</sup> October 2023.

**j. Undeposited Funds**

A comparison of receipts in the cashbooks and credits on the bank statements revealed that deposits in amounts totalling K427,764 involving thirty six (36) transactions which were posted to the Bacxel Accounting System between February 2022 to July 2023 could not be traced to the Council bank accounts.

As a result, the basis for processing the transactions in the cashbook and issuance of receipts to various clients was questionable.

Included in the undeposited amount of K427,764 was K13,353 deposited into bank account No.0064087110048 on 13<sup>th</sup> April 2023 by MT Meru and receipted on general receipt No. 3886686 for the purpose of paying for property rates.

However, a scrutiny of the deposit slip revealed that the account was not a Council bank account. Further, a review of the transactions in the dove billing system revealed that the account that was settled was in the name of Evans Mfunne of property number CHONG/0464. It was therefore questionable as to why the Council cleared a bill and issued a receipt on funds not received by the Council and why a different rate payer was credited with the amount.

**k. Accounting Discrepancies**

The Council uses the Dove Billing System to invoice property rate payers. The system manages records of issued invoices and tracks balances of outstanding property rates. Settlement of the balances in the system is executed either through update of payments made by clients or via approved journals.

During the period from 1<sup>st</sup> January to 31<sup>st</sup> December 2022, the cash books recorded a total collection of K5,860,453 while the Dove Billing System reported a total receipt of K7,182,971 resulting in an unexplained variance of K1,322,518.

**l. Delayed Transfer of Funds – Merchant Account**

The Council entered into an agreement with ZANACO Bank Plc to collect revenue using the Bank’s POS machines and the revenue collected was to be transferred to the Council’s General bank account on a daily basis.

It was however observed that between the period of June 2021 to November 2022, transfers in amounts totalling K59,109 were delayed for periods ranging from fifty three (53) to 531 days.

**m. Unaccounted for POS Machines**

During the period under review, the Council was issued with six (6) ZANACO POS machines with the following serial numbers for the purpose of implementing cashless transactions where clients would only swipe rather than making cash payments. See table 5 below.

**Table 5: POS Machines Issued by ZANACO**

No.	Station	POS Serial Number
1	Civic Centre	63723779
2	Civic Centre	63729764
3	Civic Centre	63732454
4	Meanwood Ibex	63723782
5	Meanwood Kwamwena	63731969
6	Meanwood Ndeke	63723734

A review of financial transactions in the General Account revealed that there were transactions amounting to K71,284 that were being posted from three (3) additional POS terminals that were not included in the official list of authorised devices as shown in table 6 below.

**Table 6: Unauthorised POS Machines**

No.	Station	POS Serial Number
1	Not Found	63744393
2	Not Found	77953039
3	Not Found	77961521

A further examination of the merchant account statement revealed that a total amount of K57,812 was posted by a machine which did not have a unique POS terminal number. Therefore, it was not possible to ascertain whether the payments were made using the Council authorised POS machines.

**n. Questionable Issuance of Receipts**

A review of the daily cash collection sheets, general receipts and deposit slips revealed that a total amount of K7,172 was paid through ZANACO POS agents for property rates, scrutiny fees and registration of a club by three (3) clients. A scrutiny of the POS deposit slips revealed that the transactions had declined and there was no evidence of funds being credited into the bank accounts.

However, the Council issued general receipts to clients using the declined POS deposit receipts as proof of payment.

Therefore, it was questionable as to why the Council issued receipts to clients on transactions that were declined by the POS machines. See table 7 below.

**Table 7: Received declined POS Transactions**

No.	Name of Payer	General Receipt	Date	Amount K	Details
1	Kennedy Muswema	3886073		2,000	Property rates
2	Harry Chaonsa	3663929	25.10.2022	5,072	Scrutiny fees
3	Lushomo Womens Club	4158321		100	Club registration
	<b>Total</b>			<b>7,172</b>	

**o. Unsupported Bank Credits**

According to the system at the Council, revenue collected is receipted, summarised in the daily collection summary sheets and the Treasurer’s receipt is issued for the purpose of updating the financial reports and accounting for the funds credited at the bank.

A sum of K56,029,954 was received in four (4) bank accounts maintained by the Council for the collection of revenue from various sources.

However, a total of K19,036,309 received in the bank accounts was not supported with daily cash collection sheets, general receipts, deposit slips and the Treasurers receipts. Therefore, it was not possible to confirm the sources of revenue credited in the bank accounts.

**p. Receipts not Supported with Deposit Slips**

Regulation 10 (2) (d) of the Public Finance Management (General) Regulations of 2020, states, “despite the generality of Sub regulation (1), the functions of the revenue collector are to verify deposit before issuance of a receipt.”

Contrary to the Regulation, amounts totalling K63,071 receipted by the cashier between January 2022 and September 2023 were not supported by bank deposit slips.

**q. Failure to collect Revenue from Property Rates**

Regulation 9 (h) of the Public Finance Management (General) Regulations of 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

The Council had a valuation roll for the period 2014 to 2022 which captured a total of 16,975 properties with expected property rates of K10,278,854. A review of outstanding receivables revealed that among the outstanding property rates was a sum of K740,377



owed to the Council by United Quarries Limited as at 31<sup>st</sup> October 2023. An enquiry with management at the Council revealed that there was no evidence of efforts being made to recover the outstanding amounts.

A further inquiry into outstanding property rates revealed that the Council and ZDA Henan entered into a settlement to pay outstanding rates on residential properties. However, the details of the settlement agreement such as amounts of the debt, the number and the valuation of the properties involved were not availed for audit scrutiny.

**r. Failure to Collect Revenue from Planning Permission**

The Council, as a planning authority in the district, is responsible for coordinating and supervising planning and development. In this regard, the Council grants permission for construction of any building or dwelling place among others at a fee depending on the size of the development. During the Council Committee sitting on 19<sup>th</sup> September 2023, it was reported that 180 applications were recommended to be granted permission for replanning and regularisation, creation and numbering in the district.

However, there was no evidence that successful applicants paid the administrative fees such as application fees, scrutiny fees, inspection fees and change of land use fees.

Further, a sum of K1,745,874 received in form of planning permission fees was not supported by structural drawings, application forms and quotations. Therefore, it was not possible to ascertain whether the fees paid by the various applicants were accurate.

**s. Management of Payroll and Staff Related Matters - Unauthorised payments**

Regulation 8 (i) of the Public Finance Management (General) Regulations 2020 states, “the accounting officer should verify that disbursements made or incurred by the issue of Payment Voucher, order warrants, requisitions or any other documents are properly authorised.”

Contrary to the Regulation, four (4) payments in amounts totalling K172,650 for the procurement of goods services such as hire of equipment and purchase of gravel and quarry dust were made without the approval by the responsible officer.

**t. Unaccounted for Fuel**

Section 41(5) of the Public Finance Management Act No. 1 of 2018 requires a Controlling Officer to ensure that all public stores under that Controlling Officer's charge are accounted for in each financial year as shall be specified by the Secretary to the Treasury.

Contrary to the Regulation, fuel costing K1,176,300 procured during the period under review was not accounted for in that it was not recorded in the motor vehicles log books. Consequently, it was not possible to ascertain that the fuel drawn was used for the intended purposes.

**u. Irregular Drawing of Fuel**

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

Contrary to the circular, fuel costing K549,628 was irregularly drawn from the Administration, Roads and Public Health fuel accounts by the Mayor and Town Clerk who were also paid fuel allowance. Further, a review of the log books revealed that the fuel drawn was not recorded in the logbooks.

**v. Fuel Drawn by a Non-Runner Motor Vehicle**

A review of the motor vehicle fleet, logbooks and the fuel statements revealed that during the period from January to April 2023, a total of 1,940 litres of diesel costing K54,000 was drawn from Mt Meru Service Station in Chongwe in respect of vehicle registration No. ALC 2315, a Ford Ranger.

However, the said Motor Vehicle was a non-runner since 8<sup>th</sup> November 2022 up to the time of audit in October 2023.

**w. Operational Matters - Failure to Manage Markets**

Section 5 (1), (2) and (3) of the Markets and Bus Station Act No. 7 of 2007 empowers all local authorities to control and manage markets in accordance with the Food and Drugs Act, the Public Health Act and Weights and Measures Act.

A review of the records at the Council in April 2023 revealed that the council had sixteen (16) small operational community markets and six (6) major markets out of which three (3) were not yet operational in Madido Ward.

As at 31<sup>st</sup> October 2023, the Council did not have control of the sixteen (16) community markets that fell within the jurisdiction of the Council.

**x. Construction of a Public Ablution Block – Chongwe Market - Delayed Completion of Works**

The Local Government Act No. (2) of 2019 requires, a Council to use at least 20% of the Equalisation Funds received in any financial year to finance capital expenditure.

During the period under review, amounts totalling K9,177,028 were received as equalisation funds out of which amounts totalling K1,835,406 being 20% were for capital expenditure.

In addition, amounts totalling K1,576,514 were transferred from Ministry of Finance for Land Development and Development Fund Account to the Capital Account and an amount of K226,486 was brought forward from 2021 bringing the total funds available for capital expenditure to K3,638,405.

During the period under review, the Council approved seven (7) capital projects with a total allocation of K2,520,000 as shown in the table below. See table 8 below.

As of 31<sup>st</sup> December,2022 amounts totalling K3,349,813 had been spent leaving a balance of K288,592.

On 21<sup>st</sup> October 2022, the Council engaged Lestrys General Dealers Ltd for the construction of a public toilet at Chongwe Market at a contract price of K499,125 with a contract period of twelve (12) weeks commencing on 21<sup>st</sup> October 2022 and ending on 30<sup>th</sup> January 2023. The scope of works included; substructure, concrete block work, superstructure, carpentry, joinery and iron monger, metal work, plumbing installation, electrical, construction of soak way and septic tank and drainage.

As at 30<sup>th</sup> September 2022, the contractor had been paid amounts totalling K124,782 as a 25% advance payment.

A physical inspection carried out in August 2023, revealed that the ablution block had been plastered inside and outside, metal works done, and plumbing partially done and the project had not been completed twenty-four (24) weeks after the expected completion date of 30<sup>th</sup> January 2023. The outstanding works included carpentry, joinery, plumbing installation, electrical, drainage, painting and decorations. See picture below.



*Incomplete Toilet at Chongwe Market*



*Incomplete Ablution Block at Chongwe Market*

**y. Road Rehabilitation**

During the period under review, the Council budgeted an amount of K268,000 towards hire of plant and equipment for the rehabilitation of township and some selected feeder roads in the district. In this regard, the Council identified various roads to be rehabilitated as detailed in the table 8 below.

**Table 8: Roads Rehabilitated**

No.	Ward	Name of Road	Amount K	Length of gravelling (Km)	Actual Length gravelled (m)
1	Chalimbana	Diversion Road	261,715	1.30	1.30
2	Lwimba	D151		10.00	10.00
3	Chongwe Township Roads	Township Roads		Various	Various
4	Nchute	Nchute-Lukoshi		11.30	11.30
5	Madido	Ranchdale Road		undisclosed	undisclosed
6	Chinkuli	Mwalulemba Road		1.30	1.30

The scope of works included excavation, grading, major reshaping, compacting, gravelling and miter drains on all roads.

As at 31<sup>st</sup> March 2023, amounts totalling K261,715 had been spent on hire of earth moving equipment and procurement of fuel on the rehabilitation of township and feeder roads in the district.

A physical inspection carried out on 4<sup>th</sup> April 2023 on some selected roads revealed the following:

- Deep gullies had developed on most of the graded roads in that the Cumber had been eroded because road compacting was not done
- Road shoulders had been washed away causing difficulties in the community smooth passage.

It was observed that the Council did not plan to install culverts on some of the roads, consequently the gullies had started forming on the roads which could have been prevented had the culverts been installed. There was no justification provided for failure to plan and install culverts on the roads. See pictures below.



*Gullies on Chibolya road*



*Graded Protasho road*

### 35. Gwembe Town Council

#### a. Management of Local Government Equalisation Fund

During the period under review, amounts totalling K11,264,651 were received as Local Government Equalisation Funds, out of which 20% amounting to K2,252,930 was allocated to capital projects while 80% amounting to K9,011,721 was allocated to operational expenses.

In addition, a total amount of K775,704 was brought forward from the previous year bringing the total funds available to K3,028,634.

The following were observed:

#### i. Construction of a Bar and Restaurant at Chipepo Guest House

On 30<sup>th</sup> September 2022, the Council engaged Ganikoongo General Dealers Limited for the construction of a bar and restaurant at Chipepo Guest House using a labour only contract price of K55,000. The contract period was eleven weeks (11) weeks commencing on 30<sup>th</sup> September 2022 and ending on 15<sup>th</sup> December 2022.

The scope of works included trenching and footing, superstructure blockwork, steel roof and metal works, carpentry, joinery and iron mongery, glazing, painting steel, internal and external works.

As at 26<sup>th</sup> October 2022, amounts totalling K287,816 (labour – K40,000 and materials – K247,816) had been spent.

A physical inspection carried out revealed that the project had not been completed. See picture below.



*Incomplete Bar and restaurant at Chipepo Guest House*

The remaining works included; building of three (3) courses around the flat roof on one section of the building, carpentry, joinery and iron mongery, glazing, painting

steel, internal and external works. As at 31<sup>st</sup> October 2023, works had not been completed.

**ii. Construction of Conference Hall at Munyumbwe Guest House**

On 6<sup>th</sup> June 2022 the Council engaged Bright Mwiinga General Dealers for completion of a Conference Hall at the Council Guest House in Munyumbwe Ward at a contract sum of K491,205 with a contract period of three (3) months starting from 17<sup>th</sup> June ending 26<sup>th</sup> August 2022.

The scope of works included earth and concrete, block works, doors, windows, carpentry, joinery, ironmongery, metal work, steel work, floor wall and ceiling finishings, roofing and air conditioners, plumbing installations, drainage system, internal and external painting and decoration.

As at 30<sup>th</sup> October 2023, amounts totalling K231,875 had been paid to the contractor.

A physical inspection carried out on 26<sup>th</sup> October 2023 revealed that the project had not been completed fourteen (14) months after the expected completion date. The outstanding works included; fitting of eight (8) double sockets, six (6) air conditioners, three (3) light switches, eight (8) doors, ceiling boards in the toilets, internal and external painting, replacement of external side broken door glass, fitting of fascia boards, connecting of power and construction of spoon drain. See the pictures below.



*Socket not fitted*



*Ceiling boards in the toilets not fitted*



*Broken door glass*



*Fascia board and spoon drain around the structure not done*

### **36. Ikelenge Town Council**

#### **a. Weaknesses in Revenue Collection - Unaccounted for Revenue**

Regulation 9 (h) of the Public Finance Management (General) Regulations 2020 requires the head of accounting unit of a local authority to collect in a timely manner all revenue and other public monies due and payable to the local authority.

Contrary to the Regulation, bidding fees in amounts totaling K16,250 collected during the period under review could not be accounted for in that funds were neither banked nor was cash found on hand.

### **37. Isoka Town Council**

#### **a. Failure to Perform Bank Reconciliations**

Contrary to Public Finance Management Regulation no. 146 (3) of 2020 which requires an accounting authority of a local authority or state-owned enterprise to ensure that a bank account is reconciled not later than the fifteenth day after the end of each month.

The Council reported closing balances of K20,563,708 in the financial statements, however, the confirmed bank balances totalled K20,661,520 resulting in a variance of K97,912. These differences in balances were not reconciled for the eleven (11) bank accounts held at Atlasmara Isoka branch.



**b. Management of Payroll and Staff related Matters - Failure to Remit 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).

During the period under review, the Council deducted tax in amounts totalling K18,836 from payment of settling in allowances. However, as at 31<sup>st</sup> October 2023 the tax had not been remitted to the Zambia Revenue Authority.

**c. Management of Commercial Ventures - Luangwa Guest House - Failure to Collect Revenue – Bar, Restaurant and Accommodation**

Regulation No. 10 (2) (c) of the Public Finance Management (General) Regulations, 2020 requires a revenue collector to report to a controlling officer or accounting authority a failure by a public body to collect revenue.

During the period under review, amounts totalling K1,626,717 were reported as income generated from the sales of food, beverages and accommodation. However, a scrutiny of receipts revealed that amounts totalling K443,396 were collected, leaving amounts totalling K1,183,321 uncollected as at 31<sup>st</sup> October 2023. See Table 1 below.

**Table 1: Uncollected Revenue**

<b>No.</b>	<b>Details</b>	<b>Sales Recorded K</b>	<b>Amount Received K</b>	<b>Amounts not Collected K</b>
1	Food and Beverages	622,781	239,032	383,749
2	Restaurant	511,710	19,484	492,226
3	Accommodation	492,226	184,880	307,346
	<b>Total</b>	<b>1,626,717</b>	<b>443,396</b>	<b>1,183,321</b>

**d. Delayed Implementation of fencing and plumbing works**

On 29<sup>th</sup> December 2022, the Council procured a complete set of wire fence materials and plumbing materials from Ngalitas General Dealers at a total cost of K108,430 for the erection of a 500 meters long wire fence and equipping of a borehole at Kalungu dry port located along the Isoka – Nakonde road.

A physical inspection carried out in June 2023, revealed that the two projects had not commenced and the materials were marooned at the Council premises. See pictures below.



*Water tank at council guest house*



*Wire fence materials in the stores room*

### **38. Itezhi Tezhi Town Council**

#### **a. Irregular Exemption of Payment of Property Rates**

According to the Rating Act No.21 of 2018, only the places of worship and the agriculture part of properties are exempted from paying rates.

However, during the period under review, the Council exempted five (5) properties valued at K17,699,000 from paying property rates despite the fact that they were not places of worship or used for agriculture purposes.

#### **b. Expenditure**

As at 31<sup>st</sup> December 2022, amounts totalling K13,461,007 had been spent.

However, the following were observed:

##### **i. Over Expenditure – Councillors Allowances**

A review of the approved 2022 budgets for Itezhi Tezhi Town Council revealed that the Council had budgeted to spend amounts totalling K139,530 on Councillors allowances during various Council Committee meetings.

However, a scrutiny of the expenditure files and the cash books revealed that amounts totalling K330,270 were spent on Councillors allowances resulting in an over expenditure of K190,740. Authority to vary funds was not availed.

##### **ii. Un-acquitted Allowances**

Regulation 68 (2) of the Public Finance Management (General) Regulations 2020 states, “A paying office holder shall ensure that the payee receives the payment and provide acknowledgment of receipt of the payment.”

Contrary to the Regulation, amounts totalling K91,130 issued to various officers to facilitate payment of sitting allowances to councilors during the period under review were not acquitted as at 31<sup>st</sup> October 2023.

**iii. Unauthorised Payments**

Section 57 of the Public Finance Management (General) Regulations, 2020 states, “Where an unauthorised payment is made, the office holder shall be held responsible and shall be surcharged with the amount paid”.

Contrary to the Regulation, five (5) payment in amounts totalling K160,575 were made without the authority of the principal officer.

**39. Kabwe Municipal Council**

**a Questionable Retention of Revenue – Dot Com Zambia and Ministry of Local Government and Rural Development (MLGRD)**

During the period under review the Council planned to collect a total amount of K550,000 as bus loading and parking fees through the E-Levy revenue collection system, out of which K190,286 was collected leaving a balance of K359,714 not collected.

In addition, out of the collected amount, 8% representing K15,223 was retained by Dot Com Zambia while the remaining K175,063 was shared between Ministry of Local Government and Rural Development (30% - K52,519) and Kabwe Municipal Council (70% -K122,544).

In response, management responded that there was a contract between Dot Com Zambia and Ministry of Local Government and Rural Development for the use of the E – Levy revenue collection system.

However, as at 31<sup>st</sup> May 2023, the contract was not availed for audit. Further, the E- Levy system did not provide receipt /transaction numbers.

**b Failure to Issue Licences for the Storage of Petroleum**

Regulation 3 of the Petroleum Act Chapter 435 requires that licences for keeping dangerous petroleum exceeding 200 litres be issued by a council and be granted only

when the premises intended to be used for the storage of such petroleum fulfill the conditions of the Act.

There were thirty-one (31) businesses which were storing petroleum exceeding 200 litres operating in Kabwe as at 31<sup>st</sup> December 2022 and the Council was expected to collect amounts totalling K167,400.

However, the Council did not issue licences to fourteen (14) businesses resulting in revenue loss of K75,600.

**c Expenditure-Lack of Disposal details for Rabies Vaccines**

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, there were no receipt and disposal details in respect of stores items costing K11,800 for 100 vials of anti-rabies vaccines procured during the period under review.

**d Management of Local Government Equalisation Fund - Failure to Operate the Constructed Mulungushi Truck Park**

In 2021, Kabwe Municipal Council embarked on the construction of Mulungushi Truck Park in a bid to increase revenue sources and engaged six (6) contractors namely; Sankana, Goodson Musaula, Obrian Munkombwe, Obert Kafwanka, Nancy Chenda and Jonathan Chanda on labour based to carry out different works. The estimated cost of the project was K2,092,461 and had a completion period of fifty two (52) weeks, starting on the 30<sup>th</sup> of April 2021 and ending on 30<sup>th</sup> April 2022.

The scope of works included the following:

- Site preparation (Grabbing and clearing);
- Building of wall fence, welding of steel poles and square tubes on palisades;
- Welding of two big gates and one small gate;
- Grading, gravelling and compacting; and
- Construction of superstructure walls, roofing, plastering and ironmongery of ablution block and guard houses.

As at 28<sup>th</sup> February 2023 amounts totalling K2,322,941 (2021 – K936,000 and 2022 – K1,386,941) had been spent on procurement of materials, wages and transport resulting in over expenditure of K230,479.

However, physical verification conducted in May 2023 revealed that works such as ironmongery, carpentry and joinery for the guard houses, installation of culverts rings on two crossing points with an estimated cost of K58,900 were outstanding. See shown in the table 1 below.

**Table 1: Outstanding Works**

No.	Details	Quantity	Amount K
1	Windows Frames	K500x 2 x2	2,000
2	Door Frames	K1,700x 2	3,400
3	Doors	K4,500 X 2	9,000
4	Joinery	K2,500 X 2	5,000
5	Culverts x 8 x2.5 metres	K5,500 X 3X2	39,500
	<b>Total</b>		<b>58,900</b>

Further, the project had delayed by thirty six (36) weeks after the expected completion date.

**e Management of Assets - Unaccounted for Vehicles**

A review of the asset register revealed that the council owned twenty one (21) runner motor vehicles. During a physical verification conducted in May 2023 revealed that, two (2) out of the twenty one (21) motor vehicles were not availed for verification.

A further inquiry regarding one of the vehicles revealed that on 4<sup>th</sup> March 2020, the former town clerk for Kabwe Municipal Council retired from employment and applied to procure the Motor vehicle Registration No. BAC 6289 Toyota Hilux Twin Cab which he was assigned to when he was an employee of the Council. On 19<sup>th</sup> May 2020 the Ministry of Local Government on Minute No. MLG/101/22/61 did not grant authority to the former Town Clerk to procure the motor vehicle.

However, as at 31<sup>st</sup> May 2023, the motor vehicle (BAC 6289) was not presented for physically verification.

#### **40. Kafue Town Council**

##### **a. Unaccounted for Funds**

Section 11 sub Section 1 (n) and (o) of the Public Finance Management Act No. 1 of 2018 requires that the Controlling Officer manages and safeguards public assets and revenues and to maintain an effective system to account for liabilities and manage cash.

Contrary to the Act, as at 31<sup>st</sup> October 2023, revenue in amounts totalling K111,901 was not accounted for as deposit slips and daily cash collection sheets were not availed for audit.

##### **b. Management of Payroll and Staff related Issues - Irregular Payment of Salaries**

On 29<sup>th</sup> April 2022, Local Government Service Commission (LGSC) appointed Ms. Judith Beene as Council Secretary at Kafue Town Council replacing Mr. Jonathan Mwanza. However, a scrutiny of the payroll and staff returns for the Council revealed that two (2) officers were occupying the position of Council Secretary on the payroll from 1<sup>st</sup> May 2022 to 31<sup>st</sup> May 2023.

A review of financial records revealed that Mrs. Judith Beene had been maintained on the payroll and drew salaries in amounts totalling K128,526 for the period from October 2022 to May 2023. In this regard, the payment of salaries to Mrs. Judith Beene who did not work at the Council during the period was therefore irregular.

##### **c. Environmental Management - Dumping of Condemned Meat**

Section 30 and 31 of the Public Health Act of 2011 states, “carcasses of animals condemned on account of disease or other reason as unfit for human consumption shall be dealt with and disposed of by the owner thereof, in such manner as the Medical Officer of Health or Veterinary Officer shall direct and the carcasses of animals submitted for examination and rejected on account of non-compliance with the conditions laid down in regulation 5 shall be dealt with and disposed of by the owner thereof in such manner as the Medical Officer of Health or Veterinary Officer shall direct”.

A physical inspection of the dumpsite revealed that animal carcasses were disposed of at the dumpsite. However, approval by the Medical Officer of Health or a Veterinary Officer had not been availed as at 31<sup>st</sup> October 2023.

**d. Management of Local Government Equalisation Fund (LGEF) - Delayed Completion of the Construction of a Bar and Restaurant at the Swimming Pool-Kafue Ward**

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

During the period under review, amounts totalling K12,975,686 were received as equalisation fund out of which amounts totalling K2,465,537 being 20% of the funded amounts were to be transferred to the capital account, while 80% amounting to K9,862,149 was allocated to general operations.

In addition, an amount of K2,789,959 was brought forward from 2021 bringing the total available funds for capital expenditure to K5,168,585.

As of 31<sup>st</sup>December 2022 amounts totalling K5,656,249 had been spent leaving a balance of K473,496.

During the period under review, the Council planned to procure a utility vehicle, a bus for revenue generation, completion of the bar and restaurant among other. See table 1 below.

**Table 1: Local Government Equalisation Fund**

No.	Project Name	Amount K	Amount Spent K	Balance K
1	Rehabilitation of Nangongwe Market Shelter	122,586	69,517	53,069
2	Installation of Solar Powered Lights at C5 and Kalukungu Market	524,249	524,249	-
3	Procurment of a Bus	1,278,000	1,278,000	-
4	Procurment of a Utility Vehicle	500,000	489,000	11,000
5	Fabrication of an Aluminium Partition (Chairperson Office)	59,637	58,146	1,491
6	Construction of Bar and Restaurant	768,038	402,507	365,531
7	Construction of Sub Boma in Shantumbu	425,385	425,385	0
	<b>Total</b>	<b>3,677,895</b>	<b>3,246,804</b>	<b>431,091</b>

On the 21<sup>st</sup> December 2021, the Council engaged Trymate Zambia Limited to construct a bar and restaurant at contract sum of K768,038 with expected completion period of fifty-seven (57) days after the signing of the contract. The scope of works included:

- Site clearing and Excavation of the substructure
- Construction of the superstructure block work
- Roofing
- Plastering
- Painting
- Stonework
- Tiling (external and internal walls, floors and other applicable structures)
- Electrical Works
- Plumbing

As at 12<sup>th</sup> June 2023, amounts totalling K402,507 had been paid to the contractor leaving a balance of K365,531.

In the interim management letter dated 4<sup>th</sup> August 2022 on the audit of accounts for Kafue Town Council for the financial year ended 31<sup>st</sup> December 2021, mention was made of the failure by the Council to complete the construction of the bar and restaurant at the swimming pool.

In his response to the observation, the Controlling Officer responded that the delayed completion was due to loss of construction time during the rainy season as the works could not be executed during wet days and that the council wrote to the contractor to ensure that the works were completed as soon as possible and that 80% of the works had been completed.

A review of the records in June 2023 revealed that the Council had terminated the contract with the contractor. However, at the time of audit, management could not avail the termination letter and the reasons for the termination of the contract.



A physical inspection of the project carried out on the 13<sup>th</sup> June 2023 revealed that works were not complete twenty-four (24) months after the expected completion date and the project had stalled. The outstanding works included plumbing, electrical works, interior painting and section of the bar counter was not fully tiled. See pictures below.



*Part of the bar counter has not completely tiled. Electrical and plumbing works not completed*

#### 41. Kalabo Town Council

##### a. Sale of Plots

During the period under review the Council created 187 plots comprising of 131 residential plots and 56 commercial plots with total expected plot premiums of K716,000. See table 1 below.

**Table 1: Plots offered**

Year	No.	Type of Plot	No. of Plots Offered	Price K	Total Expected Premiums K
2019	1	5 mtrs X 6 mtrs	87	3,000	261,000
	2	8 mtrs X 10 mtrs	41	5,000	205,000
	3	Council Reservation	3	-	-
		<b>Sub-total</b>	<b>131</b>		<b>466,000</b>
2022	4	3.5 mtrs X 4 mtrs	46	4,000	184,000
	5	4 mtrs X 8 mtrs	2	5,000	10,000
	6	8 mtrs X 10 mtrs	8	7,000	56,000
		<b>Sub-total</b>	<b>56</b>		<b>250,000</b>
		<b>Total</b>	<b>187</b>		<b>716,000</b>

The following were observed:

**i. Failure to Revoke Expired Plot Offer Letters**

According to the Offer Letters issued to 128 successful applicants, plot premiums were to be paid in full or up to 50% within two weeks from the day of acceptance and the other subsequent 50% was to be settled within two weeks after the preliminary payment or else, the plots would be repossessed by the Council and re-allocated to other applicants.

Contrary to the conditions of the offer letters, the Council had not revoked offers letters for 87 applicants who had not paid the plot premiums in amounts totalling K324,000 as at 31<sup>st</sup> October 2023.

**ii. Offer of Plots at Discounted Prices to Council Employees Without Authority**

The Council offered six (6) plots to six (6) members of staff at a discount of 90% and only collected K2,200 instead of K22,000. However, there was no authority for selling plots to Council employees at 10% of the price offered to external applicants contrary to the Ministry of Local Government Circular No. MLG/12/8/2 dated 28<sup>th</sup> September 2020 which prohibits local authorities to issue plots to its staff at a discounted price.

**b. Inadequately Supported Revenue Collected**

During the period under review, the Council received amounts totalling K153,000 (K63,000 for sale of bid documents for various tenders and K90,000 for lease of land to Infratel and HIS Towers).

However, the amount receipted for sale of bid documents was not supported by a Register of companies that took part in the tender for Council contracts. Further, there were no duplicate copies of invoices issued to Infratel and HIS Towers Limited for lease of land. In this regard, the completeness and accuracy of amounts received could not be ascertained.

**c. Management of Payroll and Staff Related Matters - Under deduction of PAYE**

During the period under review, the Council paid amounts totalling K1,596,619 as housing allowance to its employees.

However, a review of computations of PAYE revealed that the housing allowance was not taxed contrary to the Income Tax Act resulting in amounts totalling K400,831 not being remitted to Zambia Revenue Authority.

**d. Failure to Implement Approved Project - Weaknesses in Management of 20% Local Government Equalisation Fund**

Section 47 (2) of the Local Government Act No. 2 of 2019 allows a Local Authority to use at least 20% received by a Local authority from the Equalisation Fund to finance capital expenditure.

During the period under review, a total of K15,473,406 was received from the Equalisation Fund and K3,094,681 being the twenty (20) percent was allocated for capital projects. In addition, an amount of K1,124,782 was brought forward from 2021. The brought forward funds from 2021 were for the expansion of Civic Centre Offices and Construction of Kashitu Fish Market Shelter, projects which commenced in 2021 but progressed into 2022. See table 2 below.

**Table 2: Twenty percent of LGEF**

Balance b/f K	20% LGEF K	Total Income K	Expenditure K	Balance c/f K
1,124,782	3,094,681	4,219,463	2,713,894	1,505,569

Among the approved projects in 2022 was the installation of streetlights with a budget of K350,000. It was however observed that the Council did not implement the planned project in the year under review and as at 31<sup>st</sup> October 2023, the project remained unimplemented.

## **42. Kalomo Town Council**

### **a. Management of Local Government Equalisation Fund - Questionable Procurement of Land**

According to the existing system for the acquisition of land, once management identifies land for development, it is subjected to inspection and approval by the Council. Management thereafter engages independent valuers to establish possible costs and the matter is taken back to the Council for final approval.

During the period under review, Abel Siafwa (vendor) offered the Council a piece of land in the extent of 1.4 hectares for K780,000. Between 15<sup>th</sup> June and 2<sup>nd</sup> December 2022, the Council paid amounts totalling K293,333 to the vendor for the land on which the local authority intended to construct a truck yard park.

A review of documentation and inquiries made with management revealed the following:

- There was no evidence to show that the Council approved the acquisition of the piece of land;
- The Council did not involve land valuers to establish the possible values of land purchased;
- Minutes of the Procurement Committee meeting where the procurement of the piece of land was considered were dated 22<sup>nd</sup> August 2023 which was fifteen (15) months after the first installment had been made.

In this regard, the procurement of the land was questionable.

### **b. Operational Matters - Failure to Set Aside and Use 5% of Locally Generated funds on Wards**

Ministerial minute No. MLG/71/1/91 requires that 5% of locally generated funds should be used for infrastructure development in the wards falling under the district. The projects to be undertaken include water and sanitation, health services, recreational amenities, local roads, markets, sports and agriculture.

During the period under review, the Council generated funds in amounts totalling K6,068,257 from which K303,412.85 representing 5% was to be used on infrastructure development activities in the constituency wards.

Contrary to the Guidelines, no amounts were spent on Ward Development Projects.

#### **43. Kalulushi Municipal Council**

##### **a. Loss of Revenue Due to Lack of an Abattoir**

Section 3(1) and 3(m) of the Local Government Act No. 2 of 2019, first schedule, states, ‘a local authority shall in relation to agriculture establish and maintain abattoirs, cold storage facilities and plans for processing of by- products for abattoirs; and control the movement of carcasses of the animals.

However, as at 31<sup>st</sup> October 2023, the Council did not have an abattoir, as such Council did not realize any revenue from processing of by – products, storage facilities and movement of carcasses among others.

##### **b. Expenditure**

###### **i. Ward Fund - Poor Workmanship – Drainages**

The Council procured building materials in amounts totalling K214,600 for the construction of two (2) drainages and maintenance of Zambezi road drainages in Kalengwa ward. The works were implemented using the members of the community to provide labour.

A Management inquiry and physical inspection conducted in September, 2023 revealed that there was poor workmanship. See pictures below.



*Cracks and small gully had started forming.*

**ii. Failure to Maintain Township Roads**

The Local Government Act No. 2 of 2019 First Schedule Paragraph 4 (a & b) states, “a local authority shall, in relation to a public street and street— exercise general control, care and maintenance of all public roads, streets, avenues, lanes, sanitary lanes and foot walks forming part thereof, bridges, squares, ferries and water courses and to remove all obstacles therefrom.”

Contrary to the Act, the Council did not maintain four (4) township roads that had enormous potholes and were eroded. See table 1 below.

**Table 1: Dilapidated Roads**

<b>No.</b>	<b>Street Name</b>	<b>Ward</b>
1	President Avenue	Kalanga
2	Luangwa	Luapula
3	Luapula	Luapula
4	Kalengwa	Lubuto

**c. Use of Goods and Services/Expenditure**

**i. Management of Assets – Unaccounted for Assets**

Various assets such as Samsung tablets & accessories for councilors, 2 desktop computers and office furniture and equipment procured at a total cost of K251,731 were not availed for audit verification.

**ii. Failure to Maintain Movable Assets**

Section 11(n) of the Public Finance Management Act No. 1 of 2018 states, “a controlling officer is responsible for management and safeguarding of public assets and revenue.”

A physical verification carried out on movable assets revealed that the three (3) assets were grounded on the basis of not being serviced.

#### **44. Kalumbila Town Council**

##### **a. Failure to Collect Revenue from Mining Access Fees**

Article 161 of the Zambian constitution (Amendment) Act No.2 of 2016 provides that a local authority is required to collect levy, impose recoveries and retain local taxes. Further, Section 9 (h) of the Public Finance Management (General) Regulations of 2020 requires the Head of the Accounting Unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

It was however observed that the Council had not been collecting mining access fees from four (4) companies that were conducting mineral explorations within the boundaries of the district.

##### **b. Irregular Offer of Plots**

Minute No. MLG/12/8/2 dated 28<sup>th</sup> September 2020 issued by the Permanent Secretary of the Ministry of Local Government and Rural Development to Town Clerks and Council Secretaries required that civic leaders and local authority employees be treated on equal terms and conditions with any other person from the public when applying for plots.

Contrary to the directive, the Council offered thirteen (13) employees plots valued at K153,000 during the period under review, at a discount of K14,400 resulting in loss of revenue of K138,600.

However, as at 30<sup>th</sup> October 2023, only K14,400 had been recovered leaving a balance of K138,600 outstanding.

##### **c. Projects – Locally Generated Funds**

An examination of payments and other records for Ward Development Fund for Kalumbila Town Council revealed the following:

###### **i. Irregular Charge of Value Added Tax**

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

Contrary to the Act, forty (40) companies contracted by the Council to undertake various projects charged VAT in amounts totalling K627,766 although they were not registered for VAT with Zambia Revenue Authority.

**ii. Construction of a 1x3 Classroom Block at Beston Muluka Primary School**

On 19<sup>th</sup> September 2022, the Council engaged Luged Investment Limited for the construction of a 1x3 classroom block at Beston Muluka in Mumbezhi ward at a contract price of K800,000 with a contract period of three (3) months commencing on 28<sup>th</sup> September 2022 and ending on 30<sup>th</sup> December 2022.

Contract terms included the following:

- Defects Liability Period was to be 6 months;
- The proportion of payments retention was to be ten (10%) percent;
- Liquidated damages for the whole of the works was to be 0.1% of the contract price per day. The maximum amount of liquidated damages for the whole of the works being was to be 10% of the contract price;
- Advance payment of 25% of the contract price;
- The maximum number of days was to be 100; and
- The percentage to apply to the value of the work not completed, representing the employer's additional cost for completing the works was to be 15(%) percent

The scope of works included:

Substructure, concrete works, block works, metal works and ironmongery, roofing, flooring and wall finishes, painting, electrical and external works.

As at 12<sup>th</sup> February 2023, the contractor had been paid amounts totalling K353,700.

The following were observed:

• **Delayed Completion of the Project**

A physical inspection carried out in June 2023 revealed that the project had not been completed five (5) months after the expected completion date. The outstanding works included fitting of floor tiles, doors and windows; painting outside and electrical works, and completion of septic tank. See pictures below.





*1x3 CRB at roof level at Beston Muluka Primary School*

- **Inclusion of Anthill Clearance in the BOQ**

Among the works in the BOQ was the inclusion of clearing of the anthill at a cost of K3,100. However, a physical inspection of the project and enquiries revealed that no anthill was demolished as the site where the structure was constructed did not have an anthill.

**iii. Construction of a 1x3 Classroom Block at Lubinga Primary School**

On 19<sup>th</sup> September 2022, the council engaged Orbit Machines and Electrical Services Limited for the construction of a 1x3 classroom block at Lubinga Primary School in Mukumbi ward at a contract price of K795,318.18 with a contract duration of three (3) months ending on 19<sup>th</sup> December 2022.

Contract terms included the following:

- Defects Liability Period was to be 6 Months
- The proportion of payments retention was to be ten (10%) Percent
- Liquidated damages for the whole of the works was to be 0.1% of the contract price per day. The maximum amount of liquidated damages for the whole of the works being was to be 10% of the contract price.
- Advance payment of 25% of the contract price.
- The maximum number of days was to be 100
- The percentage to apply to the value of the work not completed, representing the employer's additional cost for completing the works was to be 15(%) percent

The scope of works included:

Substructure, concrete works, block works, metal works and ironmongery, roofing, flooring and wall finishes, painting, electrical works and external works.

As at 30<sup>th</sup> June 2023, the contractor had been paid amounts totalling K353,880.

The following were observed:

- **Delayed Completion of the Project**

A physical inspection carried out in June 2023 revealed that the project had not been completed four (4) months after the expected completion date.

The outstanding works included; fitting of doors and windows and painting outside, electrical works and external works. See picture below.



*1x3 CRB at gabble level*

- **Inclusion of Anthill Clearance in the BOQ**

Among the works in the BOQ was the inclusion of clearing of the anthill at a cost of K3,000. However, a physical inspection of the project and enquiries revealed that no anthill was demolished as the site where the structure was constructed did not have an anthill.

**iv. Construction of a Clinic at Kisasa Ward**

On 9<sup>th</sup> November 2022 the Council engaged NAMZAM Engineering Limited for the construction of an OPD clinic at Kisasa in Kisasa ward at a contract price of K954,832 with a contract duration of three (3) months commencing on 9<sup>th</sup> November 2022 and ending on 9<sup>th</sup> February 2023.

The scope of works included; substructure, concrete works, block works, metal works and ironmongery, roofing, flooring and wall finishes, glazing, painting, electrical works and external works.

As at 30<sup>th</sup> June 2023 the contractor had not been paid.

The following were observed:

- **Delayed Completion of the Project**

A physical inspection carried out on 24<sup>th</sup> June 2023 revealed that the project had not been completed four (4) months after the expected completion date.

The outstanding works included; completion of the superstructure, plastering, fitting of doors and windows and painting outside, floor and wall finishes, electrical works and external works. See pictures below.



*Clinic at Kisasa*



*100m access road*

- **Inclusion of Anthill and Opening Access Road in the BOQ**

Among the works included in the BOQ was the opening up of access road to the site and clearing of three (3) anthills at the cost of K90,000 and K11,400 respectively.

However, a physical inspection of the project revealed that there was no opening up of the road but clearing of shrubs and there were no anthills that were demolished on the site.

## 45. Kaoma Town Council

### a. Operational Matters - Failure to Utilise Market Shelters

Statutory Instrument (SI) No. 12 of 2018 directed all local authorities countrywide to remove street vendors from undesignated places.

Further, Sections (9) and (25) of the Local Government (Street Vending and Nuisances) (Amendment) (No. 2) Regulations of 2018, prohibits sale of local produce in any street or public place other than a market established by the council, except with permission.

A physical inspection conducted on 5<sup>th</sup> October 2023, revealed that shelters at the old market were not occupied by traders who were instead trading in un-designated places despite the Council spending amounts totalling K189,012 to construct market shelters at the old market. See pictures below.



*Empty shelters at the old market in Mulamba*



*Street vendors trading in undesignated places in front of shops along the main road*

## 46. Kapiri Mposhi Town Council

### a. Operational Matters - Operation of Markets

Section 70 (1) (b) of the Local Government Act Cap 281 provides that the council has a mandate to impose fees or charges for any service or facility provided or goods or documents supplied by the Council in pursuance of or in connection with the discharge of any function of the council.

An examination of documents and a visit to various revenue points revealed that the Council was in control of four (4) markets out of thirty-four (34) markets. In particular, the following were observed:

#### i. Operation of Markets – Poor Maintenance of Sanitary Facilities

Section 16 (2) part 10 (a) first schedule of The Local Government Act No 2 of 2019 stipulates that a local authority shall, in relation to sanitation and drainage— (a) establish and maintain sanitary convenience and ablution facilities and require, whenever necessary, the establishment and maintenance of those facilities.

A physical inspection of the markets and toilets conducted in September 2023 revealed that the markets and toilets were not properly maintained. See table 1 below.

**Table 1: Unmaintained Markets & toilets**

No.	Name of Market	Observations
1	Old Market	No refuse bay or refuse bins at the market No cisterns in the toilets No running water in the toilets, despite having a water tank. Drums are been used Dirty toilets Untidy surroundings around the toilet and market
2	New Market	No running water in the toilets. Drums are used Dirty toilets
3	Tambalale Market	There is no power connected in the toilets Delayment in collection of garbage No running water in the toilets



*Toilet with no cistern*



*Bathroom with no shower*

A physical inspection conducted in July 2023 revealed that an ablution block at the Turn-off with a total number of twelve (12) toilets (6 female side and 6 male side) was not operational. Further, it was observed that the ablution block was vandalized as the pump that the council installed was stolen and had not been replaced during the period under review.

**ii. Abandoned Market Shelter – Old Market**

A physical inspection of the Old Market revealed that the market shelter had a total of seventy-eight (78) stands out of which only six (6) stands were occupied while seventy-two (72) had been abandoned. Consequently, the Council lost revenue in amounts totalling to K52,560. See table 2 below.

**Table 2: Lost revenue**

Market	Number of Stands	Total No of stands occupied	Unoccupied stands	Rate per day / Stand (K2x365days)	Lost Revenue K
Old Market	78	6	72	730	52,560
<b>Total</b>					<b>52,560</b>

**b. Failure to Update Asset Register - Weaknesses in Management of Assets**

Section 41. (2 & 5) of the Public Finance Management Act No. 1 of 2018 states “A controlling officer shall keep a register of the public assets and stores in respect of every head of expenditure” and that “A controlling officer shall ensure that all public assets and stores under that controlling officer’s charge are— (a) accounted for in each financial year.”

Contrary to the Act, assets costing K142,935 procured during the period under review were not recorded in the asset register.

In addition, the assets were not inscribed with identification marks as at 31<sup>st</sup> October 2023.

#### **47. Kaputa Town Council**

##### **a. Procurement of Goods and Services/Expenditure - Irregular Cash Withdrawals**

Ministry of Finance Treasury and Finance Management Circular No. 1 of 2022 guided Controlling officers that no cash shall be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary's account.

Contrary to the Circular, group imprest of K32,238 was paid to cater for payment of daily subsistence allowance and fuel allowances for various activities.

##### **b. Management of Local Government Equalisation Fund - Failure to Install Hammermill**

According to the Local Government 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.

During the period under review, amounts totalling K12,052,632 were received as equalisation fund out of which amounts totalling K2,410,526 were to be used on capital activities. In addition, an amount of K991,656 was brought forward from the previous year bringing the total funds available to K3,402,182.

During the year under review, the Council procured two (2) rice hammer mills at a cost of K226,796.

A physical verification of the hammer mills revealed that one (1) hammer mill was not installed seventeen (17) months from the time the hammer mills were procured. See picture below.



*Uninstalled rice hammer mill*

#### **48. Kasama Municipal Council**

##### **a. Failure to Provide Services at Markets**

Section 16 (d) of the Market and Bus Station Act requires the Council to provide services at markets.

Contrary to the Act, two (2) public markets namely Chikumanino and Chambeshi Markets had defective septic tanks causing untreated sewage to be released to the surface. See pictures below.



*Chikumanino market ablation block*



*Chambeshi market ablation block*

##### **b. Irregular Cash Withdrawals**

The Ministry of Finance Treasury and Finance Management Circular No. 1 of 2021 guided Controlling Officers that no cash should be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances. Further, it stated that the allowances should be paid directly into the beneficiary's bank account.



Contrary to the Circular, accountable imprest in amounts totalling K308,445 was paid to various officers to facilitate the payment of daily subsistence allowances to other officers instead of paying directly into the beneficiaries' accounts.

#### **49. Kasempa Town Council**

##### **a. Failure to Register Dogs**

Section 3 (e) and (f) of the Control of Dogs Act No 13 of 1994 requires the Council to provide for registration of dogs in any particular area, the forms to be used, the badges to be issued and the fees to be paid, issue certificates on all dogs tamed or partly tamed by an individual.

Contrary to the Act, the Council did not maintain a register of dogs in the district. Consequently, the Council did not collect any revenue in respect of dog registration during the period under review.

##### **b. Irregular Payment of Rural Hardship Allowance - Management of Payroll and Staff Related Matters**

Circular No. MLGRD/101/23/24 dated 9<sup>th</sup> March 2022 for New Conditions of Service for officers in division 1 of the Local Government provides eligibility criteria for payment of Rural Hardship Allowance. A station is shall be eligible for payment of Rural Hardship Allowances if it is deprived of any of the following facilities in the eligibility criteria: access to registered retail outlets/service stations, access to banks/banking services/postal services, access to all weather road, access to electricity and access to piped water supply.

Contrary to the Circular, the Council paid Rural Hardship Allowances in amounts totalling K1,025,062 to 105 officers who were not eligible in that the officers operated at stations that did not lack the above-mentioned facilities.

##### **c. Irregular Cash Withdrawals**

Ministry of Finance Treasury and Finance Management Circular No. 1 of 2020 guided controlling officers that no cash shall be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary's account.

Contrary to the Circular, cash totalling K660,598 was irregularly drawn as imprest to facilitate payments of daily subsistence and fuel allowances instead of paying directly into the beneficiaries' accounts.

**d. Questionable Payment of Zesco Bills**

A review of the accounting documents revealed that amounts totalling K28,500 was paid to outgoing Council Secretary (Every Ng'andu) to facilitate the payment of Zesco bills on behalf of the Council. It was however observed that the receipts attached from Zesco Ltd were issued in the name of the Council Secretary rendering the payment questionable.

**e. Environmental Management - Open Air Burning of the waste at the Market Holding Bay**

The Solid Waste Regulation and Management Act No. 20 of 2018 states, “a local authority shall within its jurisdiction, collect and dispose of, or arrange for the collection and disposal of, all household waste, ensure that waste is collected is, 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.”

In this regard, the council had secured a dumpsite at Kamusongolwa.

Statutory Instrument No. 112 of 2013 under Part III (11)) states that “A person shall not conduct open air burning of waste from industrial, commercial operations or domestic or community activities except with written consent of the Agency.”

Contrary to the Regulation, a visit at the Council operated main market holding bay found that the solid waste was burning thereby polluting the air. Further, there was no consent from the Agency. See the picture below.



*Open air burning main market holding bay*

## 50. Kasenengwa Town Council

### a. Management of Special Grant for Water Crossing Points - Implementation of Projects - Management of Local Government Equalization 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 K9,292,753 were received as equalisation funds, out of which amounts totaling K1,704,340 were transferred to capital projects account. In addition, an amount of K1,420,685 was brought forward from 2021 bringing the total funds available for capital projects to K3,125,025.

During the period under review, the Council had approved seven (7) capital projects with a total allocation of K1,880,000. See table 1 below.

**Table 1: Approved Capital Projects**

No.	Project Name	Amount Allocated K
1	Top up on Purchase of Motor Grader	300,000
2	Construction of Parking Bay	350,000
3	Installation of Airconditioning Units	30,000
4	Bore hole drilling and Installation	140,000
5	Construction of Revenue Shelters	160,000
6	Dairy Animals and Infrastructure	500,000
7	Survey of Plots	400,000
	<b>Total</b>	<b>1,880,000</b>

Out of the seven (7) approved projects, four (4) projects namely; procurement of Motor grader, Installation of Air conditions, Construction of Parking bay and Survey of plots had been undertaken.

During the period under review, Kasenengwa Town Council received amounts totalling K7,000,000 from the Ministry of Local Government and Rural Development as a special grant for the rehabilitation and construction of crossing points. In this regard, between December 2022 and January 2023 the Council engaged six (6) contractors to construct and rehabilitate eleven (11) crossing points along the Msoro – Kasenengwa Road at a total contract sum of K6,522,589.

As of July 2023, amounts totaling K5,305,851 had been paid to contractors. See table 2

below.

**Table 2: Construction of Crossing Points**

No.	Location of Crossing Points	Contractor	Contact Date	Period	Contact Sum K	Amount Paid K	Balance K
1	ZNBC Junction Crossing Point	Mj Than General Dealers	08.12.2022	120 Days	1,180,187	1,121,178	59,009
2	Kapacha1, Gundani, Chizenje Kapansi	Ansel General Dealers	08.12.2022	6 Weeks	829,070	787,616	41,453
3	Kachapa-2 Kanzuntu	Maseko Seven Investments	18.01.2023	90 Days	1,800,001	977,013	822,988
4	Chiwayu & Makoba Crossing Point	Jm Abs J Traders	23.12.2022	60 Days	1,224,866	955,844	269,021
5	Chinchenja	Bavic Construction	18.12.2023	120 Days	824,236	800,124	24,112
6	Katondo Crossing	Zambezia	08.12.2022	12 Weeks	664,230	664,076	154
	<b>Total</b>				<b>6,522,589</b>	<b>5,305,851</b>	<b>1,216,737</b>

A physical inspection of the projects carried in July 2023 revealed the following:

- The bridges were not completed as the Embarkment was not done on some of the bridges.
- There was poor workmanship in the Earthwork and backfilling of the gravel material was not compacted. See table 3 below.

**Table 3: Incomplete Works on Water Crossing Points**

No.	Project	Contractor	Contract Period	Start Date	End Date	Contract Sum	Amount Paid K	Scope of Works	Project Status and Other Observations
1	Construction of crossing points at Kapacha1, Gundani,Chi zenje Kapansi	Ansel General Dealers	6 Weeks	08.12.2022	25.01.2023	829,070	651,437	Construction of 2 lines of 900mm culverts at Kapansi , 2 lines of 900mm culverts at chizenge ,1 line of 900mm culverts at gundani and 1 line of 900mm culverts at Kachapa-1 including the embankment	<p>As of March 2023 the works were not complete. The following were observed:</p> <ul style="list-style-type: none"> <li> <b>Kapansi Crossing Point</b>                      Two (2) lines of 900mm culverts and embankments had been complete with the following works still outstanding; pavement layers of drainages &amp; embankments (stone pitching). Furthermore, there was poor workmanship in respect of earthworks and backfilling in that the gravel material was not compacted.                 </li> <li> <b>Chizenje Crossing Point</b>                      Two (2) lines of 900mm culverts and embankments had been complete with the following works still outstanding; pavement layers of drainages &amp; embankments (stone pitching).                 </li> </ul>


Furthermore, poor workmanship in respect of earthworks and backfilling in that the gravel material was not compacted.


**The contractor was not on site.**

**See pictures below:**




- **Gundani Crossing Point**  
One (1) line of 900mm culverts and embankments had been complete with the following works still outstanding; pavement layers of drainages & embankments (stone pitching).  
Furthermore, poor workmanship in respect of earthworks and backfilling in that the gravel material was not compacted. See picture below:

No.	Project	Contractor	Contract Period	Start Date	End Date	Contract Sum	Amount Paid	Scope of Works	Observations
							K		 <ul style="list-style-type: none"> <li>• <b>Kachapa -1 Crossing Point</b> One (1) line of 900mm culverts and embankments had been complete with the following works still outstanding; pavement layers of drainages &amp; embankments (stone pitching). Furthermore, poor workmanship in respect of earthworks and backfilling in that the gravel material was not compacted.</li> </ul>

No.	Project	Contractor	Contract Period	Start Date	End Date	Sum	Amount Paid K	Scope of Works	Project Status and Other Observations
2	Construction of Kachapa-2 Crossing Points	Maseko Seven Investments	90 Days	18.01.2023	24.04.2023	1,800,001	577,632	Construction of 4 lines of 1400mm culverts at Kanzuntu & 4 lines of 900mm culverts including the embankment at Kachapa-2	<ul style="list-style-type: none"> <li><b>Kachapa - 2 Crossing Point</b></li> </ul> <p>Four (4) lines of 900mm culverts and embankments had been completed with the following works still outstanding: pavement layers of drainages &amp; embankments (stone pitching). Furthermore, poor workmanship in respect of earthworks and backfilling in that the gravel material was not compacted. Contractor was on site. See picture below:</p> 



No.	Project	Contractor	Contract Period	Start Date	End Date	Contract Sum	Amount Paid K	Scope of Works	Project Status and Other Observations
3	Construction of Chiwayu and Makoba Crossing Points	JM and J Traders	60 Days	23.12.2022	17.02.2023	1,224,866	355,211	Construction of 3 lines of 2400mm culverts at chiwayu and 2 lines of 1200mm culverts at Makoba including the embankments	<p>As of July 2023, the concrete slab base for the <b>Chiwayu</b> Crossing has been done with the rest of the works still yet to be completed.</p> <p><b>See Picture below:</b></p>  <p>However, for the <b>Makoba</b> Crossing Point, the works have not yet commenced.</p>

No.	Project	Contractor	Contract Period	Start Date	End Date	Contract Sum	Amount Paid K	Scope of Works	Project Status and Other Observations
4	Katondo Crossing	Zambezia Investments Limited	12 Weeks	08.12.2022	04.03.2023	664,230	624,600	Construction of 3 lines of 2400mm culverts at Katondo including the embankment	<p>As of July 2023, the works were not complete. The following were observed: The two (2) lines of 1,800mm culverts and embankments had been completed. However, the outstanding works included; pavement layers of drainages &amp; embankments (stone pitching). Contractor was not on site.</p> <p><b>See picture below:</b></p> 

## 51. Katete Town Council

### a. Irregular Cash Withdrawal

The Ministry of Finance Treasury and Finance Management Circular No. 1 of 2020 guided Controlling Officers that no cash should be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary's account.

Contrary to the Circular, amounts totalling K316,271 involving forty three (43) transactions were withdrawn as cash to facilitate for payments of subsistence allowance, transport, fuel refunds and leave terminal benefits instead of paying directly into the beneficiaries' accounts. See table 1 below.

**Table 1: Irregular withdraw of Cash**

No.	Details	No.of Transactions	Amount K
1	Salaries A/C	40	301,660
2	District Fund A/C	3	14,611
	<b>Total</b>	<b>43</b>	<b>316,271</b>

### b. Operational Matters

#### i. Failure to Avail Ward Development Committee Minutes

Section 36.1.1 of the Local Authorities Act states that a Ward Development Committee shall meet at least once every quarter of each financial year.

At the time of the audit in October 2023, management did not avail Ward Development Committee minutes. In this regard, it could not be ascertained whether the committees met in line with the requirements of the Act.

#### ii. Environment Management

An assessment of the effectiveness of the environmental management at the Council revealed the following:

- **Failure to Prepare an Integrated Waste Management Plan**

Section 56 (f) of the Environmental Management Act No. 12 of 2011 requires local authorities to prepare and submit an integrated waste management plan to the Zambia Environmental Management Agency (ZEMA) for approval.

Contrary to the provisions of the Act, the Council did not prepare and submit a waste management plan to ZEMA as at 31<sup>st</sup> October 2023.

- **Use of Dumpsite Without a License**

Regulation 12 (1) of the Environmental Management (Licensing) Regulations of 2011 requires that before operating any intended dumpsite by the Council, a license must be obtained from ZEMA and that the issuance of a license for utilization of a dumpsite must be issued after carrying out an inspection by ZEMA, which must be satisfied with the required standards for utilization of a dumpsite.

Contrary to the regulation, the Council was operating its dumpsite without a license from ZEMA.

**c. Management of Local Government Equalisation Fund - Delayed Completion of the Kavulamungu Bridge**

On 19<sup>th</sup> July 2022, the Council entered into a contract with Modern Construction Company for the construction of the Kavulamungu Bridge at a total contract sum of K1,104,210. According to the contract, the project had a completion period of 8 weeks. The scope of works was as shown in table 2 below.

**Table 2: Scope of Works**

No.	Description	Amount K
1	Preliminaries and Generals	17,000
2	Structure Foundation	73,426
3	Falsework, Framework and Concrete Finish	122,525
4	Steel Reinforcing in Structures	627,256
5	Concrete in Structures	183,088
6	No-fines concrete, joints, bearings, parapets and drainage structures	80,915
	<b>Total</b>	<b>1,104,210</b>

As at 31<sup>st</sup> December 2022, amounts totalling K276,053 were paid leaving a balance of K828,158.

The following were observed:

- i. A physical inspection of the bridge carried out in October 2023 revealed that although the contractor was on site, the bridge had not been completed one (1) year after the contract was signed.
- ii. In addition, as at 31<sup>st</sup> October 2023, the contractor had not reinforced the steel in the structures, no concrete work done among others despite the availability of the funds to pay the contractor. See picture below.



*Incomplete bridge*

**d. Failure to Deduct NAPSA Contributions**

Section 15(1) of the National Pension Scheme Authority Act No. 40 of 1996 stipulates that a contributing employer must pay contributions to the Authority at the end of each month and such employer should submit, with such payment, all prescribed supporting particulars concerning their identity, period of employment and earnings of the member to whom the contributions relate.

Contrary to the Act, during the period under review, salaries in amounts totaling K317,265 were paid to sixty - seven (67) casual workers without deducting NAPSA contributions amounting to K15,863.

## **52. Kitwe City Council**

### **a. Lack of Alternative Power Supply and Lack of Uninterrupted Power Supply for KCC ICT Equipment in the Server Room - Information and Communication Technology (ICT) Systems**

During the period under review, the Council was operating the following ICT systems:

- i. The Microsoft NAVR2 software used for revenue collection, billing and valuation of property; and
- ii. Micro Pay used for managing the payroll.

ISO/IEC 27001:2013 A.17.2.1 requires that information processing facilities shall be implemented with redundancy sufficient to meet availability requirements.

Backup power supply is critical and is an integral part of business continuity solution which guarantees uninterrupted service delivery during power outages.

During the period under review, the Council operated without a functional Uninterrupted Power Supply (UPS) for the critical ICT equipment such as servers, switches, routers and other related equipment in the server rooms.

The lack of UPS rendered the ICT equipment susceptible to damage.

## **53. Lavushimanda Town Council**

### **a. Capital Projects - Local Government Equalization Fund**

The Local Government Act No. 2 of 2019 provides that 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 K9,441,040 were received as Equalization fund, out of which K1,888,208 being 20% of the equalization fund was to be allocated to capital projects while K7,552,832 being 80% of the equalization fund was to be allocated to recurrent expenditure.

In addition, an amount of K873,791 was brought forward from the previous year bringing the total funds available for capital expenditure to K2,761,999.

The following were observed:

**i. Failure to Implement Approved Projects**

Five (5) projects were approved by the full Council for implementation using the 20% Local Government Equalisation component. However, as of September 2023, two (2) projects costing K314,563 had not been implemented by the Council. See table 1 below.

**Table 1: Projects not implemented**

No.	Name of Project	Budgeted Amount K
1	Land Development	100,000
2	Boreholes	214,563
	<b>Total</b>	<b>314,563</b>

**ii. Over Expenditure on Projects**

During the year under review, two (2) projects approved at K432,813 had been implemented at a total cost of K818,946 resulting in over expenditure of K386,133. However, there was no evidence to show that authority was sought from the full Council to overspend on projects. See table 2 below.

**Table 2: Over Expenditure on Projects**

No.	Name of Project	Approved Amount K	Amount Spent K	Over Expenditure K
1	Office Buildings	232,013	476,089	244,076
2	Dryport	200,800	342,856	142,056
	<b>Total</b>	<b>432,813</b>	<b>818,945</b>	<b>386,132</b>

**iii. Construction of the Civic Centre**

In 2019, the Council embarked on the construction of the Civic Centre on a labour-based contract.

The scope of works included excavation, substructure, superstructure, roofing, metal works, structural steel works, glazing, wall and floor finishes and decorations, carpentry and joinery, external works and electrical installations.

A physical inspection of the project carried out in September 2023, revealed that the project had not been completed four (4) years after the project commenced. The outstanding works included fitting of electrical fixtures, fitting of wall tiles in the toilet, painting of the Council Chamber, decoration of the courtyard, external plumbing and fitting of tiles on the entrance veranda.

In addition, it was observed that PVC ceiling board that was installed on the corridor had warped. However, the Council failed to provide the approved budget, ledgers to show the cost to date and the materials schedule. See pictures below:



*Construction of the Civic Centre*

## **54. Livingstone City Council**

### **a. Accounting for Revenue**

#### **i. Questionable Remission of Property Rates**

Regulation 139 (1) of the Public Finance Management (General) Regulations, 2020 states that, “a head of accounting unit or a head of department in a state-owned enterprise or local authority who collect revenue shall refer to the Secretary to the Treasury for appropriate action, without undue delay, debts that cannot be recovered. Further, subregulation 2 states that “Subject to subregulation (1), a controlling body may with the approval of the Secretary to the Treasury write off an irrecoverable debt.”



Contrary to the Regulation, it was observed that the Council approved the remission of outstanding property rates for three (3) property owners in amounts totalling K174,960, without authority from Secretary to the Treasury.

Further, it was observed that the cancelled debt of K174,960 was not approved as an adjustment to the budget for the year under review. See table 1 below.

**Table 1: Remission on Property Rates**

No.	Property Owner	Annual Rate Bill K	Approved Remission (Rate %)	Remission Value K
1	Protea Hotels Ltd	596,968	0.25	149,242
2	Von Blucher	35,760	0.10	3,576
3	Tongabezi and Sindabezi	221,417	0.10	22,142
	<b>Total</b>	<b>854,144</b>		<b>174,960</b>

**b. Operational Matters**

**i. Environmental Management**

**• Engagement of Waste Management Companies Without Contracts**

In May 2022, the Council engaged five (5) waste providers namely Rimac Holdings Limited under zone G, Garbage Pickers Multi-Purpose Cooperative under zone F, Hams HKBT Dealers under zone H, Waste Master Limited under zone C and Majilo Garbage and Waste Collectors under zone D without signing contractual agreements.

In addition, on 2<sup>nd</sup> June 2022, the Council submitted recommendation letters to the Ministry of Local Government and Rural Development for the approval and award of contracts to the five (5) Companies. However, as at 31<sup>st</sup> October 2023, the Companies had not signed any contractual agreements with the Council and they continued operating in their respective zones irregularly.

**ii. Failure to Maintain Roads.**

Paragraph 4 of the First Schedule of the Local Government Act No. 2 of 2019 states that, “a Local Authority shall, in relation to a public street exercise general control, care and maintenance of all public roads, streets, avenues, lanes, sanitary lanes and foot walks forming part thereof, bridges, squares, ferries and water courses and to remove all obstacles therefrom.”

During the period under review, the Council budgeted to spend a total of K604,049 for pothole patching and tarred road maintenance.

However, a physical inspection of some of the township roads such as Francis Town and Kombe Drive roads revealed that the roads were in a deplorable state in that they had potholes that were not attended to. See pictures below.



*Potholes on Francis Town Road*



*Potholes on Kombe Drive*

**c. Management of Payroll and Staff Related Matters - Employment of Casual Workers**

Section 7 (6) of the Employment Code Act No.3 of 2019 defines casualisation as an employment practice where an employer, without permissible reason, engages or re-engages an employee on a temporary or fixed basis, to perform work which is permanent in nature. Further, section 7 (1) of the same Act prohibits employers from engaging in casualisation.

However, the Council employed fifteen (15) casual workers as night watchmen despite the jobs being permanent in nature. As at 31<sup>st</sup> December 2022, the casual workers had been paid wages in amounts totalling K66,195.

Further, Section 15 of the NAPSA Act, of 1996 states, “the employee and employer shall contribute 5% each to the fund”. Contrary to the Act, the Council paid wages without deducting NAPSA contributions.

## **55. Luampa Town Council**

### **a. Unaccounted for Revenue**

Regulation 134 (1) of the Public Finance Management (General) Regulations, 2020 states, “an office holder who collects revenue is required to bring to account, on a daily basis the total collections received.”

Contrary to the regulation, Luampa Town Council did not account for revenue in amounts totalling K73,854 collected during the period under review in that the funds were neither deposited nor was cash found on hand.

### **b. Failure to Collect Plot Premiums**

Regulation 9 (h) of the Public Finance Management (General) Regulations of 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

During the period under review, Luampa Town Council was expected to collect amounts totalling K960,000 in plot premiums from 245 plots that were offered to successful applicants.

However, as at 30<sup>th</sup> September 2023, only amounts totalling K14,500 had been collected leaving a balance of K945,500.

### **c. Accounting Irregularities**

#### **i. Irregular Cash Withdrawals**

The Ministry of Finance Treasury and Finance Management Circular No. 1 of 2022 guided Controlling Officers that no cash shall be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary’s account.

Contrary to the Circular, cash totalling K603,123 was drawn as imprest to facilitate the payments of subsistence allowances, fuel refunds and other allowances instead of paying directly into the beneficiaries' bank accounts.

**ii. Failure to Avail Tax Clearance Certificates**

Section 89 (1) of the Public Procurement Act No. 8 of 2020 stipulates that a bidder is eligible to participate in a procurement if he is licensed, in good standing with the professional body to which he is aligned where applicable and has fulfilled his obligation to pay taxes and social security contributions.

Contrary to the Act, the Council procured goods and services costing K91,100 from thirty (30) suppliers that had not submitted tax clearance certificates from the Zambia Revenue Authority (ZRA).

**d. Lack of Planning Authority Status**

The Urban and Regional Planning Act No. 3 of 2015 provides guidelines on to the standards a local authority should attain to be awarded the planning authority status, these are, organisational structure, staffing levels, staff skills, equipment, availability of funds and other systems.

Despite Luampa Town Council having been declared a district since 2013, the local authority has failed to attain the planning authority status as a result, the local authority has lost out on various revenue such as approval for commercial and residential construction plans.

## **56. Luanshya Municipal Council**

### **a. Failure to Collect Revenue**

Regulation 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of an accounting unit of a local authority to collect in a timely manner all revenue and other public monies due and payable to the local authority.

The following observations were made:

#### **i. Revenue from Toilets**

Contrary to the Regulation, as at 31<sup>st</sup> December 2022, the Council had not collect revenue from five (5) toilets located at various locations. Further, it was observed that the toilets were managed by non-council employees without lease agreements.

#### **ii. Property Rates**

The Council is a rating authority and therefore charges rates to all property holders in the city. According to the 2018 Valuation Roll which the Council was using to collect rates in 2022, the Council had captured a total of 23,404 properties out of which 23,355 had a total rateable value of K4,665,003,200.

The following were observed:

#### **iii. Properties Without Ratable Values**

The Rating Act exempts properties related to agricultural, religious and diplomatic properties from paying rates to the local authority. However, the Council did not bill 269 properties out of the 1003 which were on the Main Valuation Roll. The properties which were not billed were neither agricultural, religious nor diplomatic properties as stipulated in the Rating Act.

The unbilled rates receivable by the Council amounted to K2,717,849 as properties rateable values.

#### **iv. Failure to Update and Clean up the Billing System**

A review of the billing system for property billing revealed that 8,297 properties with a value of K769,206 in the system, could not be identified on the valuation roll as the stand numbers on the valuation roll did not match with the plot numbers. Further, fifty-two (52) property accounts were added to the system more than

once, thereby causing a duplication and a distortion in the expected amount from the rates due and some properties had no rateable values.

**v. Revenue from Billboards**

A review of the database for billboards maintained by the Planning Department revealed that there were 167 billboards across the district from which a total amount of K490,226 was collectable as at 31<sup>st</sup> December 2022.

However, the Council collected revenue in amounts totalling K376,517 in respect of 116 billboards belonging to forty-five (45) companies leaving a balance of K113,709 as of October 2023.

**vi. Failure to Provide Accounting Records for Revenue Generated from the Gym**

During the period under review, the Council operated a gym which was open to members of the public at a monthly charge of K150.

Section 73(1)(a) of the Public Finance Management Act No. 1 of 2018 states that the Auditor General and an office holder, agent or specialist consultant authorised by the Auditor-General, shall in the performance of duties under the Constitution, the Public Audit Act, 2016, or any other law—have access to all the books, records, returns, reports, other documents and financial management systems, in electronic or any other form, relating to the accounts of public bodies as the Auditor General considers necessary.

However, inquiries and a scrutiny of records revealed that in 2022 the council only collected K600 from the gym. Further, in 2023 there were no records of any revenue having been collected from the gym even though the gym remains functional and has staff who are being paid by the council. A physical verification of the gym undertaken revealed that the gym had active members even though there were no records of any membership fees having been collected.

**b. Weaknesses in Land Management - Failure to collect Regularization fees**

Section 13 2(a) of the Urban and Regional Planning Act, No. 3 of 2015 states that the function of the Local planning authority is to regulate, control and plan for the development and use of land and buildings within its area. When clients build without the documentation from the council, a regularization process is undertaken which involve the

planning department inspecting the property and ascertain the suitability of the land. If the property has no encumbrances the application together with the proposed site plan is reported to the planning and information system committee and subsequently to the full council meeting where it is approved and minuted. The approval for regularization is subject to the applicant paying the regularization fees which include the land fee and penalty.

During the period under review, the council approved thirty-one (31) properties for regularization but did not collect regularization fees amounting to K 310,500.

**c. Management of Payroll and Staff Related Matters - Position on Wrong Salary Scale**

During the year under review, a number of officers in Division one (1) received a basic pay at a higher notch than 1. However, no supporting documentation to support the increment was provided by management resulting in an overpayment of basic pays amounting to K260,035 during the year under review.

As at 31<sup>st</sup> October 2023, the anomaly had not been rectified.

**d. Failure to Carry out Road Maintenance**

Paragraph 4 (a ) and (b) of the First Schedule to the Local Government Act No.2 of 2019 provides that, “A local authority shall, in relation to a public street and street— exercise general control, care and maintenance of all public roads, streets, avenues, lanes, sanitary lanes and foot walks forming part thereof, bridges, squares, ferries and water courses and to remove all obstacles therefrom”.

Contrary to the Provision, a physical verification carried out in October 2023 revealed that three (3) township roads namely Ndola road, H-Figov (350m) and Roan-Mpatamato (250m) which had a budget allocation of K2,078,090 for pothole patching had not been maintained. In this regard, the roads still had potholes at the time of audit. See pictures below.



*Ndola Road – 14<sup>th</sup> Street    H-Figov Road    Roan Mpatamato Road*

**e. Failure to Spend 50% of Fire License Revenue on Fire Services Unit**

According to the Ministry of Local Government Circular MLGH/101/17/4 dated 21st July 2018, a Council should spend fifty percent (50%) of revenue realized from fire certification on the development of the fire department.

During the period under review, amounts totalling K902,500 were collected from the issuance of fire certificates and petroleum licences from which amounts totalling K451,250 being 50% of the collected amount were expected to be spent on the development of the fire department.

Contrary to the Circular, as at 31<sup>st</sup>December 2022, only amounts totalling K102,405 had been spent on fire related activities.

**f. 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 K10,112,546 were received as equalisation funds, out of which 20% amounting to K2,022,509 was transferred to the capital projects account.

The following observations were made:

**i. Unacquitted Payments and Stores Items**

Regulation 68(a) of the Public Finance Management (General) Regulations of 2020 provides that when a payment is made to a person other than the one to whom the



payment is due, proof of payment or receipt of funds or materials shall be evidenced by signing on an acquittal sheet.

Contrary to the Regulation, the council paid out wages and issued out Personal Protective Equipment (PPE) items in amounts totalling K202,755 without acquittals.

**ii. Questionable Payments**

A review of payments revealed that five (5) payments in amounts totalling K270,120 were deemed questionable due to a number of reasons such as failure to clearly specify the goods and services to be procured, lack of competitiveness in procurement as some quotations used to support some procurement were bearing same contact numbers, among other concerns

**iii. Questionable Procurement of Road Maintenance Materials**

A review of the expenditure incurred revealed that the Council had spent amounts totalling K252,381 to procure various materials for road works and other activities such as street lighting.

It was however, observed that the purchases were not supported by a schedule of works detailing the roads to be worked on and budget, rendering the purchases questionable.

**g. Management of Assets**

Section 41(1) of the Public Finance Management Act No. 1 of 2018 states, ‘A Controlling Officer is responsible for the management of public assets and stores of the Head of expenditure.’”

The following observations were made:

**i. Failure to Operationalize Baluba Motel**

In 2020 the Council embarked on a project to rehabilitate Baluba Motel, one of their commercial ventures.

As at 31<sup>st</sup> December 2021, the Council had spent amounts totalling K2,858,144. In addition, during the period under review additional amounts totalling K613,576 had been spent bringing the total amount spent to K3,471,723.

A physical verification of Baluba Motel carried out in October 2023 revealed the following:

- **Guest Rooms**

The Council had managed to renovate a total of 16 rooms comprising Block One which has 10 rooms and all the ten rooms had been renovated; and Block Two with ten rooms but only 6 had been worked on and completed. The completed guest rooms had been fitted with modern facilities such as air conditioning, shower, bath tab, toilet facilities and tiling.

Although, the rooms that were completed in 2021, management has failed to furnish them with beds and beddings.

Further, the remaining 4 rooms in Block Two which had not been renovated had broken asbestos roofing sheets.

- **Failure to Install Geysers**

On 8<sup>th</sup> November 2022, the Council procured five (5) geysers to be installed in the executive lodging rooms. It was however, observed that as at 31<sup>st</sup> October 2023, the geysers had not been installed.

- **Conference Hall**

The Council had rehabilitated the conference room by installing a new roof, painting, tiling and putting up a new ceiling board with modern lighting and chandeliers.

However, the conference facilities remain unutilised as furniture had not been procured. See picture below.



*Renovated conference facility*

**ii. Lack of Modern Fire Station**

Section 7.1 of the National Fire and Rescue Services Policy requires a fire station to be housed in an appropriate and modern fire station building with adequate equipment.

Contrary to the Policy, the Council had no modern fire station with communication systems such as a toll-free line and GPS for easy navigation, fire hydrants, or substation to facilitate the firefighting services, no blankets, disinfectants, cleaning materials, stove and had worn out mattresses and broken lockers in the dormitories.

See pictures below.



*Fire Station without a Stove and worn-out mattresses.*

Further, it was observed that the fire station had no female dormitories which led to the female fire officers occupying the lecture room.

**iii. Failure to Avail Asset Register**

Regulation 40 (1) of the Public Finance Management (General) Regulation of 2020 states, “a head of an accounting unit shall keep and maintain a register of public assets and liabilities of a public body.”

Contrary to the Regulation, the council did not avail the asset register that contains motor vehicles and earth moving equipment.

## **57. Lufwanyama Town Council**

### **a. Weaknesses in the Management of Payroll**

#### **i. Irregular Increment of Basic Pay**

Regulation 77 (1)(e) of the Public Finance Management (General) Regulations 2020 states “A public body shall maintain individual records on salary progression for employees.”

During the period under review forty seven (47) council employees received a basic pay which was higher than the notch for which they were entitled. However, no supporting documentation to support the increment was provided by management resulting in an overpayment of basic pays amounting to K368,549.

#### **ii. Irregular Drawing of Fuel**

A scrutiny of the payment vouchers in respect of fuel coupons and fuel statements revealed that fuel in amounts totalling K64,481 involving eighty one (81) transactions was drawn at Lamba Filling Station by non-runner motor vehicles.

Further, fuel costing K38,880 was irregularly drawn by twenty six (26) motor vehicles that did not belong to the Council’s fleet of vehicles.

#### **iii. Undelivered Television Sets**

Regulation 39 (1) of the Public Finance Management (General) Regulations 2020 states “A controlling body of a state-owned enterprise shall be responsible for development of effective asset management policies and accounting systems for public assets and liabilities under its charge.”

On the 23<sup>rd</sup> June 2022, the Council procured two (2) television sets from Fusion Blueprints for the Lufwanyama Executive Lodge. However, as at 31<sup>st</sup> October 2023, the television sets had not been delivered.

## **b. Operational Matters**

### **i. Fire Fighting and Rescue Services**

- **Lack of Fire Hydrants**

Section 7.1(b)(i) of the National Fire Rescue Services Policy requires that Councils should ensure that response of fire brigades to emergencies are hotimely, reliable and comparable to the international norms and standards through; Convening collaborative meetings with water utilities (including private water owners) to provide adequate access to water for firefighting through open sources and workable fire hydrants and exhuming buried fire hydrants.

A physical inspection revealed that the council had no fire hydrants around the district.

Further, there was no foam to use in case of a fire emergency that involves liquefied petroleum gases L.P.Gs.

- **Lack of Fire Station**

Section 61 of the Local Government Act No. 2 of 2019 provides that, among other functions, the Council should establish and maintain firefighting, prevention and rescue services, and take measures for the protection of life, property and natural resources from damage by fire within the municipality.

A scrutiny of records and physical inspection revealed that there was no purpose - built fire station where fire -fighting equipment was kept and where fire officers could perform their duties from.

### **ii. Land Management - Failure to Create Access Roads in Shibuchinga - Extension Farm Block**

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.

In 2017, the Council created forty-four (44) farms in Shibuchinga extension Farm Block. The farm block was numbered by Ministry of Lands in 2017 under minute No.

LTC/97/01/17. The farm plots were allocated to the general public under minute No. LTC/97/01/2022.

Contrary to the Circular, the Council offered the farm plots and collected plot premiums from the members of the general public without creating access roads.

**c. Management of Assets Failure to Avail Asset**

Section 11(n) of the Public Finance Management Act No.1 of 2018 states that a controlling officer is responsible for the management and safeguarding of public assets and revenue.

During the period under review, a Caterpillar Grader valued at K45,000 was not found on site and it was not clear of its whereabouts.

**58. Lukulu Town Council**

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

Section (2) of the Local Government Act of 2019 provides that a Council shall use at least 20% of the Equalisation Funds received in any financial year to finance capital expenditure.

During the period under review, amounts totalling K12,942,169 were received as equalisation funds out of which amounts totalling K2,588,434 being 20% of the funded amounts were to be transferred to the capital account.

The following were observed:

**i. Undelivered Furniture**

In 2022 the Council entered into a contract with Patkun General Dealers for the supply and delivery of two (2) office cabinets and three (3) executive office chairs at a contract price of K38,000.

A physical inspection carried out in October 2023 revealed that only two (2) executive chairs had been delivered leaving a balance of two (2) office cabinets and one (1) executive office chair costing K22,000 undelivered as at 31<sup>st</sup> October.

**ii. Delayed Completion of Works – Fencing of Dump Site**

On 27<sup>th</sup> December 2021, the Council engaged Franspin Construction to construct a fence at the dump site at a contract price of K186,503 with a contract duration of twelve (12) weeks commencing 4<sup>th</sup> January and ending on 28<sup>th</sup> March 2022. As at 31<sup>st</sup> October 2023, the contractor had been paid K144,917 leaving a balance of K41,586.

The scope of works included excavation and earthwork, concrete works, brick and blockworks, and ironmongery to completion.

A physical inspection of the works carried out in October 2023 revealed that the fence had not been completed in that brickworks, blockworks were at approximately 60% and ironmongery had not been done nineteen (19) months after the expected completion date. See pictures below.



*Incomplete Fence at the Dump Site*



*Incomplete Fence at the Dump Site*

**iii. Failure to Implement Planned Activities**

As at 31<sup>st</sup> December 2022, the Council had not implemented four (4) projects with an estimated cost of K993,674 which were approved in 2022.

**59. Lundazi Town Council**

**a. Failure to Collect Revenue from Sale of Plots**

Regulation 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

During the period under review, the Council offered 106 residential plots for sale to various successful applicants from whom it was expected that amounts totalling K970,000 would be collected.

the members of the public.

However, as at 31<sup>st</sup> October 2023, nineteen (19) months after the sale, only amounts totalling K389,700 had been collected leaving a balance of K580,300 uncollected. See table 1 below.

**Table 1: Uncollected Fees**

Area	Type of Land Use	Plot Size	No of plots advertised	No of Plots Issued	Plot Fee K	Expected Amount K	Amount Collected K	Variance K
Chipembele	High Cost	40X50	50	50	10,000	500,000	134,600	365,400
Chipembele	Medium Cost	30X40	93	46	7,500	345,000	187,600	157,400
Sunnydale	Low Cost	10X15	17	10	12,500	125,000	67,500	57,500
<b>Total</b>			<b>160</b>	<b>106</b>		<b>970,000</b>	<b>389,700</b>	<b>580,300</b>

## **60. Lupososhi Town Council**

### **a. Failure to Collect Revenue - Plot Premium**

Regulation 9 (h) of the Public Finance Management (General) Regulations 2020 requires the head of accounting unit of a local authority to collect in a timely manner all revenue and other public monies due and payable to the local authority.

During the period under review, the Council was expected to collect amounts totalling K1,988,000 in respect of plot premiums from 324 plots which the Council had been selling since February 2021.

However, as at 30<sup>th</sup> September 2023, only amounts totalling K45,350 had been collected leaving a balance of K1,942,650.

### **b. Management of Payroll and Other Staff related Matters**

#### **i Overpayment of Salary**

In October 2022, the Director of Works who was entitled to a salary of K9,994 was instead paid an amount of K19,988 resulting in an overpayment of K9,994.



As at 31<sup>st</sup> October 2023, the overpaid amount had not been recovered.

**ii Irregular Drawings of Fuel**

Local Government Minute No. MLGH/71/6/93 dated 15<sup>th</sup> October 2012 prohibits an officer in receipt of monthly fuel allowance from drawing fuel from the Council's fuel account.

Contrary to the Minute, the Council Chairperson who was in receipt of fuel allowance irregularly drew fuel costing K63,291 from the Council's Fuel Account for undertaking work within the district.

**b. Non-functional Guest House - Management of Local Government Equalisation Fund**

Local Government Act No. 2 of 2019 provides that 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 K8,743,746 were received as Equalization fund, out of which K1,748,749 being 20% of the funded amounts were transferred to the capital account.

In addition, an amount of K224,358 was brought forward from the previous year bringing the total funds available to K1,973,107.

During the year under review, the Council procured two (2) fridges, a microwave, a television set, mattresses and beddings at a cost of K176,882 for use at Nsombo lodge.

However, a physical inspection carried out in October 2023 and inquiries made with management revealed that although the materials were procured, the guest house was not operational.

**61. Lusaka City Council**

**a. Revenue Collection from Markets and Bus Stations - Failure to Collect Market Fees**

Section 5 (1), (2) and (3) of the Markets and Bus Station Act No. 7 of 2007 empowers all local authorities to control and manage markets in accordance with the Food and Drugs Act, the Public Health Act and Weights and Measures Act.

A review of the records at the council in February 2023 revealed that Lusaka has ninety (90) markets spread across the City. The market premises also operate as bus stations. The Council collects both market fees and bus loading fees besides the annual business levies charged to all traders with permanent-housed businesses.

A review of records and physical inspection of five (5) markets within Lusaka city revealed that when operating at full capacity, the markets would have approximately a total of 1,393 traders from whom revenue collection of K1,350,673 would be collectable as shown in table 1 below.

**Table 1: Uncollected Fees**

No.	Market Name	No. of official trader	Average Daily Market Fees K	Expected Daily Collections K	No. of Days of Market operations	Uncollected Fees K
1	Sekelela	200	3.00	600.00	311	186,600
2	Bwafano	103	3.00	309.00	311	96,099
3	Sikota Wina	208	3.00	624.00	311	194,064
4	Longacres	82	5.00	410.00	311	127,510
5	Lilanda	800	3.00	2,400.00	311	746,400
	<b>Total</b>	<b>1,393</b>				<b>1,350,673</b>

There was however no evidence that the Council collected revenue from the five (5) markets during the period under review.

**b. Irregular Engagement of Contractor to Collect Council Revenue - Kulima Tower Bus Station**

During the period from January to October 2022, the Council collected amounts totalling K1,414,444 as street vending/market levies from traders around the Kulima Tower bus station, Freedom Way and Chachacha Road at a daily fee of K5.

A review of the receipt books, daily cash collection register and deposit slips for the months of November and December 2022, revealed that Kulima Tower Bus Station Management did not collect any levy from the traders. It was observed that Management at the Bus Station had engaged Clean Friends (Z) Ltd to collect the levies from traders around the bus station, along Freedom Way and Chachacha Road for management of waste.

However, there was no signed contract between Kulima Tower Bus Station Management and the contractor availed for audit. In this regard, it was not possible to establish the terms of the contract.

In addition, the waste was not being collected and had accumulated around the bus station and freedom way and chachacha roads despite collecting revenue from the traders. There was no evidence to show that management had taken action on the contractor for failure to collect the waste.

**c. Collection of Business Levies/Licences**

According to the Local Government (Business Levy) Regulations, Statutory Instrument No. 70 of 2011 fee chart for business levy, commercial banks and micro finance institutions, filling station, fire certificate and bulky storage fee were as follows. See table 2 below.

**Table 2: Fees Chart**

No.	Category	Class (Business Category)	Fees K
1	Filling Stations	All Areas	3,333.30
2	Commercial Banks	All Areas	9,000.00
	Micro Finance & Institutions	All Areas	6,000.00
3	Bulky Storage Fees from Fuelling Stations	All Areas	8,901.00
4	Fire Certificate Levy – Fueling Stations	All Areas	2,251.00

However, the following were observed:

**i. Failure to Collect Business Levies - Banks and other financial institutions**

There were 129 banks and financial institutions which were registered and operating in Lusaka City as at 31<sup>st</sup> December 2022 and the Council was expected to collect amounts totalling K1,161,000 as business levies.

A test check of eight (8) financial institutions revealed that business levies in amounts totalling K120,000 had not been paid for by eighteen (18) branches during the period under review.

It was further observed that as at 31<sup>st</sup> October 2023, the eighteen (18) branches were in operation.

**ii. Failure to Collect Bulky Storage Fees from Filling Stations**

During the period under review, thirty four (34) companies operated 163 fueling stations in Lusaka from which the Council was expected to collect amounts totalling K1,545,957 as bulk storage fees.

However, as at 31<sup>st</sup> October 2023, the Council had not collected the amount owed.

**iii. Under Collection of Fire Certificate Levy – Fueling Stations**

During the period under review, the Council was expected to collect amounts totalling K54,023 as annual fire certificate levy from five (5) fueling stations which were classified as extra high-risk. However, as at 31<sup>st</sup> October 2023, the Council only collected K36,012 leaving a balance of K18,011.

**iv. Failure to Collect Business Levy from Filling Stations**

It was observed that as at 31<sup>st</sup> October 2023, the Council had not collected business levy in amounts totalling K133,332 from eighty-four (84) fueling stations which were classified as extra high-risk.

**d. Property Rates**

The Council is a rating authority and therefore charges rates to all property holders in the city. According to the 2017 Valuation Roll which the Council was using to collect rates in 2022, the Council had captured a total of 82,087 properties out of which 80,624 had a total rateable value of K126,318,626,310. The following were observed:

**i. Properties Without Ratable Values**

The Rating Act exempts properties related to agricultural, religious and diplomatic properties from paying rates to the local authority. However, the Council did not bill 1,463 properties out of the 82,087 which were on the Main Valuation Roll. The properties which were not billed were neither agricultural, religious nor diplomatic properties as stipulated in the Rating Act.

The unbilled rates receivable by the Council could not be established because the properties did not have rateable values.

**ii. Failure to Claim Grants in Lieu of Rates from Government**

The Valuation Roll for the Council contains 505 properties belonging to the Government of the Republic of Zambia and have a total rateable value of K8,826,662,016.

In the year under review, the Council did not issue any invoice to the Ministry of Finance and National Planning claiming the rates for the Government properties sitting on its Valuation Roll.

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

**i. Officers on Payroll but not on Staff Returns**

A comparison of the payroll and staff returns for the Council revealed that during the period under review twenty-six (26) officers who drew salaries in amounts totalling K257,384 were not on staff returns.

In this regard, it was not possible to establish whether the employees existed and rendered services to the Council.

**ii. Payment of Responsibility Allowances to Ineligible Officers**

Section 186 (a) of the Conditions of Service for Division I, II and III states, “The Council may pay responsibility allowance to an officer who is assigned duties of a post for which substantive appointment is not possible for lack of necessary qualifications”.

Contrary to the Terms and Conditions of Service, responsibility allowances in amounts totalling K161,589 were paid to eight (8) officers who were performing other duties other than what they were employed for. It was further, observed that no evidence was availed to prove that they were eligible.

**iii. Irregular Payment of Overtime Allowances**

Section 169 (a) of the Terms and Condition of Local Government Service states “Ordinary overtime allowance shall be paid to officers who may be called upon to perform their duties outside normal working hours, excluding officers in Division I and above.”

During the period under review, 483 officers were paid amounts totalling K749,433 as overtime allowance. However, there were no approved documents availed for audit to support the payment of overtime.

**iv. Irregular Payment of Salary Arrears**

A review of the payroll revealed that a total number of 744 officers were paid amounts totalling K1,416,827 as salary arrears. However, there was no documentation such as approval by the controlling officer to support the payment.

**f. Operational Matters – Environmental Management**

**i. Failure to Renew ZEMA Licence**

Clause 55 Section (2) of the Statutory Instrument No. 12 of 2011 on environmental management, requires that a person who owns, constructs or operates a waste disposal site or other facility for the permanent disposal or storage of waste should obtain a waste management licence from ZEMA.

Contrary to the Statutory Instrument, the Council operated a dumpsite without a valid licence from ZEMA as the licence expired in 2018.

**ii. Illegal Sell of Liquor – Intercity Bus Terminus**

Section 27 (1) (a) and (b) of the Liquor Licensing Act No. 20 of 2011 stipulates that a person who sells or offers for sale any intoxicating liquor without a license; or being a licensee, sells any intoxicating liquor except in the licensed premises concerned; commits an offence.

Contrary to the Provision, assorted liquor was being sold in undesignated areas such as makeshift stalls at the bus stations without licenses.

**iii. Poor Management of Chunga Landfill**

In Paragraph 36 b (i, ii and iii) of the Auditor General’s Report on the audit of accounts of Local Authorities for the financial year ended 31<sup>st</sup> December 2021, mention was made of the Council not compacting and burying the waste.

A review of the situation and a physical inspection of the Chunga sanitary landfill carried out on 21<sup>st</sup> February 2023 revealed that the situation had worsened and the landfill was still operating as a dump site and waste was not buried with a layer of soil and compacted thereby exposing the community to health hazards. See pictures below.



*The heaps of waste not compacted*

**iv. Failure to Provide Solid Waste Management Reports**

Section 17(1) (a) of the Solid Waste Regulation and Management Act of 2018 states that a Local Authority and Solid waste management company shall, in respect of their solid waste management area prepare and submit reports relating to solid waste management to the Minister responsible for health, environment or water.

Contrary to the Act, the Council did not avail health, environment or water including sanitisation reports for audit scrutiny.

**g. Management of Assets**

**i. Failure to Account for Motor Vehicle – Toyota Hilux**

Regulation 40 (3) of the Public Finance Management (General) Regulation of 2020 states “A head of accounting unit of a public body who fails to comply with this regulation commits an offence”.

A review of the asset register and physical inspection of some selected motor vehicles in February 2023 revealed that a Toyota Hilux Registration Number BAH 8842 procured in 2018 at a cost of K261,320 was not availed for verification and was not at the council.

Inquiries with management revealed that in July 2022, the vehicle was gotten by the Ministry of Transport and Communication through the Office of the Controller of Government. As of September 2023, the vehicle had not been returned to the Council.

**ii. Failure to Register Motor Vehicles with Road Transport and Safety Agency**

Section 11 (1) of the Road Traffic Act No. 11 of 2002 states “subject to other provisions of the Act, no person shall use a motor vehicle or trailer unless such vehicle or trailer is registered in accordance with the provisions of this Act.”

Contrary to the Act, Lusaka City Council owned four (4) heavy duty trucks (motor vehicles) which were not registered with the Road Traffic and Safety Agency. See table 9 below.

**Table 9: Unregistered Vehicles**

No.	Description of the vehicle	Chasis No.	Location
1	Sino Truk/Howo Truck	LZZ5BLMF7GN130340	Highways Depot
2	Sino Truk/Howo Truck	LZZ5BLMF9GN130341	Highways Depot
3	Sino Truk/Homan	Donation by Romanian Govt.	Cleasing Depot
4	Sino Truk/Homan	Donation by Romanian Govt.	Cleasing Depot



*Unregistered Trucks parked at Highways and Cleasing Depots*

## 62. Lusangazi Town Council

### a. Missing Receipt Book Leaflets

Regulation No. 17(i)(b) the Public Finance Management (General) Regulations of 2020 states, “Receipts of all types shall be preserved for a period of ten (10) years.”

Contrary to the Regulation, three (3) receipts were missing from the receipt books of ranges 1622900 to 1622950 and 1622951 to 1623000.

In this regard, it was not possible to ascertain how much revenue was collected using these receipts.

### b. Unutilized Block Making Machine - Management of Local Government Equalisation Fund

Section 47 (2) of the Local Government Act No. 2 of 2019 provides that a Council should use at least 20 percent of the Equalisation Fund received in any financial year, to finance capital expenditure.



During the period under review, amounts totalling K9,144,537 were received as equalisation fund out of which amounts totalling K1,826,984 being 20% of the funded amounts were transferred to the capital account.

In addition, an amount of K524,421 was brought forward from the previous year bringing the total funds available to K2,351,405.

Following the approval by the Procurement Committee, the Council procured the block making machine on 30<sup>th</sup> October 2022 at a cost of K298,000 (VAT Incl) through a direct transfer using funds from the Capital Projects Account. The machine was to be operated under commercial ventures.

However, a physical inspection of the block making machine carried out on 4<sup>th</sup> October, 2023 revealed that the machine was not in use and was being kept outside council premises eleven (11) months from the time the machine was procured. See pictures below.

#### **Unutilized Block Making Machine and Mixer**



*Block making machine*



*Electric concrete mixer*



*Machine accessories*

### **63. Luwingu Town Council**

#### **a. Management of Asset - Irregular Disposal of Motor Vehicles**

Section 44 (1) of the Public Finance Management Act No.1 of 2018 provides that the Controlling Body of the local authority should establish a Disposal Committee as and when need arises for the purpose of disposal of unserviceable, obsolete, obsolescent, or surplus stores, equipment or assets. Further, the Disposal Committee is responsible for verification and processing of disposal verifications.

Contrary to the Act, during the period under review, the local authority disposed of six (6) assets at the total cost of K178,000 without the formation of the Disposal Committee to ascertain whether or not the value of assets was reasonable.

#### 64. Mambwe Town Council

##### a. Management of Stores - Undelivered General Stores

During the period from July to September 2022, the Council procured various stores items at a cost of K13,500. However, as at 31<sup>st</sup> October 2023, the items had not been delivered.

##### b. Operational Matters - Failure to Maintain Fire Extinguishers

The Occupational Health and Safety Act 2010 states “All buildings should have fire extinguishers which should be functioning and well serviced in case of fire outbreak.” Contrary to the Act, a physical inspection of the Central Business District (CBD) revealed that some business houses operated without fire extinguishers and there was no evidence that the Council had taken any action.

##### c. Management of Assets

###### i. Construction of Crossing Points

The Council received a total amount of K3,000,000 from the Ministry of Local Government and Rural Development on 19<sup>th</sup> August 2022 as a special grant for the construction of crossing points.

The Council allocated the funds to the construction of three (3) crossing points out of which only Mukula Mwendo crossing point was successfully completed as indicated in table 1 below.

**Table 1: Crossing Points Special Grant**

No.	Project Name	Ward	Allocated Amount K	Total L Allocation	Amount Spent K	Balance K
1	Construction of Mukula Mwendo Crossing Point	Mphomwa	775,706	775,706	616,601	159,104
2	Construction of Lowo Crossing Point	Chikowa	741,372	741,372	646,086	95,286
3	Nsefu Crossing Point	Nsefu	1,482,922	1,482,922	1,840,907	- 357,985
	<b>Totals</b>		<b>3,000,000</b>	<b>3,000,000</b>	<b>3,103,594</b>	<b>- 103,594</b>

In this regard, the Council signed two (2) contracts in October 2022 with two (2) contractors at contract sums in amounts totalling K1,517,078 for the construction Mukula Mwendo and Lowo crossing points while the construction of the Nsefu Crossing point was carried out under the Force Account mode.

As at 30<sup>th</sup> September 2023, amounts totalling K3,103,594 had been spent leaving balances of K496,835.

A physical inspection of the three (3) projects carried out in June 2023 revealed that only one (1) of the three (3) projects namely Mukula Mwendo Crossing Point had been completed while the other two (2) had not been completed. The following observations were noted with regards the two incomplete projects:

**ii. Delayed Completion of Lowo Crossing Point**

On 31<sup>st</sup> October 2022, the Council signed a contract with Rossai General Dealers Limited for the construction of Lowo Crossing Point in Chikowa Ward of Mambwe District at a contract sum of K741,372 with a completion period of 3 months.

As at 30<sup>th</sup> September 2023, amounts totalling K646,086 had been paid to the contractor leaving a balance of K95,286.

A physical inspection of the project carried out in September 2023 revealed that the project had not been completed.

**iii. Delayed Completion of Nsefu Crossing Point**

In November 2022, the Council embarked on the construction of a crossing point across Masumba – Nsefu Wash way in Mnkhanya Ward of Mambwe District on Force Account basis at an estimated cost of K2,100,000.

The scope of works included the following:

- Mobilisation and Demobilisation
- Clearing and Grubbing
- Rock filling of the base
- Construction of compacted layers of gravel filled embankments
- Construction of reinforced concrete base
- Installation of pre – cast box culverts (4 line – 2.4m X 2.4m)

- Construction of Wing walls
- Pavement layers of gravel
- Construction of concrete slab on the riding surface
- Stone pitching

As at 30<sup>th</sup> September 2023, amounts totalling K1,840,907 had been spent on hiring of equipment (K426,500), procurement of materials (K984,730) and fuel (K403,777) as well as payment of wages (K25,900).

A physical inspection of the project carried out in September 2023 revealed that the works had not been completed.

Outstanding works included construction of concrete slabs on the riding surface as well as stone pitching and construction of head walls. The construction of compacted layers of gravel filled embankments and pavement layers of gravel was still in progress. See pictures below.



*Uncompleted Crossing Point*

## **65. Mansa Municipal Council**

### **a. Expenditure**

#### **i. Irregular Issuance of Imprest**

Ministry of Finance Treasury and Financial Circular No.1 of 2020 guided controlling officers that no cash should be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary's account.

Contrary to the Circular, imprest in amounts totalling K79,201 was issued to two (2) officers to facilitate payments of allowances to several officers instead of paying directly into the beneficiaries' accounts.

**ii. Printing of Receipt Books from Private Institutions**

Cabinet Office Circular No. 11 of 2020 which was effected in September 2020, abolished the procurement and printing of Government/Parastatals documents from private institutions.

However, during the period under review, the Council spent amounts totalling K28,000 for printing documents such as receipts books and revenue collection books using private printing Companies.

**b. Operational Matters**

**i. Trading from Undesignated places**

A physical inspection carried out in February 2023 revealed that traders were operating along a road behind Ministry of Water Development, Sanitation and Environmental Protection offices and behind New Apostolic Church which were not designated trading places. See pictures below.



*Undesignated Trading Places*

**ii. Failure to Create Access Roads**

The Ministry of Lands and Natural Resources Circular No. 1 of 1985 and the Land Administration and Allocation Circular No. 1 of 2015 requires plots to be surveyed, beacons, numbered and roads created before advertising them for public offering. Contrary to the Circulars, the Council advertised and offered ninety (90) plots in Chitamba area to the general public and collected plot premiums in amounts totalling K444,500 without creating access roads. See pictures below.



*Chitamba Small Holding Plots – No Access Roads*

## **66. Manyinga Town Council**

### **a. Irregular Cash Withdrawals**

Clause 3.26 of the Ministry of Finance Treasury and Finance Management Circular No. 1 of 2022 states, “No cash shall be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary’s account.”

Contrary to the Circular, amounts totalling K190,443 were drawn as imprest to facilitate for the payment of various officers instead of paying directly into the beneficiaries’ bank accounts.

## **67. Masaiti Town Council**

### **a. Failure to Collect Land fees**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to collect in a timely manner all revenue due to the local authority.

A review of records revealed that during the period under review the Council offered 1,082 plots to successful applicants from which amounts totalling K38,245,000 were expected to be collected in respect of premiums.

However, as at 31<sup>st</sup> October 2023, revenue in amounts totalling K3,019,500 had been collected leaving a balance of K35,225,500.

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

**i. Employment of Casual Workers**

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

Contrary to the Act, the Council engaged eight (8) revenue collectors as casual workers for jobs which are permanent in nature.

The revenue collectors were employed on a casual basis for periods ranging from seven (7) to twenty-five (25) months and had been paid commissions in amounts totalling K19,001 as at 31<sup>st</sup> December 2022.

**c. Management of Assets - Unpaid Plot Premiums**

A review of records revealed that thirteen (13) applicants obtained certificates of title from Ministry of Lands during the period under review. However, there was no evidence that the applicants had paid plot premiums in amounts totalling K1,575,000 to the Council. As at 31<sup>st</sup> October 2023, the Council had not taken any action against the applicants.

**68. Mbala Municipal Council**

**a. Irregular Cash Withdrawals**

Ministry of Finance Treasury and Finance Management Circular No. 1 of 2021 guided Controlling officers that no cash should be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary's account.

Contrary to the Circular, accountable imprest in amounts totalling K543,212 was issued to various officers to facilitate the payment of daily subsistence allowances to other officers instead of paying directly into the beneficiaries' accounts.

**b. Management of Payroll and Staff Related Matters - Irregular Payment of Housing Allowance**

The Public Service Management Division Circular (PSMD) No. B 24 of 2013 requires that housing allowance should be paid to officers not accommodated by Government in standard/pool houses through the payroll.

Contrary to the Circular, one (1) officer who was accommodated in an institutional house during the period under review was irregularly paid housing allowances in amounts totalling K28,817.

**69. Milenge Town Council**

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

Section 47 (2) of the Local Government Act No. (2) of 2019, provides that, a Council shall use at least 20% of the Equalisation Funds received in any financial year to finance capital expenditure.

During the period under review, amounts totalling K10,125,798 were received as Local Government Equalisation Funds out of which an amount of K2,025,160 being 20% was allocated to capital projects.

A review of the 2022 approved list and progress reports for capital projects revealed that four (4) projects which were allocated amounts totalling K1,470,025 had not been implemented as at 31<sup>st</sup> October 2023, despite having received the funds. See table 2 below.

**Table 2: Unimplemented Projects**

No.	Project Name	Estimated Cost K
1	Expansion of Guest House	350,000
2	Construction of a House	631,086
3	Construction, Rehabilitation of Feeder and Township roads	361,086
4	Maintenance of Council Buildings	127,853
		<b>1,470,025</b>



## **70. Mitete Town Council**

### **a. Failure to Record Receipts in the General Receipt Book**

According to best practices and systems in place, the cashier receives deposits slips from the revenue collectors and issued a receipt from the general receipt book.

Contrary to the System, sixty-five (65) deposit slips in amounts totaling K 154,034.53 were not recorded in the general receipt book as at 30<sup>th</sup> September 2023.

### **b. Accounting Irregularities**

#### **i. Failure to Avail Legal Opinion**

On 29<sup>th</sup> April 2022, the Council paid an amount of K30,000 to Legal firm. The payment was made to the Legal firm to obtain a legal opinion on a matter concerning the failure by a Contractor who was engaged to construct a classroom block at Chiipepepe Community School in performing their contractual obligation.

However, as at 31<sup>st</sup> October 2023 the Council had not availed the legal opinion that was rendered by the Legal firm for audit. It was therefore not possible to ascertain whether or not the service was rendered.

#### **ii. Unauthorised Payments**

Regulation No. 82 (1) and (2) of the Local Authorities Financial Regulations provides that the original payment voucher should be signed by the Controlling Officer, Treasurer or any officer authorised by the Treasurer and that the name of the officer signing and his designation shall be printed below his signature.

Contrary to the Regulation, payments in amounts totalling K30,994 made to four (4) officers during the period under review, were not signed by the Controlling Officer, Treasurer or any officer authorised by the Treasurer.

## **71. Mkushi Town Council**

### **a. Failure to Issue Licences for the Storage of Petroleum**

Regulation 3 of the Petroleum (General) Regulation of the Petroleum Act Chapter 435 of the Laws of Zambia licences for keeping dangerous petroleum exceeding 200 litres may

be issued by a Council and shall ordinarily be granted only when the premises intended to be used for the storage of such petroleum fulfill the conditions of regulation 4 of the act, as such the council should have inspected and approved storage shed.

Contrary to the Provision, the Council did not issue licences to fifty (50) institutions that stored dangerous petroleum exceeding 200 litres resulting in a loss of amounts totalling K168,000.

**b. Operational Matters - Loss of revenue- Market Shelters**

A physical inspection of the markets conducted in June 2023 revealed that the market shelter at New Market which has seventy-nine (79) stands had been abandoned. As a result, the Council lost an opportunity to collect revenue in amounts totalling K28,835. See table 1 below.

**Table 1: Uncollected Revenue from Market Shelters**

No.	Market Name	Total No of Stands	Rate Per day/stand(1*365)	Uncollected Revenue K
1	New Market	79	365	28,835.00
	<b>Total</b>	<b>79</b>		<b>28,835.00</b>

**c. Weakness in Management of Fire Services - 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 K322,885 in issuance of fire certificates.

Contrary to the circular, the Council did not remit amounts totalling K161,443 being 50% of Fire License Revenue to Fire Services Unit.

**d. Local Government Equalisation Funds - Delayed Construction of Fire Station Offices**

On 22<sup>nd</sup> August 2022 the Council engaged Praise Comfort Limited to construct a 1x2 fire station offices at a contract price of K420,773. The contract period was eight (8)

weeks. The project commenced on 22<sup>nd</sup> August 2022 and the expected completion date was 3<sup>rd</sup> October 2022.

As at 31<sup>st</sup> December 2022, a total amount of K142,072 had been spent leaving a balance of K278,701.

A physical inspection conducted on 20<sup>th</sup> September 2023, thirteen (13) months after the expected completion date revealed that the following works had been done: sub structure, superstore, plastering, roofing, metal works, electrical installation while the following works were still outstanding: flooring, painting, ceiling, plumbing, glazing, septic tank and soakaway, and finishes. See pictures below.



### ***Incomplete Structures***

Further 12<sup>th</sup> September 2023, the Council terminated the contract with Praise Comfort Limited due to lapse of time of eleven (11) months and stoppage of work for more than twenty (28) days. The works have stalled, and the Council has not started the process of awarding the works to another contractor.

## 72. Mongu Municipal Council

### a. Operational Matters

#### i. Weaknesses in Issuance of Plots - Failure to Service Plots

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 provision, in 2021, the Council offered 262 plots to members of the public in Kasima in Kasima area of Mongu without providing access roads.

#### ii. Management of Markets

During the year under review, Mongu district had twelve (12) formal markets of which seven (7) were under the control of Mongu Municipal Council while five (5) were under the Barotse Royal Establishment (BRE). Further, there was one (1) market at Kashumba that operated illegally, bringing the number of trading places to thirteen (13). See table 1 below.

**Table 1: Markets**

No.	Name of Market	Ownership	No of Stands
1	Green Market	Council	108
2	Black Market	Council	210
3	Central Market	Council	737
4	Mulambwa Market	Council	34
5	Imwiko Market	Council	180
6	Namushakendi Market	Council	45
7	Sefula Market	Council	175
8	Mandaga Market	BRE	
9	Harbour Market	BRE	
10	Kapulanga Market	BRE	
11	Mbuyuwana Market	BRE	
12	Malengwa Market	BRE	
13	Kashumba Market	Illegal	727
	<b>Total</b>		<b>2,216</b>

The following were observed:

- **Failure to Maintain Market Property**

Section 33(1) of the market and bus station Act No. 7 of 2007, states that the Minister may, by statutory instrument, make regulations and a local authority may make by-laws, for the better carrying into effect of this Act. Further Sub-section (2) (r) provides for the establishment and maintenance of sanitary conveniences and services and ablution facilities.

The Council had a staff house at Sefula Market and market shelters and ablution blocks at various markets in the district. A physical inspection carried out in July 2023 revealed that the house was not maintained and was in dilapidated state hence as at July 2023, the structure was not in use contrary to the provisions of the Act.

Further, market structures in form of ablution blocks at Imwiko, Sefula and Namushakendi markets and main bus station were not functional as of July 2023. See pictures below.



*Staff House at Sefula Market*

- b. Procurement of Goods and Services – Questionable Drawings of Fuel**

An examination of the fuel records revealed that, during the period under review, 3,349 litres of Fuel costing K91,118 and eighty (80) litres of engine oil costing K6,000 were drawn from the Council's Solid waste management fuel account maintained at Ladams Investment Limited in Mongu.

However, the Council did not maintain an updated fuel ledgers and the corresponding fuel statements from Ladams Investment Limited did not record vehicle registration number and coupon numbers for fuel drawings. In this regard it was not possible to

establish whether the fuel was drawn by the Council vehicles and used for the Council activities.

### **73. Monze Town Council**

#### **a. Management of Payroll and Other Staff Related Matters - Employment of Casual Workers**

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

Contrary to the Act, the Council engaged 110 individuals as casual workers for jobs such as sewer management/sanitary workers and Truck Park Controllers and revenue collectors which are permanent in nature. As at 31<sup>st</sup> October 2023, wages in amounts totalling K702,177 had been paid for the periods they had been engaged on casual basis. In addition, there was no evidence availed that the Council remitted NAPSA contributions amounting to K70,218 deducted from the casual workers.

#### **b. Accounting Irregularities**

##### **i. Unacquitted Payments**

During the period under review, imprest amounting to K23,867 issued to one (1) officer to facilitate payment of wages was not acquitted by the intended beneficiary. However, as ta 31<sup>st</sup> October 2023, the officer that obtained the imprest had not brought the cash to account.

##### **ii. Fuel Drawings by Non-institutional Vehicles**

A review of fuel and other records such as vehicle fleet and fuel statements revealed that 675.4 liters of fuel costing K15,931 involving eleven (11) transactions was drawn by vehicles that did not belong to the Council in that the vehicles were not on the Council's fleet of motor vehicles.

## **74. Mpika Town Council**

### **a. Lack of Lease Agreements**

During the period under review, the Council owned thirty one (31) properties that had been leased out to the members of the public.

However, no lease agreements were availed for audit in respect of four (4) properties for which revenue in amounts totalling K27,330 had been collected. Consequently, it was not possible to ascertain whether all the revenue due was collected.

### **b. Management of Payroll and Staff Related Matters - Excess Employment Without Authority**

A comparison of the Staff Establishment Register and the Payroll revealed that twenty seven (27) officers were recruited in salary scales LGSS 10 and 14 against the authorised positions of twenty four (24) resulting in recruitment of three (3) excess staff who were paid amounts totalling K204,498.54 during the period under review.

### **c. Irregular Cash Withdrawals**

Ministry of Finance Treasury and Finance Management Circular No. 1 of 2020 guided Controlling officers that no cash should be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary's account.

Contrary to the Circular, the Council issued imprest in amounts totalling K28,731 to seven (7) officers to facilitate the payment of personal related emoluments and councilor's allowance to other officers instead of paying directly into the beneficiaries' accounts.

In addition, the acquittal sheets were not produced for audit.

### **d. Failure to Perform Monthly Bank Reconciliations**

Regulation 146 (3) of the Public Finance Management (General) Regulations of 2020 No. states that an accounting authority of a local authority or state-owned enterprise should ensure that a bank account is reconciled not later than the fifteenth day after the end of each month.

Contrary to the regulation, the Council did not prepare bank reconciliation statements for the ten (10) banks accounts that were maintained during the period under review.

**e. Hire of Private Conference Facilities Without Authority**

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

Contrary to the Circular, amounts totalling K31,500 were spent by the Council on using private conference facilities to hold workshops and meetings without authority from the Secretary to the Cabinet.

**f. Management of Assets - Failure to Maintain Roads**

Paragraph 4 of the First Schedule to the Local Government Act No. 2 of 2019 states “a Local Authority shall, in relation to a public street exercise general control, care and maintenance of all public roads, streets, avenues, lanes, sanitary lanes and foot walks forming part thereof, bridges, squares, ferries and water courses and to remove all obstacles therefrom.”

During the period under review, the Council budgeted a total of K150,000 for road maintenance and drainages.

However, a physical inspection of Tazara, Mpika boys and Musakanya Market streets and other streets conducted on 13<sup>th</sup> October 2023 revealed that the streets were poorly maintained in that the potholes were not attended to. See picture below.



*Tazara Street*



**g. Failure to Set Aside and Use 5% of Locally Generated funds on Wards**

Ministerial minute No. MLG/71/1/91 requires that 5% of locally generated funds should be used for infrastructure development in the wards falling under the district. The projects to be undertaken include water and sanitation, health services, recreational amenities, local roads, markets, sports and agriculture.

During the period under review, the Council locally generated amounts totalling K7,041,747 out of which K352,087 representing 5% was expected to be used for infrastructure development in the wards of the constituency.

Contrary to the minute, no funds were spent on ward development projects such as roads and streetlights maintenance.

**75. Mpongwe Town Council**

**a. Delayed Banking**

Section 128. (1) of the Public Finance Management (General) Regulations, 2020 states that, “an office holder who receives or collects revenue shall deposit the revenue not later than the next business day following the day of receipt of revenue.”

Contrary to the Regulation, there were delays in banking of revenue in amounts totalling K21,448 for periods ranging from fifteen (15) to ninety-five (95) days.

**b. Irregular Withdraw of Cash**

Section 3.26 of the Ministry of Finance Treasury and Finance Management Circular No. 1 of 2022 states, “No cash shall be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary’s account.”

Contrary to the Circular, the Council issued imprest in amounts totalling K180,435 to an officer to facilitate the payment of meal, transport and subsistence allowances to other officers instead of paying directly into the beneficiaries’ accounts.

## **76. Mporokoso Town Council**

### **a. Irregular Payment of Subsistence Allowance**

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, subsistence allowance in amounts totalling K17,860 were paid to three (3) officers for activities undertaken within the district boundaries.

## **77. Mpulungu Town Council**

### **b. Questionable Cash Withdrawals**

Ministry of Finance Treasury and Finance Management Circular No. 1 of 2021 guided Controlling Officers that no cash should be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances. Further, it states that the allowances should be paid directly into the beneficiary's bank account.

Contrary to the Circular, on 6<sup>th</sup> June 2022, a total of K20,951 was issued as accountable imprest to an officer to facilitate payment of daily subsistence to other officers instead of paying directly into the beneficiary's account.

## **78. Mufulira Municipal Council**

### **a. Accounting for Revenue**

#### **i. Failure to Update and Clean up the Billing System**

A review of the billing system used by the Council for the billing of property owners/rate payers revealed that the data had numerous errors such as duplicated accounts (177 accounts were duplicated) resulting in an overstatement in the charge for the year in amounts totaling K73,671.

#### **ii. Failure to Bill Properties for Rates**

According to Section 23 of the Rating Act No. 21 of 2018, a person liable for any rates shall pay the amount of the rates to the authorised officer of the rating authority.

During the period under review, the Council had a total of 24,048 rateable properties. However, as at 31<sup>st</sup> October 2023, the Council had not billed ninety nine (99) properties with annual rates amounting to K1,224,722.

**iii. Inconsistencies in Property Numbering in the Billing System**

During the period under review, a scrutiny of the valuation rolls of 2019 and the billing system revealed that the stand numbers in the valuation roll were not matching the property numbers in the billing system making it not possible to ascertain the accuracy of K1,262,095 charged for the year under review in the billing system.

**b. Weaknesses in Information Technology Systems and Other Internal Controls**

**i. Access to the IT Offices Holding the Server**

Section 5.5.1.2 of the Public Service Information Security Standard provides among others that a physical logbook or electronic audit trail of all access shall be securely maintained and monitored.

Contrary to the provision, the Council did not maintain a logbook or electronic audit trail of all access for its pool office where the servers were located.

**ii. Lack of Server Room**

A physical verification of the ICT department revealed that the server was placed in a pool office which is accessible to everyone without any restrictions.

**iii. Inadequate System Protection Mechanisms – Firewall**

According to the Disaster Recovery Plan, the Computing Services Unit is required to implement both software and hardware security controls to avert any hacking attempt into the Council's computer and network systems such as firewalls.

A Firewall is a network security device that monitors and filters incoming and outgoing network traffic based on an organization's previously established security policies. At its most basic, a firewall is essentially the barrier that sits between a private internal network and the public internet.

Contrary to the Plan, the Council did not have a firewall installed between the public internet and its internal network. As a result, its internal network was vulnerable to cyber-attacks.

**iv. Failure to Insure ICT Equipment**

Regulation 41 (1) of the Public Finance Management Act (General) Regulations 2020 states “a public body shall insure public assets with an insurance company registered under the Insurance Act, 1997”.

Contrary to the Regulation, as at 31<sup>st</sup> October 2023, the Council had not insured various ICT equipment whose value could not be ascertained.

**c. Maintenance of Properties**

**i. Failure to Maintain Township Roads**

Paragraph 4 (a) and (b) of the Local Government Act No. 2 of 2019 states, “A local authority shall, in relation to a public street and street— exercise general control, care and maintenance of all public roads, streets, avenues, lanes, sanitary lanes and foot walks forming part thereof, bridges, squares, ferries and water courses and to remove all obstacles therefrom.”

Contrary to the Provision, a physical verification carried out in June, 2022 revealed that fifty (50) townships roads had potholes and eroded roads which the council did not maintain. See picture below.



*Changa-Changa Rd*



*Etembe*



*Gashi Street*



*Nalikwanda Rd*

**d. Management of the Payroll and staff Matters - Irregular Commutation of Leave Days**

The Public Service Management Division Circular No. B.18 of 2018 c(ii) provides that commutation of days is suspended until the fiscal position and debt situation improves.

Contrary to the circular, there were seven (7) employees of the Council that commuted their leave days and were paid amounts totalling K67,095.

**e. Procurement of Goods and Services - Failure to Abide by the Specifications in the Supply of two (2) Desktops – Model HP 290 - LGEF**

On 25<sup>th</sup> July 2022, the Council paid Moren Investment Limited an amount of K41,500 for the procurement of two (2) desktops. The specifications were as stated in the table 1 below.

**Table 1: Specifications for Desktops**

Details	Specification paid for	Specifications Supplied
Processor	Core i7	Core i5
Processing speed	4.5 GHz	2.90GHz
RAM	8GB	4GB

However, the desktops supplied were of lower specifications and had been accepted by the Council. As at 31<sup>st</sup> October 2023, the Council had neither recovered the amount paid over and above the desktops that were supplied nor returned the desktops to the supplier.

## 79. Mufumbwe Town Council

### a. Operation of Markets - Abandoned Kalambo Fish Market

A physical inspection at Kalambo Fish Market revealed that the market was not occupied whilst traders were selling their merchandise on stands outside the market shelter. The market had not been in operation for one (1) year making it vulnerable to vandalism. See pictures below.



*Kalambo Fish Market*



*Fish stands outside market shelter*

### b. Land Management

On 3<sup>rd</sup> June 2019, the Council advertised the offer of forty (40) Small holding, fifty-six (56) medium cost and eighty-three (83) low cost residential plots to the public in Zone C Area, Kalambu Ward from which amounts totaling K862,500 were expected to be collected in respect of premiums. Fifty (50) plots (Small Holding 17, Residential Low Cost 15 and Residential Medium Cost 18) remained unsold.

However, the following observations were made:

#### i. Failure to Collect Revenue from Sale of Plots

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of the accounting unit of the Local Authority to “collect in a timely manner all revenue due to the local authority.”

During the period under review, the Council was expected to receive premiums in amounts totaling K269,500 from the fifty (50) plots (Small Holding 17, Residential Low Cost 15 and Residential Medium Cost 18) that remained in 2019 which were not fully paid for as at 31<sup>st</sup> December, 2021.

However, as at 31<sup>st</sup> October 2023, fifty-three (53) months after the sale, only amounts totalling K29,026 had been collected leaving a balance of K240,474.

**ii. Failure to revoke offers not paid for**

According to terms of offer for plots, payments for premiums were to be made within ninety (90) days from the date of receipt of the offer letters. In the event of failure to pay within ninety (90) days, the offers would be revoked. A review of Council minutes and offer letters carried out in May 2023 revealed that all the offers had expired by 27<sup>th</sup> August 2021.

Contrary to the terms, the Council had not revoked offer letters for thirty - eight (38) plots with premiums in amounts totalling K199,000, twenty-one (21) months after expiry of the deadline.

**80. Mulobezi Town Council**

**a. Failure to Collect Revenue from Sale of Plots**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of accounting unit of a local authority to “collect in a timely manner all revenue and other public monies due and payable to the local authority.”

During the period under review, the Council was expected to collect amounts totalling K287,700 in plot premiums for 2,296 plots that were offered to successful applicants. However, as at 30<sup>th</sup> September 2023, amounts totalling K261,750 had been collected leaving a balance of K25,750. See table 1 below.

**Table 1: Uncollected Revenue from Sale of Plots**

No	Types of Plots	Number of Plots	Number of Plots sold	Amount Expected K	Actual Amount K	Variance K
1	Low cost	683	23	40,250	24,000	16,250
2	Medium cost	480	14	39,200	39,000	-
3	High cost A (50x30)	480	14	63,000	63,000	-
4	High cost B (50x55)	340	16	84,000	74,500	9,500
5	Commercial	103	5	26,250	26,250	-
6	Light Industrial	30	2	35,000	35,000	-
7	Small holding A(100x100)	80	0	-	-	-
8	Small holding A(200x200)	100	0	-	-	-
	<b>Total</b>	<b>2296</b>	<b>74</b>	<b>287,700</b>	<b>261,750</b>	<b>25,750</b>

**b. Payments Without Encashment Lists**

Public Finance Management (General) Regulations No.143 (1)(2) of 2020 states that “A public body whose bank account is not on the Treasury Single Account to capture all transactions on a backing sheet or encashment list for purposes of payment or movement of public funds or monies and that a bank shall not facilitate payment or movement of public funds or monies without a backing sheet or encashment list.”

Contrary to the Regulation, 110 payments in amounts totalling K237,856 were processed at Mulobezi Town Council without backing sheets or encashment lists.

**c. Failure to Service plots**

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.

In paragraph 46 of the Local Government Report for 2021, mention was made in which the council failed to service 2,116 plots which were offered to the public in 2013.

A review of the matter in September 2023 revealed that the Council had offered 180 plots for small holding to the public in Sichili Area during the period under review.

However, the plots were not serviced as the Council did not create access roads and conduct surveying, beaconing or numbering as at 30<sup>th</sup> September 2023.



**d. Failure to Implement a Project - Green Market Electrification**

A scrutiny of the budget for the period under review revealed that amounts totalling K175,000 were set aside for the electrification of the Green Market at Sichili. However, as at 30<sup>th</sup> September 2023, the project had not been implemented and the funds were still in the Capital Account.

**e. Rehabilitation of Township Roads**

During the period under review, the Ministry of Local Government disbursed amounts totalling K3,000,000 for the rehabilitation of township roads in Mulobezi District under Rural Infrastructure Development Programme. This was part payment towards the K3,053,000 requested for the rehabilitation of 10Km of selected township roads by the council as shown in table 2 below.

**Table 2: Rehabilitation of Township Roads**

No.	Name of Contractor	Details	Amount K
1	Zambia National Service (ZNS)	Mass Earthwork-Construction of 7.5 KM Township Roads	1,669,310
2	None	Drainage	373,990
3	None	Paving	510,000
4	Carlyle North LTD	Street Lights	500,000
	<b>Total</b>		<b>3,053,300</b>

The following were observed:

**i. Mass Earthwork - Delayed Completion of the Project**

On 14<sup>th</sup> November 2022, the Council engaged Zambia National Service (ZNS) for the construction of 7.5KM township roads at the contract price of K1,774,137 with a contract period of twelve (12) weeks commencing on 14<sup>th</sup> November 2022 and ending on 12<sup>th</sup> February 2023.

The scope of works included clearing and grubbing, gravelling, and completion of six (6) road works as shown in the table 3 below.

**Table 3: Proposed List of Roads**

<b>No.</b>	<b>Road Name</b>	<b>Road Lenth (KM)</b>
1	Independence road (CBD)	3.5
2	10 Houses Road	2
3	Riverside Road	0.8
4	High School Road	1.2
	<b>Total</b>	<b>7.5</b>

As at 30<sup>th</sup> September 2023, amounts totalling K743, 534 had been paid leaving a balance of K1,030,603.

A physical inspection conducted on 6<sup>th</sup> October 2023 on the roads revealed the following:

- **Independence Road (CBD)**

Only 2.5 Km of the 3.5Km stretch of the Independence Road had been done leaving a distance of 1Km. See picture below



*Part of the incomplete 1km stretch*

- **The 10 Houses, Riverside and High School Roads**

The three (3) roads covering a distance of 4km had not been done. The outstanding works included clearing, grubbing, gravelling and completion of road works.

**ii. Drainage Project- Delayed Implementation of the Project**

During the period under review, amounts totalling K373,990 were released on 24<sup>th</sup> August 2022 for the implementation of the drainage project in the district.

However, the project had not been implemented as at 31<sup>st</sup> October 2023 as the council had not yet engaged a contractor to undertake the project more than one (1) year after the funds were received and the money was still in the capital account.

**iii. Paving Project-Failure to Utilize Purchased Materials**

During the period under review, the Council spent amounts totalling K245,843.41 towards procurement and transportation of pavers for paving the bus station and selected roads.

However, as at 31<sup>st</sup> October 2023 the Council had not engaged a contractor for the project as such the procured materials had not been utilized, ten (10) months after being procured. See picture below.



*Unutilised pavers*

**81. Mumbwa Town Council**

**a. Unapproved Payments**

Section 54 (1) (a) (b) of the Public Finance Management (General) Regulations, 2020 states that, “where a hard copy payment voucher is used, the original of a payment voucher shall be signed by a warrant holder, sub warrant holder or by any other authorised office holder and indicate the name and, designation of the office holder signing, and the date below the office holder’s signature.”

Contrary to the Regulation, three (3) payment in amounts totalling K8,185 made during the year under review, were processed without approval by a responsible officer.

## **82. Mushindamo Town Council**

### **a. Failure to Collect Plot Premium**

Regulation No. 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of accounting unit of a local authority to “collect in a timely manner all revenue and other public monies due and payable to the local authority.”

During the period under review, the Council was expected to collect amounts totalling K250,000 from plot premiums. However, as at 31<sup>st</sup> October 2023, amounts totalling K125,000 were collected leaving a balance of K125,000.

### **b. Failure to Maintain a General Revenue Cashbook**

Regulation No. 133(1) of the Public Finance Management (General) Regulation 2020 provides that an office holder who collects revenue should keep a General Revenue Cash Book which should be updated daily or immediately revenue is received or collected.

Contrary to the Regulation, the Council did not maintain a daily revenue cash book for the period under review. Consequently, the completeness of revenue collected in amounts totalling K3,201,377 could not be validated.

### **c. Expenditure - Irregular Payment of Accommodation Allowances**

During the period under review, the Council paid nineteen (19) officers amounts totalling K53,600 as accommodation allowance.

However, the payments were irregular in that they were not provided for in the Terms and Conditions of Service for Local Government Commission.

### **d. Management of Local Government Equalisation Fund - Failure to Provide Information for Audit**

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 K10,156,844 were received as equalisation fund out of which amounts totalling K2,031,369 being 20% of the funded amounts were transferred to the investment account.

In addition, an amount of K1,120,448 was brought forward from the previous year

bringing the total funds available to K3,151,817.

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

During the period under review, the Council engaged six (6) contractors to carry out various works within the district at a total contract sum of K1,378,000.

During the audit, requests were made to have access to relevant documents such as tender documents and contracts. However, as at 31<sup>st</sup> October 2023, the documents had not been availed for audit.

**e. Management of Assets - Failure to Utilise Block Making Machine**

On 20<sup>th</sup> November 2021, the Council procured a heavy-duty block making machine and concrete mixtures at a cost of K282,726 from Sonas Zambia and constructed a shelter in Kalindi area at a total cost of K95,506.

However, a physical inspection carried on in October 2023 revealed that the equipment had not been mounted, twenty-three (23) month after delivery. See picture below.



*Unmounted Block Making Machine*

**83. Mwandi Town Council**

**a. Unaccounted for Funds**

Section 134 (1) of the Public Finance Management (General) Regulations, 2020

states that, “an office holder who collects revenue is required to bring to account, on a daily basis the total collections received”

A review of receipt books for Mwandu Town Council revealed that the Council collected revenue in amounts totalling K20,932 during the period under review. However, the funds were not deposited as there were no deposit slips availed for audit.

**b. Failure to Avail Receipt Books**

The Public Finance Management (General) Regulation No. 17 (i) (b) of 2020 states that, “Receipt books of all types shall be preserved for a period of ten (10) years.”

Contrary to the Regulation, five (5) general receipt books ranging from 5151601 to 528001 used during the period under review were not availed for audit. As a result, the revenue collected could not be determined.

**c. Questionable Allocation of Land**

During the period under review, 1,615 plots were surveyed out of which 151 residential, commercial, place of worship and industrial plots were advertised and offered to the public and only seventy (17) applicants had paid plot premiums amounting to K67,500

However, a scrutiny of documents availed for audit and enquires from management revealed that there was no evidence of plot application letters or interviews in respect of the plots.

In addition, the Ministry of Lands and Natural Resources Circular No. 1 of 1985 requires plots to be surveyed, beaconed, numbered and roads created before advertising them for public offering.

Contrary to the Circular, the Council offered the 151 plots to members of the public in 2022 without installing beacons and creating roads. Consequently, the successful applicants could not start developing their plots.

**d. Accounting Irregularities**

**i. Irregular Payment of Training Cost**

During the year under review, the Council procured the GPS machine from GIS Survplans and Consultant Ltd at the total cost of K288,122 which include cost of the GPS and training on the use of the machine.

However, a review of payment vouchers, revealed that the amounts totalling K8,500 were paid to the supplier to train officers on how to use the GPS machine, a cost

which was already imbedded in the original contract price of K288,121.60. In this regard, the additional payment of K8,500 was questionable.

**ii. Failure to Remit Tax**

The Income Tax Act Chapter 323 of the Laws of Zambia requires that Pay as You Earn (PAYE) tax deducted from officers' emoluments be remitted to the Zambia Revenue Authority (ZRA).

Contrary to the Act, PAYE tax relating to payment of settling in allowances in amounts totalling K37,225 had not been remitted to ZRA as at 31<sup>st</sup> October 2023.

**iii. Failure to Withhold Value Added Tax**

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

Contrary to the Act and the Circular, the Council paid amounts totalling K122,963 to various suppliers without withholding VAT in amounts totalling K15,447.

**iv. Irregular Engagement of Suppliers without Tax Clearance**

During the period under review, various suppliers were engaged for the supply of goods and services to Mwandu Town Council and were paid amounts totalling K26,905.

A scrutiny of documentation availed for audit, revealed that seven (7) suppliers were irregularly engaged in that, they had no tax clearance from the Zambia Revenue Authority (ZRA).

**e. Failure to Provide Ablution Blocks within Markets**

Section 33(1)(r) of the Market and Bus Station Act of 2007, states that the Minister may, by statutory instrument, make regulations and a local authority may make by-laws, for the better carrying into effect of this Act and ensure the establishment and maintenance of sanitary conveniences and services and ablution facilities.

Contrary to the regulation, the Council did not provide an ablution block for Mwandu small market.

**f. Failure to implement approved Capital Projects**

During the year, a total of K10,161,871 was received as Local Government Equalisation Fund (LGEF) from which K2,032,374 being 20% was transferred to the Capital Account for projects. In addition, an amount of K2,009,690 was brought forward from the previous year bringing the total available funds to K4,042,064.

Although the Council budgeted to spend a total of K1,785,100 on seven (7) capital projects using LGEF, only four (4) were implemented while three (3) projects budgeted at a total cost of K1,100,000 had not been implemented as at 31<sup>st</sup> October 2023. See table 1 below.

**Table 1: Unimplemented Projects**

<b>Capital Project</b>	<b>Amount K</b>	<b>Sources of Funds</b>
Shooping Complex	400,000.00	GRZ/LGEF
Council Satelite Office	400,000.00	GRZ/LGEF
Bar and Restaurant	300,000.00	GRZ/LGEF
<b>Total</b>	<b>1,100,000.00</b>	

**84. Mwanabombwe Town Council**

**a. Use of Private Printed Receipt Books**

The Public Finance Management (General) Regulations, No.107 (3) of 2020 stipulates that an office holder should not make arrangements for the printing or alteration of a receipt form without a written authority from the Secretary to the Treasury.

Contrary to the Regulation, the Council procured twenty (20) privately printed market levy receipt books at a cost of K4,800 from a private printer without prior authority from the Secretary to the Treasury.

Further, the receipt book ranges were not indicated. It was therefore difficult to determine completeness of the receipt books.



**b. Overpayment of Allowance**

On 17<sup>th</sup> March 2022, an amount of K8,976 was paid as subsistence allowance (K2,730) and fuel (K6,246) was paid to the Council Secretary to attend the LGAZ meeting in Kabwe.

However, on the same day, another payment of K20,801 was made to the same officer for the same activity. In this regard, the officer was overpaid by amounts totalling K20,801.

**c. Irregular Procurement of Diaries**

Cabinet Office Circular, Minute of 2015 referenced CO 101/6/4 dated 10<sup>th</sup> December 2015 abolished the procurement of diaries and calendars.

Contrary to the Circular, on 16<sup>th</sup> February 2022, an amount of K11,625 was paid to Outfront Media and Outdoor for the supply of diaries for the Council Staff.

**d. Operational Matters - Delay in Implementation 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 Council did not have an approved integrated development plan as at 30<sup>th</sup> September 2023.

**85. Mwense Town Council**

**a. Trading from Undesignated places**

Section (7) (1) of the Bus and Markets Act No.7 of 2007, states that a local authority may, on its own motion or on the application of any person, club or cooperative, designate any place for a specified period as a market street.

A physical inspection carried out in May 2023 revealed that traders were operating at Kalengo Market along Mansa - Mwense Road. The trading was illegal as the road was not designated as Market Street contrary to the Act. See picture below.



*Street Vending*

## **86. Mwinilunga Town Council**

### **a. Inappropriate Recording of Accountable Documents**

Regulation 110 (1) of the Public Finance Management (General) Regulations 2020 states, “An office holder who is required to keep receipt forms shall maintain a register of accountable documents in Accounts Form V set out in the Schedule in which the receipt and issuance of the receipt form is entered within the same day on the receipt or issuance of the receipt form.”

A review of the Register of Accountable Documents revealed that the office holder did not record the receipt books on the same day of receipt. Further, it was not possible to ascertain whether or not the one hundred and fifty-one (151) receipt books (50 General receipt books, 50 Low value general receipt books, 50 Fire arm license receipt books and 1 fire arm receipt book) requested for from the Superintendent Ministry of Finance and National Planning on the 31st October 2022 were received or recorded upon receipt as there was no delivery note, advice of issue of accountable forms from MOFNP and Goods Received Notes.

### **b. Weaknesses in Managing Assets - Lost Safe Key**

Regulation 171 (1) of the Public Finance Management (General) Regulations 2020 states, “Where a safe key is lost, an office holder shall immediately report the loss to

the officer's supervisor who shall ensure that the safe is sealed, the room in which the safe is kept is locked and the loss is reported to the Controlling Officer and the police.”

An inspection of the safe at Mwinilunga Town Council revealed that the safe was not functional due to loss of the key in the year 2021. An inquiry with an accounting officer revealed that the matter was reported to the police. However, a copy of the police report and the report sent to the Controlling Officer were not availed for audit scrutiny.

As a result of lack of a functional safe, the Council kept 100 unused general receipt books in unsecured place with receipt range 4153001 to 4158000 in a cabinet placed in the corridor.

## **87. Nakonde Town Council**

### **a. Under Collection of Motor Vehicle Charges**

Regulation 134 (1) of the Public Finance Management (General) Regulations, 2020 states, “an office holder who collects revenue is required to bring to account, on a daily basis the total collections received”.

The Council levies loaded trucks and unregistered motor vehicles entering the country through Nakonde border at a minimum rate of K150 per truck and K50 per unregistered motor vehicle respectively.

A scrutiny of records maintained by the Zambia Revenue Authority at Nakonde One Stop Border Post (OSBP) revealed that a total number of 142,474 loaded trucks and 32,111 unregistered motor vehicles entered into the Republic of Zambia through the Border Post during the period under review. In this regard, the Council was expected to collect K22,976,650. See table 1 below.

**Table 1: Under collection of Motor Vehicle Charges**

No.	Source of Revenue	No. of Vehicles as per ZRA	Minimum Charge per Vehicle K	Expected Amount K	Actual Collection K	Variance K	Comment
1	Inbound Loaded Trucks	142,474	150	21,371,100	4,695,237	16,675,863	The Council charges a minimum of K150 for loaded truck
2	Unregistered Motor Vehicles	32,111	50	1,605,550	-	1,605,550	The Council charges a minimum of K50 for smallest unregistered car entering Zambia
3	Inbound Empty Trucks	2,618	-	-	-	-	
	<b>Total</b>	<b>177,203</b>	<b>200</b>	<b>22,976,650</b>		<b>18,281,413</b>	

However, a review of receipt books conducted in September 2023, revealed that only amounts totalling K4,695,237 were collected leaving a balance of K18,281,413.

**b. Failure to Perform Bank Reconciliations**

Regulation no. 146 (3) of the Public Finance Management Regulations 2020 which requires an accounting authority of a local authority or state-owned enterprise to ensure that a bank account is reconciled not later than the fifteenth day after the end of each month.

The Council reported closing balances of K21,757,011 in the financial statements. However, the Council had confirmed bank balances totalling K23,120,613 resulting in a variance of K1,363,602. The differences in the balances were not reconciled for the seven (7) bank accounts held at Atlasmara Nakonde Branch and four (4) bank accounts held at Zambia National Commercial Bank, Nakonde Branch.

**c. Management of Commercial Ventures - Nakonde Guest House**

**i. Unaccounted for Revenue from Bar Takings**

During the period under review, amounts totalling K23,550 were reported as receipts generated from the sale of beverages in the Financial Statements for the year ended 31<sup>st</sup> December 2022. However, a scrutiny of records such as receipt books for sale of beverages revealed that amounts totalling K156,847 were collected resulting in a variance of K133,297 between the reported and receipted amounts.

In addition, the Council did not provide a detailed breakdown of the cash deposits made at the bank from the revenue collected from the sale of beverages.

**ii. Unaccounted for Revenue from Restaurant**

During the period under review, amounts totalling K230,500 were reported as receipts generated from the sale of food stuffs at the Council restaurant in the Financial Statements for the year ended 31<sup>st</sup> December 2022. However, a scrutiny of receipt books for sale of food stuffs revealed that amounts totalling K118,341 were collected resulting in a variance of K112,159 between the reported and receipted amounts.

In addition, the Council did not provide a detailed breakdown of the cash deposits made at the bank from the revenue collected from the sale of food stuffs.

**iii. Unaccounted for Revenue – Accommodation**

During the period under review, amounts totalling K430,000 were reported as receipts generated from lodging in the Financial Statements for the year ended 31<sup>st</sup> December 2022. However, a scrutiny of records such as receipt books for lodging revealed that amounts totalling K344,820 were collected resulting in a variance of K85,180 between the reported and receipted amounts.

In addition, the Council did not provide a detailed breakdown of the cash deposits made at the bank from the revenue collected from the provision of accommodation.

**d. Irregular Regrading of an Officer Without Authority from the Local Government Service Commission**

Section (16)(1)(a) of the Service Commissions Act No. 10 of 2016 states that the functions of the Local Government Service Commission are to second, re-grade, transfer and separate employees in the Local Government Service.

In addition, the Terms and Conditions of Service for local government employees No. 32 of 1996 state that no officer may be transferred to a post carrying a different salary scale to that applicable to his present post without consent.

On 27th September 2022, the Council Treasurer demoted the Assistant Commercial Manager, from the Council Guest House to the position of Accounting Officer in charge of reconciliations of cashbooks. A review of a personal file revealed that the officer had no accounting qualification and experience to handle bank reconciliations.

Further, it was observed that no authority from the Local Government Service Commission authorising the Council Treasurer to undertake human resource functions by demoting employees at the local authority.

**e. Local Government Equalization Fund - Construction of Ablution Block**

On 23<sup>rd</sup> August 2022, the Council engaged Ashlands Enterprise to construct an ablution block at the proposed inter-city bus terminus at a total sum of K387,200. The duration for the project was four (4) months with an expected completion date of 18<sup>th</sup> December 2022.

The scope of works included the construction up to topside of reinforced concrete slab, superstructure blockworks, roof structure, roofing, wall/floor finishes installation of doors/windows frames, glazing, electrical/plumbing works, painting and decorations including spoon drain and apron, soakaway, and septic tank.

As at 30<sup>th</sup> December 2022, the contractor had been paid amounts totalling K306,208.

A physical inspection of the project carried out in September 2023 revealed that the works had not been completed in that glazing, painting, flooring and finishing works were still outstanding. See picture below.



*Incomplete Ablution Block at Wulongo Bus Station*

## **88. Nalolo Town Council**

### **a. Management of Payroll and Staff Related Matters - Failure to Tax Housing Allowance**

Zambia Revenue Authority –Practice Note No. 1/2022 stipulated that all ‘cash’ allowances paid on the payroll should be taxed. During the period under review, the Council paid a total amount of K4,169,621 as gross pay, which includes payroll allowances to thirty (30) employees with expected income tax of K903,908.

However, the Council deducted tax amounting to K711,812 as Pay as You Earn resulting in under deduction of tax by K192,096. It was observed that the under deduction of tax was due to the Council’s DOVE payroll system excluded housing allowances from tax computation.

### **b. Payment Vouchers without Payees**

Section 50 (2) of the Public Finance Management (General) Regulation of 2020 states that a person signing a payment voucher or document shall ensure that the payment is covered by proper authority and a proper charge to public funds and the person named as payee is entitled to receive payment.

During the period under review, amounts totalling K52,600 were allegedly paid for the procurement of stores and payment of subsistence allowances. However, the payees were not indicated on the payment vouchers.

**c. Irregular Use of Internally Generated Funds**

During the period under review, the Council used amounts totalling K32,548 which was internally generated on Constituency Development Fund related activities. As at 31<sup>st</sup> October 2023, the funds had not been refunded.

**d. Composition of the Council**

Article 153 (1) (c) of the Constitution of Zambia (Amendment) No. 2 of 2016 provides that a Council shall consist of not more than three (3) chiefs representing chiefs in the district elected by the chiefs in the district.

Contrary to the provision, two (2) individuals who represented chiefs were not chiefs in the district.

**89. Namwala Town Council**

**a. Failure to Recover Staff Debt**

During the year under review, the Council operated Shimaluwani Guest House as a commercial venture and members of staff were allowed to consume meals and drinks on credit.

As of 31<sup>st</sup> December 2022, the Council had deducted amounts totalling K29,218 from the employees' salaries to recover the cost of meals and drinks. However, it was observed that the recovered amounts had not been remitted to the Guest House as at 31<sup>st</sup> October 2023.

**90. Nchelenge Town Council**

**a. Expenditure - Printing of Accountable Documents from Private Institutions**

Cabinet Office Circular No. 11 of 2020 which was effected in September 2020, abolished the procurement and printing of Government/Parastatals documents from private institutions.



However, during the period under review, the Council spent amounts totalling K16,000 for printing documents such as receipts books, revenue collection books using private printing companies.

**b. Operational Matters - Failure to Maintain Urban Roads in Townships**

Section 13 (1) and (2) of the Public Roads Act No. 11 of 2002, provides that the local authority shall be the road authority responsible for construction, care and maintenance of urban roads within its municipal jurisdiction.

However, an inspection of selected roads in September 2023 revealed that the Council did not maintain FRA and ZAMTEL roads within the township. **See pictures below:**



*FRA road*



*ZAMTEL road*

**91. Ndola City Council**

**a. Accounting for Revenue**

**i. Failure to Collect Revenue**

Regulation 9 (h) of the Public Finance Management (General) Regulations 2020 requires the head of accounting unit of a local authority to collect in a timely manner all revenue and other public monies due and payable to the local authority.

The following were observed:

**ii. Weaknesses in Cash Collection System – Kazang**

During the period under review, Ndola City Council ventured into new revenue collection system using Kazang machine. The Council rolled out the Kazang revenue collection system on 13<sup>th</sup> June 2022 using twenty-seven (27) Kazang machines. Twenty-four (24) machines were assigned to officers and three (3) were not assigned

to any officer. The Kazang revenue collection system was used at markets and toilets. The process of revenue collection requires that the revenue collector goes to the option called merchandise payment on the Kazang machine. Under this, one would find three options of payments which are Airtel, MTN and Zamtel, then the revenue collector would confirm his/her details, the time the transaction took place and the amount charged. At this point, the Kazang machine would prompt the revenue collector to enter the reference number, submit and wait for a customer to approve payment. Once a customer approves payment, a receipt is generated and a net amount is sent to the Council Zanaco bank account.

A review of the system carried out in March 2023, revealed that there were weaknesses in controls in that:

- The City Council did not have an effective backup plan for the Kazang Revenue Collecting System in case of malfunctioning in that they did not revert to the manual system (cash collection sheets).
- The Council did not carry out revenue reconciliations to determine whether all the revenue collected using the Kazang machines were deposited in the Council’s revenue bank account. It was not possible to determine the revenue which was collected between March and December 2022 when the system was down.

As a result of the above weaknesses, a comparison of revenue collected using the receipt book system in 2021 and revenue collected in 2022 using Kazang revenue collection system revealed that there was a reduction in revenue collected from toilets and markets by amounts totalling K938,719. See table 1 below.

**Table 1: Reduction in Revenue Collection**

Revenue Type	Revenue from Receipt Book- July to December, 2021	Revenue from Kazang Revenue Collection- July to December, 2022	Reduction
	K	K	K
Markets	1,132,190.00	515,161.00	617,029.00
Toilets	323,912.00	2,222.00	321,690.00
<b>Total</b>	<b>1,456,102.00</b>	<b>517,383.00</b>	<b>938,719.00</b>

In their response dated 14<sup>th</sup> April 2023, management stated that the reduction in revenue collection during the period under review was as a result of lack of receipt books due to inconsistency in the supply of receipt books by Government Printers. Despite the response from management, the markets and toilets were operational and revenue was collected. However, as of March 2023 the Council did not avail receipt books, cash collection sheets and deposit slips that were used on the days when Kazang Revenue Collection System had malfunctioned.

**b. Weaknesses in Information and communication Technology Systems**

**i. ICT Governance - Failure to Adopt ICT Standards and Frameworks**

There are several standards and frameworks, which are applicable internationally and generally used in the implementation, operation and auditing of Information and Communication Technology (ICT) environments. These standards can be adopted and customised to suit a particular institution. These include among other standards and guidelines the following:

- Information System Audit and Control (ISACA),
- Control objectives for Information and related Technologies (CoBIT),
- The Information Technology Infrastructure Library (ITIL),
- ISO 27001:2013 Information Security Management Systems, and
- ISO/IEC 20000 – Information Technology Security Management Standard,

However, as at 30<sup>th</sup> September 2023, the Council had not adopted any ICT Standards and frameworks for managing its ICT operations.

**ii. Failure to Update Application System - Microsoft Dynamics Navision**

During the period under review, Ndola City Council used Microsoft Dynamics Navision 2013 to manage its financial processes. It was however observed that support for this version of the application ended on 9<sup>th</sup> January 2018.

As a result, it no longer receives security updates or patches leaving the system vulnerable to new security threats and attacks.

**c. Failure to Manage Property Legal Agreements**

**i. Lowenthal Theatre**

The Council had entered into a 36-year lease on 26<sup>th</sup> November 1998 with Rotary Club Registered Trustees of Ndola with no provision of review of the lease for the entire time and no rentals were collectable under the lease. A review of correspondence between the council and Rotary club revealed that the council wrote to the club notifying them of the nullification of the tenancy agreement relating to Lowenthal theatre on 30<sup>th</sup> August, 2016 giving them six (6) months for them to windup operations and surrender the premises to the City Council.

As at 31<sup>st</sup> October 2023, the club was still occupying the premises without paying rentals.

**ii. Ndola Squash Club, Tennis Club and Bowling Club**

During the period under review, it was observed that the squash, tennis and bowling clubs had no tenancy agreements and no rentals were being paid by the tenants.

**iii. Institutional Houses**

The Council's two (2) institutional houses being occupied by former employees (former Town Clerk and Former Director of Finance) had no lease or tenancy agreements. The former employees have been occupying the houses since 2013 without having any agreement or paying any rentals.

**d. Management of Capital Fund 20% (LGEF) - Delayed Completion of Projects – Pamodzi Market Habitat**

On 2<sup>nd</sup> January 2021 Ndola City Council awarded a contract to Marton Investments Limited for the construction of a market shelter in Pamodzi habitat at a contract sum of K324,162 VAT inclusive with a completion period of three (3) months commencing January, 2021 and ending in March, 2021.

As of February 2023, amounts totaling K295,161 had been paid leaving a balance of K29,001.

The scope of works included:

- Excavation of foundation trench ;
- Casting of foundation footing;

- Construction of foundation block wall;
- Erection of steel columns for the roof ;
- Installation of steel trusses and purlins;
- Fitting of roof sheets;
- Plastering of block walls;
- Construction and plastering of dwarf walls; and
- Floor screeding and paint works.

A physical verification carried out in February 2023 revealed that even though the contractor had been paid amounts representing 91% of the contract price the works had not been completed with the following still outstanding:

- i. Fitting of roofing sheets;
- ii. Plastering of block walls; and
- iii. Floor screeding and paint works.

Additionally, the quality of works were poor in that the steel members which were used for roofing were too small to support the weight of the roof posing a danger that the roof may collapse. The specifications of the steel was 100 x 3mm thick steel round pipe as column to receive trusses; 100 x 50mm rectangular tubes as rafters on steel columns and 50 x 50 x 5mm angle section as purlin and cladding materials. Even if these were as per BOQ, it was noted even by the Engineers that these were not suitable to support such a structure. See pictures below.



*Market shelter under construction*

**e. Land Management – Failure to Collect Plot Premiums in Manyoni (New Dola Hill Extension) Area**

In 2020, the Council created a layout plan which resulted in creation of 92 medium cost plots measuring 20m x 30m in Manyoni area along Mufulira road. A list of 90 beneficiaries was captured during the head count of the farmers who were to benefit from the created plots. It was resolved that the proposed allocation of medium plots to the head counted farmers be approved.

The Council was expected to collect K1,005,300 from the created 92 plots in the Manyoni area. The beneficiaries were offered plots in March 2022 and were given fourteen (14) days in which to pay a plot premium of K11,170. However, as at 31<sup>st</sup> October 2023, only K223,400 had been collected leaving a balance of K781,900 uncollected.

**f. Commercial Ventures**

An examination of records pertaining to management of the Ndola City Council commercial ventures for the year ending 31<sup>st</sup> December, 2022, revealed the following:

**i. Failure to Remit VAT**

The Ministry of Finance through Treasury and Financial Management Circular No. 6 of 2017, instructed all institutions that were appointed to act as tax agents to collect and remit withheld Value Added Tax (VAT) effective 1<sup>st</sup> June 2017.

In this regard, the Council withheld amounts totaling K997,550 as VAT but as at 31<sup>st</sup> October 2023, the withheld VAT amounts had not been remitted to the Zambia Revenue Authority contrary to the circular.

**ii. Poor Workmanship in the Repair of The Ambassador Hotel Roof**

During the period under review, the Council allocated a budget of K1,042,200 to carry out roof repair works at the Ambassador Hotel out of which amounts totalling K436,326 had been spent as at 31<sup>st</sup> December 2022.

However, a physical verification carried out in February 2023 revealed that the roof was still leaking rendering the third floor unusable and affecting the second and first floor. In this regard, the expenditure incurred was wasteful. As at 31<sup>st</sup> October 2023, the defects had not been rectified. See pictures below.



## 92. Ngabwe Town Council

### a. Unaccounted for Revenue

Regulation 134 (1) of the Public Finance Management (General) Regulations of 2020 states, “an office holder who collects revenue is required to bring to account, on a daily basis the total collections received.”

Contrary to the regulation, amounts totaling K508,534 were collected in respect of fees and charges, levies, permits and licenses out of which K1,287 was deposited leaving a balance of K507,247 unbanked.

### b. Lack of Safes at the Revenue Collection

It was observed that there was no safe at the Council and Lualaba check point.

In this regard, receipt books, cash collected and other accountable documents were kept in drawers rendering revenue collected and accountable documents vulnerable to theft.

### c. Failure to Set Aside and Use 5% of Locally Generated funds on Wards

The Ministerial Minute No. MLG/71/1/91 requires that 5% of locally generated funds should be used for infrastructure development in the wards falling under the district. The

projects to be undertaken include water, sanitation, health services, recreational amenities, local roads, markets, sports and agriculture.

According to the cash books, the Council locally generated funds in amounts totaling K894,544 during the period under review out of which K44,727 representing 5% was to be used for infrastructure development in the wards.

Contrary to the Minute, the Council had not utilised the Ward Development fund amounting to K44,727 on Ward Development Projects.

**d. Misapplication of 20% Capital Project Funds - Management of Local Government Equalization Fund**

According to the Local Government Act No. 2 of 2019, a Council should use at least twenty (20) percent of the equalization fund received in any financial year, to finance capital expenditure. During the period under review, amounts totaling K10,138,284 were received as equalization fund out of which amounts totaling K2,027,657 being 20% of the funded amounts expected to be transferred to the investment account.

In addition, an amount of K1,922,925 was brought forward from the previous year bringing the total funds available to K12,061,209.

During the period under review, amounts totalling K1,040,650 were transferred from the Capital project account to the Council Venture account for the purpose of purchasing a commercial bus, financing the venture and daily borrowing to meet daily activities among others.

**e. Commercial Venture - Ngabwe Town Council Enterprise**

Ngabwe Town Council Enterprises (NTCE) is a business registered under Business Name Act No. 16 of 2011 of the Laws of Zambia. It was registered on 20th October 2021 and became operational in May 2022 with accommodation and food service activities as the main activity. The other business activities include agriculture, forestry and fishing (chain food products and agribusiness), financial and insurance Services. It is a business wholly owned by Ngabwe Town Council. Under the Agriculture, Forestry and Fishing, the Enterprise will be involved in the primary production, processing, distribution and retailing of beef, chicken, pork, dairy, fish, flour and stock feed.



The enterprise received amounts totaling K1,006,000 during the period under review through borrowings from capital account as a way of financing.

A review of accounting records and other documents maintained by the commercial venture revealed the following:

**i. Failure to provide Activity Reports**

During the period under review, amounts totaling K24,700 involving four (4) transactions were paid to various officers to enable them undertake various activities. However, there were no activity reports availed for audit, making it difficult ascertain whether the activities were undertaken.

**ii. Failure to avail Statement of Commission and Profits realized by the Venture.**

During the period under review the Council invested K227,700 in the enterprise to undertake business activities namely Airtel and MTN money floats. However, the Statements of commission and profits made were not availed for audit.

**iii. Lufubu Lodge - Commercial Venture**

The Council embarked on a construction project of Lufubu lodge as part of the business venture. The Council contracted Yamiko Solution Limited to construct five (5) guest rooms under phase one of the project in 2021 at a total contract sum of K370,825 and the whole amount was paid to the contractor in 2021. The duration for phase one was ten (10) weeks from 29<sup>th</sup> September 2021 to 30<sup>th</sup> November 2021. In 2022, the Council contracted Fungala Investment Limited for the construction of ten (10) guest rooms under phase two of the project at a total contract sum of K385,000. The Council paid the contractor the whole amount. The duration for phase two was eight (8) weeks starting from 8<sup>th</sup> September 2022 to 17<sup>th</sup> November 2022.

A physical inspection conducted at the lodge in October 2023 revealed the following: The first phase of the project was not completed with the following works outstanding:

- Painting both interior and exterior;
- Tiling the rooms;
- Fitting window panes;
- Connection of electricity to the rooms;
- Fitting bulb holders;

- Fitting sockets;
- Fitting shower heads;
- Plumbing works; and
- Fitting toilet seat and pan. See picture below



*Phase 1 Guest Rooms*

### **93. Nkeyema Town Council**

#### **a. Management of Payroll and Other Staff Related Matters**

##### **i. Under deduction of PAYE**

The Zambia Revenue Authority Practice Note No. 1/2022 stipulates that all ‘cash’ allowances paid on the payroll should be taxed.

During the period under review, the Council paid gross salaries to thirty-one (31) employees in amounts totalling K4,352,112. In this regard, the Council was expected to have deducted PAYE in amounts totalling K921,892 but instead deducted K731,262 resulting in under deduction of K190,630.

##### **ii. Casualization of Labour**

Section 7 (1) of the Employment Code Act No. 3 of 2019 prohibits employers from engaging in casualisation. Section 7 (6) of the same Act defines casualisation as an employment practice where an employer, without permissible reason, engages or re-engages an employee on a temporally or fixed basis, to perform work which is permanent in nature.

Contrary to the Act, the Council engaged forty-one (41) casual workers who worked for a continuous period of more than six (6) months and they were paid wages in amounts totalling K349,473.

**iii. Failure to Deduct and Remit NAPSA Contributions**

Section 14 (1) of the NAPSA Act No. 40 of 1996 states, “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”.

Contrary to the Act, the Council paid wages in amounts totalling K349,473 without deducting and remitting NAPSA contributions in amounts totalling K34,947.

**b. Operational Matters - Lack of Planning Authority Status**

Section 13 of the Urban and Regional Planning Act No. 3 of 2015 provides the standards that a local authority should attain to be awarded the planning authority status, these are organisational structure, staffing levels, staff skills, equipment, availability of funds and other systems.

Despite Nkeyema Town Council having been declared a district since 2013 the local authority has failed to attain the planning authority status as a result, the local authority has lost out on various revenue such as approval for commercial and residential construction plans.

**c. Management of the Local Government Equalisation Fund (LGEF)**

Section 47 of the Local Government Act No. 2 of 2019 permits a Council 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 K10,242,779 were received as equalisation funds, out of which at least 20% amounting to K2,048,556 was expected to be transferred to capital projects account while 80% amounting to K8,194,223 was expected to be allocated to recurrent expenditure. The following were observed:

**i. Questionable payment for building materials**

Regulation 72 (1) of the Public Finance Management (General) Regulations of 2020 stipulates that a payment voucher with supporting documents, and any other forms which support a charge entered in the accounts, should be filed, secured against loss, and be readily available for audit.

On 7<sup>th</sup> June and 12<sup>th</sup> August 2022, the Council paid three (3) suppliers amounts totalling K48,695 through a bank transfer for the supply of various building materials for construction. However, the payments were not supported with quotations, low value paper, Local Purchase Order, receipts and Goods Received Note and the details of the projects for which the purported procured materials were to be used could not be established or verified making the payments questionable.

**ii. Failure to implement Planned Projects**

During the period under review, the Council had planned to implement six (6) projects using the 20% capital project funds at a cost of K2,080,300.

The Council had only implemented four (4) projects leaving a balance of two (2) projects with allocation of K700,053 unimplemented as at 30<sup>th</sup> December 2022. See table 1 below.

**Table 1: Unimplemented Planned Projects**

<b>No.</b>	<b>Details</b>	<b>Amount K</b>
1	Construction of guest house	250,053
2	Construction of two bed sitter house	450,000
	<b>Total</b>	<b>700,053</b>

As at 31<sup>st</sup> October 2023, the situation had not changed.

**iii. Construction of the Trucking inn bay Phase II**

The Council embarked on the construction of the trucking inn bay as a commercial venture consisting of a guest house, restaurant, ablution block and borehole.

On 19<sup>th</sup> March 2020, the Council engaged Zambia National Service on a labour-based contract for land clearing, ferrying of gravel, dumping, spreading and compaction of the trucking inn bay site at a contract price of K33,899 with a completion period of six (6) months.

The Council allocated amounts totalling K174,163 towards the trucking inn bay phase I in 2020. The implementations of the project started in 2021.

As at 30<sup>th</sup> December 2021, the Council had spent amounts totalling K217,524 (labour – K15,500 and materials – K202,024).

The scope of works for phase I included; land clearing, ferrying of gravel, dumping, grubbing, spreading and compaction of the trucking inn bay site.

Further, the Council allocated amounts totalling K540,300 towards the trucking inn bay phase II in 2022.

As at 30<sup>th</sup> December 2022, the Council had spent amounts totalling K75,340 (Labour – K20,250 and Material – K55,090).

The scope of works for phase II included; fencing, guest house, ablution block and borehole drilling.

The following were observed:

- **Delay in the completion of the Trucking Inn Bay**

A physical inspection carried out in October 2023 revealed that the construction of the trucking inn bay had stalled. The outstanding works included construction of the wall face, guest house, restaurant, ablution block and borehole drilling. See the picture below.



*Truck Inn Bay under construction*

- **Undelivered Items**

On 6<sup>th</sup> December 2021, the Council paid MPTC Investment limited amounts totalling K60,485 for the supply of cement, steel, ant poison, timber and nails for the construction of the trucking inn bay.

Further on the same day the Council paid Connect Constructions limited amounts totalling K55,000 for the supply of concrete blocks for the construction of the trucking inn bay.

A physical inspection carried out in October 2023 revealed that only the blocks had been delivered.

- **Questionable payment for transportation of building materials**

On 3<sup>rd</sup> March and 12<sup>th</sup> April 2022, the Council paid Nakasinde General Dealers amounts totalling K49,990 for the transportation of building materials (cement, steel, ant poison, timber, nails and blocks) from Lusaka to Nkeyema District for the construction of the trucking inn bay.

However, it was observed that only the blocks had been delivered as at 31<sup>st</sup> October 2023.

#### **94. Nsama Town Council**

##### **a. Management of Payroll and Other Staff related Matters.**

##### **i. Irregular Payment of Housing Allowance**

Section 169 (e) of the Terms and Conditions of Service for the Local Government 2021 stipulates that housing allowances may be paid to officers who are not accommodated by the Local Authority at rates to be prescribed by Government from time to time.

Contrary to the Terms and Conditions of Service, during the period under review, two (2) officers who were accommodated in Government houses were irregularly paid housing allowances in amounts totalling K35,374.

**ii. Unauthorised Salary Increments**

During the period under review, the Council increased the basic salaries to staff by amounts ranging from K151 to K5,085. The increase was not authorised by the Local Government Service Commission. In this regard, a review of the payroll revealed that gross salaries in amounts totalling K774,236 were to be paid to twenty six (26) officers as salaries. However, the officers were instead paid amounts totalling K878,063 resulting in an overpayment of K103,826 without authority. See table 1 below.

**Table 1: Overpaid salary Amounts**

<b>Pay Month</b>	<b>No. of Officers</b>	<b>Should have been</b>	<b>Actual Payment</b>	<b>Overpayment</b>
September	26	258,079	279,370	21,291
October	26	258,079	279,370	21,291
November	26	258,079	319,323	61,244
<b>Totals</b>		<b>774,236</b>	<b>878,063</b>	<b>103,826</b>

As at 30<sup>th</sup> September the overpaid amount of K103,826 had not been recovered

**iii. Failure to Provide Information for Audit**

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

Contrary to the Act, the Council did not avail information for ten audit with respect to (10) selected procurements of which payments amounts totalling K1,809,620 were made.

**b. Operational Matters - Lack of a Statutory order declaring Nsama District as a rateable area**

Section 6 (1) of the Rating Act No. 21 of 2018 states that the Minister shall, after an area is declared as a district and a council established for that area, declare that area as a rateable area by statutory order.

Contrary to the requirement, the district and council have not been declared a rateable area more than 10 years after its creation.

Consequently, the Council is not able to collect any property rates despite having rateable properties in its jurisdiction. This has also led to loss of potential revenue from effective service delivery.

**c. Management of Commercial Venture-Bar and Restaurant**

The Council operates a Bar and Restaurant as a commercial venture within Nsama township. The purpose of the venture is to raise revenue for the council.

A review of operational records and a physical inspection at the venture revealed the following.

**i. Theft of Cash sales**

A review of the Internal Audit report dated 16<sup>th</sup> November 2022 and personnel files revealed that out of amounts totalling K148,764 collected as sales, K72,030 was unaccounted for by the four (4) cashiers.

In June 2023, the disciplinary committee charged the officers with theft and required them to repay the unaccounted for revenue in amounts totalling K72,030. As at 31<sup>st</sup> October 2023, the cash had neither been repaid nor recovered and the matter had not been reported to the police.

**ii. Unaccounted for Payments**

Payments in amounts totalling K248,360 from the Commercial venture bank account were made without preparation of accounting documents such as payment vouchers, cashbook, and without attaching relevant supporting documents.

**d. Management of Assets**

**i. Unaccounted for Motor Vehicle**

A review of motor vehicle records such as the asset register and other records revealed that one (1) motor vehicle namely a Ford Ranger- Registration No. ABC 2487 was not at the station.

Inquires with management revealed that the Vehicle had been missing and was not at the station for more than two years and was kept at a private garage in Kasama.

Contrary to managements assertions, a physical inspection carried at the named garage in Kasama in October 2023 revealed that the vehicle was not there, and the matter had not been reported to the Police as at 31<sup>st</sup> October 2023.



**ii. Irregularities in the servicing of a Toyota Hilux ABT 171**

On 17<sup>th</sup> February 2022, the Council received correspondence from Oscillatoria Company Limited of Kitwe reminding the Council of an outstanding bill of K98,640. The bill was as a result of work that was done in 2020 by the company on a vehicle belonging to the Council. The works were done at a cost of K193,639.

The scope of work involved assembling of body parts, supply of spare parts, painting of the vehicle and electrical works. However, the Council only paid K95,000 between June and December 2021 leaving a balance of K98,640.

The procurement and servicing of the motor vehicle at a cost of K193,639 was commenced without the approval of the procurement committee and subsequent confirmation of funds.

Consequently, the Controlling officer refused to sign the contract and the Council failed to pay for the service on time.

A review of the Motor vehicle file and other documents maintained at the Council revealed the following:

- **Inconsistencies in the dates of the procurement records**

Section 22. (1) of the procurement Act of 2020 states that an approval relating to any procedure in procurement shall be properly dated, documented, and filed. In this regard, the procurement procedure requires that a quotation be obtained first, the contract signed and invoice issued after proof of performance or delivery.

Contrary to the requirement, the dates of procurements documents were inconsistent with the procurement process in that the invoice was dated 17<sup>th</sup> February 2020 while the quotation was issued seven (7) months after the invoice date on the 10<sup>th</sup> of September 2020, and the contract on 11<sup>th</sup> September 2020.

- **Subsequent Servicing by N. N motors**

On unknown dates, the Council engaged N.N Motors of Lusaka to service the same vehicle at a total contract price of K198,400.

Major works included panel beating, full body respray, replacement of the gearbox, complete back seat, windscreen, rear bumper and electrical works among others.

Between April and July 2023, amounts totalling K200,505 had been paid to the supplier. However, the following were observed:

- The contract was not signed by either party and was not dated.
- Other than the contract, there were no other procurement documents availed for audit.
- There was no explanation why the supplier was over paid by a K2,105.
- There were no records such as goods received notes, logbook and proof of performance to show that the vehicle had been serviced adequately.

- **Subsequent Servicing by Willa Motors**

Inquiries made with management on the whereabouts of the vehicle revealed that the vehicle was in Kasama at Willa Motors for service.

A review of the quotation from Willa Motors dated 6<sup>th</sup> October 2023 revealed that the vehicle required major services works costing up to K107,007.57.

A physical inspection conducted in October 2023, at Willa motors revealed that the vehicle was not serviced and parked as a non-runner. See Picture below.



It was therefore questionable as to why the same vehicle had been taken to three (3) different companies for major repairs and service without any justification and proof of delivery from the previous works.

As at 13<sup>th</sup> November 2023, the total amount of K503,152 was spent between - February 2020 and October 2023 to service the same vehicle by three (3) different garages making the service payments questionable.

## **95. Nyimba Town Council**

### **a. Lack of Tenancy/Lease Agreements**

During the period under review, the Council leased out sixty one (61) properties to various tenants from which amounts totalling K516,200 was collected as rentals. It was however observed that there was no lease agreement between the Council and the **respective tenants.**

## **96. Petauke Town Council**

### **a. Failure to Utilize Lusowe Aquaculture Project Fish Ponds**

On 31<sup>st</sup> December, 2021 the Council engaged the department of fisheries and Livestock to provide technical services for the construction of of 5 x 30m x 20m fish ponds at Lusowe. The project had a duration of twelve months beginning 3<sup>rd</sup> June 2021

As at 28<sup>th</sup> September 2022, amounts totalling K747,000 had been spent on the project.

The following were observed:

- **Failure to replace Old Water Pump**

On 27<sup>th</sup> January 2022 the Council procured a booster pump for the Lusowe fish project at a cost of K35,055. However, a review of records revealed that the booster pump malfunctioned during the warranty period of six months and had not been replaced as at 31<sup>st</sup> October 2023.

- **Failure to Follow Procurement Procedures**

A review of records revealed that the council paid amounts totalling K316,709 to various suppliers for the supply seven (7) dam liners, poly lines and accessories, fingerlings and fish feed.

However, there was no evidence that procurement procedures were followed in that tender minutes were not provided. In addition, delivery notes and goods received notes were not availed for audit.

- **Incomplete Guard House**

In addition to the expenditure of K747,000, the Council spent amounts totalling K84,738 on building materials for the construction of an office block, guard house and tank stand at the Project site.

However, a physical inspection carried out in October 2023, revealed that the staff and guard house were not completed. In addition, although the ponds were completed there were non-operational as at 31<sup>st</sup> October 2023 and the dam liners were deteriorating. See in the picture below:



*Incomplete Staff House and Guard House*



*Deteriorating fishponds*

**b. Failure to Settle Staff Obligations**

As at 31<sup>st</sup> December 2022, the Council owed former and existing employees amounts totalling K5,692,217 in respect of commutation of leave days, settling allowance and gratuity some of which were dating from as far back as 2012. See table 1 below.

**Table 1: Outstanding Staff Obligations**

No.	Details	Amount K
1	Terminal Benefits	2,365,999
2	Salary Arrears	1,587,374
3	Long Service Bonus	1,738,844
	<b>Total</b>	<b>5,692,217</b>

## 97. Rufunsa Town Council

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

Regulation 9 (h) of the Public Finance Management (General) Regulations 2020 requires the head of the accounting unit of a local authority to collect in a timely manner all revenue and other public monies due and payable to the local authority.

During the period under review, revenue in respect of sale of properties in amounts totalling K2,919,500 was expected to be collected by the Council.

However, as at 31<sup>st</sup> October 2023, the Council had collected amounts totalling K1,845,008 leaving a balance of K1,089,492. See table 1 below.

**Table 1: Sale of Plots**

No.	Plot Type	Quantity	Expected Premium K	Collected K	Outstanding K
1	Residential plot	30	631,500.00	143,500.00	488,000.00
2	Small Holding	170	1,914,500.00	1,451,008.00	463,492.00
3	Special Residential	26	190,000.00	206,000.00	(16,000.00)
4	Missed Land	29	64,000.00	-	64,000.00
5	Commercial	11	103,000.00	29,000.00	74,000.00
6	Place of Worship	1	1,500.00	1,500.00	-
7	Mixed use	6	15,000.00	15,000.00	-
	<b>Total</b>	<b>273</b>	<b>2,919,500.00</b>	<b>1,846,008.00</b>	<b>1,073,492.00</b>

### b. Failure to Build a Fire station

According to the National Fire and Rescue Services Policy, a fire station is a building of a fire brigade where fire engines and firefighting equipment are kept, where firefighters work and stay in the hours they are on duty.

A physical inspection conducted on 23<sup>rd</sup> October 2023 revealed that the Council had no fire station and was instead using offices at the Civic Centre which had been converted into a fire station with the capacity to accommodate two (2) officers.

## 98. Senanga Town Council

### a. Failure to Cover Waste During Transportation

Contrary to the requirement that transporters cover the waste during its transportation to the dumpsite to avoid littering, it was observed that the tractor used by the local authority had no covers such as nets or canopy thereby posing health risks to the community. See picture below.



*Waste transported without being covered.*

### b. Unaccounted for Assets

Regulation 40 (1) of the Public Finance Management (General) Regulation of 2020 states, “A head of an accounting unit shall keep and maintain a register of public assets and liabilities of a public body.”

There were eight (8) assets owned by the Council which were unaccounted for in that they were not at the station and their whereabouts were unknown as at 31<sup>st</sup> October 2023. See table 1 below.

**Table 1: Missing Assets**

No.	Name of Assets	Reg/ Serial No.
1	Toyota Landcruiser	GRZ 109
2	Toyota Hilux	ABR 7512
3	Motor bike	ABH 358
4	Boat	
5	Water Pump x 2	GC 02-55569.68
6	Digital Camera	
7	Digital Still Camera	DSC 51900
8	Welding Machine	

In addition, in 2017, the Council had procured ten (10) thirty-two (32) inches SINGTEC television sets costing K35,000 for Mwanambinyi Motel which were put in the guest rooms, bar and reception. A physical verification of assets carried out in September 2023 and confirmation from management revealed that seven (7) television sets were stolen in 2018. However, there was no evidence that the matter was reported to the Police.

**c. Transfer of Motor Vehicle to Another Department**

The Council managed the Pilot Project for Climate Resilience (PPCR) with related assets such as cash, project materials and a motor vehicle from the time the project commenced in 2017. The cash was kept in the Council accounts and the other assets such as motor vehicles and equipment were registered in the Senanga Town Council upon expiry of the project in 2021, the motor vehicle Land Cruiser Reg. No BAE 835 was taken to be used under the District Commissioner's Office in Senanga by the Provincial Permanent Secretary for Western Province.

However, there were no project guidelines regarding the disposal of project vehicles or evidence that the Ministry of Local Government, the Council or the project financiers authorised the transfer of the vehicle.

**99. Senga Hill Town Council**

**a. Irregular Cash Withdrawals**

Ministry of Finance Treasury and Finance Management Circular No. 1 of 2021 guided Controlling officers that no cash should be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary's account.

Contrary to the Circular, accountable imprest in amounts totalling K393,444 was issued to various officers to facilitate the payment of daily subsistence allowances to other officers instead of paying directly into the beneficiaries' accounts.

**b. Operational Matters**

**i. Non Declaration of the District as a Rating Authority**

Section 6 (1) of the Rating Act No. 21 of 2016 states “The Minister shall, after an area is declared as a district and a council established for that area, declare that area as a rateable area by statutory order.”

However, despite the area being established as a district in 2016 the district has not been declared as a rating authority.

**ii. Management of Local Government Equalisation Funds-Unauthorised Investment of Funds**

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

Section 46 of the Local Government Act No.2 of 2019 states that “subject to the Public Finance Management Act, 2018, a local authority may, with the approval of the Minister responsible for finance invest the funds of a local authority that it does not immediately require.”

During the period under review, amounts totalling K9,622,761 were received as equalisation funds, out of which 20% amounting to K1,924,552 was allocated to capital projects while 80% amounting to K7,698,209 was allocated to operational expenses.

Contrary to the Act, the Council invested capital funds in the block making business costing K464,190 without authority from the Minister.

**100. Serenje Town Council**

**a. Weaknesses in Accounting for Revenue Management - Lack of a Safe**

The Public Finance Management Act No. 1 of 2020 Section 161 (3), states that a controlling body in a state owned enterprise or local authority shall be responsible for the procurement of a safe.



Contrary to this requirement, a physical inspection carried out on 3<sup>rd</sup> June 2023 at Pensulo check point revealed that there was no safe at the checkpoint. At the date of the inspection, an amount of K15,216 collected between the period 17<sup>th</sup> May to 3<sup>rd</sup> June 2023 was held as cash on hand in a bag.

**b. Under Collection of Revenue from Sale of Residential Plots - Offer of Plots on-Farmlands, Commercial Plot and Residential Plots**

During the period under review, the Council offered sixty-nine (69) plots valued at K5,364,700 consisting of (K52,200 – application fees, K5,071,500 premium charge and K241,000–service charges).

Out of the total of sixty-nine (69) plots, twenty-one (21) were offered to successful applicants from which amounts totalling K1,703,800 were expected to be collected. However, the Council only collected a total of K1,155,700 leaving a balance of K548,100.00 uncollected as at 31<sup>st</sup> October 2023.

**101. Sesheke Town Council**

**a. Revenue Collections not supported by Deposit Slips**

Regulation No. 134 (1) of the Public Finance Management (General) Regulations of 2020 states that the collectors of revenue are required to bring to account, on a daily basis the total collections received.

Contrary to the regulation, user fees in amounts totalling K65,315 generated from truck levy, bar, restaurant and letting of rooms during the period under review were not accounted for in that cash was neither found on hand nor deposit slips availed for audit as at 31<sup>st</sup> October 2023

**b. Failure to Collect Revenue from Sale of Plots**

Regulation 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of accounting unit of a local authority to “collect in a timely manner all revenue and other public monies due and payable to the local authority.”

During the period under review, the Council was expected to collect amounts totalling K327,600 in plot premiums for thirty two (32) commercial plots that were offered to successful applicants. However, as at 31<sup>st</sup> October 2023, amounts totalling K272,700 had been collected leaving a balance of K54,700.

**c. Failure to Provide Dog Registration and Licencing Services**

Section 3 (e) and (f) of the Control of Dogs Act No. 13 of 1994 requires the Council to provide for registration of dogs in any particular area, the forms to be used, the badges to be issued and the fees to be paid, issue certificates on all dogs tamed or partly tamed by an individual.

Contrary to the Act, Sesheke Town Council did not provide dog registration and licensing service in the period under review.

**d. Management of Local Government Equalization 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 K9,207,200 were received as equalisation funds, out of which 20% amounting to K1,841,440 was transferred to capital projects. In addition, an amount of K1,632,586.48 in respect of capital projects was brought forward from 2021 bringing the total funds available to K3,474,026.48.

As at 31<sup>st</sup> December 2022, amounts totalling K1,831,690.10 had been spent leaving a balance of K1,642,336.

The following observations were made:

**i. Failure to Implement Approved Capital Project**

During the period under review, the district approved to carry out five (5) capital projects at a total cost of K1,871,600. However, a scrutiny of payment vouchers and other accounting records revealed that only two (2) projects, namely, Procurement of a motor vehicle and completion of the Nakatindi Market Shelter Phase 2 were implemented leaving three (3) projects with the estimated approved costs amounting to

K571,600 not implemented. As at 31<sup>st</sup> October 2023, projects were still not implemented despite availability of funds. See table 1 below.

**Table 1: Failure to Implement Approved Capital Project**

No.	Name of Contract	Cost K	Completion Status
1	Construction of a Fire Station	400,000	At Procurement Stage - Contract cleared by the Attorney General
2	Construction of the Bus Station (2nd Allocation)	100,000	Clearing works of tree shrubs completed pending landscaping works
3	Rehabilitation of the Messenger's Office	71,600	At Procurement Stage
	<b>Total</b>	<b>571,600</b>	

**ii. Failure to Work on the Defects - Renovation of the Registry and Storeroom at the Civic Centre**

On 4<sup>th</sup> April 2022, a contract was signed between the Council and Trostech Contractors for the rehabilitation of the Registry and Storeroom at a contract amount of K170,000.

A physical inspection carried out on 7<sup>th</sup> October 2023 revealed that the project was completed except the following:

- i. Roofing was not properly done as ceiling board had leakages.
- ii. There were cracks at the joint between the old building and the extension in front and behind. See picture below.



*Leakages on the ceiling board*

### **iii. Non-Operationalization of Mini Bar**

On 17<sup>th</sup> May 2022, the council had engaged Real Touch Investment to construct a Mini Bar at Katima mulilo at a contract price of K196,402 with a completion period of three (3) months and the contractor was paid in full.

Although the construction had been completed in March, 2023 the Mini Bar is still non-operational resulting in the building developing cracks and being subjected to vandalism by members of the community. See the picture below.



*Cracks seen on the Mini Bar*



*Completed and Non Operational Mini Bar*

### **iv. Delayed Completion of the Nakatindi Market Shelter Phase II**

On 5<sup>th</sup> December 2022, a contract was signed between the Council and ISS Construction Company to construct Nakatindi Market Shelter Phase II at a contract sum of K198,750. The works commenced on 16<sup>th</sup> December 2022 and were supposed to be completed within a period of three (3) months. The scope of works included shuttering of formwork for the concrete floor bed in the slab and on suspended decking on stands, plastering, painting and roofing.

However, a physical inspection conducted on 7<sup>th</sup> October 2023 revealed that the project had delayed in that out of fifteen (15) tables only five (5) were casted leaving ten (10) tables un casted, the casting of ten (10) tables, painting and connection of power were still outstanding and the contractor was not on site. Further, the project had delayed by seven (7) months. See picture below.



*10 Tables not casted*



*Vandalized Electric cables*

**d. Management of Commercial Venture**

Section 16 (2) subsection 5 (e), (f) and (g) of the First Schedule of the Local Government Act No. 2 of 2019 requires Councils to establish and maintain premises for the sale of food and drink, including beer and other intoxicating liquor for consumption on or off the premises, establish and maintain catering services, erect, purchase and maintain buildings used as dwellings or clubs and where it is in the public interest, for use for business or professional purposes.

The following were observed:

**i. Failure to Collect Revenue - Outstanding Bills**

Regulation 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of accounting unit of a local authority to, “collect in a timely manner all revenue and other public monies due and payable to the local authority.”

During the period under review, the Council accommodated three (3) employees and unknown guests who accumulated bills amounting to K42,569 at the Council Guest house. As at 31<sup>st</sup> October 2023, the officers and the guests had not settled the outstanding bills.

**ii. Employment of Casual Workers**

Section 7(1) of the Employment Act No. 3 of 2019 prohibits employers from engaging in casualization. It further states that casualization is “an employment practice where an employer, without permissible reason, engages or re-engages an employee on a temporary or fixed basis, to perform work which is permanent in nature.”

Contrary to the Act, the Council paid wages in amounts totalling K105,473 to four (4) temporal employees who were engaged as Chef, Receptionist, Room Attendant and General Worker for the Council Lodge during the period under review.

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) in amount totalling K5,551.

## **102. Shangombo Town Council**

### **a. Management of Payroll and Staff Related Matters - Payment of Salary Advance to Officers with Outstanding Salary Advances**

Terms and Conditions of Service for the Local Government Commission Section 89 (b) states that “An officer may not get a salary advance while another advance is still outstanding”.

Contrary to the Terms and Conditions, seven (7) officers were paid subsequent salary advances in amounts totalling K74,500 when they had outstanding salary advances.

## **103. Shibuyunji Town Council**

### **a. Irregular Withdraw of Cash**

Section 3.26 of the Ministry of Finance Treasury and Finance Management Circular No. 1 of 2022 states, “No cash shall be withdrawn for payment of subsistence allowances, fuel refunds and any other allowances as these should be paid directly into the beneficiary’s account.”

Contrary to the Circular, cash in amounts totalling K62,099 involving three (3) transactions was drawn as imprest to facilitate for payment of daily subsistence allowance instead of paying directly into the beneficiaries’ bank accounts.

**b. Environmental Management - Burning of Waste at the Market**

Section 33 of Solid Waste and Management Act No. 20 of 2018 states that a person commits an offence if that person intentionally burns solid waste otherwise than as prescribed.

Contrary to the Act, during the period under review, the Council was burning waste as a method of disposing of refuse at the market hence causing pollution to the community.

**104. Shiwang'andu Town Council**

**a. Revenue**

**i. Use of Unauthorised/Un-Gazetted Receipt Book**

Regulation No. 107 (1) of the Public Finance Management (General) Regulations 2020 states that “a receipt form shall be obtainable from the strong room superintendent of the Ministry responsible for finance and the collection of the receipt form shall be done by an agent appointed by a Controlling Officer”.

Contrary to the Regulation, the Council collected revenue in amounts totalling K12,715 using receipts that were not obtained from the Ministry Strongroom Supretendant.

**ii. Unaccounted for Revenue**

Regulation 134 (1) of the Public Finance Management (General) Regulations, 2020 states that “An office holder who collects revenue is required to bring to account, on a daily basis the total collections received”.

Contrary to the Regulation, revenue in amounts totalling K415,771 collected during the period under review was unaccounted for in that funds were neither banked nor was cash found on hand.

**iii. Failure to Secure Accountable Documents**

A physical inspection conducted in September 2023 revealed that accountable documents such as receipt books were not secured in a lockable safe but instead kept

in an office that had a broken door thereby exposing the documents to theft. See pictures below.



*Damaged door where receipt books are kept      Receipt books not secured*

## **b. Management of Payroll and Staff Related Matters**

### **i. Overpayment of Salaries**

A comparison of the payroll and the collective agreement revealed discrepancies in the notches in that nine (9) officers were in higher salary notches than those defined in the collective agreement.

Consequently, the officers drew salaries in amounts totalling K503,064 instead of K551,604 resulting in an overpayment of K48,540.

### **ii. Employment of Casual Workers**

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

Contrary to the Act, the Council engaged eleven (11) individuals as casual workers to perform jobs such as general works, garbage collection and sweeping that are permanent in nature. As at 31<sup>st</sup> October 2023, wages in amounts totalling K183,918 had been paid for the periods they had been engaged on casual basis.

### **iii. Irregular Payment of Allowances to Retirees**

Public Service Management Division (PSMD) Circular No. B26 of 2022 provides that employees who are separated from employment by way of retirement, shall be paid the basic salary and housing allowance only on the condition that they are not accommodated in government housing facilities.



Contrary to the Circular, two (2) officers who were separated from the Council through retirement were irregularly paid allowances in amounts totalling K111,075.

**iv. Recruitment of an Officer on a Non-Existing Position**

A comparison of selected positions on the payroll against the 2022 Establishment Register for Local Government revealed that the council had engaged a Community Development Officer, a position which was not provided for in the establishment register for a Town Council.

During the period under review, the officer drew salaries in amounts totalling K424,533.

**105. Sinazongwe Town Council**

**a. Overpayment of Salaries**

During the period under review, there were thirty-eight (38) officers who were supposed to be paid salaries in amounts totalling K206,450 in accordance with their respective salary scales who were instead paid amounts totalling K232,364 resulting in an overpayment of K25,914. As at 31<sup>st</sup> October 2023, the overpaid salaries had not been recovered.

**b. Double Payment**

On 31<sup>st</sup> August 2022, the Council was invoiced K17,496 by CFAO Motors Zambia Limited for the servicing of a motor vehicle registration No. BAP 2367. It was however observed that despite the Council settling the amount due to CFAO Motors Zambia Limited on 31<sup>st</sup> August 2022, a second transfer of K17,496 was made on 1<sup>st</sup> September 2022 for the same service, resulting in an overpayment of K17,496.

As at 31<sup>st</sup> October 2023, the overpaid amount had not been recovered.

**c. Operational Matters**

**i. Operation of Markets - Lack of Sanitary facility at Sinazongwe Market**

Part 10 (a) of the First Schedule to the Local Government Act No 2 of 2019 stipulates that A local authority shall, in relation to sanitation and drainage— (a) establish and

maintain sanitary convenience and ablution facilities and require, whenever necessary, the establishment and maintenance of those facilities.

Contrary to the provision, a physical inspection conducted on 16<sup>th</sup> October 2023 at Sinazongwe market revealed that the toilet at the market was dilapidated and was not in use. See picture below.



*Toilet Structure not in use*



*Dilapidated Toilet Structure*

#### **d. Management of Assets**

##### **i. Unaccounted for Furniture**

Section No. 41 (1) of the Public Finance Management Act of 2018 stipulates that a Controlling Officer is responsible for the management of public assets and stores of the Head of expenditure.

However, a review of the asset register and physical inspection conducted on 13<sup>th</sup> October 2023 revealed that various Council furniture costing K18,737 procured during the period under review were unaccounted for in that the furniture was not found at the Council's premises.

### **106. Sioma Town Council**

#### **a. Failure to Remit Tax**

The Income Tax Act, Chapter 323 of the Laws of Zambia requires that Pay As You Earn (PAYE) tax deducted from officers' emoluments be remitted to the Zambia Revenue Authority (ZRA). During the period under review the Council paid out amounts totaling K62,042 in form of settling in allowances to three (3) officers.

However, inquiries made and a review of pertinent records revealed that the PAYE deducted from the three (3) officers in amounts totalling K37,225 had not been remitted to ZRA as at 31<sup>st</sup> October 2023.

## **107. Solwezi Municipal Council**

### **a. Irregular Remittance of Bus Station Fees to Ministry of Local Government and Rural Development**

Ministry of Local Government and Rural Development entered into an agency contract with Dotcom on behalf of Solwezi Municipal Council to collect bus station fees. The contract involved collection of bus loading fees on behalf of the Council at the agency charge of 8% of the gross collection. From the outstanding balance after deduction of agency fees, the ministry collected 30% whilst 70% was remitted to the Council by the agent. However, the basis on which the ministry collected 30% could not be backed by regulation or any justification.

In this regard, amounts totalling K261,025 were collected out of which the agent withheld K20,882 being 8% of the total fees. The balance of K240,143 was distributed as follows; K72,042 (30%) to the Ministry of Local Government and Rural Development and the balance of K168,100 (70%) to the Council.

### **b. Management of Payroll and Staff Related Matters**

According to the payroll management process at the Council, the Human Resource Department prepared payroll each month which was checked by the internal audit and authorized and approved by the Director responsible for Finance and the Town Clerk respectively. The expenditure section of the Finance Department made electronic payments based on the approved payroll comprising of schedules of individual officers showing the gross amounts, deductions and the net amount paid to an officer.

The following were observed:

#### **i. Unauthorised Salary Notches**

Ministry of Local Government Circular number MLG/7/2/11 for improved Salaries and Conditions of Service dated 15<sup>th</sup> January 2021, states that progression to the

next/higher notch within the same salary scale should be budgeted for by the Local Authority, done through Annual Performance Appraisal System (APAS), approved by the Council and no objection given by the Ministry of Local Government before progression to the next notch can be effected. Further, the circular states that no progression shall be made from a notch in a lower salary scale to a notch in a higher scale without formal promotion letter from the Local Government Service Commission in respect of employees in Division I.

Contrary to the circular, during the period under review, 132 employees were overpaid by amounts totalling K2,388,044 in that they were placed in notches higher than they were entitled to without following prescribed procedures.

In addition, thirteen (13) officers in lower salary scales were overpaid by amounts totalling K273,205 in that they were placed on salary scales that were higher than their positions of appointment.

As at 31<sup>st</sup> October 2023, the situation had not been rectified.

**ii. Questionable Payment of Staff Loans**

On 23<sup>rd</sup> November 2019, the Finance, Human Resource and General Purpose Committee of the Council on Minute No. FHRGP/23/11/19 approved a recommendation to the full Council for the payment of “Education and Soft Loans” to members of staff. During the period under review, the Council paid out loans in amounts totalling K150,474 to eight (8) officers. However, the issuance of the loans was questionable in that there was no evidence that the full Council approved the recommendation from the Committee.

In addition, as at 31<sup>st</sup> October 2023, the loans had not been recovered.

**c. Missing Cheques**

Section 72 (2) of the Public Finance Management (General) Regulations, 2020 states that, “A cancelled cheque shall be filed and kept for audit.”

Contrary to the regulation, during the period under review, eighty three (83) cheques which were alleged to have been cancelled or stale were not availed for audit. It was

further observed that the amounts of the missing cheques were not reversed in the cash books.

**d. Payments made without Encashment Lists**

Regulation No. 143 (1) and (2) of the Public Finance Management (General) Regulations, 2020 states, “A public body whose bank account is not on the Treasury Single Account shall capture all transactions on a backing sheet or encashment list for purposes of payment or movement of public funds or monies and a bank shall not facilitate payment or movement of public funds or monies without a backing sheet or encashment list.”

However, it was observed that the Council did not use backing sheets or encashment lists for the payments amounting to K127,333,425 made during the period under review.

Included in the amount of K127,333,425 which was paid without encashment lists was an amount of K12,346,317 which could not be accounted for in that there were no supporting documents such as receipts, acquittal sheets and goods received vouchers.

**e. Questionable Payments made without any Details and Attachments**

Regulation No. 49 (1) of the Public Finance Management (General) Regulations, 2020 states, “A payment voucher shall be completed with details indicating coding allocations, date, serial number, quantity, rate, authority and any other relevant description.”

Contrary to the regulation, during the period under review, eighty three (83) payment vouchers in amounts totalling K6,420,044 were made without writing details of the payment on the payment voucher. Further, no supporting documents were attached to the payment vouchers.

**f. Unapproved and Unauthorised Payment Vouchers**

Regulation 54 (1) (a) (b) of the Public Finance Management (General) Regulations, 2020 states, “where a hard copy payment voucher is used, the original of a payment voucher shall be signed by a warrant holder, sub warrant holder or by any other authorised office holder and indicate the name and, designation of the office holder signing, and the date below the office holder’s signature.”

According to the payment process in place, each payment was to be authorised by the Director of Finance and approved by the Town Clerk or any officer authorized to do so.

It was however observed that during the period under review ninety nine (99) payments in amounts totalling K1,768,958 were authorized and approved by officers other than the Director of Finance and the Town Clerk without evidence of delegated authority.

Further, it was observed that 230 payments in amounts totalling K16,464,754 were not approved and authorised by any responsible officer.

Included in the payments amounting to K16,464,754 which were made without approval and authorisation was an amount of K815,380 which could not be accounted for in that there were no supporting documents such as receipts and acquittal sheets.

**g. Failure to Check Payments by Internal Audit**

Regulation 18 (d) of the Public Finance Management (General) Regulations, 2020 states, “an internal auditor shall, in addition to the functions under the Act, ensure that accounting forms are properly protected, recorded and regularly checked”.

Contrary to the regulation, the internal audit function did not check seventy five (75) payments in amounts totalling K10,189,968 made during the period under review.

Included in the payments amounting to K10,189,968 which were paid without being checked by internal audit was an amount of K698,973 which could not be accounted for in that there were no supporting documents such as retirement details.

**h. Insufficient Details in Cash Books**

A cashbook is a record that contains transactions pertaining to receipts and payments for a particular period. At a minimum, a cash book contains details such as date, cheque number, payee, details of payment or receipt and amount of a transaction.

A scrutiny of cash books used during the period under review revealed that the cash books had insufficient details and, in some cases, did not have any details. It was observed in this regard that details of payments in amounts totalling K4,206,323 involving ninety eight (98) transactions were not properly recorded in the cash books in that not all required details were recorded.

Included in the amount of K4,206,323 which had no details in the cash book, an amount of K2,963,289 could not be accounted for in that there were no supporting documents such as payment vouchers and retirement details.

**i. Transfer of Funds to Private and Unknown Bank Accounts**

Section 38 of the Local Authorities Financial Regulations states that, “no Council money shall be credited in a private bank or private savings account.

Contrary to the regulation, the Council transferred a total amount of K105,141 to private and unknown bank accounts. The purpose for which the funds were transferred could not be ascertained as there were no supporting documents such as payment vouchers.

**j. Bank Transfers not Signed by Signatories**

Section 141(3) of the Public Finance Management (General) Regulations, 2020 states that, “Where the Secretary to the Treasury approves the opening of bank accounts, signatories from each panel shall effect a transfer of public funds or monies, an instruction to pay public funds or monies or move public funds or monies or sign a cheque or bill of exchange with signatories from each panel”.

The Council had two (2) panels of signatories. Under Panel A there were three (3) officers from Administration and under Panel B there were three (3) officers from Finance. For each payment, two (2) signatories, one from each panel were supposed to sign to authorise a payment.

Contrary to the regulation, the Council withdrew cash over the counter and made payments to suppliers of goods and services in amounts totalling K4,707,208 from the Transit Account maintained at Indo Zambia Bank without signatories authorizing or signing the bank transfer letters or cash withdrawal letters. It was not clear how the bank honored the payments without signatories signing on the bank transfer or cash withdrawal letters.

Included in the amount of K4,707,208 which was drawn without signatories signing transfer or cash withdrawal letters, an amount of K602,869 could not be accounted for in that there were no supporting documents such as retirement details.

**k. Unaccounted for Funds**

Regulation No. 49 (1) of the Public Finance Management (General) Regulations, 2020 states, “A payment voucher shall be completed with details indicating coding allocations, date, serial number, quantity, rate, authority and any other relevant description.”

- i. According to the payment voucher prepared on 28th January 2022, the Council was supposed to transfer an amount of K50,000 from the Project Account to the Main Account. However, a review of the bank statement revealed that the funds were withdrawn over the counter. As at 31st October 2023, the funds were unaccounted for in that they were neither deposited in the main account nor found on hand.
- ii. During the period under review, the Council spent a total amount of K35,650 for facilitation of the burial of unclaimed bodies. However, the expenditure was not supported with relevant documentation.
- iii. During the period under review, the Council spent amounts totalling K530,203 on keep Zambia Clean Campaign, dog cropping and spot vaccination and community sensitisations under Public Health Department. However, there were no supporting documents to show how the funds were utilised.

#### **1. Unaccounted for Accountable Imprest**

Regulation 104 (1) of the Public Finance Management (General) Regulations, 2020 states that, “Special or accountable imprest shall be retired immediately after the purpose for which the imprest was issued is fulfilled”.

The following were observed:

- i. On 27<sup>th</sup> April 2023, an amount of K103,600 was withdrawn to cater for labour day celebrations. Included in the amount drawn was K75,000 which was to be paid to fifteen (15) officers with each officer receiving K5,000 as labour day award.

It was however observed that each officer was paid K3,500 bringing the total amount paid to K56,000 thereby leaving a balance of K19,000 unaccounted for.

- ii. On 13<sup>th</sup> October 2022, a bank agent withdrew cash amounting to K147,446 for various activities. However, only an amount of K16,762 was accounted for leaving a balance of K130,684 unaccounted for.

Included in the unaccounted for funds was an amount of K20,000 which was to be paid to the Ministry of Infrastructure for valuation consultancy services. Consequently, on 3<sup>rd</sup> November 2022, the Council made a direct payment of K20,000



to the Ministry for the same consultancy services. As at 31<sup>st</sup> October 2023, the unaccounted for funds had not been recovered from the bank agent.

- iii. On 4<sup>th</sup> October 2022, an amount of K180,820 was drawn for payment of allowances to various officers and participants of Zambia Local Authorities Sport Association (ZALASA) games and on 7<sup>th</sup> October 2022, another amount of K68,150 was drawn to facilitate payment of allowances for the extended period of the games.

However, there was no evidence to show that the period for ZALASA games had been extended. Further, the funds drawn for allowances for the extended period were not accounted for in that there were no acquittal sheets.

- On 23<sup>rd</sup> April 2023, an amount of K25,000 was paid to the young brother to the late Town Clerk to cater for funeral logistics. However, the payment was questionable in that the family was supposed to claim funeral grant from Madison Insurance. As at 31<sup>st</sup> October 2023, the funds had not been recovered.
- On 1<sup>st</sup> March 2023, an amount of K43,750 was withdrawn by a bank agent to cater for cholera expenses. However, inquiries made with Public Health Department revealed that there was no case of cholera reported in the district during the period under review. It was also revealed that there was no activity that attracted the expenditure.

#### **m. Questionable Payments**

##### **i. Hire of Prisoners**

During the period under review the Council withdrew cash amounting to K790,114 involving seventeen (17) transactions for payment to Zambia Correctional Services for the hire of prisoners to clean the Central Business District.

However, the withdrawal of cash instead of paying directly to the Zambia Correctional Services was questionable.

As at 31<sup>st</sup> October 2023, there was no documentation to show how the cost of K790,114 was determined.

Further, it could not be established why the Council hired prisoners to clean the CBD when it had 224 part time casual workers who were paid K2,230,656 for carrying out the same work.

**ii. Joint Supplementary Valuation Roll**

During the period under review the Council paid a total amount of K900,000 to a Valuation Surveyor to prepare a joint supplementary valuation roll for Solwezi, Kalumbila and Mushindamo Districts. In addition, the Council spent K523,615 on meals, logistics and refreshments for Council officers who were working with the Government Valuation Department on preparation of the new valuation roll.

However, it was not clear the role officers from the Council played in the preparation of the new roll. Further, the funds could not be accounted for as there were no supporting documents.

**iii. Over Payments of Office Imprest**

During the period under review the Council had thirteen (13) departments and each department was entitled to office imprest ranging from K500 to K1,500 per month.

It was however observed that in February 2022, the Council paid office imprest in amounts totaling K29,800 instead of K7,900 resulting in an overpayment of K21,900 and no explanation was given why the amount for office imprest was increased. As at 31<sup>st</sup> May 2023, the over payment had not been recovered.

**iv. Unauthorised Trip for the Town Clerk**

On 20<sup>th</sup> June 2022, the Town Clerk requested for authority from the Permanent Secretary for Ministry of Local Government and Rural Development to travel to Lusaka but the authority was not granted.

However, it was observed that on the same date, an amount of K13,770 was withdrawn by a bank agent for the trip of the Town Clerk to Lusaka which was not authorised. As at 31<sup>st</sup> October 2023, the funds had not been refunded.

#### **n. Double Payments**

During the period under review, the Council paid amounts totalling K25,567 to three (3) suppliers of goods and services. However, the amounts were duplicated as shown below.

- i. On 7th December 2022, the Council purchased refreshments from a named supermarket at a cost of K1,574 for a management meeting held on 7th December 2022. It was however observed that another payment in the amount of K1,574 was made to the same supermarket on 9th December 2022 for purchase of refreshments when the meeting was already held.
- ii. On 12th May 2022, the Council purchased a national flag from Kambishi Enterprise at a cost of K1,600 to mount at the Civic centre. It was however observed that another payment in the amount of K1,600 was made to the same company on 13th May 2022 for purchase of a national flag which had already been procured.
- iii. On 14th June 2022, the Council hired a TLB at a cost of K9,604 for excavation of a soakaway at Mitec Market. It was however observed that another payment in the amount of K9,604 was made to the same company on 28th June 2022 for excavation of the soakaway at Mitec Market.
- iv. On 14th February 2023, the Council paid K88,995 to a named engineering company for servicing of fire engine. It was however observed that another payment in the amount of K88,995 was made to the same institution on 16th February 2023 for the servicing of the same fire engine. It was also observed that the voucher for the second payment was not checked, authorised, audited and approved by the responsible officers.
- v. On 14th June 2022, an amount of K15,499 was withdrawn by a bank agent to pay for logistics for the Town Clerk. It was however observed that on 28th June 2022, another amount of K15,499 was withdrawn by the bank agent for the same activity. In addition, it could not be ascertained how the funds were utilised as the supporting documents such as payment vouchers, activity reports and receipts were not availed for audit.
- vi. On 5th May 2023, an amount of K14,856 was paid to a driver to enable him to transport household goods for a Civil Engineer who was transferred from Siavonga

Town Council to Solwezi Municipal Council. It was however observed that on 12th May 2023, another amount of K14,856 was withdrawn by a bank agent for the same activity.

- vii. On 25th April 2023, an amount of K32,530 was drawn by a bank agent to pay allowances to officers and councillors attending the burial of the late Town Clerk. However, the funds had not been acquitted as at 31st October 2023.

**o. Goods and Services Paid for in Advance**

Regulation 200 (2) of the Public Procurement Regulations, 2022 provides that a contract shall state the documents against which payments shall be made. Further, regulation 200 (3) of the Public Procurement Regulations, 2022 states, “the document required for the purposes of subregulation (2) shall relate to the delivery, progress of performance of the contract for which the payment is due or provide evidence of fulfillment of contract terms and conditions.”

- i. goods received notes, bills of lading, air waybills or other documentation proving delivery or receipt of goods, in accordance with the terms of the contract;
- ii. packing lists, or other documentation that prove the content of any consignments delivered; and
- iii. inspection certificates or reports, or other documentation that prove that goods, works or services have passed inspection.

Contrary to the regulations, during the period under review, amounts totalling K4,086,345 were paid to various suppliers before goods and services were received by the council. Although goods and services costing K1,007,517 were received by the Council, there was no evidence to show that goods and services costing K3,078,828 which were paid for in advance had been delivered as at 31<sup>st</sup> October 2023.

**p. Irregularities in Procurement of Skip Bins**

During the period under review, the Council paid two (2) suppliers amounts totalling K868,000 for the supply of fourteen (14) skip bins. See table 1 below.

**Table 1: Purchase of Skip Bins**

No.	Date	Reference	Payee	No. of Skip Bins	Amount K
1	07.07.2022	Bank Transfer	Standard Business Consultancy	4	248,000
2	08.07.2022	Bank Transfer	JSC General Dealers	4	248,000
3	21.07.2022	Bank Transfer	JSC General Dealers	4	248,000
4	07.10.2022	Bank Transfer	JSC General Dealers	2	124,000
	<b>Total</b>			<b>14</b>	<b>868,000</b>

However, as at 31<sup>st</sup> October 2023, the skip bins had not been delivered.

In addition, it was observed that contrary to the ZPPA Circular No. 15 of 2022 dated 29<sup>th</sup> June 2022 which requires that payments above K250,000 be authorised by a tender committee as the amount exceeds the threshold for the Town Clerk, the payments for the skip bins were split in order to circumvent tender procedures.

**q. Failure to Follow Procurement Procedures**

Regulation No. 143(3) of the Public Procurement Regulations, 2022 states that, “A Procurement Unit shall maintain a record of bidders to whom the request for quotations was issued and the reasons for their inclusion and where a shortlist consists of less than three bidders, the record shall include the reasons thereof.”

Contrary to the regulation, during the period under review, the Council procured various goods and services in amounts totalling K665,206 without obtaining three (3) quotations from suppliers and without providing any justification.

Further, as at 31<sup>st</sup> October 2023, there was no evidence to show that the goods and services had been delivered.

**r. Irregular Procurement of Receipt Books from a Private Institution**

Cabinet Office Circular No. 11 dated 10<sup>th</sup> July 2020 abolished the procurement and printing of documents for Ministries, Provinces and other Spending Agencies from private institutions with effect from 1<sup>st</sup> September 2020.

Contrary to the Circular, on 27<sup>th</sup> March 2023, the Council procured fifty (50) market receipt books from a private institution.

**s. Questionable Procurements from Companies owned by Government Employees**

During the period under review, the Council procured stationery and cleaning materials in amounts totaling K470,795 from Aggich General Dealers (K106,045), Benovalent Solutions Ltd (K151,800) and MAI Innovations (K212,950).

It was observed the suppliers were companies that were owned by civil servants, some of whom were employees of the Council.

Further, it was observed that MAI Innovations supplied thirty five (35) litter bags at a total cost of K63,000 (K1,800-unit price) between July and September 2022 whereas another supplier namely JT General Dealers supplied ten (10) litter bags in December 2022 at a total cost of K800 (K80 unit price). In this regard, it was observed that MAI Innovations had inflated the unit price of the litter bags by K1,720 resulting in an excess payment of K60,200.

Therefore, the procurements from Government employees were questionable.

**t. Questionable Payments - Kansanshi Hotel**

During the period under review, amounts totalling K296,801 were paid to Kansanshi Hotel as settlement of bills for meals consumed by the Council management and members of various committees. The bills were accumulated whenever management and council committees held meetings in the Council chamber or board room.

However, the payments were questionable in that the provision of meals was not provided for in the conditions of service for council management and committee members.

**u. Questionable Service of ICT Equipment**

On 11<sup>th</sup> October 2022, the Council paid an amount of K83,000 to Kaption Services for servicing and maintenance of 90 desktops, 22 laptops, 42 printers, 5 copiers and 1 plotter.

However, a scrutiny of the asset register revealed that the Council only had 45 desktops, 21 laptops and 27 printers. See table 2 below.

**Table 2: Questionable Service of ICT Equipment**

No.	Details	No. as per Service	No. as per Asset Register	Variance
1	Desktop Computers	90	45	45
2	Laptops	22	21	1
3	Printers	42	27	15
4	Copiers	5	0	5
5	Plotter	1	0	1
	<b>Total</b>	<b>160</b>	<b>93</b>	<b>67</b>

Therefore, it was not clear how the Council arrived at the number of equipment paid for servicing and maintenance.

**v. Management of Fuel**

The Council has a fuel account maintained with Amin Motors Ltd. According to the existing arrangement:

- i. a user department raises a requisition through a form which is signed by the Stores Controller,
- ii. a fuel requisition is filled in by the user department with the amount of fuel required which is approved by head of department,
- iii. the audit section checks the requisition. The Director of Finance then authorises the drawing of fuel,
- iv. when the requisition is fully signed, it goes back to the stores controller who raises a fuel coupon which should be approved by the Director of Finance.
- v. the fuel is then issued to the respective department and the receiving person signs for the fuel issued on the coupon at the filling station where an attendant also signs as issuing officer,
- vi. the stores controller updates the ledger using the coupon.

The following were observed:

**i. Fuel withdrawn from Different Fuel Accounts on same Day**

According to the existing arrangement, each motor vehicle was supposed to draw the prescribed number of litres of fuel once in a week or as determined by management. It was however observed that during the period under review, two (2) vehicles drew fuel twice in a day exceeding the prescribed number of litres per week. In this regard, two (2) vehicles drew excess fuel on the same day costing K29,778 for which no explanation was given. Further, no log books were availed to show how the fuel was utilised.

**ii. Questionable Drawing of Fuel**

- According to the existing arrangement, each coupon had the registration of the motor vehicle to draw fuel and the number of litres of fuel to be drawn among others.

It was however observed that seventeen (17) vehicles drew fuel costing K85,257 using already used coupons. It was not clear how vehicles that had already drawn fuel were allowed to draw fuel again using already used coupons.

Further, no logbooks were availed for audit scrutiny to show how the fuel was utilised.

- According to the existing system, when the fuel is issued, the person who received fuel was required to sign for the fuel received on the coupon. It was however observed that fuel costing K815,227 drawn during the period under review was not signed for on the coupons by the recipients and no log books were availed to show how the fuel was utilised.

**iii. Fuel drawn by Unknown Vehicles**

A review of stores records and fuel statements from Amin Motors Ltd revealed that fuel costing K258,710 involving seventy-five (75) transactions was drawn by unknown motor vehicles in that the registration numbers were not disclosed. It was therefore not possible to ascertain how the fuel was utilised.



**w. Operational Matters**

**i. Lack of Security of Cheque Books**

Section 147 (1) (2) a-c of the Public Finance Management (General) Regulations, 2020 states that “a cheque book for an approved bank account shall be obtained from the bank with which business is transacted”.

A cashier is expected to keep a cheque book under lock and key and is responsible for the custody and control of the cheques and to maintain a record of receipts and issuance of cheques in the register of accountable documents and cheque distribution register.

Contrary to the regulation, thirty four (34) cheque books were kept in an open box within the pool office and they were also not recorded in the register of accountable documents. Further, no cheque distribution registers were maintained.

**ii. Use of Two or More Cheque Books at the Same Time**

Best practice requires that each account must have one cheque book in use at a time.

During the period under review, the Council maintained various bank accounts with ZANACO, Indo Zambia Bank, Atlasmara and Natsave.

A review of financial and other records pertaining to the bank accounts maintained at ZANACO and Indo Zambia Bank revealed that in some cases the Council was using more than one cheque book at a time per bank account as shown in the table 3 below.

**Table 3: Use of one or more Cheque Books**

No.	Name of Bank	Name of Account	No. of Cheque Books in Use at the same time	Schedule No.
1	ZANACO	Main	3	1
2	ZANACO	Market	2	
3	Indo Zambia	Planning	2	

### iii. Lack of Segregation of Duties in Making Payments

In order to provide internal checks in the use of funds, the system provided for separation of responsibilities for officers involved in requesting or demanding, initiating, checking, authorising, auditing and approving payments.

During the period under review, amounts totalling K225,210 involving eleven (11) transactions were paid out for various activities where one officer requested and approved a payment. Out of the amount of K225,210, a total amount of K36,752 could not be accounted for in that there were no supporting documents such as imprest retirement details.

Further, a review of the job assignment registers revealed that the Council had six (6) officers who were assigned the roles of cashier in the PalmSoft Accounting system which included preparation of payment vouchers, writing cheques, checking of payment vouchers and encashment of cheques. However, only one (1) officer was employed as a cashier while the other five (5) officers although assigned the role of a cashier were not employed as such. See table 4 below.

**Table 4: List of Cashiers**

No.	Name of Officer	Position	Roles
1	Jonathan Mpongo	Cashier	Cashier
2	David Ndlovu	Group Accountant Revenue	Cashier
3	Muyenga Sedson	Senior Systems Analyst	Cashier
4	Chimwasu Kukunda	Accounts Officer	Cashier
5	Eliya Ndandanda	Revenue Collector	Cashier
6	Bibusaa Shikwasha	Data Entry Operator	Cashier

### iv. Abandoned Market – Mushitala Market

Section 16(g) of the Markets and Bus Station Act No. 7 of 2007 states that, “A local authority shall prevent vending and illegal trading in the market or bus station's vicinity.”

Contrary to the Act, a physical inspection carried out in February, 2023, revealed that the traders had abandoned Mushitala Market and were trading along the street of Kansanshi road. See pictures below.



*Abandoned Mushitala Market*

## **x. Management of Assets**

### **i. Property in Dispute**

A review of the Asset Register, Council Minutes and other records revealed that the Council recognized a Social Club SOLWE /LN-1000001676/8 with a value of K2,000,000 in its Asset Register. It was however, observed that the Council had no ownership documents to ascertain its entitlement to the property. It was further, observed that Ministry of Youth and Sport was also claiming ownership of the same property.

Inquiries at the Ministry of Lands revealed that the property was not allocated to anyone.

### **ii. Irregular Custody of Certificate of Title by the Tenant - Kapiji Mall Stand No. 17326**

A review of council minutes referenced PWDRE /30/05/2022 revealed that the Council leased Stand No. **17326** known as Kapiji Mall to Kyampemba Property Development Company Limited (Tenant) for a duration of twenty-five (25) years commencing on 13<sup>th</sup> May 2014. The following were the terms of agreement:

- The tenant paid a one-off commitment fee of K1,750,000 upon commencement of development works.
- The tenant was to be paying rent of K495,000 at the end of each year from the commercial operational date subject to annual review by the Landlord provided such

review does not exceed the average official inflation for the period under review as promulgated by the Central Statistics Office of the Republic of Zambia.

- The tenant was to take possession of the leased premise immediately upon the landlord's yielding vacant possession of the leased property.
- The tenant was to commence the development works in accordance with the lease agreement
- The tenant was to operate and manage the shopping mall and returning the leased property at the end of the lease agreement
- The tenant was to advertise the retail spaces, enter into binding agreements and to collect rent and be named as landlord in all lease agreements with sub leases

However, a review of accounting and other records and inquiries with management revealed that there was no evidence of the review of rental payments by the Landlord since 2015 with respect to the terms of the agreement stated above.

**y. Management of Projects -Unbudgeted for Activities**

**i. Paving of Open Spaces in the Central Business District (CBD)**

During the period under review, the Council embarked on the paving of some sections of the Central Business District (CBD). In this regard on 31<sup>st</sup> March 2023, an amount of K128,000 was paid to Etspan Investments of Chingola to supply and deliver pavers to cover 1,000m<sup>2</sup> of the CBD.

However, as at 31<sup>st</sup> May 2023, only 435m<sup>2</sup> of pavers had been delivered leaving a balance of 545m<sup>2</sup> costing K69,760 not delivered. It was also observed that the paving of the CBD had no budget line in the 2023 budget and was not in the approved procurement plan. No explanation was given regarding the source of funds and the authority to implement the project.

**ii. Rehabilitation of the Old Wing of the Civic Centre**

In July 2022, the Council procured 185 boxes of 60x60 tiles and 190 tile adhesives to rehabilitate the old Civic Centre office building at a total cost of K49,065. It was

however observed that the project was not planned for in 2022 and no explanation was given regarding the source of funds and the authority to implement the project.

**z. Irregular Acquisitions of Land**

According to the existing system for the acquisition of land, once management identifies land for development, it is subjected to inspection and approval by the Council. Management thereafter engages independent valuers to establish possible costs and the matter is taken back to the Council for final approval.

On 27<sup>th</sup> September 2022, the Council transferred K250,000 to Kansanshi Mine for procurement of land meant for construction of a fire station. Further, on 3<sup>rd</sup> February 2023, the Council transferred K320,000 to Freddy Nkese for purchase of four (4) hectares of land for the construction of a stadium.

A review of documentation and inquiries made with management revealed that the two land acquisitions did not follow procedure in that:

- i. There was no evidence to show that the Council approved the acquisition of the said pieces of land.
- ii. The Council did not involve land valuers to establish the possible values of land purchased.
- iii. As at 31st May 2023, construction of the fire station and stadium had not commenced.

**108. Vubwi Town Council**

**a. Failure to Collect Revenue from Market Toilets**

Section 9 (h) of the Public Finance Management (General) Regulations, 2020 requires the head of accounting unit of a local authority to “collect in a timely manner all revenue and other public monies due and payable to the local authority”.

Contrary to the Regulation, during the period under review, the Council did not collect revenue from the toilets at the markets under their charge.

**b. Management of Assets - Failure to change Vehicle Ownership Details**

Public Finance Management Regulation No 41 (1) of 2020, states that” a controlling officer is responsible for the management of public assets and stores of the Head of expenditure.”

Contrary to the regulation, a review of documents availed for audit and an analysis of the RTSA database revealed that a motor vehicle Toyota Coaster, registration number ALX 7725 is not among the council asset as it is registered under Mulobezi District Council.


**c. Management of Special Grant for Water Crossing Points**


During the period under review, Vubwi Town Council received amounts totalling K3,000,000 from the Ministry of Local Government and Rural Development for the rehabilitation and construction of crossing points. In this regard, between December 2022 and January 2023, the Council constructed and rehabilitated six (6) crossing points through force account at a total sum of K 3,045,832. See table 1 below.

**Table1: Construction of Crossing Points**


No.	Location of Crossing Points	Amount Allocated K	Amount Paid K	Balance K
1	Chipoto Culverts	681,050	584,015	97,035
2	Moffat Culverts	756,805	597,540	159,265
3	Chipoto Culverts	103,135	52,466.00	50,669
4	Mlawe Chitumba rd	103,135	52,466.00	50,669
5	Adyodyo Culverts	756,988	594,090	162,898
6	Kafwifwi Mbande	644,720	787,985	(143,265)
7	Administration	-	400,795	(400,795)
	<b>Total</b>	<b>3,045,832</b>	<b>3,069,357</b>	<b>(23,525)</b>


**Table2: Incomplete Works on Water Crossing Points**


No.	Project	Amount Allocated	Amount Spent (K)	Scope of Works	Project Status and Other Observations
1	Chipoto Culverts	681,049.93	584,315	<p>Bush clearing and grubbing, demolition of the existing structure, excavation depth of 2000mm and base area of 10400mm x 7490, casting of bedding 200mm, installation of 3 lines 9 x 900mm x 2000mm pipe culverts, casting of wing walls and head walls, backfilling, levelling &amp; compacting, apron slab depth of 50mm, stone pitching and approach slab.</p>	<p>A physical inspection carried in October, 2023 revealed that;</p> <ul style="list-style-type: none"> <li>➤ 1x3x900mm line culverts were installed.</li> <li>➤ The culverts were being washed on the side as stone pitching was not adequately done.</li> <li>➤ The base of the culvert was being washed away.</li> </ul> 

No.	Project	Amount Allocated	Amount Spent (K)	Scope of Works	Project Status and Other Observations
2	Installation of Moffat Culvert	756,804.94	597,540	<p>Bush clearing &amp; grubbing, demolition of the existing structure, excavation depth of 2000mm &amp; base area of 10400mm x 7490, casting of bedding 200mm, installation of 3 lines 9 x 900mm x 2000mm pipe culverts, casting of wing walls and head walls, Backfilling, levelling &amp; compacting, apron slab depth of 50mm, stone pitching and approach slab</p>	<p>A physical inspection carried in October, 2023 revealed that;</p> <ul style="list-style-type: none"> <li>➤ 1x900mm line culverts was installed.</li> <li>➤ The sides are being washed way as the stone pitching was not adequately done. See picture below.</li> </ul> 



No.	Project	Amount Allocated	Amount Spent K	Scope of Works	Project Status and Other Observations
3	Installation of Chipoto 1 Culvert	51,444.40		<p>Bush clearing and grubbing, demolition of the existing structure, excavation depth of 2000mm and base area of 10400mm x 7490, casting of bedding 200mm, installation of 1 line 3 x 900mm x 2000mm pipe culverts, casting of wing walls and head walls, Backfilling, levelling and compacting, apron slab depth of 50mm, stone pitching and approach slab</p>	<p>A physical inspection carried in October 2023 revealed that;</p> <ul style="list-style-type: none"> <li>➤ A 1x900mm line culvert was installed and completed.</li> <li>➤ Observations</li> <li>➤ The sides of the culverts were being eroded as there was no stone pitching done. See picture below.</li> </ul> 

No.	Project	Amount Allocated	Amount Spent K	Scope of Works	Project Status and Other Observations
4	Installation of Mlawe Chithumba Road Culvert	51,444.40		<p>Bush clearing and grubbing, demolition of the existing structure, excavation depth of 2000mm and base area of 10400mm x 7490, casting of bedding 200mm, installation of 1 line 3 x 900mm x 2000mm pipe culverts, casting of wing walls and head walls, Backfilling, levelling and compacting, apron slab depth of 50mm, stone pitching and approach slab.</p>	<p>A physical inspection carried in October, 2023 revealed that;</p> <ul style="list-style-type: none"> <li>➤ A 1x900mm line culvert was installed.</li> <li>➤ The size of the culverts were being washed away as stone pitching was not done. See picture below</li> </ul> 

No.	Project	Amount Allocated	Amount Spent K	Scope of Works	Project Status and Other Observations
5	Installation of Adyodyo culverts	756,987.78	594,090	Bush clearing and grubbing, demolition of the existing structure, excavation depth of 2000mm and base area of 10400mm x 7490, casting of bedding 200mm, installation of 3 lines 9 x 900mm x 2000mm pipe culverts, casting of wing walls and head walls, Backfilling, levelling and compacting, apron slab depth of 50mm, stone pitching and approach slab.	<p>A physical inspection carried in October, 2023 revealed that;</p> <ul style="list-style-type: none"> <li>➤ A 3x900mm line culverts were installed.</li> <li>➤ The two (2) sides on the northern direction of the culverts were not stone pitched hence being eroded. See picture below.</li> </ul> 
6	Installation of Kafwifwi Mbande	644,720.79	787,985	Bush clearing and grubbing, demolition of the existing structure, excavation depth of 2000mm and base area of 10400mm x 7490, casting of bedding 200mm, installation of 3 lines 9 x 900mm x 2000mm pipe culverts, casting of wing walls and head walls, Backfilling,	<p>A physical inspection carried in October, 2023 revealed that;</p> <ul style="list-style-type: none"> <li>➤ A 3x900mm line culverts were installed.</li> <li>➤ The sides are being eroded as stone pitching was not adequately done. See picture below.</li> </ul>

levelling and compacting, apron slab depth of 50mm, stone pitching and approach slab.



## 109. Zambezi Town Council

### a. Management of Local Government Equalization Fund - Failure to Implement approved Projects

The Local Government Act No. 2 of 2019, provides that 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 K11,802,509 were received as equalisation funds out of which K2,360,502 being at least 20% of the funding was transferred to the capital account.

It was however, observed that the Council had only utilized K107,719.40 leaving a balance of K2,252,782.40 as at 31<sup>st</sup> December, 2022.

Consequently, six (6) approved projects with allocated amount of K1,704,003 had not been implemented as at 31<sup>st</sup> December 2022. See table 1 below.

**Table 1: Unimplemented Projects**

No	Project Name	Allocated Amount K
1	Procurement of a Utility Vehicle	650,000
2	Construction of a toilet at New Market	189,003
3	Construction of a Bus Station	450,000
4	Construction of an Abattoir	150,000
5	Construction of an Dumpsite	60,000
6	Rehabilitation of Nyakulang'a and Dipalata	205,000
	<b>Total Allocation</b>	<b>1,704,003</b>

### b. Irregular Payment of Rural Hardship Allowance

Circular No. MLGRD/101/23/24 dated 9<sup>th</sup> March 2022 for new conditions of service for officers in Division I of the Local Government Service for the year 2022 provides that a station shall be eligible for payment of rural hardship allowance if it is deprived of the following facilities:

- access to registered retail outlets/service stations;
- access to banks/banking services/postal services;

- access to all weather road;
- Access to electricity; and
- Access to piped water supply

Although Zambezi had all these facilities, the Council paid rural hardship allowance in amounts totalling K936,172 to ninety-nine (99) officers who were not eligible.

**c. Unapproved Payment Vouchers**

Regulation 54 (1) (a) and (b) of the Public Finance Management (General) Regulation of 2020 states “Where a hard copy payment voucher is used, the original of a payment voucher shall be signed by a warrant holder, sub warrant holder or by any other authorized office holder and indicate the name and, designation of the office holder signing, and the date below the office holder’s signature.”

Contrary to the Regulation, 154 of the payment vouchers totalling K1,430,493 were not approved by the responsible officer.

## **110. 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. 8 of 2020, Appropriations Act of 2020, the Local Government Act No. 2 of 2019, and any other relevant laws and regulations, the following are recommended:

### **a. Strategic Planning**

- i. Strengthen strategic planning: flexible integrated planning and policies that boost greater participation and ownership by local communities and mobilise the support of strategic partners should be developed to help councils adopt to a changing, social, economic, environmental, and cultural context.
- ii. All councils must develop a performance management framework against which their performance can be measured.
- iii. Have a robust monitoring and evaluation function which integrates modern technologies and tool that can optimize workflow and facilitate better coordination among the various functions of the council.
- iv. All local authorities must ensure that they have in place Integrated Development Plans that should guide the developmental agenda within their jurisdiction.
- v. The local authorities should ensure that databases for the businesses within their respective jurisdictions are developed and updated regularly to facilitate the identification of businesses, effective tracking of revenue collections and other obligations.

## **b. Human Resources Management**

- i. Councils must consider revising their organisational structures to be better aligned with the evolving needs of the councils to improve their overall efficiency and be responsive to the current Government's decentralisation policy. In addition, the structure should be well aligned with the strategic goals and visions of the council.
- ii. Enhanced coordination between the Ministry of Local Government and Rural Development, the Councils, and the Local Government Service Commission to ensure that human capital needs are adequately addressed such as having appropriately qualified staff, confirmation of staff, over employment and frequent transfer of staff.

## **c. Internal Controls**

The Principal Officers must ensure that revenue collection and expenditure are appropriately managed. This should be done by:

- i. Adhering to relevant laws, regulations, circulars, and minutes,
- ii. 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,
- iii. Taking effective and appropriate steps to collect revenues due to Councils that are under their charge,
- iv. Prevention of irregular or wasteful expenditure, misapplication of funds, theft or loss resulting from negligence or criminal conduct,
- v. Taking immediate, effective, and appropriate disciplinary steps against erring office holders in the local authorities under their charge, and
- vi. Taking immediate and appropriate action on internal and external audit observations and recommendations.



- vii. All local authorities should update or develop valuation rolls to ensure that all properties are captured for the purpose of charging rates.
- viii. The Principal Officers should ensure that equalization funds are properly managed in accordance with guidelines,

**d. Environmental Management**

The principal officers should ensure that the waste disposal process from the point of collection to disposal is effectively managed according to the legal provisions.

**e. Management of Council Assets**

- i. The Principal Officers must ensure that all the assets under their charge are appropriately secured and insured,
- ii. The Principal Officers must ensure that local authorities should develop and implement asset management plans in order to ensure that assets and infrastructure is regularly maintained.

**f. Management of Liabilities**

The Principal Officers must ensure that all taxes and other statutory contributions are timely remitted to the respective institutions. In addition, the councils should ensure that the terminal benefits for staff are promptly paid.

## **111. 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 and Rural Development 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.

## **112. Recommendations of the Committee on Local Government Accounts**

The unresolved recommendations of the Committee of Local Government Accounts are stated in the Report on Outstanding Issues. 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 and 2020 as the Action Taken Reports from the Ministry of Finance and National Planning had not been adopted by Parliament at the reporting date.

*Appendix 35* to this Report summarises the status of the unresolved issues for which necessary remedial action is required.

*Appendix 36* 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.

## **113. 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**

## Appendix 1: Audit Opinions

No.	Council	2021 Issued Opinion	2022 Proposed Opinion
1	Audit of Chadiza Town Council	Unqualified	Qualified
2	Audit of Chama Town Council	Disclaimer	Qualified
3	Audit of Chasefu Town Council	Unqualified	Unqualified
4	Audit of Chavuma Town Council	Unqualified	Unqualified
5	Audit of Chembe Town Council	Qualified	Qualified
6	Audit of Chibombo Town Council	Unqualified	Unqualified
7	Audit of Chienge Town Council	Qualified	Qualified
8	Audit of Chifunabuli Town Council	Qualified	Qualified
9	Audit of Chikankata Town Council	Qualified	Qualified
10	Audit of Chilanga Town Council	Unqualified	Unqualified
11	Audit of Chililabombwe Municipal Council	Qualified	Qualified
12	Audit of Chilubi Town Council	Qualified	Unqualified
13	Audit of Chingola Municipal Council	Qualified	Unqualified
14	Audit of Chinsali Municipal Council	Disclaimer	Qualified
15	Audit of Chipangali Town Council	Unqualified	Unqualified
16	Audit of Chipata City Council	Unqualified	Unqualified
17	Audit of Chipili Town Council	Unqualified	Unqualified
18	Audit of Chirundu Town Council	Unqualified	Unqualified
19	Audit of Chisamba Town Council	Qualified	Qualified
20	Audit of Chitambo Town Council	Unqualified	Unqualified
21	Audit of Choma Municipal Council	Qualified	Unqualified
22	Audit of Chongwe Municipal Council	Unqualified	Qualified
23	Audit of Gwembe Town Council	Qualified	Qualified
24	Audit of Ikelenge Town Council	Unqualified	Unqualified
25	Audit of Isoka Town Council	Unqualified	Unqualified
26	Audit of Itzhi-tezhi Town Council	Qualified	Qualified
27	Audit of Kabompo Town Council	Unqualified	Unqualified
28	Audit of Kabwe Municipal Council	Qualified	Qualified
29	Audit of Kafue Town Council	Unqualified	Unqualified
30	Audit of Kalabo Town Council	Qualified	Qualified
31	Audit of Kalomo Town Council	Qualified	Qualified
32	Audit of Kalulushi Minicipal Council	Unqualified	Unqualified
33	Audit of Kalumbila Town Council	Qualified	Qualified
34	Audit of Kanchibiya Town Council	Unqualified	Unqualified
35	Audit of Kaoma Town Council	Unqualified	Unqualified
36	Audit of Kapiri Mposhi Town Council	Unqualified	Unqualified
37	Audit of Kaputa Town Council	Unqualified	Unqualified
38	Audit of Kasama Municipal Council	Unqualified	Unqualified
39	Audit of Kasempa Town Council	Unqualified	Unqualified
40	Audit of Kasenengwa Town Council	Unqualified	Qualified
41	Audit of Katete Town Council	Unqualified	Qualified
42	Audit of Kawambwa Town Council	Qualified	Qualified
43	Audit of Kazungula Town Council	Unqualified	Qualified

<b>No.</b>	<b>Council</b>	<b>2021 Issued Opinion</b>	<b>2022 Proposed Opinion</b>
44	Audit of Kitwe City Council	Unqualified	Unqualified
45	Audit of Lavushimanda Town Council	Qualified	Unqualified
46	Audit of Limulunga Town Council	Qualified	Unqualified
47	Audit of Livingstone City Council	Adverse	Qualified
48	Audit of Luampa Town Council	Unqualified	Unqualified
49	Audit of Luangwa Town Council	Unqualified	Unqualified
50	Audit of Luano Town Council	Unqualified	Unqualified
51	Audit of Luanshya Municipal Council	Qualified	Unqualified
52	Audit of Lufwanyama Town Council	Unqualified	Unqualified
53	Audit of Lukulu Town Council	Unqualified	Unqualified
54	Audit of Lumezi Town Council	Unqualified	Unqualified
55	Audit of Lundazi Town Council	Unqualified	Unqualified
56	Audit of Lunga Town Council	Qualified	Unqualified
57	Audit of Lunte Town Council	Disclaimer	Unqualified
58	Audit of Lupososhi Town Council	Unqualified	Unqualified
59	Audit of Lusaka City Council	Unqualified	Qualified
60	Audit of Lusangazi Town Council	Unqualified	Unqualified
61	Audit of Luwingu Town Council	Qualified	Qualified
62	Audit of Mafinga Town Council	Unqualified	Unqualified
63	Audit of Mambwe Town Council	Unqualified	Unqualified
64	Audit of Mansa Municipal Council	Qualified	Qualified
65	Audit of Manyinga Town Council	Unqualified	Unqualified
66	Audit of Masaiti Town Council	Unqualified	Unqualified
67	Audit of Mazabuka Municipal Council	Unqualified	Unqualified
68	Audit of Mbala Municipal Council	Qualified	Qualified
69	Audit of Milenge Town Council	Qualified	Qualified
70	Audit of Mitete Town Council	Qualified	Qualified
71	Audit of Mkushi Town Council	Unqualified	Qualified
72	Audit of Mongu Municipal Council	Qualified	Unqualified
73	Audit of Monze Town Council	Unqualified	Unqualified
74	Audit of Mpika Town Council	Qualified	Qualified
75	Audit of Mpongwe Town Council	Unqualified	Unqualified
76	Audit of Mporokoso Town Council	Qualified	Qualified
77	Audit of Mpulungu Town Council	Disclaimer	Qualified
78	Audit of Mufulira Municipal Council	Qualified	Qualified
79	Audit of Mufumbwe Town Council	Qualified	Unqualified
80	Audit of Mulobezi Town Council	Qualified	Unqualified
81	Audit of Mumbwa Town Council	Unqualified	Unqualified
82	Audit of Mungwi Town Council	Qualified	Unqualified
83	Audit of Mushindamo Town Council	Qualified	Qualified
84	Audit of Mwandia Town Council	Unqualified	Qualified
85	Audit of Mwanabombwe Town Council	Qualified	Qualified
86	Audit of Mwense Town Council	Unqualified	Unqualified
87	Audit of Mwinilunga Town Council	Qualified	Qualified
88	Audit of Nakonde Town Council	Unqualified	Unqualified

<b>No.</b>	<b>Council</b>	<b>2021 Issued Opinion</b>	<b>2022 Proposed Opinion</b>
89	Audit of Nalolo Town Council	Qualified	Unqualified
90	Audit of Namwala Town Council	Qualified	Qualified
91	Audit of Nchelenge Town Council	Qualified	Qualified
92	Audit of Ndola City Council	Qualified	Qualified
93	Audit of Ngabwe Town Council	Unqualified	Qualified
94	Audit of Nkeyema Town Council	Unqualified	Unqualified
95	Audit of Nsama Town Council	Qualified	Qualified
96	Audit of Nyimba Town Council	Unqualified	Unqualified
97	Audit of Pemba Town Council	Unqualified	Unqualified
98	Audit of Petauke Town Council	Qualified	Unqualified
99	Audit of Rufunsa Town Council	Unqualified	Unqualified
100	Audit of Samfya Town Council	Qualified	Qualified
101	Audit of Senanga Town Council	Qualified	Unqualified
102	Audit of Senga Hill Town Council	Qualified	Unqualified
103	Audit of Serenje Town Council	Qualified	Qualified
104	Audit of Sesheke Town Council	Unqualified	Unqualified
105	Audit of Shangombo Town Council	Unqualified	Unqualified
106	Audit of Shibuyunji Town Council	Unqualified	Unqualified
107	Audit of Shiwangandu Town Council	Qualified	Unqualified
108	Audit of Siavonga Town Council	Unqualified	Unqualified
109	Audit of Sikongo Town Council	Qualified	Unqualified
110	Audit of Sinazongwe Town Council	Unqualified	Unqualified
111	Audit of Sinda Town Council	Unqualified	Unqualified
112	Audit of Sioma Town Council	Qualified	Unqualified
113	Audit of Solwezi Municipal Council	Qualified	Qualified
114	Audit of Vubwi Town Council	Unqualified	Qualified
115	Audit of Zambezi Town Council	Qualified	Qualified
116	Audit of Zimba Town Council	Unqualified	Unqualified

## Appendix 2: Budget, Income and Expenditure

No.	Councils	Approved Budget K	Income K	Variance K	Amounts Spent K	Unspent Amounts K
1	Chadiza Town Council	39,853,840	40,564,427	710,587	17,231,244	23,333,183
2	Chama Town Council	64,248,209	68,066,239	3,818,030	19,624,055	48,442,184
3	Chasefu Town Council	36,481,825	35,694,692	(787,133)	17,748,353	17,946,339
4	Chavuma Town Council	41,397,608	36,444,371	(4,953,237)	15,219,242	21,225,129
5	Chembe Town Council	41,917,065	42,950,702	1,033,637	22,976,965	19,973,737
6	Chibombo Town Council	80,281,985	68,610,304	(11,671,681)	33,661,330	34,948,974
7	Chienge Town Council	38,744,801	38,055,900	(688,901)	19,738,991	18,316,909
8	Chifunabuli Town Council	38,102,698	33,576,760	(4,525,938)	13,034,595	20,542,166
9	Chikankata Town Council	45,417,840	39,786,503	(5,631,337)	29,130,192	10,656,311
10	Chilanga Town Council	52,959,826	45,456,896	(7,502,930)	27,462,617	17,994,279
11	Chillabombwe Municipal Council	111,570,698	107,915,503	(3,655,195)	90,103,657	17,811,846
12	Chitubi Town Council	41,107,241	36,767,783	(4,339,458)	4,993,657	31,774,126
13	Chingola Municipal Council	90,186,748	99,608,019	9,421,271	87,008,346	12,599,673
14	Chinsali Municipal Council	27,117,726	25,366,444	(1,751,282)	25,150,767	215,677
15	Chipangali Town Council	35,654,006	33,621,997	(2,032,009)	19,595,542	14,026,455
16	Chipata City Council	99,986,539	86,475,540	(13,510,999)	49,420,008	37,055,532
17	Chipili Town Council	37,882,212	35,196,613	(2,685,599)	11,133,614	24,062,999
18	Chirundu Town Council	50,030,982	49,409,341	(621,641)	28,353,881	21,055,460
19	Chisamba Town Council	24,654,089	16,581,283	(8,072,806)	21,502,195	(4,920,912)
20	Chitambo Town Council	12,534,471	10,788,594	(1,745,877)	12,583,137	(1,794,543)
21	Choma Municipal Council	91,301,029	80,284,248	(11,016,781)	44,366,210	35,918,038
22	Chongwe Municipal Council	62,074,187	63,703,991	1,629,804	42,823,933	20,880,058
23	Gwembe Town Council	43,877,354	42,469,816	(1,407,538)	20,746,330	21,723,486
24	Ikelenge Town Council	12,230,204	10,993,194	(1,237,010)	10,683,849	309,345
25	Isoka Town Council	15,327,204	13,863,821	(1,463,383)	13,847,998	15,823
26	Itezhi Tezhi Town Council	44,863,858	36,661,817	(8,202,041)	13,461,007	23,200,810
27	Kabonpo Town Council	10,850,610	13,235,163	2,384,553	12,100,345	1,134,818
28	Kabwe Municipal Council	108,947,177	120,269,567	11,322,390	77,374,509	42,895,058
29	Kafue Town Council	83,698,041	54,397,933	(29,300,108)	44,221,362	10,176,571
30	Kalabo Town Council	69,061,259	64,136,540	(4,924,719)	33,073,771	31,062,769
31	Kalomo Town Council	68,667,305	63,977,204	(4,690,101)	29,698,241	34,278,963
32	Kalulushi Municipal Council	119,843,807	129,384,376	9,540,569	99,690,489	29,693,887
33	Kalumbila Town Council	113,036,967	98,278,473	(14,758,494)	76,285,914	21,992,559
34	Kanchibiya Town Council	37,186,825	34,112,704	(3,074,121)	23,763,538	10,349,166
35	Kaoma Town Council	69,568,814	65,943,644	(3,625,170)	12,792,195	53,151,449
36	Kapiri Mposhi Town Council	69,056,934	51,032,755	(18,024,179)	33,336,325	17,696,430
37	Kaputa Town Council	41,645,088	37,629,517	(4,015,571)	18,710,948	18,918,569
38	Kasama Municipal Council	79,619,944	74,607,683	(5,012,261)	36,560,476	38,047,207
39	Kasempa Town Council	40,707,455	34,032,390	(6,675,065)	21,212,677	12,819,713
40	Kasenengwa Town Council	36,458,938	41,488,790	5,029,852	17,244,233	24,244,557
41	Katete Town Council	72,276,657	64,697,471	(7,579,186)	23,620,398	41,077,073
42	Kawambwa Town Council	68,614,012	61,976,847	(6,637,165)	19,266,524	42,710,324
43	Kazungula Town Council	51,579,523	48,782,023	(2,797,500)	48,704,254	77,769

No.	Councils	Approved Budget K	Income K	Variance K	Amounts Spent K	Unspent Amounts K
44	Kitwe City Council	268,674,855	257,391,230	(11,283,625)	189,001,821	68,389,409
45	Lavushimanda Town Council	36,997,022	33,561,469	(3,435,553)	10,340,660	23,220,809
46	Limulunga Town Council	37,593,052	35,274,015	(2,319,037)	21,022,108	14,251,907
47	Livingstone City Council	91,267,739	87,285,930	(3,981,809)	67,943,762	19,342,168
48	Luampa Town Council	37,635,226	34,969,979	(2,665,247)	15,341,531	19,628,448
49	Luangwa Town Council	41,501,509	38,367,675	(3,133,834)	17,705,560	20,662,115
50	Luano Town Council	39,492,747	36,753,843	(2,738,904)	17,796,604	18,957,239
51	Luanshya Municipal Council	120,701,408	104,302,664	(16,398,744)	66,922,280	37,380,384
52	Lufwanyama Town Council	49,715,796	48,467,092	(1,248,704)	8,284,909	40,182,183
53	Lukulu Town Council	41,412,924	38,037,867	(3,375,057)	17,478,497	20,559,370
54	Lumezi Town Council	38,194,251	34,138,404	(4,055,847)	14,721,877	19,416,527
55	Lundazi Town Council	42,176,197	39,904,490	(2,271,707)	19,812,300	20,092,190
56	Lunga Town Council	36,952,167	34,521,018	(2,431,149)	13,705,343	20,815,675
57	Lunte Town Council	36,718,664	34,150,893	(2,567,771)	13,357,992	20,792,901
58	Lupososhi Town Council	38,357,568	33,622,490	(4,735,078)	16,354,528	17,267,962
59	Lusaka City Council	618,929,856	514,711,956	(104,217,900)	329,349,622	185,362,334
60	Lusangazi Town Council	36,227,700	33,946,080	(2,281,620)	14,723,348	19,222,732
61	Luwingu Town Council	43,169,783	36,234,008	(6,935,775)	16,099,790	20,134,218
62	Mafinga Town Council	37,525,579	40,755,680	3,230,101	20,616,226	20,139,454
63	Mambwe Town Council	39,182,027	40,042,101	860,074	24,147,972	15,894,129
64	Mansa Municipal Council	85,696,183	83,143,084	(2,553,099)	35,885,412	47,257,672
65	Manyinga Town Council	39,233,679	37,245,767	(1,987,912)	15,832,307	21,413,460
66	Masaiti Town Council	71,105,746	67,892,480	(3,213,266)	28,975,628	38,916,852
67	Mazabuka Municipal Council	88,851,890	88,418,131	(433,759)	48,663,643	39,754,488
68	Mbala Municipal Council	49,412,359	40,248,301	(9,164,058)	20,901,185	19,347,116
69	Milenge Town Council	38,719,132	34,614,473	(4,104,659)	20,840,637	13,773,836
70	Mitete Town Council	37,954,049	35,409,796	(2,544,253)	17,594,112	17,815,684
71	Mkushi Town Council	19,620,501	23,974,223	4,353,722	20,163,692	3,810,531
72	Mongu Municipal Council	85,043,729	87,567,476	2,523,747	45,035,638	42,531,838
73	Monze Town Council	103,700,947	90,205,683	(13,495,264)	73,010,420	17,195,263
74	Mpika Town Council	53,406,424	44,513,089	(8,893,335)	30,691,015	13,822,074
75	Mpongwe Town Council	40,670,293	38,971,357	(1,698,936)	19,533,048	19,438,309
76	Mporokoso Town Council	38,705,883	34,943,740	(3,762,143)	17,072,600	17,871,140
77	Mpulungu Town Council	49,252,755	38,888,394	(10,364,361)	17,045,649	21,842,745
78	Mufulira Municipal Council	77,431,604	50,999,569	(26,432,035)	50,531,604	467,965
79	Mufumbwe Town Council	11,229,648	13,729,711	2,500,063	12,093,162	1,636,549
80	Mulobezi Town Council	39,137,221	38,309,392	(827,829)	22,734,302	15,575,090
81	Mumbwa Town Council	80,356,139	71,842,793	(8,513,346)	33,727,426	38,115,367
82	Mungwi Town Council	42,016,713	35,641,043	(6,375,670)	17,652,341	17,988,702
83	Mushindamo Town Council	40,363,167	37,122,712	(3,240,455)	20,168,222	16,954,490
84	Mwandi Town Council	38,417,703	34,842,135	(3,575,568)	19,232,649	15,609,486



No.	Councils	Approved Budget K	Income K	Variance K	Amounts Spent K	Unspent Amounts K
85	Mwansabombwe Town Council	38,933,226	35,169,321	(3,763,905)	22,671,546	12,497,775
86	Mwense Town Council	67,739,565	62,326,139	(5,413,426)	16,474,543	45,851,596
87	Mwinilunga Town Council	17,061,486	13,204,025	(3,857,461)	13,204,012	13
88	Nakonde Town Council	62,509,093	59,848,678	(2,660,415)	40,745,424	19,103,254
89	Nalolo Town Council	38,027,136	36,070,775	(1,956,361)	17,304,228	18,766,547
90	Namwala Town Council	38,747,316	36,295,269	(2,452,047)	19,375,298	16,919,971
91	Nchelenge Town Council	41,221,001	57,488,599	16,267,598	19,183,583	38,305,016
92	Ndola City Council	211,949,560	196,675,278	(15,274,282)	124,716,204	71,959,074
93	Ngabwe Town Council	52,290,097	39,439,364	(12,850,733)	27,462,617	11,976,747
94	Nkeyema Town Council	38,097,921	35,341,205	(2,756,716)	15,581,113	19,760,092
95	Nsama Town Council	39,187,260	36,361,105	(2,826,155)	16,408,050	19,953,055
96	Nyimba Town Council	43,830,935	39,001,913	(4,829,022)	20,864,907	18,137,006
97	Pemba Town Council	37,781,283	37,762,382	(18,901)	22,976,965	14,785,417
98	Petauke Town Council	71,075,734	65,174,971	(5,900,763)	48,325,948	16,849,023
99	Rufunsa Town Council	38,493,194	36,991,857	(1,501,337)	20,676,928	16,314,929
100	Samfya Town Council	42,016,426	35,631,441	(6,384,985)	15,629,298	20,002,143
101	Senanga Town Council	38,885,468	35,496,285	(3,389,183)	27,462,617	8,033,668
102	Senga Hill Town Council	41,786,944	34,489,476	(7,297,468)	14,530,323	19,959,153
103	Serenje Town Council	47,563,641	51,189,934	3,626,293	21,670,669	29,519,265
104	Sesheke Town Council	42,067,600	37,854,816	(4,212,784)	11,625,444	26,229,372
105	Shangombo Town Council	37,286,852	35,539,804	(1,747,048)	21,231,144	14,308,660
106	Shibuyunji Town Council	52,290,097	39,439,364	(12,850,733)	32,789,567	6,649,797
107	Shiwang' Andu Town Council	39,892,860	36,661,576	(3,231,284)	34,038,702	2,622,874
108	Siavonga Town Council	55,509,969	50,393,920	(5,116,049)	34,841,479	15,552,441
109	Sinda Town Council	64,170,296	60,657,904	(3,512,392)	16,777,299	43,880,605
110	Sinazongwe Town Council	52,252,413	43,364,588	(8,887,825)	27,027,224	16,337,364
111	Sikongo Town Council	36,858,842	35,467,830	(1,391,012)	19,782,102	15,685,728
112	Sioma Town Council	39,468,992	35,390,184	(4,078,808)	20,086,975	15,303,209
113	Solwezi Municipal Council	121,108,534	117,430,763	(3,677,771)	112,235,131	5,195,632
114	Vubwi Town Council	37,144,347	37,681,832	537,485	17,819,595	19,862,237
115	Zambezi Town Council	68,307,052	68,549,186	242,134	31,746,074	36,803,112
116	Zimba Town Council	39,037,983	30,218,661	(8,819,322)	18,248,568	11,970,093
	<b>Total</b>	<b>6,975,968,559</b>	<b>6,414,468,556</b>	<b>(561,500,003)</b>	<b>3,764,882,912</b>	<b>2,649,585,644</b>

### Appendix 3: Failure to Collect Revenue

No.	Councils	Failure to Collect Revenue K
1	Chadiza Town Council	20,650
2	Chama Town Council	106,644
3	Chavuma Town Council	1,370,920
4	Chibombo Town Council	1,873,508
5	Chikankata Town Council	61,022
6	Chilanga Town Council	392,550
7	Chingola Municipal Council	87,380,931
8	Chipata City Council	26,720
9	Chipili Town Council	23,250
10	Choma Municipal Council	1,052,010
11	Isoka Town Council	33,562
12	Itezhi Tezhi Town Council	307,917
13	Kabompo Town Council	38,600
14	Kabwe Municipal Council	130,344
15	Kafue Town Council	1,813,847
16	Kalomo Town Council	1,431,053
17	Kalulushi Municipal Council	11,599,380
18	Kalumbila Town Council	387,800
19	Kapiri Mposhi Town Council	15,389,067
20	Kaputa Town Council	147,602
21	Kasama Municipal Council	13,556,611
22	Kasempa Town Council	79,059
23	Kawambwa Town Council	296,050
24	Kazungula Town Council	1,442,451
25	Kitwe City Council	158,972,304
26	Lavushimanda Town Council	8,655
27	Limulunga Town Council	317,187
28	Livingstone City Council	17,780,955
29	Luano Town Council	238,200
30	Luanshya Municipal Council	376,517
31	Lufwanyama Town Council	274,271
32	Lukulu Town Council	252,500
33	Lumezi Town Council	6,529
34	Lupososhi Town Council	1,613,090
35	Lusaka City Council	675,320
36	Luwingu Town Council	864,271
37	Mafinga Town Council	13,770
38	Mansa Municipal Council	16,179,753
39	Mazabuka Municipal Council	763,917

<b>No.</b>	<b>Councils</b>	<b>Amount K</b>
40	Mbala Municipal Council	8,780,661
41	Milenge Town Council	208,392
42	Mkushi Town Council	48,400
43	Mongu Municipal Council	23,199,680
44	Monze Town Council	2,341,220
45	Mpika Town Council	12,036,623
46	Mpongwe Town Council	1,131,949
47	Mporokoso Town Council	313,083
48	Mpulungu Town Council	706,913
49	Mufulira Municipal Council	46,922,290
50	Mufumbwe Town Council	21,000
51	Mumbwa Town Council	40,200
52	Mungwi Town Council	494,647
53	Mwandi Town Council	786,717
54	Mwense Town Council	65,123
55	Mwinilunga Town Council	264,000
56	Nakonde Town Council	30,900
57	Nchelenge Town Council	426,510
58	Ndola City Council	212,731,052
59	Nkeyema Town Council	12,480
60	Nyimba Town Council	33,400
61	Pemba Town Council	15,000
62	Petauke Town Council	442,355
63	Rufunsa Town Council	1,073,492
64	Senanga Town Council	1,289,691
65	Shangombo Town Council	331,105
66	Shiwang'Andu Town Council	90,564
67	Siavonga Town Council	2,190,200
68	Sinda Town Council	1,171,184
69	Sinazongwe Town Council	1,842,421
70	Sikongo Town Council	205,676
71	Solwezi Municipal Council	165,475
72	Zambezi Town Council	105,330
73	Zimba Town Council	82,705
	<b>Total</b>	<b>656,899,225</b>

#### Appendix 4: Failure to Update Valuation Roll

No.	Councils
1	Chembe Town Council
2	Chienge Town Council
3	Kaputa Town Council
4	Lundazi Town Council
5	Manyinga Town Council
6	Milenge Town Council
7	Mufumbwe Town Council
8	Mulobezi Town Council
9	Mushindamo Town Council
10	Mwinilunga Town Council
11	Ngabwe Town Council
12	Nkeyema Town Council
13	Pemba Town Council
14	Rufunsa Town Council
15	Shibuyunji Town Council
16	Vubwi Town Council

#### Appendix 5: Missing Receipt Books

No.	Councils	Number of Missing Receipt Books
1	Chongwe Municipal Council	58
2	Gwembe Town Council	5
3	Itezhi Tezhi Town Council	35
4	Mitete Town Council	5
5	Mpika Town Council	9
6	Senanga Town Council	20
7	Serenje Town Council	37
8	Sesheke Town Council	5
9	Sinazongwe Town Council	12
10	Vubwi Town Council	1
	<b>Total</b>	<b>187</b>

## Appendix 6: Failure to Control and Manage Markets

No.	Councils	Number of Markets in their controll	Number of markets not controlled by the Council
1	Chikankata Town Council	-	5
2	Chisamba Town Council	-	9
3	Kabompo Town Council	-	4
4	Kabwe Municipal Council	-	6
5	Kapiri Mposhi Town Council	-	30
6	Kaputa Town Council	-	1
7	Kasenengwa Town Council	-	1
8	Lusaka City Council	-	60
9	Mafinga Town Council	-	1
10	Masaiti Town Council	-	5
11	Mkushi Town Council	-	4
12	Mongu Municipal Council	7	5
13	Nalolo Town Council	-	3
14	Ngabwe Town Council	-	6
15	Senanga Town Council	2	4
16	Serenje Town Council	4	7
17	Sioma Town Council	-	2
18	Solwezi Municipal Council	-	5
	<b>Total</b>	<b>13</b>	<b>158</b>

## Appendix 7: Unsupported Payments

No.	Councils	Amount K
1	Chienge Town Council	2,320,670
2	Chifunabuli Town Council	52,160
3	Chikankata Town Council	94,075
4	Chipili Town Council	288,380
5	Gwembe Town Council	22,223
6	Itezhi Tezhi Town Council	407,911
7	Kalabo Town Council	92,180
8	Kapiri Mposhi Town Council	156,811
9	Kasempa Town Council	1,644,380
10	Katete Town Council	3,623,523
11	Lavushimanda Town Council	108,547
12	Luampa Town Council	4,640,751
13	Luano Town Council	125,039
14	Luanshya Municipal Council	359,093
15	Lufwanyama Town Council	863,289
16	Lukulu Town Council	385,102
17	Lunte Town Council	168,324
18	Lupososhi Town Council	373,890
19	Lusaka City Council	2,166,260
20	Masaiti Town Council	626,605
21	Mazabuka Municipal Council	69,570
22	Milenge Town Council	1,357,234
23	Monze Town Council	32,616
24	Mpika Town Council	88,511
25	Mpongwe Town Council	191,983
26	Mporokoso Town Council	89,777
27	Mumbwa Town Council	18,000
28	Mwandi Town Council	243,018.56
29	Namwala Town Council	389,051.00
30	Nchelenge Town Council	372,216
31	Ngabwe Town Council	822,479
32	Nkeyema Town Council	963,481
33	Nsama Town Council	679,171
34	Rufunsa Town Council	508,044
35	Senanga Town Council	143,017
36	Sesheke Town Council	26,175.84
37	Shangombo Town Council	430,839
38	Shibuyunji Town Council	123,047
39	Sinazongwe Town Council	329,042
40	Solwezi Municipal Council	28,444,384
41	Zambezi Town Council	6,807,832
	<b>Total</b>	<b>60,648,701.40</b>

## Appendix 8: Missing Payment Vouchers

No.	Councils	Number of Payment Vouchers	Amount K
1	Chienge Town Council	17	124,093
2	Chikankata Town Council	30	724,171
3	Chipili Town Council	45	360,132
4	Itezhi Tezhi Town Council	32	1,635,712
5	Kalumbila Town Council	204	8,314,211
6	Kapiri Mposhi Town Council	49	608,121
7	Kasempa Town Council	42	628,938
8	Katete Town Council	8	28,430
9	Luampa Town Council	2	32,000
10	Luanshya Municipal Council	479	4,537,332
11	Lufwanyama Town Council	242	1,973,538
12	Lupososhi Town Council	51	2,000,387
13	Masaiti Town Council	4	38,984
14	Mazabuka Municipal Council	81	653,980
15	Milenge Town Council	65	447,620
16	Monze Town Council	18	185,561
17	Mpika Town Council	12	56,036
18	Mporokoso Town Council	29	380,711
19	Mumbwa Town Council	22	55,601
20	Mwinilunga Town Council	22	143,274
21	Ngabwe Town Council	69	1,505,898
22	Nkeyema Town Council	201	6,709,782
23	Nsama Town Council	116	671,586
24	Rufunsa Town Council	75	685,112
25	Shangombo Town Council	43	430,845
26	Shibuyunji Town Council	14	180,948
27	Solwezi Municipal Council	891	31,679,411
28	Zambezi Town Council	173	2,704,657
	<b>Total</b>	<b>3,036</b>	<b>67,497,071</b>

### Appendix 9: Irregular Use of Accountable Imprest

No.	Councils	Amount K
1	Chama Town Council	39,113
2	Chinsali Municipal Council	29,775
3	Kasama Municipal Council	72,710
4	Lupososhi Town Council	42,324
5	Mbala Municipal Council	9,779
6	Mpika Town Council	27,315
7	Namwala Town Council	29,422
8	Pemba Town Council	18,950
9	Solwezi Municipal Council	152,383
	<b>Total</b>	<b>421,771</b>

### Appendix 10: Unretired Accountable Imprest

No.	Councils	Number of officers	Amount K
1	Chibombo Town Council		49,320
2	Chienge Town Council	13	26,940
3	Chipili Town Council	8	84,950
4	Lavushimanda Town Council	9	19,900
5	Luampa Town Council	6	9,760
6	Lufwanyama Town Council		84,638
7	Lukulu Town Council	4	37,538
8	Lupososhi Town Council	7	46,310
9	Manyinga Town Council	4	18,000
10	Mazabuka Municipal Council	15	44,945
11	Milenge Town Council	14	111,173
12	Mumbwa Town Council	18	105,145
13	Mushindamo Town Council	5	83,375
14	Namwala Town Council	2	39,544
15	Nchelenge Town Council	19	47,140
16	Ngabwe Town Council		19,700
17	Nsama Town Council	2	15,108
18	Senanga Town Council	8	26,294
19	Shibuyunji Town Council		328,420
	<b>Total</b>	<b>134.00</b>	<b>1,198,200</b>



## Appendix 11: Unaccounted for Store

No.	Councils	Amount (K)
1	Chasefu Town Council	303,927
2	Chembe Town Council	15,210
3	Chibombo Town Council	1,103,677
4	Chienge Town Council	21,132
5	Chikankata Town Council	193,109
6	Chipili Town Council	231,283
7	Itezhi Tezhi Town Council	198,322
8	Kapiri Mposhi Town Council	150,007
9	Kasempa Town Council	101,274
10	Katete Town Council	548,111
11	Lavushimanda Town Council	224,760
12	Luanshya Municipal Council	743,889
13	Lukulu Town Council	39,367
14	Lunga Town Council	330,752
15	Lupososhi Town Council	71,815
16	Manyinga Town Council	358,742
17	Masaiti Town Council	478,435
18	Milenge Town Council	235,920
19	Mitete Town Council	8,538
20	Mpika Town Council	597,707
21	Mpongwe Town Council	137,335
22	Mpulungu Town Council	24,408
23	Mulobezi Town Council	25,000
24	Mumbwa Town Council	168,203
25	Mushindamo Town Council	59,663
26	Mwandi Town Council	71,250
27	Namwala Town Council	152,992
28	Nchelenge Town Council	286,269
29	Ngabwe Town Council	366,419
30	Nkeyema Town Council	324,262
31	Nsama Town Council	673,117
32	Nyimba Town Council	61,310
33	Sesheke Town Council	288,828
34	Shangombo Town Council	427,625
35	Shibuyunji Town Council	422,576
36	Shiwang'Andu Town Council	70,000
37	Sinazongwe Town Council	851,446
38	Solwezi Municipal Council	3,490,757
	<b>Total</b>	<b>13,857,436</b>

### Appendix 12: Failure to Inscribe Assets

No.	Councils	Value of Assets K
1	Chilanga Town Council	284,618.00
2	Chongwe Municipal Council	333,403.00
3	Livingstone City Council	467,180.00
4	Lusaka City Council	228,182.00
5	Mambwe Town Council	561,955.00
6	Mongu Municipal Council	110,730.00
7	Nalolo Town Council	248,400.00
8	Sikongo Town Council	189,625.00
9	Solwezi Municipal Council	928,489.00
	<b>Total</b>	<b>3,352,582.00</b>

### Appendix 13: Failure to Recover Salary Advances

No	Councils	Number of Officers	Amount K
1	Itezhi Tezhi Town Council	5	14,882
2	Lavushimanda Town Council	7	16,400
3	Luanshya Municipal Council	45	233,239
4	Lupososhi Town Council	9	28,833
5	Milenge Town Council	8	40,500
6	Monze Town Council	2	13,000
7	Mungwi Town Council	1	8,000
8	Nkeyema Town Council	10	22,917
9	Nsama Town Council	12	38,460
	<b>Total</b>	<b>99</b>	<b>416,231</b>

## Appendix 14: Over Employment of Staff

No.	Councils	Number of Vacant Positions	Number of Officers Employed	Number of Over Employed Staff	Cost implication (K)
1	Chavuma Town Council	1	2	-1	48,778
2	Chembe Town Council	1	2	-1	85,066
3	Chibombo Town Council	19	36	-17	
4	Chienge Town Council	3	5	-2	193,025
5	Chikankata Town Council	3	6	-3	504,527
6	Chililabombwe Municipal Council	71	118	-47	2,620,870
7	Chilubi Town Council	2	4	-2	
8	Chingola Municipal Council	76	109	-33	1,906,844
9	Chinsali Municipal Council	1	2	-1	122,919
10	Chirundu Town Council	19	29	-10	791,311
11	Choma Municipal Council	2	5	-3	
12	Chongwe Municipal Council	25	46	-21	2,432,576
13	Isoka Town Council	3	5	-2	197,196
14	Itezhi Tezhi Town Council	7	27	-20	1,276,791
15	Kabwe Municipal Council	33	59	-26	2,685,808
16	Kafue Town Council	26	42	-16	1,015,438
17	Kalabo Town Council	4	8	-4	628,085
18	Kalomo Town Council	10	15	-5	229,345
19	Kalumbila Town Council	29	41	-12	52,432,601
20	Kapiri Mposhi Town Council	32	54	-22	1,470,558
21	Kaputa Town Council	1	2	-1	143,800
22	Kasempa Town Council	1	2	-1	320,652
23	Lavushimanda Town Council	3	5	-2	169,470
24	Livingstone City Council	78	111	-33	2,753,252
25	Luampa Town Council	0	3	-3	35,951
26	Luanshya Municipal Council	35	60	-25	1,645,707
27	Lufwanyama Town Council	2	5	-3	410,925
28	Lusaka City Council	1592	1754	-162	500,753
29	Mambwe Town Council	1	2	-1	
30	Masaiti Town Council	11	22	-11	416,184
31	Mpika Town Council	24	27	-3	204,499
32	Mufulira Municipal Council	20	37	-17	1,345,714
33	Mufumbwe Town Council	8	16	-8	732,505
34	Mushindamo Town Council	3	6	-3	209,467
35	Mwinilunga Town Council	1	2	-1	13,442
36	Nakonde Town Council	0	9	-9	270,216
37	Nchelenge Town Council	2	4	-2	138,848
38	Ndola City Council	119	175	-56	
39	Serenje Town Council	32	40	-8	459,087
40	Sesheke Town Council	0	1	-1	59,778
41	Shiwang'Andu Town Council	5	9	-4	685,064
42	Sikongo Town Council	1	2	-1	142,882
43	Zimba Town Council	2	3	-1	63,791
	<b>Total</b>	<b>2,308</b>	<b>2,912</b>	<b>- 604</b>	<b>79,363,724</b>

## Appendix 15: Failure to Fill Vacant Positions

No.	Councils	Vacant Positions	Filled positions	Variance
1	Chadiza Town Council	96	90	6
2	Chasefu Town Council	88	54	34
3	Chavuma Town Council	110	81	29
4	Chienge Town Council	189	68	121
5	Chifunabuli Town Council	71	58	13
6	Chilanga Town Council	195	145	50
7	Chilubi Town Council	73	55	18
8	Chipangali Town Council	103	62	41
9	Chipata City Council	368	139	229
10	Chipili Town Council	78	53	25
11	Chirundu Town Council	162	150	12
12	Chisamba Town Council	137	104	33
13	Chitambo Town Council	114	59	55
14	Choma Municipal Council	205	157	48
15	Ikelenge Town Council	65	59	6
16	Isoka Town Council	373	96	277
17	Kabwe Municipal Council	417	249	168
18	Kafue Town Council	48	34	14
19	Kanchibiya Town Council	68	41	27
20	Kapiri Mposhi Town Council	79	55	24
21	Kaputa Town Council	85	66	19
22	Kasempa Town Council	6	0	6
23	Lavushimanda Town Council	48	43	5
24	Livingstone City Council	459	444	15
25	Luampa Town Council	95	63	32
26	Luangwa Town Council	76	27	49
27	Lundazi Town Council	105	89	16
28	Milenge Town Council	79	69	10
29	Mitete Town Council	62	57	5
30	Mkushi Town Council	150	132	18
31	Mporokoso Town Council	123	55	68
32	Mulobezi Town Council	83	56	27
33	Mumbwa Town Council	133	117	16
34	Mushindamo Town Council	85	76	9
35	Namwala Town Council	326	127	199
36	Ndola City Council	91	25	66
37	Ngabwe Town Council	65	48	17
38	Nyimba Town Council	233	110	123
39	Rufunsa Town Council	53	0	53
40	Senanga Town Council	147	88	59
41	Serenje Town Council	49	15	34
42	Sesheke Town Council	216	146	70
43	Shangombo Town Council	47	43	4
44	Shibuyunji Town Council	99	77	22
45	Shiwang'Andu Town Council	193	63	130
46	Sinazongwe Town Council	86	64	22
47	Vubwi Town Council	72	45	27
48	Zambezi Town Council	113	98	15
49	Zimba Town Council	114	106	8
	<b>Total</b>	<b>6,532</b>	<b>4,158</b>	<b>2,374</b>

## Appendix 16: Failure to Confirm Staff

No.	Councils	Failure to Confirm Staff	Period (months)
1	Chama Town Council	3	8months
2	Chifunabuli Town Council	11	6months
3	Chililabombwe Municipal Council	25	10 - 42 months
4	Chingola Municipal Council	2	23- 33 months
5	Chisamba Town Council	4	4 to 33 months
6	Choma Municipal Council	6	26 to 36 months
7	Ikelenge Town Council	5	7 to 24 months
8	Isoka Town Council	7	2 to 22 months
9	Kabompo Town Council	2	30 to 50 months
10	Kalulushi Municipal Council	6	21 to 40 months
11	Kanchibiya Town Council	1	24 months
12	Kapiri Mposhi Town Council	9	4 to 20 months
13	Kasama Municipal Council	9	6 to 21 months
14	Kasempa Town Council	3	11 months
15	Kawambwa Town Council	2	21 months
16	Kitwe City Council	37	25 to 69 months
17	Lavushimanda Town Council	4	13 to 29 months
18	Livingstone City Council	4	7 to 22 months
19	Luampa Town Council	7	3 to 8 months
20	Lukulu Town Council	2	11 to 24 months
21	Lumezi Town Council	1	8 months
22	Lunte Town Council	2	14 to 24 months
23	Lusaka City Council	76	6 to 270 months
24	Luwingu Town Council	3	26 to 28 months
25	Mafinga Town Council	11	3 to 22 months
26	Mbala Municipal Council	7	8 to 23 months
27	Milenge Town Council	7	24 months
28	Mufulira Municipal Council	29	21 to 39 months
29	Mungwi Town Council	1	12 months
30	Nakonde Town Council	2	24 months
31	Nchelenge Town Council	3	24 to 34 months
32	Ndola City Council	27	24 to 396 months
33	Senanga Town Council	2	14 to 24 months
34	Sesheke Town Council	1	26 months
35	Shangombo Town Council	6	10 to 12 months
36	Sioma Town Council	3	30 months
37	Solwezi Municipal Council	11	17 to 36 months
38	Vubwi Town Council	1	25 months
39	Zimba Town Council	4	5 to 31 months
	<b>Total</b>	<b>346</b>	

## Appendix 17: Employees Without Requisite Qualifications

No	Councils	Number of Officers
1	Chama Town Council	2
2	Chembe Town Council	7
3	Chikankata Town Council	4
4	Chililabombwe Municipal Council	18
5	Chilubi Town Council	9
6	Chipili Town Council	6
7	Kalabo Town Council	6
8	Kanchibiya Town Council	9
9	Kasama Municipal Council	17
10	Kawambwa Town Council	2
11	Lavushimanda Town Council	10
12	Lukulu Town Council	2
13	Lupososhi Town Council	5
14	Lusaka City Council	67
15	Mbala Municipal Council	5
16	Mongu Municipal Council	1
17	Mpika Town Council	10
18	Mporokoso Town Council	3
19	Mufulira Municipal Council	26
20	Mushindamo Town Council	7
21	Mwansabombwe Town Council	6
22	Mwinilunga Town Council	1
23	Solwezi Municipal Council	9
24	Vubwi Town Council	2
25	Zimba Town Council	3
	<b>Total</b>	<b>237</b>

### Appendix 18: Failure to Provide White Books for Movable Assets

No.	Councils	No. assets without white book
1	Chisamba Town Council	7
2	Kalulushi Municipal Council	23
3	Kazungula Town Council	29
4	Lufwanyama Town Council	17
5	Mufulira Municipal Council	25
6	Ndola City Council	36
7	Zimba Town Council	8
	<b>Total</b>	<b>145</b>

## Appendix 19: Failure to Secure Properties with Title Deeds

No.	Councils	Number of properties	Value K
1	Chasefu Town Council	1	2,500,000
2	Chavuma Town Council	44	
3	Chembe Town Council	28	4,766,493
4	Chibombo Town Council	27	14,237,000
5	Chililabombwe Municipal Council	20	11,591,600
6	Chilubi Town Council	31	
7	Chingola Municipal Council	61	65,760,000
8	Chipangali Town Council	2	863,029
9	Chipata City Council	15	8,075,000
10	Chisamba Town Council	15	3,282,220
11	Choma Municipal Council	39	
12	Gwembe Town Council	19	4,422,713
13	Isoka Town Council	15	
14	Itezhi Tezhi Town Council	15	41,280,753
15	Kabwe Municipal Council	18	2,881,716
16	Kalabo Town Council	20	
17	Kalomo Town Council	33	
18	Kalulushi Municipal Council	34	3,367,588
19	Kalumbila Town Council	12	52,432,601
20	Kaoma Town Council	23	
21	Kapiri Mposhi Town Council	20	
22	Kaputa Town Council	12	
23	Kasempa Town Council	8	
24	Kazungula Town Council	31	
25	Livingstone City Council	38	
26	Luampa Town Council	7	
27	Luanshya Municipal Council	57	34,343,700
28	Lufwanyama Town Council	2	342,000
29	Lumezi Town Council	1	1,340,000
30	Lunte Town Council	2	
31	Lupososhi Town Council	4	
32	Luwingu Town Council	17	9,416,291
33	Mafinga Town Council	1	
34	Manyinga Town Council	6	
35	Masaiti Town Council	4	
36	Milenge Town Council	24	
37	Mpongwe Town Council	31	
38	Mporokoso Town Council	28	
39	Mufulira Municipal Council	175	33,874,977
40	Mufumbwe Town Council	13	3,411,679



<b>No.</b>	<b>Councils</b>	<b>Number of properties</b>	<b>Value K</b>
41	Mumbwa Town Council	30	
42	Mwandi Town Council	2	
43	Mwansabombwe Town Council	10	
44	Mwinilunga Town Council	25	1,372,675
45	Nakonde Town Council	14	
46	Nalolo Town Council	6	
47	Nchelenge Town Council	30	3,443,718
48	Ndola City Council	125	178,780,414
49	Ngabwe Town Council	1	
50	Nsama Town Council	31	26,945,000
51	Nyimba Town Council		3,608,196
52	Pemba Town Council	13	
53	Rufunsa Town Council	10	
54	Senanga Town Council	7	
55	Sesheke Town Council	14	1,598,167
56	Shangombo Town Council	22	
57	Shibuyunji Town Council	1	
58	Sinazongwe Town Council	10	2,847,000
59	Sikongo Town Council	11	
60	Sioma Town Council	1	
61	Vubwi Town Council	19	3,301,350
62	Zambezi Town Council	12	
	<b>Total</b>	<b>1,347</b>	<b>520,085,880</b>

## Appendix 20: Failure to Repair Fire Tenders

No.	Councils	Number of Fire Tenders
1	Kitwe City Council	1
2	Lusaka City Council	4
3	Mongu Municipal Council	1
4	Rufunsa Town Council	1
5	Solwezi Municipal Council	1
	<b>Total</b>	<b>8</b>

## Appendix 21: Failure to Insure Motor Vehicle

No.	Councils	Number of uninsured Vehicles	Value of Uninsure vehicles	Number of of uninsured properties	Value of Uninsure properties
1	Chadiza Town Council	6			
2	Chasefu Town Council	7			
3	Chifunabuli Town Council	2			
4	Chilanga Town Council	4	3,820,400		
5	Chilubi Town Council		4,864,636		
6	Chipangali Town Council	9			
7	Chisamba Town Council			15	3,282,220
8	Itezhi Tezhi Town Council	6			
9	Kabwe Municipal Council			96	82,055,342
10	Kalomo Town Council			7	13,374,100
11	Kapiri Mposhi Town Council			20	13,717,005
12	Kaputa Town Council	3			
13	Kasenengwa Town Council	5			
14	Lavushimanda Town Council	4			
15	Livingstone City Council	21		5	
16	Lusaka City Council	114		28	
17	Milenge Town Council	2			
18	Monze Town Council	11		16	19,730,000
19	Mungwi Town Council	4	1,468,592		
20	Nsama Town Council	10			
21	Pemba Town Council	7	1,206,276	5	7,823,910
22	Senga Hill Town Council	5			
23	Sesheke Town Council	2			
24	Shibuyunji Town Council	3			
25	Sinazongwe Town Council	5	954,880		
26	Zambezi Town Council	2	567,065	2	622,000
27	Zimba Town Council	6		19	
	<b>Total</b>	<b>238</b>	<b>12,881,849</b>	<b>213</b>	<b>140,604,577</b>

## Appendix 22: Failure to Maintain Council Properties

No.	Councils	Number of Properties
1	Chadiza Town Council	1
2	Chavuma Town Council	7
3	Chembe Town Council	3
4	Chienge Town Council	2
5	Chingola Municipal Council	3
6	Chipata City Council	6
7	Chipili Town Council	10
8	Chisamba Town Council	7
9	Choma Municipal Council	3
10	Chongwe Municipal Council	25
11	Isoka Town Council	1
12	Kabompo Town Council	4
13	Kalomo Town Council	2
14	Kapiri Mposhi Town Council	3
15	Kaputa Town Council	1
16	Livingstone City Council	8
17	Luanshya Municipal Council	4
18	Lukulu Town Council	1
19	Lupososhi Town Council	1
20	Lusaka City Council	2
21	Mafinga Town Council	1
22	Milenge Town Council	2
23	Mongu Municipal Council	5
24	Mufulira Municipal Council	6
25	Mumbwa Town Council	1
26	Rufunsa Town Council	1
27	Sesheke Town Council	1
28	Solwezi Municipal Council	1
29	Zambezi Town Council	3
	<b>Total</b>	<b>115</b>

### Appendix 23: Failure to Establish a Waste Disposal Site

No.	Councils	Number of local authorities
1	Chilanga Town Council	1
2	Chililabombwe Municipal Council	1
3	Chipangali Town Council	1
4	Chipili Town Council	1
5	Kapiri Mposhi Town Council	1
6	Lavushimanda Town Council	1
7	Lunte Town Council	1
8	Lusangazi Town Council	1
9	Mafinga Town Council	1
10	Milenge Town Council	1
11	Mpulungu Town Council	1
12	Ngabwe Town Council	1
13	Shibuyunji Town Council	1
14	Vubwi Town Council	1
	<b>Total</b>	<b>14</b>

## Appendix 24: Failure to Fence Dumpsite

No.	Councils	Number of Unfenced Dumpsites
1	Chadiza Town Council	1
2	Chama Town Council	1
3	Chasefu Town Council	1
4	Chavuma Town Council	1
5	Chibombo Town Council	1
6	Chililabombwe Municipal Council	1
7	Chingola Municipal Council	1
8	Choma Municipal Council	1
9	Gwembe Town Council	1
10	Ikelenge Town Council	1
11	Kabwe Municipal Council	1
12	Kalabo Town Council	1
13	Kalulushi Municipal Council	1
14	Kalumbila Town Council	1
15	Kaoma Town Council	1
16	Kaputa Town Council	1
17	Kawambwa Town Council	1
18	Limulunga Town Council	1
19	Livingstone City Council	1
20	Luanshya Municipal Council	1
21	Lusaka City Council	1
22	Monze Town Council	1
23	Mpika Town Council	4
24	Mulobezi Town Council	1
25	Mumbwa Town Council	1
26	Mungwi Town Council	1
27	Mwandi Town Council	1
28	Mwansabombwe Town Council	1
29	Mwinilunga Town Council	1
30	Nalolo Town Council	1
31	Petauke Town Council	1
32	Rufunsa Town Council	1
33	Samfya Town Council	1
34	Senanga Town Council	1
35	Serenje Town Council	1
36	Sesheke Town Council	1
37	Shiwang'Andu Town Council	1
38	Sikongo Town Council	1
39	Solwezi Municipal Council	1
40	Zimba Town Council	1
	<b>Total</b>	<b>43</b>

#### Appendix 25: Failure to Establish and Maintain Cemeteries

No.	Councils
1	Chadiza Town Council
2	Kanchibiya Town Council
3	Luwingu Town Council
4	Mpulungu Town Council
	<b>Total</b>

#### Appendix 26: Failure to Sort Waste

No.	Councils
1	Kabompo Town Council
2	Kalabo Town Council
3	Kalumbila Town Council
4	Luangwa Town Council
5	Lusaka City Council
6	Mumbwa Town Council
7	Mwinilunga Town Council
8	Nalolo Town Council
9	Rufunsa Town Council
10	Sikongo Town Council
11	Solwezi Municipal Council
12	Zambezi Town Council
	<b>Total</b>

## Appendix 27: Failure to Provide Waste Receptacles

No.	Councils	Number of sites without Waste Receptacles
1	Chavuma Town Council	1
2	Chifunabuli Town Council	1
3	Choma Municipal Council	3
4	Ikelenge Town Council	1
5	Kabompo Town Council	1
6	Kalabo Town Council	1
7	Kalumbila Town Council	1
8	Kapiri Mposhi Town Council	1
9	Livingstone City Council	3
10	Luanshya Municipal Council	1
11	Lukulu Town Council	1
12	Mansa Municipal Council	2
13	Manyinga Town Council	1
14	Masaiti Town Council	1
15	Monze Town Council	1
16	Mpika Town Council	4
17	Mufulira Municipal Council	3
18	Mufumbwe Town Council	2
19	Mwansabombwe Town Council	1
20	Mwinilunga Town Council	3
21	Ngabwe Town Council	1
22	Nkeyema Town Council	1
23	Senanga Town Council	3
24	Sesheke Town Council	1
25	Shibuyunji Town Council	1
26	Vubwi Town Council	1
27	Zambezi Town Council	1
	<b>Total</b>	<b>42</b>

### Appendix 28: Failure to Control Street Vending

No.	Councils	Streets/ Roads/ Markets
1	Isoka Town Council	1
2	Mongu Municipal Council	2
3	Nakonde Town Council	1
4	Petauke Town Council	1
5	Solwezi Municipal Council	1
	<b>Total</b>	<b>6</b>

### Appendix 29: Failure to Develop an Integrated Development Plan

No.	Councils	Number of Councils with Integrated Development Plans
1	Chama Town Council	1
2	Chembe Town Council	1
3	Chienge Town Council	1
4	Chifunabuli Town Council	1
5	Chingola Municipal Council	1
6	Isoka Town Council	1
7	Kanchibiya Town Council	1
8	Kawambwa Town Council	1
9	Lavushimanda Town Council	1
10	Luampa Town Council	1
11	Luanshya Municipal Council	1
12	Lunga Town Council	1
13	Mafinga Town Council	1
14	Mansa Municipal Council	1
15	Mungwi Town Council	1
16	Mwense Town Council	1
17	Nakonde Town Council	1
18	Nchelenge Town Council	1
19	Nkeyema Town Council	1
20	Samfya Town Council	1
21	Shangombo Town Council	1
	<b>Total</b>	<b>21</b>



### Appendix 30: Failure to Dispose of Unserviceable Vehicles

No.	Councils	Number of Vehicles
1	Chilanga Town Council	2
2	Chililabombwe Municipal Council	8
3	Chingola Municipal Council	13
4	Kalulushi Municipal Council	21
5	Kitwe City Council	21
6	Milenge Town Council	1
7	Mufulira Municipal Council	7
8	Mulobezi Town Council	7
9	Nyimba Town Council	11
	<b>Total</b>	<b>91</b>

### Appendix 31: Failure to Install and Maintain Street Lights

No.	Councils	Number Installed and Maintained Street Lights
1	Chikankata Town Council	1
2	Chingola Municipal Council	7
3	Isoka Town Council	16
4	Kabwe Municipal Council	138
5	Kalulushi Municipal Council	7 roads
6	Kasempa Town Council	54
7	Katete Town Council	68
8	Livingstone City Council	5 roads
9	Luampa Town Council	in the CBD
10	Masaiti Town Council	1 road
11	Mufulira Municipal Council	10 roads
12	Mufumbwe Town Council	43
13	Nchelenge Town Council	27 lights
14	Sinazongwe Town Council	60 lights
15	Zimba Town Council	18
	<b>Total</b>	<b>345</b>

## Appendix 32: Failure to Settle Outstanding Statutory Obligations

No.	Councils	Outstanding Statutory Obligations K
1	Chadiza Town Council	7,276,306
2	Chama Town Council	4,897,279
3	Chasefu Town Council	2,121,744
4	Chavuma Town Council	6,698,742
5	Chembe Town Council	866,849
6	Chibombo Town Council	29,512,388
7	Chienge Town Council	11,778,268
8	Chifunabuli Town Council	3,391,479
9	Chikankata Town Council	4,932,555
10	Chilanga Town Council	11,206,399
11	Chililabombwe Municipal Council	26,288,584
12	Chilubi Town Council	3,890,331
13	Chingola Municipal Council	35,120,359
14	Chinsali Municipal Council	15,157,292
15	Chipangali Town Council	2,453,095
16	Chipata City Council	42,953,933
17	Chipili Town Council	1,994,419
18	Chirundu Town Council	11,335,668
19	Chisamba Town Council	7,910,637
20	Chitambo Town Council	3,325,347
21	Choma Municipal Council	17,232,412
22	Chongwe Municipal Council	89,082,462
23	Gwembe Town Council	9,248,451
24	Ikelenge Town Council	3,593,552
25	Itezhi Tezhi Town Council	11,408,090
26	Kabompo Town Council	5,145,922
27	Kabwe Municipal Council	118,719,595
28	Kafue Town Council	38,577,208
29	Kalabo Town Council	6,185,476
30	Kalomo Town Council	19,396,335
31	Kalulushi Municipal Council	16,485,205
32	Kanchibiya Town Council	1,763,328
33	Kaoma Town Council	2,589,972
34	Kapiri Mposhi Town Council	43,532,659
35	Kaputa Town Council	7,114,190
36	Kasama Municipal Council	19,488,030
37	Kasempa Town Council	6,080,435
38	Kasenengwa Town Council	686,386
39	Kawambwa Town Council	6,683,694
40	Kazungula Town Council	7,943,028
41	Kitwe City Council	35,031,296
42	Lavushimanda Town Council	1,684,039
43	Limulunga Town Council	1,695,526
44	Livingstone City Council	142,496,864

<b>No.</b>	<b>Councils</b>	<b>Outstanding Statutory Obligations K</b>
45	Luampa Town Council	1,535,882
46	Luangwa Town Council	15,253
47	Luano Town Council	4,910,721
48	Luanshya Municipal Council	49,322,293
49	Lufwanyama Town Council	14,386,187
50	Lukulu Town Council	4,155,592
51	Lumezi Town Council	1,961,435
52	Lundazi Town Council	19,237,489
53	Lunga Town Council	6,418,423
54	Lunte Town Council	1,729,905
55	Lupososhi Town Council	2,729,215
56	Lusaka City Council	1,685,464,334
57	Lusangazi Town Council	3,153,125
58	Luwingu Town Council	12,573,317
59	Mafinga Town Council	2,685
60	Mambwe Town Council	10,253,490
61	Mansa Municipal Council	118,961,958
62	Manyinga Town Council	5,707,930
63	Masaiti Town Council	18,180,586
64	Mazabuka Municipal Council	119,831,167
65	Mbala Municipal Council	19,748,229
66	Milenge Town Council	2,674,095
67	Mitete Town Council	1,300,885
68	Mkushi Town Council	33,085,404
69	Mongu Municipal Council	11,820,262
70	Monze Town Council	17,747,894
71	Mpika Town Council	18,597,189
72	Mpongwe Town Council	9,887,531
73	Mporokoso Town Council	6,015,919
74	Mpulungu Town Council	11,698,834
75	Mufulira Municipal Council	87,594,966
76	Mufumbwe Town Council	4,359,412
77	Mulobezi Town Council	1,620,370
78	Mumbwa Town Council	28,890,077
79	Mungwi Town Council	7,067,906
80	Mushindamo Town Council	3,522,221
81	Mwandi Town Council	588,087
82	Mwansabombwe Town Council	1,276,875
83	Mwense Town Council	10,172,513
84	Mwinilunga Town Council	9,870,106
85	Nakonde Town Council	4,930,595
86	Nalolo Town Council	1,330,592
87	Namwala Town Council	18,775,153
88	Nchelenge Town Council	11,313,212
89	Ndola City Council	129,444,526
90	Ngabwe Town Council	8,656,113

<b>No.</b>	<b>Councils</b>	<b>Outstanding Statutory Obligations K</b>
91	Nkeyema Town Council	676,204
92	Nsama Town Council	10,387,165
93	Nyimba Town Council	8,159,940
94	Pemba Town Council	17,565,979
95	Petauke Town Council	12,653,865
96	Rufunsa Town Council	15,083,426
97	Samfya Town Council	4,085,500
98	Senanga Town Council	4,712,704
99	Senga Hill Town Council	1,983,521
100	Serenje Town Council	35,765,455
101	Sesheke Town Council	4,171,031
102	Shangombo Town Council	3,567,344
103	Shibuyunji Town Council	2,258,435
104	Shiwang'Andu Town Council	3,578,596
105	Siavonga Town Council	6,317,221
106	Sinda Town Council	3, 712,474
107	Sinazongwe Town Council	10,076,545
108	Sikongo Town Council	2,384,422
109	Sioma Town Council	2,185,288
110	Solwezi Municipal Council	36,769,658
111	Vubwi Town Council	1,268,559
112	Zambezi Town Council	4,868,219
113	Zimba Town Council	7,705,869
	<b>Total</b>	<b>3,583,720,728</b>

### Appendix 33: Misapplication of Funds

No	Councils	Amount K
1	Chilubi Town Council	165,396.0
2	Chipili Town Council	171,318.0
3	Gwembe Town Council	117,786.0
4	Itezhi Tezhi Town Council	948,756.0
5	Kalabo Town Council	131,883.0
6	Kalomo Town Council	32,716.0
7	Kaoma Town Council	620,563.0
8	Kaputa Town Council	427,661.0
9	Lavushimanda Town Council	31,186.0
10	Lupososhi Town Council	299,325.0
11	Mitete Town Council	678,320.0
12	Mongu Municipal Council	43,019.0
13	Monze Town Council	1,934,970.0
14	Mpika Town Council	2,166,005.0
15	Mpongwe Town Council	469,490.0
16	Mporokoso Town Council	123,760.0
17	Namwala Town Council	1,243,495.0
18	Nkeyema Town Council	110,000.0
19	Shibuyunji Town Council	829,150.0
20	Sinazongwe Town Council	66,290.0
21	Vubwi Town Council	750,351.0
22	Zimba Town Council	278,572.0
	<b>Total</b>	<b>11,640,012.0</b>

### Appendix 34: Failure to Transfer Equalisation Funds to Capital Account

No.	Councils	Borrowed Amount from Capital Account K	Expected Amount to be Transferred K	Transferred Amount K	Total Equalization Fund K
1	Chavuma Town Council	1,636,578.00	1,832,807.60	196,229.60	9,164,038.00
2	Chipili Town Council	100,000.00	2,041,556	1,941,556.00	10,207,778
3	Ikelenge Town Council	1,376,009.00	2,016,557	640,548.00	10,082,786.00
4	Kalomo Town Council	1,084,569.00	1,223,354	138,785.00	10,429,125.00
5	Kaoma Town Council	189,000.00	2,227,667.00	2,038,667.00	11,138,337.00
6	Luampa Town Council	120,953.00	2,110,560	1,989,607.00	10,347,595
7	Manyinga Town Council	601,194.00	1,180,814	579,620.00	10,101,699.00
8	Masaiti Town Council	153,000.00	2,108,282	1,955,282.00	10,555,214.00
9	Mbala Municipal Council	2,565,273.00	2,552,231	(13,042.00)	12,761,154.00
10	Milenge Town Council	1,104,000.00	1,571,000	467,000.00	10,125,798.00
11	Mitete Town Council	740,000.00	2,119,198	1,379,198.00	10,595,988.00
12	Mporokoso Town Council	802,556.00	1,917,109	1,114,553.00	9,585,545.00
13	Mpulungu Town Council	697,784.00	2,012,914	1,315,130.00	10,064,572.00
14	Mulobezi Town Council	103,536.00	2,070,912.00	1,967,376.00	10,064,572.00
15	Mumbwa Town Council	88,271.00	2,399,120	2,310,849.00	14,631,120.00
16	Mwansabombwe Town Council	930,000.00	2,042,481.60	1,112,481.60	10,212,408.00
17	Nalolo Town Council	460,200.00	2,066,621	1,606,421.00	10,855,318.00
18	Ngabwe Town Council	1,941,837.00	2,027,657	85,820.00	9,249,751.00
19	Nsama Town Council	406,450.98	2,205,182	1,798,731.02	11,025,910.00
20	Pemba Town Council	1,518,698.00	2,189,735	671,037.00	10,948,676.00
21	Sesheke Town Council	200,000.00	1,841,440	1,641,440.00	9,207,200.00
22	Shangombo Town Council	215,000.00	2,033,506	1,818,506.00	10,167,530.00
23	Shibuyunji Town Council	140,000.00	1,849,950.00	1,709,950.00	9,249,751.00
	<b>Total</b>	<b>17,174,908.98</b>	<b>45,640,654.20</b>	<b>28,465,745.22</b>	<b>240,771,865.00</b>

## **114. Appendix 35 – Summary of Outstanding Issues as at 31<sup>st</sup> December 2021**

### **OUTSTANDING ISSUES FROM THE TREASURY MINUTE ON THE REPORT OF THE COMMITTEE ON LOCAL GOVERNMENT ACCOUNTS ON THE REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS FOR THE FINANCIAL YEARS ENDED 31<sup>ST</sup> DECEMBER 2014 TO 2017**

#### **Chingola Municipal Council**

*Paragraph 6 (6) Equalisation Fund i. Failure to Avail Tender Document– K1, 750,084, Failure to Collect Revenue from Debtors - K9, 552,695, Failure to Collect Penalties from Illegal Settlers - K4,602,500 e) Uncollected revenue for plots in Gymkhana Township- K534,900 f) Failure to allocate Plots in Gymkhana- K897,600 g) Failure to Collect Land Development Fees from sale of plots – K 858,160 Failure to Pay Staff Obligation- K10, 874,161 Failure to Remit Statutory Obligations, PAYE and Contributions to Union- K4, 767,982 Management of Non-Current Assets i. Lack of Title Deeds – K26,255,791 Lack of Maintenance Policy*

#### **Chinsali Municipal Council**

*Paragraph 7 (7) a) Failure to Transfer Commercial Plots c) Failure to Adopt Information and Communication Technology (ICT) Frameworks d) Lack of Title Deeds and Insurance e) Failure to Fill Key Positions f) Failure to Remit Statutory Contributions, PAYE and Contributions to Unions K3,388,051(PAYE – K2,595,908, NAPSA – K442,630, Contributions to Unions - K5,149 and LASF – K344,364) g) Outstanding Staff Obligations K1, 184,990 h) Outstanding Receivables K966,467*

#### **Chipata City Council**

*Paragraph 8 (8) a) Lack of Strategic Plan b) Lack of Risk Management Policy c) Outstanding Receivables- K6,011,207 d) Failure to Fill Vacant Positions e) Failure to Obtain Title deeds - K180,000 f) Failure to Transfer Funds to the Project Account - K1,151,872 g) Failure to Remit Statutory obligations and PAYE - K10, 061,323*

#### **Chipili District Council**

*Paragraph 9 (9) a) Failure to Fill Vacant Positions b) Failure to Adopt ICT Frameworks*

#### **Chisamba District Council**

*Paragraph 10 (10) (b) Unaccounted for Revenue – K5,260 b) Un acquitted Allowances - K82,347 c) Unsupported Payments – K344,124 d) Unaccounted for Stores and Undelivered Materials h) Unretired Accountable Imprest – K14,118 j) Failure to Remit Tax to ZRA – K97,890*

### **Choma Municipal Council**

*Paragraph 11(11) Equalisation Funds i. Failure to Transfer Funds to the Project Account - K1,558,064.51 ii. Misapplication of Funds – K348,558.67 i. Outstanding Receivables – K2,060,5865 ii. Failure to Pay Payables (Creditors) – K13,188,129.76 iv. Weakness in Management of Properties a) Lack of Title Deeds for Properties*

### **Chongwe Municipal Council**

*Paragraph 12(12) i. Failure To Avail Assets Ownership Documents; Land and Buildings iii. Failure To Change Ownership of Motor Vehicles – K610,000 iv. Failure To Value Disposed of Motor Vehicles v. Failure To Revalue Council Properties vi. Failure to Maintain the Council Abattoir; Failure to Remit Statutory and Union Contributions – K8, 727,570; Outstanding Staff Obligations – K3, 804,549; Equalisation Fund - K11, 569,330*

### **Kabwe Municipal Council**

*Paragraph 13(13) Failure to Collect Land Charges on Plots - K10, 893,503 c) Outstanding Receivables - K3,019,965 q) Failure to Remit Statutory Contributions and PAYE - K11,932,377 t) Outstanding Staff Obligations - K20,022,827 u) Environmental Audits i. Failure to Produce Waste Management Reports*

### **Kalomo District Council**

*Paragraph 14(14) Failure to Prepare Financial Statements a) Outstanding Receivables – K1,046,952 b) Outstanding Statutory and Other Obligations – K5,720,777 c) Weaknesses in the Management of Properties; Lack of Title Deeds for Properties*

### **Kaoma District Council**

*Paragraph 15(15) e) Outstanding Receivables – K18,400 f) Failure to Collect Quarry Levy – K375,900; Lack of Billboard Policy r) Misapplication of Funds – K11,208; Misapplication of Equalisation Fund- K1, 424,612 t) Failure to Settle Personal Emolument Arrears – K1,111,122 u) Over - Payment of Settling in Allowance – K111,753 i. Lack of Title Deeds; Failure to Dispose of*



*Unserviceable Plant, Vehicles and Equipment – K560, 000; Illegal Occupation of Council Hall – K73, 200 bb) Failure to Prepare an Integrated Waste Management Plan*

### **Kapiri Mposhi District Council**

*Paragraph 16(16) a. Unaccounted for Funds K23,580 j. Failure to Obtain Title deeds p. Outstanding Obligations-K16,211,613 q. Equalisation Funds (i) Irregular Payment of Value Added Tax (VAT)-K10,678 (ii) Misapplication of Equalisation Funds-K169,029; Environmental Management i. Lack of Environmental Management Policy and By laws*

### **Kasama Municipal Council**

*Paragraph 17(17) i. Failure to Remit Statutory Contributions- K8,924,471; Rehabilitation of 1x3 CRB at Milungu Primary School - Julia Chikamoneka Ward*

### **Kasempa District Council**

*Paragraph 18(18) a) Lack of a Strategic Plan b) Failure to Update Valuation Roll c) Unaccounted for Revenue- K747,547 i. Lack of Title Deeds ii. Failure to Dispose of Unserviceable Vehicles d) Staff Related Matters i. Failure to fill Key positions ii. Outstanding Staff Obligations – K1,179,763*

### **Kazungula District Council**

*Paragraph 19(19) Misapplication of Funds - K201,881 b) Misapplication of Funds - Plot Fees - K822,922 e) Outstanding Receivables – K251,180; Outstanding Statutory and Other Obligation-K962, 996 j) Weaknesses in the Management of Properties i. Lack of Title Deeds for Properties*

### **Kitwe City Council**

*Paragraph 20(20) Failure to Prepare Financial Statements c) Outstanding Receivables – K98,652,195; Unremitted Pay As You Earn (PAYE)-K43,705,000; Non-Remittance of Pension Contributions – NAPSA and LASF – K34,929; Irregularities in the Management of Assets i. Dilapidated Kitwe Bamboo Workshop Buildings ii. Failure to Maintain a Shop , Bakanda Hall, Plot 4149 Nyerere Road, Stand No. 1301- Council Abattoir, Stand No. 68 BUC – Buchi Domestic Science Training Centre, Stand No. 66BUC- Buchi Hotel, Block Three Shop No. 7 Buchi Kamitondo v. Lack of Title Deeds; Staff Related Matters i. Failure to Fill Vacant Posts*

### **Livingstone City Council**

*Paragraph 21(21) a) Outstanding Receivables – K248,783*

### **Luangwa District Council**

*Paragraph 22(22) a) Lack of Title Deeds; Failure to Remit Statutory Contributions and PAYE – K3,924,756 k) Failure to Pay Benefits – K2,374,772 l) Lack of Billboard Policy; Failure to Dispose of Unserviceable Motor Vehicles m) Equalisation Fund Misapplication*

### **Luanshya Municipal Council**

*Paragraph 23(23) Failure to Pay Benefits – K26,030,716 b) Income i) Failure to Collect Property Rates - K21,899,325; Failure to Collect Revenue - Bill Boards and Outdoor Advertising – K278,700 iii. Uncollected Rental Charges – K1,389,705 ii. Failure to Remit Statutory Obligations – K13,939,124.71*

### **Lusaka City Council**

*Paragraph 24(24) c) Outstanding staff Obligations – K27,816,181 Terminal Benefits and K20,038,195 Long Service Bonuses. d) Failure to Remit Statutory Contributions and PAYE – K106,336,983*

### **Luwingu District Council**

*Paragraph 25(25) a) Lack of Title Deeds b) Outstanding Receivables – K586,770 c) Outstanding Debts – K5,545,910*

### **Mansa Municipal Council**

*Paragraph 26(26) a) Misapplication of Equalisation Funds-K3,088,164 b) Outstanding Obligations-K18,310,407 k) Failure to Acquire Title Deeds*

### **Mkushi District Council**

*Paragraph 27(27) Lack of a Strategic Plan c) Outstanding Receivables - K3,890,647 d) Outstanding Statutory Obligations and PAYE - K7,188,470 e) Outstanding Staff Obligations - K2,539,589 f) Failure to Fence the Dumpsite*

### **Mongu Municipal Council**

*Paragraph 28(28) b) Management of Land; Failure to Collect Revenue from the Residential Plot Premium j) Maintenance of Parks and Gardens k) Illegal Development of Structures on Council Property (Bus Station) o) Failure To Remit Statutory Contributions – K882,388 i. Construction of Shops at the Main Station; Construction of Wall Fence at Main Bus Station*

### **Mporokoso District Council**

*Paragraph 29(29) Outstanding Receivables – K2,622,249; Poor Debt Management – K12,734,511 (Statutory contribution - K2, 987,486, Trade creditors - K5, 246,930 and Staff creditors - K4, 500,094). Equalisation Fund i. Misapplication of Equalisation Fund – K47,100; Double payments for Building Materials - Rehabilitation of Mikomba Guest House*

### **Mufurila Municipal Council**

*Paragraph 30(30) a) Failure to Prepare Financial Statements b) Amounts Owed to Retirees c) Property Management ii) Physical Status of Houses and Buildings – K1,345,692.41 • House Number 1911(3) Fairview • House Number 1911(2) • Plot No. 1182 – Minambe Tarven – Mupambe T/ship • Plot No. 1182 (a) – Kamuchanga Medium Shops – Kamuchanga • Part of 1182 (b) – Bwangalo Tavern – Kamuchanga T/ship • Farm No. 932 (a) – Buseko Tavern – Kankoyo T/ship • Farm No. 932 (b) – Malela Rest House – Malela*

### **Mumbwa District Council**

*Paragraph 31(31) a) Outstanding Receivables – K6,303,439 a) Failure to Settle Outstanding Bills – Payables; Unremitted Statutory Contributions and PAYE – K16,497,458 d) Lack of Title Deeds – K781,000 i. Deplorable State of Mumbwa Tavern – K235,000 and K416,000*

### **Mwense District Council**

*Paragraph 32(32) Failure to acquire title deeds; Failure to remit PAYE, Statutory and other Contributions*

### **Nakonde District Council**

*Paragraph 33(33) Failure to Prepare Financial Statements b) Lack of Strategic Plan c) Failure to Update Asset Register d) Failure to Fill Key Positions f) Misappropriation of Funds – K40,530 q) Failure to Remit Statutory Contributions and PAYE – K2,864,651 r) Outstanding Staff Obligations – K159,850*

### **Nchelenge District Council**

*Paragraph 34(34) Misapplication of Equalisation Fund – K388,721; Unaccounted for Revenue – K318, 351 d) Loss of funds through Penalties on Outstanding NAPSA Obligations – K143, 119*

### **Ndola City Council**

*Paragraph 35(35) General Administration i. Failure to Fill Vacant Positions; Employment of Unqualified Officers to Key Positions; Employment of Casual Workers g) Failure to Remit Tax h) Payments of Long Service Bonus i) Failure to Produce Title Deeds and to Insure Properties i. Failure to Remit VAT ii. Failure to Maintain Kafubu Inn r) Overdrawn Bank Accounts – K5,885,827 s) Unremitted Statutory Contribution and PAYE t) Outstanding Staff Obligations – K66,754,892 u) Unsettled Liabilities i. Joint Venture with Henan Guoji Group for Development of Housing Units – Dola Hill ii. Uncollected Land Fees from the Sale of Plots iv. Unallocated Plots – Dola hill LN1002683, Dola Hill DH and Itawa*

### **Pemba District Council**

*Paragraph 36(36) Establishment –Failure to Fill Key Positions; Failure to Collect Rentals – K10,500; Misapplication of Funds – K2, 317,425; Lack of Maintenance Policy; Failure to Pay Benefits; Illegal Developers along Kasiya Road*

### **Petauke District Council**

*Paragraph 37(37) Misapplication of Funds for Capital Projects; Failure to Prepare Financial Statements; Under-collection of Receivables d) Lack of a Strategic Plan e) Lack of a Procurement Plan f) Lack of a Risk Management Policy; Failure to Fill Vacant Posts; Failure to Remit Value Added Tax (VAT); Lack of Title Deeds for Council Property; Failure to Remit Statutory Obligations*

### **Serenje District Council**

*Paragraph 38(38) a) Failure to Fill Vacant Positions b) Lack of Strategic Plan i. Failure to Prepare Financial Statements ii. Outstanding Receivables iii. Misapplication of Equalisation Funds; Failure*

*to Remit Statutory Obligations and PAYE h) Indebtedness of the Council to its Employees/Staff Obligations; Recreation Centre; Outstanding Rentals*

### **Siavonga District Council**

*Paragraph 39(39) Lack of Strategic Plan a) Lack of Title Deeds b) Failure to fill staff establishment h) Non-Remittance of Statutory Obligations and PAYE; Outstanding long service Bonus; Delay in Construction of Siavonga District Fire Station; High staff Turnover of Chief Officers*

### **Solwezi Municipal Council**

*Paragraph 40(40) a) Failure to Reimburse Borrowed Funds- K105,036 b) Failure to Deduct Tax- K549,880 m. Failure to Install Land and Property Management Information System n. Irregularities in the Management of Assets i. Failure to Collect Lease Rentals – Mutanda Rest House – K350,100; Failure to Collect Shop Rentals – Kyawama Market Shops- K756,000 i. Lack of Title Deeds ii. Failure to Dispose of Unserviceable Vehicles ii. Failure to Fill Key Positions iii. Failure to Remit Statutory Obligations and PAYE – K25,172,411*

*Paragraph 31 (31) 2010 ( c ) (ii) Central Province – Kabwe Municipal Council • Non-Delivery of Motor Vehicles –K55,107,000*

*Paragraph 35 (35) g. ii. 2013 Irregularities in the Purchase of Graders – Chama Council*

*Paragraph 42 (42) z. 2014 Undelivered Tipper Truck – Ndola City Council*

*Paragraph 42 (42) cc. ii. 2014 Construction of a Clinic at Soloboni Community*

*Paragraph 42 (42) cc. ii. 2014 Market Shelter at Chipongwe*

*Paragraph 43 (43) j. 2014 Unsupported Payments • Shangombo District Council - K803,428*

## 115. Appendix 36 – 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 the next business day following the day of receipt of revenue.

### **Excess Expenditure**

Expenditure incurred above the authorised budget amounts without the authorisation.

### **Failure to Follow**

Non-Compliance with the Zambia Public Procurement Act and Procurement guidelines in the purchase of goods and services.

### **Procurement Procedures**

### **Irregular payments**

Payments made outside the normal practice or acceptable regulations or norms.

### **Irregularity**

Breach of laws, regulations or rules.

### **Imprest**

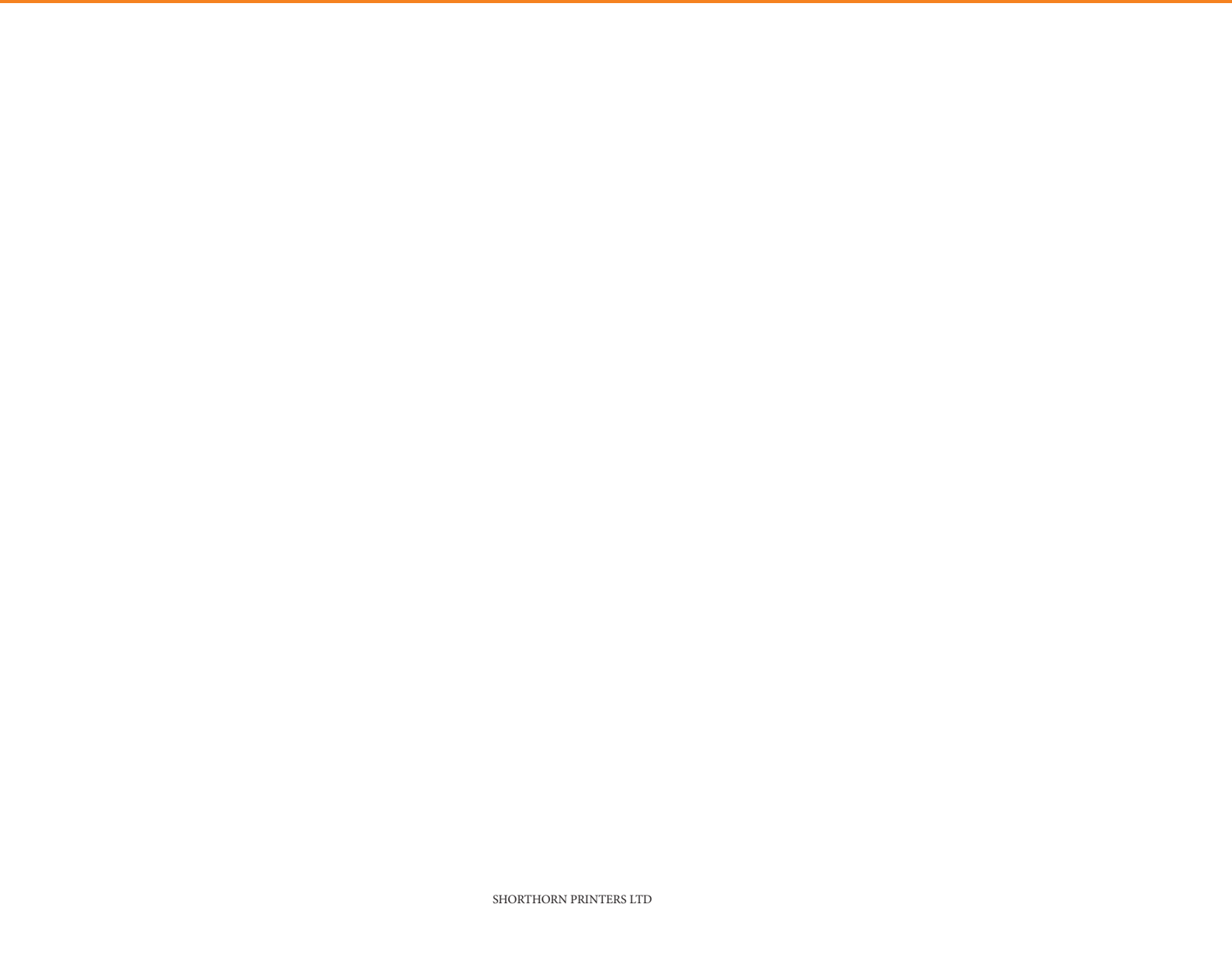
Funds or monies issued out to facilitate payments of a minor nature, meet expenses

when the officer is travelling on duty or to facilitate the purchase of goods and services whose value cannot be ascertained at the time.

<b>Misapplication</b>	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 and Rural Development.
<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.
<b>Unaccounted for Stores</b>	Missing stores items without evidence of how they were received and utilised.
<b>Undelivered Materials</b>	Goods paid for but not received.
<b>Non-Submission of Expenditure Returns</b>	Failure to provide details of how funds disbursed were utilised.
<b>Unaccounted for Funds</b>	Missing funds without expenditure records.
<b>Wasteful Expenditure</b>	Expenditure incurred without benefits derived.
<b>Reconciliation</b>	The process of ensuring that two (2) or more sets of records agree.





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