



# Office of the Auditor General



## Audit Report of the Auditor General for the Financial Year Ended 31<sup>st</sup> March 2016

**In Solidarity**

**Let's  
Protect**



**Public  
Purse**

**To Benefit Us All**



*KINGDOM OF SWAZILAND*

**REPORT OF THE AUDITOR GENERAL**

**ON THE WORK OF THE OFFICE OF THE AUDITOR GENERAL**

**AND ON THE GOVERNMENT ACCOUNTS OF THE**

**KINGDOM OF SWAZILAND**

**FOR THE FINANCIAL YEAR ENDED**

**31<sup>ST</sup> MARCH 2016**



**KINGDOM OF SWAZILAND**

Office of the Auditor General  
P.O. Box 98  
MBABANE  
H100  
Swaziland

Honourable M. G. Dlamini  
Minister for Finance  
P.O. Box 443  
Mbabane  
H100  
Swaziland

Your Honourable,

In accordance with Section 207 (5) of the Constitution of Swaziland, I have pleasure and honour to submit my report on the Audit of the Accounts of the Government of Swaziland for the financial year ended 31<sup>st</sup> March, 2016.

Yours faithfully

P. T. Nxumalo  
**Auditor General**  
**Kingdom of Swaziland**

## C E R T I F I C A T E

### **Qualified Opinion**

I have audited the accompanying financial statements of the Swaziland Government for the year ended 31<sup>st</sup> March 2016. These accounts comprise of the annual financial statements, the various trading accounts, the related statements of revenues and expenditures for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects the financial position and performance of the Swaziland Government as at 31<sup>st</sup> March 2016.

### **Basis for Qualified Opinion**

The Financial Statements revealed that reconciliation of accounts is not yet performed adequately. There were discrepancies noted in the books of accounts including misstatements, omissions and errors.

The total misstatement from bank balances was E7, 954, 075, 941.63, in the Detailed Statement of Assets as compared with the closing balances on the bank statements.

- The Operational Bank Accounts balances were overstated by E490, 479, 383.14 while others were understated by E5, 499, 225, 490.38.
- Some Investment Bank Accounts balances were overstated by E1, 043, 510, 666.00 while others were understated by E920, 860, 402.11.
- The General Account balance as at 31<sup>st</sup> March 2016 was E5, 001, 958.72 as per bank statement while the Government Accounting System showed an overdraft of E3, 815, 511, 874.26.
- Investment Bank Accounts held by Ministries and Departments amounting to E4, 497, 279.85 were not included in the Detailed Statement of Assets.
- Revenue in respect of Income Taxes, Lotteries and Gaming, and Sales Tax were understated by E407, 345, 223.63 while revenue in respect of Graded Tax, Fuel Tax and VAT were overstated by E57, 934, 776.77.
- Revenue amounting to E16, 698, 886.70 in respect of dividends, interest received and Master's fees was omitted in the Detailed Statement of Revenue for the financial year ended 31<sup>st</sup> March 2016.
- All transactions for the Disaster Relief Fund were not captured into the Government Accounting System. Expenditure amounting to E 1,978,838.80 and revenue amounting to E15, 800.87 was omitted in the Government books of accounts.

The overall identified misstatements in the financial statements amounted to E8,442,546,748.25.

**Other Matters**

The audit also includes matters relating to previous financial years' budget and matters of non-compliance, due to their materiality by nature and context, which cannot be overlooked. Since I am also required by law to report on matters/issues of non-compliance with laws, rules and regulations. Comments on the risks and impact of non-compliance are reported in Part B of this report.

**Auditor General's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Accountant General's Responsibility**

The Accountant General is responsible for the preparation and fair presentation of these financial statements in accordance with section 18 of the Finance Management and Audit Act of 1967 as amended in 1992, and for such internal control, as the Accountant General determines is necessary to enable the preparation of financial statements that are free from material misstatements.



P. T. Nxumalo  
**Auditor General**  
**Kingdom of Swaziland**

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*KINGDOM OF SWAZILAND*

## **PART A**

# **INTRODUCTION**

## **Introduction**

### **1.0 Audit of Public Accounts**

In accordance with Section 207 of subsection 3, 5 and 8 of the Constitution of the Kingdom of Swaziland and Section 9 (3) of the Audit Act No. 4 of 2005, I am required to audit the Public Accounts of the Kingdom of Swaziland and all offices, courts and authorities of Government and submit my reports, thereon, to the Minister for Finance, who shall table them in both Chambers in Parliament. The same Constitution of the Kingdom of Swaziland requires me to disallow any item of expenditure which is contrary to law and to surcharge the person responsible for incurring or authorizing that expenditure or loss.

In fulfilling my statutory obligation, I am required in terms of Section 9 (3) of the Audit Act No. 4 of 2005, to satisfy myself that:-

- Reasonable precautions have been taken to safeguard the collection of public monies and that the laws and instructions, relating thereto, have been duly observed.
- All monies disbursed have been expended and applied under proper authority and adequate regulations exist for the guidance of storekeeper and have been duly observed.
- Receipts, payments and other transactions are made in accordance with applicable laws and instructions and are supported, adequately.
- Satisfactory management measures have been duly taken to ensure that resources are procured economically and utilized efficiently and effectively.

### **2.0 Scope of Audit**

The Government of Swaziland comprise Ministries and Departments in the four regions, fifty five Tinkhundla Centres, made up of various chiefdoms, with associations who benefited from the Regional Development Fund, Poverty Reduction Fund, Empowerment Fund, Community Development Special Fund, (approximately Eight hundred and eighty eight) 888 schools, Colleges, Global Fund and Donor Funded Projects, which should be audited, at least, once a year.

In accordance with the Institutional Capacity Building Framework (ICBF) an assessment tool used to measure performance of national audit offices, I am expected to at least audit 75% of the total national budget annually.

The scope of the audit, covered, on a test basis, include revenue collection, proper expenditure authorisation, Capital Projects Expenditures, in terms of the Appropriation Act. Also Public Enterprises Category A such as: the Swazi National Treasury; The Swazi National Trust Commission; the Kings Office and the Swaziland Revenue Authority (revenue collection only) are audited by the Auditor General.

The reports on the performance of budgets of the Swazi National Treasury and the Kings Office are laid before the Board of Trustees, as per the dictates of their regulations.

### **3.0 Performance Audit**

The Audit Act No. 4 of 2005 Section 13 (1) requires me to conduct Performance Audit on the various programs of Government Ministries, Departments and Agencies. During the year under review, no Performance Audit Report were tabled in Parliament. However, the five reports that were tabled in financial year 2014/2015 have not been debated as the Public Accounts Committee (PAC) was still undergoing training on debating Performance Audit Reports.

Section 13 (3) of the same Audit Act requires me to investigate into the operations of the financial affairs of any Public Enterprise or Corporation, where I consider it to be in the public interest to do so.

I am pleased to report that there was an improvement in remedial action taken by most Controlling Officers and was shown before the Public Accounts Committee (PAC) in addressing the anomalies contained in the previous audit reports. Although some did not meet expectation. As a result, E13m lost resources through fraud and corruptions, errors, omissions and irregularities was recovered. I believe that the Controlling Officers will maintain the standard of performance or raise it higher.

### **4.0 Accounting Policies**

The Government Accounts are still in the format of the West Minster Abbey system whereby the Accountant General consolidates all the accounts for reporting purposes and submit to the Auditor General for audit purposes. The Accountant General has not yet adopted the International Public Sector Accounting Standards (IPSAS) but there is a major reform on the Public Finance Management that is ongoing, which includes implementation of these standards.

There are some other control weaknesses observed which if strengthened would improve the service delivery, integrity, accountability and transparency and eventually contribute to economic development.

Noteworthy is that the control weaknesses still exist across government entities. The government systems are not improved to strengthen the controls, in order to enhance accountability. Also, Government Regulations are not adhered to. As a result only anomalies revealed in my audit reports receive attention at a particular point in time. Thereafter the same errors recur in the Government Ministries and Departments, which implies that there is no continuity/improvement in the public sector administration of resources.

This is despite that I have often advised that all Ministries and Departments should take note of all anomalies raised, and ensure they do not recur in their ministries/departments.

### **4.1 Public Finance Management Reform**

The Principal Secretary, Ministry of Finance as well as the Accountant General could not provide me with the update on the progress of the reforms. Therefore, I am not able to report on the status of the reforms.

## **5.0 Swaziland Qualification Authority**

It has been observed that generally the services delivered by most employees is below expectations, and do not match the qualifications held. The capabilities and competences, demonstrated are very low. This is despite the training and development programs, provided.

There is a need to establish the Qualifications Authority that will assess the veracity, authenticity and relevance of qualifications attained from both local institutions and outside this country.

Also the Ministry of Public Service has a difficulty in measuring and equating qualifications obtained outside the country or other countries after recruitment processes have been completed, during take on of new recruits into the government system for payroll purposes.

## **6.0 Public Debt Management**

The Ministry of Finance has not yet embarked on a strategy in preparation for financing public debts, by establishing the Public Debt Management Strategy. The Finance Management and Audit Law, Section 13 (1) requires that the Accountant General should secure and maintain a sinking fund in respect of each loan received by or on behalf of Government. The purpose of the strategy is to enable the country to finance the loans especially the external debts even in times of cash constraints because defaulting repayment attracts penalties, also compromise reliability and credibility of the country.

## **7.0 Secondment of Accountants to Foreign Service**

Selection of Accountants for secondment to Foreign Service should consider integrity, competence, diligence, initiative and high understanding of Government systems because they are expected to work without supervision and guidance. The work of the Accountants is crucial as they have to account for all missions' resources and property.

Most of the Missions accounts were distorted, government's regulations not adhered to, accounts were not reconciled, and cash withdrawals not accounted for, to name a few.

## **8.0 Training Policy**

The in-service training policy states that employees who are 45 years of age and above are not eligible for long term training. This age limit was set when the retirement age was 50 (fifty) years. This matter needs to be looked into because the retirement age was revised to 60 years of age and those employees aged 45 are left with 15 years of service to reach the compulsory retirement age. Thus it is still an investment to train employees within this age bracket.

Other additional factors to be looked into include that when the training is part time, government does not lose anything as the officer fully renders services whilst undertaking training.

## **9.0 Forensic Audit – Treasury Department**

The Ministry of Finance instituted a forensic audit to be conducted by a Private Auditor at the Accountant General's Office, following the misrepresentation of expenditure that occurred at the Treasury Department that was reported by the Auditor General and deliberated by the Public Accounts Committee. The Forensic Audit of the Office of the Accountant General, was a duplication of the audit service that cost government, an amount of E95,000.00 because the PAC had already concluded the matter.

Furthermore, Parliament had adopted the Report and awarded the citizen who prevented the fraud. Constitutionally and statutory, only the Auditor General is mandated to outsource persons of specific skills to assist with specific investigation and capacity whenever deemed necessary.

## **10.0 Competency Framework**

Government, in a bid to improve performance of the public sector on service delivery has secured a loan from the World Bank for that purpose. In order to successfully achieve this goal, government needs to introduce the competency framework that includes ethical standards and time management in the Public Sector. The competency framework will increase productivity and improve efficiency in the delivery of service. Its implementation will enable government to realize achievements of the Sustainable Development Goals (SDGs). It is expected that the intended objective will be achieved as the issue of a proper performance measurement mechanism has dragged for too long while the poor service delivery continues to be a financial drain to government.

## **11.0 Cost Reduction Air-Travel**

Expenditure on travel, transport and communication overspent by 14.35%, under recurrent budget, during the year under review. Currently, air travel seems too costly for government because of abrupt/immediate reservations that might be one of the contributing factors to increase the expenditure under this control item. It is of paramount importance that government makes effort to reduce the cost of air travel where possible. This may be done through planning using the events calendar in the Ministries and Departments for the standing meetings/seminars which are to take place periodically where the Ministries and Departments are affiliated.

This could be done by identifying the participants earlier and request cabinet approval early there after pay for the air tickets, well in advance so that the cost may be reasonably reduced except where receipt of invitations were delayed or other unforeseen circumstances that may disturb the plan. This is notwithstanding fees that may be charged in changing the ticket or flight schedule which will not be equivalent to the abrupt reservations.

## **12.0 Health Research**

Although a research unit is available at the Ministry of Health for HIV and AIDS, TB and Malaria and as such, those diseases are under control in the country but it is still on a small scale.

In order to implement the Sustainable Development Goals (SDGs) whose theme is “Good health and wellbeing (Health for all)”, it is crucial that a research institute for all the ailments/diseases is established for prevention and curative of the prevalent and all diseases, affecting the country. This would enable the Ministry to secure the relevant health practitioners, preventative curative medicines as well as reduce obsolete stock on pharmaceuticals, which is drain on government resources.

### **13.0 Management of School Funds**

Action or strengthening of internal controls in the management of school funds has not yet been instituted by the Ministry of Education. The control weaknesses are still prevailing in the current management of school fund system which has resulted in the loss and abuse of school funds.

The control of the school fees that was proposed is not visible, as yet. The standardisation set limit, for school fees, in Secondary and High Schools, will reduce unnecessary and excess fees, charged and the abuse of school fees will be reduced.

### **14.0 Public Enterprises**

The Government of Swaziland maintains its share capital in both Category A and B public enterprises. Category A public enterprises are those enterprises that are either wholly-owned by Government or in which Government has a controlling interest or which depend on government for subvention for their financial support, whilst category B public enterprises are those public companies or bodies in which Government has a non-controlling interest.

#### **a) Category A Public Enterprises**

The financial statements and operations of the public enterprises are not included in the Public Accounts of the Government of Swaziland. As a result, they are not audited by the office of the Auditor General but by private auditors appointed by the institutions, as their laws dictate.

As mandated by section 21 of the Audit Act No.4. of 2005 and the Public Enterprise Unit (PEU) Circular No. 3/2008, dated 29 July 2008, the category A Public Enterprises are required to submit, to me, their audited annual financial statements and other related reports for review, each year, before tabling in Parliament, by the relevant Minister.

During the year under review, there were 50 category A Public Enterprises. Two of these public enterprises namely the Commercial Board and the Swaziland Tourism Development Company, are dormant while the Swaziland National Trust Commission and the Central Transport Administration are audited by the office of the Auditor General. Public enterprises were supposed to submit their audited financial statements for review. Out of the 46 only 25 were able to submit their audited financial statements for the year 2015/2016, and within the statutory deadline of 30<sup>th</sup> September 2016. 21 of them did not meet the statutory deadline.

Out of the 21 public enterprises, 3 public enterprises namely: Motor Vehicle Accident Fund; National Industrial Development Corporation of Swaziland and Royal Science Technology Park, requested extension of time from the Ministry of Finance to submit the financial statements due to challenges faced.

The following public enterprises failed to meet the statutory deadline of submitting the audited financial statements and other related reports to PEU and my office, by 30 September each year.

No.	Sector & Enterprise	Abbreviation	Ministry	Year last submitted
	<b>Agriculture</b>			
1.	National Agricultural Marketing Board	NAMBOARD	Agriculture	2015
	<b>Transport</b>			
2.	Royal Swazi National Airways Corporation	RSNAC	Public Works & Transport	2014
3.	Swaziland Civil Aviation Authority	SWACAA	Public Works & Transport	2015
	<b>Finance</b>			
4.	Swaziland Revenue Authority	SRA	Finance	
5.	Financial Services Regulatory Authority	FRSA	Finance	
6.	Motor Vehicle Accident Fund	MVA	Finance	
	<b>Business promotion</b>			
7.	Swaziland Standard Authority	SWASA	Commence Industry & Trade	2015 (Unsigned copy)
8.	Swaziland Youth enterprise Revolving Fund	SYERF	Sport Culture & Youth affairs	2014
9.	Swaziland Communications Commission	SCCOM	Information Communications and Technology	
10.	Swaziland Public procurement Regulatory Authority	SPPRA	Finance	2015
11	National Industrial Development Corporation of Swaziland	NIDCS	Commence Industry & Trade	
	<b>Tourism &amp; Environment</b>			
12	Royal science & Technology Park	RSTP	Information Communication & Technology	
	<b>Information</b>			
13.	Swaziland Television Authority	STVA	Information Communication & Technology	2014
	<b>Education</b>			
14	SEBENTA National Institute	SEBENTA	Education	2015
15.	Swaziland Christian university	SCU	Education	
16.	Swaziland Africa Nazarene University	SANU	Education	
	<b>Health</b>			
17.	Swaziland Nazarene Health Institutions	SNHI	Health	2015
18	Siteki Good Shepherd Hospital	SGSH	Health	2015
	<b>Youth affairs</b>			
19.	Swaziland National Youth council	SNYC	Sports & Youth Affairs	2014
	<b>Disaster Management</b>			
20.	National Disaster Management Agency	NDMA	Deputy Prime Minister	
21.	Baphalali Swaziland Red Cross	BSRC	Deputy Prime Minister	

This indicates that these public enterprises do not prioritize financial audits in their annual budgets and operations. This norm is against good corporate governance practice.

## **b) Category B Public Enterprises**

### **Undisclosed Dividends**

In the year 2015/2016, the Government received a return of E 84,905,592.78 on its equity investment in category B Public Enterprises. Though there was improvement in the recording of these government investments, there is still lack of reconciliation at the Treasury Department. Government's Books of account disclosed an amount of E76,151,413.13, as total revenue from dividends, resulting in undisclosed revenue of E7,224, 179.65.

Financial and Accounting Instruction number 0501(i) of 1970, requires Accounting Officers to ensure that all collections of revenue are properly brought to account.

Over the years, I have been advising the Treasury Department to perform reconciliations on time and ensure that there is proper referencing in bank transactions but there is no improvement, as yet. Lack of proper referencing of the bank transactions makes it difficult and time consuming to identify transactions that need reconciliation, in the bank statements.

## **15.0 Office of the Auditor General**

The Office of the Auditor General is responsible for the audit of the public offices, courts and other authorities. It is promulgated in the Constitution of the Kingdom of Swaziland of 2005, section 207 and the Audit Act No. 4 of 2005. The role of the Office of the Auditor General is to provide an independent assurance on the utilization of public funds and the safe guarding of the state resources.

Acting in the public interest, the office has to stay relevant to the citizens and other stakeholders, by appropriately responding to the challenges of the citizens, the needs of different stakeholders and the emerging risks and changing environment in which audits are conducted. Further, to support public sector financial management improvement, meaningful and effective dialogue with stakeholders has to be established.

It is my pleasure to report that the Office of the Auditor General is currently the Auditor of the Southern African Development Community (SADC) Accounts for three years, commenced 2015/2016 to 2017/2018.

Also, the Southern African Development Community's (SADC) council of Ministers has extended audits of Regional Tourism Organization of Southern Africa (RETOSA) for two years, ending in 2017/18, in which the office of the Auditor General is participating.

## **15.1 Independence of the Office of Auditor General**

The LIMA Declaration contained in the International Standards of Supreme Audit Institutions (ISSAI), number 1 and the Mexico Declaration passed on the United Nations resolution number A/66/2009 of the March 2012 UN General Assembly requires the Office of Auditor General to be independent of the audited entity and outside influence. That is, it should be properly resourced with competent staff, which is compliant with ethical standards in order to discharge

its duties efficiently and effectively, to promote accountability, transparency and value for money.

The resolution further profess that while the Office of the Auditor General respects the laws enacted by the Legislature, the Office must be free from direction or interference from the Legislature or Executive in the organization and management of the office.

Currently the Office is unable to meet the bench mark set by The International Organisation of Supreme Audit Institutions (INTOSAI) institutional capacity building framework, that states that 75% of the National Budget should be audited, each year. This is caused by inadequate independence in recruitment of staff, provision of budget and setting up ethics for the audit profession which is part of quality control to ensure quality service delivery. Currently staff is deployed from the Ministry of Public Service and the Auditor General has no control over it.

The Human Resource is the key driver for an organization to meet its goals. Lack of cooperation from staff is a major constraint to achieve set targets in this office. It is evident that while the recruitment system, was centralized for good intentions to ensure staff welfare is well taken care of , an adverse perception culminated that the employer to recognize was the central recruiting unit, the employees lost respect with productivity being dismally affected.

Another challenge faced by the office is deliberate low productivity that intensified from the staff members' reluctance to attest about audit findings during the hearing of the matters raised including the court of law. The reason cited was that their security was not guaranteed, thus audits took a long time to be concluded, or carried haphazard findings. This situation worsened after the deployment of the Principal Human Resource officer to this office.

## **15.2 Low Productivity**

It is incumbent on the Auditor General to report on matters that have come to his/her notice which pose hindrance to achieve the oversight objectives. Notable is that there is a lot involved than might be contemplated.

During the year under review productivity was too low, with symptoms of deliberate go slow, but there were no grievances officially communicated to me. As a result planned audits for financial year 2015/2016 were 367, whereas audits actually carried were 118, this indicates 32% completed activities from the planned audits. Whilst in the financial year 2016/2017 planned audits were 446 and accomplished audits were 57, this represents 12% completed audits from the planned audits. Although the report has been produced, but I am not content with the audit coverage. There is a downward trend of audits carried out, this includes poor performance of work done and laxity yet auditing is a pillar to good corporate governance and requires commitment and objectivity.

In addition, the non-performance of activities in this office affected short courses whereby the office did not attend.

The role of the office of the Auditor General is to ensure that the resources have been used appropriately, control weaknesses are identified in order to strengthen the control systems for improvement in the financial management and public administration that will result in economic growth and development. The objectives of oversight will only be achieved if the work is carried out earnestly and with no compromise.

It is noteworthy that in the advent of deliberate non-performance including incompetence and incapacibilities government pays salaries without exception, for the non-optimal work performance.

The table below reflect audits carried out in financial years 2015/2016 and 2016/2017.

<b>Description of Audit</b>	<b>Planned Activities 2015/2016</b>	<b>Actual Activities 2015/2016</b>	<b>Planned Activities 2016/2017</b>	<b>Actual Activities 2016/2017</b>
Management of Schools	72	19	52	2
Poverty Reduction Fund	30	4	30	10
Regularity Audits	230	40	314	35
Performance Audit	5	5	4	-
Parastatals Submission of statements	30	38	43	10
Follow ups/Secondary Audits	N/A	12	N/A	None as yet
<b>Total</b>	<b>367</b>	<b>118</b>	<b>442</b>	<b>57</b>

### **15.3 Office Accommodation**

Another requirement linked to independence is the issue of the office premises, which should be situated such that the office of the Auditor General may be seen to be independent.

In an effort to acquire approval for stand-alone building, I made a request to Cabinet to engage Private Public Partnership for implementation of the project in July 2015. The Ministry of Finance has not tabled the report in Cabinet. Neither feedback nor guidance has been communicated to the Auditor General for a way forward, to successfully achieve the objective of the project. It is only spoken of when I make a physical visit on the issue.

Currently the Office is faced with numerous challenges pertaining office accommodation, i.e., the office is housed in an old building belonging to Treasury Department which is our key audit client. The building does not have a security system and access control measures. The available office space is no longer adequate, thus the boardroom and kitchen are used to accommodate some officers. This renders the environment not conducive. Furthermore, with the ever advancing computerisation of programs the Computer Department declared that my computer system expansion is no longer feasible. Hence a contributing factor for the need for new premises.

### **15.4 Technical Support**

Quality assurance reviews are conducted by African Supreme Audit Institution for English speaking countries (AFROSAI-E), once in two years. As a result of the reviews, the office was able to secure the European Union Technical Support which is at the final stage, of preparations to embark on the program.

The support will enhance the audit methodology in the activities and the product of the Office of Auditor General (OAG) will make a significant contribution to improving accountability

and transparency through strengthening the oversight on the public financial management activities.

On the other hand government has secured a loan from World Bank to improve public sector service delivery, which is planned to commence on the 1<sup>st</sup> April 2017.

The office will also benefit from this program and it is hoped that it will take the office to a higher level because the World Bank program will concentrate on Capacity Building and the office will have a sustainable capacity building plan, through the local institutions.

### **15.5 Training and Career Development of Audit Staff**

Through subscriptions for membership to the African Organization of Supreme Audit Institutions for English Speaking countries (AFROSAI-E) and International Organizations of Supreme Audit Institutions (INTOSAI), the office benefitted from various Training Programs.

Under AFROSAI-E some officers attended IT audit courses and Management Development Program (MDP) as well as other training programs. Whilst as a member of the INTOSAI, the office benefits from IT audit programs offered by the Malaysian Government, annually and Capacity Building Programs offered by the Chinese government. The office also benefits from various courses on the different types of audits offered by the Indian Government. The generosity by these governments is really appreciated because the courses offered by these countries were fully sponsored.

Professionalization was the theme of the International Congress of Supreme Audit Institution (INCOSAI), in the year 2016 and the Auditors General are expected to implement the program. Professionalization includes Quality Control, Quality Assurance, ethics, SAI Performance and staff capabilities.

The office extends its appreciation to the Principal Secretary in the Ministry of Public Service who, for the first time, granted the office a training budget for long term studies. As a result, nine (9) officers were selected to attend the Association of Certified Chartered Accountants (ACCA) program on a part time basis, at the center of accountancy situated at the Institute of Development Management (IDM) campus. Other officers have enrolled for the same programs on their own initiative and resources. It is my humble plea to the Ministry of Public Service to continue with the support of the human resource development in this office.

The office in its endeavor to strengthen the on the job training, conducts weekly inhouse training sessions to enhance staff competences and improve their capabilities in the audit profession.

### **15.6 Budget of the Office of the Auditor General**

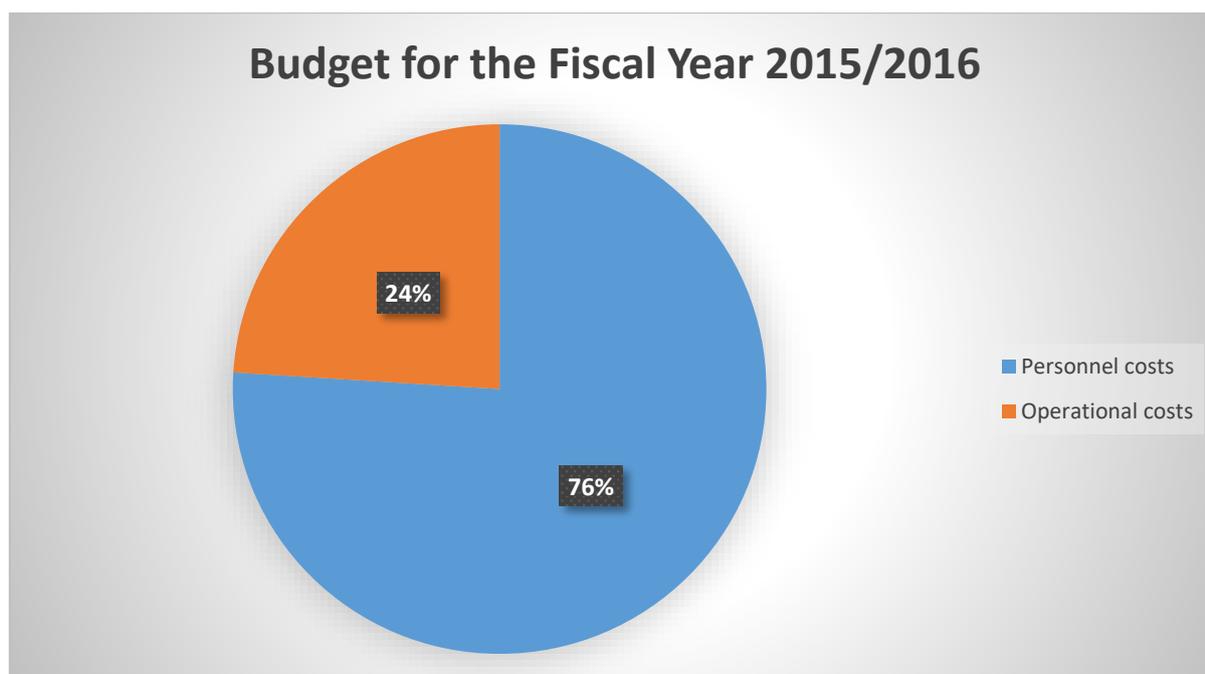
The budget of the Office of the Auditor General continues to be inproportionate with the audit coverage which is prescribed by the International Standards of Supreme Audit Institutions. The Office is expected to audit 100% of the overall government budget, to provide reasonable assurance on the utilisation of the budget, whether it was spent wisely and for the purposes intended, to achieve the desired national development initiatives.

The budget of the Office of the Auditor General for the year 2015/2016 was E16,906,491.00 while the National Budget stood at E16,378,955,684.00. The larger portion is absorbed by personnel costs which are 76% and operational budget remains inadequate, at 24%, thus limiting the audit scope. This indicates that a larger share of the budget has been attributed to personnel costs compared to the operations of the office. This is notwithstanding all other resources, including the Human Resource who should be fully utilised to achieve the objectives.

The budget of the audit office in the last three fiscal years is illustrated as follows:-

Expenditure	2015/2016		2014/2015		2013/2014	
	E	%	E	%	E	%
Personnel costs	12,796,259.00	76	11,998,674.00	74	10,250,822.00	75
Operational costs	4,110,232.00	24	4,293,406.00	26	3,445,891.80	25
<b>Total Budget</b>	<b>16,906,491.00</b>	<b>100</b>	<b>16,292,080.00</b>	<b>100</b>	<b>13,696,713.80</b>	<b>100</b>

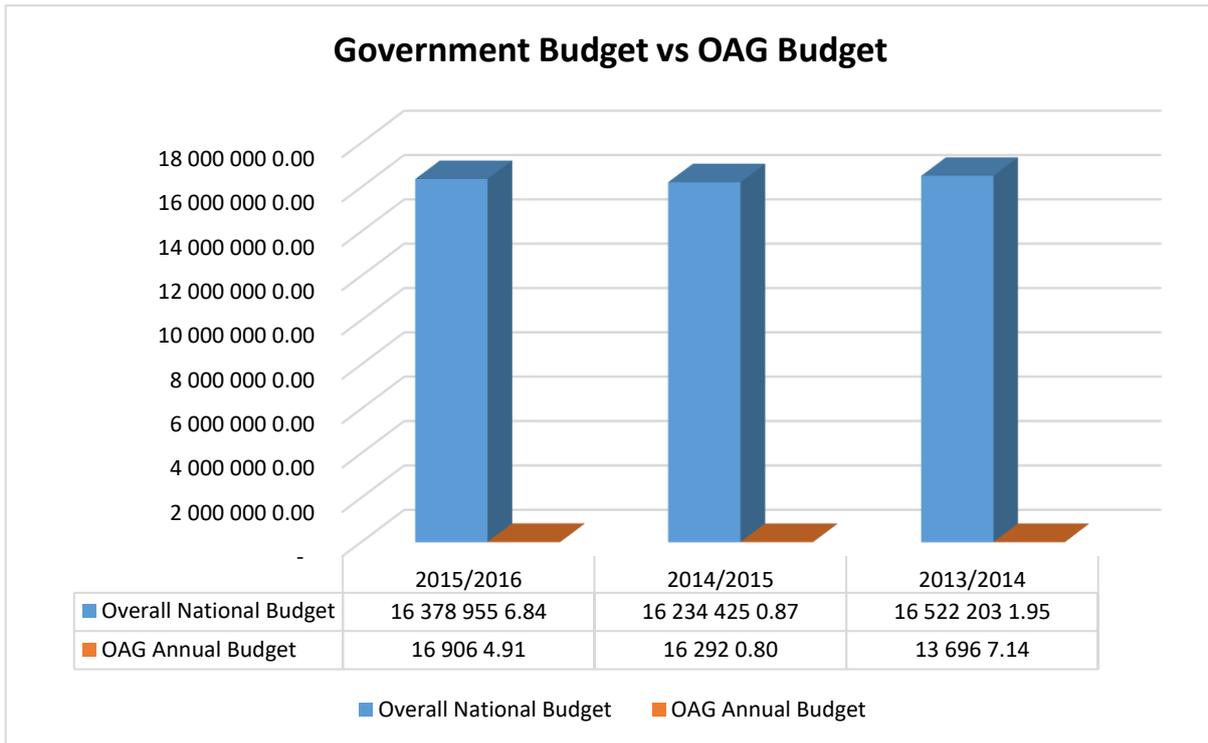
#### Budget of the office of Auditor General



#### 15.7 National Budget Vs Office of the Auditor General's Budget

The table below depicts the trend of the overall budget in the last three years, which was allocated to statutory, capital and recurrent budget versus the budget provision of the Office of the Auditor General, in the respective financial years.

Description	2015/2016 (E)	2014/2015 (E)	2013/2014 (E)
Overall National Budget	16,378,955,684.00	16,234,425,087.00	16,522,203,195.00
OAG Annual Budget	16 906 491.00	16,292,080.00	13,696,713.80
In percentage (%)	0.10%	0.10%	0.08%



The budget of the Office as depicted in the graph is not commensurate when compared with the overall national budget.

## **16.0 Public Accounts Committee (PAC)**

The Public Accounts Committee (PAC) is an oversight committee, selected from the House of Assembly, and consists of twelve (12) members. It was established in terms of Section 29 (subsection 1 and 3) of the Constitution of the Kingdom of Swaziland of 2005. Its role is to examine the issues contained in the Auditor General's Report, tabled in Parliament.

During PAC deliberations, Controlling Officers are called upon to give accountability on the irregularities, omissions and errors under their Ministries. The Auditor General provides expert advice on the issues raised in the audit report.

After deliberation of the Auditor General's Report, the PAC makes recommendations that are adopted as resolutions by the House of Assembly. These recommendations provide corrections and improvement where weaknesses were pointed out.

## 17.0 Submission of Treasury Annual Accounts

The Accountant General submitted the Accounts on the 30<sup>th</sup> September 2016 for Audit purposes. It is commendable that there was adherence to the Finance Management and Audit Act no. 18 of 1967, as amended in 1992, which requires that the Accountant General submit the Accounts six months after the close of financial year. The Accountant General is responsible for budget execution, reporting, and has to account for all state resources.

Although the Accountant General put an effort to reconcile the accounts, the reconciliation has not been completed yet. For instance the General Account closing balance has been reduced from E 9,089,257,443.33 to E3,815,511,874.26 overdraft balance as recorded in the Government Accounting System, while the bank statement showed a bank balance of E 5,001,958.72 as at 31<sup>st</sup> March 2016.

Also, the Cashiers Account and the Teachers Account closing bank balances in the Treasury records have been fully reconciled with bank balances as at 31<sup>st</sup> March 2016 showing E 57 381 621 .02 and E3,231,677,495.74 respectively, but the following accounts have remained unreconciled:

- The bank balances were misstated by E7,954,075,941.63 from the Detailed Statement of Assets as compared with the bank balances as at 31<sup>st</sup> March 2016.
- Investment bank accounts amounting to E2,554,103.14 were omitted in the Detailed Statement of Assets for the year ended 31<sup>st</sup> March 2016. The details of the omitted bank accounts are depicted below.

<b>Investment Bank Accounts</b>	<b>Bank Statement Balances (E)</b>
Swd. Gvt. Gender Coordination CGF	16,489.96
Swd. Gvt World Vision Fund	818,715.26
Swd. Gvt. Incarcerated Juveniles	2,246.00
Swd. Gvt. Education EMIS	343.60
Swd. Gvt. ADB Grant –NERCHA	85,116.45
Swd. Gvt. PEPFAR Fund	192,580.93
Swd. Gvt Health HIV & TB Project Comp3Afr	228,610.85
Swd. Gvt. Special Deal Account	1,210,000.00
<b>TOTAL</b>	<b>2,554,103.14</b>

- The revenue has omissions totalling E16,698,886.70 that relate to dividends, interest received and Master's fees, which resulted in the understatement of Government Income/Revenue statement, while on the other hand revenue in respect of Graded Tax, Fuel Tax and VAT was overstated by E57,934,776.77. Also, revenue in respect of Income Taxes, Lotteries and Gaming as well as Sales Tax was understated by E407,345,223.63.

I have on numerous occasions advised that the integration of the three systems (Central Bank of Swaziland, Swaziland Revenue Authority, and The Government Accounting System) will reduce the occurrence of these anomalies.

- Expenditure amounting to E1,978,838.80 and revenue amounting to E15,800.87 for Disaster Relief Fund Statement were omitted in the Government Accounting System.

The Accountant General needs to seriously consider more strategies to reconcile and update the accounts so that they reflect a true and fair view of the state of affairs.

### **17.1 Electronic Funds Transfer**

Revenue paid by the debtors/clients directly to the General Account through Electronic Funds Transfer (EFTS) is not easily identifiable from the bank statements because there are no code references in respect of services rendered by government. As a result, the closing balances and the Government Accounting ENTIRE System, revenue account does not reconcile.

### **17.2 Non – Compliance with Appropriation Act**

There is still none adherence to the Appropriation Act by the office of the Accountant General. An amount of E1,000,000.00 was withdrawn from the Government General Account without a warrant, authority, under the hand of the Minister for Finance. This occurred after the elapse of the financial year, 2015/2016, after all savings from the Micro Project account, in respect of health projects, had been remitted back to the consolidated fund.

### **17.3 Outstanding Revenue – Appendix 14**

It was observed that Ministries and Departments no longer maintain the debtor’s ledger analysis account. As a result no monthly statements of account were issued to debtors and eventually revenue due to Government remain uncollected. The Accountant General is unable to report, fully, about the outstanding revenue.

This account is not maintained in the Government Accounting System.

### **18.0 Budgetary Controls Overridden**

Budgetary controls were overridden when the Principal Secretary, Ministry of Finance authorized a reallocation of E14m which were savings from the national security allowances budget in the Ministry of Foreign Affairs and International Cooperation. The E 14m transferred to Ethiopia was for the purchase of houses for the Diplomats at the Swaziland High Commission. The reallocation of operational expenses (recurrent budget) to capital projects is not allowed. The savings were too substantial and this indicates that the budget was not genuine because the reason for the savings was not stated. The funds were transferred to Ethiopia on the 23<sup>rd</sup> of March 2016 but to date the houses have not been purchased, while the funds have reduced.

### **19.0 Un-serviced Loans**

Loans amounting to E1,883,418,196.84 that were borrowed by Central Government on behalf of Public Enterprises, Category A, which in turn were expected to be repaid to Government. These loans date back to the year 1967 but still outstanding because they were not serviced. The enterprises claim the loans were converted into equity and or fixed capital.

Authorization of the conversion was not produced to confirm the assertions. This is revenue due to Government which Government was deprived of. This matter has been brought before the PAC many times, but without success.

Government gesture to acquire these loans stood as surety, between the beneficiaries and lender, that the loans would be repaid, in turn the beneficiaries were to refund Government. It should be noted that the non-repayment of these loans to Government has contributed immensely to the depletion of the State Resources that culminated to the incessant cash constraints.

## **20.0 Bank Accounts held by various Ministries and Departments**

Closing bank balances amounting to E1,943,176.71 as at 31<sup>st</sup> March 2016 held by various Ministries and Departments were not submitted to the Accountant General and were omitted in Detailed Statement of Assets. The monies held in these accounts are public funds and they have never been audited, to assess whether they were used for the intended purpose. The details of the bank balances that were not submitted to the Accountant General are depicted below.

<b>Investment Bank Accounts</b>	<b>Bank Statement Balances (E)</b>
ADB US Dollar Special A/C	25.01
Swd. Govt. IFAD Grant No. 935SZ	643.98
IFAD Rural Finance & Enterprises	224,315.49
Economic Diversification Study	18,394.83
LUSIPB IFAD GEF Project	148.90
Swd. Govt. IFAD Loan	1,511.03
S.G. Health HIV &TB Project MOF	1,698,137.47
<b>Total</b>	<b>1,943,176.71</b>

## **21.0 Outstanding Imprest as at 31 March 2016**

The imprest cash accounts control line items 50202 which are funds withdrawn from the Consolidated Fund and used as cash for the purchase of petty items such as teas, coffees, globes, to name a few.

The system in place for accountability purposes is that the expenditure incurred is supported by receipts obtained for purchased items to replenish the amounts spent.

The outstanding amounts reflected in the accounts depict monies withdrawn from the Consolidated Fund Imprest cash but not accounted for, in violation of Financial and Accounting Instruction 1403. This should be done by 31<sup>st</sup> March, each year and therefore this account should be zero balance by the end of each financial year.

The following Ministries and Departments retired/accounted for, the cash imprest after the close of the financial year and therefore did not comply with Financial and Accounting Instruction 1403.

Ministry/Department	Date	Amount (E)
Tourism	13/04/2016	24,991.38
Deputy Prime Minister's Office	06/04/2016	1,734.60
Education	18/07/2016	1,000.00
Treasury	11/04/2016	2,000.00
Judiciary	11/10/2016	186.47

These Ministries and Departments did not account, at all, for the monies granted to them for the purchase of petty items for the year ended 31<sup>st</sup> March 2016.

Ministry /Department	Amount (E)
Private and Cabinet Office	9,985.99
Broadcasting and Information	1,848.06
Information Communication and Technology	32,779.81

## **22.0 Recurrent Revenue Performance for the Year Ended 31 March 2016**

Recurrent revenue collection which was estimated and approved by Parliament was E13,279,961,000.00, at the beginning of the financial year 2015/2016. Actual Revenue collection amounted to E14,689,655,100.37 resulting in an over collection of E1,395,172,913.32, which translates to 11% above budgeted revenue.

The actual revenue received and reported in the Detailed Statement of Revenue includes: South African Customs Union (SACU) receipts of E6,939,066,358.00; SRA Domestic Taxes collection of E7,068,863,630.00; and Other Revenue collections made by Government Ministries and Departments of E667,436,718.03.

The Recurrent Revenue performance, after taking into account misstatements and omission of revenue, is tabulated, as follows:-

Source	Estimate	Actual	Variance
	E	E	E
<b>SACU Receipts, Customs &amp; Excise duties</b>	<b>5,252,103,000.00</b>	<b>6,939,066,358.00</b>	<b>1,686,963,358.00</b>
Income Taxes	4,274,796,000.00	4,122,130,380.00	-152,665,620.00
Graded Tax	7,932,000.00	874,772.00	-7,057,228.00
Other Taxes and Duties	3,161,224,000.00	2,945,858,478.00	-215 365 522.00
<b>Domestic Taxes</b>	<b>7,443,952,000.00</b>	<b>7,068,863,630.00</b>	<b>-375 088 370.00</b>
<b>SACU receipts plus Domestic Taxes</b>	<b>12,696,055,000.00</b>	<b>14,007,929,988.00</b>	<b>1,311,874,988.00</b>
Motor Vehicle and Drivers Licenses	54,350,000.00	29,312,324.44	-25,037,675.56

Source	Estimate	Actual	Variance
	E	E	E
Business Licenses	30,641,000.00	24,402,999.26	-6,238,000.74
Other Licenses	3,693,000.00	657,970.00	-3,035,030.00
Judicial Fines	54,098,000.00	32,280,356.14	-21,817,643.86
Rentals	14,863,000.00	11,715,809.89	-3,147,190.11
Sale of Goods	8,212,000.00	15,273,057.52	7,061,057.52
Sale of Land & Titles	874,000.00	3,184,369.36	2,310,369.36
Agricultural Services Fees	1,756,000.00	1,920,856.85	164,856.85
Medical & Hospital Service Fees	8,494,000.00	6,774,958.08	-1,719,041.92
Educational Service Fees	117,000.00	185,600.00	68,600.00
Immigration & Travel Fees	40,370,000.00	28,028,983.99	-12,341,016.01
Utilities Service Fees	45,000.00	38,230.00	-6,770.00
Other Sundry Fees	353,393,000.00	500,273,490.73	146,880,490.73
Loan Repayments - Education	13,000,000.00	13,387,711.77	387,711.77
<b>Other Revenue</b>	583,906,000.00	667,203,925.07	83,530,718.03
<b>Sub-Total</b>	13,279,961,000.00	14,675,366,706.03	1,395,405,706.03
Less: Dishonored cheques		(232,792.71)	
<b>Total before omission</b>	13,279,961,000.00	14,675,133,913.32	1,395,172,913.32
	<b>Omitted Revenue</b>	<b>12,021,187.05</b>	
	<b>Total Revenue</b>	<b>14,687,155,100.37</b>	

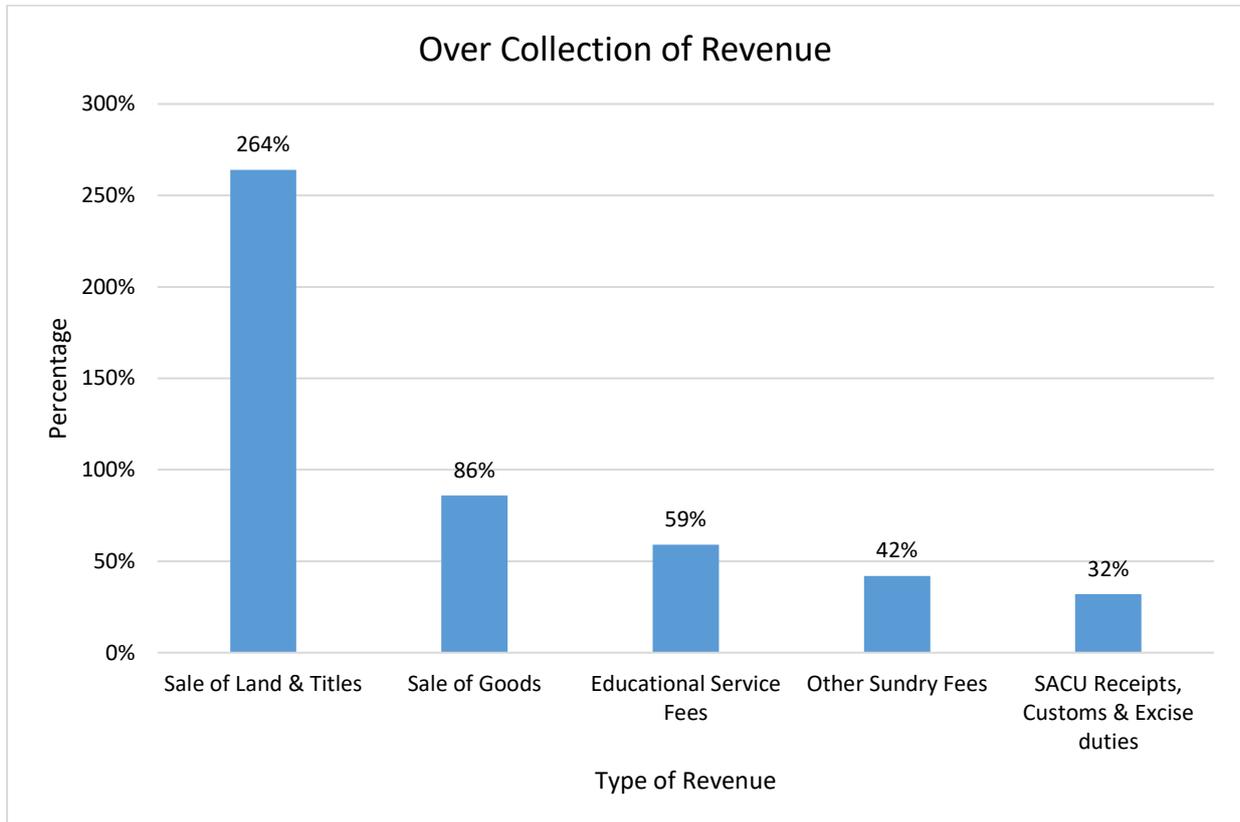
### Over Collection of Revenue

Source	Percentage
Sale of Land & Titles	264%
Sale of Goods	86%
Educational Service Fees	59%
Other Sundry Fees	42%
SACU Receipts, Customs & Excise duties	32%

The above table reflects that some of the activities generating revenue were under estimated in the respective revenue control items, particularly SACU Receipts, Customs & Excise duties, Sale of Land and Title Deeds, Sale of Goods, and Other Sundry Fees. The under budgeted revenue includes: the Sale of Land and Title Deeds by E2,310,369.36, which was 264 %; the

Sale of Goods by E7,061,057.52, which was 86%; SACU Receipts, Customs & Excise duties by E1,744,257,981.00, which was 33%; and Other Sundry Fees by E146,880,490.73, which was 42%.

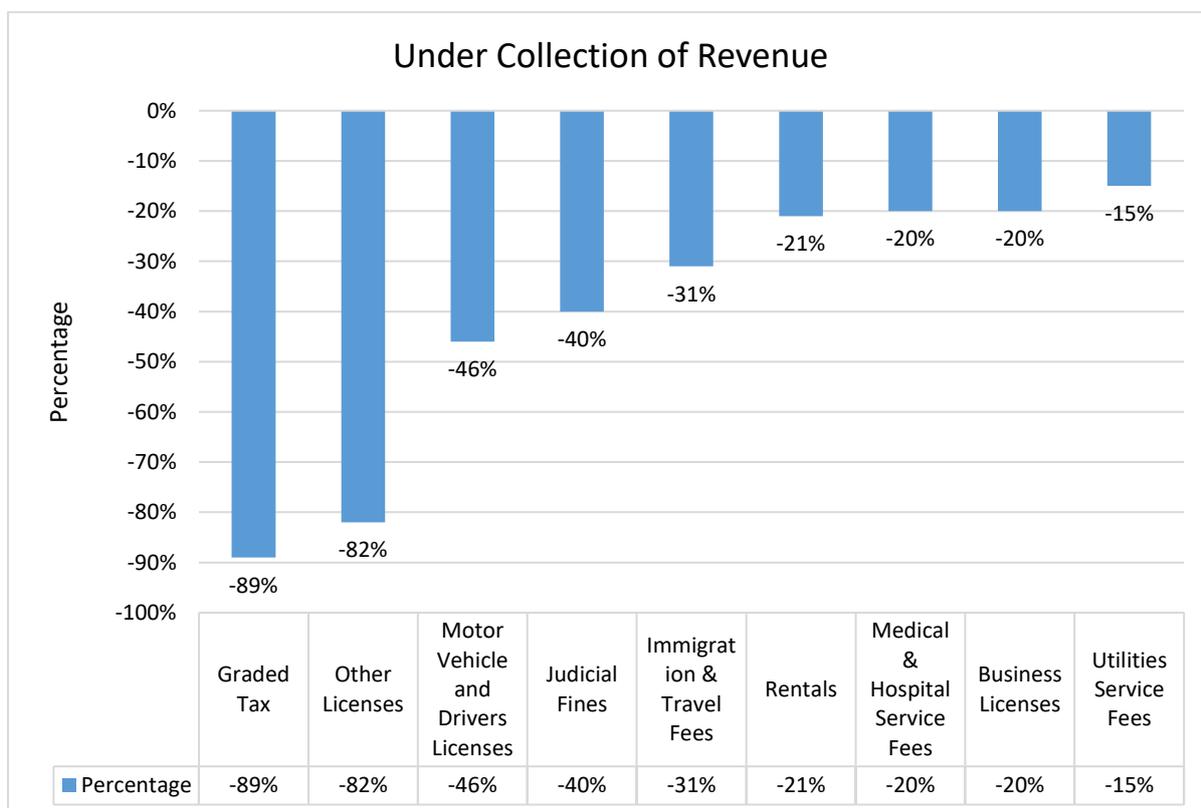
The graph below depicts the performance of revenue collection for the financial year ended 31<sup>st</sup> March 2016.



### Under Collection of Revenue

The table and the graph below indicate under collection of revenue in the year under review:

Source	Percentage
Graded Tax	-89%
Other Licenses	-82%
Motor Vehicle and Drivers Licenses	-46%
Judicial Fines	-40%
Immigration & Travel Fees	-31%
Rentals	-21%
Medical & Hospital Service Fees	-20%
Business Licenses	-20%
Utilities Service Fees	-15%



### **23.0 Recurrent Expenditure Performance for the Year Ended 31<sup>st</sup> March 2016**

The recurrent budget estimates approved by Parliament at the beginning of the fiscal year amounted to E13,392,786,332.00. During the year it was revised to E14,814,429,775.00, which reflect an increase of 10.6%, from the original budget.

The overall released funds during the financial year amounted to E13,703,383,934.00 whilst the actual expenditure amounted to E13,230,356,213.17, resulting to an overall under expenditure of E473,027,720.83, which was 3.5%.

The recurrent expenditure performance is tabulated as follows:

Control Item	Type of Expenditure	Approved Estimate (E)	Revised Provision (E)	Released Budget (E)	Actual Expenditure (E)	Above or below Released Budget (E)	Above or Below %
00	CTA vehicle charges	540 895 260.00	518 318 300.00	504 487 061.00	624 199 872.15	-119 712 811.15	-23.7%
01	Personnel costs	5 362 790 448.00	5 643 104 343.00	5 531 488 060.00	5 414 062 628.29	117 425 431.71	2.1%
02	Travel, transport and communication	247 284 764.00	684 286 811.00	683 413 832.00	781 425 105.15	-98 011 273.15	-14.3%
03	Drugs	437 087 913.00	461 875 700.00	461 715 333.00	475 050 779.72	-13 335 446.72	-2.9%
04	Professional and special services	576 508 068.00	736 373 252.00	726 057 109.00	692 060 148.72	33 996 960.28	4.7%
05	Rentals (Land, buildings, and computer equipment)	141 300 128.00	133 597 291.00	133 597 291.00	124 114 777.72	9 482 513.28	7.1%
06	Consumables materials and supplies	494 346 881.00	593 840 405.00	590 806 543.00	533 255 531.53	57 551 011.47	9.7%
07	Durable materials and equipment	93 152 972.00	149 375 287.00	140 603 055.00	106 011 478.68	34 591 576.32	24.6%
<b>08</b>				0.00	14 000 000.00	-14 000 000.00	100%
10	Grants and subsidies – internal	4 276 270 005.00	4 648 109 476.00	4 140 669 056.00	3 774 609 112.60	366 059 943.40	8.8%
11	Grants and subsidies – external	88 149 893.00	110 548 910.00	89 546 594.00	79 917 155.92	9 629 438.08	10.8%
12	Public debt	1 135 000 000.00	1 135 000 000.00	701 000 000.00	611 649 622.69	89 350 377.31	12.7%
<b>Grand Total</b>		<b>13 392 786 332.00</b>	<b>14 814 429 775.00</b>	<b>13 703 383 934.00</b>	<b>13 230 356 213.17</b>	<b>473 027 720.83</b>	<b>3.5%</b>

- CTA vehicle charges have over spent by 23.7%. This indicates that government vehicles are not properly managed and controlled.
- Travel, transport and communication have over spent by 14.3%. Government should embark on planning to reduce cost of air fares and control communication costs.

## 24.0 Capital Budget Performance by Economic Sector for the Year Ended 31<sup>st</sup> March 2016

Capital Budget estimated and approved by Parliament at the beginning of the fiscal year 2015/2016 amounted to E3,329,999,000.00, and it was revised to E4,029,588,500.00. Total budget released for the year amounted to E2,675,571,750.00. Actual overall expenditure amounted to E2,693,446,887.49, resulting in over expenditure of E17,875,137.49, which was 0.7% over the budget released.

The Fuel and Energy and the Manufacturing and Mining Sectors in the Ministry of Natural Resources overspent the released funds by E34,159,387.60 which is 310% and E19,118,044.63 which is 8% respectively. The Education Sector overspent the released funds by E133,540,609.66 which is 9.1%. This indicates that reconciliations were not performed by the Ministries concerned and budgetary controls were not effective in the accounting system.

Sector	Narration	Approved Estimates (E)	Revised Provision (E)	Funds/Budget Released (E)	Actual Expenditure (E)	Variance (E)	%
A	Agriculture, Forestry & Fisheries	343,291,000.00	377,791,000.00	145,514,372.00	145,243,037.27	271,334.73	0.2%
E	Education and Training	169,682,000.00	191,742,000.00	146,370,581.00	159,725,190.66	-13,354,609.66	-9.1
F	Fuel and Energy	40,150,000.00	65,150,000.00	11,020,493.00	45,179,880.60	-34,159,387.60	-310
G	General Public Service	923,137,000.00	1,151,714,500.00	729,624,685.00	726,295,103.34	3,329,581.66	0.5%
H	Health	160,282,000.00	160,282,000.00	117,420,363.00	98,200,929.87	19,219,433.13	16.4%
M	Manufacturing and Mining	327,675,000.00	377,675,000.00	238,022,094.00	257,140,138.63	-19,118,044.63	-8.0%
P	Public Order, Safety and Defence	119,662,000.00	140,762,000.00	132,727,497.00	136,400,400,265.39	-3,672,768.39	-2.8%
R	Recreation and Culture	2,379,000.00	2,379,000.00	2,379,000.00	2,379,000.00	-	0%
S	Social Security and Welfare	12,931,000.00	13,283,000.00	9,882,775.00	9,847,618.22	35,156.78	0.3%
T	Transport and Communication	863,260,000.00	1,176,060,000.00	954,496,636.00	932,620,203.78	21,876,432.22	2.3%
W	Water Resources and Management	147,000,000.00	147,000,000.00	46,000,000.00	46,000,000.00	-	0%
X	Housing, Urban Development and Community Amenities	220,550,000.00	225,750,000.00	142,113,254.00	134,415,519.73	7,697,734.27	5.4%
<b>Grand Total</b>		<b>3,329,999,000.00</b>	<b>4,029,588,500.00</b>	<b>2,675,571,750.00</b>	<b>2,693,446,887.49</b>	<b>-17,875,137.49</b>	<b>-0.7%</b>

## 25.0 Findings

Summary of key findings for the year under review were as follows:

- Mismanagement of Disaster Material
- Mismanagement of Project funds in Maputo High Commission
- Non Compliance with Workman’s Compensation Act when processing claims
- Overridden Budgetary Controls by the Ministry of Foreign Affairs and International Cooperation
- By passed Appropriation Act
- Inefficiency in borehole drilling and collection of revenue
- Ineffectiveness of fodder production and sustainable feed project
- Mismanagement of funds in the Road and Safety Special Account
- Idle material for storm damaged school
- Overpayment of salary to a retired employee
- Non- disclosure of dividends on Category B Enterprises
- Unreconciled hedged accounts in the public debt
- Outstanding loans from the Community Poverty Reduction Fund
- Missing drugs from the Ministry of Health
- Missing Carpets, in Malaysia Swaziland High Commission
- Wasteful expenditure in Malaysia, Swaziland High Commission
- Non-compliance with the regulations in the Swaziland Embassy, in Kuwait
- Unauthorized refunds in the Swaziland, High Commission in Abu Dhabi

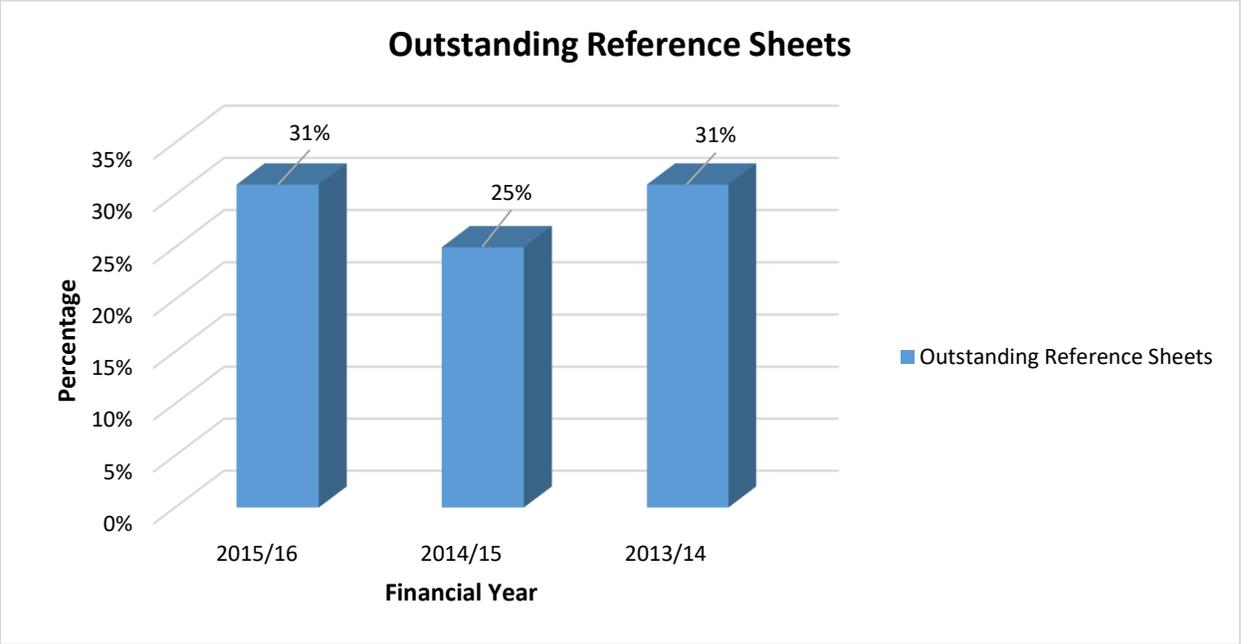
## 26.0 Reference Sheets Response Rate

Head	Ministry	Reference Sheet Issued	Reference Sheet Responded To	Reference Sheet Outstanding
03	Private and Cabinet Offices	1	1	0
05	Police	1	1	0
06	DPM’s Office	3	2	1
07	Foreign Affairs & International Cooperation	8	8	0
08	Defence	1	1	0
09	Tinkhundla Administration & Development	2	2	0
10	Natural Resources & Energy	11	8	3
20	Agriculture	2	1	1
23	Economic Planning & Development	4	2	2
24	Housing and Urban Development	1	1	0
30	Education and Training	3	1	2
34	Finance	3	3	0
35	Treasury and Stores	2	2	0
40	Labour and Social	2	1	1
43	Information Communication and Technology	4	3	1

Head	Ministry	Reference Sheet Issued	Reference Sheet Responded To	Reference Sheet Outstanding
44	Elections and Boundaries	1	0	1
45	Health	11	8	3
48	Judiciary	1	0	1
49	Correctional	2	2	0
50	Home Affairs	1	0	1
53	Public Works	4	1	3

The table and the diagram below show the response rate to the reference sheets I have issued during this financial year and the past two financial years. There is a poor response rate in the financial year 2015/16 as compared to the previous year. Controlling Officers do not respond to all reference sheets issued, this indicates poor communication between the Office of the Auditor General and Controlling Officers. This needs an improvement so that corrections can be made promptly.

Financial Year	Outstanding Reference Sheets
2015/16	31%
2014/15	25%
2013/14	31%





*KINGDOM OF SWAZILAND*

## **PART B**

# **MINISTRIES AND DEPARTMENTS**

## HEAD: 03

### PRIVATE & CABINET OFFICES

#### Objectives:

To assist members of the House of Parliament in their consideration of legislation and estimates of Government Revenue and Expenditure and to administer the affairs of Parliament.

#### **27.0 Unauthorized Over Expenditure on Recurrent Vote**

Over expenditures beyond budget provision and appropriated funds by Parliament are illegal in that it distorts the fiscal budget of any Ministry.

This is further supported by Financial and Accounting instruction 0202 (ii).

However, the Ministry violated the Government standing regulation and allowed the occurrence of the following over expenditure:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
03	CTA Vehicle Charges	2,230,514.00	5,117,333.15	2,886,819.15	129%

It is expected that the Ministry explains the authority that allowed it to spend beyond budget provision and Parliament Appropriation Act.

**The explanation given was that the over expenditure was 132%. He attributed the over expenditure to the increase of the work over the years which was not accompanied by a commensurate budget allocation. He humbly apologised.**

On verification of the facts, the over expenditure was 129%

There was no mention of any effort made to rectify the anomaly either through reallocations or supplementary budget.

## HEAD: 05

### NATIONAL COMMISSIONER OF POLICE

**Objectives:** To ensure adequate provision of information and Development of ICT related policy and regulations.

#### 28.0 Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond budget provision and appropriated funds by Parliament are illegal in that it distorts the fiscal budget of any Ministry.

This is further supported by Financial and Accounting instruction 0202 (ii).

The Ministry violated the Government standing regulation and allowed the occurrence of the following over expenditure:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
05	CTA Vehicle Charges	74,725,773	118,040,220.78	44,680,387.78	59.79

It is expected that the Ministry explains the authority that allowed it to spend beyond budget provision and Parliament Appropriation Act.

**In his response the Controlling Officer concurred with my observation and stated that 35.6% of the over expenditure arose from CTA charges while the other was from reallocations to other control items.**

**He further stated that a supplementary budget of E60 million was requested to cover expenditure, but only a sum of E15 711 174.00 was approved.**

**HEAD: 06**  
**DEPUTY PRIME MINISTER'S OFFICE**

**Objectives:**

To operate and support the office of the Tinkhundla.

**29.0 Over Expenditure on Project S34970-Construction of Retirement Home for Elderly Persons**

Expenditure in Excess of budget provision and released funds is illegal in that it distorts the fiscal budget of a country.

This is supported by Financial and Accounting Instructions 0202 (ii) and 0401 which disallow expenditure in excess of funds released. Further, controlling officers are urged to encourage economy in the use of funds failing which officers who spend in excess of authorized amounts may face surcharge in accordance with section 20 of the Finance Management and Audit Act.

An amount of E 7,150,000.00 was approved and E 4,069,775.00 released, for the implementation of the above-mentioned project.

Actual expenditure amounted to E 8,156,558.50 resulting to an over expenditure (E 4,069,775.00 – E 8,156,558.50) E 4,086,783.50(100%).

<b>Project Code</b>	S34970		
<b>Project Name</b>	Construction of Retirement Home for the Elderly Persons		
<b>Purpose of the Project</b>	Donor funds for the construction of a retirement village and supporting facilities next to Mankayane Government Hospital to accommodate at least 60 elderly persons		
	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
	4,069,775.00	8,156,558.50	4,086,783.50

The controlling officer is expected to explain the authority that allowed the Ministry to spend beyond the released funds and further update me on the current status of the project.

**The Controlling Officer did not provide any response on the matters raised.**

## **29.1 Under Expenditure on Project S33399– Assistance for the Disabled II**

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

I therefore consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of a country.

An amount of E 250,000.00 was approved and released, for the implementation of the above-mentioned project.

Actual expenditure amounted to E 197,834.72 resulting to an under expenditure (E 250,000.00 - E 197,834.72) E 52,165.28(20.9%).

<b>Project Code</b>	S33399		
<b>Project Name</b>	Assistance for the Disabled II		
<b>Purpose of the Project</b>	Local funds for Project		
	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
	250,000.00	197,834.72	52,165.28

The Ministry is expected to explain these savings and further update me on the current status of the project.

**The under expenditure was confirmed as correct. It was attributed to failure to undertake some of the in-service training on sign language communication due to elderly and disability grants disbursement.**

The future plans to complete the project were not revealed. It is evident that there is need to improve the systems to prevent interruption of other assignments so that optimum service delivery is attained.

## **29.2 National Disaster Management Agency Warehouse**

I observed some irregularities in the distribution of the items to the disaster victims. Below are the anomalies, noted.

### **(a) Food and building material**

Food & building material amounting to E10, 988,225.19 which was distributed to different areas around the country, as per the National Disaster Management Agency warehouse stock movements record was unaccounted for. The details given on the warehouse stock movement record were incomplete because the names of the beneficiaries were not revealed.

In the absence of the names, it was impossible to ascertain whether the items were received by the deserving disaster beneficiaries. The table below refers,

<b>Description</b>	<b>Quantity</b>	<b>Price (E)</b>
Beans	4411	5,674,920.60
Cooking oil 750ml	44578	948,455.42
Mealie Mealie	12794	4,138,794.81
Nails 1 kg	7	715.00
Cement 50 kg	4	359.40
Corrugated iron 4.2 m	84	48,916.88
Doors	5	7,446.75
Galvanized wirec4mmx 5kg	6	708.30
Mortice lock	6	1,058.82
Paint 20L	47	107,700.95
Treated timber	146	46,760.58
Roof screws (900mm x 100)	16	728.00
Wooden screws	40	2,142.00
Roof paint 20L (Terra cotta brown)	8	9,517.68
	<b>Total</b>	<b>10,988,225.19</b>

**(b) Missing Delivery Notes/waybills**

Delivery notes/ waybills, for food and building materials, worth E80 541.72 were not availed for audit inspection. These documents were not returned to the Disaster Management Agency after the distribution of the items, as required. As a result I could not confirm whether the items shown below reached the deserving beneficiaries. The table below, refers,

<b>DN Number</b>	<b>Date</b>	<b>Description</b>	<b>Issued Quantity</b>	<b>Amount (E)</b>
7484	8-Jan-2014	Mealie meal 50kg	4	1,018.52
7484	8-Jan-2014	Beans 50kg	4	5,200.00
7484	8-Jan-2014	Cooking oil 12 x 750ml	4	1,034.88
7485	8-Jan-2014	Mealie meal 50kg	1	254.63
7485	8-Jan-2014	Beans 50kg	1	1300
7485	8-Jan-2014	Cooking oil 12 x 750ml	1	258.72
7419	21-Jan-2014	Mealie meal 50kg	3	763.89
7419	21-Jan-2014	Beans 50kg	3	3,900.00
7419	21-Jan-2014	Cooking oil 12 x 750ml	2	517.44
7439	24-Jan-2014	Mealie meal 50kg	5	1,273.15
7439	24-Jan-2014	Beans 50kg	2	2,600.00
7439	24-Jan-2014	Cooking oil 12 x 750ml	1	258.72
7300	8-Apr-2014	Roof paint 20L(Terra cotta Brown)	8	9,517.68
7300	8-Apr-2014	Paint 20L (Super Sheen White)	11	26,329.05
7300	8-Apr-2014	Motice lock	1	176.47
7209	10-Apr-2014	Mealie meal 50kg	1	254.63

DN Number	Date	Description	Issued Quantity	Amount (E)
7209	10-Apr-2014	Beans 50kg	1	950.00
10639	26-Sep-2014	Mealie meal 50kg	4	1,960.00
10639	26-Sep-2014	Beans 50kg	1.6	1,680.00
10639	26-Sep-2014	Cooking oil 750ml	24	517.44
10824	28-Nov-2014	Beans 50kg	12	17,340.00
10824	28-Nov-2014	Cooking oil 750ml	174	3,436.50
<b>Total</b>				<b>80,541.72</b>

**(c) Unknown beneficiaries**

Building material worth E36, 780.67 were allegedly delivered to various destinations. The delivery notes did not reflect the names of the beneficiaries who received the items. Hence, it was impossible to confirm occurrence of the distribution. Also, the copies of the delivery notes / waybills were not returned to the Disaster Agency, as per the requirement. The returns should be endorsed by signature of beneficiaries to confirm receipt of the items

The table below illustrates.

Delivery Date	DN No	Description	Quantity	Amount (E)
22/02/2013	3773	Cement 50kg	30	2,695.50
22/02/2013	3774	Cement 50kg	30	2,695.50
22/02/2013	3775	Cement 50kg	30	2,695.50
22/02/2013	3776	Cement 50kg	30	2,695.50
22/02/2013	3777	Corrugated iron	28	12,229.00
22/02/2013	3777	Rafters	16	1,716.16
22/02/2013	3777	Perlines	16	1,716.16
22/02/2013	3777	6'' nails 1kg	4	110.00
22/02/2013	3777	4'' nails 1kg	2	72.00
22/02/2013	3777	Roofing Screws	4	182.00
25/02/2013	3780	Cement 50kg	30	2,695.50
26/02/2013	3781	Cement 50kg	21	1,886.85
27/02/2013	3783	Cement 50kg	60	5,391.00
<b>Total</b>				<b>36,780.67</b>

In the absence of the names of beneficiaries and records, I was not able to ascertain whether the food and building materials were indeed received by deserving disaster victims.

**(d) Uniform and protective clothing**

- i. Uniform and protective clothing, amounting to E49, 552.38 which were purchased in the 2012/2013 financial year, were not-accounted for. Records, Stores Inwards and Issues Register, were not availed for audit inspection. I could not verify the distribution of the items.

The table below stipulates the uniform that was unaccounted for.

<b>Description</b>	<b>Designation</b>	<b>Qty</b>	<b>Unit Price (E)</b>	<b>Total Amount(E)</b>
Protective shoes man	Chef uniform	35	430.00	15,050.00
Denim blue boiler suit	CTA Personnel	26	230.00	5,980.00
Pair gumboots(black)	Driver	14	130.00	1,820.00
Grey zipped overalls	CTA Personnel	24	180.00	4,320.00
Round Neck T shirts	Supervisor's Stewards	22	95.00	2,090.00
Pink ladies overalls	Office Cleaner	4	190.00	760.00
Chiefs apron	Chef uniform	4	110.00	440.00
Half mask respirator	Industrial Labourers	35	89.00	3,115.00
Pair safety goggles	Painters	40	38.00	1,520.00
Black trousers	Stewarding	28	299.00	8,372.00
Sub total				43,467.00
Value added tax @ 14%				6,085.38
<b>Total</b>				<b>49,552.38</b>

Uniform and protective clothing amounting to E43, 060.08 was purchased in respect of personnel whose designations were not related to Disaster Management activities. This was tantamount to diversion of the funds.

I further noted, with concern, that even though the unit had a total staff complement of sixteen officers, with varying designations, the quantities purchased were in excess of the establishment, thus the expenditure, was unjustified.

The table below reflect the uniform and protective clothing that was purchased:

<b>Description and Designation</b>	<b>Qty</b>	<b>Unit Price (E)</b>	<b>Total Amount(E)</b>
Protective shoes for Male chef	35	430.00	15,050.00
Denim blue boiler suit for Motor Mechanic	26	230.00	5,980.00
Grey zipped overalls for Panel Beaters	24	180.00	4,320.00
Round Neck T shirts for Supervisors stewards	22	95.00	2,090.00
Chiefs apron for Male Chefs	4	110.00	440.00
Pair of safety goggles for Painters	40	38.00	1,520.00
Black trousers for Stewards	28	299.00	8,372.00
Sub total			37,772.00
Value added tax @ 14%			5,288.08
<b>Total</b>			<b>43,060.08</b>

- ii. An amount of E92,172.37 was spent on 17 February 2014 to purchase uniform and protective clothing. Uniform worth E8, 843.98 was not delivered.

The table below refers;

<b>Description</b>	<b>Quantity</b>	<b>Unit Price(E)</b>	<b>Net Amount(E)</b>
Pink ladies overalls	2	215.00	430.00
Aprons	4	99.00	396.00
Ladies shoes	2	330.00	660.00
Men's Shoes	2	449.99	899.98
Men's blue shirts	4	225.00	900.00
Men's black suits	4	1350.00	5,400.00
Neck ties	2	79.00	158.00
<b>Total</b>			<b>8,843.98</b>

That Government paid for undelivered goods, was a loss of public funds.

Uniform amounting to E4,901.00 was issued to officers in contradiction with Circular EA 15/10/2/A/110 of 1986. The circular stipulates the various periods of issue for the different designations of government employees as well as entitled uniform and protective clothing appropriate for each designation. In some instances the officers were issued with uniform or protective clothing they were not eligible to and in others they were issued with more uniform or protective clothing than they were entitled to. The table below, refers;

Name	Designation	Entitlement	Uniform received	Date received	Undue Uniform/ protective clothing	Variance (E)
Mduduzi Ngcamphalala	Warehouse Manager	None	1x Safety Boots	19/02/2014	1x Safety Boots	450.00
Mduduzi Ngcamphalala	Warehouse Manager	None	1x socks	19/02/2014	1x socks	55.00
Bheki Shongwe	Commodity & logistics officer	None	2x Safety Boots	20/02/2014 & 07/07/2015	2x Safety Boots	900.00
Bheki Shongwe	Commodity & logistics officer	None	2x Socks	20/02/2014	2x Socks	110.00
Bheki Shongwe	Commodity & logistics officer	2 grey dust coats annually	1x overall	31/03/2014	1x overall	209.50
Shewula Dlamini	Driver	None	1xRubber boots	19/02/2014	1xRubber boots	120.00
Shewula Dlamini	Driver	2 Dust coats annually	1xOverall	01/04/4014	1xOverall	209.50
Shewula Dlamini	Driver	2 pairs of boots in two years	1xSafety boots	19/02/14, 03/03/14 & 07/07/2015	1xSafety boots	450.00
Makhaza Mabuza	Driver	None	1xRubber boots	06/03/2014	1xRubber boots	120.00
Makhaza Mabuza	Driver	2 Dust coats annually	1xOverall	06/03/2014	1xOverall	209.50
Makhaza Mabuza	Driver	2 pairs of boots in two years	1xSafety boots	06/03/2014(x2 boots) & 13/07/2015	1xSafety boots	450.00
Jerome Dlamini	Driver	None	1xRubber boots	19/02/2014	1xRubber boots	120.00
Jerome Dlamini	Driver	2 Dust coats annually	1xOverall	19/02/2014	1xOverall	209.50
Jerome Dlamini	Driver	2 pairs of boots in two years	1xSafety boots	19/02/2014, 04/03/2014 & 13/07/2015	1xSafety boots	450.00
Moses Mathabela	Driver	2 Dust coats annually	2xOverall	30/04/2014	2xOverall	419.00
Bonkhe Bhembe	Driver	2 Dust coats annually	2xOverall	20/03/2014	2xOverall	419.00
<b>Total</b>						<b>4,901.00</b>

The Government's controls were flouted intentionally, subjecting government to losses.

**(e) Mealie Meal**

One hundred and sixty (160), 50kg bags of Mealie Meal, amounting to E40, 740.80, invoice number 257663, dated 24 December 2013 and delivery note number 10049, dated 24 December 2013, was not accounted for. The consignment was delivered by Ngwane Mills, on the 20<sup>th</sup> January 2014 and receipt was not confirmed.

**(f) Unaccounted for Dust Masks**

The examination of the warehouse ledger, revealed that 180 dust masks worth E17, 820.00 were issued. The beneficiaries were not known since there was no record produced to confirm the recipients of the masks. The expenditure was not accounted for..

Description	Quantity	Unit Price(E)	Net Amount(E)
Dust masks	180	99.00	17,820.00

**(g) Expenditure for undeserving participants**

An amount of E148, 375.70 was paid for accommodation, refreshments including value added tax in respect of undeserving participants, who did not attend the conferences. The number of participants, who were paid for, as per invoices, did not reconcile with the number of participants who attended, as per the attendance register.

The table below gives detailed information of the conference attendance register.

Conference	Date	Participants As Per Invoice	Participants As Per Attendance Register	Amount Paid (E)	Undue Amount (E)
Data Analysis at Esibayeni Lodge	11-16/08/2014	20	6	77,248.68	60,392.64
Data Analysis at Esibayeni Lodge	17-21/06/2014	16	10	55,952.11	19,622.59
Training of trainers at Phumula Guest House	17/07/2014	25	22	4,800.00	1,641.60
Training of enumerators at Phumula Guest House	18/07/2014	25	20	4,800.00	2,736.00
Training of enumerators at The George hotel	17-20/07/2014	70	60	17,243.00	2,394.00
Training of trainers at Esibayeni Lodge	16/07/2014	20	18	5,720.52	515.05
Training of enumerators at Riverside Restaurant & Hotel	17-18/07/2014	50	38	8,766.60	1,214.78

Conference	Date	Participants As Per Invoice	Participants As Per Attendance Register	Amount Paid (E)	Undue Amount (E)
Training of enumerators at The Castle Hotel	17-18/07/2014	50	40	11,172.00	2,052.00
National Simulation for Disaster Preparedness at Piggs Peak Hotel & Casino	02-03/11/2014	50	No attendance register	47,045.44	47,045.44
Annual Vulnerability Assessment at Siteki Hotel	10/06/2014	16	No attendance register	10,761.60	10,761.60
<b>Total</b>					<b>148,375.70</b>

Government's funds were unjustifiably spent and the purpose of the fund was compromised, which is to coordinate and manage disaster related activities, in the country. Moreover, personnel development may be retarded thereby limiting government response in alleviating disaster related risks.

#### (h) Undelivered goods

The under listed goods purchased and paid for were not delivered at the National Disaster Management Agency warehouse and to the storm damage victims.

#### (i) Undelivered building material

Building material amounting to E38, 689.89 for the construction of a two (2) roomed house was, alleged to have been, delivered to a disaster victim at Ekufikeni area, under Nkhamba Inkhundla, in the Hhohho, Region on the 3<sup>rd</sup> October 2014. During a physical verification carried out on the 16<sup>th</sup> of June 2016, it transpired through an interview, with the victim, the said materials were not delivered; and no house was built for the alleged beneficiary.

The material was dispatched from the warehouse, as per the warehouse stock and stock movement record, but did not reach the quoted destination. The documents that were supposed to be kept at the National Disaster Management Agency, bearing the signature of the beneficiary/recipient, as confirmation that she received the materials, were not availed for audit inspection. This confirmed that the material did not reach the alleged destination.

The table below illustrates the building material that never reached the beneficiary:

Date	Requisition	DN	Description	Quantity	Amount (E)
3-Oct-2014	242942	10670	Cement 50kg	25	2,246.25
3-Oct-2014	242942	10670	Corrugated iron sheets 4.2m	14	6,114.50
3-Oct-2014	242942	10670	Doors	2	2,978.70

Date	Requisition	DN	Description	Quantity	Amount (E)
3-Oct-2014	242942	10670	Paint 20L (cream white)	2	4,786.00
3-Oct-2014	242942	10670	Paint 20L (super sheen white)	2	4,786.00
3-Oct-2014	242942	10670	Roof Paint 20L (Terra Cotta: brown)	1	1,189.71
3-Oct-2014	242942	10670	Window Glasses	12	120.00
3-Oct-2014	242942	10671	Cement 50kg	25	2,246.25
3-Oct-2014	242942	10671	Rafters 4.2m	8	3,861.36
3-Oct-2014	242942	10671	Perlines 6m	8	5,516.77
3-Oct-2014	242942	10671	6''Nails x1kg	2	55.00
3-Oct-2014	242942	10671	4''Nails	1	36.00
3-Oct-2014	242942	10671	Roof Nails(Screws 90mmx100pcs)	2	91.00
3-Oct-2014	242942	10671	Window frames	2	1,501.90
3-Oct-2014	242942	10671	Putty 5kg	2	40.00
3-Oct-2014	242942	10671	Mortice Locks	2	352.94
3-Oct-2014	242942	10671	Door Frame 6''	2	1,201.38
3-Oct-2014	242942	10672	Wooden screws	16	477.60
3-Oct-2014	242942	10672	Galvanised Wire 4.00mm x 5kg	1	137.50
3-Oct-2014	242942	10672	Inside ventilators	2	42.04
3-Oct-2014	242942	10672	Concrete outside ventilators	2	42.04
3-Oct-2014	242942	10672	Damp course 6''	1	400.00
3-Oct-2014	242942	10672	Reinforce	4	263.20
3-Oct-2014	242942	10672	Brick force	5	203.75
<b>Total</b>					<b>38,689.89</b>

**(j) Payment for undelivered materials**

Building concrete blocks and mealie meal amounting to E24, 295.00, were not delivered by the suppliers yet they were paid for. I observed that government paid for 35,798 (6 inch) concrete blocks from LSM distributors, but only 33,798 (6 inch) concrete blocks were recorded as received in the inward book. Likewise, 185 bags of mealie meal were paid for but only 184 were received, as per record.

These items were not recorded in the warehouse ledger. Stores regulation, Part 1(1975), 0403(1), states that 'before officers certify invoices for stores supplied, they should ensure that the stores have actually been received and taken on ledger charge'.

The money spent on undelivered items is a loss, and should be recovered/

Please see table below

Invoice Date	Description	Invoice Number	Purchased quantity	Delivered Quantity	Difference	Unit Price	Amount (E)
01/08/2014	Blocks 6'' from L.S.M Distributors	47228	35,798	33,798	2000	11.95	23,900.00
26/11/2014	Mealie meal 50kg from Roadside Investment	1360	185	184	1	395	395
<b>Total</b>							<b>24,295.00</b>

### (k) Part delivery

The following goods were paid for in full yet were partially delivered. Government Regulations prohibit payment for goods/services before delivery.

### (l) Paint

Invoice No 1238 dated 26 June 2014 from T&S Enterprises, reflected that government paid E222, 041.00 for 250 x 25 litres of paint whilst the warehouse stock movement record reflected that 250 x 20 litres of paint, were received instead of the 25 litres, paid for. I pointed out that government was not invoiced according to the specification of the delivered paint; as a result government suffered a loss of E44, 408.50. Rationally prices for 25 litres of paint and 20 litres of paint cannot be the same. There was no justification, provided, for this price.

The prices of 20 litre paint as deduced through proportioning where approximately as reflected in the table below.

Qty	Description	Unit Price 25L	Unit Price 20L	Unit Difference (E)	Amount of under supply (E)
200	White PVA water paint	802.64	642.11	160.53	32,106.00
50	Sky Blue water paint	1,230.26	984.21	246.05	12,302.50
<b>250</b>	<b>Total</b>				<b>44,408.50</b>

Government suffered a loss through negligence. The loss suffered by Government should be recovered.

### (m) Non- monitoring of progress of the disaster relief programme

A physical verification was conducted from the 9<sup>th</sup> June 2016 to 16<sup>th</sup> June 2016 in the four regions of the country. Noted, was that building material amounting to E87, 312.71 was allocated for the disaster relief. I further raised my concern that the Disaster Agency officers simply delivered materials at the disaster victims' sites and never made follow ups on the use of the material to ascertain if the material fulfilled the needs and alleviated the life threatening situations that

afflicted the victims. This observation was prominent in respect of building material. The paragraphs below give detailed information.

**(n) Expired/Obsolete cement**

Cement bags, 12 x 50kg, worth E1, 078.20 became obsolete (expired), because they were kept for long periods, at the beneficiaries homes, unused. Reasons given by the beneficiaries were that they did not have money to pay the builders fees and acquire river/ plaster sand. As a result government suffered a loss of E1, 078.20. The table below, reflect the obsolete cement;

**Obsolete/ expired cement 50kg bags**

<b>Beneficiary</b>	<b>Delivery date</b>	<b>DN</b>	<b>Quantity</b>	<b>Amount (E)</b>
Miriam Dlamini (Lushikishini)	26/05/2014	7169	7	628.95
David Hlophe (Dlovunga)	05/05/2014	7231	5	449.25
<b>Total</b>			<b>12</b>	<b>1,078.20</b>

**(o) Unused materials**

Building materials worth E8, 818.30 were left idle at beneficiaries homes after the construction of the houses. This material could have been used to benefit other Swazi Citizens.

**6 Inch Concrete blocks**

<b>Beneficiary</b>	<b>DN number</b>	<b>Quantity</b>	<b>Amount(E)</b>
David Hlophe(Dlovunga)	7227 & 7228	50	597.50
Lucy Dlamini(Tikhuba)	N/A	50	597.50
Sideman Gamedze (Tikhuba)	4179 & 4180	40	478.00
Alfred Mdluli(Mavalela)	4552 & 4553	40	478.00
Lomhlangano Matsebula(Mavalela)	4556 & 4557	50	597.50
Celani Gamedze (Mavalela)	4554 & 4555	50	597.50
Silomo Tsabedze(Mavalela)	4579	50	597.50
Mbongwa Masango	10858 & 10860	79	944.05
<b>Total</b>		<b>409</b>	<b>4,887.55</b>

**4.2 metres Corrugated iron sheets**

<b>Beneficiary</b>	<b>DN</b>	<b>Quantity</b>	<b>Amount(E)</b>
Lomhlangano Matsebula(Mavalela)	4576	2	873.50
Silomo Tsabedze(Mavalela)	4593	2	873.50
Celani Gamedze (Mavalela)	4567	3	1,310.25
Miriam Dlamini	7169	2	873.50
<b>Total</b>		<b>9</b>	<b>3,930.75</b>

### **(p) Unused paint**

I noted that, paint, amounting to E45, 467.00, had been lying idle for two years. I observed that the houses of the beneficiaries were not plastered. Inquiries from the beneficiaries revealed that the reason for not plastering the houses was that they did not afford to buy river & plaster sand.

There was high risk that the paint may expire due to long period, and become obsolete.

### **20 litre paint found lying idle**

<b>Beneficiary</b>	<b>Delivery date</b>	<b>DN</b>	<b>Quantity</b>	<b>Amount (E)</b>
Lomhlangano Matsebula	06/02/2015	4578	2	4,786.00
Silomo Tsabedze(Mavalela)	09/02/2015	4595	5	11,965.00
Celani Gamedze (Mavalela)	05/02/2015	4569	2	4,786.00
Sipho Ndwandwe	04/07/2014	7123	2	4,786.00
David Hlophe	08/07/2014	7128	5	11,965.00
Mirriam Dlamini	26/11/2014	10809	3	7,179.00
<b>Total</b>			<b>19</b>	<b>45,467.00</b>

### **(q) Lost paint**

Paint worth E9, 572.00 which was delivered to the intended beneficiary on the 8<sup>th</sup> April 2015 was allegedly lost at the beneficiary's home, after delivery. There was no report made about the loss, either to Community Leaders, Police, Controlling Officer or the Deputy Prime Minister's Office, by the beneficiary or disaster officers. As a result of the house that was constructed remained unpainted for over a year. Such incidence represents a loss to government since the expenditure did not achieve the purpose intended.

<b>DN number</b>	<b>Description</b>	<b>Quantity</b>	<b>Amount (E)</b>
4124	Paint 20L	5	10,761.71

### **(r) Unauthorised use of Material**

Some houses for the beneficiaries, constructed, were far below the required standard, which were two rooms that are of four (4) metre dimensions. An interview with the beneficiaries revealed that they used building materials, worth E18, 492.00, to pay for construction services. As a result the houses were smaller than the 4 metre dimensions. The explanation given was that there was no money to pay for the services of the builders, thus they resorted to using the material obtained from the National Disaster Management Agency.

This practice is tantamount to diversion of funds from the purposes intended, without authority.

The diverted material is shown below

DN	Description	Quantity	Amount (E)
4179 & 4180	Concrete bricks (Blocks)	400	4,780.00
4189	Paint 20L	5	11,965.00
10854	Corrugated Iron Sheets	4	1,747.00
<b>Total</b>			<b>18,492.00</b>

**(s) Unused concrete building blocks**

Cement bags, 30 x 50kg amounting to E2,695.50 was delivered at one beneficiary's (Mndobandoba Sthole from Mtsambama – Inkhundla and Magele- area) homestead and used to mould 600 building concrete blocks. The intention was to build a two roomed house.

The other materials needed for the construction of the house were not delivered. Thus the concrete blocks that were found lying idle are exposed to theft. Upon inquiry it transpired that the reason for the stalling of the construction of the house was inaccessibility of the homestead, by delivery vehicles.

I noted that the cement and river sand, used to mould the bricks, were delivered, regardless of the inaccessibility. Therefore the reason given for non-delivery and non-construction of the house was unrealistic. The National Disaster Management Agency officers never made any follow up on the construction to ascertain if the project was successful.

It is worth mentioning that the materials deteriorate when kept for long periods, unused, and might become obsolete. There is need for vigorous monitoring of the disaster activities to ensure that assistance to disaster afflicted citizen is achieved.

**(t) Transfer of paint**

I observed that Paint, Two (2) 20 litres amounting to E4, 786.00, which was initially issued to a disaster victim at Ngwempisi Inkhundla by delivery note number 10809 were transferred from the intended beneficiary, to an unknown destination. The beneficiary's house exterior was not painted. It was unclear as to why the paint was transferred. There were no supporting documents substantiating the transfer of the paint.

**(u) Missing Rain Suits**

A physical verification of the uniform stock, was conducted on the 12<sup>th</sup> January, 2016. The warehouse ledger reflected a balance of two rain suits, amounting to E300.00. The rain suits were not available and no report was made concerning the loss. This violated Stores Regulations Part 1(1975), section 0202(1) (i) which states that 'a storekeeper shall report at once to the Supervising Officer any loss or irregularity which may be discovered, or any defect which may occur in the condition of stores'.

In view of the above scenarios, there is mismanagement of the disaster relief material. Information contained in the in the stock movement record was incomplete. The records were inappropriately maintained. This was revealed on several cases whereby material purchased were not entered in the inward book/ledger but only surfaced in the warehouse stock movement record. Thus reconciliation of the various records may be impossible rendering internal controls ineffective.

**The Controlling Officer requested extension of the deadline to 10<sup>th</sup> February 2017. However due to the time frame to conclude the Audit Report it was impossible to grant the extension.**

It is expected that the Controlling Officer will provide the explanation in due course.

**HEAD: 07**

**MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL  
COOPERATION**

**Objectives:**

Maintenance of diplomatic relations with the International Community and promotion of international trade relations.

**30.0 The Audit of the Swaziland High Commission in Maputo**

An audit of the High Commission of Swaziland in Maputo was conducted for the financial years 2014/2015 and 2015/2016. The following findings were communicated to the Principal Secretary in the Ministry of Foreign Affairs and International Cooperation but the response did not address the issues, raised.

**Findings**

**Rehabilitation of the Missions Building in Maputo (Project G58299)**

The High Commission of Swaziland in Mozambique in fiscal years 2013/2014 and 2014/2015 embarked on a rehabilitation exercise for the official residence, Chancery, and five other residential houses. The Project (G58299) budget in 2014 was E9 000 000.00. An amount of E 8 936 785.96 was spent on the project in financial years 2014/2015 and 2015/ 2016. The following anomalies which occurred during the rehabilitation process were noted during the audit:

The Controlling Officer did not address the issue of inadequate planning. The issues cited included lack of funds and that only an inspection was carried out for the work to be done.

**(a) Improper planning for the project**

The rehabilitation exercise was not properly planned. The mission did not have a project proposal which included of the Project Initiation Documentation that outlines the scope of rehabilitation of the buildings, purpose and objective of the works, duration of the works, details of supervision requirement, bills of quantities, inspection method, and procurement method to be used for the project implementation i.e. open market or tendering.

The mission did not adhere to the Public Procurement Regulations, 2008. The initial scope, duration, and cost of rehabilitation that the mission had budgeted for the project could not be ascertained and this promoted the escalation of rehabilitation costs.

The Regulations on Public Procurement no. 37 states that “a statement or requirements for works shall provide a complete, precise and unambiguous description of the works required and shall include scope of work, purpose and objective of the works and duration of the work, details of

supervision requirement, bills of quantities and inspection”. None of the above was availed for audit purposes.

**The response was that, though there were no funds available at the time and there were maintenance issues that had to be addressed immediately then, the ministry did get in touch with the relevant ministries, namely, Economic Planning and Works. An inspection in loco was done, where the decision on the works to be done was concluded. It is worth mentioning that due to the lack of funds it was decided that some of the work be left unattended.**

I consider lack of proper planning as a serious oversight. As a result there is no evidence of the proposal total cost and the works that the award won.

### **(b) Inappropriate Procurement Method**

The rehabilitation exercise of the office and staff houses, amounting to E 8 936 785.96, was procured using the quotation method instead of the open tender method. This was contrary to the Public Procurement Regulations 2008 Schedule 2 that requires that any works for over E 500 000.00 should be procured using the open tender method. There was no maximum competition as only three (3) companies were invited to submit their quotations. Even the method used to invite the companies to submit the quotations could not be ascertained because the mission could not provide information on the processes undertaken to select the contractor.

The contractor that was awarded the contract was eventually the most expensive and the prices of the kept on escalating. The quotation method neither promoted value for money nor private sector participation since there was no possible competition and there were no control measures against the escalation of prices due to the selection criteria used. This is a huge drain on the government, resources.

**The Controlling Officer stated that, though not by law, the procurement procedures used in Embassies is different, the difficulty being that, there is no tendering system.**

### **(c) No contract for rehabilitation**

I observed that for the entire rehabilitation exercise, the mission did not have a written contract with the contractor (Multi Build) which outlined the terms and conditions of works procured i.e. description of the works procured, quantity, completion schedule, the total contract price and the conditions applicable for adjusting the initial price.

A letter/form of Offer and Acceptance (Agreement), from the contractor was availed during the audit. I observed that the acceptance (agreement) was endorsed by junior officials of the mission (Third Secretary and Assistant Accountant). These Officers are neither warrant holders nor decision makers, they only pass expenditure, for payment.

**The ministry’s view was that the document (form of offer and acceptance) is a legal contract. The contract was signed on the 2<sup>nd</sup> December 2013, between Bheki Mabuza of Multibuild, Busisiwe Hlatshwayo and Ntombikayise Nkambule from the Embassy. True, it may be**

**shallow with regards to terms of reference and other inclusions but still serves a contract. The ministry shall in future, with assistance of the Office of the Legal Advisor who at that time was vacant, formulate draft contract specimen so that these maybe included in future contracts. The ministry sincere apologised for such.**

**Regarding the signature of junior officers, he stated that when all these happened, there was a reshuffle of ambassadors within the Foreign Service and Maputo was also affected.**

#### **(d) Lack of Monitoring Systems**

The Physical verification of works done revealed that the project was not monitored by the mission and Government. The rehabilitation exercise did not have a supervising consultant, who was responsible for monitoring the performance of the contractor. The mission did not involve Engineers, Quantity Surveyor, and Architects who would verify the works, completed before authorizing payments. There were neither progress reports nor signed certificates for work done, to support payments.

Since the mission did not have a Project Initiation Documentation which outlines details of supervision responsibilities, the responsibility of monitoring the project was not clear.

Payments were made without verification of the works done, thus, works procured were either partially done or not done at all. The rehabilitation exercise was very expensive for Government. Also, the contractor had quoted works that neither needed any attention nor received any attention, The prices that were charged for some of the works were unreasonably high.

**The Controlling Officer assured me regular inspections were carried out, though not as desired due to financial constraints.**

The response that regular inspections visits were made was not convincing. There were no progress reports/minutes availed pertaining the project. Further, that the authority for payment was issued, the next day, after the contractor had invoiced, implied the works paid for were not verified, for completion as well as the cost quoted.

#### **(e) Unjustified revision of costs**

I observed that a review of the scope of works to determine the cost of the rehabilitation exercise was done which implies the lower prices quoted in the initial quotation were used, as a tactic to win the contract. The contractor submitted two revised quotations soon after receiving the award for the rehabilitation exercise. Although Swazi companies should be given a preference in the evaluation of tenders for works by adding a specified margin to the evaluated price of other tenderers who were not eligible for the preference, the mission could not provide the auditors with the evaluated price of other tenderers.

The prices were increased by E 4 077 133.20 (110%) which was above the 15% maximum increase permitted by the Regulation on Public Procurement 118 (4).

The initial quotation submitted by the contractor Multi Build, was E3 699 540.00 in July 2013 and the revised quotation was E 6 437 421.00 in November 2013. In July 2014 Multi Build further submitted another quotation had been was for additional works, in the initial quotation, amounting to E 1 894 183.20.

**The table below illustrates the revised quotation**

<b>Description</b>	<b>Initial Amount (E)</b>	<b>Revised Amount (E)</b>	<b>Increase (E)</b>
All the Embassy buildings	3 699 540.00	6 437 421.00	2 737 881.00
Additional quotation for Assistant Account and Admin Attachés residence	0.00	1 894 183.20	1 894 183.20
<b>TOTAL</b>	<b>3 699 540.00</b>	<b>8 331 604.20</b>	<b>4 632 064.20</b>

The justification for the increase was availed during the audit. The revised agreement, form of offer 2 acceptance were not endorsed by the warrant holder. Head of Mission, the Third Secretary signed the revised documents. The revised agreements forms of offer 2 acceptance were not endorsed by the warrant holder, Head of Mission, the Third Secretary signed the revised documents. Since the mission did not have the Project Initiation Documentation which outlines the bills of quantities the prices charged were not supported.

The objective of selecting the lowest offer quotation and obtaining value for money was not achieved as the selected offer was extremely higher than the others. The revised quotations were increased by 125% which was more than the specified maximum of 15%.

**The response was that initially the quotations were for major faults, later on new quotations were drawn to include the other faults.**

The Controlling Officer's response is not satisfactory, also the initial quotations were not provided, to support the revision. There was no justification appended on the revised costs to substantiate the escalation of costs.

**(f) Tax not claimed**

I noted that, although foreign mission are exempted from taxes, the contractor had charged the mission E 1 298 507.36 which is 17% of all the works invoiced for payment. The mission did not claimed the tax that was remitted to the Mozambique Tax Authority.

Also noted, is that all payments to the contractor were transferred to First National Bank, Swaziland, Manzini Branch. The bank statements of Multi Build Investment where payments were transferred to does not show any money that was remitted to Mozambique Tax Authority.

The table below illustrates a breakdown of all the tax that was charged, but not claimed by the Mission.

<b>Date</b>	<b>Invoice Amount (E)</b>	<b>Tax charged (E)</b>
20/02/2014	206 000.00	29 931.62
02/05/2014	2 432 939.60	353 504.05
16/05/2014	2 188 723.45	318 019.65
04/08/2015	1 999 491.25	290 524.37
19/08/2015	965 613.29	140 302.80
12/03/2015	644 145.56	93 593.80
11/04/2016	499 872.81	72 631.09
<b>Total</b>	<b>8 936 785.96</b>	<b>1 298 507.38</b>

The Government lost E1 298 507.38 revenue from tax that could have been used in other Government activities.

**The response was that the matter was being addressed and a report shall be submitted soonest.**

The Controlling Officer's response is not satisfactory as this issue was raised with the Mission during the audit and an update was promised, however up to date no report has been submitted to the Office of Auditor General.

#### **(g) Project expenditure charged on recurrent Budget**

According to the Financial and Accounting Instruction 0201 (xii), it is the duty of the Accountant General to promptly charge in the proper accounts all disbursements of the Government whether expenditure or other payments.

I noted that the expenditure on the rehabilitation project was charged on the recurrent budget instead of the capital budget. There were no funds released for Capital Project no. G58299, in the financial years ending 31<sup>st</sup> March 2015 and 2016. An amount of E8 936 785.96 was spent for this project. This means the accounts utilised were not reconciled.

This resulted in an understated expenditure on Capital Project G58299. Government records showed that there was no expenditure on the capital project for the financial years 2014/2015 and 2015/2016, whilst the recurrent expenditure was overstated, thus distorting the accounts and not depicting the true picture.

**The Ministry concurred with the finding and promised to fully comply with the Financial and Accounting Instruction.**

#### **(h) Payment of Undelivered Works**

Through physical verification, I noted that some of the quoted works, were either not done or unfinished. The contractor was paid over **E 2 547 360.00** for works that were not done. This amount excludes the works that were partially done. The invoices were charged as per the quotations; regardless of whether the work was completed or not.

This situation implies that the payments were made without verification of progress and assessment of the quality of the works done. Also, the project was not monitored.

Tables 1 to 5 below shows the lists of work that was not done but paid for.

**Table 1. Counsellor’s house**

No.	Invoiced work that was not done at all	Price (E)
1	Replace/ fixing the entire ceiling & cornices	138,860.00
2	Bedroom 3: Fix curtain rails fix cracks , electric switches, air-conditioner, wardrobe doors light and fittings	48,350.00
3	Bedroom 1: Fix cracks, electric plugs, switches and replace mosquito nets	20,830.00
4	Masters bathroom: Fix cracks, tiles lights and fittings, cardboards door & fix w/floors	20,950.00
5	Study room: Put light and fitting	1,200.00
6	Roof structure: Fix & water proof the entire roof and closing all leaks (Double payment)	52,500.00
7	Ceiling & cornices: replace/ fix entire damage ceiling and cornice	138,860.00
<b>Total</b>		<b>331,550.00</b>

The response was that all the work paid for was done save the replacement of fixing of the entire cornices and ceiling whose payment amounted to E138, 860.00. The Embassy has been tasked to make follow ups with the Contractor in this regard. A report shall be submitted in due course.

**Table 2. Assistant Accountant**

No.	Invoiced work that was not done at all	Price (E)
1	Fix al steel works around boundary walls & car port	45,975.00
2	Fix replace water pumps and remove all rubbles	56,650.00
3	Fix the entire servant quarters	98,330.00
4	Fix/ replace air –conditioner ,brackets & fittings	168,780.00
5	Masters bedroom: Fix & paint walls & ceiling, wooden floor, wardrobe and doors	65,850.00
6	Bedroom1: Change wooden floor, fix air, wires, wardrobe handles, light fittings and paint	49,950.00
7	Bedroom 2: Fix wooden floor, paint, put light fittings wires	35,200.00
8	Bedroom3: Change wooden floor, air conditioner , put light fittings and paint	34,500.00
9	Bedroom4: Change wooden floor, air conditioner, put light fittings and paint	34,500.00
10	Veranda: Fix and paint, put light fittings and steel	56,500.00
11	Bathroom: Fix & paint, change toilets and washing hand basin, taps, light fittings	39,700.00
12	First floor Passage: Fix/ replace wooden floor, and put light fittings	38,500.00
13	Staircase to Geyser: change wood floor and pain	22,800.00
<b>Total</b>		<b>747,235.00</b>

The works listed above were quoted in quotation 593 as per room whilst in quotation 786 collectively for the whole house, thus making a double quotation and payment. The table below illustrate the work that were quoted in 786.

No.	Invoiced work that was not done at all	Price (E)
1	Install skirting in the entire house (wooden/tiles)	54,000.00
2	Supply and lay floors and wall tiles (prepare floors first)	338,495.00
3	Do a proper renovation in all bathrooms and showers	93,600.00
4	Construct or upgrade kitchen	138,560.00
<b>Total</b>		<b>624,655.00</b>

**In this house all the items mentioned have been done except for replacing the water pump which was however fixed but not replaced and it is working.**

**Table 3. House no. 352 Matolo (Third Secretary)**

No.	Invoiced work that was not done at all	Price (E)
1	Main bedroom : install tiles/w/handles mosquito nets	35,450.00
2	Bathroom: mosquito nets Tiles and fix door	39,300.00
3	Bedroom 2: Install new air-corn, tiles. Lights and fittings	38,500.00
4	Bathroom for room 2 &3: install new taps, tiles, light &fitting	38,300.00
5	Another room: Fix plumbing ,wall tiles, mosquito nets, plugs, light and fittings	48,700.00
<b>Total</b>		<b>200,250.00</b>

**All listed items have recently been attended to.**

**Table4 House no. 352 Matolo (First Secretary)**

No.	Invoiced work that was not done at all	Price (E)
1	Plumbing &electrical : fix all plumbing & electrical problems	49,800.00
2	Replace mosquito nets for the entire house	38,900.00
3	Bedroom 2: Light fittings and tiles	39,400.00
4	Bedroom 3 : Fix cracks ,tiles and paint ceiling	28750.00
5	Fix all other carpentry works inside the house	47500.00
<b>Total</b>		<b>204,350.00</b>

**All listed items have recently been attended to.**

**Table 5 Administrative Attachés residence**

No.	Invoiced work that was not done at all	Price (E)
1	Masters bedroom, bedroom 1,2,3 and 2 bathrooms	64,790.00
2	Garage & boundary : paint and put light fittings (double quoted)	26,800.00
3	Outside toilet: Pant , fix toilet and shower	12,450.00
<b>Total</b>		<b>104,040.00</b>

**All was done except for the installation of the Admin Attaché, First Secretary and Drivers office air conditioners and the fixing of shelves in the file room.**

**Table 6 Chancery**

No.	Invoiced work that was not done at all	Price (E)
1	Reception: fix electrical plugs wires, switches cable and fittings	8,750.00
2	First Secretary: fix plugs and water leaks –install new handle ,air conditioner and mosquito nets	39,750.00
3	Switch board office: fix plugs and wires and replace air conditioner	25,900.00
4	Councilor’s office: fix plugs and wires and replace air conditioner	39,580.00
5	Assistant accountants office: fix shelves, notice board, air conditioner and plugs	49,400.00
6	Drivers office and toilets: replace air-conditioner, plugs and wires	25,300.00
7	High Commissioners office: fix cracks, replace toilets, mosquito nets ,air conditioner and light fittings and wires	37,200.00
8	Translators office :replace air-conditioner, fix plugs and wires	36,250.00
9	File room: Fix shelves and light fittings	38,650.00
10	Third Secretary’s office: fix big cracks, replace toilets, mosquito nets ,air conditioner and light fittings and wires	34,500.00
<b>Total</b>		<b>335,280.00</b>

**All was done except for the installation of the Admin Attaché, First Secretary and Drivers office air conditioners and the fixing of shelves in the file room**

**Table 7 Official Residence**

The following works were invoiced for but not delivered.

Rooms	Description
Balcony 1, 2& 2 ,Bedroom 1	Install mosquito nets
Balcony 1, 2& 2 , TV room, dining room and sitting room, study room, bedroom 1	Install curtain rails
Dining room and sitting room, study room	Install air-conditioner

**All was attended to accordingly.**

The response suggested that some of the work reported as uncompleted had actually been done prior to the audit. The remaining works were yet to be done after consulting the contractor.

There was no evidence provided to confirm the status of the works that appeared to be incomplete during the inspection, based on the documentation examined. This means the documents maintained did not reveal the true state of affairs. There was no plan of action provided that the rehabilitation was not completed as yet. This implies that if the audit was not carried out, the remaining works would not be attended despite the payment made.

**(i) Improper Planning for the Sale of Houses Located in Matola**

I observed that after spending E 1 449 290.00 in financial year 2014/2015 and 2015/2016 on rehabilitation of both houses in Matola, the houses have been vacant for over a year. The mission officials, First Secretary Information and the Third Secretary who occupied these houses have been relocated to other Government owned houses that used to house the Admin Attaché and Assistant Accountant. Also, the mission is paying for security services, telephone lines and electricity for these vacant houses.

The table below illustrates the amount paid for electricity, telephone lines, water and security for 18 months i.e. from 1<sup>st</sup> March, 2015 to August 2016 for the two Matola houses.

<b>Bill</b>	<b>Narration</b>	<b>Amount (E)</b>
Electricity	E500 every 3 months (6 months x E500)	3 000.00
Security	E41 955.19 for all houses / 6 houses E 6992.51 x 2 houses x 18 months	251 730.36
Water	E30.00 x 18 months	540.00
Telephone	E26.25 x 18 months x2 houses	2025.00
<b>Total</b>		<b>257 295.36</b>

The High Commissioner stated that the mission was contemplating requesting the Ministry of Foreign Affairs and International Cooperation to consider selling the houses because they are located outside the Diplomatic area by Mozambique Government. The High Commissioner alleged that the value of the houses had appreciated after the rehabilitation exercise. However, there was no evidence of such as the houses were not evaluated by the property valuer before the rehabilitation exercise.

A review of scope of works to determine the cost of the rehabilitation exercise was not carried out. The difference between the value of the houses before and after rehabilitating may be very small or none, considering the amount that has been spent on rehabilitation the houses. Also the contractor's workmen that occupied the Matolo houses during the rehabilitation exercise left the servant's quarters in a mess, thus the condition of the houses deteriorated.

**The response revealed that the Embassy officials who stayed in Matola were relocated to the diplomatic residential zone as designated by the Mozambique Government.**

**The rehabilitation exercise occurred prior to insistence of the Mozambique Government about the designated zone, which caused the houses to be unoccupied. As a result the houses remain guarded for 24 hours to protect them from being vandalised.**

**The Ministry is contemplating selling the houses and has already instructed the Mission to do an evaluation of the properties.**

**Currently the contractor is working on clearing the servants' quarter and the properties shall be handed back to the Mission in good condition.**

The Ministry is advised to ensure that the matter receives the urgency it deserves. The more the sales delays will result in a loss to government by the time it is concluded.

**(j) Transfer of Revenue from Visa Account**

According to the Financial and Accounting Instruction 0501 (I) it is the duty of accounting officers to ensure that revenue due is collected promptly and that all collections of revenue are properly brought to account.

However, I noted during the audit that visa fees collected by the mission were not transferred on quarterly basis to Government General Account. In June 2016 the mission had transferred an amount of R 1,953,939.10 from the visa account held for over 2 years with the Millennium Bank in Maputo to the Government General Account. The transfer of the visa fees was for the first time in financial year 2014/2015 and 2016/2017.

Also of note was that the transfer of the visa fees was authorised by the Third Secretary alone, without involving senior officials in the mission (the High Commissioner or the Counsellor). Since the High Commissioner is the warrant holder, he should be involved in transfer of funds, as a control to authorise and intricate the transaction.

This poses a risk that the money may be diverted for other purposes.

**The Controlling Officer concurred with the finding and promised to adhere to the Accountant General's instruction.**

**(k) Payment of Subsistence Allowance to Third Secretary**

An amount of R8, 285.02 was paid to the Third Secretary as subsistence allowance for days spent in Swaziland after attending Medium Term Expenditure Framework (MTEF) guidance meeting. The Third Secretary was initially authorised to spend 2 days for official duties in Swaziland i.e. from 18th October to 20 October 2015, and was paid R5,073,63 @ \$190 per night at an exchange rate of 14.53.

However, records revealed that the Third Secretary spent the five (5) days in the country. The Third Secretary submitted a sick note from Clicks Pharmacy granting her a sick leave of 2 days, from 22<sup>nd</sup> to 23<sup>rd</sup> October 2015. Therefore, the Third Secretary was paid subsistence allowance for 3 days spent in Swaziland while not on official duties.

Therefore the amount of R8,285.02 paid for over staying or beyond the authorized trip was irregular. Worth noting is that the General Orders only recognises Medical Doctors Certificates for sick leave.

**The Controlling Officer concurred with the finding, and stated that the issue raised is open for discussion.**

It should be noted that the sick note attached was not issued by a medical practitioner. While pharmacist slips are accepted in foreign missions, they should be supported with prescription.

### **(l) Payment of Fuel Cars**

During the audit it was noted that fuel consumption for the mission cars was not monitored and the log book for the cars was not maintained. The mission pays an advance payment of MT100,000.00 (E25 000.00) at an exchange rate of 4 every month to Total Garage in Maputo for the fuel account, however, there was no statement or fuel receipts showing actual cost of fuel consumed and the balance in the fuel account. There were no control measures in place to safeguard the consumption of the fuel since the log books are not maintained for the trips.

Without accurate and updated statement reconciliations there is a possibility of overdrawing the account. The mission may pay for fuel consumed by cars not belonging to the mission, and may also be not in a position to know the value of fuel available for its cars before another payment is done to the garage.

**The Controlling Officer concurred with the finding and stated that a new system has been put in place to monitor the general usage of the Missions vehicles in accordance with General Orders, chapter E.**

### **(m) Missing Furniture in the Unoccupied Houses in Matola**

While conducting inventory reconciliation of the staff houses in Matola, the under listed furniture recorded in the inventory was missing from the house that was occupied by Third Secretary:

- 4 dining room chairs
- 2 double bed mattresses
- 2 set of double beds ( 2 mattresses and 2 base)
- 1 Hi-Fi speaker
- 1 refrigerator

Reliable information from the Third Secretary revealed that the refrigerator had been taken by one of the contractor workers to secure a loan from a money lender (shylock). Also noted was that government furniture was used by the contractor's workmen. However, it was noted that no measures and follow - ups had been taken to recover the missing property and equipment.

The houses were left vacant and keys to the houses were left with the workmen that worked for the contractor who rehabilitated the houses. This resulted in the loss of Government property

The loss of furniture was neither reported to the Principal Secretary, Ministry of Foreign Affairs nor the police so that the perpetrators could be apprehended and brought to books.

**The Controlling Officer concurred with the finding and stated that the Contractor has promised to repay the furniture.**

### **(n) Admin Attaché Post**

The Establishment Register shows that the Swaziland High Commission in Maputo has a post of an Administrative Attaché, who is supposed to be the Secretary to the High Commissioner. The Administrative Attaché, according to the Register is supposed to be a Diplomat, i.e. to be seconded from the Ministry of Public Service.

Although the mission has an Admin Attaché post, the incumbent Admin Attaché was recalled in November 2014, but since then the post has been vacant. The diplomatic duties of the Admin Attaché are executed by the Receptionist, who is a local staff. The mission has breached diplomatic protocol since the reason behind secondment of employees to this position is to protect the highly classified information which is privy to Swazi citizens and also to alleviate the unemployment burden in the home country.

The Ministry has not replaced the Admin Attaché that was recalled. Although the mission alleged that they requested for the replacement of the Admin Attaché there was no evidence to confirm the assertion.

### **The Controlling Officer cited financial constraints as the reason for the vacant post.**

The response is not satisfactory because he did not produce evidence of the effort made to fill the post.

### **(o) Excess Cash Withdrawals**

An amount of E60 000.00 was withdrawn in July 2015 to procure furniture for the Diplomatic staff, High Commissioner, Counsellor, First Secretary Administration and Third Secretary. The E60 000.00 was in the possession of the driver for over a month. An additional E30 000 was withdrawn to sum up to E90 000.00 and the E30 000.00 was in the custody of the Counsellor. Also of note is that not all the money was used as only E70 000.00 was used to procure the furniture and E20,000 is not accounted for.

A reconciliation of cash withdrawals and cash payments during the financial years under audit revealed that cash was often withdrawn for office use without taking into account the actual cash needed. Also the embassy uses cash for procuring items costing large sums of money, instead of bank transfers.

The government funds could be lost while kept by individuals. Cash is open to abuse and being stolen. It is quite disturbing that in one hand furniture is stolen and on the other hand Government is buying furniture. This is pure demonstration of funds wastage.

### **The Controlling Officer concurred with the finding and stated that the importance of withdrawing cash that is needed for use only, has been highlighted to the Embassy.**

He was silent about the E20 000.00 that was not accounted for.

#### **(p) Obsolete Furniture in Matola Houses**

Through physical verification items in the inventory record it was observed that the furniture kept in the Third Secretary's house in Matolo was obsolete. Although the mission could not provide details of the year the furniture was procured, the furniture was irreparable, worn out and needed to be boarded.

The mission has neither reported the obsolete furniture to the Principal Secretary, Ministry of Foreign Affairs and International Cooperation nor the Board of Survey to undertake the boarding of the furniture.

**The Controlling Officer concurred with the finding.**

#### **(q) Cash Book Recordings Written in Pencil**

I noted that the Third Secretary sometimes used a pencil to record transactions in the Cash Book thus a rubber was sometimes used to erase the original entries. It is against the accounting principles to erase transactions.

The Cashbook is the prime book of the accounts, therefore, the officer selected to perform Foreign Service duties should be highly competent, matured, responsible, work without guidance, committed and conversant with Government regulations so that he/she may be able to advise the High Commissioner.

There is no supervision on the cash recordings. The transactions recorded do not provide a true picture as they may be erased anytime.

**The Controlling Officer concurred with the finding and stated that the Third Secretary has been cautioned for this incident.**

### **30.1 Audit of the Swaziland High Commission in Abu Dhabi, United Arab Emirates**

An audit inspection of the High Commission of Swaziland in Abu Dhabi, United Arab Emirates was conducted for the financial years 2014/2015 and 2015/2016. The attention of the Principal Secretary, Ministry of Foreign Affairs and International Cooperation, was drawn about the issues raised, in the following paragraphs.

#### **Refunds to staff**

##### **(a) Medical expenses**

I reported that some of the diplomats of the Mission claimed a total of AED7, 632.75 equivalent to US\$2,091.16 (approximately E28, 230.66), in respect of medical bills and the supporting documents, pharmacies' till slips which were not sufficient evidence as they did not reflect the patient's /officer's name. For the claims to be authentic, the receipts must contain all details the names including the beneficiaries.

There was no explanation given as to why these claims that were not appropriately/adequately supported and approved for payment.

This demonstrates laxity on the part of the Third Secretary in ensuring that all expenses which are paid with public funds are genuine.

The following table stipulates the refunds which were made for receipts without patients' names:

Voucher Number	Receipt date	Amount refunded in AED	Staff member refunded	Comment
<b>2015/16</b>				
0400008	15/02/14	149.00	Head of Mission	No patient name, receipt too old
0400008	18/12/14	219.50	Head of Mission	No Patient name
0400008	06/06/15	64.50	Head of Mission	No patient name
0500044	27/07/15	76.00	Third sec	No patient name
0500044	07/07/15	201.50	Third Secretary	No Patient name
0500044	11/07/15	204.00	Third Secretary	No patient name
0500044	22/07/15	20.00	Third Secretary	No patient name
0500044	14/07/15	45.00	Third Secretary	No patient name
0900053	10/11/15	32.00	Counsellor	No patient name
0110037	17/02/15	175.00	Head of Mission	No patient name
0110037	25/01/15	332.25	Head of Mission	No patient name
0110037	09/02/16	635.00	Counsellor	No patient name
0110037	04/02/16	57.00	Counsellor	No patient name
0110037	01/02/16	32.00	Counsellor	No patient name
0100036	21/02/15	132.00	Counsellor	No patient name
0100046	28/01/16	160.00	Third sec	No patient name
0700039	13/09/15	173.00	Third sec	No patient name
0700039	23/09/15	4,123.00	Third sec	No patient name
<b>Total</b>		<b>6,830.75</b>		
<b>2014/15</b>				
0700018	14/10/14	19.00	Counsellor	No patient name
0100018	05/11/14	28.00	Head of Mission	No patient name
	27/12/14	109.50		
	05/01/15	197.00		
	17/12/14	58.00		
	28/12/14	50.00		
0120014	20/01/15	142.50	Head of Mission	No patient name
	21/01/15	198.00		
<b>Total</b>		<b>802.00</b>		
<b>Grand total</b>		<b>7,632.75</b>		

The use of public funds for unsupported medical expenses are not accounted for and a loss to government. Section 0204 (ii) of the Financial and Accounting Instructions of 1970, states that "if at any time there is loss of Government funds by reason of neglect or fault, the responsible officer will be liable to be surcharged with the amount and any sums due by him/her may be withheld in satisfaction of such surcharge".

**The Controlling Officer acknowledged my observation. He stated that the Mission has been advised to request for receipts bearing names and official stamp in future.**

The Ministry is encouraged to strengthen the internal controls to avoid such anomalies.

**(b) Meals expenses**

A certain staff member submitted receipts, amounting to AED445, with and equivalent to US\$121.92 (approximately E1, 645.92), allegedly obtained when buying food whilst on duty in Dubai. There was no evidence to prove that the officer was indeed on official duty when the expenditure occurred. The refund was approved and paid.

It should be noted that receipts without dates of occurrence are unauthorised as the receipts may relate to a different period not related to official duty.

<b>Voucher number</b>	<b>Date</b>	<b>Amount in AED</b>	<b>Staff member refunded</b>	<b>Comment</b>
0800008	No date	70.00	Driver	Not dated
		75.00		
		80.00		
		55.00		
		65.00		
		45.00		
		55.00		
		<b>445.00</b>		

Again this demonstrates laxity on the part of the Third Secretary in failing to ensure that all claims are adequately supported and authentic before processing payments.

**The Ministry has since advised the Mission to make timely payments and screen all receipts for legitimacy. The Controlling Officer further revealed that information received by the Mission was that, following the findings of the Auditor General a meeting was convened and it was agreed that all receipts for refunds will only be dealt with according to the normal Government procedures.**

**(c) Dental care expenses**

Expenditure amounting to AED10,855.00 was incurred in respect of dental care expenses by the Head of the Mission.

I expressed my concern about diplomatic staff members who claim, from government, expenses related to dental treatments. General Order Chapter E840 (1) and (2) states that Government does not provide for dental treatments but shall accept responsibility when such a facility is included in the medical insurance. Therefore, the mission violated this General Order and the following table shows a sample of such misuse of government funds. An amount totalling AED

Financial Year	Voucher No.	Dental treatment	Amount (AED)
2015/16	0400008	Bitewing & dental health check up	670.00
2015/16	0500017	Root canal filling	4,200.00
2015/16	0110037	Bitewing & dental check up	1,160.00
2015/16	0400040	Filling permanent	1,200.00
		Root canal treatment	1,650.00
			1,350.00
2014/15	0100018	Dental	675.00
<b>Total</b>			<b>10,855.00</b>

Since government does not provide for dental treatment, the refunds were not authorized. There was no evidence provided that allowed this expenditure over and above the regulation.

**The Controlling Officer, noted my concern and engaged the Mission on the seriousness of this issue.**

There was no update about any intended action about the recovery of the unauthorized expenditure.

#### **(d) Items purchased**

Diplomatic staff purchased linen, themselves and then claimed from government using the receipts/invoices. This indicates lack of control of the expenditure since there were no requisitions documenting the need for the linen.

Also, as per government regulation, purchases of items should be made by the Third Secretary who is the accountant and is the representative of the Accountant General, based on the approved requisition.

This practice implies that public funds are utilised without proper control procedures.

Linen amounting to AED32,285.25 and equivalent to US\$8,845.28 (approximately E119,407.50) were purchased during the financial year and refunds were claimed from the government.

Voucher Number	Staff member refunded	Amount refunded in AED	Amount in US\$
0100009	Counsellor	20,000.00	5,479.45
0700015	Head of Mission	5,852.25	1,603.36
0700039	Head of Mission	1,850.00	506.85
0500006	Third secretary	4,583.00	1,255.62
<b>Total</b>		<b>32,285.25</b>	<b>8,845.28</b>

I recommended that purchases requisitions should be raised and the Third Secretary, as the accountant, must make the payments to the supplier.

**The Controlling Officer, appreciated my observation and stated, that the Mission regretted the practice. He informed me that discussions with the Mission resolved that future purchases, irrespective of their nature, should be accompanied with requisitions.**

**(e) Subsistence allowance**

The Mission paid an amount of AED219, 552.50 and equivalent to US\$60,151.37, AED 137, 942.50 in 2014/15 and AED81, 610.00 in 2015/16, respectively, to three officials in respect of the special rate subsistence allowance while on official duty in Dubai and Abu Dhabi (in the same country where the mission is situated).

I drew the attention of the Controlling Officer to a circular memorandum dated 24 July 2001 referenced MFAT.07/17 addressed to all missions abroad, which stated that an officer travelling on official duty within the country to which his/her mission is accredited, he/she should be issued with tour advance and not external subsistence allowance as per General order E452 (3). On his/her return, he/she should produce the receipts and bills in order to retire the tour advance and the balance, if any, should be receipted by the Missions' Third Secretary. External subsistence allowance, which is not accountable, must be issued to an officer travelling on official duty outside his duty station.

Also, circular number 1 of 2011 that prescribes special rates does not accommodate Diplomatic Staff. Moreover, there was no evidence supporting the entitlement to the special rate at this instance to justify this expenditure. Thus the special rate in respect of the staff was not accounted for.

### Subsistence allowance 2014/2015

Voucher No	Dates	No Of Days	Details Of Journey	Payee	Cheque No	Amount ( AED )
010032	29/04/14 to 05/05/14	6 days (\$625/day)	Special rate UAE (30/04/14 to 04/05/14	Head of Mission	2292	13,687.50
010033	29/04/14 to 05/05/14	6 days (\$625/day)	Special rate UAE (30/04/14 to 04/05/14	First Secretary	2294	13,687.50
010034	29/04/14 to 05/05/14	6 days (\$625/day)	Special rate UAE (30/04/14 to 04/05/14	Third secretary	2295	13,687.50
030006	09/06/14 to 12/06/14	3 days (\$940/day)	Special rate payment UAE	Third secretary	2354	10,377.60
030006	17/06/14 to 19/06/14	2 days (\$940/day)	Special rate payment UAE	Third secretary	2351	6,918.40
040009	10/07/14 to 12/07/14	2 days (\$1,400/day)	Special rate UAE	Head of Mission	2408	10,220.00
040010	10/07/14 to 12/07/14	2 days (\$1,400/day)	Special rate UAE	Counsellor	2409	10,220.00
040011	10/07/14 to 12/07/14	2 days (\$1,400/day)	Special rate payment UAE	Third secretary	2410	10,220.00
060014	16/09/14 to 18/09/14	2 days ( \$1,340/day)	Special rate USA – New York from 16/09/14 to 01/10/14	Counsellor	2475	9,782.00
060014	30/09/14 to 03/10/14	3 days (\$1,340/day)	Special rate USA – New York from 30/09/14 to 01/10/14	Counsellor	2446	14,678.00
060015	16/09/14 to 18/09/14	2 days (\$1,340/day)	Special rate USA – New York from 16/09/14 to 01/10/14	Third Secretary	2447	9,782.00
	30/09/14 to 03/10/14	3 days (\$1,340/day)	Special rate USA – New York from 16/09/14 to 01/10/14	Third Secretary	2478	14,673.00
<b>Total</b>						<b>137,942.50</b>

### Subsistence Allowance 2015/16

Voucher No	Dates	No. Of Days	Details Of Journey	Payee	Cheque No	Amount ( AED )
050009	11/07/15 to 18/07/15	7 days (\$440.00/day)	Special rate Dubai 13/07/15 to 18/07/15	His Excellency	-	11,242.00
050010	11/07/15 to 18/07/15	7 days (\$440/day)	Special rate Dubai 13/07/15 to 18/07/15	Third secretary	Not stated	11,242.00
090029	01/07 to 07/07/15	6days (\$900.00/day)	Special rate Dubai	His Excellency	2981	19,710.00
090030	01/07 to 07/07/15	6 days (\$900/day)	Special rate Dubai	Counsellor	2982	19,710.00
090031	01 to 07/07/15	6 days (\$900/day)	Special rate Dubai	Third secretary	2984	19,710.00
<b>Total</b>						<b>81,610.00</b>

Government loses a substantial amount of money through officers claiming (special rate) subsistence allowance. I pointed out that as stated in circular number 1 of 2011, special rates shall only be approved for special delegation

The Ministry wrote a memorandum, dated 13<sup>th</sup> September 2016, reminding all Heads of Missions about payment of tour advances within the country of Residence. The Missions were requested to enforce adherence Regulations E452 to avert overpayments in future. He reminded Missions that subsistence allowance only applies when travelling outside the duty station.

**Regarding special rate paid to Diplomatic Staff, the Ministry is of the view that Mission staff, by their very nature as coordinator of the delegation are entitled to the rate. The reason being that they are expected to be in the same hotel, and where the rest of the delegation stay and as such are bound by the provision of the special rate.**

The Ministry's view is quite understood. The Ministry should request authorization of the special rate from the relevant authority in order to be eligible for it.

### (f) Reimbursable Expenditure

The mission incurred expenditure for the financial year 2014/2015 and 2015/2016, amounting to AED 264,579.92 and equivalent to US\$72,487.65 (approximately 978,583.28) to pay Foreign Service allowance for three Security Forces stationed in Dubai. These monies were to be reimbursed to the mission, within the respective financial years. The following table shows the breakdown of the monies:

Period	Payee	Ministry / Security Force	Amount paid / month (AED)	Total expenditure (AED)	Amount Reimbursed (AED)	Amount Outstanding (AED)
February 2014- March 2016(26 months)	Simanga Dlamini	Defence	5475.00	142,350.00	11,111.21 (General Receipt no:5262350)	131,238.79
February 2014- March 2016 (26 months)	Wiseman V.Dlamini	Royal Swaziland Police	5475.00	142,350.00	52,808.87 (General Receipts no: 5262386)	89,541.13
February 2014 to February 2015(13 months)	Zakhele Thabo Simelane	Defence	5475.00	43,800.00	0.00	43,800.00
					<b>Total</b>	<b>264,579.92</b>

I acknowledge the efforts made by the Mission in reminding the security forces through a memorandum referenced UAE/1.17 dated 10<sup>th</sup> February 2016 about the outstanding monies. However, the above security Forces had not paid back the money at the time of writing this report.

**The response was that the Ministry, in a memorandum dated 8<sup>th</sup> September 2016, sent to the Mission, requested supporting documents for all payments. The Mission requested a copy of the memorandum citing that it did not receive it. As a result the Ministry is still awaiting the response, which upon receipt will forward to the relevant Ministries and Departments in order to address the issue.**

### (g) Vacant positions of Administrative Attaché and First Secretary

I observed that the positions of Admin Attaché and First Secretary were vacant at this Mission. As per the Establishment Register, the mission has positions of Admin Attaché who renders secretarial services to the mission as well as First Secretary who provides security.

In the absence of the Admin Attaché, the Head of Mission sometimes requests the interpreter, of the mission, to provide the secretarial services. The position should be filled by a diplomat. There was no evidence that the mission ever took any initiative or responsibility to have the position filled through the Ministry of Foreign Affairs.

Records revealed that for the past two years these positions were vacant yet they were budgeted for, which implies funds were locked up for no use. Two years is a long time since the need for the services of the positions persist.

The unfilled positions expose the funds intended for the Foreign Service Allowances, in respect of the Admin Attaché and First Secretary to be diverted or misused, instead of being used for other purposes by government.

**The explanation given was that the positions have not been filled, due to financial constraints. The Controlling Officer further stated that there are several other Missions with the same problem, the reason being the financial difficulties that the country faced.**

The justification is not convincing since the Ministry of Public Service budgets for all established posts. The Controlling Officer was not explicit whether during the period all vacant posts were not considered in the budget. The vacant posts might, deliberately remain unfilled, while the funds provided for the Personnel are utilized for other purposes.

#### **(h) Representation and Hospitality Allowances**

##### **Representation Allowance**

I reported that the allowances quoted above exceeded the set limits. This allowances were by AED 3,620.00 equivalent to US\$ 991.78 and AED 746.00 equivalent to US\$ 204.38 for the financial years 2014/15 and 2015/2016, respectively. The allowable limit is US\$1,200.00 per annum yet the mission spent US\$2,198.71 in 2014/15 and US\$1,404.38 in 2015/16, as depicted in the following tables:

##### **2014/2015**

<b>Voucher No:</b>	<b>Cheque</b>	<b>Payee</b>	<b>Item description</b>	<b>Amount (AED)</b>	<b>Amount (US\$)</b>
010010	2260	Dick Patrick Esparon	Mission annual membership contribution	4,000.00	1,095.89
011005	2603	Mr Patrick Esparon	Mission annual membership contribution	4,000.00	1,095.89
<b>Total</b>				<b>8,000.00</b>	<b>2,191.78</b>
<b>Allowable limit</b>				<b>(4,380.00)</b>	<b>(1,200.00)</b>
<b>Over expenditure</b>				<b>3,620.00</b>	<b>991.78</b>

##### **2015/2016**

<b>Voucher no</b>	<b>Payee</b>	<b>Item description</b>	<b>Amount (AED)</b>	<b>Amount (US\$)</b>
010001	Mission of Argentina	Statutory farewell contribution	500.00	136.98
010017	Mr Dick Patrick	Statutory contribution to the African group	4,000.00	1,095.89
011037	Petty cash	Spouse membership fee	300.00	82.19

Voucher no	Payee	Item description	Amount (AED)	Amount (US\$)
011037	Petty cash	Traditional dishes for African dishes for African culture day	326.00	89.32
<b>Total</b>			<b>5,126.00</b>	<b>1404.38</b>
<b>Allowable Limit</b>			<b>4,380.00</b>	<b>1,200.00</b>
<b>Over Expenditure</b>			<b>746.00</b>	<b>204.38</b>

It should be noted that government budgeted for US\$1,200.00 per annum yet the actual representation expenditure amounted to US\$2,198.78 in 2014/15, resulting to an over expenditure of (US\$1,200 – US\$2,198.78) US\$991.78 (82%). In 2015/16 the representation expenditure amounted to US\$1,404.38 resulting to an over expenditure of (US\$1,200 – US\$1,404.38) US\$204.38 (17%).

As such the Mission ended up using funds meant for other expenses. There is no evidence that the Mission submitted a request to the Ministry for the revision of the representation allowance.

**The Controlling Officer took note of the observation and cited the challenges of very tight budgets in the Missions, and that at times, in some Missions, the statutory obligation far outweigh the budget provisions.**

**He further informed me that the revision of allowances is included as part of the overall review of Chapter E. But notwithstanding the above, the Ministry has been advised to align its activities to the budget.**

The sentiments regarding this matter are well understood. My concern is that the same issue was raised many times without action. The review of the General Orders Chapter E has prolonged while the requirements for this expenditure were beyond the Ministry's control.

**(i) Entertainment allowance**

According General Order E421(1 & 2) "the authorized annual rates of hospitality/ entertainment allowances shall be \$5000 for all Missions, and funds expended on official entertainment allowance shall be accounted for...."

An amount of AED 33,676.36 which is equivalent to \$ 9,227.63 was paid by the Mission in respect of entertainment allowance, during the financial year 2015/16. The mission exceeded the stipulated limit set out in General Order E421 (1). This resulted to an over expenditure of AED 15,426.36, which is equivalent to \$ 4,227.63 (approximately E57, 073.00).

The vouchers were very vague in describing the entertainment expenditure as denoted in the following table:

Voucher No	Payee	Item Description	Amount (AED)	Amount (US\$)
010008	Head of Mission	Entertainment	2,214.00	606.57
030006	Head of Mission	Entertainment	1,672.00	458.00
040008	Head of Mission	Entertainment	1,699.76	465.69
050003	Head of Mission	Entertainment	3,178.00	870.68
050013	Head of Mission	Entertainment	6,428.00	1 761.10
050044	Head of Mission	Entertainment	313.00	85.75
080009	Head of Mission	Entertainment	3,838.60	1 051.67
090013	Head of Mission	Entertainment	804.00	220.27
090015	Head of Mission	Entertainment	1,091.00	300.55
010014	Head of Mission	Entertainment	1,976.00	541.37
010020	Counsellor	Entertainment	8,276.00	2 267.40
011037	Petty cash	Entertainment	170.00	46.58
011017	Head of Mission	Entertainment	1,147.00	314.00
012003	Head of Mission	Lunch entertainment	869.00	238.00
<b>Total expenditure</b>			<b>33,676.36</b>	<b>9,227.63</b>
<b>Allowable limit</b>			<b>(18,250.00)</b>	<b>(5,000.00)</b>
<b>Over expenditure</b>			<b>15,426.36</b>	<b>4,227.63</b>

It should be noted that government authorized and budgeted for US\$5,000.00 for the financial year. Actual entertainment expenditure, amounted to US\$9, 227.63 in 2015/16, resulting to an over expenditure of (US\$5,000 – US\$9,227.63) US\$4,227.63 (85%).

Thus the Mission ended up using funds meant for other expenses.

I have on numerous occasions, reported the issue of excess entertainment expenditure but the Ministry of Foreign Affairs has still not addressed it. The mission stated that it requested the Ministry of Foreign Affairs to review the entertainment allowance. There was no evidence of the request made.

#### **(j) Record Keeping for Items Purchased**

##### **Inward Book**

This book serves to provide a detailed record of all items received by a Ministry/Department. This record is used, procedurally for the purchasing receiving and custody of government stores

#### **(k) Stores Ledger**

The stores ledger records all durable items. It is the principal book of account, and provides the chief means of controlling stocks of stores. This record was maintained but not fully, as it did not indicate the distribution/allocation of the durables.

The Ministry did not fully, adhere to the Stores Regulations Part 1 of 1975, chapter 5 that deals with issuance of the Stores.

The following durable items amounting to AED33, 594.00 and equivalent to US\$9,203.84 (approximately E123, 777.09) which were purchased on 7<sup>th</sup> October 2015 from Max Electronics LCC were not recorded in the Stores Ledger.

Voucher no	Cheque no	Item Descriptions	Payee	Amount(AED)
080006	2916	2xrefrigerators, 2xwashing machines 2x TV sets	Max Electronics LCC	33 594.00
<b>Total</b>				<b>33, 594.00</b>

However, during physical verification the items were found, available.

Stores items not recorded are not accounted for and might end up untraceable.

#### **(l) Mission working days/hours**

It was noted that the mission operates from Sunday to Thursday from 9.00am to 4.30pm. I observed that, on the Sundays the mission closes at 1.00pm notwithstanding the half day.

Government pays full day salaries yet they only work half a day on Sundays.

It should be noted that the mission is a government office and should be open for the number of hours stipulated for other Swaziland Mission, abroad. 40 hours per week. There was no authority given as evidence that allowed the half day.

**The Controlling Officer, in his response, stated that the Ministry would consult with the relevant structures, in particular, the Ministry of Public Service for an amicable solution on the issue.**

### **30.2 Audit Inspection at the Mission of Swaziland in Washington DC**

An audit inspection was conducted at the Mission of Swaziland, in Washington DC and I communicated my findings to the Controlling Officer, Ministry of Foreign Affairs and International Cooperation through a Memorandum, referenced F14 Vol. VI/53, dated 30<sup>th</sup> September 2016.

#### **(a) Residential Telephone Expenditure**

I reported about an excess amount of US\$10,242.15 in respect of telephone expenditure for diplomatic staff residential telephones during the financial years 2014/15 and 2015/16.

The authorised limit on usage of residential telephone for diplomats with the exception of the Head of Mission is US\$300.00 per month. The telephone expenditure exceeded the authorized limit.

Below is an analysis of the excess telephone expenditure:

### Counsellor's telephone expenditure

Voucher No.	Payee	Payment Details	Amount US\$	Excess US\$
20058	Verizon	Telephone charges for March 2014	989.22	689.22
20014	Verizon	Telephone charges for April 2014	544.70	244.70
30024	Verizon	Telephone charges for June 2015	602.86	302.86
40025	Verizon	Telephone charges for June 2015	345.03	45.03
60027	Verizon	Telephone charges for August 2015	516.32	216.32
70026	Verizon	Telephone for September 2015	521.67	221.67
80027	Verizon	Telephone charges for October 2015	554.47	254.47
90030	Verizon	Telephone charges for November 2015	513.82	213.82
100027	Verizon	Telephone charges for December 2016	655.00	355.00
<b>Total Amount</b>				<b>2,543.09</b>

### First Secretary's telephone expenditure

Voucher No.	Payee	Payment Details	Amount US\$	Excess US\$
40007	Verizon	Telephone charges for June 2014	535.89	235.89
80054	Verizon	Telephone charges for November 2014	636.17	336.17
90004	Verizon	Telephone charges for December 2014	315.00	15.00
120022	Verizon	Telephone charges for March 2015	573.61	273.61
30007	Verizon	Telephone Charges for May 2015	327.79	27.79
40003	Verizon	Telephone charges for June 2015	341.55	41.55
70001	Verizon	Telephone charges for September 2015	329.28	29.28
80001	Verizon	Telephone charges for October 2015	508.53	208.53
90013	Verizon	Telephone charges for November 2015	321.28	21.28
<b>Total</b>				<b>1,189.10</b>

### Third Secretary's telephone expenditure

Voucher No.	Payee	Payment Details	Amount US\$	Excess US\$
20014	Verizon	Telephone charges for April 2014	719.21	419.21
20005	Verizon	Telephone charges for April 2014	563.42	263.42
40007	Verizon	Telephone charges for July 2014	352.34	52.34
50029	Verizon	Telephone charges for July 2014 & August 2014	482.31	182.31
70008	Verizon	Telephone charges for September 2014	454.52	154.52
70038	Verizon	Telephone charges for October 2014	337.80	37.80
80029	Verizon	Telephone charges for November 2014	389.00	89.00
90022	Verizon	Telephone charges for December 2014	361.47	61.47
120003	Verizon	Telephone charges for March 2015	750.65	450.65
10022	Verizon	Telephone charges for April 2015	312.93	12.93
10022	Verizon	Telephone charges for March 2015	314.53	14.53
10022	Verizon	Telephone charges for March 2015	353.19	53.19
30024	Verizon	Telephone charges for June 2015	399.32	99.32

Voucher No.	Payee	Payment Details	Amount US\$	Excess US\$
40025	Verizon	Telephone charges for June 2015	337.39	37.39
60027	Verizon	Telephone charges for August 2015	334.12	34.12
70026	Verizon	Telephone charges for September 2015	444.13	144.13
80027	Verizon	Telephone charges for November 2015	377.29	77.29
90030	Verizon	Telephone charges for December 2015	382.63	82.63
100027	Verizon	Telephone charges for January 2016	329.22	29.22
110025	Verizon	Telephone charges for January 2016	332.68	32.68
120033	Verizon	Telephone charges for February 2016	325.25	25.25
<b>Total</b>				<b>2,353.40</b>

### Admin Attaché's telephone expenditure

Voucher No.	Payee	Payment Details	Amount US\$	Excess US\$
20058	Verizon	Telephone charges for March 2014	413.01	113.01
20014	Verizon	Telephone charges for May 2014	787.08	487.08
40022	Comcast	Telephone charges for June 2014	366.80	66.80
50006	Verizon	Telephone charges for July 2014	502.59	202.59
50030	Comcast	Telephone charges for August 2014	748.84	448.84
70009	Comcast	Telephone charges for September 2014	340.14	40.14
70049	Comcast	Telephone charges for October 2014	456.58	156.58
80039	Comcast	Telephone charges for November 2014	419.51	119.51
100028	Comcast	Telephone charges for January 2015	393.36	93.36
120021	Comcast	Telephone charges for March 2015	964.81	664.81
10071	Comcast	Telephone charges for April 2015	574.45	274.45
30002	Comcast	Telephone charges for May 2015	700.61	400.61
30025	Comcast	Telephone charges for June 2015	388.99	88.99
60005	Comcast	Telephone charges for August 2015	349.64	49.64
60043	Comcast	Telephone charges for August 2015	388.38	88.38
70031	Comcast	Telephone charges for September 2015	420.11	120.11
90003	Comcast	Telephone charges for October 2015	429.65	129.65
90037	Comcast	Telephone charges for November 2015	355.50	355.50
100040	Comcast	Telephone charges for December 2015	321.60	21.60
110037	Comcast	Telephone charges for January 2016	507.49	207.49
120050	Comcast	Telephone charges for February 2016	327.42	27.42
<b>Total</b>				<b>4,156.56</b>

Responses received from the Mission's management during an exit meeting was that the over expenditures resulted from monthly telephone bills which included internet charges, telephone calls, and also subscriptions for television.

There is no authority allowing residential internet and television subscriptions to be borne by government. Government General Orders only provides for telephone expenses.

The Mission did not exercise due care to ensure that the expenses not related to government were paid by the relevant users.

The Ministry in the response noted with regret the excess expenditure on residential telephones which has since been corrected. He promised the overpaid amounts would be recovered from the officers concerned. The Ministry is encouraged to identify expenditure to be paid by government.

On another note, I also reported about a total amount of **US\$14,254.03** that was paid during the financial years 2014/15 and 2015/16 for cleaning services and housekeeping by local staff at the official residence. I pointed out that there is no provision for such an expenditure covered by the government general orders and there was no authority from the Ministry of Foreign Affairs and International Cooperation to cater for the expenditure.

I noted that during the financial year 2014/15, there was a housekeeper from home (Swaziland) who was paid a monthly salary of US\$561.17. When the housekeeper's services were terminated in December 2014, the Embassy then subsequently engaged two local staff as housekeepers without authority from the Ministry of Foreign Affairs and International Cooperation. The local housekeepers were paid a monthly salary of US\$1,500.00 which was 167% above the salary paid to the initial housekeeper.

Subsequent to that, the Embassy then engaged the services of a cleaning company to provide services at official residence, after terminating again the services, in August 2015, of the local staff housekeepers.

Below is an analysis of the payments made to the cleaning company and local housekeepers:

Financial Year	Voucher No.	Payee	Details of Payment	Amount Paid US\$
2015/16	60049	Mario Siguenza	Housekeeping services	2,125.00
2015/16	80040	Mario Siguenza	Housekeeping services	1,625.00
2015/16	120010	Mario Siguenza	Housekeeping services	1,625.00
2014/15	110021	Maria Shella Villaroman	salary for February 2015	1,500.00
2014/15	120017	Maria Shella Villaroman	salary for March 2015	629.03
2015/16	10017	Marites P. Baco	Salary for April 2015	1,500.00
2015/16		Marites P. Baco	Salary for May 2015	1,500.00
2015/16	30023	Marites P. Baco	Salary for June 2015	1,500.00
2015/16	40024	Marites P. Baco	Salary for July 2015	1,500.00
2015/16	50038	Marites P. Baco	Salary for August 2015	750.00
<b>Total</b>				<b>14,254.03</b>

It should be noted that the use of public funds without authority puts the Embassy into undesirable financial difficulties when funds are diverted for purposes not intended. This reveals loopholes in controls with regard to the use of public funds. This lack of controls is open to abuse since there is no constant monitoring on the use of public funds by the Ministry.

It should be noted that the Controlling Officer has a responsibility to ensure that public moneys are spent only for purposes for which they are authorized.

At the time of compiling this report, there were no corrective measures taken by the Ministry to address this matter.

**The response was that the Ambassador’s housekeeper had to travel to Swaziland to renew her visa but it was unfortunately denied by the US Embassy in Mbabane. Faced with this challenge, the Ambassador then engaged the services of a cleaning company as a stop gap measure in the absence of the substantive housekeeper. The reason for the escalation in the rate from US\$561 to US\$1500, is that the US labour laws stipulate the minimum wage for housekeepers is US\$1500 yet the rate from Swaziland falls far below the stipulated minimum wage required by law in the US. It suffices to further clarify that the US 561 was actually a Foreign Service allowance instead of a salary since the housekeeper had her salary in Swaziland.**

**Costco Wholesalers – The card belongs to the Embassy and is used for the purchase of cleaning materials for the Embassy and official residence and is renewed annually.**

**National Prayer Breakfast – The National Prayer Breakfast is an annual event hosted for all Ambassadors accredited to the United States and is normally attended by the US President and other high ranking officials.**

The response was not explicit about the authority custodian and signatory to the credit card and the controls established in respect of accountability.

**(b) Diplomatic staff advances**

I reported about the non-adherence to government rules and procedures when Foreign Service allowance advances granted to diplomatic staff were above their monthly Foreign Service allowances. Furthermore these advances were not repaid by the officers over the set limit of three (3) months.

I pointed out that advances to staff are not long term loans since they do not attract interest. Hence, as per government regulations, advances issues should not be more than 33% of officer’s monthly Foreign Service allowances, and also maximum repayment period should be short to avoid cash flow problems at the Mission.

Below is an analysis of the Foreign Service allowances advances:

Financial year	Voucher no.	Payee	Monthly foreign service allowance	Advance Amount US\$	Repayment Period
2014/15	70036	Counsellor	4,489.00	<b>8,000.00</b>	8 months
2014/15	30016	First Secretary	3,927.92	2,000.00	4 months
2014/15	20028	Head of Mission	5,611.25	2,000.00	4 months
2014/15	40014	Third Secretary	2,805.67	2,500.00	5 months
2015/16	80030	Counsellor	4,489.00	<b>8,000.00</b>	8 months

Financial year	Voucher no.	Payee	Monthly foreign service allowance	Advance Amount US\$	Repayment Period
2015/16	30065	First Secretary	3,927.92	3,000.00	4 months
2015/16	80006	First Secretary	3,927.92	<b>5,000.00</b>	6 months
2015/16	40014	Head of Mission	5,611.25	1,700.00	4 months
2015/16	50010	Third Secretary	2,805.67	<b>3,500.00</b>	6 months
2015/16	70043	Admin Attaché	2,805.67	<b>3,500.00</b>	7 months
<b>Total amount</b>				<b>49,200.00</b>	

I am concerned about the flouting of government procedures and regulations by the Mission, as this may have a negative impact to the budget and also cause cash flow problems. It should be considered that advances are only a privilege to officers and such privileges should not be abused as this may result to losses to government.

**The Ministry acknowledged the concerns raised regarding staff advances by the Embassy. The Ministry unreservedly apologized and assured me that this would not happen in the near future. Furthermore, the Ministry indicated that all the advances have been settled in full by the affected officers.**

It is appreciated that the advances have since been settled in full. The Ministry is encouraged to inform all our Missions abroad to align advances with the requirements of the Accountant General to avoid recur in future.

### **30.3 Audit Inspection at the Embassy of Swaziland in New York**

An audit was conducted at the Embassy of Swaziland in New York and I communicated my findings to the Controlling Officer in the Ministry of Foreign Affairs through Memorandum referenced F14 Vol. VI/52, dated 7<sup>th</sup> September 2016.

#### **(a) Overpayment of Subsistence Allowances**

I reported about overpayments of subsistence allowances, amounting to US\$6,003.00 in respect of external sponsored trips that were undertaken during the financial years 2014/15 and 2015/16.

Records revealed that the Mission paid 50% of the standard rates of subsistence allowances to officers in respect of sponsored trips instead of 25% of the standard rate, as per dictates of Regulations.

Government Regulations prescribe that, it states that, if a sponsoring host Government or other organization is responsible for the expenditure incurred in attending a conference, seminar or meeting in one of the countries covered by the General Orders, an officer shall be entitled to 25% of the standard rates of subsistence allowances in terms of General Order A. 431 (1).

It is also apparent that even for cases whereby the Head of Mission is accompanied by his spouse, that the Head of Mission shall be entitled to claim half of the 25% of the standard rates of subsistence allowances in respect of his spouse, provided that all other conditions of the General Order are met.

Below is an analysis of overpaid subsistence allowances to the Mission's officers:

Financial year	Voucher no.	Payee	Payment details	Amount US\$	Amount overpaid US\$
2015/16	10010	First Secretary –Information	50% subsistence allowance for sponsored trip to Vienna Austria from 18 <sup>th</sup> to 23 <sup>rd</sup> April 2015	1,037.50	518.75
2015/16	20039	Head of Mission	50% subsistence allowance for sponsored trip to Japan from 24 <sup>th</sup> to 30 <sup>th</sup> May 2015	1,260.00	630.00
2015/16	50032	Head of Mission	50% subsistence allowance for sponsored trip to China from 23 <sup>rd</sup> Aug to 28 <sup>th</sup> Aug 2015	1,100.00	550.50
2015/16	70043	Spouse	25% subsistence allowance for sponsored trip to Taiwan	427.50	213.75
2015/16	70042	Head of Mission	50% subsistence allowance for sponsored trip to Taiwan from 24 <sup>th</sup> to 30 <sup>th</sup> October 2015	855.00	427.50
2015/16	90003	Head of Mission	subsistence allowance for sponsored trip to Netherlands 8 to 12 December 2015	860.00	430.00
2015/16	100023	Head of Mission	50% subsistence allowance for special visit to Thailand from 22 to 29 Jan 2016	840.00	420.00
2015/16	120029	Head of Mission	50% subsistence allowance for sponsored trip to Sweden from 8 <sup>th</sup> to 13 <sup>th</sup> March 2016	950.00	475.00
2014/15	030013	Head of Mission	50% subsistence allowance for sponsored trip to Turkey from 11 <sup>th</sup> to 22 <sup>nd</sup> June 2014	700.00	350.00
2014/15	070042	Head of Mission	50% subsistence allowance for sponsored trip to Vienna Austria from 1 <sup>st</sup> to 6 <sup>th</sup> November 2014	1,062.50	531.25
2014/15	070043	First Secretary – Trade	50% subsistence allowance to Vienna Austria 1 <sup>st</sup> to 6 <sup>th</sup> November 2014	1,037.50	518.75
2014/15	040002	Head of Mission	50% subsistence allowance to Kazakstan from 12 <sup>th</sup> to 16 <sup>th</sup> July 2014	720.00	360.00
2014/15	080035	First Secretary –Information	50% subsistence allowance to South Africa from 23 <sup>rd</sup> to 28 <sup>th</sup> November 2014	600.00	300.00
2014/15	110012	First Secretary – Information	50% subsistence allowance to Spain, Trinidad Tobago from 22 <sup>nd</sup> to 25 <sup>th</sup> February 2015	555.00	277.50
<b>Total</b>				<b>12,005.00</b>	<b>6,003.00</b>

The Mission regretted that it was not availed with the current circular that authorized the reduction of these allowances from 50% to 25% and hence an old establishment circular of 2010 was used.

There was lack of vigilance on the part of the Ministry to ensure that officers at the Mission are acquainted and abide with government regulations. On the other hand, I am not convinced that the Mission is not conversant about the current circular, taking into account that the same circular also contains revised subsistence allowance rates which are currently being used by all Government Ministries, Departments and the Embassies.

In spite of the reason given, it cannot be overlooked that such resulted to overpayments, thus government remains owed the amount of US\$6,003.00 by the officers, concerned.

**The Ministry conceded that the anomaly resulted from updated circulars/regulations. The Controlling Officer assured me that the Ministry has already put in place that include timely dissemination of information and compelling Missions to acknowledge receipt, thereof.**

**He informed me that the affected officers have already commenced repaying the overpaid amounts.**

There was no information about how much had been recovered, at the time.

#### **(b) Overpaid Transport Allowances**

I reported about a total amount of US\$2,480.91 which was overpaid to local staff in respect of transport allowances (house to mission) during the financial years audited.

The authorized maximum claim for House to Mission allowance is US\$215/month depending on the distance between residences to the Mission. However, some local staff members were paid above the stipulated ceiling.

Below is an analysis:

<b>Voucher No.</b>	<b>Officer's Name</b>	<b>Month Reimbursed</b>	<b>Amount Paid US\$</b>	<b>Overpaid Amount US\$</b>
10006	Stanislaus Perera	March 2015	880.00	665.00
30033	Wilmot Karunaratne	April 2015	680.00	465.00
30034	Wilzon Alava	June 2015	420.00	205.00
40052	Wilzon Alava	April 2015	420.00	205.00
50007	Wilmot Karunaratne	May 2015	560.00	345.00
50048	Wilzon Alava	May 2015	420.00	205.00
70006	Julio Bacareza	September 2015	400.91	185.91
120049	Julio Bacareza	March 2016	420.00	205.00
<b>Total</b>			<b>4,200.91</b>	<b>2,480.91</b>

**The response from the Mission was that the members of local staff who are chauffeurs were paid over and above the stipulated limit of commuting allowances due to that they travel**

**long distances from their houses to the Official Residence and the Official Residence is remotely located and cannot be accessible by public transport. The Mission then resolved to compensate the local staff accordingly.**

The decision taken by the Mission did not involve the Ministry to obtain authority to compensate the local staff beyond the set limit, from the Ministry of Public Service. Where there is no provision to spend there is no authority and such expenditure is equivalent to misappropriation of funds.

Therefore, the overpaid amount of US\$2,480.91 remains owed to government.

**The Ministry acknowledged the findings and expressed its understanding of the plight of the affected officers as well as the rationale of the Mission on the matter.**

**The extra payment above the stipulated government rate, house to Mission, is not the ideal method to remedy the situation. The Ministry has since expressed its disapproval on the way the matter was handled. However, the Ministry requested concurrence from me to refer the matter to the Losses Committee since some of the officers concerned have retired.**

The Controlling Officer is advised to ensure that the decisions which are not in line with general orders receive relevant authorization. Currently the travel allowance above the stipulated distance are not provided for.

Regarding the proposed write off of the overpayment the decision rests with the Controlling Officer to request authority from the relevant Ministry.

### **30.4 Audit Inspection – Kuwait**

An audit inspection of the Ministry of Foreign Affairs and International Cooperation – Kuwait embassy was carried out for the fiscal year ended 31<sup>st</sup> March 2016.

A memorandum referenced H20/26 and dated 12<sup>th</sup> September 2016 was issued to the controlling officer in the Ministry of Foreign Affairs and International Cooperation and in his response dated 22<sup>nd</sup> September 2016 referenced KWT.01/AU/3-2016, promised to rectify the anomaly.

#### **(a) Refunds for medical expenses**

I reported that claims amounting to KD183.08, equivalent to US\$622.47 (approximately E8, 714.44) in respect of medical bills yet the pharmacies' till slips attached were not authentic because they did not reflect the officer's name/patient's name. I further reminded the Controlling Officer that the claims should be supported with receipts that reflect the name of the diplomat/family member and the medical practitioners prescription.

It is evident that the Third secretary is lax in ensuring that all expenses which are paid with public funds are accounted for.

The following table reflects the refunds for receipts not accounted for.

Voucher Number	Recipient	Amount refunded in KDs	Amount in US\$
<b>2014/15</b>			
0800008	Counsellor	4.760	16.18
0800010	Head of Mission	5.60	19.04
0110008	Counsellor	1.37	4.66
0120014	Head of Mission	8.98	30.53
<b>2015/16</b>			
0200009	Head of Mission	16.40	55.76
0500016	Counsellor	52.71	179.21
0600002	Head of Mission	17.98	61.13
0800001	Head of Mission	20.75	70.55
0800005	Third Secretary	9.55	32.47
1200009	Third Secretary	25.98	88.33
1200009	Head of Mission	19.00	64.60
<b>Total</b>		<b>183.08</b>	<b>622.46</b>

**The controlling officer stated that management has initiated the process to recover the money that was paid to the diplomatic staff.**

**An amount of KD 173.53 equivalent to US\$ 589.99 was recovered leaving a balance of KD 9.55 equivalent to US\$ 32.47 (approximately to E 454.58) of the third secretary.**

**The response revealed that the Ministry communicated, in writing, to the officer, informing him to settle the balance.**

I have not been updated if the balance was settled.

**(b) Refunds for Dental care**

I also expressed my concern regarding diplomatic staff who claimed expenses related to dental treatments, from government. General Order Chapter E840 (1) and (2) states clearly that Government does not provide for dental treatments but shall accept responsibility when such a facility is included in the medical insurance (exception).

The following table shows a sample of the refunds amounting to KD758.66 for Dental Care in the financial year 2014/2015.

Voucher No.	Payee	Dental treatment	Amount (KD)	Amount (US\$)
0200002	Head of Mission	Examination	10.800	36.72
0800008	Head of Mission	Examination & extraction	146.00	496.4
0800009	Third Secretary	Scaling full mouth & examination	54.00	183.6
0900013	Third Secretary	Examination & X-ray	26.00	88.4

Voucher No.	Payee	Dental treatment	Amount (KD)	Amount (US\$)
0100005	Third Secretary	Examination & X-Ray	3.60	12.24
0110016	Third Secretary	2 x implant	518.26	1,865.72
<b>Total</b>			<b>758.66</b>	<b>2,683.08</b>

The total amount of KD 758.66 was equivalent to US\$2,683.08 (approximately E37, 563.12). The unauthorised expenditure is misuse of public funds.

I noted with concern that a similar query was raised in the previous audit reports but the practice still prevails. This reveals that the abuse of funds is done deliberately without redress.

**The controlling officer noted my findings and stated that management had initiated a recovery process and letters were sent to some officers who are no longer serving the embassy.**

I recommended that the money should be promptly recovered.

At the time of writing this report an amount of KD 156.80 equivalent to US\$ 533.12 approximately to E 7,463.68 had been recovered leaving an a outstanding balance of KD 601.86 equivalent to US\$ 2,149.96 ( approximately to E 30,099.44).

**The Ministry informed me with regret that the officer was advised to repay the government funds but to date has not done so. The Controlling Officer assured me that the Ministry was working on the relevant lawful measures to ensure that the public funds are recovered.**

#### (c) Exceeded Usage of Telephone

The Mission paid monthly residential telephone bills in respect of the Counsellor, in excess of the stipulated limit set out in Establishment Circular No.2 of 2005 for the Counsellor in the year under review.

This resulted to an over expenditure of KD 733.48 equivalent to \$2435.15 (approximately E 34,092.15).

The limit spelt out in the above Circular was exceeded by the Counsellor by KD 466.55 and KD266.93 during the financial years 2014/15 and 2015/16, respectively.

The telephone facility expenditure was extremely exceeded with no authority granted to the Mission for the payment of charges that are above the authorised limit.

The following table reflects the expenditure in excess/below the limit where the ( ) represents excess:

## 2014/2015

Month	Bill	Circular Limit	Above/Below Limit (KD)
31/08/14	179.00	90.36	(88.64)
30/09/14	247.69	90.36	(157.33)
31/10/14	212.50	90.36	(122.14)
30/11/14	169.12	90.36	(78.76)
31/12/14	94.05	90.36	(3.69)
31/01/15	84.44	90.36	5.92
28/02/15	157.31	90.36	(66.95)
31/03/15	45.28	90.36	45.08
<b>Total</b>	<b>1189.39</b>	<b>722.36</b>	<b>(466.55)</b>

## 2015/2016

Month	Bill	Circular Limit	Above/Below Limit (KD)
30/04/15	52.34	90.36	38.02
31/05/15	85.19	90.36	5.17
30/06/15	81.37	90.36	8.99
31/07/15	145.68	90.36	(55.32)
31/08/15	161.54	90.36	(71.18)
30/09/15	151.04	90.36	(60.68)
31/10/15	88.99	90.36	1.37
30/11/15	157.50	90.36	(67.14)
31/12/15	103.94	90.36	(13.58)
31/01/16	119.08	90.36	(28.72)
29/02/16	27.75	90.36	62.61
31/03/16	176.83	90.36	(86.47)
<b>Total</b>	<b>1351.25</b>	<b>1084.32</b>	<b>(266.93)</b>

**The Controlling Officer stated that the excess amount in respect of the telephone bills has been noted and promptly attended.**

While it is appreciated that the excess amount was recovered it is a concern if the audit inspection did not take place the anomalies would not be addressed.

### **(d) Maintenance of Petty Cash**

The attention of the Controlling Officer was drawn that the imprest system was not followed in maintaining petty cash records to reflect the expenditure and balance it with the cash on hand. This scenario reveals that when the cash is withdrawn and used, the remainder is neither brought to book nor traceable. As a result, the Petty Cash expenditure, amounting to KD 764.48, was not accounted for.

Financial & Accounting Instruction 1408 states that, at any given time, cash held must balance with the balance on hand, with cash utilised being supported.

I further highlighted to the Controlling Officer that cash withdrawn for petty cash purposes was not always fully supported (financial year 2014/15) as denoted in the following table:

Voucher No	Cash withdrawn (KD)	Supported expenditure (KD)	Unsupported expenditure (KD)
100002	400.00	308.68	91.32
200011	500.00	257.64	242.36
40002/3		2499.69	0.31
600007	500.00	392.48	107.52
800004	500.00	339.23	160.77
100017	3000.00	2880.5	119.5
120002	500.00	457.30	42.70
<b>Totals</b>	<b>7900.00</b>	<b>7135.52</b>	<b>764.48</b>

The total unsupported Petty Cash expenditure was KD764.48 equivalent to US\$2,599.23 (approximately E36, 389.25).

**In his response the controlling officer stated that they would recover the funds from the concerned individual as the same was brought to their attention and were willing to pay. He also assured me that management will closely supervise and monitor the adherence of the regulations.**

At the time of compiling this report, the money had not been recovered.

**The Ministry appreciated the concerns raised and assured me that the officer concerned has been advised about the matter and has agreed to repay the government funds.**

### **30.5 Audit of the Swaziland High Commission in London**

An audit inspection at the High Commission of Swaziland, in London, was conducted for the Financial years 2014/2015 and 2015/2016. The following findings were communicated to the Principal Secretary, Ministry Foreign Affairs and International Cooperation, through a memorandum, referenced F14 VOL VI/68, dated 29<sup>th</sup> November, 2016.

The following issues, raised, were not rectified;

#### **(a) Transfer of Visa Revenue**

The total revenue collected in respect of visas for financial years 2014/2015, and 2015/2016 was banked in the Missions account (Barclays Bank of London). Revenue collected for financial 2014/2015 was £904.00 and £573.00 was collected for financial year 2015/16.

The total revenue of £1 477.00 at a rate of £1 to E14 equivalent to E20, 678.00 was used by the Mission without Parliamentary approval. Visa collections are a revenue that is supposed to be deposited to the Government general account, at Central Bank of Swaziland, before utilization.

The Mission facilitates the collection on behalf of the Ministry of Home Affairs, hence the revenue finally should be deposited in the government general account at the Central Bank of Swaziland.

The Controlling Officer informed me that the Mission was in the process to open a separate account for funds collected from Visa issuance.

I recommended that an economical method should be established to ensure that revenue is brought to account and disclosed in the relevant centre and item. The advice of the Accountant General should be sought on this matter.

**The Total revenue of £1 477.00 visa fees collected during the two years, has since been remitted.**

The Controlling Officer is applauded for the action taken. The advice of the Accountant General should still be sought on how the revenue from visa collection may be economically brought to account.

#### **Overpayment of Salary and Foreign Service allowance – Employment number 39823272**

I drew the attention of the Principal Secretary that the correspondence, referenced HCL 18, dated 18<sup>th</sup> December 2015, the employee, quoted above, who was a house keeper for the High Commissioner in London had stopped providing her services as house keeper. The alleged reason was that the High Commissioner had ceased her salary despite explanations from the Ministry that she was mistakenly deleted from the payroll system. Apparently, an error had occurred whereby after her contract had expired, the reinstatement of her salary was not effected when it was renewed. Other alleged complaints were having been human trafficked and abused to clean the house. When she was requested to report at the Mission to address her misconduct, relating to absenteeism and gross insubordination, her response was that she did not want to see the High Commissioner until her salary was paid. Her salary was back paid on 24/03/2016 where she received a gross pay of E94 138.66.

The net pay amounted to E 90, 072.08 including arrears, as shown below.

<b>Date</b>	<b>No. of Months</b>	<b>Salary Per Month (E)</b>	<b>Total Amount Salary Arrears (E)</b>
March 2014	1	3, 585.33	3, 585.33
April 2014 - March 2015	12	3, 818.41	45, 820.92
April 2015 - January 2016	10	4, 066.58	40, 665.80
<b>Total</b>			<b>90, 072.08</b>

The salary arrears were fully paid by the Ministry, despite that the Officer was no longer providing her services from December 2015. Thus an overpayment of E12 199.74 occurred. An overpayment of Foreign Service Allowance amounting to £2 640.00 which translates to E52 800.00 local currency, also occurred.

The analysis below refers:

DATE	Salary Overpayment (E)	Foreign Service Allowance Overpayment £
24/01/2016	4 066.58	264.00
24/02/2016	4 066.58	264.00
24/03/2016	4 066.58	264.00
23/01/2016		264.00
23/02/2016		264.00
23/03/2016		264.00
23/04/2016		264.00
23/05/2016		264.00
23/06/2016		264.00
23/07/2016		264.00
<b>TOTAL</b>	<b>12 199.74</b>	<b>GBP2 640.00</b>
<b>Emalangeni</b>		<b>E52 800.00</b>

The response, referenced HCL.8/12, dated 12<sup>th</sup> December 2016, from the High Commissioner and forwarded to me, by the Controlling Officer, concurred with my findings. The explanation given was that diplomatic Missions in the United Kingdom are expected to adhere to International and United Kingdom employment regulations and no longer immune to legal actions. The mission could neither dismiss nor terminate the housekeeper's pay abruptly, since consultations with the Ministry were ongoing during that period.

The outcome of the consultations was not revealed.

The delay to exercise instant action resulted to an overpayment to the Officer, for no service delivery, which is a loss to Government.

I recommended that the overpayment should be recovered.

**The Controlling Officer revealed that the Ministry was involved in serious deliberations with the Mission on this issue and made several attempts to engage the Head of the Mission and the Housekeeper, with the intention to resolve the misunderstanding related to payment of the housekeeper and other allegations. He further revealed that after this dispute, the housekeeper returned to work irregularly and would provide services while still engaged in talks with the Head of Mission, in an attempt to find a lasting solution before her indefinite disappearance.**

The Controlling Officer was silent about recovery of the over payment that occurred after the officer was no longer providing any services, from December 2015, as per a memorandum from the Head of Mission, referenced HCL 18, dated 18 December 2015.

#### **(b) Vacation of High Commissioner Residence – Housekeeper**

The attention of the Principal Secretary, Ministry of Foreign Affairs and International Cooperation was drawn, that the house keeper no longer resides at the official residence. Her whereabouts were unknown and her salary was stopped on the 24<sup>th</sup> March 2016 and Foreign Service Allowance was stopped 23<sup>rd</sup> July 2016 after she had stopped providing her services at the Official Residence.

This poses a human trafficking risk as the Officer was assigned duties by the Government of Swaziland, the duty station being the Swaziland High Commission, in the United Kingdom, official residence. It is the Ministries responsibility to trace and locate the officer's whereabouts and recall her back to Swaziland.

Noteworthy, is that, in the event of any mishap, to the Officer, Government will be liable. This is endorsed by General order E345 (5) which states that the cause of which is other than domestic reasons, a house keeper is found guilty of serious misconduct, she shall normally be repatriated to Swaziland at the public expense by the most economical means, subject to the prior approval of the Principal Secretary Ministry of Public Service and Information.

The response concurred with my findings and stated that the said house keeper was reported to the Police as a missing person, the police have not made a breakthrough in locating her. As a result advice from Governments legal advisers, was sought.

**The Controlling Officer concurred with my findings. He revealed that following the disappearance of the Housekeeper, efforts made to contact her proved futile. The Ministry through the Mission tried to communicate with her but she never responded. Subsequently, the Housekeeper was reported to the police as a missing person but a breakthrough has not been made so far.**

**He further informed me that it was difficult for the Mission to cease the Foreign Service allowance for the house keeper as she had not officially vacated the official residence, she was in an out.**

The circumstance encountered by the Ministry is quite clear. The Ministry should strive to resolve the matter accordingly. Also, government continues to lose money for no services rendered.

### **(c) Unauthorised Housing allowance**

A diplomat (employment number 3470282) who was posted to the foreign mission (London) with effect from 11 January 2014, continued to receive housing allowance whilst housed in the Mission. The officer received E618.00 per month for twenty months and twenty days totalling to E9 050.71. This is a loss to government funds.

The response, referenced HCL.8/12, dated 12<sup>th</sup> December 2016, concurred with my findings. The explanation was that the Officer in question had been made aware and acknowledged the irregularity. Further the officer agreed to pay back the money in 3 monthly instalments, effective December 2016.

At the time of compiling this report the first instalment of the unauthorized housing allowance had not been paid. Further, the allowance had not been stopped thus the officer continues to receive the unauthorized housing allowance.

#### **(d) Proceeds from the Sale of Property in Denmark**

The Public Accounts Committee Report for the Financial Year ended 31<sup>st</sup> March, 2015 revealed that the house in Denmark had finally been sold. A follow up audit conducted during the 2015/2016 financial year, revealed that on the 6<sup>th</sup> July, 2015 DKK 5,090,000.00 and DKK 3,602.50 totalling DKK 5,093,602.50 was deposited to the Embassy of the Kingdom of Swaziland Mission's DKK account in Denmark as proceeds from the sale. Six months later, on the 11<sup>th</sup> January 2016 an amount of DKK 4 878 979.83, was transferred from the Denmark Embassy account to the Central Bank of Swaziland, General Account.

As per the bank statement, the bank balance on the 28th July, 2015 was DKK 5,128,876.75, however, DKK 4,879,104.83 was transferred. The difference of DKK 24,977.00 could not be traced because the mission could not provide the bank statement from 28th July, 2015 to 6th January, 2016 that showed all the transactions.

Worth noting, the amount transferred was the available balance as at 11<sup>th</sup> January, 2015 in the bank, the very same day the account was closed, thus it was a closing transaction.

It could not be ascertained if the money transferred was indeed proceeds from the sale of property in Denmark as the Mission could not provide the Auditors with supporting documents pertaining the sale of the property i.e. selling price, , legal fees, transfer costs, agents fees and any other costs.

Her Excellency the High Commissioner in London stated that the Mission only facilitated logistical arrangements and played an observer/witness role during the sale of Government property in Denmark. Thus, all documents pertaining the sale of the houses was kept by the Ministry of Foreign Affairs and International Cooperation.

When I visited the Ministry of Foreign Affairs and International Cooperation, to obtain more information, only the Bank statement that revealed the amount deposited into the Missions bank account was provided, as quoted above. I was not provided with supporting documents about the whole transaction, the cost of the house and any related expenses, such as, legal fees, transfer costs or any fees in respect of the

Therefore, the authenticity of the amount deposited could not be verified. Also, information about the Signatories to this account after the mission, in Denmark was closed could not be obtained.

**The Controlling Officer acknowledged my observation and submitted that the only document the Ministry has, pertaining to the sale of the property, is an email which was sent to the Ministry and also copied to the PAC chairperson, informing about the sale, at a price of 5.25 million DKK, 143 750, sale costs and half insurance of DKK23 000. He apologised for the oversight, not obtaining the official documents regarding the sale as it proved difficult to secure the required documents in Denmark but has instructed the High Commissioner in London, to request all the necessary documents and bank statements from October to January 2016.**

The documents pertaining the sale of the house remain necessary to substantiate the email conversation that was communicated, as proof of sale. I have noted that the amounts communicated through the email do not form part of the transactions in the bank statements provided, hence the full transcript of the bank statement should be provided to for verification.

### **30.6 Detailed Statement of Recurrent Expenditure Appendix 7**

An audit of the Detailed Statement of Recurrent Expenditure (Appendix 7) was carried out for the fiscal year ended 31<sup>st</sup> March 2016. A memorandum referenced A2/2015/2016/62, dated 12<sup>th</sup> December 2016, was issued to the Principal Secretary, Ministry of Foreign Affairs and International Cooperation. The response, referenced MFAIC 06/13, dated 15<sup>th</sup> September 2016, did not satisfactorily address the issues raised.

### **30.7 Reallocation of Funds to Capital Project**

I noted that the Ministry of Foreign Affairs and International Cooperation reallocated a sum of E14,000,000.00 which was alleged as savings from the National Insurance allowance, under the recurrent budget. According to the Government Budget System the National Insurance is under personnel cost.

#### **(a) Overridden Budgetary Controls**

I noted that the statement of recurrent expenditure reflected that the Ministry of Foreign Affairs and International Cooperation spent E14 000 000.00 under item 08201, which is office buildings. My concern is that the Ministry reallocated funds from the recurrent budget to finance a capital project, which was the purchase of staff houses our Mission, in Ethiopia.

The Principal Secretary, Ministry of Foreign Affairs and International Cooperation requested authority from the Principal Secretary, Ministry of Finance to reallocate funds from the National Insurance Provision under recurrent budget to professional services, but clearly in the memo referenced MFAIC 09/9 dated 15<sup>th</sup> March, 2016, the objective was to reduce costs of rentals and that the funds would be transferred to Ethiopia to purchase Diplomatic staff houses.

The request was acknowledged and authorized by Principal Secretary, Ministry of Finance. It is very disturbing that the Principal Secretary, Ministry of Finance who is the custodian of the public purse is the very official who has overridden the budgetary control by authorizing this transaction.

When the funds were transferred the Mission was under the pretext to purchase the office building (Chancery), yet the purpose of the funds was to purchase diplomatic staff houses.

The budgetary controls were overridden, as the reallocation was from the recurrent budget to a project which was supposed to be budgeted for under capital project. Moreover, re-allocation from recurrent to project is not allowed and further re allocation from personnel cost is prohibited, as stated in Financial and Accounting Instruction 1970, 0114.

The Controlling Officer, Ministry of Foreign Affairs and International Cooperation transferred the funds to Ethiopia without details of the houses to be purchased, such as;

- evaluation report for the houses
- cost of the houses
- expression of interest from the High Commission

The bank statement, of the mission, revealed that the funds were deposited on the 9<sup>th</sup> April, 2016, but to date no staff houses have been purchased. I noted that the money is now being used for operational expenses. As a result the money has been reduced by \$150,075.18, from \$913,236.00 to \$762,484.82 which is the balance as at 31<sup>st</sup> December, 2016. Also noted was that the E14,000,000.00 is too substantial to be savings. This indicates that the budget for the National Insurance was not realistic because it ended up not being used for the intended purpose. There was no justification given for the savings.

**The Controlling Officer apologized for overriding budgetary controls.**

**He informed me that a project proposal was submitted to the Ministry of Economic Planning and Development, in the financial year 2015/16, for approval but was not successful.**

**He re-iterated any intention of pretext in the whole process but to acquire at least one house to reduce rental costs.**

**The Mission in Addis Ababa on the 3<sup>rd</sup> May 2016 engaged with the Ministry of Foreign Affairs, Ethiopia, requesting them to facilitate in the purchase authority and on the free piece of land given to all member states, as per assembly decision in 2000. But the matter has not been concluded yet.**

**On the issue of the reduced bank balance, the reason given was insufficient funds for the operations and the Head of Mission promised to refund accordingly.**

Based on the response it is evident that the money was transferred before the project proposal was approved and the purchase authority and or allocation of land. The worst being the diversion of the money to other purposes thus aggravating the violation of Budgetary controls.

### **30.8 The Audit of the Swaziland High Commission in Malaysia**

An audit of the High Commission in Malaysia was conducted for the financial years 2014/2015, and 2015/2016. The following findings were communicated to the Principal Secretary in the Ministry of Foreign Affairs and International Cooperation.

#### **(a) Overpayment of Foreign Service Allowance to Third Secretary**

I noted that the former Third Secretary was overpaid Foreign Service allowance, amounting to US\$691.79, after the secondment. The payment was processed through voucher number 110030, whereby the former Third Secretary was fully paid an amount of US\$1,937.00 instead of

U\$1,245.26. The last day of service at the Mission was 18<sup>th</sup> February, 2014. Therefore she was not entitled to the 10 days allowance.

**The Controlling Officer confirmed that an amount of E2,500.00 has been recovered and receipted on General receipt number 07290610. The balance of E4,991.39 will be recovered in two months instalments, beginning from February, 2017.**

**(b) Missing carpets**

Records revealed that carpets, amounting to RM34, 000.00, were purchased from Mahad Carpets SDN-BHD and paid for, through voucher 100001, in January 2014. The delivery was acknowledged and signed for by the former Third Secretary, as per invoice number 0944 undated. As per details on the payment voucher the carpets were purchased for the Office, and Counsellor's apartment. During the physical verification, the carpets were neither found at the residence nor office and were not recorded in the house inventory, and in the office inventory.

On further inquiry, it transpired that the anomaly was raised by the former Counsellor to the former High Commissioner through a memorandum referenced SHC/42/2014 (02) dated 30<sup>th</sup> July, 2014, whereby he denied knowledge of the purchase of the carpets. He revealed that such anomaly was unveiled during the final inventory hand over for Councilor's Condominium located in Jalan U-Thant No.7, Malaysia apparently before his departure, to assume duties as High Commissioner in Maputo. He requested the mission to enquire the whereabouts of the carpets from the former Third Secretary, since they were never delivered during his stay.

The details of the transaction are shown below:

Voucher	Cheque	Payee	Description (Item 06999)	Amount in RM
100001	4290	Mashad Carpets Sdn Bhd	One (1) Hand-made Afghan Philpai old: 9 x 12	18,000.00
			One (1) Handmade Fish Design: 9 x 12	<u>16,000.00</u>
				<u><b>34,000.00</b></u>

**The response revealed that the Ministry noted the observation and held talks with the former Third Secretary who refuted the allegations that she took the office carpets. The officer pointed out that the carpets were indeed acquired and delivered at the Ambassador's Residence, a fact that can be established from the supplier. That being the case therefore, the officer clearly stated that she is not responsible for making good any loss that may have been occasioned or likely to be occasioned to Government.**

**The Ministry has also engaged the High Commission on this matter and the Auditor General will be apprised in due course.**

I have noted that the response states that the carpets were delivered at the Ambassador's Residence yet according to the records the carpets were purchased in respect of the Counsellors Residence. Hence, the concern emanated from the Counsellors, final inventory inspection, prior to departure to his new duty station in Maputo, as High Commissioner. Therefore, at the moment without, adequate evidence of the existence of the carpets, the reply is not convincing.

**(c) Storage costs for unserviceable vehicles**

I raised concern about expenditure regarding the storage costs for the two cars Volvo Station Wagon V70 (2000 Model) grey in color 2.0L, which was purchased in June 2000 and Mercedes Benz S230 (2000 Model), which was purchased in October 2000. The accumulated total storage costs, amounted to RM21, 525.60, comprising RM13, 493.60, for the Volvo Station Wagon and RM8, 032.00 for the Mercedes Benz. These vehicles were sent to a private service company garage, Bintang CarCare (KL) Sdn Bhd since 18<sup>th</sup> October 2013, which charged storage costs at a rate of RM10.00 per day.

I further noted that the Mercedes Benz was repaired in the fiscal year 2015/16 and the repair costs amounted to RM23, 335.00. During the audit it was found running.

The tables below depict the storage expenditure.

**Storage costs- Volvo Station Wagon 31-101-DC**

Voucher	Cheque	Amount	Payee	Description
<b>2013/2014</b>		1,230.00	Bintang CarCare (KL) Sdn Bhd	31-101-DC: Storage charge from 18.10.2013 to 31 March 2014 [123 days]
<b>2014/2015</b>				
080006	6277	2,155.00	Bintang CarCare (KL) Sdn Bhd	Volvo 31-101-DC Storage Cost:189 days X RM 10=1,890.00, tax Amounting to 265.00
120047	6576	1,230.00	Bintang CarCare (KL) SDN BHD	Volvo 31-101-DC storage costs: 123 days x RM10 = 1,230.00
030038	6660	1,230.00	Bintang CarCare (KL) SDN BHD	Volvo 31-101-DC Storage costs: 123 days X RM 10 =1,230.00
120039	7212	2,130.00	Bintang CarCare (KL) SDN BHD	Volvo 31-101-DC Storage Costs:213 days xRM10 = RM2,130
<b>Total</b>		<b>6,745.00</b>		
<b>2015/2016</b>				
050018	7502	1,918.60	Bintang CarCare (KL) SDN BHD	Volvo(31-101-DC)Storage Costs
		1,060.00	Bintang CarCare (KL) Sdn Bhd	Charges from 17.12.2015 to 31.03.2016 [106 days]
		<u>1,730.00</u>		Charges from 1.04.2016 to 20.09.2016: [173 days]
		<u>2,790.00</u>		Total: 279 days X RM10.00
		810.00	Bintang CarCare (KL) Sdn Bhd	Volvo (31-101-DC Storage charges from 21.09.2016 to 31.12.2016: [81 days x RM10]
<b>Total</b>		<b>5,518.60</b>		
<b>Overall</b>		<b>13,493.60</b>		

**Storage costs for Mercedes 31 – 103 – DC**

Voucher	Cheque	Amount (E)	Payee	Description
<b>2013/2014</b>		1,230.00	Bintang CarCare (KL) Sdn Bhd	31-103-DC: Storage charge from 18.10.2013 to 31 March 2014 [123 days]
<b>2014/2015</b>				
080006	6277	2,102.00	Bintang Car care (KL) SDN BHD	31-103-DC Storage Cost:189 days X RM10 = 1,890.00 Car tax Amounting to 212.00
120047	6576	1,230.00	Bintang Car care (KL) SDN BHD	31-103-DC storage costs: 123 days x RM10 = 1,230.00

Voucher	Cheque	Amount (E)	Payee	Description
030038	6660	1,230.00	Bintang Car care (KL) SDN BHD	31-103-DC Storage costs: 123 days X RM 10 = 1,230.00
<b>Total</b>		<b>4,562.00</b>		
<b>2015/2016</b>				
	8540	2,240.00	Bintang Car care (KL) SDN BHD	Volvo (31-103-DC & 31-103-DC) Storage costs x 2 Cars
<b>Total</b>		<b>2,240.00</b>		
<b>Overall</b>		<b>8,032.00</b>		

I also noted that the process to dispose off both cars commenced in the Financial Year 2010 but has not been concluded to date. The disposal attracts customs duties and other taxes based on the original purchase price of the car. Thus the disposal costs might be higher than the net realizable value due to the escalating costs. The mission made requests with the Ministry of Foreign Affairs, for authority to donate both cars to deserving local charity organizations, because the selling option was not viable, and could increase the disposal loss, due to the taxes and repair costs. Three Memoranda, addressed to the Controlling Officer, referenced SDHC-KL/01, dated 10<sup>th</sup> October 2013, SDHC-KL-09/D, dated 21<sup>st</sup> November 2013, and SDHC-KL-09/D dated 30<sup>th</sup> May 2014, were provided to me during the inspection.

The responses to the requests were not provided to me. I concluded that the Controlling Officer never responded to the requests.

The Volvo Station Wagon car continues to incur the storage costs since the Ministry did not grant the mission authority to dispose of the vehicle; despite that there was an offer to purchase by the same garage that is keeping the vehicle at RM 1,000.00.

The valuation from the tax office stood as follows in Ringgit Malaysia's currency (RM):

Car	Value RM	Customs RM	Repairs estimate RM
Volvo (31-101-DC)	12,299.00	3,053.00	15,000.00
Mercedes Benz S320, year 2000	40,000.00	33,309.60	25,000.00

It is advisable that unnecessary expenditure should be avoided.

The Controlling Officer did not respond to this matter. This issue did not receive the urgency it deserved.

**The Controlling Officer acknowledged, with sincere apologies, this anomaly. He mentioned that since the year 2013 attempts were made by the Ministry in seeking authority to dispose of the vehicles, to the different Ministries and Departments but it has taken so long mainly because it is not the sole authority of the Ministry. He has engaged the office of the Accountant General recently in an effort to get the authority and bring this matter to finality.**

**He further informed me that in an effort to avoid unnecessary storage costs incurred by the Mission, they had earlier instructed the Mission to donate the vehicles but were advised that**

**only the Accountant General had that authority and have since withdrawn that instruction until receipt of authority.**

The effort made is accepted. However, the matter needs the urgency desirable, for a lasting solution to relieve government of the unnecessary expenditure.

**(d) Unauthorized medical expenses**

I noted that the mission used public funds for dental expenses, and acquisition of eye glasses, without authority.

**(e) Dental medical expenses**

The mission incurred dental expenditure, amounting to RM2, 850.00 in the financial year 2014/2015 and RM7, 421.10 in the financial year 2015/2016. General Order E840 stipulates that dental treatment is not a public expense, hence the government does not permit dental treatment for an officer or for his/her family, except for when there is a facility of Medical Aid Scheme that is negotiated for that particular Mission.

The dental charges should be paid by individual diplomat/officers; hence the dental expenditure should be recovered from the involved officers. The table below depicts the dental expenditure incurred.

**Dental medical expenditure for fiscal years 2014/2015 and 2015/2016**

Voucher	Cheque	Payee	Description	Amount in RM
<b>Fiscal year 2014/2015</b>				
110046	7143	Petroliam Nasional Berhad	Dental charges: Counsellor's spouse: RM640.00 + RM1,785.00	2,425.00
120048	7220	Petroliam Nasional	Dentistry: Counsellor's spouse	425.00
<b>Total</b>				<b>2,850.00</b>
<b>Fiscal year 2015/2016</b>				
Voucher	Cheque	Payee	Responsible officer	Amount in RM
040040	7460	Gleneagles Kuala Lumpur	Counsellor's wife: Candice Makhosazana	210.00
040040	7460	Gleneagles Kuala Lumpur	Former High Commissioner's spouse	210.00
080022	7718	Gleneagles Kuala Lumpur	Former High Commissioner's husband	2,605.00
090004	7740	Petroliam Nasional Berhad	House keeper (Gugu Precious Mthembu): RM1,410.40 + RM2,985.70	4,396.10
<b>Total</b>				<b>7,421.10</b>

**The Ministry stated that consultations were ongoing on the issue which pertains the late High Commissioner's family. The Counsellor has been requested to make good of the family's expenses but no response was received until responses were submitted to me. The Counsellor was reported to be busy preparing to assume duties in his new duty station following his**

**recent appointment as Ambassador to Brussels. The Ministry will continue to make a follow up on both matters to ensure that government funds are recovered.**

**(f) Acquisition of eye glasses**

In the fiscal year 2015/2016 the mission acquired eye glasses, amounting to RM2, 270.00 for Admin Attaché (E/N: 3512490). The acquisition of the eye glasses is in violation of General Orders. The unauthorized medical expenditure should be recovered from the officers involved.

The table below depicts the details of such unauthorized expenditure.

Voucher	Cheque	Payee	Description	Amount (RM)
020026	7422	Eye Essentials SDH BHD	Eye glasses for Admin. Attaché (E/N: 3512490): MIF CR39 + MIC into PT's own frame @ RM2,150.00 Sub-refraction and contact lens refraction @ RM120.00	2,270.00

**The observation was accepted as correct and the Ministry confirmed that the amount of RM22, 270.00 was recovered from the officer concerned and receipted on receipt number 5754940.**

The recovery made is appreciated. The Ministry is encouraged to adhere to Regulations and monitor the expenditure such that errors has been identified and addressed before the audit.

The Ministry is requested to advise all our Missions abroad to always refer to Regulations before payments are made. This practice will prevent occurrence of similar errors in future.

**(g) Excess Residential Bills**

I observed that the residential telephone bill limit of RM 1,134.00 was exceeded by the diplomatic staff and the mission did not maintain a telephone register for official and private calls. This was in violation of 'Residential Telephone Bills' Instrument of 2002, which stipulates that the limit for monthly residential telephone bills for Missions Abroad of US\$300.00 should be observed, and requires the mission to maintain a telephone register for official and private calls.

Efforts of recovery of the excess residential telephone expenditure were noted. The excess expenditure amounting to RM17, 757.18 in the financial year 2014/2015, and RM781.55 in the financial year 2015/2016 was not recovered from the officials. These included personal internet bills for the Admin. Attachée, which were paid by the mission, through negligence whereby expenses not relevant to the mission were paid. The monitoring and supervision by management, to ensure full recovery of the monies owed, should be enhanced.

The analysis of telephone bill excess is depicted in the following table.

Officer	Telephone No.	Period	Amount to be recovered (RM)	Amount recovered (RM)	Amount outstanding (RM)
Former Counsellor	+60321410689	March and April	1 244.90	-	1 244.90
Counsellor	0321410689	May, November and January	6 436.23	-	6 436.23
First Secretary	0321486345	May, September, January and March	9 886.22	1 000.00	8 886.22
Third Secretary	0321633131	May and November	5 123.83	3 934.00 GR5754933	1 189.83
Admin Attachée internet bills			1 190.00	894.00 GR5754925	296.00
<b>Total</b>			<b>23,881.18</b>	<b>5,828.00</b>	<b>17,757.18</b>

The Ministry confirmed that the First secretary, Third secretary and Admin Attaché repaid. The Ministry promised to make every effort to recover funds owed by the former Counsellor and the Counsellor who at the time of submitting the responses were preparing to assume duties in their new duty stations following the recent reshuffle of Ambassadors.

During the absence of the High Commissioner, the Counsellor was appointed as the Acting High Commissioner, hence the exceeded telephone limit.

The evidence of the Acting Appointment was not submitted to me.

#### 2015/2016

Officer	Telephone No.	Period	Amount to be recovered (RM)	Amount recovered (RM)	Amount outstanding (RM)
Third Secretary	0321633131	August, September and October	2 343.10	1 561.55	781.55
<b>Total</b>			<b>2 343.10</b>	<b>1 561.55</b>	<b>781.55</b>

The exceeded amount from the Third Secretary has been recovered and receipted on General Receipt number 5754921.

#### (h) Unauthorized Cash Imprest

I noted, with concern that diplomat officers at the Mission received cash imprest in addition to subsistence travel allowance. Upon enquiry it was gathered that the imprest was for transport, telephone/mobile costs and incidentals while on tour. The payment of cash imprest was irregular as the aforesaid expenses to be paid are covered in the subsistence allowance. This was not in accordance with the Financial and Accounting Instructions of 1970, Section 1401, stipulate that cash imprest should be supported by a warrant that details its purpose and be supported by vouchers/receipts to account for the expenditure.

According to the General Orders Number A430 (2), 'the daily subsistence allowance rates are designed to cover the following accommodation including any related taxes, meals, including any

related taxes that the daily rate will be insufficient to cover his full board and lodging expenses, he/she may apply for a tour advance of up to 30% above the taxes, other out of pocket expenses such as tips, laundry, bus or taxi (travel) costs for short distances and miscellaneous expenses’.

According to the provision of General Order A. 431 (3) as amended by ‘Establishment Circular No. 6 of 2010’ and ‘Establishment Circular Number 1 of 2011’ – Revision of Daily Subsistence Allowance Rates for External Travel’, a top-up on the daily subsistence allowance rates is only permitted in special circumstances if an officer determines daily subsistence allowance rate. When such an excess tour advance is granted, the whole advance is accountable and must therefore be supported by receipted bills.

This reflects a double allocation of funds for the same purpose, which increases the risk of misappropriation of public funds and wasteful expenditure. The mission should ensure that the public funds are recovered from officers involved.

The cash imprest that was received in addition to subsistence travel allowance to officers, amounted to RM99, 910.42. There was no evidence whether the imprest was utilized or receipted. The cash imprest, amounting to RM 22,230.00 in the financial year 2016/2017, RM 39,880.32 in 2015/2016, and RM 37,800.00 in 2014/2015.

The details of such cash imprest are shown in the following table.

**Unaccounted for cash imprest**

<b>Fiscal Year 2016/2017</b>				<b>Unaccounted for</b>			
<b>Date</b>	<b>Payee</b>	<b>Country</b>	<b>Amount</b>	<b>Voucher</b>	<b>Expenditure</b>	<b>(RM)</b>	<b>GR No.</b>
July 2016	Mngomezulu Sibusisiwe	Swaziland	3,780.00 US\$1,000 x 3.78	020014	060072 Not authentic	1440.10	RM2,339.90 GR5754779
June 2016	Mngomezulu Sibusisiwe	Indonesia	1,890.00 US\$500 x 3.78	030043	None	1,890.00	GR 5754788
August 2016	Mngomezulu Sibusisiwe	Maldives/ Thailand	9,450.00 US\$2,500 x 3.78	050060: 2016/17	None	9,450.00	GR 5754789
August 2016	Mngomezulu Sibusisiwe	Thailand	9,450.00 US\$2,500 x 3.78	No voucher yet	Not yet know	9,450.00	Not yet know
<b>Total</b>						<b>22,230.10</b>	
<b>Fiscal year 2015/2016</b>							
<b>Date</b>	<b>Payee</b>	<b>Country</b>	<b>Amount</b>	<b>Voucher</b>	<b>Expenditure</b>	<b>(RM)</b>	<b>GR No.</b>
June 2015	Lushaba Nombulelo	Singapore	3,024.00 US\$800 x 3.78	030033	None	3,024.00	None
June 2015	Lushaba Nombulelo	Singapore	34,020.00 US\$9,000 x 3.78	030036	None	34,020.00	None
March 2016	Mngomezulu Sibusisiwe	South Korea	11,340.00 US\$3,000 x 3.78	120022	060071 Not authentic	11,340.00	RM8,503.68
<b>Total</b>			<b>48,384.00</b>			<b>39,880.00</b>	
<b>Fiscal year 2014/2015</b>							
<b>Date</b>	<b>Payee</b>	<b>Country</b>	<b>Amount</b>	<b>Voucher</b>	<b>Expenditure</b>	<b>(RM)</b>	<b>GR No.</b>
February 2015	Mngomezulu Sibusisiwe	Japan	37,800.00 US\$10,000 x 3.78	110061	None	37,800.00	None
<b>Total</b>			<b>37,800.00</b>			<b>37,800.00</b>	
<b>Overall cash imprest unaccounted for</b>			<b>RM 99,910.00</b>			<b>RM 99,910.00</b>	

**The Auditor General's observation were noted and the Ministry promised ensure that necessary Government Regulations are adhered to by our Missions in future. He further mentioned that, our Missions do face challenges with some issues that need to be attended to urgently. The Ministry stated, that it would look at a system that would be applied to all Missions without compromising the service of the Principals.**

**(i) Unaccounted for cash imprest**

**The Controlling Officer refuted that the cash imprest was not accounted for. He stated that all imprest was accounted for as per attachments, forwarded to me.**

A verification of the attachments proved futile since some information was illegible. Hence the matter was not addressed, conclusively.

Noteworthy is that provision of supporting documents during the audit is essential, since legible documents would be utilized and enable clarification, thereon.

**HEAD: 08**  
**DEFENCE**

**Objectives:**

To ensure the security of the country.

**31.0 Unauthorized Over Expenditure on Recurrent Vote**

Over expenditures beyond budget provision and appropriated funds by Parliament are illegal in that it distorts the fiscal budget of any Ministry.

This is further supported by Financial and Accounting instruction 0202 (ii).

However, the Ministry violated the Government standing regulation and allowed the occurrence of the following over expenditure:

<b>Head</b>	<b>Item</b>	<b>Released Budget (E)</b>	<b>Actual/Committed Expenditure (E)</b>	<b>Over Expenditure (E)</b>	<b>Over Expenditure (%)</b>
08	CTA Vehicle Charges	58,747,301	143,572,650.97	85,082,680.12	144.83

It is expected that the Ministry explains the authority that allowed it to spend beyond budget provision and Parliament Appropriation Act.

**The response revealed that the Ministry became aware this anomaly in June 2016. On the 3<sup>rd</sup> June 2016 the Controlling Officer wrote to the Central Transport Administration and was informed of a back log since 2010 which was being captured.**

**When he examined the printout he discovered that the CTA was filling fuel to vehicles belonging to different Ministries charged the Ministry of National Defence and Security.**

**An investigation is ongoing.**

**He further requested an extension to respond by 25<sup>th</sup> November 2016.**

At the time of reporting there was no update on the investigation.

## HEAD: 09

### MINISTRY OF TINKHUNDLA AND REGIONAL DEVELOPMENT

#### Objectives:

To operate and support the office of the Tinkhundla, promote Regional Development and Youth Empowerment, Implement the Decentralization policy and co-ordinate, and promote economically sustainable youth programmes through sports and culture

#### **32.0 Audit Inspection – Mbabane East Inkhundla**

An audit inspection was conducted at Mbabane East Inkhundla on 16<sup>th</sup> March 2016 and a report referenced E28Vol.VIII/13 dated 23<sup>rd</sup> May, 2016 was issued to the Principal Secretary, Ministry of Tinkhundla Administration and Development. The Controlling Officer in her response, referenced TINK/2/15 dated 2<sup>nd</sup> June 2016 did not satisfactorily address, the following concerns, raised.

#### **(a) Regional Development Fund**

#### **Umtfombo Wemphilo Association – Unused Material**

I drew the attention of the Controlling Officer about material, amounting to E213 463.94 which was purchased for the above Association, for the community water project. The material, amounting to E116 461.28, was not utilized, and found lying idle at a certain homestead.

During a physical inspection which was conducted on 16<sup>th</sup> March 2016 it was discovered that the project was successfully completed. However, I observed that there was left over material worth E116 461.28 which was found lying idle at a certain homestead. Below is the analysis of the unused material:

Quantity	Description	Unit Price (E)	Total Price (E)
7	Concrete rings	2 683.93	18 787.51
6	Concrete lids	908.93	6 362.51
14	Grating iron	800.00	11 200.00
14	PVC 110mm pipes	58.81/m	4 906.44
10	32mmGalvanized pipe	67.03/m	4 021.80
2	40mm galvanized pipe	73.62/m	883.44
106	Pipe line markers	513.43	54 423.58
13	Meter box	900.00	11 700.00
12	Treated poles	98.00	1 176.00
1	Veld span	3 000.00	3 000.00
<b>Total</b>			<b>116 461.28</b>

Information gathered from to the Association members revealed that the material had been lying idle for 5 years, reason being that it was purchased, in excess, the community did not know how to utilize the remaining items.

The material was exposed to risk of damage obsolescence and theft.

The excess material demonstrated that quantity surveyors were not involved to quantify the material needed for the project. This also revealed laxity on the part of the Community Development Officer (CDO) whose role is to supervise and monitor the projects, and ensure that material purchased with public funds is not wasted. Also, the unused material should have been returned to the Ministry for re-allocation.

It should be noted that re-allocation of the material is only a solution to alleviate the challenge faced. Acquisition of material in excess of the requirement should be discouraged, as it might be difficult to immediately find another Project that needs the same type of materials.

The response to my memorandum, dated 2<sup>nd</sup> June, 2016, concurred with my findings. I was informed that some of the unused material had, eventually, been utilized except for 7 concrete rings, 6 concrete lids and 14 grating irons, worth E36,370.02 and that these items were repossessed and kept at the Inkhundla premises.

The repossessed materials comprised the following

Quantity	Description	Unit Price (E)	Total (E)
7	Concrete rings	2,683.93	18,787.51
6	Concrete lids	908.93	6,382.51
14	Grating iron	800.00	11,200.00
<b>Total</b>			<b>36,370.02</b>

The Principal Secretary apologized on behalf of the Ministry and stated that she was capacitating the Tinkhundla Councils and the Ministry officials on Stores Regulations and Procurement Procedures, because they were not conversant with them.

She advised that technical experts from Rural Water were also involved for quantification of the material. There was no evidence to confirm the assertion. According to the association and Inkhundla, the material was purchased in accordance with the bill of quantities that was provided by the technical experts from the Ministry of Natural resources and energy, department of Rural Water. There was no evidence that indeed a technical expert was involved.

Also revealed, was that when the matter was pursued, after I had reported, on the one hand the former Chairman of the Association stated that the project was a rehabilitation project and was completed in 2011, and that throughout the project the technical experts from the Rural Water Supply were involved. What led to the non-utilization of the material was that completion of the project prolonged than the expected 3 months, due to non availability of the community members who were no longer committed to the work, after they had the water. The community ended up

implementing the project on its own with minimum assistance from the Rural Water Supply, with the assistance of a local plumber as Rural Water Supply had abandoned the project.

On the other hand, according to the Inkhundla the material was genuinely requested for the benefit of the community. The same reason, given, was that, at some stage of the implementation the community was no longer committed to the project and that the technical experts from the Rural Water Department were reported to be engaged in other projects. As a result the project stalled due to lack of technical expertise.

After the Audit inspection report they took it upon themselves and utilized the fencing materials around the source of the water, entrenched the water pipes underground, the line markers were already installed underground.

However, on the completion of the project in the year 2011 the response was not clear whether reference was made to the initial project's completion or the Rehabilitation Project.

In addition the Principal Secretary further revealed that after the advice of the Public Accounts Committee during its 2015 sittings she instructed all Community Development Officers to take all stocks of material lying idle but in this Inkhundla that did not happen. When she contacted the CDO negligence was displayed, and she regretted and promised such anomalies would not recur.

The CDO apologized citing that she indeed visited the project but was not aware that the remaining materials were kept at 3 different places. Hence she was not aware of the cited remaining material, and promised to be more vigilant in future. There was no monitoring report attached to confirm the assertion.

While the response is appreciated it is evident that there is need to strengthen the monitoring mechanism for the projects, to ensure the materials purchased are captured from Acquisition, Delivery, Storage, Utilization, together with written progress reports. And all the materials should be accounted for.

Pursuant to the response another follow up audit was conducted on 20<sup>th</sup> October, 2016, to confirm the facts cited by the Controlling Officer and found that indeed part of the unused material amounting to E36,370.02 had been repossessed from the homestead and kept at the Inkhundla premises (Mbabane East Inkhundla).

I was impossible to establish if the other part of the material worth E64,394.02 was indeed utilized, after the audit, as per the response, when taking into account that some materials were installed underground. There was no evidence provided to confirm that the materials were used, because no records were maintained on site to update the stock as and when the materials were used.

The Association during the follow – up audit, informed me that the material was used as extra fittings on the already existing water project.

Below is an analysis of the material which was allegedly used:

Quantity	Description	Unit Price (E)	Total Price (E)
14	PVC 110mm pipes	58.81	4 906.44
10	32mmGalvanized pipe	67.03	4 021.80
2	40mm galvanized pipe	73.62	883.44
106	Pipe line markers	513.43	54 423.58
13	Meter box	900.00	11 700.00
12	Treated poles	98.00	1 176.00
1	Veld span	3 000.00	3 000.00
<b>Total</b>			<b>64 394.02</b>

I am further concerned about the indefinite keeping of the repossessed items at the Inkhundla, I was not informed me about the ultimate solution regarding the repossessed items.

**The Controlling Officer concurred with my observation and stated that the material amounting to E106 878.77 had been utilized by the Association in the same project “Umtfombo Wempilo” by the 5<sup>th</sup> April 2016.**

- a. **Fencing material was utilized in the fencing of the water sources and water tanks by end of April 2016.**
- b. **The Water pipes entrenched was also completed by end of April 2016.**
- c. **The pipe line markers were already installed by the 5<sup>th</sup> April 2016.**
- d. **The concrete rings had also been installed through the advice of the technical experts, from Rural Water by 3<sup>rd</sup> July 2016.**

**The remaining material worth E9 582.51 which includes 6 concrete lids and 4 crafting irons was not used. The unused material is currently stored at the inkhundla for safe keeping and will be reallocated to Micro Poject “Umtfombo Wemphilo”, is now completed. The ten (10) out of fourteen (14) crafting irons were reallocated to Mpumalanga Primary School for their teachers’ housing project.**

**The Controlling Officer also informed me that since the implementation of the Regional Development Fund projects is done by Micro Projects, the challenges of delivery, storage and material utilization will be minimized. The progress will continue to be submitted on a quarterly basis.**

### **32.1 Community Poverty Reduction Fund (CPRF)**

An audit of CPRF treasury annual statement (Appendix 52) was conducted, and I communicated my findings through a memorandum referenced A2/2015/2016 and dated 14<sup>th</sup> November 2016 to the Ministry of Tinkhundla Administration & Development. The response, dated 2<sup>nd</sup> December 2016, referenced TINK/2/15 did not satisfactorily address my concerns.

### **(a) Background**

The CPRF was established in the year 2009 through Legal Notice Number 105 of 2009 and regulated through Legal Notice Number 106 of 2009. A sum of E20, 000,000 (twenty million Emalangeni) was provided at the commencement of the operation of the fund, for loans. The purpose of the fund was mainly to alleviate and eventually eradicate poverty by supporting viable cooperatives or commercial projects or schemes, that would in turn, create jobs and further contribute to the economic growth and development of local communities.

The fund would be accessed through loans which would be used to start up or support existing businesses owned by Swazi citizens. Priority was to be given to the less privileged and to trained entrepreneurs as well as graduates from tertiary institutions. The loans were to be repaid in a maximum period of five years (sixty months). An Operational Manual formulated by the Ministry of Tinkhundla was to be complied with, when awarding the loans.

The fund was to be operate as a revolving fund.

The concerns explained in the following paragraphs pertain to the non-adherence to the Operational Manual in awarding of the loans which resulted in anomalies.

### **(b) Non-compliance with regulation:**

I noted that when the loans were disbursed to beneficiaries, the Ministry of Tinkhundla Development & Administration did not comply with the Operational Manual which was a guide in the approval and disbursement of loans. I highlighted amongst others, the following procedures which were not followed:

According to the regulation, the fund was to be granted strictly in accordance with the government accounting policy and procedures, except where the Minister of Finance authorized a variation, thereto, taking into account any special circumstances warranting such variation as recommended by the Minister. I raised my concerns about the loans that were approved and disbursed, by the Loans Technical Committee, without adherence to the Regulations. Part of the Regulations state that “beneficiaries should provide security to the Ministry, in case the loan is not recovered”.

The borrowers were never encouraged to join insurance schemes, as per requirement of the Operational Manual. These insurance schemes would compensate government the amounts owed in case of risks that may occur such as collapse of business and natural disasters or in cases where the debtor is deceased.

Out of the E19, 950,000.00 disbursed as loans, E16, 174,108.52 including interest, was still outstanding as at 31<sup>st</sup> of March 2016.

Such monies would have been recovered from the insurance schemes had the debtors been obligated to join them before being awarded the loans.

**The Controlling Officer apologized and stated that some aspects of the Operational Manual were not complied with due to political pressure to operationalize the fund. She reassured**

**me that in the new regulations, the component of debtors, having to provide for security, is provided for and will be strictly adhered to.**

**(c) Double payments of loans.**

I further drew the attention of the Controlling Officer about a loan amounting to E15 000.00 that was paid twice to the borrower. The extra loan was not authorized.

**The Controlling Officer concurred with my findings and gave assurance anyone involved in this illegal act shall be brought into book, as the Ministry is in an attempt to collect the funds owing to Government, using a number of strategies.**

This illegal act of awarding the same loan twice, leads to benefitting twice for a single application submitted. There was no evidence that the excess loan was recovered.

**The Controlling Officer stated that she investigated the matter and the following transpired.**

**Pin number 8004021100239 acknowledged receiving double payment of E15 000.00 each and the acknowledgement letter was attached. Most copies of General Receipts that were attached as proof of payment, by the recipient were eligible.**

**(d) Loans to civil servants**

Records revealed that over E3m (almost 20% of the loan debtors) was owed by civil servants as at 31<sup>st</sup> of March 2016. I noted that the Ministry has not started making means to recover these loans from the civil servants. There is a risk that some of these civil servants will retire or even die, making it impossible for the loans to be recovered.

**The Controlling Officer revealed that she has started gathering information on those civil servants who are debtors as the initiation of the loans recovery process. She will then meet the debtors in the different ministries and encourage voluntary repayment of the loans or else the Ministry will take legal action through the Attorney General.**

Noted was the delay in engaging in a strategy to recover the loans from the civil servants. These debts have been outstanding for more than five years now. Had the recovery process been instituted earlier, some of the funds would have already been recovered. There is no guarantee that this strategy is going to be effective in recovering the loans. Some of the civil servants have retired, deceased resigned from the civil service, rendering recovery of the debts impossible.

**The Controlling Officer acknowledged my observations that there should have been security provided by the debtors. Information gathered from the officials who were in office at the time was that the group insurance with the Swaziland Royal Insurance Corporation was not implemented due to the high cost of the scheme. While working on the insurance issue, government wanted to see communities benefitting from this fund.**

**While it was working on the logistics of the operationalizing the fund a Motion without Notice (Order Paper of Thursday, 30<sup>th</sup> July 2009) was raised and adopted in Parliament instructing the then Honourable Minister for Tinkhundla to start disbursing the Fund immediately and table a report within two weeks. The Ministry had to comply with the instruction.**

**(e) Outstanding loans**

I noted that, much against the Operational Manual which stipulates that loans should be fully repaid by the end of five years, the repayment process is very poor yet five years has lapsed, since the loans were disbursed. By 31<sup>st</sup> March 2016, E4, 834,010.00 had been repaid, which is only 24% of the E19, 950,000.00 granted.

The Controlling Officer agreed with me that the loan repayment performance had been very poor. She stated that in an endeavour to try and speed up the process, the Ministry has engaged the services of a consultant who works with Micro Finance Department, under the Ministry of Finance.

I am not convinced with the Controlling Officer's response since it was not specified when such assistance was engaged, and how much has been collected already with the aid of the consultant. There is no evidence that the means engaged by the Ministry to try and speed up the process has not been effective considering that more than five years has elapsed since the awarding of the loans. The slow repayment of the loans crippled the fund, leading to the increase in poverty among Swazi citizens.

**The Ministry has since engaged a consultant who will forge a way forward on the best method to be undertaken in the future.**

**The Controlling Officer also mentioned that the Ministry has revised the CPRF Regulations to improve the funds performance. The draft of the revised Regulation was enclosed.**

## HEAD: 10

### MINISTRY OF NATURAL RESOURCES AND ENERGY

#### Objectives:

- Power and Water** - To provide and maintain facilities for ensuring availability of adequate power and water.
- Lands** - To implement policy to ensure optimal land use.
- Survey and Mapping** - To provide survey and mapping services for government.

#### **33.0 Under Expenditure on Project F02086 – Ethanol Blending**

Under expenditure is as serious as over expenditure in that if funds are locked up and not utilized it retards the development and economic growth of the country.

I therefore consider under expenditure of 10% and above on capital projects in a year as not conducive to the development of the country.

An amount of E500,000.00 was approved and E300,000.00 released for the implementation of the above mentioned project.

Actual expenditure amounted to E 142 466.49 resulting to an under expenditure of E157,533.51 (53%).

<b>Project Code</b>	F0 2086		
<b>Project Name</b>	Ethanol Blending		
<b>Purpose of the Project</b>	Local funds for the completion of the ethanol blending roll-out programme to government deposits, public awareness on		
	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
	300 000.00	142 466.49	157 533.51

The ministry is expected to explain the cause of these savings and the status of the project.

**According to the Ministry. There was a 07% under expenditure under this project and not the 53% reported by me. The Controlling Officer revealed that the actual amount, as per Government System Display, the budget was E142 466.44 that together with an amount of E136 714.47 committed, totaled expenditure of E279 180.96. The under expenditure being E20 819.04 (7%), E300 000.00 less E279 180.96.**

While the explanation together with the record from the Government Computer Accounting System were forwarded to me for examination. I am not convinced by this assertion.

There was no evidence, when the committed amount E136 714.47 was actually spent and which item was charged. Should the payment, after 31<sup>st</sup> March 2016, have charged the normal project item and not the outstanding payment item, 61070, there is under expenditure in 2015/16 that will be over expenditure in 2016/17.

### **33.1 Under Expenditure on Project F1986 – Fuel Marking and Quality Assurance**

Under expenditure is as serious as over expenditure in that if funds are locked up and not utilized it retards the development and economic growth of the country.

I therefore consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of the country.

An amount of E 2 000 000.00 was approved and E 1 740 610.00 released for the implementation of the above mentioned project.

Actual expenditure amounted to E 1 504 399.90 resulting to an under expenditure of E 236 210.10 (13.6%).

<b>Project Code</b>	F0 1986		
<b>Project Name</b>	Fuel Marking and quality assurance		
<b>Purpose of the Project</b>	Local funds for establishing the long term programme for monitoring of fuel volumes, revenue and fuel quality assurance for training and fuel quality workshops		
	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
	1 740 610.00	1 504 399.90	236 210.10

Noted was that, in the past two years 2013/2014 and 2014/2015 the same project had underspent by 93.5% and 48.3%, respectively.

This indicates a slow implementation rate in the project which in the end will be costly to government.

The ministry is expected to explain the cause of these savings and the status of the project.

**The Controlling Officer stated that there was a lot of inconsistency with regard to the actual expenditure on this project towards the end of the 2015/2016 financial year, as a result some payments were not captured into the system, hence the under expenditure.**

Evidence supporting the payments that were omitted was not furnished for verification. In my view this issue could have been addressed if the Ministry ensured that its transactions were reconciled on time.

### **33.2 Under Expenditure on Project X50199- Rural Water Supply XIII**

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

I therefore consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of a country.

An amount of E 21,180,612.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 15,458,924.40 resulting to an under expenditure (E 21,180,612.00- E 15,458,924.40) E 5,721,687.60 (27%)

<b>Project Code</b>	X50199		
<b>Name of Project</b>	Rural Water Supply XIII		
<b>Purpose of the Project</b>	Local funds for Rural Water supply		
	<b>Funds Released [E]</b>	<b>Actual Expenditure[E]</b>	<b>Variance [E]</b>
	21,180,612.00	15,458,924.40	5,721,687.60

**The Ministry is expected to explain these savings and further update me on the current status of the project.**

**As per records provided by the Controlling Officer there was no under expenditure under this project.**

**Actual expenditure amounted to E21 000 000 – E22 000 000.00, released leaving E841 290.00).**

**The outstanding expenditure after the financial year end, 31<sup>st</sup> March 2016 ws charged under the relevant item.**

**The Controlling Officer stated, that according to the Ministry’s records the under expenditure was 3.8% which is within 10%.**

**The total amount approved and released was E22 000 000.00 during the financial year 2015/2016. Funds amounting to E17 000 000.00 were released in mid July 2015/2017 which was the initial provision and an amount of E16, 022 920.00 was used to procure drilling accessories, fittings and pumps for potable water.**

**A supplementary budget was requested and E5, 000, 000.00 was approved and released in January 2016. Hence the E22, 000, 000.00 released. The total expenditure was (E16, 022,920.00 + E5, 137, 690.00) E21, 160,610.00. As a result the under expenditure was (E22, 000, 000.00 – E21, 160, 610.00), E839, 390.00 (3%).**

On verification of the documents, attached as evidence of the transactions I observed that the whole sum spent was charged under item 06802, the Ministry ignored that the expenditure, from the supplementary budget, E5,137, 690.00 should have been charged under item 61075, outstanding accounts accrued – capital.

In this regard the under expenditure occurred in the financial year 2015/16, since charging the latter expenditure under item 06802 means it was charged under the year 2016/2017 and might cause over expenditure in this year.

This implies that the Accountant stationed at the Ministry did not consider that the outstanding invoices, after the closure of the year should be charged under item 61075 – capital.

### **33.3 Under Expenditure on Project X49899- Procurement of Tools & Equipment for Potable Water Scheme**

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

I therefore consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of a country.

An amount of E 750,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 575,752.00 resulting to an under expenditure (E 750,000.00- E 575,752.00) E 174,248.00(23.2%)

<b>Project Code</b>	X49899		
<b>Name of Project</b>	Procurement of tools & Equipment for potable water scheme		
<b>Purpose of the Project</b>	Local funds for procurement of tools & Equipment for potable water schemes.		
	<b>Funds Released [E]</b>	<b>Actual Expenditure[E]</b>	<b>Variance [E]</b>
	750,000.00	575,752.00	174,248.00

The Ministry is expected to explain these savings and further update me on the current status of the project.

**The Controlling Officer disputed that the under expenditure was E174 248.00 (23.21%), and stated that it was E81 169.20 (10,8%).**

**There was no evidence provided to substantiate this assertion.**

**According to the Government Accounting System, the total amount spent under the above named project is E575 752.00 as at 31<sup>st</sup> March 2016. The Auditor General maintains the under expenditure, at E174 248 (23%).**

### **33.4 Under Expenditure on Project X46199- Rehabilitation of DWA Laboratory**

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

I therefore consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of a country.

An amount of E 2,999,975.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 1,235,253.96 resulting to an under expenditure (E 2,999,975.00- E 1,235,253.96) E 1,764,721.04(59%).

<b>Project Code</b>	X46199		
<b>Name of Project</b>	Rehabilitation of DWA Laboratory		
<b>Purpose of the Project</b>	Local funds for the rehabilitation of laboratory and replacement and Installation of water quality testing equipment.		
	<b>Funds Released [E]</b>	<b>Actual Expenditure[E]</b>	<b>Variance [E]</b>
	2,999,975.00	1,235,253.96	1,764,721.04

The Ministry is expected to explain these savings and further update me on the current status of the project.

**The controlling Officer did not respond to the concerns raised.**

### **33.5 Unauthorized Over Expenditure on Recurrent Vote**

Over expenditures beyond budget provision and appropriated funds by Parliament are illegal in that it distorts the fiscal budget of any ministry.

This is further supported by Financial and Accounting instruction 0202 (ii). The Ministry violated the Government standing regulation and allowed the occurrence of the following over expenditure:

<b>Head</b>	<b>Item</b>	<b>Released Budget (E)</b>	<b>Actual/Committed Expenditure (E)</b>	<b>Over Expenditure (E)</b>	<b>Over Expenditure (%)</b>
10	CTA Vehicle Charges	13,745,948	16,072,158.30	2,328,210.30	16.94
10	Grants and Subsidies – External	901,071	1,825,272.57	924,201.57	102.57

It is expected that the Ministry explains the authority that allowed it to spend beyond budget provision and Parliament Appropriation Act.

**The Controlling Officer concurred with my observations, stating that during the financial year new vehicles were allocated to the Ministry which were not budgeted for and the old fleet that requires frequent vehicles and maintenance charges. The CTA continued to charge the Ministry for the boarded vehicles. Also stated was that emergency remedial activities in terms of availing water to desperate situations that were undertaken due to the occurrence of the drought, exerted a lot of pressure on the Ministries resources.**

**Regarding Grants and Subsidies – External, the Controlling Officer stated that the Surveyor General’s department discovered that a double payment occurred . The government accounting system reflected that there was another payment made in December 2015 amounting to E740 245.00, which was not requested by the Ministry, and as such, they were not aware that it had occurred, and still do not understand how it was done.**

This anomaly was due to lack of reconciliation in the Ministry, to enable early detection of errors.

The Controlling Officer has the responsibility to ensure that his accounts are reconciled with the Treasury accounts. This anomaly has to be investigated and properly rectified.

### **33.6 Audit Inspection of the Department of Water Affairs**

An audit of the Department of Water Affairs, borehole drilling fees for 3 years commencing 1st April, 2013 to 31<sup>st</sup> March, 2016, was carried out and a memorandum, referenced N19 Vol. VII/33, dated 18<sup>th</sup> November 2016, was issued to the, Ministry of Natural Resources and Energy. The Controlling Officer did not respond to the concerns raised and thus violated Financial and Accounting Instruction 0315 (i) that requires prompt responses.

The borehole drilling process started as a research project when the country was drought stricken in 1992. The Government of Swaziland through the cooperation with the Canadian International Development Agency (CIDA) embarked on a project to ascertain underground water surface, in terms of quality and quantity, country wide. The Geology Department under the Ministry of Natural Resources was assigned to work with the Agency to render services and provide clean water to the nation at large. It was proposed that the citizens should apply for borehole drilling and pay a deposit of E5 000.00 and after the billing and pump testing, the balance should be paid based on the success of the borehole drilling.

The following matters were not addressed.

#### **(a) Poor Record Keeping of Bore Hole Service Data**

There was no record kept for deposit fees paid by applicants, yet the minimum deposit fee of E5000.00 for drilling was set by the Ministry.

In the absence of the record, there was no follow-up made on the outstanding balances owed by the beneficiaries. Hence, a loss to government. There was no documented policy regulating the borehole drilling program.

I am concerned that this very essential service is poorly governed and, instead of improving the lives of citizens; providing adequate water, it has become a drain to government.

**The Controlling Officer stated that challenge associated with record keeping was due to movement of ground water drilling operations from Geology Department to Water Affairs in 2008. The challenges associated with collection of these deposits by revenue offices are also noted. The Ministry will adhere to the recommendation and move the collection of the borehole deposit to the department of Water Affairs which will then be able to monitor the collection of borehole deposits and instalments from all beneficiaries. The Ministry will then draft regulations to guide ground water drilling operations.**

**(b) Outstanding Fees for Completed Boreholes**

An outstanding amount of E211 834.00, for borehole drilling was still not collected from the clients who benefited from this service. There was no evidence of any follow-ups on the outstanding balances.

The table below depicts outstanding revenue from borehole beneficiaries:

<b>Drilling Date</b>	<b>Beneficiary</b>	<b>Total Bill (E)</b>	<b>Deposit Paid (E)</b>	<b>Outstanding Balance (E)</b>
14/10/2013	S. Dlamini	6802.00	5000.00	1802.00
30/01/2014	P. Mamba	7081.00	5000.00	2081.00
31/01/2014	R. Mamba	7288.00	5000.00	2288.00
06/02/2014	J. Dlamini	9484.00	5000.00	4484.00
11/02/2014	V. Fakudze	6451.00	5000.00	1451.00
13/02/2014	Prince Gcokoma	7288.00	5000.00	2288.00
13/02/2014	A. Hadzebe	6739.00	5000.00	1739.00
20/02/2014	A. Mamba	10582.00	5000.00	5582.00
24/02/2014	Ms Mngometulu	5946.00	5000.00	946.00
27/02/2014	S. Shongwe	7837.00	5000.00	2837.00
27/02/2014	Ms Mthembu	6129.00	5000.00	1129.00
06/03/2014	Mr Stewart	8630.00	5000.00	3630.00
12/03/2014	S. Msibi	7349.00	5000.00	2349.00
12/03/2014	Mr Magagula	8377.00	5000.00	3377.00
12/03/2014	J. Dlamini	8935.00	5000.00	3935.00
12/03/2014	B. Dlamini	7837.00	5000.00	2837.00
13/03/2014	Mr Simelane	5763.00	5000.00	763.00
14/03/2014	E. Dlamini	5458.00	5000.00	458.00
20/03/2014	S. Dlamini	10582.00	5000.00	5582.00
27/03/2014	S. Shongwe	7044.00	5000.00	2044.00

<b>Drilling Date</b>	<b>Beneficiary</b>	<b>Total Bill (E)</b>	<b>Deposit Paid (E)</b>	<b>Outstanding Balance (E)</b>
17/06/2014	Mrs Lukhele	6910.00	5000.00	1910.00
17/06/2014	Mr Mdluli	6922.00	5000.00	1922.00
20/06/2014	Mr Myeza	7288.00	5000.00	2288.00
20/07/2014	D. Ngwenya	8935.00	5000.00	3935.00
23/07/2014	M. Dlamini	10573.00	5000.00	5573.00
05/08/2014	E. Dlamini	8656.00	5000.00	3656.00
08/08/2014	Thabiso Maphalala	8325.00	5000.00	3325.00
13/08/2014	S. Vilane	7837.00	5000.00	2837.00
18/08/2014	J. Dlamini	8935.00	5000.00	3935.00
03/09/2014	T. Dlamini	9484.00	5000.00	4484.00
05/09/2014	J. Dlamini	11680.00	5000.00	6680.00
09/09/2014	Mr Sigwane	6373.00	5000.00	1373.00
10/09/2014	Ms Ginindza	7639.00	5000.00	2639.00
20/09/2014	Mr Nkomo	8557.00	5000.00	3557.00
01/10/2014	M. Mavimbela	7532.00	5000.00	2532.00
20/10/2014	M. Magagula	8630.00	5000.00	3630.00
18/11/2014	Mr Shongwe	6068.00	5000.00	1068.00
20/10/2014	N. Ndzinisa	8325.00	5000.00	3325.00
29/10/2014	Phiwa Dlamini	6755.00	5000.00	1755.00
27/11/2014	Eric Matsebula	8386.00	5000.00	3386.00
20/01/2015	Prince Tshekedi	11122.00	5000.00	6122.00
27/01/2015	Ms Matsebula	7837.00	5000.00	2837.00
28/01/2015	Mr Magagula	7882.00	5000.00	2882.00
19/02/2015	Cethuka Dlamini	11131.00	5000.00	6131.00
02/03/2015	Mr Masuku	5763.00	5000.00	763.00
06/03/2015	Mr Mbatha	7288.00	5000.00	2288.00
21/04/2015	Caiphus Dlamini	7072.00	5000.00	2072.00
13/05/2015	Mr Zwane	5497.00	5000.00	497.00
20/05/2015	Mr Maseko	7837.00	5000.00	2837.00
20/05/2015	Mr Mtsetfwa	7288.00	5000.00	2288.00
28/05/2015	T. Shabalala	8386.00	5000.00	3386.00
04/06/2015	Ms Malinga	7279.00	5000.00	2279.00
25/06/2015	T. Kunene	6068.00	5000.00	1068.00
01/07/2015	M Mkwanzazi	5458.00	5000.00	458.00
20/07/2015	Mavis Simelane	5763.00	5000.00	763.00
05/08/2015	Ms Fakudze	6361.00	5000.00	1361.00
06/08/2015	Raymond Ndwandwe	6129.00	5000.00	1129.00
10/08/2015	S. Mkhabela	7540.00	5000.00	2540.00
20/08/2015	Bongani Dlamini	8935.00	5000.00	3935.00
10/09/2015	Mr Mdluli	6068.00	5000.00	1068.00
23/09/2015	Ms Mkoko	8070.00	5000.00	3070.00
08/10/2015	Mr Mtsetfwa	6267.00	5000.00	1267.00

<b>Drilling Date</b>	<b>Beneficiary</b>	<b>Total Bill (E)</b>	<b>Deposit Paid (E)</b>	<b>Outstanding Balance (E)</b>
08/10/2015	Mr Khumalo	7288.00	5000.00	2288.00
16/11/2015	Mr Khumalo	5763.00	5000.00	763.00
19/11/2015	Absalom Dlamini	5641.00	5000.00	641.00
26/11/2015	Mr Mlotsa	6068.00	5000.00	1068.00
12/01/2016	Andreas Dlamini	7288.00	5000.00	2288.00
12/01/2016	Paulos Dlamini	8386.00	5000.00	3386.00
12/01/2016	Sydney Dlamini	10770.00	5000.00	5770.00
02/06/2016	Mr Dlamini	12229.00	5000.00	7229.00
04/02/2016	T.Shongwe	5763.00	5000.00	763.00
01/03/2016	Mr Mdluli	7009.00	5000.00	2009.00
16/03/2016	Mr Gumedze	6678.00	5000.00	1678.00
23/03/2016	Z. Nhleko	10643.00	5000.00	5643.00
23/03/2016	Mr Khumalo	8752.00	5000.00	3752.00
19/04/2016	V. Masuku	6553.00	5000.00	1553.00
19/04/2016	T.Masuku	6739.00	5000.00	1739.00
11/05/2016	Sabelo Dlamini	5946.00	5000.00	946.00
11/05/2016	Prince Nhlonipho	6574.00	5000.00	1574.00
17/06/2016	S. Shiba	6190.00	5000.00	1190.00
19/06/2016	Jacob Dlamini	7593.00	5000.00	2593.00
23/06/2016	S. Fakudze	6739.00	5000.00	1739.00
29/06/2016	S. Ntjalintjali	7342.00	5000.00	2342.00
<b>Total</b>				<b>211 834.00</b>

Financial Accounting Instruction 501 (i) and (ii) of 1970, states that “it is the duty of Accounting Officers to ensure that revenue is collected promptly and that all collections of revenue are properly brought to account.”

I observed ever since the programme of borehole drilling started, no policy and guidelines were designed

At the time of compiling this report, I had not been apprised about any effort made to recover the outstanding monies.

**The Ministry, using the available database, will issue a public notice advising all people who benefited to pay within three months from January 2017, at the same time the Ministry will move the collection of outstanding instalments to the accounts section within the Department of Water Affairs for proper reconciliation.**

**Lastly, the Ministry will write to the Treasury Department (Revenue Centres) to refer all payments of these instalments to the Department of Water Affairs.**

### (c) Inefficient Borehole Drilling Services

Refunds, amounting to E103,000.00, in the financial years 2013/2014, 2014/2015 and 2015/2016 were paid to clients. These refunds were a result of the Ministry's inefficiency which created backlogs, and the borehole applicants opted for refunds of their deposits.

The length of time taken by the Ministry to attend borehole drilling applications frustrates the intended objectives. This shows inefficiency on the part of the Ministry and failure to deliver this essential service thus a negative impact on the lives of citizens and paint a bad picture of the Government.

Below is an analysis reflecting refunds to applicants as from 2013 to 2016:

Applicant	Borehole dep. G.R. No.	Date of Receipt	Date Refunded	Amount Refunded (E)	Period of deposited still with govt.
Isaac Ginindza	2353295	11/05/2005	27/05/2013	5 000.00	8 years
Andrews Dlamini	4940129	25/05/2012	27/05/2013	5 000.00	1 year
Stephen Nxumalo	759830	07/10/1999	01/10/2013	3 000.00	14 years
Thulane Simelane	4216436	14/09/2010	01/10/2013	5 000.00	3 years
Sebahle Nkambule	5404531	31/07/2013	03/12/2013	5 000.00	4 months
Enos Hlophe	4216425	02/09/2010	10/01/2014	5 000.00	3 years 4 months
Petronallia Mnisi	4940161	21/06/2012	10/01/2014	5 000.00	3 years 6 months
Ephraim Mabuza	4216443	21/09/2010	10/10/2014	5 000.00	4 years
Zanele Khumalo	4620381	15/08/2012	12/01/2015	5000.00	2 years 4 months
Ntombikayise Dlamini	4216490	01/11/2010	13/03/2015	5 000.00	4 years 4 months
Moses Ndlangamandla	3205708	29/10/2007	02/03/2014	5 000.00	6years 4 months
Nolwazi Mncube	5263654	10/05/2013	13/03/2015	5 000.00	2 years
Daniel Nyoni	5263640	17/04/2013	14/04/2015	5 000.00	2 years
Josiah Tsela	2710284	19/05/2006	14/04/2015	5 000.00	9 Years
Sikelela Dlamini	5577232	12/03/2014	25/08/2015	5 000.00	1Year
Irvin Simelane	4216423	02/09/2010	25/08/2015	5 000.00	5 Years
Soduma Msibi	5404560	28/08/2013	16/10/2015	5 000.00	2 Years
Qinisile Jele	2222790	23/11/2004	03/02/2016	5 000.00	11 Years
Nomathemba Mkhonta	4940180/181	09/07/2012	22/12/2015	5 000.00	3 Years 5 months
Rebecca Vilakati	5404564	30/08/2013	07/03/2016	5 000.00	2 Years 6 months
Minah Tsabedze	3116011	31/07/2007	07/03/2016	5 000.00	8 Years 7 months
<b>Total</b>				<b>103 000.00</b>	

I further reported that almost daily, there was an influx of applications to the office even though applications were apparently suspended in 2013 due to the backlog of borehole drilling applications.

It is beyond my understanding why The Ministry accepts new applications yet it is failing to service the backlog.

At the time of compiling this report, I had not been apprised on how the Ministry intends to sort out the backlog and accommodate new applications. This delays development and alleviation of the drought. Water is a necessary and crucial resource which contributes immensely to the sustainable development of the country.

**The Ministry indicated that the completion of a drilling operation is marked by the production of a cost breakdown sheet which details drilled depth, amount of materials used, surveying and pumping fees. Boreholes with insignificant water yields are declared dry and attract no additional charge. All the individuals indicated in the Audit Report were given this information.**

**(d) Un-quantified borehole drilling services**

A number of applicants who had benefited from the borehole service had not been billed. It was not clear as to why it took so long to cost the services rendered, after completion. Below is a list of applicants who had benefitted but had not been billed, at the time of the audit.

<b>Date</b>	<b>Name of Applicant</b>	<b>Location</b>
02/04/2013	Mr Mbetse	Mantabeni
24/04/2013	Thomas Sikhondze	Nhlambeni
30/05/2013	Mr Mlangeni	Timbutini
15/05/2013	Thembile Nxumalo	Nhlambeni
27/05/2013	P Hlatjwako	Siphocosini
28/05/2013	Apollo Dlamini	Siphocosini
14/05/2013	Make Mabuza	Mantabeni
20/06/2013	Elphas Dlamini	Ngculwini
03/06/2013	Mr Ndlela	Joy
25/06/2013	Aubrey Masuku	Ngculwini
27/06/2013	M. Sihlongonyane	Maliyaduma
03/06/2013	L. Mkhwanazi	Siphocosini
06/06/2013	M. Mthethwa	Nyakeni
05/06/2013	Thabo Shabangu	Mkhulamini
12/06/2013	Msholozzi Dlamini	Mkhulamini
26/06/2013	Albert Ntiwane	Sigangeni
17/06/2013	Mr Dlamini	Timbutini
27/06/2013	Sibusiso Mabuza	Ngculwini
24/06/2013	Mr Tshotsho	Ngculwini
18/07/2013	Prince Dlamini	Siphambanweni
02/07/2013	Lee Madzinane	Ngculwini
01/07/2013	Mavela Dlamini	Maliyaduma
08/07/2013	Titus Tsela	Kutsimuleni
03/07/2013	Mzamo Dlamini	Maliyaduma
03/07/2013	Thabiso Nubian	Sigangeni
09/07/2013	Mbekeni Nxumalo	Ntabamhloshana
15/07/2013	Simon Mahlalela	Mkhulamini
07/08/2013	Mr Dlamini	Timbutini
08/08/2013	Mr Mahlalela	Timbutini
21/08/2013	Mr Mkhonta	Ntabamhloshana
06/08/2013	Prince Tshekedi	Timbutini
18/08/2013	Musa Dvuba	Mdumezulu
21/08/2013	Absalom Dlamini	Sitjeni
19/08/2013	John Dlamini	Sitjeni
22/08/2013	Dominic Nxumalo	Sitjeni
02/08/2013	Comfort Mthethwa	Maliyaduma
14/08/2013	Thonsi Simelane	Maliyaduma
14/08/2013	Mr Matsenjwa	Timbutini

<b>Date</b>	<b>Name of Applicant</b>	<b>Location</b>
14/08/2013	Mr Shongwe	Ngculwini
01/08/2013	Mr Balinda	Ntondozi
06/09/2013	Phahlane Mkhathswa	Lwandle
25/09/2013	Mbusi Xaba	Lwandle
07/09/2013	Edgar Du Pont	Lwandle
28/09/2013	Fani Mthethwa	Bhudla
11/09/2013	Sandile Dlamini	Nkanini
04/09/2013	Mr Mndzebele	Sitjeni
15/09/2013	Johannes Stewart	Kupheleni
05/09/2013	Mr Dlamini	Mahlanya
12/09/2013	Lomahoza Ginindza	Makhwane
11/09/2013	Edward Masuku	Makhwane
06/09/2013	Linda Khoza	Motjane
21/10/2013	Nkululeko Dlamini	Ncesi
20/10/2013	Roy Dlamini	Luve
09/10/2013	Jizajiza Shongwe	Zulwini
13/10/2013	Mr Sihlongonyane	Zulwini
24/10/2013	Menzi Dlamini	Kudzeni
23/10/2013	Mr Makhanya	Ncesi
29/10/2013	Lucky Thomo	Ngculwini
10/10/2013	Vusi Ngwenya	Duze
30/10/2013	Erick Kunene	Ngculwini
25/10/2013	Malo Mthandi	Mhlosheni
26/10/2013	Fannie Joubert	Bhudla
26/10/2013	Mr Mabuza	Mafutseni
17/10/2013	Esther Khumalo	Bhudla
31/10/2013	Busisiwe Sithole	Bhudla
12/11/2013	Simon Shongwe	Lesibovu
05/11/2013	Sipho Dube	Mdumezulu
17/12/2013	Mr Nhlengetfwa	Ngculwini
17/12/2013	Andreas Mamba	Sibusisweni
16/12/2013	Mr Tjotjo	Ngculwini
09/12/2013	Mrs Hlophe	Mbadlane
07/12/2013	Mr Kunene	Ngogola
08/12/2013	S.Mazibuko	Mafutseni
06/12/2013	Jabulani Motsa	Mafutseni
16/12/2013	Zwelithini Dladu	Mzimpofo
16/12/2013	Timothy Dlamini	Ntabamhloshana
10/12/2013	Sabelo Mamba	Gilgal
07/12/2013	Christopher Mndzebele	Hlane
17/01/2014	Thembela Dlamini	Mbelebeleni
26/01/2014	Peter Mamba	Waterford
23/01/2014	E.N. Dlamini	Mpolonjeni West
18/01/2014	Bhekisisa Dlamini	Mkhiweni
06/02/2014	Vusi Fakudze	Ndinda
12/02/2014	Mr Malaza	Mbadlane
02/02/2014	Mandla Kunene	Mpolonjeni West
26/05/2014	Mrs M.T. Shabangu	Ludzeludze
04/06/2014	Andreas Dlamini	Ngobolweni
30/07/2014	Sipho Masilela	Ndzingeni
15/07/2014	Thokozile Mncina	Ndzingeni
04/08/2014	Muzi Manana	Timbutini

Date	Name of Applicant	Location
05/05/2014	Erick Ngwenya	Mbekelweni
11/08/2014	Ndoni Mdziniso	Mbekelweni
13/08/2014	Mary Mdziniso	Mbekelweni
01/08/2014	Vusi Sibandze	Mbekelweni
22/09/2014	Khandlela Mdluli	Masundvwini
24/09/2014	Phinda Dlamini	Sitjeni
17/19/2014	Mfanawemanti Mkhatjwa	Lwandle
09/12/2014	Mr Mamba	Luhlokohla
01/12/2014	Mrs Matsebula	Luhlokohla
22/06/2014	Aaron Ngomane	Luve/Mliba
15/02/2014	Sipho Shongwe	Nyandza
16/02/2014	Mr Sibanyoni	Lugongolweni(Siteki)
10/12/2014	Patrick Myeni	Kashoba
26/01/2014	Rodgers Mamba	Kutsimleni
13/01/2014	Dlamini	Mahhonwane
11/02/2014	Dlamini	Bethany
12/02/2014	Mrs Mdluli	Mafutseni
19/03/2014	Sisusa Dlamini	Nsingweni
07/10/2014	Mr Mtsetfwa	Bhudla
03/06/2014	Mr Mdluli (MITC)	Ludzeludze
08/12/2014	Boy Mdluli	Hlane
06/01/2015	Mr Mdziniso	Ntabamhloshana
25/02/2015	Mr Sibandze	Timbutini/Thulwane
16/02/2015	Mr Mamba	Mkhuzweni/ Timbutini
04/02/2015	Mr Ngubane	Bhekinkosi
05/03/2015	Mr Mkhonta	Mahlanya
18/03/2015	Mr Mndzebele	Mahlanya
07/05/2015	Mabulala Maseko	Maphalaleni
29/05/2015	Sam Masilela	Edlozini
17/06/2015	N.Dlamini	Ngculwini
17/06/2015	C.Masuku	Pine Valley
01/07/2015	T.Mavuso	Bhudla
12/08/2015	Mr Mtsetfwa	Ngogola
11/08/2015	A. Ndlovu	Mafutseni
14/09/2015	Mfanakaziwa Masuku	Nkambeni
23/09/2015	Mr Gumedze	Mhlangatane
24/11/2015	Vusi Masuku	Ebenezer
10/12/2015	Mr Khumalo	Tsawela
09/12/2015	Mr Nhleko	Musi
27/11/2015	Mr Motsa	Mhlangeni/ Timbutini

Failure to bill the service results in a loss of revenue and this renders the Ministry to be part of corruption as outstanding balances are not determined and not collected. The non-collection of Revenue due to government contributes to the financial constraints encountered.

**The Controlling Officer cited limited resources as the cause for the prolonged billing after completion of drilling.**

**(e) Borehole Completion stalled pending Pumping Tests**

The Ministry had a long list of beneficiaries who were still waiting for the pumping test exercise on drilled boreholes. Information gathered was that the Department had very limited resources to carry out the pumping tests even if the beneficiaries paid a long time ago.

The table below depicts a list of such cases

<b>Date Of Drilling</b>	<b>Name of Beneficiary</b>	<b>Location</b>
14/03/2013	St. Julian	Mzimpofu
22/03/2013	Mr Madonsela	Mantabeni
11/04/2013	Mr Henwood	Mconcwane
18/04/2013	I Mamba	Mkhulamini
16/04/2013	A.Nhleko	Lubulini
18/04/2013	Mr Mngometulu	Lubulini
10/04/2013	Make Smith	Mantabeni
04/04/2013	Mathunjwa	Mantabeni
16/04/2013	Samson Dlamini	Mantabeni
30/04/2013	P.J.Dlamini	Mkhulamini
17/05/2013	Mr Mahluza	Gundvwini
09/05/2013	Mandla Fakudze	Nhlambeni
22/05/2013	Mr Mzingwa	Nhlambeni
17/05/2013	Mjomane Mahluza	Gundvwini
15/05/2013	William Hlophe	Siphocosini
26/06/2013	Mr Motsa	Ngculwini
26/06/2013	Thulani Dlamini	Ngculwini
06/06/2013	Mzwandile Tfwala	Ngculwini
25/06/2013	Nondumiso Simelane	Kabhudla
13/06/2013	Simon Maphanga	Mafutseni
27/06/2013	Mr Sibandze	Mafutseni
11/06/2013	Mtiti Fakudze	Sigcaweni
25/06/2013	Winnie Mdluli	Kabhudla
27/06/2013	Elkhan Fakudze	Kabhudla
10/06/2013	Sam Seyama	Siphocosini
07/06/2013	David Dlamini	Mkhulamini
26/06/2013	Mcolisi A, Ndzinisa	Ngculwini
08/07/2013	Abel Hlatjwako	Ntabamhloshana
01/07/2013	Mshiyeni Mahlaba	Ngculwini
17/07/2013	Bongani Sigudla	Kupheleni
08/07/2013	David T Dlamini	Mkhulamini
05/07/2013	Samuel Shongwe	Maliyaduma
20/08/2013	Rogers Mamba	Sidvokodvo
09/08/2013	Mr Fakudze	Ndinda
29/08/2013	Zebon Simelane	Bhudla
19/08/2013	Mike Mango	Maliyaduma
23/09/2013	Mduduzi Magagula	Lwandle
17/09/2013	Shadrack Dlodlu	Kupheleni
11/09/2013	Mr Dlamini	Sitjeni
14/09/2013	Mr Maduna	Ndzingeni
11/10/2013	Mndeni Shabalala	Zulwini
17/10/2013	Mrs Gama	Zulwini
19/10/2013	Rogers Mamba	Luve

<b>Date Of Drilling</b>	<b>Name of Beneficiary</b>	<b>Location</b>
02/10/2013	Sabelo Matsenjwa	Bhudla
24/10/2013	Thembinkosi Tfwala	Bhudla
02/10/2013	Sobantu Dlamini	Nkaba
14/10/2013	Michael Mamba	Mnyokane
30/10/2013	Erick Kunene	Ngculwini
15/10/2013	Bheki D. Simelane	Mafutseni
25/10/2013	Make Mazibuko	Nhlambeni
22/10/2013	S.M. Sibandze	Nhlambeni
24/10/2013	Pastor Maduna	Nhlambeni
24/10/2013	T.Dlamini	Nhlambeni
23/10/2013	Mrs B Sibandze	Nhlambeni
04/10/2013	Mr Mabuza	Mafutseni
29/10/2013	Madlakayise Magagula	Bhudla
25/10/2013	Pat Dlamini	Bhudla
20/10/2013	Absalom Dlamini	Bhudla
27/11/2013	Makhenzi Mantjonga	Mliba
09/11/2013	Sibusiso Msibi	Mhlosheni North
07/11/2013	Nokuthula Mabuza	Mhlosheni
14/11/2013	Mrs Ngwenya	Lubhuku
06/11/2013	Sabelo Masuku	Ngculwini
05/11/2013	Sandile Dlamini	Ngculwini
30/11/2013	Mr Vilakati	Mliba
29/11/2013	Mrs Dlamini	Mantjonga
19/12/2013	Benson Fakudze	Sibusisweni
19/12/2013	Lungile Dlamini	Ncesi
11/12/2013	Thabo Tsabedze	Hawane
06/12/2013	Santel Masilela	Hawane
08/12/2013	Zwelithini Mamba	Hawane
21/12/2013	Sikelela Tsabedze	Phonjwane
21/12/2013	Sibusiso Dladla	Ntabamhloshana
18/12/2013	Mr Mlota	Ngculwini
20/12/2013	Robert Tsabedze	Phonjwane
20/12/2013	Dr Zwane	Ntabamhloshana
09/12/2013	Mr Magagula	Mafutseni
08/12/2013	Mr Ngewane	Dvokodweni
01/12/2013	Thabo Mavuso	Mantjonga
28/09/2013	Sobantu Dlamini	Borehole 2 Nkhaba

The project is one of the item agendas in our National Development Strategy that needs to be implemented. This exercise has not yielded the desired outcome, as the majority of clients still do not have portable water. The Ministry has the responsibility to ensure the objective is achieved.

Our country is prone to drought stricken, so ground water can be a reliable source of water.

**It was due to inadequate vehicles within the section and the dedicated or pumping tests was boarded in 2010 and never replaced. The ministry will also table a request with the Ministry of Public Service for authority to grant overtime for the drilling activities including the pumping test team to be able to catch up with the back log.**

### **33.7 Audit of the Strategic Oil Reserve Fund for the year ended 31<sup>st</sup> March 2015**

An audit of the Strategic Oil Reserve Fund was carried out for the fiscal year ended 31<sup>st</sup> March 2015.

A memorandum, referenced, N19 Vol.VII/5, dated 5<sup>th</sup> January 2016, was issued to the Controlling Officer, Ministry of Natural Resources and Energy and the memorandum, dated 7<sup>th</sup> March 2016 and referenced NFR/E/75 did not address adequately.

#### **(a) Late Remittance of Oil Levies (2014/2015)**

I reported that on various instances, oil companies remitted oil levies after the stipulated date that is prescribed by the Fuel Oil Levy Act of 1980 and the Administration of the Strategic Oil Reserve Fund Regulations of 2005. Consequently a total of E467, 120.50, interest charges, for late payment, by the oil companies, was not received by government due to failure to enforce the law by the Ministry

Section 5(1) (b) of the Fuel Oil Levy Act of 1980 states that, “the oil companies should submit records of their sales and levy payable and pay to the Ministry of Finance, the total amount of levy payable, not later than the 14<sup>th</sup> day, after the end of each month.” This is further endorsed by section 4(2) of the regulations and also emphasizes that every supplier shall upon sale of any fuel, record the levy payable and not later than the 14<sup>th</sup> day after the end of each month remit the record to the Principal Secretary, Ministry of Finance and the fuel Price Controller, and deposit into the fund the total amount of the levy payable. All these Regulations discourage late payment of debts.

When I examined the bank statement, for the year under review, it showed that some of the oil companies deposited their oil levies after the 14<sup>th</sup> day of the following month of fuel sale and therefore attracted late payment, charges as per section 8 of the fuel oil levy act of 1980. This section clearly states that any person who fails to pay the levy within the time frame, stipulated, shall be liable to pay interest on the amount of any payment or part thereof not made on the due date, calculated at the rate of 1% per month.

The table below depicts the late remittances of companies.

Date remitted	Remittance Deadline	No. of days penalized	Amount Remitted (E)	Interest due to (E)
<b>Chevron Swaziland (Pty) Ltd</b>				
15/01/15	14/01/15	1	603,375.00	6,033.80
15/10/14	14/10/14	1	520,794.80	5,207.90
23/09/14	14/09/10	1	603,435.20	6,034.40
<b>Total</b>				<b>17,276.10</b>
<b>Engen Swaziland (Pty) Ltd</b>				
17/03/15	14/03/15	3	4,445,668.95	44,456.70
21/01/15	14/01/15	7	1,028,436.8	10,284.40
18/12/14	14/12/14	4	1,206,691.20	12,066.90
27/10/14	14/10/14	13	1,046,418.10	10,464.20
16/09/14	14/09/14	2	1,098,455.20	10,984.60
16/07/14	14/07/14	02	1,007,307.20	10,073.10
23/06/14	14/06/14	09	948,319.60	9,483.20
16/05/14	14/05/14	02	921,921.37	9,219.20
<b>Total</b>				<b>117,032.30</b>
<b>Galp Swaziland (Pty) Ltd</b>				
25/11/14	14/11/14	11	1,745,820.20	17,458.20
24/10/14	14/10/14	10	2,167,760.40	21,677.60
25/09/14	14/09/14	11	1,809,958.40	18,099.60
22/08/10	14/08/14	08	1,952,421.02	19,524.20
18/07/14	14/07/14	04	1,775,719.00	17,757.20
24/06/14	14/06/14	10	1,824,422.80	18,244.20
Not yet paid	14/04/14	12 months	1,833,759.00	220,051.10
<b>Total</b>				<b>332,812.10</b>
<b>Grand total</b>				<b>467,120.50</b>

The Controlling Officer concurred with my observation regarding the recurring of the late payments by the oil companies. She further stated that the Ministry had written letters to the affected companies to make the necessary payments.

The continued non collection of revenue persists and delayed collection of the late payment penalties despite that I have often raised this issue in my previous reports. This depicts disregard of government regulations by the Ministry which unfortunately is depriving the fund of revenue and interest earned, which would enhance achievement of the objectives, of the fund.

Section 0501 of the Financial and Accounting Instructions of 1970 instructs that it is the duty of accounting officers to ensure that revenue due is collected promptly and properly brought to account. These instructions further stipulate that when dues are outstanding for more than thirty days, accounting officers should issue a reminder to the defaulter, stating that legal action will follow if the amount due is not paid within 14 days. If payment is still not made, the matter must then be referred to the Accountant General.

At the time of compiling this report, I am not aware if the amounts due have been recovered and any efforts in place by the Ministry to ensure that levies and penalties due are promptly recovered in the near future.

**(b) Underpayment of Fuel Oil levy**

A payment of E7, 046,545.40 which was Fuel Oil Levy due to the Swaziland Government for the month of January 2015, from Galp Swaziland was underpaid by E80, 000.00. The Company only made a payment of E6, 966,545.40 using Ned Bank Swaziland Internet banking on the 13<sup>th</sup> of February 2015 which was an alleged overpayment of E80, 000.00 for November sales volume, which were E1 671 804.00. There was no evidence supporting the overpayment in the November sales volume statement.

I advised the Controlling Officer that according to section 5 (1b) of the Fuel Oil Levy Act (1980), the company was supposed to pay the total amount of levy payable on the fuel sold in January and thereafter if the company wished to obtain a refund, should have submitted a claim to the Ministry of Finance, together with evidence, that the levy related to November volumes was overpaid. I further advised the Controlling Officer that there was no evidence that a claim for reimbursement was submitted to the Ministry of Finance or that authority to pay the reduced levy in November was granted.

In the response, the Controlling Officer stated that after engaging the company she had established that 40,000 litres of Unleaded Petrol 95 translating to the E80, 000.00 fuel oil levy receipts were not sold by Galp but given to Chevron during the fuel supply shortage that took place in November 2014, following a refinery unplanned shutdown in the Republic of South Africa.

I am not satisfied with the response because the issue of following laid down procedures when seeking a refund was not addressed and it was not clear whether authority to underpay the January 2015 levy was sought from the Ministry of Finance.

The Controlling Officer did not provide evidence that fuel given to Chevron was actually levied upon sale.

**(c) Withdrawal of funds from the Strategic Oil Reserve Funds**

Records revealed that an amount of E223 059 650.89 was transferred from the Strategic Oil Reserve Fund during the year ended 31<sup>st</sup> March 2015, yet the transactions were of various expenditure. This is in spite that I had advised the Controlling Officer about the importance of properly narrating the details of expenditure for transparency and accountability.

I also advised the Controlling Officer that the absence of the details of expenditure could result to information being concealed. Such presentation could be misleading as the description of transfer of funds could be misconstrued to mean the mere movement of funds from one account to another. The Controlling Officer concurred with my observation that the transfers from the Strategic Oil Reserve Fund were indeed without description of the expenditure for which the transfer payments were made. She further stated that payments and description were beyond her Ministry's

jurisdiction and promised to continue engaging the Accountant General in a bid to have the Treasury Department address the matter.

The lack of details of expenditure compromises the transparency of the utilization of funds, therefore negatively impacts on accountability and decision making.

I have made recommendations to ensure clear details of expenditure in my previous reports to no avail.

I am further not convinced by the response because the Accountant General cannot withdraw funds without the knowledge and authority from the Controlling Officer who is the custodian of the funds.

**(d) Omission of Payments from the Fund**

I also reported that payments, amounting to **E1 925,319.24**, which were apparently made from the fund, were not reflected in the Strategic Oil Reserve Fund’s bank statement. Receipt of these payments was acknowledged by the various service providers and suppliers through the Principal Secretary’s memorandum dated 9<sup>th</sup> June 2014, referenced NRF/E/75 and titled ‘‘Strategic Oil Reserve Fund Report For Financial Year Ended 31 March 2014’’.

Below is a table showing such payments;

<b>Payee</b>	<b>Reason</b>	<b>Amount (E)</b>
World Scale Association	Freight Rates	63,375.00
Platts	Fuel Information	342,372.31
London Tankers	AFRA Rates	139,425.00
Micro Project Coordination Unit	Renovation Of Fuel Laboratory (Mbabane)	467,442.00
Times Of Swaziland	Tender Advertisement	16,814.10
The Swazi Observer	Tender Advertisement	15,568.83
Micro Project Coordination Unit	Vehicle Testing Facility (Mbabane CTA)	880,322.00
<b>Total</b>		<b>1,925,319.24</b>

The Controlling Officer stated that the Ministry always gave clear instructions to the Accountant General on the payments and further stated that it was beyond the Ministry’s jurisdiction to effect and narrate on payments made. She also promised to make a follow up with the Accountant General on the matter, whom she said had not responded to any of the Ministry’s requests to explain and correct the omission.

I am concerned that these payments could have been made from a wrong account, amounting to misuse of government funds and understatement of the fund. Such presents a false picture of the Strategic Oil Reserve Fund and could have a negative impact on current and future decision making.

At the time of compiling this report, I am still not aware of the outcome of the Ministry’s follow-up with Accountant General.

### (e) Unexplained Transfers

There were transfers in and out of the Strategic Oil Reserve Fund without, explanations and supporting documentation authorizing the transfers. I reminded the Controlling Officer that even though a similar audit query was raised in my previous financial year's (2013/2014) audit, clarity had still not been provided.

The table below shows such transfers;

Date	Narration	Amount (E)
10/09/2014	New Contract	-33,396,074.42
10/09/2014	Payment of Principal	32,735,973.69
10/09/2014	Payment of Principal	660,100.73
10/03/2014	Payment of Principal	33,396,074.42
10/03/2014	Payment of Principal	703,833.71

The response quoted clause 6 of the Strategic Oil and Reserve Fund Administration Regulations, 2005 which states that the Accountant General in consultation with the Price Controller and the Principal Secretary of the Ministry of Finance may invest for the fund any unused balance, in accordance with the provisions of the Finance and Audit Act, 1967. Further, the New Contract or Principal represented the funds that were being invested by the Accountant General and were generating interest to boost the Strategic Oil Reserve Fund. The Controlling Officer admitted that consultations never happened and the Ministry had since requested the Accountant General to stop the investment. However, the Controlling Officer did not provide evidence of the details of the investment.

I am not able to ascertain the authenticity of the investments, how much was invested and where the funds were invested.

**The Controlling Officer did not respond to the concerns raised.**

### 33.8 Water Relief Fund

An audit inspection was carried out on Water Relief Fund for the Financial Year ended 31<sup>st</sup> March, 2016 and a report referenced TR/15/16/59 dated 23<sup>rd</sup> December 2016 was issued. I communicated my findings to the Principal Secretary, Ministry of Natural Resources and Energy about the following irregularities;

### **(a) Elapsed date of the Water Relief Fund**

The Water Relief Fund Regulations of 1996, under section 12 of the Finance Management and Audit Act 18/1967 states that ‘the commencement date was from the 23<sup>rd</sup> February 1996 to 23<sup>rd</sup> February 1999. It was expected to operate for three (3) years. The purpose of the fund is to finance water relief programmes through establishing micro water schemes. As of 31<sup>st</sup> March, 2016 expenditure, amounted to E1,193,204.14 and the closing balance held with the Central Bank of Swaziland was E3, 039,728.04.

Information gathered was that the operations of the fund were carried out in accordance with a Memorandum of Understanding, dated October 2008. Programmes of Water Sanitation Hygiene (WASH) were implemented between the Ministry of Natural Resources and Energy, Ministry of Health and Social Welfare and UNICEF to date. During the year under review, the expenditure incurred not relate to the core business of the fund, financing ‘water relief programmes’, as per details below.

**The Ministry appreciated the advice from the Auditor General and stated that the Ministry requested for the revival of the water relief special account on the memorandum dated 17/05/2007. The water relief programme include capacity building and training coordination of the water and sanitation sector and institutional reforms (legislations, policies and standard guidelines of the sector) to ensure effective implementation of the water supply and sanitation schemes.**

### **(b) Unaccounted for water tap tanker and dish wash soaps**

In April 2015 the Ministry purchased seven 7 x 1 000 litres water tap tanker sets, worth E 29 330.00 and fourteen 14 x 25 litres of dish wash soap, worth E5 460.00, from Topmost Investments. The Principal Secretary authorised the purchase of washing facilities for good hygiene practices for six (6) randomly selected schools in the Rural Communities. Three quotations were alleged to have been obtained from suppliers and Topmost Investment was recommended. The actual quotations were not availed for audit inspection.

The audit revealed that one (1) water tanker tap set, which costed E 4,190.00 and eight (8) dish wash soap at E 390.00, amounting to E 3,120.00 were not accounted for.

On enquiry the Community Property Evaluator Officer stated that the one (1) water tanker tap set and one (1) dish wash soap were issued to Etjeni Primary School in the Shiselweni Region. The Ministry did not produce any evidence, about the movement of the items.

During the acquisition of the items, the procurement process was not followed: as the procurement method is not stated; no evidence of competitive pricing .The only document attached was a minute reflecting the companies who had tendered to provide the service and the actual quotations were not attached to confirm of the prices. I conducted an independent market prices survey of the items on the 7<sup>th</sup> December 2016 revealed that the current market price of the water tanker tap sets ranges between E 1 850 and E 2,300.00 excluding VAT, the dish washer soap price ranges between E 235.00 and E 265.00 before VAT. The difference between actual price paid and the current market

value is a clear indication that the items were acquired at a higher cost than normal, despite the fact that the minute states that Topmost was the cheapest supplier and recommended.

**The Ministry agreed with the Auditor General’s findings on the prices of the goods, however, the Ministry obtained three different quotations from suppliers and the selected supplier was the cheapest. As a way forward the Ministry has since established the procurement committee in December 2016 that will be responsible for procurement processes.**

**All the soaps and tanks were delivered to the respective schools. And the schools acknowledged receipt by signature.**

**(c) Missing batches**

A total expenditure, amounting to E 265 994.86, for the financial year ended 31<sup>st</sup> March, 2016, was not accounted for. It was alleged that the batches that were prepared for the payment were misplaced. I could not confirm if the money spent was related to the water relief activities.

A memorandum, from the Principal Secretary, dated 26<sup>th</sup> July 2016, was sent to the Accountant General, reporting about the allegedly misplaced batches, with order numbers 521951 to 521970. Orders, numbers 521972, 521988, 521984 and 521990 were not included in the memorandum, but were also not availed for audit inspection. On enquiry, their whereabouts were not known.

The Financial and Accounting Instructions of 1970 instruction 0810 was violated which states that if original voucher is lost, it should be replaced by a copy certified by the responsible officer. There were no copies prepared for the misplaced vouchers.

Below is a table showing the missing batches

Financial year / month	Order number/ EFT	Cheque number	Payee	Item description	Amount (E)
<b>2015</b>					
May	521969	1575	La Casserole Restaurant	Water sanitation workshop	25, 130.16
June	521970	1576	Expertype	Printing of water point mapping project documents	16, 580.00
June	521972	1579	Topmost Investment (PTY) LTD	Facilities for good hygiene in rural schools	38, 896.20
June		1580	Nompumelelo Ntshalintshali	Meals, accommodation – training in Nairobi	8, 525.00
June		1581	Walter Vusi Sukati	Meals, accommodation – training in Nairobi	8, 525.00
June		1582	Daniel Sithole	Meals, accommodation – training in Nairobi	8, 525.00
June		1583	Milton Lokothwayo	Meals, accommodation – training in Nairobi	8, 525.00
<b>2016</b>					

Financial year / month	Order number/ EFT	Cheque number	Payee	Item description	Amount (E)
January	5 21988	1593	Zondo – B Investments	Stationery for capacity building – Manzini Region Committees	61,342.50
March	521984	1595	Happy Valley Hotel	Workshop on rural water supply project – members of parliament, ( Hhohho and Manzini regions)	15, 000.00
March	521990	1596	Simunye Country Club	Washbat report consolidation workshop	74, 946.00
<b>Total</b>					<b>265,994.86</b>

The Ministry has been able to get four out of the ten batches indicated as missing. The Ministry will continue to search for the remaining documents and will then submit them on discovery.

**(d) Part deliveries of stationery**

Records revealed that Datamatics Swaziland (PTY) LTD was paid an amount of E94 569.21, by cheque number 1577, dated 07 May 2015 for office stationery. Some items, amounting to E584.75 were not delivered whilst some items, amounting to E 116.55, were delivered more than ordered. The amount of E468.20 which is the difference between the excess delivery and short deliveries should be recovered.

Below is the illustration of the stationery

Item ordered	Ordered Quantity	Delivered Quantity	Variance Item&Price	Amount (E)	Comments
Office Punch	10	9	1x E40	40.00	Less
Office full strip metal stapler	9	6	3x E45	135.00	Less
PVC clip board	15	14	1xE1375	13.75	Less
Manila file folder	14	10	4xE99	396.00	Less
<b>Short delivery</b>				<b>584.75</b>	
Box of correction and thinner set	6	15	9xE12.95	116.55	More
<b>Net short delivery</b>				<b>468.20</b>	

The findings were acknowledged as correct. The Ministry discovered that the goods were short delivered and contacted the Supplier for this irregularity. The over delivered goods were sent back to the Supplier on the same day.

**33.9 Audit Inspection – Underpayment of Rent**

A memorandum referenced N19 Vol VII/30 and dated 26<sup>th</sup> October 2016, was issued to the Controlling Officer in the Ministry of Natural Resources and Energy. The response dated 3<sup>rd</sup> November 2016 referenced MD/017 was not addressed satisfactorily on the following matters.

I reported that some officers who were housed by Government and employed under the Department of Geological Surveys, Minerals and Mines under paid rent.

Government was deprived revenue, from rentals, that had accumulated to E9, 060.00 in October 2016. This was contrary to General Order A.761 (1), which states that the rent for Government quarters shall be paid by means of monthly deductions, at the appropriate rates, from an officer's salary.

The table below depicts the underpayment

Employment No	House No	House Category	Date Occupied	Rate/ Month (E)	Rent paid (E)	Rent Underpayment (E)	No of Months	Total Due (E)
2108276	E 18	2bedrooms	October 1998	60.00	26.00	34.00	216	7,344.00
3138850	2369	2bedrooms	October 2005	60.00	47.00	13.00	132	1,716.00
<b>Total</b>								<b>9,060.00</b>

The Controlling Officer accepted my findings and stated that the implicated officers acknowledged that they were undercharged rental fees and would reimburse government. She further promised that letters of acknowledgement of debts by the officers would be forwarded in due course.

It is quite common that anomalies receive attention after audits. The Ministry has human resource officials who are responsible for ensuring that housing regulations are compiled with and to make occupants of government quarters aware of their responsibility to ensure that rentals are promptly and accurately deducted from their salaries as and when they are allocated government housing, to minimize errors of this nature.

**The Controlling Officer apologized for not effecting the recovery of rental fees on time. She informed me that the recovery process of the rental fees has commenced.**

According to the Ministry the total amount owed is E1 316.00 and not the E9 060.00, raised by me. I noted that the Ministry calculated the rental arrears with effect from Circular Memorandum, dated 11<sup>th</sup> September 2014 (referenced OGS/27) which was a reminder to the adherence to Establishment Circular No.13 of 1994 dated 12<sup>th</sup> November 1994 referenced OGS/1 Vol. V that is the relevant Circular, on which the rentals should be based with effect from occupation of the house.

#### **(a) Outstanding Rent**

I drew the attention of the Controlling Officer, revenue amounting to E2, 186.40 was not collected from an employee (employment number 9717253). The outstanding rental amounted to E360.00 while the tax on housing benefit amounted to E1 826.40.

The officer occupied the government house from September 2010 and continued to get housing allowances until September 2011 and only repaid rental fees amounting to E360. 00 which covered only 6 months at E60,00 per month, leaving the rent, for the other 6 months, still outstanding.

As a result Government was unnecessarily deprived its revenue.

Please refer to the tables below.

### Uncollected Rentals

Employment No:	House No:	House Category:	Occupation Date	Rental Defaults		
				No of Months	Rate (E)	Amount (E)
9717253	Makholokholo-house No:106	2 bedroom	September 2010	6	60.00	360.00
<b>Total</b>						<b>360.00</b>

### (b) Untaxed Housing benefit

Following my report the Ministry, in the implementation of my recommendations, only recovered the rental arrears, partially, as stated above, the tax on housing benefit was not considered at all. The Controlling Officer was silent on the issue of tax on housing benefit,

As a result tax on housing benefit, amounting to E1,826.40 with effect from September 2010 to September 2011, was not recovered. The outstanding tax is shown in the table below:

Housing Benefit	Tax on Housing Benefit (E)	Number of Months	Total Unremitted Tax (E)
761.00	152.20	12	1,826.40

In response, the Controlling Officer stated that the said officer acknowledged the unlawful benefit fees obtained over the reported period and subsequently paid the outstanding monies.

The Controlling Officer did not verify if the officer had indeed paid all the outstanding monies. This demonstrates lack of due care by the Ministry.

The rental issues have been reported in my previous audit reports to alert Ministries on this discrepancy, but Ministries still fail to prevent this irregularity.

At the time of compiling this report, outstanding rentals and tax on housing benefit had not been recovered.

### (c) Unlawful Housing Allowances

The Department of Geological Survey, Minerals and Mines paid, an amount of E1,950.00, housing allowance to an officer, employment number 9717253, who was occupying a Government house at Makholokholo (House No:106). This action violated General Order A778(1) which prescribes that employees who are housed whether by Government or by any Institution, are not entitled to housing allowance since housing allowances are a compensation for employees who are not housed by the employer.

The table below refers;

Employment No:	Allocation Date	House No	House Category	Unlawful Housing Allowance		
				Months	Housing Allowance (E)	Amount (E)
9717253	September 2010	Makholokholo – house No:106	2 bedroom	6	325.00	1,950.00
<b>Total</b>						<b>1,950.00</b>

I recommended that the unlawfully paid housing allowances should be promptly recovered as the above employee benefited twice, from Government.

The response, the Controlling Officer stated that the said officer acknowledged receipt of unlawful allowances, obtained over the reported period and subsequently paid the due amounts.

The response was not satisfactory because the officer benefitted unlawfully for a period of 12 months but only paid back housing allowances relating to 6 months, hence, she still owes the other 6 months undue housing allowances.

At the time of compiling this report, the outstanding undue housing allowance payment had not been recovered.

**The Controlling Officer stated earlier that the recovery of the owed monies had commenced. I noted the officer had acknowledged an amount of E3 163.20 which was below the E4 136.40 reported. Later on the ministry submitted that the correct amount owed, to be recovered, was E1 826.40.**

There was no evidence given to substantiate the reduction in the amounts owed. Subsequent to the initial response, the amount owed, E3 163.20 was set aside citing error in calculation. The latest amount owed being E1 826.40. There was no evidence, attached, to justify this amount. The reduction of the amount owed could not be authenticated.

### **33.10 Revenue Collections - Deeds Registry.**

An audit of revenue collections at the Deeds Registry was carried out for the financial year ended 31<sup>st</sup> March 2015.

A memorandum dated 29<sup>th</sup> December 2015, referenced D19 Vol.I/35, was issued to the Controlling Officer, Ministry of Natural Resources and Energy. The response through a memorandum dated 5<sup>th</sup> January 2016 and referenced NRF/C29, did not adequately address the issues raised in the following paragraphs.

#### **(a) Non Compliance with Stamp Duties Act (1970)**

I drew the controlling officer's attention to section 24(2) of the Tariff of Stamp Duties Schedule, as amended, which supports the Stamp Duties Act of 1970.

The section states that where the amount of the value of immovable property differs from the amount of the consideration, the duty payable under the Stamp Duty Fee's item should be computed on the higher amount.

During the audit I noted, with concern that for all deeds of transfers that had remitted stamp duties during the year under review, the section of the act quoted above was not complied with. Only the purchase consideration was used when calculating stamp duty due from all transfers related to immovable property. No effort was made to ascertain the actual value of the immovable property, to determine which value was higher.

In the absence of the valuation information for the immovable properties there is no certainty that the stamp duties were computed on the higher values in compliance with the Regulation.

The stamp duty fees, amounting to E 13 701 036.62 which were collected in the financial year 2014/2015 and computed on the purchase consideration only, could have been significantly higher had the law been complied with.

I advised the controlling officer that neglecting or disregarding the law poses the risk of loss of revenue where the immovable property were sold at a lower price than its actual value. The under declaration of the purchase consideration could be rife if left uncontrolled through valuation of the properties.

The controlling officer disputed that the Ministry had unjustifiably disregarded the clause and further stated that the Ministry differed with my interpretation of the clause. She cited that in her understanding she was at liberty to use her discretion to use either the value of the property or the purchase consideration. She further stated that to her understanding, the cited clause did not impose a duty on her Ministry to ascertain both the value and consideration, in calculating stamp duty.

Finally, the controlling officer stated that she had sought a legal opinion from the Attorney General on the proper interpretation of the clause.

At the time of compiling this report, the matter had not been resolved.

#### **(b) Deeds of Transfers that were erroneously exempted stamp duty fees**

Stamp duty, revenue due to government, amounting to E 28 395.55 was by error exempted yet the relative deeds were not listed in part III, section 5. (1)(a) of the Stamp Duties Act no. 37 (1970) which qualifies this type of deeds of transfers to be exempted from paying stamp duty fees. I recommended that the unlawful exemptions of stamp duty fees should be collected.

The controlling officer acknowledged that Estate transfers and divorce cases were not listed under section 5(1) of the Stamp Duty Act, 1970 but stated that in the same breath the Ministry recognized that section 8 of the same act did not explicitly state that they attract stamp duty. She further explained that the practice of the Deeds Registry was to exempt such transactions because no consideration was passed between the parties involved. In this regard, the controlling officer undertook to seek legal advice from the chambers of the Attorney General, regarding the legality

or otherwise of exempting estate transfer and divorce related transactions. The controlling officer further justified the queried stamp duty exemptions, amounting to E2,542.80.

At the time of compiling reporting, the following stamp duty exemptions, amounting to E25,852.75 remained unjustified.

Deed of Transfer number	Payee	Property Value (E)	Stamp duty Due (E)
599/2014	C.J. LITTLER & CO.	1 209 000.00	10 276.50
416/2014	BHEMBE Attorneys	160 000.00/2	680.00
275/2014	Stanley B.Mnisi	1 090 000.00	9 265.00
74/2015	Stanley B.Mnisi	240 000.00/2	1 020.00
73/2015	Stanley B.Mnisi	555 000.00/2	2 358.75
75/2015	Stanley B.Mnisi	530 000.00/2	2 252.50
<b>Total</b>			<b>25 882.75</b>

The non-collection stamp duties due to government impact negatively on government revenue collection, as it reduces the revenue collected.

At the time of compiling this report, I have not been apprised of the legal opinion of the Attorney General. And, while it is appreciated that stamp duties, amounting to E10,956.50 were eventually collected, I am not aware of the status regarding the remaining unlawful exemptions.

### (c) Under and Over Remittance of Stamp Duty

Stamp duties, amounting to E92, 262.82, were under remitted and those, amounting to E2, 077.50, were over remitted by Deeds of Transfer conveyancers, thus calculation of stamp duties were not accurate and the Stamp Duty Act was not adhered to. The quoted act states, section 11 (5) that a revenue officer shall not deface the stamps affixed to an instrument unless he is satisfied that the duty, in respect of such instrument under this Act, have been paid in full.

The table below depicts such under and over remittances.

Deed of Transfer No.	Payee	Property Value (E)	Remittance Receipt No. and Date	Amount Remitted (E)	Remittance Due (E)	Under Remittance (E)
<b>Under remittances:</b>						
734/2014	L.R.Mamba & Associates	550,000.00	5907378 dd 12/09/2014	4 250.00	4 675.00	425.00
627/2014	M.J.Manzini & Associates	430,000.00	5858381 dd 31/07/2014	3 225.00	3 655.00	430.00
654/2014	Mabuza Attorneys	150,000.00	5831031 dd 03/07/2014	1 025.00	1 275.00	250.00
489/2014	Zonke Magagula & Co.	180,000.00	5815914 dd 11/06/2014	607.75	765.00	157.25
855/2014	Stanley Bongani Mnisi	1,840,000.00	5552407 dd 31/10/2013	2 975.00	15 640.00	12 665.00
856/2014	Stanley Bongani Mnisi	23,980,000.00	5552407 dd 31/10/2013	141 136.83	203 830.00	62 693.17

<b>Deed of Transfer No.</b>	<b>Payee</b>	<b>Property Value (E)</b>	<b>Remittance Receipt No. and Date</b>	<b>Amount Remitted (E)</b>	<b>Remittance Due (E)</b>	<b>Under Remittance (E)</b>
586/2014	C.J.LITTLER & CO.	100,000.00	5831086 dd 15/07/2014	100.10	850.00	749.90
237/2014	C.J.LITTLER & CO.	700,000.00	5723765 dd 27/03/2014	5 775.00	5 950.00	175.00
387/2014	C.J.LITTLER & CO.	30,000.00	5767552 dd 13/05/2014	225.00	255.00	30.00
289/2014	C.J.LITTLER & CO.	2,750,000.00	5736109 dd 03/04/2014	11 687.50	23 375.00	11 687.50
235/2015	Mabuza Attorneys	3,000,000.00	6176353 dd 31/03/2015	22 500.00	25 500.00	3 000.00
<b>Total</b>						<b>92 262.82</b>
<b>Over remittances:</b>						
451/2014	M.J.Manzini & Associates	320 000.00	5784078 dd 04/06/2014	2 770.00	2 720.00	50.00
759/2014	M.J.Manzini & Associates	180 000.00	5885790 dd 26/08/2014	1530.00	765.00	765.00
220/2015	WARING ATTORNEYS	657 000.00	6176363 dd 31/03/2015	3 897.25	2 792.25	1 105.00
9/2015	Stanley Bongani Mnisi	5 000.00	6056420 dd 07/01/2015	175.00	17.50	157.50
<b>Total</b>						<b>2 077.50</b>

I advised the controlling officer that miscalculations of the stamp duty levies gave a false picture the revenue due to government, thus distorting future estimates of revenue collections by the Department and moreover that revenue due to government had been under collected which could lead to dire economic constraints. I recommended to the controlling officer that the amounts should be reviewed through a recalculation by the revenue officer, as the final reviewer of the deed of transfer to ensure that the duty in respect of such instrument had been paid correctly and in full, as required by section 11 (5) of the stamp duties act and that under remitted duties should be promptly recovered.

The attention of the Controlling Officer was drawn to section 0501(iii) of the Financial and Accounting Instructions of 1970, which states that it is the responsibility of officers who collect revenue to make themselves acquainted with all the laws and regulations governing revenue which is collected by them.

The controlling officer concurred with my finding and justified the under remittances of E11,687.50. Regarding the remaining under remittances of E80, 575.32, the controlling officer stated that reminders had been sent to the conveyancers concerned requesting them to pay the of stamp duty owed to government. Regarding the over remittances, the Ministry undertook to request the Accountant General to refund the respective law firms once it had established that indeed there were over remittances.

At the time of compiling this report, E75,788.17 of under remittances had been recovered.

The under remittances go undetected by the Ministry despite that I raised the same issue in my audit report for the year ended 31<sup>st</sup> March 2014. This implies that no internal controls have been established to minimize such errors.

**The Controlling Officer did not respond to the concerns raised.**

## HEAD: 20

### MINISTRY OF AGRICULTURE

#### Objectives:

To formulate policy and administer all legislation related to agriculture and the organisation and management of co-operative societies; to develop and implement plans in pursuit of the agricultural development policy especially in the area of rural development and subsistence farming

#### **34.0 Audit Inspection – Ministry Agriculture**

An audit inspection was conducted at the above mentioned Ministry. I communicated my findings through a memorandum, referenced A15 Vol XI /17 dated 14<sup>th</sup> October, 2016 to the, Ministry of Agriculture. The Controlling Officer did not respond to my findings.

##### **(a) Salary overpayment – Employment number 5269033**

An Officer, employment number 5269033, salary was not ceased promptly, resulting in an overpayment of salary, amounting to E16 112.98, computed for period, 1<sup>st</sup> January 2013 to 31<sup>st</sup> July 2013.

The Civil Service Commission, correspondence, referenced CSC/G/46, dated 30<sup>th</sup> May 2016, revealed that the Commission requested the officer who was employed by the Ministry of Agriculture as a Herdsman to appear before the Civil Service Commission on the 25<sup>th</sup> May 2013, for a disciplinary hearing. The charges were misconduct relating to absenteeism and gross insubordination. The officer informed the Commission that he resigned in 2012. The Commission accepted the resignation and could not continue conducting the disciplinary hearing thus terminated the employment of the Officer with effect from 20<sup>th</sup> June 2013. The exact date of the resignation was not revealed.

The Ministry stopped the salary on 23<sup>rd</sup> July 2013, a month later, resulting to an additional overpayment of E2 386.00. The delay to stop the salary instantly resulted to an overpayment to the Officer, which is a loss to Government.

All efforts made to obtain the precise date, the officer resigned, proved futile. The total overpayment of salary relates to the period January 2013 to July 2013, and might be understated.

The details of the salaries are shown below.

#### **Overpayment of Salary, 5269033**

Date	Amount (E)
23 July 2013	2 386.00
21 June 2013	2 287.83
22 May 2013	2 287.83
22 April 2013	2 287.83

<b>Date</b>	<b>Amount (E)</b>
22 March 2013	2 287.83
22 February 2013	2 287.83
16 January 2013	2 287.83
<b>Total</b>	<b>16 112.98</b>

I have, on several occasions reported similar issues in my previous audit reports. The Controlling Officer should have taken note of such anomalies and addressed this matter even before the audit. It should be noted that the issues raised and discussed in Parliament during the deliberations of the audit report should be an eye opener to prevent similar irregularities, in the respective Ministries and Departments, in future.

**The Ministry submitted that its efforts to locate the officer to sign the acknowledgement were in progress. The personal file has been forwarded to the Public Service Pension Fund to compute the terminal benefits.**

**I was not apprised of the latest developments in this matter.**

### **34.1 Project No. A37399 – Promotion of Sustainable Feed and Fodder Production**

A report dated 2<sup>nd</sup> September 2016 was issued to the Principal Secretary, Ministry of Agriculture, on the above subject.

The attention of the Controlling Officer was drawn about the above project which was implemented by the Ministry from 2009/2010 to 2013/2014. The intended purpose was to have sustainable feed for livestock production and income generation for both farmers and Government, was not visible.

The project was not successfully completed as the sustainable production of livestock feed was not achieved. The failure of this project to achieve the intended objectives contributed immensely in retarding development of the country because the livestock feed is not at the desired level, sustainable, as a result it affected the livestock livelihood, beef and dairy production.

The project failed to supply enough hay bales for needy communities.

This was evidenced by the huge loss of livestock through death during the severe drought experienced by the country.

Government budgeted and released funds totaling to E7, 299,332.00 over the five Fiscal Years. Actual Expenditure amounted to E5,754.712.00, as tabled below.

<b>Period</b>	<b>Released (E)</b>	<b>Actual Expenditure (E)</b>
2009/2010	5 602 934,00	5 144.839,00
2010/2011	550 073,00	550 073,00
2011/2012	40 000,00	40 000,00
2012/2013	783 826,00	19 800,00
2013/2014	322 499,00	Nil
<b>Total</b>	<b>7 299 332,00</b>	<b>5 754 712,00</b>

In the 2012/2013 Financial year an amount of E783,826.00 was released but only E19,800.00 was utilized. The reason given for the under expenditure was that the Ministry of Finance rejected the application for a Tender Board waiver and proposed a limited tendering procurement method. The limited tendering method was initiated but by the time it was completed the Financial Year had ended. The funds lapsed.

The explanation on the progress was that some equipment were purchased and some awareness programmes and training sessions were conducted and other preparatory work for the project.

In 2013/14 financial year, again the project underspent. The reason given was that after the project had failed in 2012/13 it was granted an extension of two years. The limited tender was approved but, while the submission of the tender evaluation was being processed the Ministry was informed there were no funds, hence the non utilization of the funds, released.

The status given, then, was that the project was being implemented, on Swazi Nation land and Government farms.

The Controlling Officer in his response, to the concerns raised in my report dated 2<sup>nd</sup> September, 2016, cited various factors including the extended dry period, drastically reduced available fodder/grass.

He further assured me that the project was successfully implemented and hay bales were produced and sold to some farmers. Also, farmers were trained to produce their own hay to sustain their cattle and generate income in the process. In addition, Public Private Sector Partnership whereby Private Farms produced hay. As a result import substitution was achieved in 2013/14 by 60%.

However, the fact that the project did not utilize some funds that were released to continue with the implementation of the programme means the project was not completed.

As if the concern was driven by premonition the importation of feeds has proved to be risky and unreliable as a result the country experienced loss of livestock, and income from sale of livestock and beef production.

Importation of hay proven to be expensive because government bought the hay bales at E600.00 and sold at a subsidized cost of E300.00, to farmers.

Following the response site visits were conducted to all government farms where fodder was grown. Noted, during the visits was that pastures were barren where fodder was grown, and the production had stalled.

The Ministry did not conduct a thorough research and take into consideration other factors such as dry winter and the weather change (drought) before embarking on this project. The ministry did not consider irrigation of the pastures yet all the government farms are situated near rivers. It also did not consider drought tolerant type of feeds. Full reliance was placed on the reduced rains. Hence, sustainability was not possible.

The Controlling Officer concurred with my observation and promised to conduct research using the research unit with the University of Swaziland (Faculty of Agriculture).

The Controlling Officer also promised to consider irrigation of the hay with a supporting budget to ensure production even during extended dry periods.

#### **(a) Purchase of Equipment**

As part of the project component, equipment amounting to E 5,144,839.00, was purchased using the project funds, which was distributed to some of the government farms. The equipment included tractors, trailers, grass seeders and baling equipment, such as round and square balers, hay maker and hay rake loader.

I observed during the site visits that some of these equipment were lying idle in the government farms and some of the equipment had developed mechanical faults which need maintenance and repairs.

The Ministry concurred with this observation and stated that the visits were conducted off the baling season and as such the equipment appeared to be lying idle as a result efforts were made to service and maintain the equipment, however, budgetary constraints are a bottleneck, and an additional budget has been requested.

#### **(b) Wages**

Wages, amounting to **E550,073.00** were paid using project funds. Wages are recurrent expenditure and are not to be charged to the funds of Capital Projects. I suggested that the ministry should consider using methods of less-labour involving alternatives, in weed control, to avoid similar occurrences.

This diversion of funds also contributed to the project's failure.

This project was for good intention to promote livestock livelihood, beef, dairy production and sustainable feeding. It was also aimed at empowering the Swazi livestock farmers in generating income to improve their standard of living, to alleviate over dependency on government.

The Ministry was urged to make this program sustainable as cattle is the most dominant livestock, in the country. Cattle plays an important role during different kinds of traditional and religious events. It is imperative that the Ministry makes this program sustainable and yield favorable returns.

**There was no update received on the matters raised.**

## HEAD: 23

### MINISTRY OF ECONOMIC PLANNING & DEVELOPMENT

#### Objectives:

- Planning**
- To assist Government in deciding upon and implementing economic policies and measures that will best accomplish its major economic and other objectives. To prepare economic and social development plans and programme for Government's approval; to follow up implementation of approved programmes.
- Statistics**
- To collect and provide statistical information needed for the formulation and implementation of economic and social policies.

#### **35.0 Under Expenditure on Project G57599– Swaziland Agriculture Survey**

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

I therefore consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of a country.

An amount of E 1,800,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 755,655.63 resulting to an under expenditure of (E 1,800,000.00- E 755,655.63) E 1,044,344.37(58%)

<b>Project Code</b>	G57599		
<b>Project Name</b>	Swaziland Agriculture Survey		
<b>Purpose of the Project</b>	Local funds for the payment of project staff costs, car rentals, rental of houses and procurement of equipment and stationery to be used		
	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
	1,800,000.00	755,655.63	1,044,344.37

The Ministry is expected to explain these savings and further update me on the current status of the project.

**There was no explanation given about the savings noted. Also no update was submitted on the current status of the project.**

### **35.1 Over Expenditure on Project G50999-Support to UNDP Country Programme**

Expenditure in Excess of budget provision and released funds is illegal in that it distorts the fiscal budget of a country.

This is supported by Financial and Accounting Instructions 0202 (ii) and 0401 which disallow expenditure in excess of funds released. Further, controlling officers are urged to encourage economy in the use of funds failing which officers who spend in excess of authorized amounts may face surcharge in accordance with section 20 of the Finance Management and Audit Act.

An amount of E 3,100,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 3,100,000.00 resulting to an over expenditure (E 3,100,000.00 – E 6,200,000.00) E 3,100,000.00(100%).

<b>Project Code</b>	G50999		
<b>Project Name</b>	Support to UNDP Country Programme		
<b>Purpose of the Project</b>	Local funds for implementing UNDP-supported programmes on poverty reduction, HIV/AIDS and gender mainstreaming		
	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
	3,100,000.00	6,200,000.00	3,100,000.00

The controlling officer is expected to explain the authority that allowed him to spend beyond the released funds and further update me on the current status of the project.

**The Controlling Officer concurred with my findings and stated that the Government of the Kingdom of Swaziland is in a cost sharing project with UNDP where each financial year an equal amount of funds is put in a pool where different activities in respect of UNDP supported programs on poverty reduction, HIV/AIDS and gender mainstreaming.**

**In 2015/2016 a request was made during the third quarter to transfer funds amounting to E3 100 000.00 to UNDP. However, UNDP communicated to us not transfer the money at that time. Treasury was asked not to effect the transfer. Later in the fourth quarter UNDP requested that we could transfer the money.**

**Towards the end of the financial year it was discovered that funds were transferred twice. UNDP was contacted about the anomaly but UNDP confirmed having received only one transfer which is E3 100 000.00.**

**Further investigations are on-going. The Controlling Officer further stated that should investigations confirm that there was a double transfer only part of the project funds will be transferred this financial year.**

### **35.2 Building material for Nhlangano Central Primary School**

An audit inspection was conducted at Nhlangano Central Primary School on 30<sup>th</sup> November 2016 and a management memorandum referenced A2/2015/2016/77 dated 12<sup>th</sup> December 2016 was issued to the Principal Secretary, Ministry of Economic Planning and Development.

I drew the attention of the Controlling Officer that building material worth E23, 266.90 was purchased from Build It Builders Hardware, Nhlangano. The material was to be used to repair one classroom at Nhlangano Central Primary School which had been damaged by a storm in November 2015. The material consisted of the following;

#### **(a) Unused Material**

I also brought to the attention of the Controlling Officer that the building material purchased was found lying idle at the school. In an interview during the audit inspection, the head teacher explained that, as per procedure, she had sought urgent assistance from the Ministry of Education to repair the classroom as it was towards the school examinations period. The Ministry could not assist at the time and the school had to finance the classroom repairs from its coffers. The requested material was eventually delivered but after the refurbishment, by the school, had been completed, resulting in the material unused.

#### **(b) Missing Material**

Material, amounting E 7,783.20, was found missing from the same consignment. The head teacher confirmed that the material was removed by the Micro-Project, Shiselweni based Project Manager, to an undisclosed location.

Such material is depicted below;

<b>Quantity</b>	<b>Description</b>	<b>Price (E)</b>	<b>Total (E)</b>
4	50kg Afrisam cement	88.95	355.80
3	Hoop iron	24.95	74.80
1	6mm Galvanised wire 5kg	83.95	83.95
2	125mm wire nails 1kg	15.95	31.90
4	100mm wire nails 1kg	15.95	63.80
11	0.5mm IBR sheets 5.8m long	301.95	3,321.40
11	0.5mm IBR sheets 6.6m long	342.95	3,772.40
<b>TOTAL</b>			<b>7,783.20</b>

The explanation was that, upon realising that the material supplied was not going to be used. The following schools were then identified and the material was transferred to their custody.

1. Bhejisa Primary School
2. Ngwane Practicing Primary
3. Edooropen Primary

He also stated that some transfers were undertaken after the audit inspection. Below is a list of the Transfers made to the schools listed above;

<b>Name of School</b>	<b>Quantity</b>	<b>Description</b>	<b>Price (E)</b>	<b>Total (E)</b>
Bhejisa Primary	4	50 kg Afrisam cement	88.95	355.80
Edoropen Primary	1	1kg African cement	88.95	88.95
Edoropen Primary	3	Pvc half round gutter 6m	189.95	569.85
Edoropen Primary	4	Pvc gutter stop end	12.95	51.80
Edoropen Primary	2	Pvc gutter outlet	34.95	69.90
Edoropen Primary	2	Pvc swanneck	49.95	99.90
Edoropen Primary	1	Pvc glue 500 ml	69.95	69.95
Edoropen Primary	6	75mm pvc down pipe clips	12.95	51.80
Edoropen Primary	4	75mm pvc down pipes	89.95	359.80
Edoropen Primary	2	Pvc half round gutter socket/union	29.95	59.90
Edoropen Primary	18	Pvc half round gutter brackets	12.95	233.10
Bhejisa Primary	3	Hoop iron 3m	24.95	74.85
Edoropen Primary	1	6mm galvanized wire 5kg	83.95	83.95
Bhejisa Primary	2	125mm round wire nails 1kg	15.95	31.90
Bhejisa Primary	4	100mm round wire nails 1kg	15.95	63.80
Bhejisa Primary	22	IBR closers	13.95	306.90
Edoropen Primary	3	0.5 mm IBR Ridge 3.6 m	113.95	341.85
Edoropen Primary	20	152*38*6m Timber	148.95	4,468.50
Ngwane Practicing Primary	20	38*152 timber	148.95	2979.0
Edoropen Primary	3	38*114 timber	109.95	329.85
Bhejisa Primary	11	0.5mm*IBR sheets 5.8m	301.95	3,321.45
Bhejisa Primary	11	0.5mm IBR sheets6.6m	342.95	3,772.45
Edoropen Primary	2	76*50*6m Treated Timber	102.95	205.90
Edoropen Primary	12	225 asbestos Fascia board 3.6m	99.95	1,199.40
Edoropen Primary	7	225mm Fascia Joiners	5.95	41.65
Edoropen Primary	4	225mm Fascia corners	5.95	23.80
Edoropen Primary	1	Wood screw	5.95	5.95
Edoropen Primary	40	Wood screws	14.95	598.00
Edoropen Primary	10	10*120mm Full threaded bolts n nuts	33.90	339.00
Edoropen Primary	8	10mm Flat washers	0.85	6.8
Edoropen Primary	7	50*152*6m Treated Timber	219.95	1,539.60
Edoropen Primary	2	Pvc gutter shoe	30.95	61.90
<b>TOTAL</b>				<b>21,807.25</b>

It is a serious concern that the head teacher confirmed that she is not aware of the location of the missing material yet the Controlling Officer is in possession of transfer documents purportedly signed by the same head teacher who confessed to being un-aware of the location of the transferred material.

The evidence provided to substantiate the issues raised, was not satisfactory.

**There was no response submitted at the time of reporting.**

### **35.3 Under Expenditure on Project G59999– Multiple Indicator Cluster Survey**

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

I therefore consider under expenditures of 10% and above on capital projects, in a year, as not conducive to the development of a country.

An amount of E 1,800,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 755,655.63 resulting to an under expenditure (E 253,608.00- E 212,253.32) E 41,354.68(16.3%)

<b>Project Code</b>	G59999		
<b>Project Name</b>	Multiple Indicator Cluster Survey		
<b>Purpose of the Project</b>	Local funds for printing of report		
	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
	253,608.00	212,253.32	41,354.68

The Ministry is expected to explain these savings and further update the Office of Auditor General on the current status of the project.

**There was no explanation given on this matter.**

## HEAD: 24

### MINISTRY OF HOUSING AND URBAN DEVELOPMENT

#### Objectives:

To initiate and draft policies and development objectives relating to housing and urban development.

#### **36.0 Non utilization of Project Funds on Project X20299 – Urban Development Project**

Capital Projects are destined to improve the country's economic growth through the development of its communities.

An amount of E10,000,000.00 was approved and E 49,000.00 released for the Urban Development Project.

However, the whole released amount of E 49,000.00 was not utilized, resulting in a 100% savings and that retards the development of the country.

The ministry is expected to explain and give reasons for the non-implementation of the project of the project and will become expensive to complete, in future.

**The observation and concerns raised were appreciated. The general reason given was that by the time the current tendering process is fully completed the contractor cannot complete the work within the financial year.**

**Specifically, whereas the warrant to incur expenditure was received by 22<sup>nd</sup> September 2015, there were cashflow challenges within the Treasury Department at the time. As a result the Ministry requested for the funds (E10 000.00 provision) carry over to 2017/18 financial year.**

**The progress to date was that an amount of E6.2 million has been spent on infrastructure provision at Mhobodleni.**

The response is acknowledged but due to lack of evidence of the tendering process, I was not able to confirm that the delays resulted from the tendering process. It is necessary to identify, precisely, the areas of inefficiency in order to address the root causes.

## HEAD: 30

### MINISTRY OF EDUCATION AND TRAINING

#### **Objectives:**

To provide facilities and training for the purpose of increasing the general level of education.

#### **37.0 Non utilization of Project Funds on Project E42570 – Procurement of Teaching and Learning Material for Special Education**

Capital Projects are for the improvement of the country's economic growth through the upgrading of the education system.

An amount of E2,000,000.00 was approved and released for the Procurement of Teaching and Learning Material for Special Education.

However, the whole amount released, E2,000,000.00, was not utilized, resulting in a 100% savings, that retards the improvement of the Education system which eventually will affect the development of the country.

The ministry is expected to explain, with reasons, the non-implementation of the project.

**The Controlling Officer did not respond to the concern raised.**

#### **37.1 Audit Inspection- Mbuluzi High School**

An audit inspection was conducted at the above school for the year ended 29<sup>th</sup> May 2015 and an audit inspection report referenced P10A Vol. IX/26 dated 02<sup>nd</sup> December 2015 was issued to the Principal Secretary, Ministry of Education and Training.

The Controlling Officer did not address the following concerns:

##### **(a) Unauthorised bank account**

The school operated a separate reserve bank account number 0140037922501 held at Standard Bank unlawfully, and no evidence was produced to confirm that the account was authorized.

Section 6.3 of the Schools Accounting Regulations states that: "the Head teacher in liaison with School Committee and/or Schools Manager decides whether additional bank accounts should be operated.

The Principal confirmed that the account was still up and running. I recommended that the account be closed with funds transferred to the schools main account.

### (b) Unauthorised payments

Expenditure, amounting to **E410,574.32**, was made through account number 020000026523, which the school committee had no authority to approve and its signatory was the former bursar who left the school in 2006. This act was tantamount to fraud as he was no longer an authorized signatory.

### (c) Expenditure above E2 000.00

Schools regulations of 1992 no:12.2 require that expenditure from E 2,000 and above, should be authorized by the school committee, that is, discussed, minuted and then signed by the Head teacher and Chairman, as the resolutions taken in a meeting in order to be authorized.

Below is the unauthorized expenditure:

Date	Cheque No	Payee	Item Description	Cheque Amount (E)
06/11/2013	1882	Pick n Pay	H.E. groceries	419.80
21/11/2013	1883	Themba Shabangu		450.00
06/12/2013	1884	Ruchi Wholesalers	Kitchen groceries	4618.55
23/12/2013	1885	Themba Shabangu	-	4500.00
24/12/2013	1886	Themba Shabangu	-	1400.00
28/12/2013	1887	Themba Shabangu	-	800.00
14/01/2014	1888	Mbabane Motors	17 Timing belt ISUZU KB320/350 V6	895.87
16/01/2014	1889	Bob's Midas	Various items	1637.35
11/02/2014	1890	MBN Motors	Servicing car – ISUZU Reg.no: KSD 509 AH	2950.00
16/01/2014	1891	Ruchi Wholesalers	-	12900.50
22/01/2014	1892	Themba Shabangu	-	3000.00
17/01/2014	1893	Themba Shabangu	Cylinder heads assembly for left and right- SSD608AH	12000.00
18/01/2014	1894	Themba Shabangu	-	3000.00
20/01/2014	1895	Ephraim Sigudla	Three loads of crush stone @400 each	1200.00
20/01/2014	1896	Macnabs	No details on receipt for the services paid	1300.00
21/01/2014	1897	Faith Masilela	School fees refund for a Form 5 student - Khangezile Masilela, who had overpaid	1353.00
21/01/2014	1898	Nana Magongo	-	1000.00
23/01/2014	1899	Mbabane Motors	-	4258.34
23/01/2014	1900	Amos Magagula	-	6500.00
31/01/2014	1901	Lindiwe Dlamini	Accounting consultation and audit preparation for 2013	2000.00
03/02/2014	1902	Mbabane Motors	29 seal valve guide and 29 seal exhaust valve.	834.80
03/02/2014	1903	Oscar Chimwanza	-	6993.00

<b>Date</b>	<b>Cheque No</b>	<b>Payee</b>	<b>Item Description</b>	<b>Cheque Amount (E)</b>
31/01/2014	1904	Themba Shabangu	-	5000.00
04/02/2014	1905	Ephraim Sigudla	One load of crush stone@ E400.00 each	400.00
11/02/2014	1906	Nana Magongo	-	6000.00
11/02/2014	1907	Andrew Dlamini	-	7480.00
11/02/2014	1908	Lindiwe Dlamini	Accounting consultation	2500.00
11/02/2014	1909	Bob's Midas	Shock LH,RH and brake pads	1817.15
12/02/2014	1910	Nonhlanhla Mthupha	-	3500.00
12/02/2014	1912	Cashbuild	-	1050.49
12/02/2014	1913	Kwik Fit	Labour- fit front shocks (2)-BMW Reg. no: ASD 885 AH	560.00
13/02/2014	1914	Mcolisi Simon Dlamini	-	2000.00
13/02/2014	1915	Bob's Midas	Car service	1328.50
13/02/2014	1916	Themba Shabangu	-	6500.00
13/02/2014	1917	Competitive Sports	What was being bought	665.00
15/02/2014	1919	Themba Shabangu	-	5500.00
17/02/2014	1920	Themba Shabangu	-	3500.00
18/02/2014	1921	Swaziland Schools Culture Association	Music	980.00
21/02/2014	1922	Met Swazi cash and carry	Kitchen food	1687.92
20/02/2014	1923	Christopher Kunene	-	1000.00
20/02/2014	1924	Themba Shabangu	-	3500.00
24/02/2014	1925	Elijah Mandla Mamba	10 window spring catches brass and fitting, including transport.	1400.00
21/02/2014	1926	Themba Shabangu	-	4500.00
21/02/2014	1927	Met Swazi cash and carry	Kitchen food	539.96
22/02/2014	1928	Hoageys	-	394.09
03/03/2014	1929	Mduduzi Hlophe	-	1020.00
25/02/2014	1930	Sibusiso Sangweni	School fees refund-pupil was expelled from school	3000.00
03/03/2014	1931	Swaziland Meat Wholesalers	Meat	1739.82
27/02/2014	1932	Lindiwe Dlamini	Accounting consultation	2000.00
27/02/2014	1933	Super Spar	Groceries	665.21
27/02/2014	1934	Themba Shabangu	-	4950.00
27/02/2014	1935	Muhle One Way Services	Mbuluzi –Mbabane (single)	750.00
27/02/2014	1936	All Stationery	Cartridges	1102.49
03/03/2014	1937	Sipho Maseko	-	3000.00
05/03/2014	1939	Carson Wheels	-	6284.22
05/03/2014	1940	Ruchi Wholesalers	Tuck shop groceries	8618.90
10/03/2014	1941	Mrs. Joyce Malgas	-	2468.00
07/03/2014	1942	General Plumbing Supplies	Plumbing material	259.22
11/03/2014	1943	Ruchi Wholesalers	Groceries for Freshers	3345.00
13/03/2014	1944	Build It	-	466.65

<b>Date</b>	<b>Cheque No</b>	<b>Payee</b>	<b>Item Description</b>	<b>Cheque Amount (E)</b>
12/03/2014	1945	Petros Mdluli	Sports wear	3400.00
12/03/2014	1946	Themba Shabangu	-	5000.00
12/03/2014	1947	MBN Motors	Servicing a Ford	3435.00
13/03/2014	1948	Muhle One Way Services	Mbuluzi – Lobamba	2500.00
13/03/2014	1949	Mbabane Pharmacy	Sports medication	1036.40
18/03/2014	1950	Themba Shabangu	-	2000.00
20/03/2014	1951	Vusokati Investments	Beef 86kg @E51/kg= 4386.00 Voers 10kg @E40/kg=400.00 Chicken 30@E45= 1350.00	6136.00
20/02/2014	1952	Themba Shabangu	-	2500.00
02/04/2014	1953	Lungile Shongwe	-	3000.00
28/03/2014	1954	Emavulane	-	1500.00
02/04/2014	1955	Lethumusa Simelane	-	700.00
02/04/2014	1956	Build It	Building material	3156.43
03/04/2014	1957	Themba Shabangu	-	3000.00
04/04/2014	1958	Oscar Chimwanza	-	3503.00
04/01/2014	1959	Nomcebo Dlamini	-	2500.00
04/04/2014	1960	Vincent Bhila	-	2500.00
04/04/2014	1961	Cebsile Mthupha	-	5000.00
08/04/2014	1962	Thandi Mamba	-	5000.00
08/04/2014	1963	Mbalenhle Noxolo Maziya	-	1000.00
08/04/2014	1964	Themba Shabangu	-	1000.00
10/04/2014	1965	Mbabane Motors	-	1019.46
09/04/2014	1966	Omega Technologies	Desktop Pc 2.0ghz Processor 2gb Ram,500gb Hdd Dvd Writer Samsung18.5’’ Led Screen Serial# Zv1xh4ld400075 Is. USB M3008u Optical Mouse, USB Keyboard Black	4500.00
14/04/2014	1967	Build It	Building material	2874.55
15/04/2014	1968	Bob’s Midas	-	1283.05
16/04/2014	1969	All Stationery	-	553.54
22/04/2014	1970	A.D. Enterprises	Hake no 1(one)15.7kg @34.50/kg = 541.65 Samoosas reg mince 1 case at = 185.00 BMS Hero braaiwors 2 cases @100 each = 200.00	1056.38
17/04/2014	1971	Themba Shabangu	-	2500.00
19/04/2014	1972	Ruchi Wholesalers	Groceries – tuck shop	1885.40
23/04/2014	1973	M.B.N. Motors	-	3090.00
26/04/2014	1975	Themba Shabangu	-	1200.00
09/04/2014	1976	Themba Shabangu	-	750.00

<b>Date</b>	<b>Cheque No</b>	<b>Payee</b>	<b>Item Description</b>	<b>Cheque Amount (E)</b>
10/05/2014	1977	Themba Shabangu	-	7000.00
10/05/2014	1978	Ruchi Wholesalers	Groceries – tuckshop	3837.45
12/05/2014	1979	Themba Shabangu	-	1500.00
16/05/2014	1980	Oscar Chimwanza	-	2843.50
13/05/2014	1981	Maxwell Tsabedze	Fruits and vegetables	1945.00
14/05/2014	1982	Met Swazi cash and carry	Cool drinks	1488.15
15/05/2014	1983	Mbabane Motors	25 brake shoe kit P190 LE/LX	896.80
15/05/2014	1984	Mbabane Motors	27 seal oil bearing HQ and 27 bearing	1609.65
19/05/2014	1985	MBN Motors	Servicing KSD 509AH	400.00
12/05/2014	1986	Justice Gwebu	Grass cutting at Mbuluzi High School premises	3200.00
20/05/2014	1987	Competitive Sports	Netball, soccer, volleyball	1109.00
21/05/2014	1988	Build It	Building material	3419.32
22/05/2014	1989	Nana Magongo	-	3000.00
23/05/2014	1990	Themba Shabangu	-	7000.00
23/05/2014	1991	Mbabane Motors	Servicing KSD 509 AH	2739.76
24/05/2014	1992	Ruchi Wholesalers	Groceries	5827.40
26/05/2014	1993	Themba Shabangu	-	6300.00
27/05/2014	1994	Ruchi Wholesalers	Groceries	5138.50
28/05/2014	1995	Muhle Tours	Transporting boarders from Mbuluzi to Mbabane	750.00
06/06/2014	1996	Mbabane Motors	-	564.30
06/06/2014	1997	Mankayane High School	Sports food	1490.00
09/06/2014	1998	Mandla Sihlongonyane	-	850.00
09/06/2014	1999	Build It	Paint	879.66
18/06/2014	2001	Build It	-	1181.25
17/06/2014	2002	Themba Shabangu	-	1000.00
18/06/2014	2003	General Plumbing Supplies	2x63mm plas coupling @E131.50 each,incl. Vat E36.82	299.82
19/06/2014	2005	Mbuluzi High School Agriculture	-	2500.00
19/06/2014	2006	Mathokoza Sibiya	-	6500.00
21/06/2014	2008	Themba Shabangu	-	1000.00
26/06/2014	2009	Emavulane	-	1500.00
07/07/2014	2010	Growmore	Groceries-kitchen	486.00
08/07/2014	2011	Growmore	50kg Thai Parboiled Rice	380.00
09/07/2014	2012	Super Spar (Mbabane)	-	876.66
12/07/2014	2013	Super Spar	-	1497.01
18/07/2014	2015	Muhle One Way Services	Mbuluzi to Mbabane (single trip)	750.00
23/07/2014	2016	Super Spar	-	829.84
25/07/2014	2017	Super Spar	Groceries	1813.26
31/07/2014	2018	Mbabane Super Spar	Groceries	1892.47
22/08/2014	2019	ZCMB Investments	-	350.00

Date	Cheque No	Payee	Item Description	Cheque Amount (E)
22/08/2014	2020	Mbabane Super Spar	-	927.15
02/09/2014	2021	Themba Shabangu	-	1000.00
31/08/2014	2022	Mbabane Super Spar	-	2486.15
03/09/2014	2023	Mbabane Super Spar	-	1982.53
09/09/2014	2024	Mbabane Super Spar	Groceries	2462.16
10/09/2014	2025	Body Parts Centre and Spares	Fixed windscreen	2200.00
11/09/2014	2026	Themba Shabangu	Vetho Apartment Hotels= E6 400 Soweto Heritage Trust=E300 Apartheid Museum= E430 Hector Peterson Memorial and Museum=160	15000.00
15/09/2014	2027	Themba Shabangu	-	3200.00
18/09/2014	2029	Themba Shabangu	CR 24 vibrator bumper BMW	4100.00
19/09/2014	2030	Themba Shabangu	-	1500.00
24/09/2014	2032	Vitus Kunene	Fixing and replacing the plumbing system	650.00
25/09/2014	2033	C.L. Investments	1 Lenovo laptop, S/N: CBr7941761 = E7 000.00 Bag = E 180.00	7180.00
25/09/2014	2034	Growmore	50kg Brown Sugar	395.00
26/09/2014	2035	Build It	Building material	1789.71
29/09/2014	2036	Sbongile Maseko	-	3750.00
29/09/2014	2037	Themba Shabangu	-	2500.00
30/09/2014	2038	Themba Shabangu	-	3300.00
01/10/2014	2039	Cebsile Mthupha	-	5000.00
01/10/2014	2040	Nelsiwe Dlamini	-	5000.00
11/10/2014	2041	A.D. Enterprises (Pty) Ltd.	Meat products and Aquelle drinks	2836.88
25/10/2014	2042	A.D. Enterprises (Pty) Ltd.	Meat products	2606.90
<b>Total</b>				<b>410 574.32</b>

The Controlling Officer failed to give a satisfactory response. He stated that the school dealt with voluminous payments above E2 000.00. It was not practical to meet with the school committee for each and every payment.

#### (d) Combined Financial Statement

The Financial Statement for the period of 1<sup>st</sup> November 2013 to 31<sup>st</sup> October 2014 reflected an amount of **E5,661.12** as an opening balance in the School Main Bank Account held at Nedbank, and **E3,750.00** as an opening balance in the Reserve Bank Account held at Standard Bank, yet the actual balance on 1<sup>st</sup> November, 2013 in the School Main Account was **E1,580.99** overdraft, as per the bank statement.

Expenditure reflected in the Financial Statement included transactions which occurred in the School's Main Account as well as the Reserve Account, yet each bank account should have its own financial statement.

The Controlling Officer stated that the opening balances they used were acquired from bank printouts and were different from those provided in the actual bank statement. The said printouts were not availed for confirmation.

**(e) Differences between receipts and deposits**

The Controlling officer was made aware that the School Receipts were attached bank deposit slips for account number 020000025438, Main account and 020000026523, Reserve Account, that differed from the receipted amounts, eventually a variance of **E37,803.10** and **E4,400.00**, respectively was noted and not accounted for.

Illustrated below is the variance for account number 020000025438 (Main Account)

School Receipt Number	Date	Amount Received (E)	Amount in Bank Deposit Slip (E)	Variance (E)	By Received
324473	13-12-2013	15,900.00	10,000.00	5,900.00	A.E.C. Sunday School Committee
324630	22-1-2014	1,650.00	250.00	1,400.00	Malaza Nomvula
324631	23-1-2014	1,500.00	500.00	1,000.00	Malaza Banele
324633	23-1-2014	3,000.00	2,000.00	1,000.00	Simelane Mpilo
324658	27-1-2014	4,000.00	1,500.00	2,500.00	Dlamini Nezisa
324662	27-1-2014	3,000.00	2,000.00	1,000.00	Motsa Linda
324695	10-2-2014	593.10	547.00	46.10	Tsabedze Nonsikeleleo
324700	12-2-2014	6,050.00	6,000.00	50.00	Maphalala Londiwe
445484	20-1-2014	8,000.00	3,000.00	5,000.00	Nkambule Nothando
445503	22-1-2014	2950.00	2,000.00	950.00	Sibandze Ayanda
445549	21-1-2014	2,000.00	1,900.00	100.00	Mlotsa Sazisile
445814	1-4-2014	2,900.00	2,530.00	370.00	Dlamini Sihle
324490	21-1-2014	4,000.00	2,000.00	2,000.00	Dlamini Siyabonga
324639	14-1-2014	5,537.00	5,320.00	217.00	Lushaba Lindelwa
445401	4-1- 2014	2,650.00	2,500.00	150.00	Temalangen Dlamini
445407	6-1-2014	5,000.00	3,700.00	1,300.00	Kunene Nondumiso
445447	17-1-2014	6,150.00	6,000.00	150.00	Gwebu Nokukhanya
445470	22-1-2014	3,150.00	3,000.00	150.00	Dlamini Tsepiso
445484	20-1-2014	8,000.00	3,000.00	5,000.00	Nkambule Nothando
445488	20-1-2014	4,650.00	2,000.00	2650.00	Dlamini Nokwanda
445494	21-1-2014	2,350.00	2,200.00	150.00	Simelane Simniketiwe
445495	21-1-2014	5150.00	3,000.00	2150.00	Ndwandwe Phetsile
445498	21-1-2014	7,496.00	7346.00	150.00	Mhlanga Sandile
445503	22-1-2014	2,950.00	2,000.00	950.00	Sibandze Ayanda
445515	22-1-2014	3,150.00	150.00	3,000.00	Ngwenya Nomcebo

School Receipt Number	Date	Amount Received (E)	Amount in Bank Deposit Slip (E)	Variance (E)	By Received
445549	21-1-2014	2,000.00	1,900.00	100.00	Mlotsa Sazisile
445814	1-4-2014	2,900.00	2530.00	370.00	Dlamini Sihle
<b>TOTAL</b>		<b>116,676.10</b>	<b>78,873.00</b>	<b>37,803.10</b>	

Illustrated below is the variance for account number 020000026523:, Reserve Account

Receipt No.	Date	Amount Received	Amount in Bank Deposit Slip (E)	Variance (E)	Person Received
324474	20/12/2013	20900.00	17000.00	3900.00	The Alliance Church Youth Committee
450947	29/8/2014	10500.00	10000.00	500.00	The A.E.C. Executive Committee
<b>Total</b>		<b>31,400.00</b>	<b>27,000.00</b>	<b>4,400.00</b>	

The Controlling Officer failed to give an explanation for the variances. However, this practice reflected that some revenue was collected and not banked.

#### (f) Unknown source of revenue

It was observed that Cash amounting to **E60,750.00** was deposited by the Head teacher and Support Staff into the school's Home Economics Bank Account number 020000026523. I was not furnished with the source documents of the funds, as well as the amounts actually received.

The breakdown of the deposited amount is illustrated below:

Date of Deposit	Description in Bank Statement	Amount (E)
9/12/2013	Cash Deposit-Head teacher	4,000.00
10/2/2014	Cash deposit-T. Shabangu	8,000.00
2/4/2014	Cash Deposit-Shabangu T.	15,000.00
22/4/2014	Cash Deposit-Mr Shabangu	3,800.00
14/5/2014	Cash deposit-T. Shabangu	15,000.00
20/5/2014	Cash Deposit-Cebsile Mthupha	4,000.00
6/6/2014	Cash Deposit-Binisiwe Vilakati	5,000.00
3/7/2014	Cash deposit-Mr Shabangu	1,600.00
8/7/2014	Cash Deposit-Cebsile Mthupha	800.00
4/9/2014	Cash Deposit-T. Shabangu	1,800.00
9/4/2015	Cash Deposit-Head teacher	1,750.00
<b>Total</b>		<b>60,750.00</b>

Schools Accounting Regulations section 5.2 states that all income received by the school should be receipted. The risk of depositing cash without supporting documents is that cash deposited cannot be authenticated with the actual cash received and such funds cannot be easily traced.

### (g) Loan to School

The school's records revealed that during the period, November 2013 to November 2014, the school borrowed money from a lady Duduzile Dlamini amounting to **E137,000.00** in various intervals and repaid a total amount of **E177,800.00**, without the authority of the school committee.

Out of the E137,000.00 borrowed, only E30,000.00 was deposited into the school account, and no documentation was issued to the lender acknowledging receipt of the money. It was not clear how these funds were utilized, since they were not accounted for.

A written document from the lender dated December 2015, with no address, confirmed that the Head Teacher received the loans at 30% interest, and that withdrawal fees for amounts above E10,000.00 were sought from the borrower. There were no supporting documents, provided in respect of the withdrawal fees.

A breakdown of the loans, interest charged, and repaid amount is illustrated below:

Date	Amount Requested (E)	Interest Accrued (E)	Repaid Amount	Repayment Date
November/December 2013	40,000.00	12,000.00	52,000.00	30-01-2014
April 2014	13,500.00	4,000.00	17,800.00	14-05-2014
August 2014	28,500.00	8,550.00	37,000.00	26-09-2014
November 2014	15,000.00	4,000.00	19,000.00	27-12-2014
4 November 2014	40,000.00	12,000.00	52,000.00	19-01-2015
<b>TOTAL</b>	<b>137,000.00</b>	<b>40,550.00</b>	<b>177,800.00</b>	

The Controlling Officer failed to produce evidence that the funds borrowed were eventually utilized for the benefit of the school.

This revealed serious mismanagement of funds and a high risk of misappropriation of funds.

### (h) Unsupported deposits

Funds amounting to **E58,556.60** that were An audit inspection was conducted at Nhlangano Central Primary School on 30<sup>th</sup> November 2016 and a management memorandum referenced A2/2015/2016/77 dated 12<sup>th</sup> December 2016 was issued to the Principal Secretary, Ministry of Economic Planning and Development reflected as deposits in the Bank Statement of account number 020000025438 were not accounted for. The breakdown of the amount is illustrated below:-

Date	Description in bank statement	Amount (E )
29/07/2014	EFT (CR) 00000Education – IN	34,201.00
15/12/2014	Cheque (s) Deposited – OTH local CLE	24,355.60
<b>Total</b>		<b>58,556.60</b>

The Controlling Officer failed to produce the source documents, for the funds.

Schools Accounting Regulations Section 9.9 states that in schools where arrangements have been made to deposit fees directly into the School Fund Bank Account it is important for the payer to obtain an official form of School Deposit slip and receipt. Adherence to these regulations is highly recommended.

**(i) Funds transferred from Home Economics account**

Funds, amounting to **E224,000.00** were transferred from the Home Economics Account 020000025438 to the main account number, 020000026523. There was no authority from the school committee for the transaction. Further the details of expenditure were not known and not accounted for.

Below is an illustration of such cases:

<b>Date</b>	<b>Narrative in Bank Statement-020000026523</b>	<b>Amount (E)</b>
17/1/2014	Journal (CR) Mbuluzi High School	35,000.00
12/2/2014	Journal (CR) Mbuluzi High School	50,000.00
10/1/2015	Journal (CR) Main Account	16,000.00
20/1/2015	Journal (CR) Mbuluzi High	50,000.00
16/2/2015	Journal (CR) Mbuluzi High	20,000.00
7/3/2015	Journal (CR) Mbuluzi High	19,000.00
8/4/2015	Journal (CR) Mbuluzi High	19,000.00
27/4/2015	Journal (CR) Current Account	15,000.00
<b>Total</b>		<b>224,000.00</b>

There was no reply on this matter.

I recommended that funds in the Home Economics account should be utilized for its purposes only, and whenever funds have to be transferred from one account to another, authority should be sought from the school committee.

**(j) Unauthorised use of vehicles**

The school committee minutes dated 20<sup>th</sup> May 2008 revealed that the Principal was authorized to use one of his vehicles to transport goods from Mbabane to the school. The Principal declared to have utilized four of his vehicles registered, HSD 515 BH, SSD 608 AH, KSD 509 AH, SD 605 AH to run school errands, but when the school documents were scrutinized it was revealed that actually eight vehicles were fueled at the school's contracted fuel station. and there was no limit for fuel to be drawn.

There was no evidence provided to confirm that all the vehicles were indeed used to run the school errands.

The breakdown of the amount of **E166,751.53** payable to Mbabane Motors is illustrated below:

Cheque No.	Amount (E)	Date	Invoice/ Credit No.	Amount (E)	Registration No. of Vehicle
12350	7,790.91	9/1/2014	Bal b/f	0.13	-
		9/01/2014	Journal Dr	10.00	-
		12/1/2014	567841	598.24	569
		13/1/2014	567842	754.03	515
		15/01/2014	567843	593.00	Containers
		20/01/2014	567844	875.05	HSD 515 BH
		21/01/2014	567845	404.50	339 BH
		23/01/2014	567847	1509.99	HSD 515 BH
		26/01/2014	567848	150.00	XSD 100 AH
		27/01/2014	567846	433.03	-
		28/01/2014	567849	200.00	XSD 100 AH
		29/01/2014	567850	652.00	339
		31/01/2014	570501	383.03	339
		31/01/2014	570502	1217.91	515 BH
		31/01/2014	Journal Debit	10.00	-
<b>Total</b>				<b>E7,790.91</b>	

Cheque No.	Amount (E)	Date	Invoice/ Credit No.	Amount (E)	Registration No. of Vehicle
12360	10,862.78	04/02/2014	567852	380.95	-
		09/02/2014	570503	448.61	339
		10/02/2014	570504	1472.02	515
		12/02/2014	570505	663.02	509
		13/02/2014	570596	648.01	885
		16/02/2014	570508	342.75	885
		17/02/2014	570507	274.96	339
		17/02/2014	570509	700.03	885
		18/02/2014	567853	1276.39	HSD 515BH
		20/02/2014	567854	664.17	509
		23/02/2014	567855	919.55	509
		24/02/2014	567856	1295.01	509
		26/02/2014	567857	500.07	509
		27/02/2014	567858	1277.24	-
12489	13,212.88	01/04/2014	576488	520.10	HSD 515 BH
		02/04/2014	576489	468.00	CS 26
		03/04/2014	576490	525.00	509
		06/04/2014	576491	757.58	885
		07/04/2014	576492	658.03	509
		08/04/2014	576493	1265.03	HSD151 BH
		09/04/2014	576494	643.01	509
		13/04/2014	576496	949.09	509,885

Cheque No.	Amount (E)	Date	Invoice/ Credit No.	Amount (E)	Registration No. of Vehicle
		14/04/2014	576495	500.00	509
		17/04/2014	576497	951.02	509,885
		20/04/2014	576498	988.58	509,885
		22/04/2014	576499	1337.68	509
		27/04/2014	576500	1421.60	
		28/04/2014	Journal Debit	10.00	-
		30/04/2014	581621	663.92	
		30/04/2014	581622	1554.24	515
<b>Total</b>				<b>13,212.88</b>	

Cheque No.	Amount (E)	Date	Invoice/Credit No.	Amount	Registration No. of Vehicle
12781	14,091.48	02/02/2015	610535	418.12	515
		03/2015	610537	500.00	509
		05/02/2015	610536	1050.00	509,608
		08/02/2015	610538	1000.00	509,SSD 609DH
		08/02/2015	610539	660.00	037
		09/02/2015	Journal Debit	5.00	-
		10/02/2015	610540	473.02	509
		11/02/2015	Journal Debit	15.00	-
-		12/02/2015	613622	663.83	515 BH
		12/02/2015	613621	816.00	037,608
		15/02/2015	613623	560.04	-
		15/02/2015	613624	500.00	509
		17/02/2015	613625	1025.00	509, 608
		18/02/2015	613626	626.95	509,KSD 509 AH
		22/02/2015	613628	1489.18	509, 037
		23/02/2015	613629	500.00	509
		24/02/2015	613630	500.00	509
		25/02/2015	613631	520.00	-
		25/02/2015	613632	500.00	608
		26/02/2015	613633	580.87	515
		28/02/2015	613634	1025.06	SSD 608 AH
		28/02/2015	Journal Debit	663.51	037
<b>Total</b>				<b>E14,091.48</b>	

Cheque No	Amount (E)	Date	Invoice/Credit No.	Amount	Registration No. of Vehicle
12171	14,274.50	4/10/2013	554375	967.07	885
		25/10/2013	556976	1567.15	HSD 515 BH, 509,885
		29/10/2013	556977	584.03	Container
		30/10/2013	556978	450.08	509
		22/10/2013	556974	826.06	885,509

Cheque No	Amount (E)	Date	Invoice/Credit No.	Amount	Registration No. of Vehicle
		24/10/2013	556975	530.16	509
		06/10/2013	556967	500.03	509
		05/10/2013	556966	525.07	509
		08/10/2013	556968	397.00	509
		13/10/2013	556970	525.03	509
		-	556969	890.00	KSD509AH
		14/10/2013	556971	400.06	885
		16/10/2013	556972	448.04	515
		18/10/2013	556973	525.03	509
		04/10/2013	554374	500.25	515
		01/11/2013	556979	500.03	509
		11/11/2013	554379	890.00	885,509
<b>Total</b>				<b>11,025.09</b>	

Cheque No.	Amount (E)	Date	Invoice/ Credit No.	Amount (E)	Registration No. of Vehicle
12512	17,536.45	18/05/2014	581629	500.00	509
		16/05/2014	581635	527.00	608
		20/05/2014	581636	525.00	509
		20/05/2014	581637	500.46	608
		21/05/2014	581638	1383.10	Container,515,509
		24/05/2014	584961	664.17	509
		24/05/2014	581640	477.00	608
		24/05/2014	581639	698.02	515
		28/05/2014	584962	648.47	515
		04/06/2014	587852	380.95	339
		02/06/2014	584966	500.01	509
		04/06/2014	584967	525.01	608
		07/06/2014	584970	167.00	515
		06/06/2014	584968	1210.04	Container,515
		06/06/2014	584969	700.07	509,608
		10/06/2014	584972	550.01	509
		10/06/2014	584971	1905.15	HSD 515BH
		11/06/2014	584973	400.00	509
		12/06/2014	584974	575.20	608
		14/06/2014	584976	500.16	608
		15/06/2014	584977	671.05	509
<b>Total</b>				<b>14,007.87</b>	

Cheque No.	Amount (E)	Date	Invoice/ Credit No.	Amount	Registration No. of Vehicle
12538	15,437.50	18/05/2014	581629	500.00	-
		18/05/2014	581635	527.00	-

Cheque No.	Amount (E)	Date	Invoice/ Credit No.	Amount	Registration No. of Vehicle
		20/05/2014	581636	525.01	-
		20/05/2014	581637	500.46	-
		21/05/2014	581638	1383.10	-
		23/05/2014	Journal debit	10.00	-
		24/05/2014	Journal debit	664.17	-
		25/05/2014	581640	477.00	-
		25/05/2014	581639	698.02	-
		29/05/2014	584962	648.47	-
		29/05/2014	584963	1300.31	
		31/05/2014	584965	640.32	-
		31/05/2014	584964	500.01	-
<b>Total</b>				<b>8.373.87</b>	

Cheque No.	Amount (E)	Date	Invoice/ Credit No.	Amount (E)	Registration No. of Vehicle
12407	14,057.64	01/03/2014	567859	556.65	ASD885 AH
		03/03/2014	570510	426.04	509
		06/03/2014	567860	1227.50	509,515
		07/03/2014	570511	450.00	509
		10/03/2014	570512	450.00	509
		11/03/2014	570513	1815.02	Container,515
		13/03/2014	570514	450.00	509
		17/03/2014	576482	450.04	509
		17/03/2014	576481	1093.14	CS 26NTGP 515 BH
		19/03/2014	570516	722.77	HSD 515 BH
		20/03/2014	570517	858.04	509
		22/ 03/2014	576483	657.64	509
		22/03/2014	576484	400.03	CS 26 NT
		21/03/2014	570518	1125.08	Containers
		24/03/2014	576485	525.00	509
		26/03/2014	576486	640.03	HSD 515 BH
		27/03/2014	570519	721.00	509
<b>Total</b>				<b>E12,567.98</b>	

Cheque No.	Amount (E)	Date	Invoice Credit No.	Amount (E)	Registration No. of Vehicle
12741	13,740.66	17/01/2015	610526	700.00	509,037
		19/01/2015	610527	1638.28	509,608, Container
		22/01/2015	610528	514.18	509
		25/01/2015	610530	384.37	37,509
		24/01/2015	610529	566.07	037
		26/01/2015	610532	1300.04	509,608
		26/01/2015	610531	908.01	HSD 515 BH

Cheque No.	Amount (E)	Date	Invoice Credit No.	Amount (E)	Registration No. of Vehicle
		31/01/2015	610534	536.01	509
		30/01/2015	610533	625.00	Container, 515
		02/01/2015	610536	1025.00	509,608
		03/01/2015	608237	587.69	509
		05/01/2015	608238	616.00	509
		06/01/2015	608239	817.00	Container, 509
		09/01/2015	608240	1100.00	Container,509
		13/01/2015	610521	500.00	608
		13/01/2015	610522	390.45	483
		14/01/2015	610523	377.50	608
		15/01/2015	610524	732.04	608
		16/01/2015	610525	423.02	509
<b>Total</b>				<b>13,740.66</b>	
Cheque No.	Amount (E)	Date	Invoice Credit No.	Amount (E)	Registration No. of Vehicle
12619	12,890.31	01/10/2014	598055	725.00	515 BH
		02/10/2014	598056	527.00	608
		04/10/2014	598057	1271.82	515,509
		06/10/2014	598058	840.56	037
		09/10/2014	598059	554.00	509
		11/010/2014	598060	1441.86	509,608,037
		24/09/2014	598050	1289.54	Container 608
		25/09/2014	598051	500.00	509
		26/09/2014	598052	417.00	608
		26/09/2014	598047	464.00	509
		28/09/2014	598053	1322.00	509,037
		30/09/2014	598054	280.31	037
		10/09/2014	598042	726.12	509
<b>Total</b>				<b>E10,359.21</b>	

Cheque No.	Amount (E)	Date	Invoice Credit No.	Amount	Registration No. of Vehicle
12778	10,326.72	02/03/2015	613635	525.00	509
		04/03/2015	613636	775.26	509,515
		06/03/2015	613637	610.11	037BH
		08/03/2015	613638	633.70	KSD509AH
		09/03/2015	613639	392.37	515
		11/03/2015	613640	525.00	509
		13/03/2015	617741	670.82	509
		13/03/2015	617742	537.25	037
		13/03/2015	617743	554.00	608
		13/31/2015	Journal debit	15.00	-
		16/03/2015	617745	285.90	Container

Cheque No.	Amount (E)	Date	Invoice Credit No.	Amount	Registration No. of Vehicle
		18/03/2015	617744	717.97	515
		20/03/2015	717746	464.05	509
		22/03/2015	717747	1153.44	Container, 515
		26/03/2015	717748	523.00	608
		27/03/2015	717749	691.02	509
		30/03/2015	717750	1252.83	509,037
<b>Total</b>				<b>E10,326.72</b>	

Cheque No.	Amount (E)	Date	Invoice Credit No.	Amount (E)	Registration No. of Vehicle
12815	12,435.00	01/04/2015	617751	525.00	509
		01/04/2015	617752	1023.64	Container, 519
		05/04/2015	617755	500.97	608
		05/04/2015	617754	663.61	037
		05/04/2015	617753	743.00	509
		07/04/2015	617756	1050.00	509, 037
		12/04/2015	617757	1193.02	509, 515
		13/04/2015	617758	1139.94	Container, 515
		15/04/2015	617759	623.42	509
		19/04/2015	617760	1905.38	037,509,608
		23/04/2015	621761	548.33	509
		23/04/2015	Journal debit	15.00	-
		26/04/2015	621762	1425.08	509,608
		29/04/2015	621764	500.00	509
		30/04/2015	621763	542.61	509
<b>Total</b>				<b>E12,435.00</b>	

Cheque No.	Amount (E)	Date	Invoice/ Credit No.	Amount	Registration No. of Vehicle
12705	10,094.70	18/01/2015	610526	700.00	-
		19/01/2015	610527	1638.28	-
		22/01/2015	610528	514.18	-
		25/01/2015	610530	384.37	-
		25/01/2015	610529	586.01	-
		26/01/2015	610532	1300.04	-
		26/01/2015	610531	908.01	-
		31/01/2015	610534	636.01	-
		31/01/2015	610533	625.00	-
<b>Total</b>				<b>E7,291.90</b>	

### Summary of Fuel Payments

<b>Cheque No.</b>	<b>Amount Paid(E)</b>	<b>Period</b>
12171	14,274.50	04/10/2013 - 11/11/2013
12350	7,790.91	09/01/2014 - 31/01/2013
12360	10,862.78	04/02/2014 - 27/02/2014
12407	14,057.64	01/03/2014 - 27/03/2014
12489	13,212.88	01/04/2014 - 30/04/2014
12512	17,536.45	18/05/2014 - 15/06/2014
12538	15,437.50	18/05/2014 - 31/05/2014
12619	12,890.31	10/09/2014 - 11/10/2014
12741	13,740.66	02/01/2015 - 31/01/2015
12705	10,094.70	18/01/2015 - 31/01/2015
12781	14,091.48	02/02/2015 - 28/02/2015
12778	10,326.72	02/03/2015 - 30/03/2015
12815	12,435.00	01/04/2015 - 30/04/2015
<b>Total</b>	<b>E166,751.53</b>	

In his response the Controlling Officer blamed the school committee for not dealing with the issue, but still failed to produce evidence that the vehicles were solely utilized for the benefit of the school.

### **(k) Double Payments made to Mbabane Motors**

The same sets of invoices from Mbabane Motors amounting to **E5 259.05** were paid twice using cheque numbers 12512 and 12538.

Illustrated below are the invoices that were double paid:

<b>Invoice No.</b>	<b>Amount (E)</b>
581629	500.00
581635	527.00
581636	525.00
581637	500.46
581638	1383.10
581640	477.00
581639	698.02
584962	648.47
<b>Total</b>	<b>5,259.05</b>

The Controlling Officer in his response simply stated that they had engaged Mbabane Motors pertaining the issue, but no fund reversals have been made.

This demonstrated a care free attitude whereby the expenditure was not reconciled.

### **(l) Tuck shop Management**

The school operates a tuck shop, whereby a student was delegated to run and forward the proceeds to the Bursar in 2014 and the school secretary or Bookshop manager in 2015. The student only maintained a record of the proceeds and was not involved in any other transactions.

During the inspection the audit team discovered that there was no evidence that the tuck shop proceeds were banked. The revenue collected in 2014 as per the tuckshop records, amounted to

E22 475.00, yet stock purchased, amounted to E45 966.38, as per school expenditure. This means that the tuck operated at a loss, of **E23 491.38** in 2014 as reflected in the table below:

The total expenditure for the Tuck Shop for the period, February 2015 to June 2015 was E13, 458.18, whereas cash received from the Tuck Shop, amounted to E14, 445.00.

The breakdown of the amounts is illustrated below:

Month	Total amount of purchases for the Tuck Shop(E)	Cash Received from Tuck-Shop (E)
February 2015	279.79	2,440.00
March 2015	6,209.37	4,000.00
April 2015	-	2,080.00
May 2015	6,007.56	2,435.00
June 2015	961.46	3,490.00
<b>TOTAL</b>	<b>13,458.18</b>	<b>14,445.00</b>

In his response the Controlling Officer disputed that the students were tasked to run the tuck shop but failed to account for the variances stated above.

Month	Total Amount of Purchases for the Tuck Shop (E)	Cash Received from Tuck – Shop (E)
January 2014	5, 138.45	2,200.00
February 2014	12,256.38	4,700.00
March 2014	10,075.75	5,550.00
April 2014	5,904.75	3,370.00
May 2014	4,775.35	1,700.00
June 2014	2,398.50	3,300.00
July 2014	-	100.00
August 2014	-	-
September 2014	3,047.10	1,200.00
October 2014	2,370.10	355.00
<b>Total</b>	<b>45,966.38</b>	<b>22,475.00</b>

**(m) Cheque payments made to Websters relying on suppliers statements only**

It was brought to the Controlling Officer’s attention that when the school received statements from Websters dated 17 September 2014 and issued a payment by cheque number 12636, dated 30th January 2015, amounting to **E138 816.25** without having previous received an invoice.

This is a violation of Schools Accounting Regulation Section 13.0 which states that Head of school should ensure that there is supporting invoice for each item of expense. In the absence of the invoice it could ascertained if the items were related to school needs.

The following are invoice numbers which were reflected in the Statement:

Invoice Number	Date	Amount (E)
INO 2374	1/04/2014	5,144.00

Invoice Number	Date	Amount (E)
INO2427	16/04/2014	10,314.30
INO2449	28/04/2014	4,332.00
INH6086	16/06/2014	7,085.70
INH6087	16/06/2014	106,163.10
INH6088	16/06/2014	1,635.00
INH6092	16/06/2014	2,445.00
INH6093	16/06/2014	1,007.15
INH6094	16/06/2014	690.00
<b>Total</b>		<b>138,816.25</b>

In his response the Controlling Officer stated that he had attached the invoices for these payments, yet they were not for the paid for statements.

I recommended that the Controlling Officer should refrain from relying on supplier's statements to make payments, but should also utilize invoices and delivery notes, to avoid making double payments, overpayments and even underpayments.

#### **(n) Unsupported cheque payments**

The Controlling Officer was made aware that cheque payments amounting to **E161 133.21**, that is, E60 954.11 and E100 168.10 paid from the main account and Home Economics account, respectively, did not have supporting documents; therefore, the services/goods paid for were unknown and not accounted for.

The table below illustrates unsupported payments made from the Home Economics Account:

Cheque No	Dated	Amount (E)	Payee	Remarks
12381	24-5-2014	2,738.37	A.D.Enterprises	Supported by School payment voucher
12140	16-1-2014	2,857.35	A.D.Enterprises	Supported by School Payment Voucher
2144	8-1-2014	5236.35	Swaziland Supply Centre	Supported by School Payment Voucher
12688	14-2-2015	1539.00	A.D.Enterprises	Supported by School Payment Voucher
12641	23-1-2015	25163.34	PC Systems	Supported by Receipt from PC Systems
12514	9-9-2014	10919.70	Atomic Distributors	Supported by Statement from Atomic Distributors
12650	31-12-2014	6,000.00	Nana Magongo	Supported by School
12661	17-1-2014	6,500.00	Sipho Maseko	Supported by School Payment Voucher
<b>Total</b>		<b>60,954.11</b>		

In his response the Controlling Officer failed to give a satisfactory explanation for the unsupported expenditure. He only stated that the supporting documents yet not all the documents were found when verifying his allegation.

Payments made without supporting documents cannot be authenticated and therefore, unaccounted for.

**(0) Principal’s unsupported expenditure**

The school’s Principal, drew cheques, in his name, amounting to **E96 350.00**, and did not produce documents supporting the payments. As a result the items paid for were not known.

The following table illustrates the breakdown of the drawn cheques:

The Controlling Officer did not respond to this matter, and therefore, the funds still remain unaccounted for.

**Principal’s unsupported 2014**

<b>Date</b>	<b>Cheque No</b>	<b>Employee No.</b>	<b>Item Description</b>	<b>Cheque Amount (E)</b>
21/11/2013	1883	3195734	-	450.00
23/12/2013	1885	3195734	-	4500.00
24/12/2013	1886	3195734	-	1400.00
28/12/2013	1887	3195734	-	800.00
22/01/2014	1892	3195734	-	3000.00
18/01/2014	1894	3195734	-	3000.00
31/01/2014	1904	3195734	-	5000.00
13/02/2014	1916	3195734	-	6500.00
15/02/2014	1919	3195734	-	5500.00
17/02/2014	1920	3195734	-	3500.00
21/02/2014	1926	3195734	-	4500.00
27/02/2014	1934	3195734	-	4950.00
12/03/2014	1946	3195734	-	5000.00
18/03/2014	1950	3195734	-	2000.00
20/02/2014	1952	3195734	-	2500.00
03/04/2014	1957	3195734	-	3000.00
08/04/2014	1964	3195734	-	1000.00
17/04/2014	1971	3195734	-	2500.00
26/04/2014	1975	3195734	-	1200.00
09/04/2014	1976	3195734	-	750.00
10/05/2014	1977	3195734	-	7000.00
12/05/2014	1979	3195734	-	1500.00
23/05/2014	1990	3195734	-	7000.00
26/05/2014	1993	3195734	-	6300.00
17/06/2014	2002	3195734	-	1000.00
21/06/2014	2008	3195734	-	1000.00
02/09/2014	2021	3195734	-	1000.00
15/09/2014	2027	3195734	-	3200.00
19/09/2014	2030	3195734	-	1500.00
29/09/2014	2037	3195734	-	2500.00
30/09/2014	2038	3195734	-	3300.00
<b>Total</b>				<b>96350.00</b>

## Principal's unsupported expenditure 2015

Date	Cheque No	Payee	Item Description	Cheque Amount (E)
13/11/2014	2043	3195734	Not stated	300.00
16/12/2014	2044	3195734	Not stated	750.00
17/12/2014	2045	3195734	Not stated	6500.00
19/12/2014	2046	3195734	Not stated	600.00
24/12/2014	2047	3195734	Not stated	5000.00
10/01/2015	2048	3195734	Not stated	3000.00
11/01/2015	2050	3195734	Not stated	7000.00
13/01/2015	2051	3195734	Not stated	8000.00
16/01/2015	2053	3195734	Not stated	4500.00
21/01/2015	2054	3195734	Not stated	4800.00
26/01/2015	2058	3195734	Not stated	6500.00
29/01/2015	2064	3195734	Not stated	3500.00
31/01/2015	2066	3195734	Not stated	8000.00
02/02/2015	2067	3195734	Not stated	3500.00
05/02/2015	2070	3195734	Not stated	3500.00
10/02/2015	2073	3195734	Not stated	5500.00
11/02/2015	2074	3195734	Not stated	18000.00
18/02/2015	2078	3195734	Not stated	8000.00
20/02/2015	2079	3195734	Not stated	2000.00
26/02/2015	2081	3195734	Not stated	2500.00
27/02/2015	2083	3195734	Not stated	4500.00
06/03/2015	2084	3195734	Not stated	3000.00
09/03/2015	2086	3195734	Not stated	6000.00
20/03/2015	2093	3195734	Not stated	4500.00
02/04/2015	2099	3195734	Not stated	2500.00
09/04/2015	2100	3195734	Not stated	8000.00
08/05/2015	2101	3195734	Not stated	4500.00
28/04/2015	2105	3195734	Not stated	4500.00
30/04/2015	2106	3195734	Not stated	7500.00
04/05/2015	2107	3195734	Not stated	700.00
15/05/2015	2108	3195734	Not stated	6300.00
23/05/2015	2109	3195734	Not stated	2000.00
<b>Total</b>				<b>155,450.00</b>

### (o) Payments made to support staff

Cheques amounting to **E27 500.00** were drawn in supporting staff's names, and when the staff were interviewed they declared that the Principal sent them to deposit the cheques and handover the cash to him. There were no supporting documents provided about this expenditure. So it is still not known what the funds were utilised for.

The following is a breakdown of the cheques drawn to support staff:

Date	Cheque No	Payee	Item Description	Cheque Amount (E)
12/02/2014	1910	Nonhlanhla Mthupha	No details	3500.00
11/02/2014	1906	Nana Magongo	No details	6000.00
03/03/2014	1937	Sipho Maseko	No details	3000.00
04/04/2014	1961	Cebsile Mthupha	No details	5000.00
01/10/2014	2039	Cebsile Mthupha	No details	5000.00
01/10/2014	2040	Nelsiwe Dlamini	No details	5000.00
<b>Total</b>				<b>27,500.00</b>

The Controlling Officer failed to submit a satisfactory response. He only stated that he paid support stalls for services rendered. But no supporting documents were attached to confirm the assertion. Therefore, the funds still remain unaccounted for.

Payments made without supporting documents because untraceable, and therefore unaccounted for, therefore, all expenditure should be fully supported up to the last cent for accountability.

**(p) Payments made to the school's matron**

I reported that cheque payments amounting to **E4,000.00** were made to the school's matron, but no supporting documents were attached, on the cheques, to substantiate the expenditure.

Explanation given by the matron was that she received the money as loans on different occasions for various reasons. She alleged that she paid back the money directly to the Head teacher in cash but she did not avail any evidence to confirm the repayments.

Following is a tabulation of the funds she received:

Date	Cheque No	Payee	Cheque Amount (E)	Comments
21/01/2014	1898	Nana Magongo	1,000.00	She borrowed E1 000.00 from Head teacher, and she brought the E 1000.00 as cash back to the office.
22/05/2014	1989	Nana Magongo	3,000.00	She was bereaved, but she brought the money back to the Head teacher in two monthly instalments, i.e. in June and July 2014
<b>Total</b>			<b>4,000.00</b>	

In his response the Controlling Officer failed to justify why school funds were lent to support staff, and further did not produce evidence that Nana Magongo did pay back the money.

I pointed out that the school to desist from abusing school funds. Acting as a money lender is not within the scope of the core or support business of the school.

**(q) Tuck shop expenditure**

The Controlling Officer's attention was drawn that food items worth **E7 560.33** were purchased from Ruchi Wholesalers whilst schools were closed. When interviewed, the matron denied knowledge of the items bought. The Principal revealed that the food items were purchased for resale at the tuck shop to people who were camping in the school premises.

The items were purchased on the 6<sup>th</sup> of December 2013, by invoice number 1/15/3108, and paid for by cheque number 1884 dated 6<sup>th</sup>, December 2013.

Below is the list of the items

Item Description	Quantity	Price (E)	Total Unit Cost (E)
1 Aquelle Water Marula 6x500ml	1	5.95	25.95
Energade R/t/d Tropical 6x500ml	1	50.95	50.95
Energade R/t/d Blueberry 6x500ml	1	50.95	50.95
Energade R/t/d Orange 6x500ml	1	50.95	50.95
Energade R/t/d Mixberry 6x500ml	1	50.95	50.95
Liquifruit Summer pine 6x330ml	1	43.90	43.90
Liquifruit Break Fast Punch 6x330ml	1	43.90	43.90
Liquifruit Berry Blaze 6x330ml	1	43.90	43.90
Liquifruit Red Grape 6x330ml	1	43.90	43.90
Liquifruit Mango & orange 6x330ml	1	43.90	43.90
Liquifruit Passion power 6x330ml	1	43.90	43.90
1 Minute maid 6x330ml – apple	1	35.50	35.50
1 Minute maid 6x330ml – exotic	1	35.50	35.50
1 Minute maid 6x330ml – pineapple	1	35.50	35.50
2 Drinks 6x330ml – sprite	2	70.50	35.25
2 Drinks 6x330ml – orange	2	70.50	35.25
2 Drinks 6x330ml-iron brew	2	70.50	35.25
2 Drinks 6x330ml-stoney	2	70.50	35.25
1 Drinks 6x330ml-coke zero	1	35.25	35.25
2 Drinks 6x330ml – Fanta grape	2	70.50	35.25
2 Drinks 6x330ml – lemon twist	2	70.50	35.35
2 Drinks 6x330ml – cream soda	2	70.50	35.25
1 Red bull energy drink 4x250mlx6	1	269.95	269.95
1 Appletizer can 6x330ml	1	58.00	58.00
1 Grapetizer can 6x330ml	1	58.00	58.00
2 Fruitree Guava 6x350ml	2	93.90	46.90
1 Fruitree Medit x350ml	1	46.90	46.90
4 Buhlalu Rice 10kg	4	279.80	69.95
2 Top Score maize meal 10kg	2	115.90	57.95
1 Cake flour 12.5kg	2	95.95	95.95
1 Sunny brown sugar 5kg	1	37.95	37.95

Item Description	Quantity	Price (E)	Total Unit Cost (E)
1 plastic spoons Densons 250s	1	30.95	30.95
2 All Gold Tomato puree 2.95kg	2	179.80	89.90
2 Umcenge milk 1 litres x6	2	107.90	53.95
1 Umcenge milk 500ml x20	1	109.95	109.95
1 clover milk full cream 10x500ml	1	54.90	54.90
2 sunny cooking oil 5lt	2	181.90	90.95
1 somi cooking oil 5lt	1	87.95	87.95
1 Premier serviettes 1000x2ply	1	119.90	119.90
1 Simba Doritos sweet c/pepper 20x15	1	225.95	225.95
1 Simba Niknaks 48x55g	1	159.90	159.90
1 Simba Lays Carrib Onion&b.vin 48x36	1	159.90	159.90
1 Squeeza Granadilla 6x2lt	1	49.95	49.95
1 Squeeza Nuty pine 6x2lt	1	49.95	49.95
1 Squeeza Lemon 6x2lt	1	49.95	49.95
1 Squeeza Cola 6x2lt	1	49.95	49.95
1 Liquifruit Red Grape 12x1lt	1	164.90	164.90
1 Liquifruit Break Fast Punch 12x1lt	1	164.90	164.90
1 Viva still water 6x1.5lt	1	34.90	34.90
1 Aquelle Water strawberry 6x1.5lt	1	50.95	50.95
1 Aquelle Water marula 6x1.5lt	1	50.95	50.95
1 Aquelle Water litchi 6x1.5lt	1	50.95	50.95
2 Aquelle Water strawberry 6x500ml	2	51.90	25.95
2 Aquelle Water litchi 6x500ml	2	51.90	25.95
1 Aquelle Water lemon 6x500ml	1	25.95	25.95
1 Aquelle Water marula 6x500ml	1	25.95	25.95
1 Aquelle Water naartjie 6x500ml	1	25.95	25.95
4 Bonaqua still water 6x500ml	4	115.80	38.95
<b>Total</b>		<b>4618.55</b>	

i. Items bought on the 17<sup>th</sup> of April 2014 while schools closed on the 16<sup>th</sup> of April 2014:

Cheque no	Date of cheque	Date schools closed	Payee	Item Description	Total cost
1970	17.04.2014	16.04.2014	A.D. Enterprises (Pty) Ltd.	Hake no 1(one)15.7kg @34.50 each=541.65 Samoosas reg mince 1 case at E185.00 BMS Hero braaiwors 2 cases@100 each=200.00	541.65 185.00 200.00
<b>Total</b>					<b>1,056.38</b>

ii. Items bought on the 19<sup>th</sup> of April 2014 while schools closed on the 16<sup>th</sup> of April 2014:

Cheque No	Date Of Cheque	Payee	Invoice No	Item Description	Total (E)	Date Schools Closed
1972	19/04/2014	Ruchi Wholesalers	1/9/9781	10 Drinks 6x2lt (plain) – E945.00 Less 10 empty crate 2l - E 70.00	875.00	16/04/2014
1972	19/04/2014	Ruchi Wholesalers	1/9/9781	2 Bonaqua still water 6x1.5lt	106.00	16/04/2014
1972	19/04/2014	Ruchi Wholesalers	1/9/9781	1 Aquelle water strawberry 6x1.5lt	50.90	16/04/2014
1972	19/04/2014	Ruchi Wholesalers	1/9/9781	1 Aquelle water lemon 6x1.5lt	50.90	16/04/2014
1972	19/04/2014	Ruchi Wholesalers	1/9/9781	1 Aquelle water marula 6x1.5lt	50.90	16/04/2014
1972	19/04/2014	Ruchi Wholesalers	1/9/9781	1 Aquelle water litchi 6x1.5lt	50.90	16/04/2014
1972	19/04/2014	Ruchi Wholesalers	1/9/9781	1 Aquelle water naartjie 6x1.5lt	50.90	16/04/2014
1972	19/04/2014	Ruchi Wholesalers	1/9/9781	1 Liqui Fruit Breakfast punch 12x1lt	144.95	16/04/2014
1972	19/04/2014	Ruchi Wholesalers	1/9/9781	1 Imphilo Emahewu Banana 10x1lt	57.50	16/04/2014
1972	19/04/2014	Ruchi Wholesalers	1/9/9781	1 Imphilo Emahewu Cream 10x1lt	57.50	16/04/2014
1972	19/04/2014	Ruchi Wholesalers	1/9/9781	1 Imphilo Emahewu Emabele 10x1lt	57.50	16/04/2014
1972	19/04/2014	Ruchi Wholesalers	1/9/9781	1 Imphilo Emahewu Plain 10x1lt	57.50	16/04/2014
1972	19/04/2014	Ruchi Wholesalers	1/9/9781	1 Red Bull Energy Drink 4x250mlx6	274.95	16/04/2014
<b>Total</b>					<b>1,885.40</b>	

There was no explanation to justify why these food items were purchased whilst schools were closed, and further evidence that proceeds from the sales were deposited into the school's account, was not provided.

The money used to purchase these items should be paid back, as it is a loss to the school, since the expenditure did not benefit the school

**(r) Food items unaccounted for**

Various food items, amounting to **E 35,560.98** were purchased by the school, but there was no record of the items in the Kitchen as well as the tuck shop, which brought uncertainty about the items paid for were indeed received by the school.

Below are the details of the items purchased;

<b>Item Description</b>	<b>Quantity (E)</b>	<b>Price (E)</b>	<b>Total Cost (E)</b>
Groceries	Not stated	Not stated	665.21
Kitchen Groceries	Not stated	Not stated	5827.40
10 Drinks 6x2lt (plain) – E945.00 Less 10 empty crate 2l - E 70.00	10	94.50	875.00
2 Bonaqua still water 6x1.5lt	2	53.00	106.00
1 Aquelle water strawberry 6x1.5lt	1	50.90	50.90
1 Aquelle water lemon 6x1.5lt	1	50.90	50.90
1 Aquelle water marula 6x1.5lt	1	50.90	50.90
1 Aquelle water litchi 6x1.5lt	1	50.90	50.90
1 Aquelle water naartjie 6x1.5lt	1	50.90	50.90
1 Liqui Fruit Breakfast punch 12x1lt	1	144.95	144.95
1 Imphilo Emahewu Banana 10x1lt	1	57.50	57.50
1 Imphilo Emahewu Cream 10x1lt	1	57.50	57.50
1 Imphilo Emahewu Emabele 10x1lt	1	57.50	57.50
1 Imphilo Emahewu Plain 10x1lt	1	57.50	57.50
1 Red Bull Energy Drink 4x250mlx6	2	274.95	274.95
Hake no.1 - 15.7kg	1	541.65	541.65
Samoosas Reg mince 1x100	1	185.00	185.00
BMS Hero Braaiwors 10x500g (2 case)	2	100.00	200.00
1 Aquelle Water marula 6x500ml	1	25.95	25.95
Energade R/t/d Tropical 6x500ml	1	50.95	50.95
Energade R/t/d Blueberry 6x500ml	1	50.95	50.95
Energade R/t/d Orange 6x500ml	1	50.95	50.95
Energade R/t/d Mixberry 6x500ml	1	50.95	50.95
Liquifruit Summer pine 6x330ml	1	43.90	43.90
Liquifruit Break Fast Punch 6x330ml	1	43.90	43.90
Liquifruit Berry Blaze 6x330ml	1	43.90	43.90
Liquifruit Red Grape 6x330ml	1	43.90	43.90
Liquifruit Mango & orange 6x330ml	1	43.90	43.90
Liquifruit Passion power 6x330ml	1	43.90	43.90
1 Minute maid 6x330ml – apple	1	35.50	35.50
1 Minute maid 6x330ml – exotic	1	35.50	35.50
1 Minute maid 6x330ml – pineapple	1	35.50	35.50
2 Drinks 6x330ml – sprite	2	35.25	70.50
2 Drinks 6x330ml – orange	2	35.25	70.50
2 Drinks 6x330ml-iron brew	2	35.25	70.50

<b>Item Description</b>	<b>Quantity (E)</b>	<b>Price (E)</b>	<b>Total Cost (E)</b>
2 Drinks 6x330ml-stoney	2	35.25	70.50
1 Drinks 6x330ml-coke zero	1	35.25	35.25
2 Drinks 6x330ml – Fanta grape	2	35.25	70.50
2 Drinks 6x330ml – lemon twist	2	35.25	70.50
2 Drinks 6x330ml – cream soda	2	35.25	70.50
1 Red bull energy drink 4x250mlx6	1	269.95	269.95
1 Appletizer can 6x330ml	1	58.00	58.00
1 Grapetizer can 6x330ml	1	58.00	58.00
2 Fruitree Guava 6x350ml	2	46.95	93.90
1 Fruitree Medit x350ml	1	46.95	46.90
4 Buhlalu Rice 10kg	4	69.95	279.80
2 Top Score maize meal 10kg	2	57.95	115.90
1 Cake flour 12.5kg	1	95.95	95.95
1 Sunny brown sugar 5kg	1	37.95	37.95
1 plastic spoons Densons 250s	1	30.95	30.95
2 All Gold Tomato puree 2.95kg	2	89.95	179.80
2 umcenge milk 1 litres x6	2	53.95	107.90
1 umcenge milk 500ml x20	1	109.95	109.95
1 clover milk full cream 10x500ml	1	54.90	54.90
2 sunny cooking oil 5lt	2	90.95	181.90
1 somi cooking oil 5lt	1	87.95	87.95
1 Premier serviettes 1000x2ply	1	119.90	119.90
1 Simba Doritos sweet c/pepper 20x15	1	225.95	225.95
1 Simba Niknaks 48x55g	1	159.90	159.90
1 Simba Lays Carrib Onion&b.vin 48x36	1	159.90	159.90
1 Squeeza Granadilla 6x2lt	1	49.95	49.95
1 Squeeza Nuty pine 6x2lt	1	49.95	49.95
1 Squeeza Lemon 6x2lt	1	49.95	49.95
1 Squeeza Cola 6x2lt	1	49.95	49.95
1 Liquifruit Red Grape 12x1lt	1	164.90	164.90
1 Liquifruit Break Fast Punch 12x1lt	1	164.90	164.90
1 Viva still water 6x1.5lt	1	34.90	34.90
1 Aquelle Water strawberry 6x1.5lt	1	50.95	50.95
1 Aquelle Water marula 6x1.5lt	1	50.95	50.95
1 Aquelle Water litchi 6x1.5lt	1	50.95	50.95
2 Aquelle Water strawberry 6x500ml	2	25.95	51.90
2 Aquelle Water litchi 6x500ml	2	25.95	51.90
1 Aquelle Water lemon 6x500ml	1	25.95	25.95
1 Aquelle Water marula 6x500ml	1	25.95	25.95
1 Aquelle Water naartjie 6x500ml	1	25.95	25.95
4 Bonaqua still water 6x500ml	4	28.95	115.80
4 Drinks 1 litre (plain) x12	4	118.30	473.20
3 Drinks king size 300ml(plain) x24	3	99.70	299.10

<b>Item Description</b>	<b>Quantity (E)</b>	<b>Price (E)</b>	<b>Total Cost (E)</b>
6 Drinks 6x2lt (plain)	6	94.50	567.00
1 Aquelle Water strawberry 6x1.5lt	1	50.90	50.90
1 Aquelle Water Litchi 6x1.5lt	1	50.90	50.90
1 Aquelle Water marula 6x1.5lt	1	50.90	50.90
1 Aquelle Water naartjie 6x1.5lt	1	50.90	50.90
1 Squeeza lemonade 6x2lt	1	52.95	52.95
1 Squeeza Granadilla 6x2lt	1	52.95	52.95
1 Squeeza Berry blaze 6x2lt	1	52.95	52.95
1 Squeeza Nuty pine 6x2lt	1	53.00	52.95
2 Bonaqua still water 6x1.5lt	2	119.90	106.00
1 Bonaqua still water 6x500ml x4	1	24.95	119.90
1 Aquelle water pineapple 6x500ml	1	24.95	24.95
1 Aquelle water marula 6x500ml	1	24.95	24.95
1 Aquelle water naartjie 6x500ml	1	24.95	24.95
1 Aquelle water strawberry 6x500ml	1	34.90	24.95
1 Liqui fruit Litchi 6x250ml	1	34.90	34.90
1 Liqui fruit Breakfast Punch 6x250ml	1	34.90	34.90
1 Liqui fruit Apple 6x250ml	1	57.90	34.90
1 Liqui fruit Passion power 6x250ml	1	57.90	34.90
1 sixo raspberry 10x100ml	1	57.90	57.90
2 Imphilo Emahewu Banana 10x1lt	2	36.90	115.00
1 Imphilo Emahewu Pineapple 10x50	1	164.90	36.90
1 Imphilo Emahewu Emabele 10x500	1	164.90	36.90
1 Liqui fruit Red grape 12x1lt	1	164.90	164.90
1 Liqui fruit Breakfast punch 12x1lt	1	164.90	164.90
1 Umcenge milk 500ml x 20	1	119.90	119.90
1 Monis classic red grape 750ml	1	35.95	35.95
1 Drinks 6x330ml coke x4	4	37.75	139.00
2 Drinks 6x330ml coke zero	2	35.25	70.50
2 Drinks 6x330ml Iron Brew	2	35.25	70.50
2 Drinks 6x330ml dry lemon	2	35.25	70.50
2 Drinks 6x330ml Stony	2	35.25	70.50
1 Liquifruit berry blaze 6x330ml	1	43.90	43.90
2 Liquifruit Breakfast punch 6x330ml	2	43.90	87.80
1 Liquifruit Guava 6x330ml	1	43.90	43.90
1 Liquifruit Red grape 6x330ml	1	43.90	43.90
1 Liquifruit Passion power 6x330ml	1	43.90	43.90
1 Minute maid 100% 6x330ml –break	1	46.95	46.95
1 Liquifruit clear apple 6x330ml	1	43.90	43.90
1 Appletizer can 6x330ml	1	60.50	60.50
1 Grapetizer can 6x330ml	1	60.50	60.50
1 Fruitree Guava 6x350ml	1	46.95	46.95
1 Fruitree Medit 6x350ml	1	46.90	46.90

<b>Item Description</b>	<b>Quantity (E)</b>	<b>Price (E)</b>	<b>Total Cost (E)</b>
1 Squeeza Granadilla 6x2lt	1	52.95	52.95
1 Squeeza grape 6x2lt	1	52.95	52.95
1 Squeeza orange 6x2lt	1	52.95	52.95
1 Squeeza ginger beer 6x2lt	1	52.95	52.95
1 Squeeza lemon 6x2lt	1	52.95	52.95
2 Squeeza cola 6x2lt	2	52.95	105.90
2 Aquelle water pineapple 6 x 500ml	2	23.95	47.90
2 Aquelle water marula 6 x 500ml	2	23.95	47.90
2 Aquelle water lemon 6 x 500ml	2	23.95	47.90
2 Aquelle water strawberry 6 x 500ml	2	23.95	47.90
1 Energade R/t/d Tropical 6x500ml	1	44.95	44.95
1 Energade R/t/d mixberry 6x500ml	1	44.95	44.95
1 Energade R/t/d grape 6x500ml	1	44.95	44.95
1 Energade R/t/d Naartjie 6x500ml	1	44.95	44.95
1 Energade R/t/d Apple 6x500ml	1	44.95	44.95
1 Lucozade orange 4x500ml	1	55.90	53.90
1 Lucozade Apple 4x500ml	1	55.90	53.90
1 MonsterAb-zero 4x500ml	1	59.95	59.95
1 Monster Rehab Lemon 4x500ml	1	59.95	59.95
1 Monster Khaos 4x500ml	1	59.95	59.95
1 Monster Original 4x500ml	1	59.95	59.95
2 Appletizer can 6x330ml	2	58.00	116.00
1 Drinks 6x200ml-tonic water	1	35.25	35.25
1 Drinks 6x200ml-lemonade	1	35.25	35.25
1 Drinks 6x200ml-soda water	1	35.50	35.25
2 Minute maid 6x330ml – exotic	2	35.50	71.00
2 Minute maid 6x330ml-mango	2	35.50	71.00
2 Minute maid 6x330ml-orange	2	35.50	71.00
2 Minute maid 6x330ml-apple	2	35.50	71.00
Liquifruit Guava 6x330ml	1	43.90	43.90
Liquifruit Red grape6x330ml	1	43.90	43.90
Liquifruit clear apple6x330ml	1	43.90	43.90
Liquifruit Breakfast punch6x330ml	1	43.90	43.90
Liquifruit Passion power 6x330ml	1	43.90	43.90
Liquifruit Berry blaze 6x330ml	1	43.90	43.90
2 Drinks 6x330ml Sparlett straw	2	35.25	70.50
3 Drinks 6x330mlx4	3	139.00	417.00
1 Red bull energy drink 4x250mlx6			274.90
1 Bonaqua still water 6x500mlx4	1	110.00	110.00
2 Bonaqua still water 6x1.5lt	2	50.50	101.00
1 Liquifruit spark litchi/pine 6x275	1	41.90	41.90
1 Liquifruit spark passion/pear 6x2	1	41.90	41.90
2 Fruitree Guava 6x350ml	2	46.95	93.90

Item Description	Quantity (E)	Price (E)	Total Cost (E)
1 Liquifruit Litchi 12x1lt	1	159.95	159.95
1 Liquifruit Berry blaze 12x1lt	1	159.95	159.95
1 Liquifruit Breakfast punch12x1lt	1	159.95	159.95
1 Liquifruit Red grape12x1lt	1	159.95	159.95
1 Liquifruit Apple 12x1lt	1	159.95	159.95
2 Ultramel custard vanilla 6x250ml	2	64.95	129.90
2 Liquifruit Berry blaze 6x250ml	2	34.90	69.80
1 Liquifruit Litchi6x250ml	1	34.90	34.90
1 Liquifruit Breakfast punch6x250ml	1	34.90	34.90
1 Liquifruit Apple 6x250ml	1	34.90	34.90
2 clover milk full cream 6x250ml	2	25.95	51.90
1 First choice f/c milk 10x500ml	1	66.90	66.90
1 umcenge milk 500mlx20	1	119.90	119.90
2 umcenge milk 1 litres x6	2	56.95	113.90
1 somi cooking oil 20lt	1	349.95	349.95
4 Sunsun rice 10kg	4	59.95	239.80
2 cake flour 10kg	2	84.50	169.00
1 Simba creamy cheddar 48x36g	1	176.90	176.90
1 Simba smoked beef 48x36g	1	176.90	176.90
1 Simba Doritos cheese supreme 4	1	176.90	176.90
1 Simba Lays Carrib Onion&b.vin 48	1	176.90	176.90
1 Simba Niknaks cheese 16x150g	1	139.90	139.90
1 Simba creamy cheddar 24x125g	1	225.90	225.90
1 Premier serviettes 1000x2ply	1	119.90	119.90
1 Top score maize meal4x5kg	1	128.90	128.90
1 Golden brown sugar 5kg	1	38.70	38.70
2 All gold tomato puree 2.95kg	2	89.75	179.80
1C&B mayonnaise 3kg	1	76.90	76.90
1 Fine foods tomato sauce 2lt	1	33.90	33.90
1 Maggie oil French salad 2lt	1	50.90	50.90
1 Knorr Aromat original 1kg	1	79.95	79.95
1 Robertson parsley 150g	1	62.90	62.90
1 Knorr beef stock granules 1kg	1	69.95	69.95
1 Knorr chicken stock granules 1kg	1	69.95	69.95
1 Robertson spice port chicken 1kg	1	89.90	89.90
1 Robertson spice paprika 700g	1	83.90	83.90
1 Fine foods tomato sauce sachet	1	88.90	88.90
1 Fine foods vinegar sachet 7gx250	1	81.90	81.90
1 Fine food salt sachet	1	58.90	58.90
1 Basmati orient sella 5kg	1	99.95	99.95
1 plastic spoons 250s	1	26.50	26.50
1 plastic tea spoons 500s	1	32.90	32.90
1 mop hats 100s	1	39.75	39.75

<b>Item Description</b>	<b>Quantity (E)</b>	<b>Price (E)</b>	<b>Total Cost (E)</b>
1 handy andy lavender 5x750ml	1	73.50	73.50
1 jik perfumed 1.5l	1	23.95	23.95
1sunlight powder spring/reg 2kg	1	39.95	39.95
Yogueta magic 48s	1	29.95	29.95
Yogueta Mango Tango 48s	1	29.95	29.95
1 smoothies supa banana & custar	1	9.95	9.95
1 smoothies supa litchi 50s	1	9.95	9.95
1 smoothies supa strawberry 50s	1	9.95	9.95
1 smoothies supa watermelon 50s	1	9.95	9.95
1 smoothies supa mint 50s	1	22.30	9.95
1 chappies assorted fruit 125s	1	22.30	22.30
1 chappies cool cherry 125s	1	22.30	22.30
1 chappies spearmint 125s	1	22.30	22.30
1 chappies grape 125s	1	22.30	22.30
1 halls polybag menthol 72s	1	12.40	12.40
1 halls polybag extra strong 72s	1	12.40	12.40
1 halls polybag cheer 72s	1	12.40	12.40
1 halls polybag ice blue 72s	1	12.40	12.40
1 Fomo pack 20x75x40	1	123.95	123.95
1 gold star yeast 48x10g	1	106.90	106.90
2 midi plastic bags 100s	2	15.05	30.10
2 mini plastic bags 100s	2	7.75	15.50
I S O 8 - 250s	1	13.95	13.95
6 Fomo CUPS 250ml x 25s	6	6.95	41.70
I S O 8 - 250s	1	13.95	13.95
1 plastic sauce bottle squeeze 6x50	1	28.90	28.90
(2) 24 x Fanta Grape cans 24x330ml	2	138.50	277.00
(2) 24 x Fanta Orange cans 24x330ml	2	138.50	277.00
(3) 6 x Coca Cola cans 330ml	3	34.99	104.97
(2) 24 x Creme Soda 330ml	2	138.35	276.70
(1)24 x Twist Lemon cans 330ml	1	138.50	138.50
(1)24 x Twist Granadilla cans 330ml	1	138.50	138.50
(1)24 x Dry Lemon cans 330ml	1	136.99	136.99
(1)24 x Sprite cans 330ml	1	138.50	138.50
7 Umbuluzi chickens portions 6x2kg	7	291.90	2043.30
3 Sisonkhe Rice 50kg	3	344.95	1034.85
1 Buhlalu Rice Toepfer 50kg	1	379.95	379.95
1 Sunny Brown Sugar 50kg	1	379.95	379.95
1 Black cat P/butter 20kg	1	1115.90	1115.90
1 Umcenge milk 1 litre x6	1	60.95	60.95
1 Grapetizer can 6x330ml	1	60.95	60.95
1 Liqui fruit Spark Straw/orange 6x2	1	41.90	41.90
1 Drinks 6x330ml coke	1	35.25	35.25

Item Description	Quantity (E)	Price (E)	Total Cost (E)
Hake no.1 x14.6kg	1	489.10	489.10
Samoosas Reg mince 1x100x1case	1	185.00	185.00
Pre-B Chick/MROOM 12x 180g x 1case	1	117.45	117.45
Pre-B Steak+kidney pies 12x180gx1 case	1	117.45	117.45
Aquella still 6x1.5Lx2cases	1	72.00	72.00
Aquella still 6x500mlx2cases	1	35.00	35.00
NSP Cater Russians 6x1kgx1case	1	212.50	212.50
Samoosas Reg Mince 1x100x2cases	1	185.00	370.00
Hake no:1x15.440 kg	1	517.24	517.24
BMS Hero Braaiwors 10x500gx1 case	1	107.02	107.02
NSP Cater Russians 6x 1kg x 1case	1	212.00	212.50
		<b>Total</b>	<b>35,560.98</b>

The Controlling Officer in his response did not produce evidence that the food items were actually delivered to the school.

**(s) Unauthorised cheque payments**

Cheque payments of up to **E6,500.00** were made to a consultant who, during the time of the audit inspection, was found to be the second signatory to the same account -020000026523, and therefore, there was a conflict of interest.

These payments were alleged to be for Accounting consultations and audit preparation for 2013. The audit team was not furnished with a report from the consultant or further details of the service rendered, though it was requested from the Head teacher.

Also, there was no authority by the school committee to support the decision made.

Following is an analysis of the payments made:

Date	Cheque No	Amount (E)
31/01/2014	1901	2000.00
11/02/2014	1908	2500.00
27/02/2014	1932	2000.00
		<b>6500.00</b>

In his response the Controlling Officer failed to justify why it was necessary for the institution to hire the services of Lindiwe Dlamini at a fee, when such services could be sought from the Ministry Of Education's Internal Audit department.

**(t) Unaccounted for variance**

The school drew cheques in excess of the purchase prices of the items/good/services bought/ rendered. The amount shown in the supporting documents differed from the amount reflected in the cheques thus a variance of **E13,996.50** was not accounted for.

Summary of such expenditure was as follows:

<b>Date</b>	<b>Cheque no</b>	<b>Payee</b>	<b>Description</b>	<b>Cheque amount (E)</b>	<b>Total of Attachments (E)</b>	<b>Variance (E)</b>
17/01/2014	1893	Themba Shabangu	Cylinder heads assembly for left and right-SSD608AH	15000.00	12000.00	3000.00
04.02.2014	1905	Ephraim Sigudla	One load of crush stone @E400	800.00	400.00	400.00
13.02.2014	1915	Bob's Midas	Car service	1328.50	42.00	1286.50
11.09.2014	2026	Themba Shabangu	Vetho Apartment Hotels=E6 400 Soweto Heritage Trust=E300 Apartheid Museum=E430 Hector Peterson Memorial and Museum=160	15000.00	7290 .00	7710.00
18/09/2014	2029	Themba Shabangu	CR 24 Vibrator bumper BMW	4100.00	2500.00	1600.00
<b>Totals</b>				<b>36,228.50</b>	<b>22232.00</b>	<b>13,996.50</b>

The Controlling Officer failed to justify the variances noted, and no effort made to recover the overpayments made to the suppliers.

I should be ensured, at all times that payments are made with reference to invoices and delivery notes from the supplier to avoid overpayments, which drain school funds unnecessarily.

**(u) Payments made to individuals**

It was communicated to the Controlling Officer that Payments amounting to **E23,465.00**, during the financial year 2014, were made to certain individuals not to the service providers, whilst Financial and Accounting Instructions, section: 0815 stipulates, clearly, that cheques for payments to a company will be drawn in favour of the company name and not in any individual.

Following are such cheque payments:

Date	Cheque No	Payee	Item Description	Cheque Amount (E)
17/01/2014	1893	Themba Shabangu	Cylinder heads assembly for left and right-SSD608AH	15,000.00
31/01/2014	1901	Lindiwe Dlamini	Accounting consultation and audit preparation for 2013	2,000.00
20/02/2014	1924	Themba Shabangu	-	3,500.00
03/03/2014	1929	Mduduzi Hlophe	Supplied and fitted glasses	1,020.00
13/05/2014	1981	Maxwell Tsabedze	Fruits and vegetables	1,945.00
<b>Total</b>				<b>23,465.00</b>

**The Controlling Officer did not respond to the issues raised.**

It should be noted that similar queries have been raised to other schools before. This reflects that the Ministry is not taking any corrective measures as a control against mismanagement of school funds. The Ministry only concentrates on the schools that were revealed in the audit report.

### **37.2 Audit Inspection- Mafutseni Primary School**

An audit inspection was conducted at the above school for the year ended 31<sup>st</sup> December 2015 and a report referenced M4A Vol VII/20 dated 15<sup>th</sup> June 2016 was issued to the Principal Secretary, Ministry of Education and Training.

The Controlling Officer did not address the following concerns:

#### **(a) Unsupported expenditure**

The Controlling Officer was made aware that payments amounting **E93,251.00** in 2014 and **E15,587.85** in 2015 to individuals and companies, without supporting documents, such as invoices and receipts. As a result it was hard to determine the purpose of the payments made and to confirm deliveries of items that were alleged to have been acquired by the school.

The following table shows the list of unsupported expenditure:

#### **2014**

Date	Chq #	Payee/Employment Number	Item Description	Amount (E)
21.02.14	1336	3868014	"sports"	800.00
12.03.14	1347	CB Office automachines	Unknown	12,833.00
12.03.14	1348	Gophernit Investment	"consumable materials"	3,375.00
12.03.14	1349	Mhlongo P.B.	Bricks and sand	31,680.00
12.03.14	1351	Dlamini vusumuzi	Desks	4,600.00
14.03.14	1352	3004371	"sports"	3,500.00
19.03.14	1358	3868014	"sports"	1,500.00

Date	Chq #	Payee/Employment Number	Item Description	Amount (E)
19.03.14	1359	3004371	Plaster and sand	16,000.00
02.04.14	1363	3004371	"welding skool tools	550.00
02.04.14	1364	Theresa Masuku	Zondle	350.00
03.04.14	1365	Growmore	Zondle	413.00
03.04.14	1367	SEC	Units	200.00
07.04.14	1368	3004371	"stationery"	600.00
09.04.14	1369	3004371	"firewood"	1,500.00
22.04.14	1371	Simelane thoko	"brooms"	1,100.00
26.05.14	1374	SEC	Unknown	300.00
02.06.14	1383	SEC	Unknown	300.00
02.06.14	1384	3868014	"sports"	1,500.00
02.06.14	1385	3004371	Harvesting maize	550.00
16.07.14	1441	3868014	transport & food	3,100.00
31.07.14	1448	Mndzebele Abraham	Food	700.00
04.08.14	1449	SEC	Units	250.00
09.09.14	1456	Mkhatjwa Celiwe	Cleaning	1,050.00
26.09.14	1459	Ndwandwe Celiwe	Cleaning	2,000.00
01.10.14	1462	39979074	loan for personal problems	600.00
14.10.14	1469	SEC	units	300.00
15.10.14	1470	Kethlang Norman	fumigating	800.00
15.10.14	1471	Dlamini Allen	Food	500.00
15.10.15	1472	3004371	" Units	400.00
17.10.14	1473	Mndzebele Abraham	transport & food	1,200.00
20.11.14	1482	Jessica Smith	"sports"	700.00
<b>Total</b>				<b>93,251.00</b>

## **2015**

Date	Chq #	Payee	Item Description	Amount (E)
05.02.15	1496	Swaziland electrical Sales	building material	1,652.95
10.02.15	1509	Neko Investment	duplo consumables	7,990.00
20.03.15	1534	Mormond Electrical	building material	494.90
31.03.15	1542	3004371	Petty cash	2,000.00
23.06.15	1572	Thembisa Transport	transport to ball games	2,000.00
09.11.15	1633	Nelco investments	Unknown	1,450.00
<b>Total</b>				<b>15,587.85</b>

In his response the Controlling Officer did not address the anomaly. He stated that when Mr. Ngwenya, an officer from the Ministry of Education took the files from the school for investigations they had supporting documents, but when the audit team inspected the files there were no supporting documents, so the issue of the whereabouts of the supporting documents remains reportable.

### (b) Audit of the school's accounts

It was discovered that there were payments amounting to E3,000,00 (Cheques #:1333 and 1518) that were made a certain individual, in respect of the Auditing /Preparation of accounts, but the report or the accounts were not made available, for audit inspection.

It should be noted that the same services are provided by the Internal Audit department in the Ministry of Education without audit fees.

Below is a breakdown of the payments made to the Auditor:

Date	Chq #	Payee	Item Description	Amount (E)
07.02.14	1333	Shongwe Marks	Prep financial report	1,500.00
03.03.15	1518	Mark Shongwe	financial report	1,500.00
<b>Total</b>				<b>3,000.00</b>

In his response the Controlling Officer mentioned that without the help of Mr. Shongwe school records would not have been in the good order the audit team found, so it would be improper to assume that school funds were wasted.

### (c) Unsupported payments made by school Principal

It was reported to the Controlling Officer that the school principal withdrew cheques amounting to **E46,750.00** and **E14,450.00** respectively. We noted that most of these cheques were meant to be for petty cash but were either not supported at all or supported by receipts that were not authentic, most of all their expenditure could not be justified.

The following table displays the irregularity:

#### **2014**

Date	Chq #	Payee	Item Description	Amount (E)
30.01.14	1330	3004371	Ink	550.00
04.03.14	1339	3004371	"stationery"	550.00
12.03.14	1342	3004371	"stationery"	5,000.00
14.03.14	1352	3004371	"sports"	3,500.00
19.03.14	1359	3004371	Plaster and sand	16,000.00
02.04.14	1363	3004371	"welding skool tools	550.00
07.04.14	1368	3004371	"stationery"	600.00
09.04.14	1369	3004371	"firewood"	1,500.00
09.05.14	1375	3004371	"unknown"	1,000.00
14.05.14	1379	3004371	"committee food"	550.00
02.06.14	1385	3004371	Harvesting maize	550.00
27.07.14	1422	3004371	Petty cash	1,000.00

Date	Chq #	Payee	Item Description	Amount (E)
07.07.14	1430	3004371	Petty cash	2,000.00
16.07.14	1443	3004371	"cleaning & stationery"	2,500.00
04.08.14	1450	3004371	Petty cash	2,000.00
09.09.14	1457	3004371	Stationery	2,000.00
03.10.14	1467	3004371	Stationery	2,000.00
15.10.15	1472	3004371	" Units	400.00
03.11.14	1478	3004371	Unknown	2,000.00
14.11.14	1481	3004371	Unknown	1,000.00
10.12.14	1489	3004371	Petty cash	1,500.00
<b>Total</b>				<b>46,750.00</b>

## **2015**

Date	Chq #	Payee	Item Description	Amount (E)
05.02.15	1497	3004371	Petty Cash	2,000.00
17.02.15	1510	3004371	Transporting Plaster	2,150.00
24.02.15	1514	3004371	dongle & airtime	500.00
03.03.15	1520	3004371	Petty cash	2,000.00
11.03.15	1531	3004371	Petty cash	2,300.00
25.03.15	1536	3004371	Petty cash	1,500.00
31.03.15	1542	3004371	Petty cash	2,000.00
18.06.15	1569	3004371	Petty cash	2,000.00
<b>Total</b>				<b>14,450.00</b>

The response that the supporting documents were attached and complete when an official from the Ministry of Education took the files for investigation was not satisfactory.

### **(d) Dishonoured cheques**

The controlling Officer was made aware that the school had two cheques that were referred to drawer by the bank, due to either negligence by the head teacher or insufficient funds in the account. The school suffered a loss amounting to **E1,754.06** in 2014 emanating from irregularities in the form of bank charges.

Below are cheques that were dishonoured:-

Date	Cheque No	Payee	Amount (E)	Bank Charge (E)	Penalty Charge (E)	Total Charges (E)
20.03.14	1347	CB Automation	12,833.00	900.00	463.55	1,363.55
30.12.14	1484	Blinky investment	390.00	111.96	278.55	390.51
<b>Total</b>			<b>13,223.00</b>	<b>1,011.96</b>	<b>742.10</b>	<b>1,754.06</b>

I recommended that Schools Accounting Regulation 7.3, which clearly states that it is a serious offence to write a cheque when there are insufficient funds in the current account, should be adhered to, always.

The Controlling Officer did not respond to this issue.

**(e) Unauthorised loan**

The Schools records revealed that a loan amounting to E600.00 was granted to a teacher from the school fund. There was evidence of any approval of the loan by the school committee. Moreover, during Audit the loan had not been repaid.

Details of the loan are depicted below:

Date	Cheque No	Payee/Employment No.	Description	Amount (E)
01.10.14	1462	39979074	Loan for personal Problems	600.00

In his response the Controlling Officer stressed that the teacher paid back the money in full, but failed to avail evidence to support the assertion.

**(f) Unauthorized housing allowance**

I reported that a teacher, employment no.4214865 who was accommodated at the school from June 2014 received housing allowance. The total amount of the housing allowance was **E13,702.00** for the period, August 2015 to April 2016. Records revealed that the employee exited the Civil Service, hence Government suffered a loss.

I observed the head teacher wrote a letter dated 21 June 2014 advising the ministry of education that this employee had been accommodated, and housing allowance should be stopped. But the allowance continued until April 2016 when he received his last salary, after retirement.

Below is a table showing the housing allowance paid

(a) Year	(b) Period	(c) Number of Months	(d) Allowance per month (E)	Total (E) C x D
2014	June to December	7	601.00	4,207.00
2015	Jan to December	12	601.00	7,212.00
2016	January to April	4	601.00	2,283.00
<b>Total</b>				<b>13,702.00</b>

The Controlling Officer revealed that the Head Teacher wrote two letters to the Ministry of Education requesting that the housing allowance should be stopped, but his efforts were parallel veins. He was silent about recovery of the money from the employee.

It should be noted that similar queries have been raised with other schools before. This means that the Ministry is not taking any corrective measures as a control against mismanagement of school funds. The Ministry only concentrates on the schools that were revealed in the audit report. As a result there is no improvement in the management of school funds.

**The Controlling Officer did not respond to the concerns raised.**

### **37.3 Audit Inspection- Sigombeni High School**

An audit inspection was conducted at the above school for the period 31<sup>st</sup> December 2014 to 31<sup>st</sup> August 2015, and a report referenced M4B Vol VIII/3 dated 12<sup>th</sup> January 2016 was issued to the Principal Secretary, Ministry of Education and Training.

The Controlling Officer did not address the following concerns:

#### **(a) Principal conned school funds**

The Controlling Officer was made aware that cheque number 2655 amounting to **E50,000.00** dated 30 August 2012 was drawn in favour of an individual, who had promised to take the Principal to meet with senior country officials for reasons best known only to him and the school Principal.

During the time of the audit, that is over three years later, the Principal still had not met with the country's senior officials, and the E50,000.00 had not been recovered.

#### **(b) Unsupported expenditure**

Payments, amounting to **E316,259.25** and **E175,688.76** during the calendar years 2014 and 2015, respectively, were made. There were no supporting documents attached to substantiate the expenditure, as a result it was impossible to determine the purpose of the expenditure.

Below is a breakdown of the unsupported expenditure:

#### **2014**

<b>Date</b>	<b>Chq #</b>	<b>Payee/Employment No.</b>	<b>Item Description</b>	<b>Amount (E)</b>
03.01.2014	3331	4248275	Unknown	
08.01.2014	3333	Phindile Mkhathshwa	Unknown	650.00
14.01.2014	3334	Phindile Mkhathshwa	Unknown	650.00
13.01.2014	3335	4248275	Unknown	800.00
14.01.2014	3336	Carson Wheels	Unknown	3,077.08
15.01.2014	3338	4248275	Unknown	600.00
16.01.2014	3339	Makhosazane Sukati	Unknown	3,520.00
16.01.2014	3340	Nhlanhla Vilakati	Unknown	1,320.00
16.01.2014	3341	Simanga Dlamini	Unknown	350.00

<b>Date</b>	<b>Chq #</b>	<b>Payee/Employment No.</b>	<b>Item Description</b>	<b>Amount (E)</b>
16.01.2014	3342	Andreas Mkhathswa	Unknown	1,320.00
16.01.2014	3343	Zodwa Simelane	Unknown	1,520.00
16.01.2014	3344	Phila Khumalo	Unknown	1,720.00
22.01.2014	3347	Makhosazane Sukati	Unknown	10,000.00
22.01.2014	3348	Zodwa Simelane	Unknown	7,000.00
24.01.2014	3350	Meshack Dlamini	Unknown	2,000.00
30.01.2014	3355	Mfanukhona mkhatshwa	Unknown	1,560.00
31.01.2014	3356	4248275	Unknown	1,000.00
03.02.2014	3357	4248275	Unknown	1,500.00
05.02.2014	3361	Meshack Dlamini	Unknown	800.00
06.02.2014	3363	Phindile Mkhathswa	Unknown	1,600.00
21.02.2014	3373	Makhosazane Sukati	Unknown	2,020.00
21.02.2014	3374	Zodwa Simelane	Unknown	520.00
21.02.2014	3376	Andreas Mkhathswa	Unknown	1,720.00
21.02.2014	3377	Phila Khumalo	Unknown	1,720.00
26.02.2014	3382	SEC	Units	1,000.00
26.02.2014	3384	Meshack Dlamini	Unknown	1,000.00
26.02.2014	3385	Phindile Mkhathswa	Unknown	2,500.00
11.03.2014	3393	Meshack Dlamini	Unknown	2,980.00
20.03.2014	3396	Makhosazane Sukati	Unknown	2,884.00
20.03.2014	3399	Andreas Mkhathswa	Unknown	1,595.60
20.03.2014	3400	Nhlanhla Vilakati	Unknown	1,572.00
20.03.2014	3403	Makhosazane Sukati	Unknown	5,000.00
21.03.2014	3404	Meshack Dlamini	Unknown	864.00
21.03.2014	3405	Zodwa Simelane	Unknown	808.00
21.03.2014	3406	Phila Khumalo	Unknown	2,044.00
24.03.2014	3408	Meshack Dlamini	Unknown	1,980.00
24.03.2014	3409	Nhlanhla Hlatjwako	Unknown	1,200.00
26.03.2014	3411	Meshack Dlamini	Unknown	700.00
27.07.2014	3413	4248275	Unknown	500.00
01.04.2014	3414	Link Pharmacy	Unknown	375.35
28.03.2014	3415	Cashbuild	Unknown	1,489.95
01.04.2014	3417	Manser Import & Export	sport equipment	406.00
02.04.2014	3418	Christopher A. Mkhabela	Unknown	1,800.00
02.04.2014	3419	Manser Import & Export	Unknown	5,460.00
03.04.2014	3423	Quick Save	Unknown	499.90

<b>Date</b>	<b>Chq #</b>	<b>Payee/Employment No.</b>	<b>Item Description</b>	<b>Amount (E)</b>
10.04.2014	3429	Jabulani Dlamini	Unknown	600.00
10.04.2014	3430	Andreas Mkhathshwa	Unknown	2,000.00
11.04.2014	3433	42428275	Unknown	1,050.00
16.04.2014	3434	Makhosazane Sukati	Unknown	2,236.00
16.04.2014	3435	Zodwa Simelane	Unknown	616.00
16.04.2014	3436	Andreas Mkhathshwa	Unknown	1,425.00
16.04.2014	3437	Phila Khumalo	Unknown	1,828.00
16.04.2014	3438	Nhlanhla Vilakati	Unknown	1,404.00
17.04.2014	3440	Zodwa Simelane	Unknown	10,000.00
17.04.2014	3441	4248275	Unknown	400.00
23.04.2014	3442	4248275	Unknown	2,000.00
22.04.2014	3443	SSCA	Ummiso	1,500.00
22.04.2014	3444	SSCA	Sibhaca	1,500.00
28.04.2014	3445	Jackly Security	services rendered	22,800.00
30.04.2014	3447	Meshack Dlamini	Unknown	8,000.00
19.05.2014	3457	Cashbuild	Unknown	137.11
21.05.2014	3459	Makhosazane Sukati	Unknown	4,465.00
21.05.2014	3460	Andreas Mkhathshwa	Unknown	905.00
21.05.2014	3461	Phila Khumalo	Unknown	1,828.00
21.05.2014	3462	Zodwa Simelane	Unknown	816.00
21.05.2014	3463	Nhlanhla Vilakati	Unknown	1,404.00
26.05.2014	3473	4248275	Unknown	609.30
28.05.2014	3478	Eric Zwane	Unknown	1,000.00
03.06.2014	3482	Meshack Dlamini	Unknown	600.00
03.06.2014	3483	Grow more	Unknown	2,360.00
09.06.2014	3490	Boy Dlamini	Unknown	6,600.00
09.06.2014	3493	Nhlanhla Hlatjwako	Unknown	1,600.00
13.06.2014	3497	Phindile Mkhathshwa	Unknown	1,200.00
18.06.2014	3501	4248275	Unknown	400.00
19.06.2014	3504	4248275	Unknown	700.00
20.06.2014	3505	Makhosazane Sukati	Unknown	3,465.00
20.06.2014	3506	Phila Khumalo	Unknown	1,828.00
20.06.2014	3507	Nhlanhla Vilakati	Unknown	1,404.00
20.06.2014	3509	Andreas Mkhathshwa	Unknown	905.00
10.03.2014	3512	4248275	Unknown	1,000.00
15.07.2014	3515	Zodwa Simelane	Unknown	816.00

<b>Date</b>	<b>Chq #</b>	<b>Payee/Employment No.</b>	<b>Item Description</b>	<b>Amount (E)</b>
15.07.2014	3516	4248275	Unknown	1,200.00
16.07.2014	3517	Premier Swazi bakeries	Bread	1,077.00
18.07.2014	3518	4248275	Unknown	2,000.00
21.07.2014	3519	Makhosazane Sukati	Unknown	3,465.00
21.07.2014	3520	Phindile Mkhathswa	Unknown	4,953.00
01.08.2014	3523	4248275	Unknown	800.00
04.08.2014	3524	4248275	Unknown	700.00
12.09.2014	3528	Siceliwe Mdluli	Unknown	700.00
16.09.2014	3531	Nhlanhla Vilakati	Unknown	1,404.00
16.09.2014	3532	Zodwa Simelane	Unknown	816.00
16.09.2014	3533	Makhosazane Sukati	Unknown	4,634.00
16.09.2014	3534	Andreas Mkhathswa	Unknown	1,055.00
16.09.2014	3535	Phila Khumalo	Unknown	2,278.00
22.09.2014	3539	Nhlanhla Vilakati	Unknown	1,404.00
22.09.2014	3540	Phila Khumalo	Unknown	1,828.00
22.09.2014	3541	Zodwa Simelane	Unknown	816.00
22.09.2014	3542	Makhosazane Sukati	Unknown	3,465.00
22.09.2014	3543	Andreas Mkhathswa	Unknown	1,505.00
30.09.2014	3549	Siceliwe Mdluli	Unknown	2,000.00
06.10.2014	3556	4248275	Unknown	1,000.00
08.10.2014	3558	Mfanufikile Malaza	Unknown	2,000.00
21.10.2014	3572	Zodwa Simelane	Unknown	816.00
21.10.2014	3573	Makhosazane Sukati	Unknown	3,465.00
21.10.2014	3574	Andreas Mkhathswa	Unknown	1,505.00
21.10.2014	3575	Phila Khumalo	Unknown	1,828.00
21.10.2014	3576	Nhlanhla Vilakati	Unknown	1,404.00
22.10.2014	3577	Lufuto Dlamini	Unknown	2,000.00
22.10.2014	3578	4248275	Unknown	2,000.00
27.10.2014	3579	Once always	Unknown	2,548.75
27.10.2014	3580	Electric source	Unknown	5,237.21
30.10.2014	3587	4248275	Unknown	1,300.00
03.11.2014	3591	4248275	Unknown	1,000.00
06.11.2014	3592	4248275	Unknown	1,000.00
06.11.2014	3593	Abel Malaza	Unknown	3,000.00
06.11.2014	3594	Ntombikayise Nhlabatsi	Unknown	2,800.00
06.11.2014	3595	Nozipho S. Dlamini	Unknown	2,800.00

<b>Date</b>	<b>Chq #</b>	<b>Payee/Employment No.</b>	<b>Item Description</b>	<b>Amount (E)</b>
06.11.2014	3596	Todvwa Bhembe	Unknown	2,300.00
06.11.2014	3597	Mirrandah Duarte	Unknown	2,300.00
06.11.2014	3598	Phila Khumalo	Unknown	3,000.00
07.11.2014	3599	SEC	Units	1,000.00
13.11.2014	3605	4248275	Unknown	1,800.00
17.11.2014	3606	4248275	Unknown	1,050.00
19.11.2014	3608	4248275	Unknown	1,000.00
21.11.2014	3610	Zodwa Simelane	Unknown	816.00
21.11.2014	3611	Makhosazane Sukati	Unknown	3,612.00
21.11.2014	3614	Andreas Mkhathshwa	Unknown	1,505.00
21.11.2014	3615	Phila Khumalo	Unknown	1,828.00
21.11.2014	3617	4248275	Unknown	500.00
21.11.2014	3618	Nhlanhla Vilakati	Unknown	1,583.40
01.12.2014	3619	4248275	Unknown	2,000.00
03.12.2014	3621	Mandlenkhosi Vilakati	Unknown	2,750.00
03.12.2014	3622	SEC	Units	1,000.00
03.12.2014	3623	Thulani R. Dlamini	Unknown	13,000.00
04.12.2014	3625	Manta office equipment	Unknown	2,850.00
04.12.2014	3626	4248275	Unknown	1,500.00
11.12.2014	3627	Siceliwe Mdluli	Unknown	500.00
12.12.2014	3628	Siceliwe Mdluli	Unknown	650.00
11.12.2014	3629	Cashbuild	Unknown	1,479.40
16.12.2014	3630	Phila Khumalo	Unknown	1,328.00
16.12.2014	3631	Makhosazane Sukati	Unknown	3,465.00
16.12.2014	3632	Zodwa Simelane	Unknown	816.00
16.12.2014	3633	Andreas Mkhathshwa	Unknown	1,505.00
17.12.2014	3634	Nhlanhla Vilakati	Unknown	1,569.60
17.12.2014	3635	4248275	Unknown	500.00
19.12.2014	3636	4248275	Unknown	1,950.00
20.12.2014	3638	Siceliwe Mdluli	Unknown	1,000.00
27.12.2014	3639	Lucky F. Tsabedze	Unknown	1,500.00
20.12.2014	3640	Cashbuild	Unknown	4,095.00
30.12.2014	3641	4248275	Unknown	1,500.00
27.12.2014	3642	Siceliwe Mdluli	Unknown	1,500.00
30.12.2014	3643	Cashbuild	Unknown	675.60
<b>Total</b>				<b>316,259.25</b>

**2015**

<b>Date</b>	<b>Chq. #</b>	<b>Payee/Employment No.</b>	<b>Item description</b>	<b>Amount (E)</b>
02.01.2015	3644	France A. Mkhukhula	Unknown	3,500.00
10.01.2015	3645	Siceliwe Mdluli	Unknown	3,000.00
13.01.2015	3649	Sibusiso Magagula	Unknown	869.40
13.01.2015	3650	4248275	Unknown	1,000.00
19.01.2015	3651	Makhosazane Sukati	Unknown	9,465.00
19.01.2015	3652	Phila Khumalo	Unknown	1,328.00
19.01.2015	3653	Zodwa Simelane	Unknown	816.00
19.01.2015	3654	Nhlanhla Vilakati	Unknown	1,404.00
19.01.2015	3655	Andreas Mkhathshwa	Unknown	1,505.00
19.01.2015	3656	Electric source	Unknown	708.46
19.01.2015	3657	Force L. Tsabedze	Unknown	1,500.00
21.01.2015	3658	Sibusiso Magagula	Unknown	1,300.00
21.01.2015	3659	Khathele M.Cindzi	Unknown	1,300.00
23.01.2015	3663	4248275	Unknown	1,500.00
30.01.2015	3667	Makhosazane Sukati	Unknown	5,000.00
02.02.2015	3669	4248275	Unknown	600.00
07.02.2015	3672	4248275	Unknown	1,500.00
21.02.2015	3678	Siceliwe Mdluli	Unknown	829.00
18.02.2015	3680	Siceliwe Mdluli	Unknown	2,300.00
20.02.2015	3684	Andreas Mkhathshwa	Unknown	1,505.00
20.02.2015	3686	Zodwa Simelane	Unknown	816.00
20.02.2015	3687	Makhosazane Sukati	Unknown	2,965.00
20.02.2015	3688	Phila Khumalo	Unknown	1,328.00
20.02.2015	3689	Makhosazane Sukati	Unknown	9,200.00
20.02.2015	3690	Sibusiso Magagula	Unknown	1,300.00
20.02.2015	3691	Musa Cindzi	Unknown	1,300.00
27.02.2015	3698	4248275	Unknown	1,200.00
06.03.2015	3705	Thulani Maseko	Unknown	9,560.00
10.03.2015	3707	Khangezile L. Simelane	Unknown	1,400.00
23.03.2015	3718	Makhosazane Sukati	Unknown	3,781.00
23.03.2015	3719	Andreas Mkhathshwa	Unknown	5,433.00
02.04.2015	3723	Siceliwe Mdluli	units	3,500.00
02.04.2015	3724	Cashbuild	Unknown	559.80
07.04.2015	3725	4248275	Unknown	2,500.00
08.04.2015	3727	Eunice N.Gama	Unknown	2,261.00
09.04.2015	3728	Siceliwe Mdluli	Unknown	1,000.00
21.04.2015	3734	Phila Khumalo	Unknown	1,328.00
21.04.2015	3735	Makhosazane Sukati	Unknown	2,965.00

<b>Date</b>	<b>Chq. #</b>	<b>Payee/Employment No.</b>	<b>Item description</b>	<b>Amount (E)</b>
21.04.2015	3736	Andreas Mkhathshwa	Unknown	1,505.00
21.04.2015	3737	Zodwa Simelane	Unknown	816.00
21.04.2015	3738	Musa Cindzi	Unknown	1,300.00
21.04.2015	3739	Sibusiso Magagula	Unknown	1,300.00
27.04.2015	3741	Siceliwe Mdluli	Unknown	600.00
30.04.2015	3742	4248275	Unknown	800.00
15.05.2015	3751	Makhosazana Dlamini	Unknown	2,425.00
15.05.2015	3753	Siceliwe Mdluli	Unknown	1,400.00
20.05.2015	3759	Makhosazane Sukati	Unknown	2,965.00
20.05.2015	3760	Zodwa Simelane	Unknown	816.00
21.05.2015	3761	Phila Khumalo	Unknown	1,328.00
21.05.2015	3762	Andreas Mkhathshwa	Unknown	1,505.00
21.05.2015	3764	Sibusiso Magagula	Unknown	1,300.00
21.05.2015	3765	Musa Cindzi	Unknown	1,300.00
29.05.2015	3771	Siceliwe Mdluli	Unknown	200.00
11.06.2015	3777	SEC	Units	500.00
18.06.2015	3782	Premier Bakeries	Bread	795.20
23.06.2015	3785	Phila Khumalo	Unknown	1,328.00
23.06.2015	3787	Makhosazane Sukati	Unknown	2,965.00
23.06.2015	3788	Andreas Mkhathshwa	Unknown	1,505.00
23.06.2015	3789	Sibusiso Magagula	Unknown	1,300.00
23.06.2015	3790	Zodwa Simelane	Unknown	816.00
23.06.2015	3791	Musa Cindzi	Unknown	1,300.00
23.06.2015	3792	Boy Dlamini	Unknown	7,500.00
25.06.2015	3795	4248275	Unknown	300.00
25.06.2015	3796	4248275	Unknown	1,000.00
18.07.2015	3805	4248275	Unknown	1,950.00
21.07.2015	3807	Andreas Mkhathshwa	Unknown	1,505.00
21.07.2015	3808	Zodwa Simelane	Unknown	1,816.00
21.07.2015	3809	Phila Khumalo	Unknown	2,328.00
21.07.2015	3810	Musa Cindzi	Unknown	1,900.00
21.07.2015	3811	Sibusiso Magagula	Unknown	1,900.00
21.07.2015	3813	Makhosazane Sukati	Unknown	4,545.00
21.07.2015	3814	Mfanasibili Dlamini	Unknown	1,300.00
28.07.2015	3817	Grow more	Unknown	820.00
30.07.2015	3822	Electric source	Unknown	1,399.90
30.07.2015	3825	Nkosinathi Dlamini	Unknown	700.00
07.08.2015	3835	Easigas centre	Unknown	885.00
07.08.2015	3838	Siceliwe Mdluli	Unknown	500.00
19.09.2015	3839	4248275	Unknown	1,200.00

Date	Chq. #	Payee/Employment No.	Item description	Amount (E)
21.08.2015	3840	4248275	Unknown	800.00
21.08.2015	3841	Zodwa Simelane	Unknown	1,816.00
21.08.2015	3842	Makhosazane Sukati	Unknown	4,545.00
21.08.2015	3843	Mfanasibili Dlamini	Unknown	1,300.00
21.08.2015	3844	Musa Cindzi	Unknown	1,500.00
21.08.2015	3845	Sibusiso Magagula	Unknown	1,500.00
21.08.2015	3846	Andreas Mkhathshwa	Unknown	1,505.00
21.08.2015	3848	Phila Khumalo	Unknown	1,828.00
21.08.2015	3849	David Msibi & Associates	consultation msibi	5,950.00
<b>Total</b>				<b>175,688.76</b>

It was impossible to ascertain the legitimacy of the expenditure without supporting evidence. . In the absence of proof that the items paid for were received by the school, for the purposes intended, such expenditure was not accounted for.

### (c) Cheques withdrawn by Principal and Chairperson

It was reported to the Controlling Officer that a majority of individual cheques were drawn in favour of the school Principal and school committee chairperson. Moreover; most of these cheques were not supported, therefore it could not be ascertained what they were drawn for.

Cheques withdrawn by the Principal were of the value of **E46 599.30** and **E43 100.00** in 2014 and 2015 respectively as illustrated in the tables below:

#### Head teacher 2014

Date	Chq #	Description	Amount (E)
03.01.2014	3331	Unknown	1200.00
13.01.2014	3335	Unknown	800.00
15.01.2014	3338	Unknown	600.00
28.01.2014	3353		1,200.00
31.01.2014	3356	Unknown	1,000.00
03.02.2014	3357	Unknown	1,500.00
11.02.2014	3369	Pesticides	1,000.00
17.02.2014	3370	Unknown	1,000.00
24.02.2014	3379	Kitchen	1,200.00
27.07.2014	3413	Unknown	500.00
09.04.2014	3428	petrol & vegetables	1,500.00
11.04.2014	3433	Unknown	1,050.00
17.04.2014	3441	Unknown	400.00
23.04.2014	3442	Unknown	2,000.00
26.05.2014	3473	Unknown	609.30
27.05.2014	3474	1 biology book	1,840.00

<b>Date</b>	<b>Chq #</b>	<b>Description</b>	<b>Amount (E)</b>
18.06.2014	3501	Unknown	400.00
19.06.2014	3504	Unknown	700.00
10.03.2014	3512	Unknown	1,000.00
15.07.2014	3516	Unknown	1,200.00
18.07.2014	3518	Unknown	2,000.00
01.08.2014	3523	Unknown	800.00
04.08.2014	3524	Unknown	700.00
16.09.2014	3537	veg, groceries	3,000.00
01.10.2014	3550	eraser & pencil	2,000.00
06.10.2014	3556	Unknown	1,000.00
08.10.2014	3559	pads, mash, tablets, toilet paper	2,000.00
22.10.2014	3578	Unknown	2,000.00
30.10.2014	3587	Unknown	1,300.00
03.11.2014	3591	Unknown	1,000.00
06.11.2014	3592	Unknown	1,000.00
13.11.2014	3605	Unknown	1,800.00
17.11.2014	3606	Unknown	1,050.00
19.11.2014	3608	Unknown	1,000.00
21.11.2014	3617	Unknown	500.00
01.12.2014	3619	Unknown	2,000.00
04.12.2014	3626	Unknown	1,500.00
17.12.2014	3635	Unknown	500.00
19.12.2014	3636	Unknown	1,950.00
30.12.2014	3641	Unknown	1,500.00
<b>Total</b>			<b>46,599.30</b>

### Head teacher 2015

<b>Date</b>	<b>Chq #</b>	<b>Description</b>	<b>Amount (E)</b>
13.01.2015	3650	Unknown	1,000.00
23.01.2015	3663	Unknown	1,500.00
02.02.2015	3669	Unknown	600.00
07.02.2015	3672	Unknown	1,500.00
12.02.2015	3681	subscription & groceries	1,500.00
21.02.2015	3693	loan paid back	10,000.00
24.02.2015	3694	Soup	1,280.00
27.02.2015	3698	Unknown	1,200.00
10.03.2015	3706	rabbit pellets	1,500.00
23.03.2015	3720		2,200.00
07.04.2015	3725	Unknown	2,500.00
22.04.2015	3740	Unknown	3,600.00
30.04.2015	3742	Unknown	800.00

<b>Date</b>	<b>Chq #</b>	<b>Description</b>	<b>Amount (E)</b>
05.05.2015	3748	veg,fuel,wors	1,500.00
19.05.2015	3758	takeaways for sports	2,470.00
13.06.2015	3778	Layers	800.00
25.06.2015	3795	Unknown	300.00
25.06.2015	3796	Unknown	1,000.00
10.07.2015	3797	take aways	960.00
18.07.2015	3805	Unknown	1,950.00
23.07.2015	3815	consultation msibi	730.00
28.07.2015	3818	wors & vegies	2,210.00
19.09.2015	3839	Unknown	1,200.00
21.08.2015	3840	Unknown	800.00
<b>Total</b>			<b>43,100.00</b>

The tables below are a breakdown of the cheques drawn in favour of the school committee chairperson amounting to **E19 268.00** and **E36 669.00** in 2014 and 2015 respectively:

#### **Chairperson 2014**

<b>Date</b>	<b>Chq #</b>	<b>Description</b>	<b>Amount (E)</b>
07.08.2014	3525	Unknown	2,418.00
12.09.2014	3528	Unknown	700.00
25.09.2014	3546	Agriculture	3,000.00
30.09.2014	3549	Unknown	2,000.00
17.10.2014	3569	maize sc, transport, groceries	2,000.00
28.10.2014	3583		3,500.00
10.11.2014	3600	wors & veges	2,000.00
11.12.2014	3627	Unknown	500.00
12.12.2014	3628	Unknown	650.00
20.12.2014	3638	Unknown	1,000.00
27.12.2014	3642	Unknown	1,500.00
			<b>19,268.00</b>

#### **Chairperson 2015**

<b>Date</b>	<b>Chq #</b>	<b>Description</b>	<b>Amount (E)</b>
10.01.2015	3645	Unknown	3,000.00
27.01.2015	3665	Zondle	2,000.00
10.02.2015	3675	veges & stock	1,680.00
21.02.2015	3678	Unknown	829.00
18.02.2015	3680	Unknown	2,300.00
06.03.2015	3702	toilet paper & rice	1,300.00
17.03.2015	3715	volley ball, transport & wors	1,900.00

Date	Chq #	Description	Amount (E)
02.04.2015	3723	units	3,500.00
09.04.2015	3728	Unknown	1,000.00
13.04.2015	3730	wors & vegies	1,100.00
15.04.2015	3732	national chicks	3,000.00
27.04.2015	3741	Unknown	600.00
05.05.2015	3747	stationery,salt & autocut	1,000.00
09.05.2015	3750	fuel,	700.00
15.05.2015	3753	Unknown	1,400.00
18.05.2015	3757	veg, wors other items	1,950.00
26.05.2015	3767	take aways	680.00
29.05.2015	3771	Unknown	200.00
01.06.2015	3773	wors & vegies	1,500.00
15.06.2015	3780	wors & vegies	1,800.00
23..05.2015	3793	takeaways for sports	1,780.00
09.07.2015	3798	units	300.00
13.07.2015	3799	wors & vegies	1,500.00
30.07.2015	3824	Groceries	250.00
03.08.2015	3827	consultation msibi	900.00
07.08.2015	3838	Unknown	500.00
<b>Total</b>			<b>36,669.00</b>

The Principal and Chairperson failed to justify why the cheques were paid to them instead of service providers, and since no supporting documents were attached for most of the payments, it couldn't be ascertained that suppliers were actually paid and had indeed supplied any goods or services to the school.

#### **(d) Unauthorized expenditure**

The Controlling Officer was made aware that the school incurred expenditure of E2000.00 and above amounting to **E709 098.46** and **E375 227.73**, in 2014 and 2015 respectively without the authorization of the school committee, despite the benchmark set by the Ministry of Education in schools and accounting regulations 12.2 to restrict head teachers from committing school funds without the authority of the relevant stakeholders. The details of the expenditure were not revealed for most of the cheques drawn and thus the expenditure was not accounted for.

Below is the table showing unauthorized expenditure:

#### **2014**

Date	Chq #	Payee/Employment No.	Item Description	Amount (E)
08.01.2014	3330	Jackly Security	services rendered	12,800.00
14.01.2014	3336	Carson Wheels	Unknown	3,077.08

<b>Date</b>	<b>Chq #</b>	<b>Payee/Employment No.</b>	<b>Item Description</b>	<b>Amount (E)</b>
16.01.2014	3339	Makhosazane Sukati	Unknown	3,520.00
22.01.2014	3347	Makhosazane Sukati	Unknown	10,000.00
22.01.2014	3348	Zodwa Simelane	Unknown	7,000.00
24.01.2014	3351	Easigas centre	Handigas material	3,735.88
21.02.2014	3373	Makhosazane Sukati	Unknown	2,020.00
21.02.2014	3378	Rainbow General supplies	stationery & books	50,000.00
26.02.2014	3381	SSSA	Affiliation	4,900.00
26.02.2014	3385	Phindile Mkhathshwa	Unknown	2,500.00
26.02.2014	3387	National Chicks	Agriculture	8,418.80
26.02.2014	3389	Manser Import & Export	sport equipment	2,030.00
08.03.2014	3390	Jackly Security	services rendered	10,000.00
11.03.2014	3393	Meshack Dlamini	Unknown	2,980.00
20.03.2014	3396	Makhosazane Sukati	Unknown	2,884.00
20.03.2014	3401	Dumisa industrial chemical	cleaning material	7,739.00
20.03.2014	3402	Manta office equipment	photo copier service	5,000.04
20.03.2014	3403	Makhosazane Sukati	Unknown	5,000.00
21.03.2014	3406	Phila Khumalo	Unknown	2,044.00
27.03.2014	3412	SNPF	Paye	9,488.00
02.04.2014	3419	Manser Import & Export	Unknown	5,460.00
03.04.2014	3420	Phindile Mkhathshwa	Zondle	4,000.00
02.04.2014	3421	Boy Dlamini	transport	3,300.00
04.04.2014	EFT	Examination council	Exams	35,039.00
07.04.2014	3424	Boy Dlamini	Unknown	3,300.00
08.04.2014	3426	Grow more	rice & soup	2,680.00
11.04.2014	3432	Nomcebo Dlamini	cleaning material	8,383.00
16.04.2014	3434	Makhosazane Sukati	Unknown	2,236.00
17.04.2014	3440	Zodwa Simelane	Unknown	10,000.00
28.04.2014	3445	Jackly Security	services rendered	22,800.00
06.05.2014	EFT	Examination council	Exams	24,849.00
30.04.2014	3447	Meshack Dlamini	Unknown	8,000.00
14.05.2014	3449	Rainbow General supplies	books & stationery	60,000.00
15.05.2014	3451	city office machine	photo copier service	6,606.00
20.05.2014	3458	Wasandi Investment	Tonner	4,200.00
21.05.2014	3459	Makhosazane Sukati	Unknown	4,465.00
23.05.2014	3471	Boy Dlamini	transport	3,300.00
30.05.2014	3480	Quick Save	protective clothing	2,784.82
03.06.2014	3483	Grow more	Unknown	2,360.00
05.06.2014	3487	Phindile Mkhathshwa	chicken, juices & veg	2,300.00
09.06.2014	3488	Phindile Mkhathshwa	salt, kombat insects & stock	2,500.00
09.06.2014	3490	Boy Dlamini	Unknown	6,600.00

<b>Date</b>	<b>Chq #</b>	<b>Payee/Employment No.</b>	<b>Item Description</b>	<b>Amount (E)</b>
16.06.2014	3499	Nomcebo Dlamini	cleaning material	11,300.00
20.06.2014	3505	Makhosazane Sukati	Unknown	3,465.00
21.07.2014	3519	Makhosazane Sukati	Unknown	3,465.00
21.07.2014	3520	Phindile Mkhathswa	Unknown	4,953.00
	3525	Siceliwe Mdluli		2,418.00
16.09.2014	3533	Makhosazane Sukati	Unknown	4,634.00
16.09.2014	3535	Phila Khumalo	Unknown	2,278.00
16.09.2014	3537	Tusani M. Sihlongonyane	veg, groceries	3,000.00
22.09.2014	3542	Makhosazane Sukati	Unknown	3,465.00
23.09.2014	3544	Clement simelane	Agriculture	2,448.95
25.09.2014	3546	Siceliwe Mdluli	Agriculture	3,000.00
25.09.2014	3547	Cashbuild	building material	3,202.70
30.09.2014	3551	Richard Mabuza		2,700.00
01.10.2014	3553	Petros M. Dlamini	cleaning material	3,250.00
07.10.2014	3557	Jackly Security	services rendered	22,800.00
08.10.2014	3560	Lewis stores	Unknown	3,700.00
08.10.2014	3561	Rainbow General supplies	books & stationery	100,000.00
08.10.2014	3562	city office machine	Copier	13,240.00
09.10.2014	3563	Boy Dlamini	transport	8,000.00
10.10.2014	3566	Khuba traders	Fert,maize, LAN	2,034.75
13.10.2014	3568	easigas centre	Handigas material	2,227.00
17.10.2014	3571	Laboratory technologies	Lab equipment	6,926.50
21.10.2014	3573	Makhosazane Sukati	Unknown	3,465.00
27.10.2014	3579	Once always	Unknown	2,548.75
27.10.2014	3580	Electric source	Unknown	5,237.21
28.10.2014	3583	Siceliwe Mdluli		3,500.00
30.10.2014	3586	Cashbuild	building material	20,701.75
31.10.2014	3588	Madvubadle investment	Plaster & sand	4,183.80
03.11.2014	3589	Mandlenkhosi Vilakati	Plumber	2,500.00
03.11.2014	3590	Manta office equipment	copier service	8,174.48
06.11.2014	3593	Abel Malaza	Unknown	3,000.00
06.11.2014	3594	Ntombikayise Nhlabatsi	Unknown	2,800.00
06.11.2014	3595	Nozipho S. Dlamini	Unknown	2,800.00
06.11.2014	3596	Todvwa Bhembe	Unknown	2,300.00
06.11.2014	3597	Mirrandah Duarte	Unknown	2,300.00
06.11.2014	3598	Phila Khumalo	Unknown	3,000.00
10.11.2014	3603	Sigombeni community Primary	repayment of loan	2,500.00
19.11.2014	3609	Once always	building material	17,507.95
21.11.2014	3611	Makhosazane Sukati	Unknown	3,612.00
03.12.2014	3621	Mandlenkhosi Vilakati	Unknown	2,750.00

Date	Chq #	Payee/Employment No.	Item Description	Amount (E)
03.12.2014	3623	Thulani R. Dlamini	Unknown	13,000.00
04.12.2014	3625	Manta office equipment	Unknown	2,850.00
16.12.2014	3631	Makhosazane Sukati	Unknown	3,465.00
20.12.2014	3640	Cashbuild	Unknown	4,095.00
<b>Total</b>				<b>709,098.46</b>

## **2015**

Date	Chq #	Payee/Employment No.	Item Description	Amount (E)
02.01.2015	3644	France A. Mkhukhula	Unknown	3,500.00
10.01.2015	3645	Siceliwe Mdluli	Unknown	3,000.00
10.01.2015	3647	Cashbuild	painting material	2,275.60
19.01.2015	3651	Makhosazane Sukati	Unknown	9,465.00
23.01.2015	3660	Websters	Stationery	2,758.25
30.01.2015	3666	Manta Office Equipment	Ink	5,084.50
30.01.2015	3667	Makhosazane Sukati	Unknown	5,000.00
31.01.2015	3668	Lesco Engineering	Chairs	4,987.50
07.02.2015	3674	Fast suppliers	Stationery	8,342.70
18.02.2015	3680	Siceliwe Mdluli	Unknown	2,300.00
20.02.2015	3687	Makhosazane Sukati	Unknown	2,965.00
20.02.2015	3689	Makhosazane Sukati	Unknown	9,200.00
21.02.2015	3692	Rainbow Stationery		60,000.00
21.02.2015	3693	4248275	loan paid back	10,000.00
03.03.2015	3700	Grow more	rice * 10	3,400.00
06.03.2015	3705	Thulani Maseko	Unknown	9,560.00
12.03.2015	3710	Manta Office Equipment	ink master	7,136.40
12.03.2015	3711	National chicks	Layers	6,019.20
13.03.2015	3712	SSSA	Affiliation	2,730.00
17.03.2015	3713	Manser Import & Export	sports equip	3,356.60
17.03.2015	3714	Lesco Engineering	single desk	5,842.50
19.03.2015	3717	Carson wheels	service kit	2,864.48
23.03.2015	3718	Makhosazane Sukati	Unknown	3,781.00
23.03.2015	3719	Andreas Mkhathshwa	Unknown	5,433.00
23.03.2015	3720	4248275		2,200.00
02.04.2015	3723	Siceliwe Mdluli	units	3,500.00
07.04.2015	3725	4248275	Unknown	2,500.00
08.04.2015	3726	Boy Dlamini	Transport	10,200.00
08.04.2015	3727	Eunice N.Gama	Unknown	2,261.00
15.04.2015	EFT	Examination of council	Exams	17,820.00
15.04.2015	3732	Siceliwe Mdluli	national chicks	3,000.00
21.04.2015	3735	Makhosazane Sukati	Unknown	2,965.00

Date	Chq #	Payee/Employment No.	Item Description	Amount (E)
22.04.2015	3740	4248275	Unknown	3,600.00
15.05.2015	3751	Makhosazana Dlamini	Unknown	2,425.00
19.05.2015	3758	4248275	takeaways for sports	2,470.00
20.05.2015	3759	Makhosazane Sukati	Unknown	2,965.00
28.05.2015	3769	Vickery Seedlings	veges & stock	2,490.00
29.05.2015	3770	Mzwandile Thwala	Transport	3,400.00
23.06.2015	3784	Clement simelane	sports	2,150.00
23.06.2015	3787	Makhosazane Sukati	Unknown	2,965.00
23.06.2015	3792	Boy Dlamini	Unknown	7,500.00
17.07.2015	EFT	Examination of council	Exams	19,698.00
21.07.2015	3809	Phila Khumalo	Unknown	2,328.00
21.07.2015	3813	Makhosazane Sukati	Unknown	4,545.00
28.07.2015	3818	4248275	wors & vegies	2,210.00
29.07.2015	3820	Boy Dlamini	Transport	5,000.00
03.08.2015	3829	Dumisa industrial chemical	cleaning material	3,175.00
05.08.2015	3832	Rainbow Staionery		60,000.00
05.08.2015	3833	Manta Office Equipment	service kit	14,364.00
21.08.2015	3842	Makhosazane Sukati	Unknown	4,545.00
21.08.2015	3849	David Msibi & Associates	consultation msibi	5,950.00
<b>Total</b>				<b>375,227.73</b>

It should be ensured that the Schools Regulations 12.2 is strictly adhered to. This regulation is a control measure to ensure that huge expenditure is known and authorized by the parents, who are the financiers of the school. And also to protect the funds from misuse and theft.

#### (e) Dishonoured cheques

The school drew two cheques which the bank referred to drawer. As a result the school suffered a loss, amounting to **E1457.04** in 2014, E900.00 as bank charges, and E557.04 as penalty charges.

Below are cheques that were referred to drawer:

Date	Cheque No	Payee	Description	Amount (E)	Bank Charge (E)	Penalty Charge (E)
23.06.2014	3503	Premier bakery	Bread	777.00	450.00	278.52
02.07.2014	3511	Premier bakery	Bread	1,409.00	450.00	278.52
<b>Total</b>				<b>2,186.00</b>	<b>900.00</b>	<b>557.04</b>

Schools Accounting Regulation 7.3, clearly states that it is a serious offence to write a cheque when there are insufficient funds in the current account.

**(f) Unsupported cheques**

It was brought to the Controlling Officer's attention that cheques amounting to **E15 350.00**, were drawn either in the name of the school's principal or the school's chairman whilst schools were closed. Furthermore; supporting documents were not attached, thus the funds were not be accounted for.

**Below is a list of cheques:-**

Date	Chq #	Payee	Item Description	Amount (E)
11.12.2014	3627	Siceliwe Mdluli	unknown	500.00
12.12.2014	3628	Siceliwe Mdluli	unknown	650.00
11.12.2014	3629	Cashbuild	unknown	1,479.40
17.12.2014	3635	4248275	unknown	500.00
19.12.2014	3636	4248275	unknown	1,950.00
20.12.2014	3638	Siceliwe Mdluli	unknown	1,000.00
27.12.2014	3639	Lucky F. Tsabedze	unknown	1,500.00
20.12.2014	3640	Cashbuild	unknown	4,095.00
30.12.2014	3641	4248275	unknown	1,500.00
27.12.2014	3642	Siceliwe Mdluli	unknown	1,500.00
30.12.2014	3643	Cashbuild	unknown	675.60
<b>Total</b>				<b>15,350.00</b>

Since the cheques had no supporting documents it was not possible to ascertain if they were used by the school and for the school purposes.

**(g) Unaccounted for variances**

The school made cheque payments but the attached supporting documents/receipts did not reconcile with the cheque amounts, either more or less.

The tables below illustrate the anomalies:

**2014**

Date	Cheque No	Payee/ Employment No.	Item Description	Chq Amount (E)	Receipt Amount (E)	Variance (E)
28.01.2014	3353	4248275		1,200.00	339.00	861.00
10.02.2014	3365	Meshack Dlamini		2,000.00	1,474.00	526.00
11.02.2014	3369	4248275	pesticides	1,000.00	263.00	737.00
17.02.2014	3370	4248275	unknown	1,000.00	20.95	979.05
12.02.2014	3371	Grow more	rice & soup	1,210.00	1,010.00	200.00
24.02.2014	3379	4248275	kitchen	1,200.00	402.94	797.06
26.02.2014	3383	Grow more	soup, steelwool, matches & cloth	1,359.00	1,159.00	200.00

Date	Cheque No	Payee/ Employment No.	Item Description	Chq Amount (E)	Receipt Amount (E)	Variance (E)
03.04.2014	3420	Phindile Mkhathswa	zondle	4,000.00	2,524.55	1,475.45
08.04.2014	3425	Meshack Dlamini	Wors	1,330.00	423.00	907.00
09.04.2014	3428	4248275	petrol & vegetables	1,500.00	724.00	776.00
12.05.2014	3446	Grow more	rice & soup	1,740.00	1,540.00	200.00
22.05.2014	3464	Phindile Mkhathswa	unknown	2,000.00	1,280.91	719.09
22.05.2014	3468	Grow more	rice	1,340.00	1,140.00	200.00
27.05.2014	3474	4248275	1 biology book	1,840.00	180.00	1,660.00
27.05.2014	3475	Grow more	soup	1,210.00	1,010.00	200.00
30.05.2014	3479	Phindile Mkhathswa	protective clothing	2,000.00	509.95	1,490.05
03.06.2014	3486	Phindile Mkhathswa	groceries & vegetables	2,000.00	1,314.46	685.54
05.06.2014	3487	Phindile Mkhathswa	chicken, juices & veg	2,300.00	1,056.86	1,243.14
09.06.2014	3488	Phindile Mkhathswa	salt, kombat insects & stock	2,500.00	462.45	2,037.55
10.06.2014	3494	Grow more	soup	830.00	630.00	200.00
16.06.2014	3498	Grow more	rice	2,000.00	1,800.00	200.00
23.09.2014	3544	Clement Simelane	agriculture	2,448.95	2,084.60	364.35
25.09.2014	3546	Siceliwe Mdluli	agriculture	3,000.00	425.90	2,574.10
01.10.2014	3550	4248275	eraser & pencil	2,000.00	12.80	1,987.20
09.10.2014	3564	Makhosazane Sukati	subscriptions	1,750.00	400.00	1,350.00
13.10.2014	3567	Richard Mabuza	veg, groceries	2,000.00	575.94	1,424.06
17.10.2014	3569	Siceliwe Mdluli	maize sc, transport, groceries	2,000.00	1,258.75	741.25
28.10.2014	3583	Siceliwe Mdluli		3,500.00	2,954.75	545.25
10.11.2014	3600	Siceliwe Mdluli	wors & veges	2,000.00	1,104.00	896.00
<b>Total</b>				<b>54,257.95</b>	<b>28,081.81</b>	<b>25,197.09</b>

## 2015

Date	Cheque No	Payee/ Employment No.	Item Description	Chq Amount (E)	Receipt Amount (E)	Variance (E)
27.01.2015	3665	Siceliwe Mdluli	zondle	2,000.00	2,162.30	-162.30
10.02.2015	3675	Siceliwe Mdluli	veges & stock	1,680.00	504.70	1,175.30
12.02.2015	3681	4248275	subscription & groceries	1,500.00	1,793.50	-293.50
24.02.2015	3694	4248275	soup	1,280.00	1,384.00	-104.00
03.03.2015	3700	Grow more	rice * 10	3,400.00	3,200.00	200.00
10.03.2015	3706	4248275	rabbit pellets	1,500.00	232.30	1,267.70
17.03.2015	3715	Siceliwe Mdluli	volley ball, transport & wors	1,900.00	1,190.00	710.00
23.03.2015	3720	4248275		2,200.00	2,085.00	115.00

Date	Cheque No	Payee/ Employment No.	Item Description	Chq Amount (E)	Receipt Amount (E)	Variance (E)
27.03.2015	3722	Grow more	soup	1,020.00	820.00	200.00
02.04.2015	3723	Siceliwe Mdluli	units	3,500.00	1,000.00	2,500.00
13.04.2015	3730	Siceliwe Mdluli	wors & vegies	1,100.00	570.95	529.05
15.04.2015	3732	Siceliwe Mdluli	national chicks	3,000.00	746.80	2,253.20
22.04.2015	3740	4248275	unknown	3,600.00	3,400.00	200.00
05.05.2015	3747	Siceliwe Mdluli	stationery,salt & autocut	1,000.00	665.00	335.00
05.05.2015	3748	4248275	veg,fuel,wors	1,500.00	1,582.80	-82.80
09.05.2015	3750	Siceliwe Mdluli	fuel,	700.00	228.95	471.05
18.05.2015	3757	Siceliwe Mdluli	veg, wors other items	1,950.00	1,671.05	278.95
26.05.2015	3767	Siceliwe Mdluli	take aways	680.00	486.00	194.00
01.06.2015	3773	Siceliwe Mdluli	wors & vegies	1,500.00	1,284.80	215.20
13.06.2015	3778	4248275	layers	800.00	459.90	340.10
15.06.2015	3780	Siceliwe Mdluli	wors & vegies	1,800.00	847.00	953.00
23.06.2015	3784	Clement Simelane	sports	2,150.00	2,300.00	-150.00
23..05.2015	3793	Siceliwe Mdluli	takeaways for sports	1,780.00	1,378.90	401.10
13.07.2015	3799	Siceliwe Mdluli	wors & vegies	1,500.00	1,096.85	403.15
23.07.2015	3815	4248275	consultation msibi	730.00	200.00	530.00
28.07.2015	3818	4248275	wors & vegies	2,210.00	857.00	1,353.00
03.08.2015	3827	Siceliwe Mdluli	consultation msibi	900.00	200.00	700.00
<b>Total</b>				<b>46,880.00</b>	<b>32,347.80</b>	<b>14,532.20</b>

I recommended to the Controlling Officer to ensure that the expenditure is in accordance with invoices and delivery notes when making payments to avoid such overpayments that deplete the school fund. Where the cost of the items purchased were lesser than the cheque amount, the remainder should be accounted for, appropriately.

#### (h) Computers and Textbooks left idle

It was reported to the Controlling Officer that computers worth **E90 000.00** donated by the Ministry of Education and text books worth **E200 000.00** sourced on credit from Rainbow Stationery, were found lying idle in a class that was meant to be a computer class.

I recommended that these items should be utilized for the purposes they were initially intended for, and advised the Controlling Officer to avoid making requisitions for items they are in no position to use, because they put, at a disadvantage students in other schools that would have greatly appreciated the aid.

#### (i) Expenditure for teacher's workshops

It was brought to the Controlling Officer's attention that in the year 2015 teachers in the school acquired money for workshops, amounting to **E2,095.00** and failed to provide supporting

documents confirming attending these workshops. Moreover; these monies were paid without the consent or approval of the school committee. Such payments are depicted below:

<b>Date</b>	<b>Teacher's Name/ Employment No.</b>	<b>Subject</b>	<b>Venue</b>	<b>Amount (E)</b>
23-Jun-15	9864166	English Language	St Michaels	50.00
26-May-15	39861393	Mathematics	Uniswa	50.00
26-May-15	39861393	Science	Uniswa	50.00
19-Mar-15	39861393	Science	Uniswa	50.00
20-Mar-15	39861393	Geography	St Michaels	50.00
19-Jun-15	39861393	Mathematics	Uniswa	50.00
12-May-15	39861393	Geography	St Michaels	50.00
13-Feb-15	9860935	History	St Michaels	50.00
29-May-15	9860935	Siswati	St Michaels	50.00
2-Jul-15	3782129	Siswati	St Theresa's	50.00
29-May-15	3782129	Siswati	St Michaels	50.00
1-Mar-15	3782129	Siswati	St Theresa's	50.00
20-Mar-15	39844477	Geography	St Michaels	85.00
12-May-15	39844477	Geography	St Michaels	50.00
19-Mar-15	4814063	Religious Education	St Michaels	50.00
08-Apr-15	10010165	Commercials	St Michaels	50.00
06-Feb-15	10010165	Sports Meeting	Zakhele	50.00
06-Mar-15	10010165	Sports Meeting	Zakhele	50.00
27-Mar-15	10010165	Sports Meeting	Zakhele	50.00
7-May-15	10010165	Sports Meeting	Zakhele	50.00
24-Jun-15	10010165	Sports Meeting	Zakhele	50.00
19-Mar-15	9069574	Science	Uniswa	50.00
26-May-15	9069574	Science	Uniswa	50.00
5-Jun-15	3676581	English Language	Reo	50.00
19-Jun-15	9826612	Mathematics	Uniswa	50.00
26-May-15	9826612	Science	Uniswa	50.00
19-Mar-15	9826612	Science	Uniswa	50.00
2-Jul-15	Mrs F Dlamini	Siswati	St Theresa's	50.00
23-Jun-15	Mrs F Dlamini	English Language	St Michaels	50.00
29-May-15	Mrs F Dlamini	Siswati	St Michaels	50.00
19-Mar-15	Mrs F Dlamini	Religious Education	St Michaels	50.00
15-Apr-15	Mrs F Dlamini	Religious Education	Lozitha High	110.00
23-May-15	Mrs F Dlamini	Religious Education	Lozitha High	50.00
4-Aug-15	Mrs N Kunene			50.00
9-Apr-15	Mrs N Kunene	Commercials	Sydney Williams	50.00
3-Jul-15	6823153	Commercials	Sydney Williams	50.00
15-May-15	4881142	Agriculture	Manzini Library	50.00

Date	Teacher's Name/ Employment No.	Subject	Venue	Amount (E)
25-Apr-15	3598384	Science	Uniswa	50.00
26-May-15	3598384	Science	Uniswa	50.00
26-May-15	3512971	Culture Meeting	Malkerns	50.00
<b>Total</b>				<b>2,095.00</b>

I advised the Controlling Officer to attach receipts of all workshops attended including bus fares, Affiliation fees, and lunch allowances, most importantly the invitation letters, so that the expenditure is duly accounted for.

#### **(j) Unauthorized housing allowance**

I reported that an employee number 8541707, was accommodated at the school, with effect and during the period from August 2013 to October 2015. He neither forfeited housing allowance nor paid rent as a result, received an amount of **E16,227.00** as unauthorised housing allowance and accumulated arrears of rent, amounting to E1,620.00.

Below is a tabulation of the above:

Month\Year	2013		2014		2015		Total E
	Allowance	Rent	Allowance	Rent	Allowance	Rent	
Jan	0.00	0.00	601.00	60.00	601.00	60.00	1 322.00
Feb	0.00	0.00	601.00	60.00	601.00	60.00	1 322.00
Mar	0.00	0.00	601.00	60.00	601.00	60.00	1 322.00
Apr	0.00	0.00	601.00	60.00	601.00	60.00	1 322.00
May	0.00	0.00	601.00	60.00	601.00	60.00	1 322.00
Jun	0.00	0.00	601.00	60.00	601.00	60.00	1 322.00
Jul	0.00	0.00	601.00	60.00	601.00	60.00	1 322.00
Aug	601.00	60.00	601.00	60.00	601.00	60.00	1 983.00
Sep	601.00	60.00	601.00	60.00	601.00	60.00	1 983.00
Oct	601.00	60.00	601.00	60.00	601.00	60.00	1 983.00
Nov	601.00	60.00	601.00	60.00	0.00	0.00	1 322.00
Dec	601.00	60.00	601.00	60.00	0.00	0.00	1 322.00
<b>Total</b>	<b>3,005.00</b>	<b>300.00</b>	<b>7,212.00</b>	<b>720.00</b>	<b>6,010.00</b>	<b>600.00</b>	<b>17,847.00</b>

The Controlling Officer was instructed to make means to recover the monies owed to government, and further arrange for housing allowance to be stopped whilst rent deductions are made for the teacher. Furthermore, the tax on housing benefit will increase the debt to the employee.

#### **(k) Unauthorised sitting allowances**

The school committee members were paid E100.00 each as sitting allowances for each meeting attended. The head teacher was also being paid E 100.00 for every meeting held.

There was no stipulated arrangement or authority in place for the allowances, moreover this expenditure was not included in the schools budget.

Furthermore; according to the school committee meetings minutes book, only two meetings were held in January and three in March, yet the sitting allowances paid revealed that there had been 30 meetings held.

Information submitted by the head teacher was that he withdrew the money in bulk when doing shopping for the school and he would leave the change for paying school committee members any time they convened a meeting. However, there was no supporting evidence provided for this ascertainment.

Total sitting allowances amounted to **E23,800.00** as illustrated in the table below:

<b>Jan</b>	<b>Payee</b>	<b>07.01.15</b>	<b>09.01.15</b>	<b>12.01.15</b>	<b>13.01.15</b>	<b>17.01.15</b>	<b>22.01.15</b>	<b>29.01.15</b>		<b>Total (E)</b>
	Ms Siceliwe Mdluli	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
	Richard Mabuza	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
	Nonhlanhla Malaza	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
	Issac Lukhele	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
	Nobuhle Nkambule	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
	Lufuto Dlamini	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
	Paul Simelane	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
	<b>Total</b>	700.00	700.00	700.00	700.00	700.00	700.00	700.00		<b>4,900.00</b>
		<b>Date</b>								
<b>Feb</b>	<b>Payee</b>	<b>11.02.15</b>	<b>13.02.15</b>							
	Ms Siceliwe Mdluli	100.00	100.00							
	Richard Mabuza	100.00	100.00							
	Nonhlanhla Malaza	100.00	100.00							
	Issac Lukhele	100.00	100.00							
	Nobuhle Nkambule	100.00	100.00							
	Lufuto Dlamini	100.00	100.00							
	Paul Simelane	100.00	100.00							
	<b>Total</b>	700.00	700.00							<b>1,400.00</b>

		<b>Date</b>								
<b>Mar</b>	<b>Payee</b>	<b>04.03.15</b>	<b>06.03.15</b>	<b>10.03.15</b>	<b>13.03.15</b>	<b>19.03.15</b>	<b>24.03.15</b>	<b>25.03.15</b>	<b>30.03.15</b>	
	Ms Siceliwe Mdluli	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
	Richard Mabuza	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
	Nonhlanhla Malaza	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
	Issac Lukhele	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
	Nobuhle Nkambule	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
	Lufuto Dlamini	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
	Paul Simelane	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
	<b>Total</b>	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	<b>5,600.00</b>
		<b>Date</b>								
<b>Apr</b>	<b>Payee</b>	<b>07.04.15</b>	<b>10.04.15</b>	<b>17.04.15</b>	<b>21.04.15</b>	<b>27.04.15</b>	<b>30.04.15</b>			
	Ms Siceliwe Mdluli	100.00	100.00	100.00	100.00	100.00	100.00			
	Richard Mabuza	100.00	100.00	100.00	100.00	100.00	100.00			
	Nonhlanhla Malaza	100.00	100.00	100.00	100.00	100.00	100.00			
	Issac Lukhele	100.00	100.00	100.00	100.00	100.00	100.00			
	Nobuhle Nkambule	100.00	100.00	100.00	100.00	100.00	100.00			
	Lufuto Dlamini	100.00	100.00	100.00	100.00	100.00	100.00			
	Paul Simelane	100.00	100.00	100.00	100.00	100.00	100.00			
	<b>Total</b>	700.00	700.00	700.00	700.00	700.00	700.00			<b>4,200.00</b>
		<b>Date</b>								
<b>May</b>	<b>Payee</b>	<b>18.05.15</b>								
	Ms Siceliwe Mdluli	100.00								
	Richard Mabuza	100.00								
	Nonhlanhla Malaza	100.00								
	Issac Lukhele	100.00								
	Nobuhle Nkambule	100.00								
	Lufuto Dlamini	100.00								
	Paul Simelane	100.00								
	<b>Total</b>	700.00								<b>700.00</b>

		<b>Date</b>								
<b>June</b>	<b>Payee</b>	<b>02.06.15</b>								
	Ms Siceliwe Mdluli	100.00								
	Richard Mabuza	100.00								
	Nonhlanhla Malaza	100.00								
	Issac Lukhele	100.00								
	Nobuhle Nkambule	100.00								
	Lufuto Dlamini	100.00								
	Paul Simelane	100.00								
		700.00								<b>700.00</b>
		<b>Date</b>								
<b>July</b>	<b>Payee</b>	<b>03.07.15</b>	<b>17.07.15</b>	<b>24.07.15</b>						
	Ms Siceliwe Mdluli	100.00	100.00	100.00						
	Richard Mabuza	100.00	100.00	100.00						
	Nonhlanhla Malaza	100.00	100.00	100.00						
	Issac Lukhele	100.00	100.00	100.00						
	Nobuhle Nkambule	100.00	100.00	100.00						
	Lufuto Dlamini	100.00	100.00	100.00						
	Paul Simelane	100.00	100.00	100.00						
	Total	700.00	700.00	700.00						<b>2,100.00</b>
		<b>Date</b>								
<b>Aug</b>	<b>Payee</b>	<b>06.08.15</b>	<b>21.08.15</b>							
	Ms Siceliwe Mdluli	100.00	100.00							
	Richard Mabuza	100.00	100.00							
	Nonhlanhla Malaza	100.00	100.00							
	Issac Lukhele	100.00	100.00							
	Nobuhle Nkambule	100.00	100.00							
	Lufuto Dlamini	100.00	100.00							
	Paul Simelane	100.00	100.00							
	<b>Total</b>	700.00	700.00							<b>1,400.00</b>

		<b>Date</b>								
<b>Sep</b>	<b>Payee</b>	<b>08.09.15</b>	<b>11.09.15</b>							
	Ms Siceliwe Mdluli	100.00	100.00							
	Richard Mabuza	100.00	100.00							
	Nonhlanhla Malaza	100.00	100.00							
	Issac Lukhele	100.00	100.00							
	Nobuhle Nkambule	100.00	100.00							
	Lufuto Dlamini	100.00	100.00							
	Paul Simelane	100.00	100.00							
	<b>Total</b>	<b>700.00</b>	<b>700.00</b>							<b>1,400.00</b>
		<b>Date</b>								
<b>Oct</b>	<b>Payee</b>	<b>13.10.15</b>	<b>14.10.15</b>							
	Ms Siceliwe Mdluli	100.00	100.00							
	Richard Mabuza	100.00	100.00							
	Nonhlanhla Malaza	100.00	100.00							
	Issac Lukhele	100.00	100.00							
	Nobuhle Nkambule	100.00	100.00							
	Lufuto Dlamini	100.00	100.00							
	Paul Simelane	100.00	100.00							
	<b>Total</b>	<b>700.00</b>	<b>700.00</b>							<b>1,400.00</b>
<b>Total</b>										<b>23,800.00</b>

**(l) Unauthorised loans**

The principal granted loans, from the school fund, to a teacher, support staff members, and a school committee member, without any authority.

The details of loan payments are depicted below:

## 2014

Date	Cheque No.	Amount (E)	Description
22 Jan 2014	3347	10,000.00	Loan
22 Jan 2014	3348	7,000.00	Loan
20 March 2014	3403	5,000.00	Loan
10 April 2014	3430	2,000.00	Loan
17 April 2014	3440	10,000.00	Loan
6 Nov 2014	3598	3,000.00	Loan
<b>Total</b>		<b>37,000.00</b>	

## 2015

Date	Cheque No.	Amount (E)	Description
19 Jan 2015	3651	5,000.00	Loan
30 Jan 2015	3667	5,000.00	Loan
20 Feb 2015	3689	9,000.00	Loan
<b>Total</b>		<b>19,200.00</b>	

The audit gathered that most of the loans were paid back, but it still could not be ruled out that the school is not authorised to act as a loan provider.

### (m) Unsigned support staff contracts

It was observed that the principal and school committee were advised to secure free services from the Ministry of Labour, for crafting support staff contracts.

The school sought the services of a certain private consulting law firm and paid by cheque no.3939, dated 26.11.15, amounting to **E3 350.00**, despite the advice. Furthermore, the support staff did not sign the contracts as acceptance of appointments. Hence, the issue of contracts had not been fully addressed.

### (n) Unsupported expenditure from registration fees

The Controlling Officer was made aware that funds amounting to **E5600.00** and **E1100.00** were collected as registration fees for form 1 and form 4 respectively, but it is not clear how these funds were spent since they were not deposited into the school account, moreover, a breakdown of how the funds were used was availed but without receipts to support the expenditure. This was despite that Schools Regulations prescribe that all revenue collected should be deposited into the schools account, before it is spent.

Below is the income and expenditure statement for the registration:

<b>Income</b>			
<b>Class</b>	<b>No. of Students</b>	<b>Amount (E)</b>	<b>Total (E)</b>
Form 1	56	100.00	5,600.00
Form 4	11	100.00	1,100.00
<b>Total</b>			<b>6,700.00</b>
<b>Expenditure</b>			
<b>Date</b>	<b>Payee</b>	<b>Amount (E)</b>	
17.01.12	Grass string	100.00	
17.01.12	Fuel for grass	300.00	
17.01.12	Oil	40.00	
12.02.12	Manzini Market	130.00	
21.02.12	Arrow feeds	181.00	
29.02.12	Vusweni trip	2,235.94	
22.03.12	Take aways	69.30	
26.03.12	wors kitchen	96.00	
02.04.12	Kitchen groceries	144.85	
19.04.12	Saw dust	159.00	
21.05.12	Laying mash	449.00	
<b>Sub total</b>		<b>3,905.09</b>	
<b>Allowances</b>			
Mr. M.Dlamini		600.00	
Miss S. Ngwenya		600.00	
Mr. C.Simelane		800.00	
Miss A. Vilakati		400.00	
Secretary		300.00	
<b>Sub total</b>		<b>2,700.00</b>	
<b>Total</b>			<b>6,605.09</b>
<b>Balance</b>			<b>94.91</b>

**(o) Unaccounted for revenue, agriculture department**

The agriculture department made egg and chicken sales, amounting to **E2 800.00**, in the year 2014, but the teachers responsible for the project did not submit the necessary reports to account for the revenue, yet funds injected into the project amounted to at E20 503.56

The following expenditure was incurred through the school fund toward procuring items for the Agriculture department:-

<b>Date</b>	<b>Item</b>	<b>Chq no.</b>	<b>Amount (E)</b>
21.02.14	National chicks	3387	8,418.80
10.04.14	Dlamini Jabulani Tractor	3429	600.00
14.05.14	Vickery seedlings	3448	1,716.00
19.05.14	Khuba Traders	3454	625.32
19.05.14	Khuba Traders	3456	227.00
22.05.14	TWK Swaziland	3467	682.30

Date	Item	Chq no.	Amount (E)
03.06.14	TWK Swaziland	3484	941.70
12.09.14	Khuba Traders	3530	460.99
16.09.14	Sikhondze Lindiwe (khuba traders)	3536	650.00
23.09.14	Simelane (khuba Traders)	3544	2,448.95
08.10.14	Khuba Traders	3559	425.90
13.10.14	Khuba Traders	3566	2,034.75
17.10.14	Khuba Traders	3569	604.95
27.10.14	Khuba Traders	3581	666.90
<b>Total</b>			<b>20,503.56</b>

Schools and Accounting Regulations 10.2 states that “Those schools involved with special subject fees must maintain control over these funds and ensured their use for the intended purpose. The Head of School may wish to delegate control to the special subject teacher but it is incumbent on the Head to decide how the objectives can best achieved.”

Schools Accounting Regulations 16.0states that “Where the Head of School delegates the operation of special subjects Funds to the teachers involved he must ensure that those teachers understand accounting requirements and that the expenditure records are complete.”

**(p) Unauthorised top-up fees**

It was reported to the Controlling Officer that the school charged top-up fees of E750.00 and E1 600.00 for students from form 1-3 and 4-5 respectively, including Orphaned and Vulnerable Children (OVCs), without an authority from the Ministry of Education, thus violated Circular number 17 of 2013.

Circular number 17 of 2013 states that students in form 1 to 5, no monies shall be added to fees paid by Government and all schools that have collected top up fees from learners without written permission and approval from the Ministry of Education should refund such funds to guardians and parents in the most cost efficient way deemed fit by the school and the school committee.

It should be noted that the queries have been raised with other schools before. This means that the Ministry is not taking any corrective measures as a control against mismanagement of school funds. The Ministry only concentrates on the schools that were revealed in the audit report.

**No response was received from the Controlling Officer. I am not aware of any action taken on the issues raised.**

**HEAD: 34**  
**MINISTRY OF FINANCE**

**Objectives:**

To ensure that Government is prudently advised on all fiscal matters and that annual estimates and appropriation drafts are prepared and processed as required.

**38.0 Undisclosed Dividends**

A follow –up audit was carried out on dividends received in the Financial Year 2015/2016 and a memorandum referenced A2/2015/2016/53 dated 2<sup>nd</sup> December 2016, was issued to the Principal Secretary, Ministry of Finance, my memorandum, I raised my concern, with regard to non-disclosure of dividend revenue received, in the statement of Revenue, amounting to E8, 754, 179.65. An amount of E7,737,699.65 was disclosed in the Statement of Revenue (Appendix 6) whilst in amount of E1, 016,480.00 was not even disclosed in the Consolidated Statement of Outstanding Revenue (Appendix 14).

The latter, was paid by AON Swaziland on 29 March 2016 and received by the Government on 5<sup>th</sup> April 2016 financial year 2016/2017, after the Financial Year 2015/2016 had elapsed.

The omission of E8,754,179.65 resulted to the understatement of the revenue collected during the year.

The Government Accounting records reported that only E76,152,413.13 was collected in respect of revenue dividends instead of E84, 905,592.78 which should have been reported as, E83, 889,112.78 in the Detailed Statement of Revenue control item number 354/2115/21944 and E1,016,480.00 in the Consolidated Statement of Outstanding Revenue.

The table below indicates the status of dividends declared in the year 2015/2016 financial statements, Category B, Public enterprises.

<b>Public Enterprise</b>	<b>Undisclosed Dividend Revenue (E)</b>	<b>Disclosed Dividend Revenue (E)</b>	<b>Total (E)</b>
Royal Swaziland Sugar Company	-	11,031,413.13	11,031,413.13
Standard Bank Swaziland	-	21,250,000.00	21,250,000.00
Nedbank Swaziland Limited	6,056,857.40	-	6,056,857.40
Swaziland Royal Insurance Corporation	-	37,720,000.00	37,720,000.00
MSNP Pty Ltd.	-	6,150,000.00	6,150,000.00
AON Swaziland	1,016,480.00	-	1,016,480.00
African Reinsurance Corporation	150,842.25	-	150,842.25
<b>Total</b>	<b>7,224,179.65</b>	<b>76,151,413.13</b>	<b>83,375,592.78</b>

It should be noted that in my previous Audit Report similar omissions were identified in the accounts.

**The Controlling Officer requested an extension of time up to 7<sup>th</sup> January 2017. However, thereafter I did not receive any update in this matter.**

### **38.1 Pan African Parliament (PAP) Budget**

A memorandum referenced P42. Vol.III/23 dated 16<sup>th</sup> December 2016 was issued to the Principal Secretary, Ministry of Finance as a follow up on the Pan African Parliament Budget. The Controlling Officer did not respond to the matter.

I requested the Controlling Officer to update me about the recovery of the funds, totaling E4, 405,314.00, PAP from financial year 2006/2007 to 2014/2015, after the occurrence of the overpayment was confirmed as correct.

The Public Accounts Committee Report endorsed that, during the Public Accounts Committee (PAC) deliberations of the 2014/2015 Audit Report, the Principal Secretary, Ministry of Finance, confirmed that there was duplication of payment of the subscription.

The Ministry of Foreign Affairs and International Cooperation budgeted and paid subscriptions for PAP through Union (AU). On the other hand the Ministry of Finance budgeted and released funds annually, to Parliament Head 2 who through the Accountant General paid the same subscription to the PAP account.

As per the government computer accounting system, the budget and performance stood as follows:

<b>Financial Year</b>	<b>Estimated Budget (E)</b>	<b>Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
2006/2007	950 000.00	0.00	472 680.67	(472 680.67)
2007/2008	950 000.00	0.00	0.00	950 000.00
2008/2009	950 000.00	950 000.00	590 603.88	359 396.12
2009/2010	960 000.00	960 000.00	959.997.22	2.78
2010/2011	985 049.50	868 069.00	860 910.00	7 159.00
2011/2012	985 050.00	985 050.00	977 842.38	7 207.62
2012/2013	985 050.00	543 281.00	543 280.50	0.50
2013/2014	60 000.00	60 000.00	0.00	60 000.00
2014/2015	60 000.00	60 000.00	0.00	60 000.00
<b>Total</b>			<b>4 405 314.65</b>	

I also noted that out of the E950 000.00 budgeted, for PAP, in financial year 2008/2009, E60 868.00 was utilized to pay Swazi Med on cheque no. 364668 during the same financial year, which was diversion of the funds, and not accounted for.

However, I appreciated that pursuant to acknowledgement of this error by the Principal Secretary, Ministry of Finance, the release of the PAP budget, under Parliament was suspended with effect from the financial year 2015/2016, to rectify the anomaly.

At the time of reporting I am not aware of any recoveries of the overpaid funds.

**The Ministry of Finance informed me that an update from the Clerk to Parliament was that subscriptions were not paid to PAP but no formal communication had, initially, been forwarded by Parliament to that effect. Hence, the continued allocation of the budget.**

**The issue that needs to be resolved is recovery of overpaid monies suspected to be still in the PAP account.**

Noteworthy is that the PAP budget was approved even after I had drawn the attention of the Ministry of Finance about this anomaly.

I further noted that there was no response on the E60 868.00 that was utilized to pay Swaziland from E950 000.00 that had been budgeted for PAP in 2008/2009 financial year.

### **38.2 Audit of the Statement of Public Debt 2015/2016**

An audit of the Statement of Public Debt was carried out for the fiscal year ended 31<sup>st</sup> March 2016.

A management memorandum referenced A2/15/16/49 dated 29<sup>th</sup> November 2016 was issued to the Controlling Officer at the Ministry of Finance of which the following paragraphs were not addressed satisfactory.

#### **(a) Sinking Fund Investment**

I observed that the Financial Statement balances were incongruous. Also the sinking fund was gradually depleting.

The Sinking Fund is an investment account that was solely created to cater for the Maguga Dam Project loan principal repayment as it becomes due in 2027. Hence withdrawals from the fund pose financial risk for failure to meet the obligation as per agreement.

#### **(b) Differences in Sinking Fund Balances**

I communicated to the Controlling Officer about disparity of closing balances of the Sinking Fund between the detailed Statement of Assets as at 31<sup>st</sup> March 2016 and the Bank Statement as at the same date. The Sundry Investments item number 52145 (Sinking Fund Maguga Dam CBS 2004) amounts to E86,851,306.51 in the Financial Statements whereas the Bank Statement on the same date shows the balance for the Sinking Fund as E161,664,376.82 resulting in a difference of E74,813,070.31.

I also emphasised to the Controlling Officer that the Maguga Dam Sinking Fund is an Investment Account solely created to meet the Maguga Dam Loan repayment when it becomes due, therefore if wrongly reported misleading to the Government and all stakeholders.

This could also result in the Government failing to meet its obligation as it becomes due in the case where it is overstated.

Despite my several appeals to the Accountant General for reconciliation of the accounts, this account was not reconciled.

The difference of E74,813,070.31 is a material misstatement thus depicting a picture that is not true and fair.

**The Controlling Officer acknowledged my recommendation. He stated that the Treasury is working on the reconciliation which is ongoing. The balances have been adjusted from E74, 813,070.31 to E31, 801,577.62. He stated that the supporting document proving the reconciliation were attached. However these documents were not found and no verification was done.**

#### **(c) Depletion of the Sinking Fund**

The Sinking Fund depicted a reduction of the invested funds compared to the previous year. Bank statements of the Central Bank of Swaziland the closing balance of E440 488 085.39 in the previous accounting period (2014/2015), in the period under review (2015/2016) the closing balance amounted to E161,664,376.82 resulting in a reduction of E278,823,708.57.

It has been observed that the fund has from time to time been withdrawn and utilized for operational expense, I was not provided with the instrument authorizing the withdrawals from the Sinking Fund, and it is not clear whether any arrangement had been made to reimburse the funds.

If withdrawals are effected on the Maguga Sinking Fund without any control end up not serving the purpose for which it was created for.

According to the Finance and Audit Act 1967 Section 13 (1&2) as amended, the Accountant General shall establish a sinking fund in respect of each loan received by or on behalf of the Government and which is to be repaid on one specified date. The legislation does not cater for any withdrawals to be made on the sinking fund.

The Controlling Officer assured me the need to formalize the withdrawals was noted.

**Information given was that the sinking fund matures in 2027 where the Principal amount of E150 000 000.00 will be paid. The balance held in the fund was much higher than required. The cash flow committee resolved to withdraw monies from the fund to meet government obligations, since it would be costly to borrow to finance expenses when other cash was available in this account.**

The Ministry did not avail the supporting evidence of the withdrawal already made for verification.

#### **(d) Un-reconciled Value of Amortised Public Debt**

I also reported to the Controlling Officer about the inconsistency observed about in the value of the Public Debt, due to lack of record keeping and accounting of Public Debt. The Accounting of Public Debt, loans should clearly reflect the loan sourced including transaction costs, the loan period, effective interest and principal repayments amortization. According to the statement of Public Debt, the value of external debt was E5.022 billion. I could not verify its authenticity because the Public Debt Management Unit did not maintain any records relating to external debt.

In a bid to obtain the true value of the debt, I obtained the Monthly Report, on Total Public Debt, as at 31<sup>st</sup> March 2016 from the Ministry of Finance – Director of the Public Debt

Management Unit, which revealed the total external. Hence, no assurance was given on the Public Debt.

**The Ministry promised that the reconciliation will be done in due course because of inadequate staff. When it is finalised a report will be forwarded to me.**

**(e) Penalty Payments**

I reported that there were penalty payments made due to late loan repayments, estimated to be of E19, 550.89 (JPY 164 238 X0.11904 SZL) using closing foreign currency rates during the audited period. This reveals negligence by the Public Debt Management Unit which failed to promptly meet government’s repayment obligations.

I consider this not acceptable since government funds were used for an unnecessary expense that could otherwise have been avoided. Defaulting on loan repayments may also reflect badly on the country’s credit worthiness to investors and prospective financiers.

**The explanation given was that the debt repayment schedule exist. The penalties arise from delays in sending the necessary documents by the financiers discussed during the audits. This is despite the reminders sent to the financiers. He reiterated the allegation of negligence in this matter as inaccurate.**

**The emails that were said to have been sent as reminders were not attached.**

The penalties not related to government should not be compromised. The losses incurred cannot be recouped and unfairly deplete government resources. There is need for a solution to alleviate government from this unnecessary expenditure where the documents might be deliberately delayed to earn the interest from the charges.

**(f) Hedge Account**

I observed during the audit inspection that there was a discrepancy of E53.3 million on the JP Morgan Hedge Fund. According to the agreement, wherein exchange rates of foreign currencies and the local currency (Lilangeni) on the dates of the scheduled hedging were compared with the E44.38 million remitted to JP Morgan on a quarterly basis.

During the previous period 2014/2015, the report emphasised on the performance of the hedge fund and to what extent is the Swaziland Government benefiting from it. The audit team is aware that the JP Morgan will elapse in 2044, however according to Generally Accepted Accounting Principles transactions are supposed to be reported within the period in which they occurred.

Date	Amount Payable by JP Morgan	Exchange Rate	Amount in Emalangeni
15 June 2015	US\$2 324 461	12.39	
15 December 2015	US\$2 321 950	14.9037	
15 June 2015	EU£797 713	14.0243	
15 December 2015	EU£ 794 992	16.3436	
15 June 2015	JPY 157 768 201.12	0.1004	
15 December 2015	JPY 157 262 326.14	0.1235	

15 June 2015	CHF 43 49787	13.3236	
15 December 2015	CHF 43 487 69	15.1647	
15 June 2015	DKK 40 336	1.8717	
15 December 2015	DKK 40 299	2.2045	
<b>Total</b>			

The Swaziland Government currently pays E177.52 million (44.38 X 4) towards the JP Morgan Hedge Fund results in a difference of E53 268 697.62. I could not ascertain whether the difference of E53.3 million as there has been no statements or documentation clearly detailing the JP Morgan Hedge Fund.

The expenditure incurred is neither defined nor properly clarified.

I also have the understanding that the quarterly payments of E44.38 million are frontloaded on the Hedge Fund and will subsequently stop the payments in 2020, wherein in Government will only receive and benefit foreign currencies delivered by JP Morgan to hedge debt. I also appreciated that with the subsequent stoppage of the quarterly payment of E44.38 million in 2020, gains from the fund may soon occur which may set off losses hereby disputed.

In my view a report on the performance of the hedge fund should have been prepared since its inception in 2015 to clearly articulate the performance of the hedge fund including all costs incurred by government during the course of the Hedge Fund.

However, I have not been furnished with a hedged debt schedule that reflect the loans cushioned and enable me to ascertain if the foreign currency delivered is equivalent to the value as per the JP Morgan Transaction Reference: 0005788291.

**The Ministry stated that the comparison using the Google exchange rates is not applicable and will give misleading information. According to the agreement government will pay JP Morgan until 2020 and thereafter government will continue to receive foreign currency until 2044.**

**Performance of the hedge cannot be assessed on the basis of the amount paid and foreign currency received during this period as it will give misleading information.**

The reason for using Google exchange rates was the non provision of records, by the Ministry, to ascertain the status of the hedge. Following the explanation there were still no documents provided to confirm the assertion.

## HEAD: 35

### TREASURY AND STORES

#### Objectives:

Government Accounting – To maintain Central Government Accounts and other records. Collection and accounting for revenue due to Government, including the operation of five District Revenue Offices.

Systematic review of procedures within the Treasury and within Ministries and Departments to ensure adherence to the Financial and Accounting Instructions issued in accordance with the Finance and Audit Act.

Store – To provide effective buying services to supply goods and services at minimum cost to Government.

#### **39.0 Under Expenditure on Project G60099– Installation of the Integrated Financial Management Information System in Swaziland [IFMIS]**

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

I therefore consider under expenditures of 10% and above on capital projects, in a year, as not conducive to the development of a country.

An amount of E 1,000,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 761,437.80, resulting to an under expenditure of (E 1,000,000.00- E 761,437.80) E 238,562.20(24%)

<b>Project Code</b>	G59999		
<b>Project Name</b>	Installation of the Integrated Financial Management Information System In Swaziland [IFMIS]		
<b>Purpose of the Project</b>	Local funds for the development of an IFMIS system for the Swaziland Government		
	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
	1,000,000.00	761,437.80	238,562.20

The Ministry is expected to explain these savings and further update me on the current status of the project.

The Controlling Officer was requested for the procurement of equipment, furniture and stationery for the new compliance unit, whose mandate is to drive the financial management reforms in preparation for the implementation of Integrated Financial Management Information System (IFMIS).

The authority to engage additional personnel delayed and the equipment, furniture and stationery could not be purchased. The furniture and equipment was also thereafter to be used by the cash flow Management Unit.

The project is expected to run for the next 3 years, that is, up to 2018/2019 financial year and needs to be funded on yearly basis.

**The Controlling Officer concurred with the finding and stated that the released funds were requested for the procurement of equipment, furniture and stationery for the new Compliance Unit.**

**The Department has a backlog of unreconciled accounts. This necessitated the need for engaging additional personnel to help with the reconciliation of government accounts. Authority to engage additional personnel was not received in time as a result the office could not continue with the purchase of equipment, furniture and stationery for these officers, thus the savings in the project.**

### **39.1 Withdrawal from General Account**

An audit of Micro Project Special Fund was carried out for the fiscal year ended 31<sup>st</sup> March 2016.

The Fund was created in respect of funds released, for projects, under the Ministry of Health.

I reported to the Accountant General that an amount of E1 342 848.32 was drawn from the General Account and deposited to Micro Project Account. The funds were drawn from the Government General Bank Account without a warrant authorising the withdrawal. This practice is tantamount to misappropriation of funds and depleted Government resources or budget unjustifiably.

It is not known how much monies have been withdrawn in this manner from other special/ deposit accounts and who else benefitted from such practice.

This is a breach of the Appropriation Act which is an authority for the expenditure of public funds by Parliament. It is further endorsed by Section 4 (1) the Finance Management and Audit Act which states that “no moneys shall be withdrawn from the Consolidated Fund or other public funds except upon the authority of a warrant under the hand of the Minister.” And in addition a Criminal Act.

Noteworthy, is that this serious fraudulent act occurred at the Accountant General’s Office whose duties is to supervise the accounts, and ensure that no payment is made without authority, design the internal control structure and strengthen it where there are weaknesses.

If utmost prudence would be practiced by the Accountant General the public purse will be protected from fraud, embezzlement and abuse.

**The Accountant General revealed that the money was utilized to settle outstanding debts in respect of the Ministry of Health projects. The submission was that during the compilation of financial statements for the year ended 31<sup>st</sup> March 2016 it was observed**

**that not all the appropriated funds were transferred to the Micro Project Health Account and other special accounts had been utilized. In compliance with the regulations that all unutilized funds shall lapse on 31<sup>st</sup> March, Ministry of Finance instructed all unutilized funds should be remitted back to the Consolidated Fund the Accountant General duly compiled. Due to the Micro Project cheques that were already in circulation and funds related to these payments should not have been remitted to the Consolidated Fund. It was necessary to make the payment to honour government obligations.**

The reason to make the payments is well understood. However the bone of contention here is that government regulations and procedures were not adhered to. Up to October 2016, the payments were made separately. Authority should have been sought to obtain warrant to incur expenditure since the funds had lapsed even though the debts were outstanding from the previous year. Similarly, regarding debts paid by the end of June, authority should be sought to honour the outstanding obligations.

## HEAD: 40

### MINISTRY OF LABOUR AND SOCIAL SECURITY

#### Objectives:

Labour Regulations - To create, maintain and improve an environment for Sustainable development through decent work and to Promote social protection and social justice.

#### **40.0 Non Compliance to Workman Compensation Act, 1983**

I observed that a compensation claim amounting to E 130 680.00 was processed and paid by the commissioner of Labour without adherence to the dictates of the regulation i.e. the requisite ascertainment of the claims' veracity, validity, authenticity, legality and accuracy.

The accident had occurred on the 12th October 2004 and reported to the Teaching Service Commission (TSC) in April 2009. This was after 5 years, i.e. 2years more than the 3years legal deadline stipulated in the Workman's Compensation Act for reporting an accident, and TSC was aware of the time frame. Also of note was that the 50% of disability awarded by the workman's doctor for pain in the 3rd ,4th and 5th finger and inability to use the right hand when writing was way above the legal maximum limit which is 35% for loss of four fingers. Hence the disabilities percentage claimed was not authentic and was a drain to public funds.

Notwithstanding the above anomalies, the Teaching Service Commission had taken responsibility of compensating the workman by making funds available to compensate the workman, under Head 30 Centre 2111.

The Commissioner did not facilitate the payment and subsequently, the workman went to court praying for an order to have the time barring removed. The case was not defended by either the Commissioner of Labour, Teaching Service Commission or the Attorney General, thus the judge unilaterally granted the workman his wish in an order.

Worth noting is that there was also an element of conflict of interest in this case. The workman who is a teacher by profession was represented by the current Teaching Service Commission Chairman's law firm (Mamba Attorneys). During the court proceedings the chairman was a Board Member.

I noted that the workman never appeared before the Medical Board for its assessment as per regulations

In my memorandum, dated 22<sup>nd</sup> September 2010, I advised the Commissioner of Labour that through his office, the case be referred to the Medical Board, to fulfill the omitted requirement, in response, through a letter dated 22nd August 2010 the workman was duly requested by the Commissioner of Labour to appear before the Medial Board on the Saturday 25th September 2010. However, the workman did not avail himself before the Medical Board, instead he took the matter to court.

Following the workman's failure to honour the invitation, through a memorandum dated 6th October 2010 the Commissioner of Labour withdrew his letter that requested the workman to appear before the Medical Board. The reason given was that referral to the medical board was the responsibility of the employer (TSC). Hence the referral to the Medical Board was wrongful and bad in law as the Commissioner of Labour was not the employer. Nevertheless, I had no legal authority to request the case to be referred to the Medical Board. I have reservations about this sentiment. The issue of the rightful employer was not communicated to me as a response.

However, to my understanding it is within the Auditor General's mandate and role to give advice whenever improper use of Government funds is visible. The Constitution of the Kingdom of Swaziland alludes to that effect wherein the Auditor General has power to disallow any item of expenditure that is contrary to the law and surcharge the person who incurred or authorized such expenditure.

The compensation claim was paid without ascertainment of the claims' veracity, validity, authenticity, legality and accuracy. Thus, Government lost E130 680.00 for an undeserving compensation claim and E 18 028.81 for lawsuit. Had the Commissioner of Labour and TSC worked in the best interest of Government, and ensured that all the pre-requisites were fulfilled as per Regulations, the above loss would have been prevented.

Also the payment of the claim was contrary to the Workman's Compensation Act 1983 section 18 (2) (b) that states "no claim of recovery of compensation shall be maintainable unless it is made within a period of three years from the date of the accident and Section 29 (4) profess that, "if the workman fails to submit himself for medical examination as required by this section, his right to compensation shall be suspended until such examination has taken place, and if the failure extends for the period of fifteen days from the date when the workman was required to submit himself for examination the workman shall forfeit his right to compensation unless it is proved, to the satisfaction of the Labour Commissioner, that there was reasonable cause for such failure.

**The Controlling Officer disputed the finding. He stated that the claim was processed in compliance with court order.**

The issue of non-compliance with the Workman Compensation Act 1983 was not addressed, and as per Regulations the payment was not appropriate and a loss to Government. That the anomaly is not appreciated means it will recur. The Controlling Officer ignored that the compensation award above the allowable percentage arose from non-compliance with regulations. Also there is no evidence that government was given opportunity to defend the case in court

#### **(a) Stalled processing of Workmen's Compensations**

I noted with concern that the processing of Workmen Compensations in respect of Civil Servants, had stalled due to the suspension of the Underwriting Clinic on the 21<sup>st</sup> September, 2015. Its responsibility was to endorse the authenticity of the claims before payment.

The Department of Labour in the Ministry of Labour and Social Security inaugurated a Medical Underwriting Clinic which operated every Thursday as an internal control function to ascertain the authenticity of the claims. This clinic was manned by the Occupational Health Specialist

as appropriate. After the inauguration of this medical clinic, the number of irregular workmen's compensation claims was greatly reduced.

Based on the instruction that terminated the services of the clinic its operation, the reason given was that 'the Ministry was in a process of finding possible ways in which the underwriting could be improved and to include the function of the Underwriting Clinic in the Workmen's Compensation Act to minimize lawsuits'.

Worth noting is how the Underwriting Clinic could raise any contestable point in law since the clinic was for internal control in processing of claims and the workman has the right to freely agree or disagree with its findings and also the right to appeal further to the Medical Board. Moreover, the Commissioner of Labour has not been able to bring forth evidence of cases that Government has lost because of the Underwriting Clinic.

The table below illustrates an eight months extract from claims that were processed by the underwriter for compensation in 2015 from January to August 2015. The sample comprised 137 claws. This represents a reduction of 36.40% from the original figure.

W/men's Doctor Award (E)	Underwriting Clinic Award (E)	Variance (E)
6 726 216.90	4 750 190.73	2 448 428.82

Some claims were increased while others were increased. However, the overall trend was that the total claims came down after medical underwriting.

The table below illustrates compensation claims that were forwarded to the Office of Auditor General in July 2015 without going through the underwriting process. The amounts as compensation were awarded by the workmen's Doctor. Efforts to obtain applications for workmen compensations from August 2015 to date proved futile.

Case File no.	Amount Awarded by W/men's Doctor (E)
LAB/C/1/25758/23/10/2009	7 943.76
LAB/C/1/7357/07/07/2014	8 078.21
LAB/C/1/25773/21/03/2015	38 540.66
LAB/C/1/40128/26/09/2014	5 443.20
LAB/C/1/36907/19/12/2012	246 612.06
LAB/C/1/40105/20/02/2013	73 261.91
LAB/C/3/0895/08	61 089.88
<b>Total</b>	<b>440 969.68</b>

The inclusion of internal control objectives is justified, as the importance of ethical behaviour as well as prevention and detection of fraud and corruption in the public sector has become more emphasized. However, the Commissioner of Labour would rather have undeserving and fraudulent claims processed.

Also of concern is that the Commissioner of Labour has processed all workman compensation claims for private companies without first ascertaining the veracity, validity, authenticity, legality and accuracy of the claim, a function which the clinic provided. The same Workmen Compensation Act applies to these claims.

It is a subject for concern that the underwriting clinic that had contributed immensely in the reduction of underserving workman compensation claims was suspended by the Commissioner of Labour.

The non-processing of the claims compromises government service delivery to the deserving workmen and open to litigation.

**There was no response to the concerns raised.**

## HEAD: 43

### INFORMATION, COMMUNICATION AND TECHNOLOGY

**Objectives:** To ensure adequate provision of information and the Development of ICT related policy and regulations

#### **41.0 Under Expenditure on Project G55799– Development of a Document Management System**

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

I therefore consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of a country.

An amount of E 4,516,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 3,268,586.06 resulting to an under expenditure (E 4,516,000.00- E 3,268,586.06) E 1,247,413.94 (27.6%)

<b>Project Code</b>	G55799		
<b>Project Name</b>	Development of a Document Management System		
<b>Purpose of the Project</b>	Local funds for rolling out the system		
	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
	4,516,000.00	3,268,586.06	1,247,413.94

The Ministry is expected to explain these savings and further update me on the current status of the project.

**The Controlling Officer concurred with findings and stated that the under expenditure was due to project activities which were not undertaken. He further stated that a number of problems encountered during the year which caused the project not to function as planned.**

#### **41.1 Project G55799 – Development of a document management system.**

**The Controlling Officer acknowledged the under expenditure and cited the under expenditure to have been a result of:**

- a. **Delays for most of the activities to be implemented due to delays including unavailability of cash and challenges faced with the tendering process.**
- b. **The Ministry realized some savings in some activities, benchmarking exercises, security system for EDRUMS Training Centre, National Archives and Records Management Bill.**

**An update was that the project continued to the 2016/17 financial year but would still not be completed by the end of the financial year due to various challenges.**

**41.2 Over Expenditure on Project M33170-Construction of Biotechnology Park at Nokwane**

Expenditure in Excess of budget provision and released funds is illegal in that it distorts the fiscal budget of a country.

This is supported by Financial and Accounting Instructions 0202 (ii) and 0401 which disallow expenditure in excess of funds released. Further, controlling officers are urged to encourage economy in the use of funds failing which officers who spend in excess of authorized amounts may face surcharge in accordance with section 20 of the Finance Management and Audit Act.

An amount of E 44,000,000.00 was approved and E 25,412,399.00 released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 40,904,260.19 resulting to an over expenditure of, (E 25,412,399.00 – E 40,904,260.19) (E 15,491,861.190 (61%).

<b>Project Code</b>	33170		
<b>Project Name</b>	Construction of Biotechnology Park at Nokwane		
<b>Purpose of the Project</b>	Donor funds for the construction of the service Centre		
	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
	25,412,399.00	40,904,260.19	15,491,861.19

The controlling officer is expected to explain the authority that allowed the expenditure beyond the released funds and further update me on the current status of the project.

**The Controlling Officer concurred with the finding but, he stated that the project was partly donor funded. He explained that some warrants were erroneously not captured into the system resulting to the over expenditure.**

**He further stated that the Ministry have taken the initiative to engage the Ministries of Finance and Economic Planning and Development to find ways of reconciling the anomaly.**

**41.3 Under Expenditure on Project E38199 – Swaziland National Library and Bibliographic Network**

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

I therefore consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of a country.

An amount of E 3,000,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 1,960,489.20, resulting to an under expenditure (E 3,000,000.00 – E 1,960,489.20) E 1,039,510.80(35%)

<b>Project Code</b>	E38199		
<b>Project Name</b>	Swaziland National Library & Bibliographic Network		
<b>Purpose of the Project</b>	Local funds for Project		
	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
	3,000,000.00	1,960,489.20	1,039,510.80

The Ministry is expected to explain these savings and further update me on the current status of the project.

**The Controlling Officer in his response concurred with our findings and stated that part of the project funds were for procurement, installation and maintenance of a Microwave Communication System. All procurement processes procedures that were supposed to be carried out before the actual procurement of the project equipment were followed. Authority to use a single source procurement method was granted by Tender Board. The company awarded the tender to supply, install and maintain of the Microwave Communication equipment first gave a quotation of E1 444 760.00.**

**On the tender opening day the tender price on the tender document given by the same company reflected E14 000 000.00 which was above the project allocated funds. The Swaziland National Library could not therefore procure the equipment.**

#### **41.4 Outstanding Revenue – Advertising Fees**

An audit of Treasury Annual Statement for the financial year ended 31<sup>st</sup> March 2016 was conducted and a memorandum referenced A2/15/16/14 dated 04<sup>th</sup> November, 2016 was issued to the Principal Secretary Ministry of Information, Communication and Technology. (I.C.T.).

An amount of E274,781.46 was confirmed by I.C.T. as outstanding revenue for the period ended 31<sup>st</sup> March, 2016 in respect of advertising fees at the department of Swaziland Broadcasting and Information Services (SBIS), whereas Treasury records reflect E1,197,355.50 as outstanding fees.

The outstanding fees are as follows:

<b>Date</b>	<b>Customer</b>	<b>Invoice Number</b>	<b>Amount (E)</b>
July 14	Ageis Media Central(Coca-Cola)	11425	27 687.80
Oct 14	Ageis Media Central(Coca-Cola)	11491	66 938.76
Oct 14	Ageis Media Central(Coca-Cola)	11494	41 785.80
Oct 14	Mr Matata	115007	1 939.00
Nov 14	Ageis Media Central(Coca-Cola)	11549	3 137.10
Nov 14	T & S Enterprices	11526	3 300.00
Dec 14	T & S Enterprices	11556	5 775.00
Jan 15	Ageis Media Central(Coca-Cola)	12101	37 880.00
Jan 15	Ageis Media Central(Coca-Cola)	12102	30 580.00
Jan 15	Ageis Media Central(Coca-Cola)	12103	37 880.00
Jan 15	Bobs Auto Spares	11619	2 052.00
Feb 15	Buy n Save Supermarket	11654	3 025.00
Feb 15	Mr Matata	11638	1 151.00
Feb 15	Provantage Media GRP	11662	11 650.00
<b>Total Outstanding</b>			<b>274 781.46</b>

A similar matter was brought before Public Accounts Committee (PAC) in Parliament in the financial year 2010/2011, and the Parliamentary resolution was that all outstanding fees should be collected within ninety (90) calendar days. This implies that credit facilities were discouraged.

The Controlling Officer in his unreferenced response dated 11<sup>th</sup> November, 2016 did not indicate how the outstanding revenue of E274 781.46 would be recovered.

Amongst the payments made, fees amounting to E588,765.64 were allegedly paid through Electronic Funds Transfer (EFT), but there was no proof that these fees were deposited to the Government coffers.

The following are payments made through EFT:

<b>Date</b>	<b>Customer</b>	<b>Invoice #</b>	<b>Amount (E)</b>
May-14	National Maize Co.	10943	4 400.00
Jun-14	Ageis Media Central(Coca-Cola)	10962	29 768.10
Jun-14	Ageis Media Central(Coca-Cola)	10963	7 999.10
Jun-14	Bob's Auto Spares	10960	5 130.00
Jun-14	Nedbank	11406	800.00
Jun-14	STD Bank	10970	5 130.00
Jun-14	Swaziland Ephilepsy Org	11431	5 384.00
Jun-14	University Research Co.	10974	9 881.00
Aug-14	Bob's Auto Spares	11439	1 539.00
Sep-14	Ageis Media Central(Coca-Cola)	11479	52 422.14
Sep-14	Bob's Auto Spares	11474	3 078.00
Oct-14	Ageis Media Central(Coca-Cola)	11509	66 593.00
Oct-14	Ageis Media Central(Coca-Cola)	11510	47 748.00

<b>Date</b>	<b>Customer</b>	<b>Invoice #</b>	<b>Amount (E)</b>
Oct-14	Bob's Auto Spares	11512	2 565.00
Nov-14	Ageis Media Central(Coca-Cola)	11548	2 096.00
Nov-14	Ageis Media Central(Coca-Cola)	11550	2 096.00
Nov-14	Ageis Media Central(Coca-Cola)	11551	2 620.00
Nov-14	Bob's Auto Spares	11528	2 052.00
Nov-14	S.E.C	11519	6 304.00
Jan-15	Ageis Media Central(Coca-Cola)	12104	30 544.30
Jan-15	Marnox Media	12303	73 407.40
Feb-15	MTN Swaziland	11657/9819	23 100.00
Feb-15	National Maize Co.	11637	3 078.00
Feb-15	Nedbank	11636	10 608.00
Feb-15	Nedbank	11645	2 210.00
Feb-15	SPTC	11646	72 000.00
Feb-15	SPTC	11647	8 556.00
Feb-15	SPTC	11651	6 000.00
Feb-15	SPTC	11652	37 080.00
Feb-15	STD Bank	11648	8 925.00
Mar-15	MTN Swaziland	11572	17 112.00
Mar-15	MTN Swaziland	11569	21 390.00
Mar-15	PSI Swaziland	11570	11 650.00
Mar-15	S.E.C	11581	5 500.00
<b>TOTAL</b>			<b>588 765.64</b>

Since Government is trading on cash basis, I am not aware that the ministry is authorised to grant services on credit and this practice deprives Government its revenue, as a result Government is experiencing severe cash flow constraints. Expectation is that the Ministry delivers the service and then collects cash, instantly.

However, I have noted that whenever the Controlling Officer collects the outstanding fees, the Treasury Department is not updated so that the records reconcile. Also, Treasury could not be left out because it is responsible in reconciling its records with the Ministry or Department.

**There was no response on the concerns raised.**

## HEAD: 44

### ELECTIONS AND BOUNDARIES COMMISSION

**Objectives:** To promote confidence in the conduct and management of Electoral process.

#### 42.0 Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond budget provision and appropriated funds by Parliament are illegal in that it distorts the fiscal budget of any Ministry.

This is further supported by Financial and Accounting instruction 0202 (ii).

However, the Ministry violated the Government standing regulation and allowed the occurrence of the following over expenditure:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
44	Consumable Materials and Supplies	20,888	40,057.65	19,169.65	91.77

It is expected that the Ministry explains the authority that allowed it to spend beyond budget provision and Parliament Appropriation Act.

**At the time of reporting there was no response to the concerns raised.**

**HEAD: 45**  
**MINISTRY OF HEALTH**

**Objectives:**

To improve and preserve the state of health of the citizens of Swaziland and also provide relief, emergency and social services.

**43.0 Under Expenditure on Project H33999– Water and Sanitation Projects II**

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

I therefore consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of a country.

An amount of E 4,499,363.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 2,641,050.80, resulting to an under expenditure of (E 4,499,363.00- 2,641,050.80) E 1,858,312.20(41.3%)

<b>Project Code</b>	H33999		
<b>Project Name</b>	Water and Sanitation Project II		
<b>Purpose of the Project</b>	Local funds for the Projects		
	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
	4,499,363.00	2,641,050.80	1,858,312.20

The Ministry is expected to explain these savings and further update me on the current status of the project.

**The Controlling Officer concurred with our findings and stated that the reason for the under payment was that some of the procured materials amounting to E1 625 278.60 were erroneously paid through the recurrent account. The Controlling Officer further stated that the accounting department is in the process of reconciling the recurrent and capital expenditure through journal voucher.**

**43.1 Under Expenditure on Project H34599 – Provision of Water in Health Facilities**

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

I therefore consider under expenditures of 10% and above on capital projects, in a year, as not conducive to the development of a country.

<b>Project Code</b>	H34599		
<b>Project Name</b>	Provision of Water in Health Facilities		
<b>Purpose of the Project</b>	Local funds for the provision of water in Health Facilities		
	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
	5,000,000.00	4,009,220.00	990,780.00

An amount of E 5,000,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 4,009,220.00 resulting to an under expenditure (E 5,000,000.00- E 4,009,220.00) E 990,780.00(19.8%)

The Ministry is expected to explain these savings and further update me on the current status of the project.

**The Controlling Officer submitted that the savings were due to late release of funds, in March 2016, due to cash flow constraints. He revealed that at the time it was not possible to transfer the funds to Micro Projects.**

#### **43.2 Under Expenditure on Project H31199– Lubombo Regional Hospital Phase I**

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

I therefore consider under expenditures of 10% and above on capital projects, in a year, as not conducive to the development of a country.

An amount of E 13,126,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 11,454,209.49, resulting to an under expenditure (E 13,126,000.00- E 11,454,209.49) E 1,671,790.51(13%).

<b>Project Code</b>	H31199		
<b>Project Name</b>	Lubombo Regional Hospital Phase		
<b>Purpose of the Project</b>	Local funds for the completion of Phase I of Lubombo Regional Hospital		
	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
	13,126,000.00	11,454,209.49	1,671,790.51

The Ministry is expected to explain these savings and further update me on the current status of the project.

**The Controlling Officer in his response concurred with my findings and stated that the Ministry pays according to interim statements and deduct 10% retention on the current value. Payments are done to the specific time when evaluations are undertaken.**

The response was not satisfactory because there was no justification for the under expenditure and update on the status of the Project.

### **43.3 Under Expenditure on Project H33799- Provision of Equipment for Hospitals, Clinics & Health Centres**

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

I therefore consider under expenditures of 10% and above, on capital projects, in a year, as not conducive to the development of a country.

An amount of E 16,900,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 5,188,449.58 resulting to an under expenditure of (E 16,900,000.00 - E 5,188,449.58) E 11,711,550.42(69.3%)

<b>Project Code</b>	H33799		
<b>Project Name</b>	Provision of Equipment for Hospitals, Clinics & Heath Centres		
<b>Purpose of the Project</b>	Local funds for the procurement of medical equipment and furniture for health facilities in the 4 regions		
	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
	16,900,000.00	5,188,449.58	11,711,550.42

The Ministry is expected to explain these savings and further update me on the current status of the project.

**The Controlling Officer concurred with our findings and stated that the reason for the under expenditure was that some of the procured materials amounting to E5 394 522.48 were erroneously paid through the recurrent account.**

**The Controlling Officer further stated that the accounts departments is in the process of reconciling the recurrent and the capital expenditure through journal voucher.**

### **43.4 Unauthorized Over Expenditure on Recurrent Vote**

Over expenditures beyond budget provision and appropriated funds by Parliament are illegal in that it distorts the fiscal budget of any Ministry.

This is further supported by Financial and Accounting instruction 0202 (ii).

However, the Ministry violated the Government standing regulation and allowed the occurrence of the following over expenditure:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
45	CTA Vehicle Charges	53,369,018	66,641,153.20	13,584,100	25.45

It is expected that the Ministry explains the authority that allowed it to spend beyond budget provision and Parliament Appropriation Act.

**The Controlling Officer attributed the cause of the over expenditure to long distances travelled to provide transport services to patients referred for specialized care which increased fuel consumption. He promised to find long term solutions to these challenges such as installation of Bougers to selected facilities**

#### **43.5 Re-instatement Authority - Employment number 5269033**

My Memorandum referenced M10/Vol.X/12, dated 31<sup>st</sup> October, 2016 was issued to the Principal Secretary, in the Ministry of Health in relation to the above subject. However, the Controlling Officer did not respond to my findings. As a result I have no option other than to report the concerns to Parliament.

##### **(a) Absence from Duty**

I drew the attention of the Controlling Officer about an Officer, employment number 5269033, who absconded from duty with effect from 1<sup>st</sup> January 2008, after she had been granted authority to study from February 2002 to December 2007. The Officer was pursuing Medical studies (MBCHB) at the University of Limpopo in South Africa. She resumed work on 1<sup>st</sup> February 2015. The period from January 2008 to January 2015 was not accounted for, this is deemed as absconding from duty.

When the Officer completed her studies in December 2007, she did not resume work, as expected, from January 2008 to January 2015 and her whereabouts were not known.

The officer breached the in-service training bond she signed on 28<sup>th</sup> August 2002, to serve Government for a period of 5 years after completion of the course, before considering terminating her services.

Furthermore, the In-service Training Bonding Agreement between the Government of Swaziland and the Officer requires the employee to reimburse to the employer, if she fails to serve the bonding after completion of the training, an amount equal to the un-discharged bonding period in relation to the employee's current salary.

The training period for the Officer was six years. According to the Agreement, the Bonding period covers the duration of training. Since the study leave duration was from January 2002 to December 2007, the total bonding period would be six years. However, we noted that the Agreed period of Bonding was not in line with the duration of the course. The Officer's gross salary as at December 2007 was E8 461.33, per month hence the total amount owed to Government for 5 years bonding is **E507,679.80** as analyzed below:

Gross salary	Number of months	Number of years	Total
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8 461.33	12	5	<b>E507,679.80</b>
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**(b) Unauthorised Salary Arrears**

I also noted that the Officer received salary arrears amounting to E10,060.16 in October 2007 while she was neither on study leave nor rendering any services to Government. Noteworthy is that the officer's salary was supposed to have been stopped by the time the salary arrears were paid because she had absconded from work. Also there were no details which reflected the period when the arrears arose.

In the absence of the justification to the arrears, she was not entitled to salary arrears.

Refer to analysis below:

Employment No.	Salary Arrears pay date	Amount (E)
4853697	04/10/2007	10 060.16
<b>TOTAL</b>		<b>10,060.16</b>

**(c) Overtime Allowances**

I further reported to the Controlling Officer that, the officer was also paid overtime allowances, amounting to **E10 572.60** while she was still on study leave. I pointed that the payment of the overtime allowance was not justifiable since the officer did not report at work during the course of study as she was outside the country.

The analysis below refers:

Overtime Allowance Pay Date	Amount (E)
2002/03/04	2 253.96
2003/02/24	1 004.52
2004/03/24	2 659.68
2004/02/24	4 654.44
<b>TOTAL</b>	<b>10 572.60</b>

**(d) Summary of Amounts owed to Government**

Below is an analysis of amounts owed to government by the Officer:

Nature of Payment owed to Government	Amount (E)
Breach of bonding agreement	507,679.80
Salary arrears paid when salary should have been stopped	10,060.16
Overtime Allowance	10 572.60
<b>Total Amount</b>	<b>528,312.56</b>

It was not clear how the Ministry allowed overtime pay and salary arrears to the Officer when she was away studying medicine. It is apparent that the salary arrears and overtime pay were made for ill intentions. The Human Resource Officer was lax and delayed action to stop the

salary of the Officer promptly in order to avoid such unnecessary overpayments, whereby recovery of the monies become impossible despite the loss suffered by Government.

The huge amount of **E528,312.56** that is owed to Government and not recovered cannot be ignored. Financial and Accounting Instruction of 1970 section 509 (1) states that “immediate action must be taken to recover any amounts overpaid”

The amount owed to Government was still not recovered.

**There was no response to this issue.**

#### **43.6 Audit Inspection Sithobela Health Centre**

An audit inspection was conducted from 4<sup>th</sup> to 5<sup>th</sup> August 2015 at the above mentioned Health Centre. I communicated my findings through a memorandum, referenced M10 Vol.X59 dated 17<sup>th</sup> September, 2015 to the Controlling Officer, Ministry of Health. The Controlling Officer did not respond to my findings.

##### **(a) Revenue collected by Non Designated Employee**

In my report referenced above, I brought to the attention of the Controlling Officer that revenue was collected by an employee who was not designated by the Accountant General yet the incumbent Accounts Officer was posted to the Health Centre but does not perform her duties. As an interim measure, the Hospital Administrator requested the Principal Secretary of the Ministry, through the Financial Controller to engage the employee (Labourer) to act as an Accounts Officer in the absence of the incumbent. The request was approved by both the Principal Secretary and the Financial Controller on 6<sup>th</sup> March, 2014.

The involvement of the Accountant General who is responsible for the general accounting operations of Government was not visible, there were no set instructions and procedures to facilitate the collection of revenue, by this employee. Financial and Accounting Instruction of 1975 section 0512 which states that “Controlling Officers will be responsible for issuing instructions setting out the procedure for collecting fees which are peculiar to their own department. Such instructions must conform to these Instructions and must be approved by Accountant General”.

It is evident that the revenue collector is not acquainted with the laws and regulations governing to revenue collection.

As a result during the inspection the previous banking details were not provided for audit purposes. The assigned employee cited that the incumbent Accounts Officer did not inform him about banking.

A follow up audit was conducted on the 3<sup>rd</sup> November 2016 to verify if action was taken to address the matter. Revealed was that the situation was still the same the acting Assistant Accounts Officer was collecting the revenue on a daily basis at the Health Centre. Also noted was that cash amounting to E3, 896.00 was found at the health Centre but could not be reconciled with the ticket stumps since ticket stumps from the previous year to date are kept in a box. The issuance of the tickets is not controlled. The dates of issuance are not reflected on the stumps, thus making it impossible for the audit team to count cash collected each day

against tickets issued. The stock and issues of the tickets are not recorded anywhere to show how many were used per day.

Furthermore, it was noted that cash amounting to E2 348.00 from General Receipt number 6793701 to 6793800 which were used from 17<sup>th</sup> October 2016 to 28<sup>th</sup> October 2016 was not banked. The revenue had been kept for over two weeks without being banked when we enquired about the incumbent Accounts Officer it transpired that she had visited the Centre once in the previous week before the audit. The Sub collector's receipt book was not availed to audit the previous banking.

Consequently it was not possible to establish adherence to "Financial and Accounting Instruction 0702 which states that "where there is a daily banking service, revenue collections must be banked daily, where the service is less frequent, banking must be done on each occasion the service is available. In other circumstances, collections must be banked as frequently as possible, but not less than once every two weeks."

However, the revenue that was found unbanked during the follow-up indicated that banking are not done promptly as required. This poses a high risk of loss of the revenue due to theft. Hence such practice should be avoided. It is also a concern that revenue is with- held while Government is undergoing severe cash constraints.

Further noted was that the accounts Officer that is supposed to be based at the Health Centre reports only once in two weeks at the facility, making it very clear that her duties are carried out by the Acting Assistant Accounts Officer who is not conversant with the job. There was no justification for the consistent absence of the Accounts Officer.

Financial Accounting Instruction 0203 states that "an Accounting officer must: exercise supervision over the receipt of public moneys, ensure punctual collection, and report to the Accountant General (through the Controlling Officer) any apparent defect or difficulty in the procedure for the collection of revenue which comes to his notice; promptly bring to account all public moneys; ensure that the adequate provision is made for the safe keeping of public moneys, securities stamps, receipts and any other valuables; see that all books of accounts are correctly posted and kept up to date"

In this instance the incumbent Accounts Officer was responsible to ensure that the revenue is properly collected at this centre. Instead the employee who actually undertakes the collection of the revenue is not aware of the regulation as it falls outside his designated position and he never received any induction in this assignment.

**The Controlling Officer revealed that the accounts activities were assigned to this employee due to inadequate staffing of the accounts section at the centre.**

**He explained that the designation of the officer in question was, Dark Room Attendant.**

**The Ministry was aware that the Sithobela Centre required at least two accounts personnel so that when one is away on other duties the other will perform the accounts activities.**

**He stated that revenue collected were either banked at least once a week or in twice a week in cases extreme shortage of transport, which still complied with the Regulation.**

**He did not confirm to me whether the revenue found in the bank fell within two weeks as my observation was that it had been kept for more than two weeks, on the date of the audit.**

**On the issue of recording of tickets he stated that recording is done on arrival, on the stock register and ticket stumps stamped as the tickets are issued.**

While there response is appreciated, evidence of any efforts made to address the predicament, faced, were not provided. It is not clear whether there were no constraints on the work of the Dark Room Attendant while under taking the accounts activities.

#### **43.7 Audit of Special Care Medical Aid Fund – Appendix 31**

An audit was carried out on Special Care Medical Aid Fund for the financial year 2015/2016 and I communicated my finding through a memorandum referenced A/2/2015/2016/46, dated 29th November 2016 to the Controlling Officer, Ministry of Health. However, the Controlling Officer did not respond to my concerns.

##### **(a) Diversion of Funds**

I drew the attention of the Controlling Officer that funds for Special Care Medical Aid Fund amounting to E3 191 734.54 were used to pay invoices for civil servants who were referred through the Civil Servants Medical Referral Scheme.

The objective of the Special Care Medical Aid Fund as per Legal Notice no. 195 of 2001 is to assist deserving non-civil servants who would, otherwise not have access to specialist care, to secure medical care either within or outside the Kingdom of Swaziland.

Below are the details of the payments which were made:

<b>Voucher</b>	<b>Payee</b>	<b>Invoice</b>	<b>Practice Number</b>	<b>Amount (E)</b>
00041527	Sunninghill Nursi	270515nhcs	5808413	1 033 474.73
00120307	Netcare Garden Ci	250216ngcp	5805988	1 174 152.97
00123292	Netcare Parklane	250216nplc	5803004	984 106.84
<b>Total Amount</b>				<b>3 191 734.54</b>

I pointed out that are no controls in place to ensure that only relevant patients, non-civil servants, benefit from this fund, and patients are not screened when referrals are done. As a result non-deserving patients benefit from the fund whilst deserving patients are deprived, of this benefit. This distorts the expenditure parttern under this fund and misrepresent the budget requirements.

This act demonstrates laxity on the part of the Controlling Officer whose role is to ensure that public moneys are used for the purpose for which they are authorised. Hence the funds were misappropriated.

**There was no explanation given about this issue. Hence the matter has not been resolved.**

### **43.8 Audit of Program Management Unit Fund - Appendix 33**

An Audit was carried out on the Program Management Unit (PMU) Fund and I communicated my findings through a Memorandum referenced A2/2015/2016/21, dated 14th November 2016 to the Principal Secretary, in the Ministry of Health. The Controlling Officer in his response, referenced TR14/15/A33 dated 13th December did not satisfactorily address my concern.

#### **(a) Salaries paid through PMU Account**

Funds amounting to E266,928.00 were used to pay salaries for a period of three months, June, July and August 2015, in respect of the Project Co-ordination Unit (PCU Staff Members under the planning unit). The Controlling Officer approved a request dated 18th June, 2015, from the MOH/CDC Project Manager/Planning, for an interim payment of salaries from the PMU account. The arrangement was that the funds would be reimbursed, once the Notice of Award for funding was issued.

The Officers' Salaries for the three months are reflected in the table below:

<b>Employee Name</b>	<b>Gross Income (E) per Month</b>	<b>Income Tax (E)</b>	<b>Net Income (E)</b>	<b>Total Gross Income for 3 Months (E)</b>
Gcinile Buthelezi	43, 549.00	12, 146.17	31, 402.83	88, 976.00
Dumsile Mkhombe	23, 585.00	5, 558.05	18, 026.95	88, 976.00
Bongiwe Maphalala	21, 842.00	4, 982.87	16, 859.13	88, 976.00
<b>Total</b>	<b>88, 976.00</b>	<b>22, 687.09</b>	<b>66, 859.13</b>	<b>266, 928.00</b>

However, the account bank statement revealed that only one month's salary of E88, 976.00 had been deposited to the Central Bank on the 31st March 2016 leaving an amount of E177, 952.00 outstanding to date.

At the time of compiling this report, no further deposits had been made.

In his response the Controlling Officer acknowledged my findings and stated that the Ministry has since reimbursed the outstanding balance through a letter directed to the Manager of the Central Bank of Swaziland referenced C62C/VOL.4/7 dated 28th November 2016. He promised to produce the proof of payment once the transaction is completed by the Central Bank of Swaziland.

I noted that the Controlling Officer unilaterally effected the diversion of funds which were solely allocated to the Program Management Unit activities without getting authority from the relevant Ministries to pay salaries for the Ministry of Health /CDC Cooperative Agreement Project. This is much against the Financial and Accounting Instruction number 0202 which stipulates that it is the responsibility of the Controlling Officer to "ensure that public moneys are spent only for the purpose for which they are authorised".

**The Controlling Officer assured me that the outstanding moneys were reimbursed. But no evidence was provided to confirm the assertion.**

### **43.8 Audit of Drugs Trading Account – Appendix 39**

An audit was carried out on the Treasury Annual Statement and I communicated my findings through a memorandum, referenced M10 VOL XI/17, dated 10th November 2016 to the

Controlling Officer, Ministry of Health. However, the Controlling Officer did not respond to my concerns.

**(a) Missing Stock**

I drew the attention of the Controlling Officer that drugs amounting to E1 944 658.47 that were kept at the Central Medical Stores, were not accounted for. The Ministry of Health did not conduct any investigation about the missing stock, but was only recorded as a deficit in the Treasury annual statement.

I observed that there was no reconciliation of the physical stock with the stores record balances, done by the assigned custodian, at Central Medical Stores. As a result, the discrepancy between the physical stock count and stores records was neither investigated nor accounted for.

I noted with concern that there is lack of supervision, of the responsible officers, by the Assistant Director of Central Medical Stores whose role is to monitor receipts and issues of the drugs; and ensure that discrepancies in stock are investigated and brought to books in order to curb losses to government.

The absence of controls in the administration and management of the stock of drugs by the Central Medical Stores, which result in losses to government.

I was not updated about any corrective measures taken by the Ministry to address the matter.

**At the time of reporting there was no response to the issues raised.**

**HEAD: 48**  
**JUDICIARY**

**Objectives:**

To provide administration and timely delivery of justice to all the people of Swaziland

**44.0 Unauthorized Over Expenditure on Recurrent Vote**

Over expenditures beyond budget provision and appropriated funds by Parliament are illegal in that it distorts the fiscal budget of any Ministry.

This is further supported by Financial and Accounting instruction 0202 (ii).

However, the Ministry violated the Government standing regulation and allowed the occurrence of the following over expenditure:

<b>Head</b>	<b>Item</b>	<b>Released Budget (E)</b>	<b>Actual/Committed Expenditure (E)</b>	<b>Over Expenditure (E)</b>	<b>Over Expenditure (%)</b>
48	CTA Vehicle Charges	2,850,672	3,683,423.46	846,251.46	29.69

It is expected that the Ministry explains the authority that allowed it to spend beyond budget provision and Parliament Appropriation Act.

**No explanation was received from the Controlling Officer.**

## HEAD: 49

### DEPARTMENT OF CORRECTIONAL SERVICES

#### Objectives:

##### **Operation of the Penal System**

To administer sentences imposed by the Courts and to prepare inmates for their return as useful citizens in the community.

#### **45.0 Under Expenditure on Project P33899– Irrigation Infrastructure for Big-Bend & Matsapha**

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

I therefore consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of a country.

An amount of E 168,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 76,266.12 resulting to an under expenditure of (E 168,000.00- E 76,266.12) E 91,733.88(54.6%)

<b>Project Code</b>	P33899		
<b>Project Name</b>	Irrigation Infrastructure for Big-Bend & Matsapha		
<b>Purpose of the Project</b>	Local funds for the purchase of irrigation infrastructure for Big Bend & Matsapha		
	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
	168,000.00	76,266.12	91,733.88

The Ministry is expected to explain these savings and further update me on the current status of the project.

**The Controlling Officer concurred with my observation of an under expenditure.**

**The reason for the under expenditure was a delay in the completion of the project. As per the contractor there were some technicalities on the supplier's side in sourcing suitable spares. The project was completed in July.**

**The department made several attempts to get the contractor to finish the project before the end of the financial year but in vain.**

#### **45.1 Unauthorized Over Expenditure on Recurrent Vote**

Over expenditures beyond budget provision and appropriated funds by Parliament are illegal in that it distorts the fiscal budget of any Ministry.

This is further supported by Financial and Accounting instruction 0202 (ii).

However, the Ministry violated the Government standing regulation and allowed the occurrence of the following over expenditure:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
49	CTA Vehicle Charges	17,677,289	27,519,645.14	9,940,656.19	56.23
49	Personnel Costs	266,252,853	299,818,395.09	33,565,542.09	12.61

It is expected that the Ministry explains the authority that allowed it to spend beyond budget provision and Parliament Appropriation Act.

**The Controlling Officer admitted and regretted the unauthorized over expenditure. The reason was cited, the 6.5% cost of living adjustment that was not budgeted for. A supplementary budget was requested but not approved.**

## HEAD: 50

### MINISTRY OF HOME AFFAIRS

#### Objectives:

To provide relief, emergency and social services and provide sporting and recreational activities. Administration of legislation pertaining to immigration, citizenship and refugees.

#### **46.0 Unauthorized Over Expenditure on Recurrent Vote**

Over expenditures beyond budget provision and appropriated funds by Parliament are illegal in that it distorts the fiscal budget of any Ministry.

This is further supported by Financial and Accounting instruction 0202 (ii).

However, the Ministry violated the Government standing regulation and allowed the occurrence of the following over expenditure:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
50	CTA Vehicle Charges	12,941,521	17,703,866.25	4,794,095.25	37.04

It is expected that the Ministry explains the authority that allowed it to spend beyond budget provision and Parliament Appropriation Act.

**The Controlling Officers did not respond to the concern raised. I was not apprised of the status of this project.**

## HEAD: 53

### MINISTRY OF PUBLIC WORKS AND TRANSPORT

#### Objectives:

- Roads** • To construct and maintain the country's road network.
- Building** • To construct, maintain and administrate Government buildings.
- Transport** • To provide and maintain facilities for ensuring availability of adequate transportation.

#### **47.0 Under Expenditure on Project T49763- Manzini - Mbadlane [MR3 Phase 1] Relocation of Services**

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

I therefore consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of a country.

An amount of E 74,000,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 54,575,724.64 resulting to an under expenditure of (E74,000,000.00- E54,575,724.64) E19,424,275.36 (26%)

<b>Project Code</b>	T49763		
<b>Project Name</b>	Manzini – Mbadlane [MR3 Phase 1] Relocation of Services		
<b>Purpose of the Project</b>	Loan funds for the relocation of services for the Manzini-Mbadlane road project		
	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Variance (E)</b>
	74,000,000.00	54,575,724.64	19,424,275.36

The Ministry is expected to explain these savings and further update me on the current status of the project.

**My observation was correct. The response revealed that there were delays in payment due to the loan agreement that the financiers requested to be rectified before processing payment. He assured me that Government had since rectified the issues and the payments for outstanding certificates were being processed.**

#### **47.1 Unauthorized Over Expenditure on Recurrent Vote**

Over expenditures beyond budget provision and appropriated funds by Parliament are illegal in that it distorts the fiscal budget of any Ministry.

This is further supported by Financial and Accounting instruction 0202 (ii).

However, the Ministry violated the Government standing regulation and allowed the occurrence of the following over expenditure:

<b>Head</b>	<b>Item</b>	<b>Released Budget (E)</b>	<b>Actual/Committed Expenditure (E)</b>	<b>Over Expenditure (E)</b>	<b>Over Expenditure (%)</b>
91	CTA Vehicle Charges	Nil	516,801.80	516,801.80	100
91	Travel, Transport and Communication	Nil	199,183.40	199,183.40	100

It is expected that the Ministry explains the authority that allowed it to spend beyond budget provision and Parliament Appropriation Act.

**The Ministry did not respond to the concerns raised.**

#### **47.2 Construction of Buhleni Police Station – P33699**

An audit inspection was carried out on the above capital project and a report was issued on the 17<sup>th</sup> November 2016 referenced P20CP/63.

The Controlling officer did not respond to the concerns raised, thus violated the Financial and Accounting Instruction number 0315 (ii) which states that “it is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

##### **(a) Falsified Payment [Interim Payment Certificate No. 1]**

In my memorandum, I raised concern over the payment of interim certificate No.1 to Khula Construction (Pty) Ltd, dated 27<sup>th</sup> February 2015 amounting to E 13,000,697.97 which has no value of material on and off site. The value of material on and off site indicates that the contractor is working on site.

However, I observed that the evaluation report prepared by the Ministry’s Quantity Surveyors, attached, substantiating the payment of the certificate showed that the contractor had done some works on site.

I conducted interviews with the relevant ministry’s officials and was informed that the certificate was paid as an advance payment to the contractor. Also noted, the advance payment bond received did not tally with the total amount of the certificate.

A tabulation is shown below.

<b>Title</b>	<b>Date</b>	<b>Amount[E]</b>
Advance Payment Bond	26 <sup>th</sup> March, 2015	13,000,697.19
Interim Certificate No.1	27 <sup>th</sup> February, 2015	13,000,697.97

The date on which the quantity surveyor prepared the certificate is far behind the date in which the advance bond was issued. It is succinctly clear that the certificate was prepared prior to the submission of the bond by the contractor. Furthermore, the Principal Building Agreement form of contract signed by both parties neither had a clause nor an addendum of an advance payment.

This scenario implies flouting of procedures, concealment, and misrepresentation of facts by the ministry in the payment of this certificate.

**(b) Insufficient information on the payment certificates**

I also noted that the interim payment certificates reviewed were not fully supported with the relevant evidence as required by the Principal Building Agreement form of contract and further lacked among others; the schedule of material lists and the recovery statements.

Interim certificate No.4 dated 23<sup>rd</sup> February 2016 reflected material on site amounting to E585,000.00 that could not be verified since the interim certificates were not fully supported with the schedule of material lists which outline the items and cost of material on site, thus limiting my scope of audit.

**(c) External Works[All Trades]**

The evaluation report of interim certificate No.1 also showed the schedule of measured works and had section 3 themed “External Works” amounting to E 3,000,000.00. My concern was the absence of the-break down or detailed description of the external works done by the contractor, on site, as per the other sections.

**(d) Physical verification**

The project was for a period commencing 23<sup>rd</sup> February 2015 to 31<sup>st</sup> March 2016 at a reduced tender amount of E80,000,000.00.

The physical verification of works on site revealed that the project was not progressing and the contractor had ceased construction. I was not furnished with documentation revealing and citing reasons of the cessation of works by the contractor. I noted that E30,000,000.00 had been spent on the project but the works were at concrete basement.

**The Controlling Officer stated that it was an oversight on their part to attach the evaluation report since was an advance payment. He stated that there was an advance payment guarantee to support the payment.**

**The advance payment guarantee was to the value of E13,000,697.19.**

**The Controlling Officer stated that the absence of the contractor on site was due to the contractor experiencing financial problems. At the time the Office of the Auditor General visited the site the Ministry had already commenced the process of terminating the contract. This was done after the contractor was paid a total sum of E26,428,913.95.**

The response was not convincing. If certificate number 1 was an advance payment it should have been indicated as such on the certificate.

**The preparation of the Certificate was done earlier in anticipation for the receipt of the advance payment guarantee and also to meet the Accountant General's deadline for the year end procedures as per Treasury Circular No. 1 of 2015/2016.**

**At the time the Auditor General visited the site the Ministry had commenced the process of terminating the contract. The Contractor, to date, has been paid up to E26, 428, 913.95 for work done on site and materials on site.**

There was no explanation on the status of the project that was not progressing and the Contractor had ceased construction during the inspection.

#### **47.3 Audit Inspection Ministry of Public Works and Transport – Swaziland Road Safety Council**

An audit inspection was carried out at Swaziland Road Safety Council and a report referenced P 20 Vol.VIII/67 dated 28 September 2016 was issued to the Principal Secretary, Ministry of Public Works and Transport.

##### **(a) Revenue for Swaziland Road Safety Council:**

The Council's revenue is derived from driving fees of stray cattle found along the public roads at **E75.00** per beast, whereby the beasts are taken to the nearest pound.

The pounds are in Manzini Municipal Council, Mankayane Town Board, Lavumisa Town Board, Nhlanguano Town Board, Ngwenya Town Board, and Mbabane Municipal Council, which is no longer operational. The revenue collected is deposited at First National Bank (FNB), at Mbabane Branch, Special Current Account, which was opened in 1998, in accordance with the Road Safety Act of 1983. The Special Account was opened without the approval of the Accountant General who is responsible for the general management and supervision of all accounting operations. This was a breach of Financial and Accounting Instructions 0302. The bank statements reflected a bank balance of E 176,370.13 as at 30<sup>th</sup> January 2016.

On the 4<sup>th</sup> of July 2013 the Controlling Officer, Ministry of Public Works & Transport sought advice from the Accountant General on how to improve the management of the Swaziland Road Safety Council Special Account. On the 31<sup>st</sup> of July 2013 the Accountant General advised the council to open a special account with the Central Bank of Swaziland in order to enable the Accountant General to report about the account, but currently it is only known to the Ministry and the Council.

Despite the Controlling Officer's efforts to transfer the Road Safety Bank Account from the Special Account at First National Bank to The Central Bank of Swaziland, the outgoing members of the Council resisted to effect the transfer. The Minutes of the Meeting of the Council held on the 15<sup>th</sup> October, 2013 confirmed that the account was not transferred. Reason cited was that Government procedures are always complicated and may delay urgent transactions, hence compromising delivery of service.

Another reason cited was that members of the council cannot be allowed to sign, they made an excuse that they were waiting for the Honourable Minister to come into office and give her opinion concerning this issue.

Notwithstanding the Principal Secretary's submission to open the account at the Central Bank of Swaziland during the 2014/2015 PAC sittings, this account is still not operating.

**(b) Policy to Operate the Account:**

During the audit inspection, I discovered that there is no policy governing the operations of the account, defining the purpose of the funds. The policy would define amongst other things the source of revenue and activities to be financed. The Road Safety Council Act does not specify details of expenditure charged to the account. I observed that expenditure amounting to E40,749.15 allegedly charged to the account pertained refreshments for Road Safety Campaigns, which includes Easter and Christmas campaigns, Road Safety and public transport drivers' work-shop. However, information gathered from the Road Safety Planner was that, such activities were financed through the Sincephetelo MVA Fund. I was not provided with evidence to confirm this assertion.

The MVA administration denied me access to his records, hence duplication of payments could not be verified, making it difficult to ascertain the authenticity of the ascertainment by the Planner. There is also no Memorandum of Understanding (MOU) between the two offices.

**(c) External Travel for Road Safety Officers:**

On the 18<sup>th</sup> of March 2011 a requisition was made for an external travel allowance for Director of Road Safety Council and the Road Safety Planner who attended a SADC transport protocol and road safety meeting from the 23<sup>rd</sup> March to 25<sup>th</sup> March 2011 in Gaborone, Botswana. The requisitions were approved on the 21<sup>st</sup> March 2011, by the Chairman and Member of the Swaziland Road Safety Council. Cheque number 001167, amounting to E7, 204.80 and cheque number 001168, amounting to E9, 072.80, drawn on the 21<sup>st</sup> March 2011 for travel allowance, for the two officers. On the same note, a minute requesting authority for the trip was approved by Cabinet on the 9<sup>th</sup> March 2011. According to the approved minute funds were available under head 532/4401/02201 and 532/4404/02201 respectively, under the Ministry's budget.

Practically, funds for this trip were drawn from the special account at FNB, without authority, which was diversion of funds, Government authorised the use of funds from the Ministry's budget

In his response the Controlling Officer stated that the Financial Controller discovered that the available funds were already allocated for other purposes. He recommended the use of the Road Safety Private Account. Matter was taken for Councils consideration and it was approved.

The response was not satisfactory. The authority for external travel was approved by Cabinet, on the basis of availability of funds under the relevant items, recurrent expenditure.

No efforts were made by the Ministry to re-allocate funds for the trip. No authority was obtained to utilize funds from the relevant Ministry, Ministry of Finance. And there was evidence that the funds were reimbursed to the account at a later date.

**(d) Unaccounted for airtime:**

Airtime amounting to E900,00 is purchased monthly from Sharks Cellular Phones and with MTN Swaziland respectively, for the three truck drivers, each receiving E300,00 airtime. This is reflected on the requisitions prepared by the office. There was no evidence that the airtime purchased was issued to the drivers because the airtime was not signed for by the recipients to promote transparency, and accountability.

Also, there is no evidence that the truck drivers were authorized by the Ministry of Public Service to receive the monthly airtime at Government expense.

The following list is airtime which was purchased for the truck drivers:

<b>Date Airtime Received</b>	<b>Amount (E)</b>	<b>Cheque no.</b>	<b>Payee</b>
10/04/12	900.00	1204	Sharks Cellular
15/05/12	900.00	1205	Sharks Cellular
13/06/12	900.00	1206	Sharks Cellular
10/07/12	900.00	1211	Sharks Cellular
14/08/12	900.00	1220	Sharks Cellular
26/09/12	900.00	1232	Sharks Cellular
30/10/12	900.00	1234	Sharks Cellular
30/11/12	900.00	1238	Sharks Cellular
07/01/13	900.00	1239	Sharks Cellular
06/02/13	900.00	1242	Sharks Cellular
12/03/13	900.00	1244	Swazi MTN
03/04/13	900.00	1250	Swazi MTN
29/04/13	900.00	1258	Swazi MTN
29/05/13	900.00	1259	Swazi MTN
29/07/13	900.00	1264	Swazi MTN
09/09/13	900.00	1265	Swazi MTN
06/11/13	900.00	1270	Swazi MTN
02/12/13	600.00	1272	Swazi MTN
02/01/14	900.00	1276	Swazi MTN
04/02/14	900.00	1277	Swazi MTN
06/03/14	900.00	1278	Swazi MTN
04/04/14	900.00	1282	Swazi MTN
03/07/14	600.00	1289	Swazi MTN
08/09/14	900.00	1291	Swazi MTN
03/10/14	900.00	1293	Swazi MTN
26/11/14	900.00	1296	Swazi MTN
31/12/14	900.00	1297	Swazi MTN
29/01/15	900.00	1298	Swazi MTN
02/03/15	900.00	1304	Sharks Cellular
07/04/2015	900.00	1305	Sharks Cellular
<b>Total</b>	<b>26 700.00</b>		

The Controlling Officer in his response concurred with my observation that the airtime was not signed for but was wired directly to the truck driver's cell phones.

The Controlling Officer's response is not satisfactory, the recording of transactions is one of the controls to fulfil accountability. Acknowledgement of the airtime is necessary to confirm receipt by the relevant beneficiaries.

**(e) Internal Audit fees:**

An Accountant of the Ministry of Public Works and Transport, employment no. 3864522 was engaged as an internal auditor to undertake the audit of the Swaziland Road Safety Special Fund Account. The Officer was paid audit fees using cheque number 1023, dated 29/05/2008, amounting to E4,560.00.

However, the officer was later transferred to the Treasury Department.

It is beyond my comprehension that the Director of Swaziland Road Safety Council engaged an Accounts Officer from the Ministry to audit the account at Government expense, yet Government has an Internal Audit Office which is responsible for this function.

In his response the Controlling Officer stated that several means to procure audit services from the Private Sector and Government Internal Audit proved futile, therefore, the then Financial Controller tasked the accounts officer to carry out the audit during her spare time.

The response was not satisfactory. According to the Constitution only the Auditor General is authorized to audit public funds, and the Internal Audit Office is part of the internal control and the relevant structure to be used.

**(f) Non Segregation of Duties**

I communicated to the Principal Secretary, Ministry of Public Works and Transport that The Road Safety Planner, who is the Secretary of the Board, is a custodian for the cheque book, prepares requisitions, gets quotations, prepares cheques, and most of the cheques were drawn in his name. The Accountant who is allocated to that Department is now idle since all her duties are undertaken by the Road Safety Planner.

The following payments were made to employee number. 4681210, who is Planner.

Transaction /Activity	Cheque No	Date of transaction	Amount (E)
Lobamba Workshop	1006	05/12/07	1 267.59
Christmas Campaign airtime	1008	20/12/07	2 542.48
Payment of allowance to Christmas Campaign of volunteers	1010	08/01/08	5 100.00
To pay allowances for Christmas campaign 2007, to Road Safety personnel	1013	11/01/08	5 100.00
Pay Muzi Maphanga for buying airtime for stray animals' removal exercise' communication	1015	18/01/08	720.00
To buy groceries for Matsanjeni pedestrian campaign	1017	10/04/08	6 000.00
Airtime for cattle removal + bus – fare to collect SG 042 WO	1018	15/04/08	845.00
Purchasing airtime for Regional activities & reimbursement of E1329.79 to Thabsile Gumbi for buying Matsanjeni Camp commodities	2021	05/05/08	2 379.79

<b>Transaction /Activity</b>	<b>Cheque No</b>	<b>Date of transaction</b>	<b>Amount (E)</b>
Groceries for Mtsambama R.S Campaign and cattle removal communication	1022	29/05/08	6 540.00
Mpaka Matata Roadshows refreshments + DJ (Magalela)	1025	18/06/08	1 000.00
Malkerns road show and outstanding payments from last road show	1027	26/06/08	4 080.00
Booking for SRIC Mbabane workshop 19/08/08, buns for council meeting petty cash + airtime for cattle removal	1033	14/08/08	507.50
Funds for Road Safety officers' airtime +refreshments – SRIC workshop	1034	21/08/08	1 770.00
To buy 20 meter rope for cattle removal	1035	29/08/08	294.00
E40.00 each for refreshments used at SRIC workshop by Road safety officers	1039	30/09/08	3 200.00
Christmas Campaign	1040	19/12/08	4 027.00
Christmas Campaign Airtime	1041	29/12/08	900.00
Volunteers allowance for Christmas campaign	1042	08/01/09	4 997.40
2 volunteers + airtime	1044	13/01/09	820.00
Courier services	1045	30/01/09	326.17
Money to buy cattle removal airtime and rope	1047	12/03/09	934.00
Airtime for Easter campaign	1049	08/04/09	2 370.00
Allowance for Easter Campaign volunteers	1052	29/04/09	2 850.00
Payment for volunteer + Mr Mthethwa+ tea	1053	05/05/09	688.14
Allowance for supper buddies	1055	07/05/09	4 000.00
<b>Total</b>			<b>63,259.07</b>

It is not clear how the activities paid for were assigned to the Road Safety Planner.

The Controlling Officer in his response stated that the Accounts Officers were reluctant to carry out the transactions under the Road Safety Private Account.

Even the Road Safety Officers were reluctant to assist except in receiving cash for purchasing groceries and other commodities. This was after serious audit queries were raised in the past which nearly grounded the operations of the Road Safety Council. The Council was content to issue the cheques in the Planners name who was responsible for withdrawing the cheques and make the payments.

The Controlling Officer's response was not satisfactory because this act violated the Accounting Regulations. This is according to Financial and Accounting Instructions 0815 which states that payments will be made only to the person to whom the amount is payable.

#### **(g) Installation of vehicle lamps**

An amount of E3, 000.00 was paid using cheque number 1109 dated 22/12/09 to Jerome Bailey for the installation of emergency lamps to a motor vehicle registered GSD 009 WO. The council also issued cheque number 1295, amounting to E2 776.28 dated 22/12/14 to Mbabane Motors (Pty) Ltd for the purchasing of parts for the same vehicle.

No justification was provided for this expenditure. It is in contrary to government regulations which specify clearly that the CTA or any commercial garage authorised by it (CTA) is allowed to service or repair government vehicles.

During the audit there was no authority that allowed the commercial garage to service the government vehicle.

The Controlling Officer stated that the parts which were purchased from the Mbabane Motors were mainly to get the vehicle going, since it was the only vehicle available for the outreach section. At the time of purchasing the parts, the vehicle had remained at CTA for some months, since the garage was not able to purchase the parts because orders were temporarily halted due to the debt that CTA had to first clear at GM Motors.

The response was not satisfactory because Government procedures were not followed and there was no waiver obtained for the action taken.

#### **(h) Petrol Claims**

The Road Safety Planner utilised funds from the special account, for petrol claims for official errands, for the Department, using his personal vehicle, instead of following proper channels and claim car mileage.

Furthermore, the Road Safety Planner Employment Number 4681210 had no authority to use his own vehicle for running the office errands.

The claims were as follows:

<b>Activity</b>	<b>Cheque no.</b>	<b>Date</b>	<b>Amount</b>
Petrol Claims	1001	13/10/07	813.13
Petrol Claims	1002	02/11/07	543.36
Petrol Claims	1012	08/01/08	2015.12
<b>Total</b>			<b>E3, 371.61.</b>

Further investigations revealed that the department had vehicles which the Road Safety Planner should have used instead of his private vehicle.

The Controlling Officer in his response stated that the private vehicle was used after council in which the Director of the Road Transportation Department approved the usage of the vehicle and also promised that compensation would be done according to the normal mileage formular. He further stated that the personal vehicle was only used for crucial assignments where Government vehicles were not available.

The response was not satisfactory because details and purpose of the trips were not stated to confirm that the trips were official.

**There was no response.**



*KINGDOM OF SWAZILAND*

## **PART C**

# **APPENDICES**

**APPENDIX 1**

**CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31<sup>ST</sup> MARCH 2016**

<b>ASSETS</b>	<b>Consolidated Fund</b>	<b>Trust Fund</b>	<b>Consolidated Figures</b>
	<b>E</b>	<b>E</b>	<b>E</b>
Bank Accounts	(3,132,313,480.88)		(3,132,313,480.88)
Cash Accounts	2,103,585,555.40		2,103,585,555.40
Employee Advances	261,762,259.12		261,762,259.12
Ministry And Departmental Advances	80,282,406.97		80,282,406.97
Other Advances	(6,059,624.37)		(6,059,624.37)
Sundry Investments	3,076,367,879.31		3,076,367,879.31
Other Investments	91,223,956.25		91,223,956.25
Treasury Bills	393,543,790.64		393,543,790.64
Fairview Township Fund		71,993.34	71,993.34
Police Reward Fund		65,468.31	65,468.31
Prison Officers Reward Fund		2,129,953.70	2,129,953.70
Ngwane Park Township		187,510.63	187,510.63
Disaster Relief Fund		5,759,633.14	5,759,633.14
Sibhimbi Fund		1,084,056.94	1,084,056.94
Water Relief Fund		3,039,727.78	3,039,727.78
Strategic Oil Reserves		377,820,223.67	377,820,223.67
<b>Total Assets</b>	<b>2,868,392,742.44</b>	<b>390,158,567.51</b>	<b>3,258,551,309.95</b>

<b>LIABILITIES</b>	<b>Consolidated Fund</b>	<b>Trust Fund</b>	<b>Consolidated Figures</b>
	<b>E</b>	<b>E</b>	<b>E</b>
Capital Funds	281,842,703.51		281,842,703.51
Capital Fund-Other	41,562,726.62		41,562,726.62
Capital Fund-Direct Payments	(45,863,591.82)		(45,863,591.82)
Accounts Payable	996,187,099.09		996,187,099.09
Sundry Deposits	(3,294,089.40)		(3,294,089.40)
Customs	286,541,249.35		286,541,249.35
Special Fund	2,050,997,861.89		2,050,997,861.89
Accrued Liabilities and Deductions	(283,647,650.99)		(283,647,650.99)
Reserves	513,182,726.14		513,182,726.14
Treasury Bills	749,364,951.05		749,364,951.05
Government Stock	445,146,439.67		445,146,439.67
Special Fund Cont.	118,111,995.89		118,111,995.89
Consolidated Fund	(4,518,906,685.61)		(4,518,906,685.61)
Trading Accounts-Sundry	2,237,167,007.05		2,237,167,007.05
<b>Total</b>	<b>2,868,392,742.44</b>	<b>390,158,567.51</b>	<b>3,258,551,309.95</b>

## APPENDIX 5

**SURPLUS AND DEFICIT ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016****CAPITAL FUND**

	(E)		(E)
Opening Balance as at 01/04/2015	324,352,153.51	Expenditure by direct Payment	2,259,737.38
Receipts	153,076,644.83	Capital Expenditure	2,693,429,476.70
Local Funds	2,452,179,426.09		
	<b>2,929,608,224.43</b>		
Direct Receipts	2,259,737.38		
	<b>2,931,867,961.81</b>		
		Balance as at 31/03/2016	236,178,747.73
	<b>2,931,867,961.81</b>		<b>2,931,867,961.81</b>

**CONSOLIDATED FUND**

	(E)		(E)
Revenue	14,377,751,905.29	Balance as at 14/04/2015	3,223,865,779.74
		Recurrent Expenditure	13,220,613,385.07
		Local fund capital contribution	2,452,179,426.09
Balance b/f 31/03/2016	4,518,906,685.61		
	<b>18,896,658,590.90</b>		<b>18,896,658,590.90</b>

STATEMENT OF PUBLIC DEBT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016

<u>DESIGNATION</u>	<u>NO.</u>	<u>AUTHORITY</u>	<u>OPENING</u>	<u>PAYMENTS</u>						<u>PARTICULARS OF</u>
			<u>BALANCE</u>							<u>PAYMENTS</u>
			<u>FX</u>	<u>PRINC</u>	<u>INT</u>	<u>COMMI</u>	<u>DRAWD</u>	<u>FOREIGN</u>	<u>EMALANGENI</u>	
			<u>000s</u>	<u>000s</u>	<u>FX</u>	<u>FX</u>	<u>FX</u>	<u>CU</u>	<u>000s</u>	
International Development Association Loan US\$ 3,373,186	20	Proclamation no. 9 of 1962	65.3	0.0	0.0	0.0	0.0	65.3	970.5	Capital and interest repayable in 28 annuities commenced on 1st January 1980
USAID RDA`S 645/T/004A US\$4,600,000	84		1,186.6	139.7	30.2	0.0	0.0	1,046.9	15,559.0	Interest repayment commenced on the 20th October 1983-2019
USAID LOAN	17		205.2	0.0	0.0	0.0	0.0	205.2	3,049.7	Capital repayment period 1982-2012
E.E.C Loan Main Sugar project ECU 3,500 000	99		636.5	130.4	5.2	0.0	0.0	506.1	8,520.5	Capital, interest repayable in 60 half yearly instalment commencing in 1988 – 2018
USAID Loan No. 645-k-003 R.D.A`s Infrastructure US\$5,400,000	100		1,117.8	199.3	27.9	0.0	0.0	918.5	13,650.7	Capital and interest repayable in 60 half instalment commencing in 1988 – 2018
A,D,F Loan cs/swz/tr/78/2 Mkhondo-Mahamba rd ADF 8,000,000 AUA	102	Kings Order in Council no.27	3,443.8	237.7	27.2	0.0	0.0	3,206.1	71,127.2	Capital repayable in 50 annuities of UA 40,000 commencing 1989-2034
USAID Small Farmer Agric .518,263. \$	16		62.6	0.0	0.0	0.0	0.0	62.6	930.4	Period 1985-2015
EIB Fourth Feeder-S.E.B US\$ 15,000,000			7,168.7	0.0	0.0	0.0	0.0	7,168.7	120,690.1	Commencing 2001 and ending 2021

<u>DESIGNATION</u>	<u>NO.</u>	<u>AUTHORITY</u>	<u>OPENING BALANCE</u>	<u>PAYMENTS</u>			<u>DRAWD</u>	<u>FOREIGN</u>	<u>EMALANGENI</u>	<u>PARTICULARS OF PAYMENTS</u>
				<u>PRINC</u>	<u>INT</u>	<u>COMMI</u>				
			<u>FX</u>	<u>FX</u>	<u>FX</u>	<u>FX</u>	<u>CU</u>			
			<u>000s</u>	<u>000s</u>			<u>000s</u>	<u>000s</u>		
International Dev assoia to promote educational objective US\$5,000,000	518	Kings order of 1975	1,912.2	73.3	6.5	0.0	0.0	1,838.9	27,329.7	Repayments commenced in 1985-2024-
BADEA TWO INTERNATIONAL US75,000,000			1,985.0	306.0	26.8	0.0	0.0	1,679.0	24,953.3	Repayment commencing 2003 – 2014
Mkhondo/Mahamba Rehabilitation AUA5,000,000	142		2,463.1	92.2	9.5	0.0	0.0	2,370.9	52,600.1	Repayment commences in 1994
Matsapha Vocational Training Centre ECU 3,200,000	143		1,263.5	44.2	3.8	0.0	0.0	1,219.3	20,527.8	Repayment commencing in 1996-2026
A.D.F Loan Mafutseni Mliba Rd AUA 3,380,000	150A		1,680.8	1,000.1	14.5	15.7	0.0	680.7	15,101.7	Capital repayable in 80 equal bi- annual payments commencing in 1997 - 2037
EIB Loan Human Resources dev prog ECU 5,000,000	202		2,681.6	157.8	12.0	0.0	0.0	2,523.8	42,489.9	Payments commencing in 2000 – 2029
K.F.W Hlatikhulu Hospital Rehab DM 5,000,000	203		91.9	0.0	12.8	0.0	0.0	91.9	1,547.2	Capital and interest repayable in 60 equal bi-annual payments commencing 1999 - 2029

<u>DESIGNATION</u>	<u>NO.</u>	<u>AUTHORITY</u>	<u>OPENING</u>	<u>PAYMENTS</u>					<u>PARTICULARS OF</u> <u>PAYMENTS</u>	
			<u>BALANCE</u>	<u>PRINC</u>	<u>INT</u>	<u>COMMI</u>	<u>DRAWD</u>	<u>FOREIGN</u>		<u>EMALANGENI</u>
			<u>FX</u>	<u>FX</u>	<u>FX</u>	<u>FX</u>	<u>FX</u>	<u>CU</u>		
			<u>000s</u>	<u>000s</u>				<u>000s</u>	<u>000s</u>	
A.D.B Mbabane/Mhla AUA 5,200,000			3,787.7	143.8	25.3	0.0	0.0	3,643.9	80,839.9	Semi-annually commencing in 1998-2038
K.F.W Matsapha Industrial Park DM 17500000			3,629.7	222.4	27.8	0.0	0.0	3,407.3	57,364.3	Semi-annually commencing in 2000-2030
A.D.F Main Rd Rehabilitation A.U.A 5,680,000			3,337.2	151.4	24.3	0.0	0.0	3,185.8	70,677.2	Capital repayable over 40 years comm-
IBRD Urban Development 3807 SW \$			5,148.3	0.0	0.0	0.0	0.0	5,148.3	76,514.0	Commencing 2000-2014
ADF Transport Sector F/Swa/T RA-SEC/92/17 AUA 9,200,000			6,557.9	273.8	57.3	0.0	0.0	6,284.1	139,414.5	Commencing 2003 -2043
BADEA Mbadlane Sikhuphe			5,694.8	148.0	156.8	0.0	1,259.3	5,546.8	82,436.5	commencing 2011 -2028
KUWAIT Mbadlane Sikhuphe Road			4,635.0	108.0	44.8	0.0	1,544.0	4,527.0	221,834.3	commencing 2011 -2028
S A Hambros bank/ Maguga			150,000.0	10,125.0	20,250.0	0.0	0.0	139,875.0	139,875.0	Commencing 1997 -2027
S A Loan Komati Maguga dam			11,534.5	0.0	38,044.7	0.0	0.0	11,534.5	11,534.5	Commencing 2003 -2012
ADB Two International Roads			3,304.7	1,582.6	229.2	0.0	0.0	1,722.1	38,206.4	Commencing 2001 -2016

<u>DESIGNATION</u>	<u>NO.</u>	<u>AUTHORITY</u>	<u>OPENING BALANCE</u>	<u>PAYMENTS</u>					<u>PARTICULARS OF PAYMENTS</u>	
				<u>PRINC</u>	<u>INT</u>	<u>COMMI</u>	<u>DRAWD</u>	<u>FOREIGN</u>	<u>EMALANGENI</u>	
			<u>FX</u>	<u>FX</u>	<u>FX</u>	<u>FX</u>	<u>FX</u>	<u>CU</u>		
			<u>000s</u>	<u>000s</u>				<u>000s</u>	<u>000s</u>	
ICDF Two International Roads \$			1,788.0	107.8	55.1	0.0	0.0	1,788.0	21,789.5	Commencing 2003 -2018
ADF Education Project AUA	9211		4,059.4	209.9	43.0	0.0	0.0	3,849.5	85,402.1	Commencing 2004 -2034
ADB Road Network Studies AUA			937.7	18.0	0.0	0.0	0.0	955.7	21,202.9	Commencing 1998 -2018
KFW Electricity Grid Rehabilitation DM	135		42.5	0.0	0.0	0.0	0.0	42.5	715.5	Commencing 1995 -2015
Kuwait Two International Rd 3,100,000			1,124.8	91.4	6.9	0.0	0.0	1,124.8	50,639.2	Commencing 2003 -2018
Italian Rehabilitation East West Line ECU 1,447,179,203.00			9,937.2	0.0	20.8	0.0	0.0	9,937.2	167,299.7	Commencing 2027 -2040
Japan JBIC Northern MR5 & 6 JPY			3,695,707.4	302,586.0	101,436.9	0.0	0.0	3,393,121.4	448,528.9	Commencing 2001 -2041
ADB Komati Downstream Development Project			12,794.0	4,415.1	2,847.5	0.0	0.0	8,378.9	185,888.4	Commencing 2008 -2023
ADB Mbabane by pass road Project			22,571.1	11,942.2	10,448.6	675.7	9,860.9	106,289.0	235,805.3	Commencing 2008 -2024

<u>DESIGNATION</u>	<u>NO.</u>	<u>AUTHORITY</u>	<u>OPENING</u>	<u>PAYMENTS</u>	<u>PARTICULARS OF</u>					
			<u>BALANCE</u>				<u>FOREIGN</u>	<u>EMALANGENI</u>	<u>PAYMENTS</u>	
			<u>FX</u>	<u>PRINC</u>	<u>INT</u>	<u>COMMI</u>	<u>DRAWD</u>	<u>CU</u>		
			<u>000s</u>	<u>000s</u>	<u>000s</u>	<u>000s</u>	<u>000s</u>	<u>000s</u>	<u>000s</u>	
			0.0	0.0	0.0	0.0	1,979.1	1,979.1	43,907.6	
ADB Water Supply Project										
S.A. DBSA LUSIP			93,792.7	2,589.5	7,549.2	0.0	0.0	91,203.3	91,203.2	Commencing 2003 -2011
ICDF (RoC) Relending project 10,000,000.0			4,000.0	0.0	0.0	0.0	0.0	4,000.0	59,448.0	Commencing 2012-2019
EXIM IT Park 20,000,000.0			5,970.6	0.0	124.9	72.0	3,349.8	9,320.4	138,519.3	Commencing 2011-2024
Exim Agriculture 20,000,000.0			12,105.9	2,195.4	212.3	43.3	2,098.6	12,009.1	178,479.9	Commencing 2012-2022
OFID NHLANGANO SICUNUSA ROAD			4,642.0	1,814.0	77.9	0.0	4,337.8	7,165.8	106,497.7	Commencing 2009
ADB Two - International Road Suppl 113,000,000.00			5,015.0	3,950.2	2,008.9	0.0	0.0	1,064.8	23,622.9	
IFAD RURAL FINANCE & DEVELOPMENT 4,050,000.00			1,817.0	32.8	12.9	0.0	0.0	1,495.2	31,244.3	Commencing 2010-2028
IBRD Health, HIV/AIDS & TB Projects 20,000,000.00			2,504.7	0.0	15.0	0.0	7,684.6	10,189.3	151,433.4	Commencing 2011-2030
IBRD Local Government Project 20,000,000.00			3,804.3	0.0	40.1	0.0	10,590.7	14,395.0	213,938.5	Commencing 2011-2030

<u>DESIGNATION</u>	<u>NO.</u>	<u>AUTHORITY</u>	<u>OPENING BALANCE</u>	<u>PAYMENTS</u>					<u>PARTICULARS OF PAYMENTS</u>	
				<u>PRINC</u>	<u>INT</u>	<u>COMMI</u>	<u>DRAWD</u>	<u>FOREIGN</u>	<u>EMALANGENI</u>	
			<u>FX</u>	<u>FX</u>	<u>FX</u>	<u>FX</u>	<u>FX</u>	<u>CU</u>		
			<u>000s</u>	<u>000s</u>				<u>000s</u>	<u>000s</u>	
BADEA Nhlangano - Sicunusa Road 8,000,000.00			7,270.5	311.0	53.4	0.0	802.3	7,761.8	115,356.4	Commencing 2009-2032
OFID Water Supply Project 14,160,000.00			3,661.8	0.0	87.4	0.0	1,141.3	4,803.1	71,383.7	Commencing 2012-2032
OFID MANZINI- MBADLANE HIGHWAY 15,000,000.00			0.0	0.0	0.0	0.0	43,878.0	43,878.0	652,114.8	
SA. DBSA SEB			6,612.5	0.0	0.0	0.0	0.0	6,612.5	6,612.5	
IFAD LUSIP SDR			4,653.2	389.1	6,707.5	0.0	0.0	4,264.1	89,104.3	
BADEA LUSIP \$			9,391.5	510.0	203.2	0.0	0.0	32,742.0	48,660.4	
ADB-NTF Komati Downstream			3,286.7	363.6	194.5	0.0	0.0	2,923.1	64,849.9	
ADB LUSIP AUA			3,662.1	3,309.2	2,166.5	0.0	0.0	352.9	7,829.2	
EIB LUSIP (ECU)			8,782.8	1,529.0	363.9	0.0	0.0	7,253.8	122,122.8	
ICDF LUSIP			3,568.3	294.2	112.1	0.0	0.0	3,274.2	48,660.4	
EXIM ROC 80,000,000.00			0.0	0.0	0.0	0.0	13,600.0	13,600.0	202,123.2	
									5,022,128.30	
End Period rates:										
E/GBP				21.3195						
E/US\$				14.862						

<u>DESIGNATION</u>	<u>NO.</u>	<u>AUTHORITY</u>	<u>OPENING BALANCE</u>	<u>PAYMENTS</u>						<u>PARTICULARS OF PAYMENTS</u>
				<u>PRINC</u>	<u>INT</u>	<u>COMMI</u>	<u>DRAWD</u>	<u>FOREIGN</u>	<u>EMALANGENI</u>	
			<u>FX</u>	<u>FX</u>	<u>FX</u>	<u>FX</u>	<u>FX</u>	<u>CU</u>		
			<u>000s</u>	<u>000s</u>				<u>000s</u>	<u>000s</u>	
E/AUA				22.1853						
E/ECU				16.8357						
E/DM				16.8357						
E/R				1.0000						
E/DKK				2.2582						
E/BF BF LOAN NOW DENOMINATED IN EUR				16.8357						
E/SDR				20.8964						
E/JPY				0.1322						
E/KWD				49.0025						

**STATEMENT OF CONTINGENT LIABILITIES AS AT 31<sup>st</sup> MARCH 2016**

Non-negotiable non-interest bearing notes issued in favour of the International Development Association		255,270.32
Swaziland Development and Savings Bank deposits guaranteed in terms of Law no.4 of 1973	1,319,627.00	
Less: liquid funds of the Bank	634,972.00	684,655.00
International Bank of Reconstruction and Development promissory Note		1,461,121.96
International Monetary Fund		1,205,036,745.25
Common Fund for Commodities: Promissory Note 1		1,094,603.12
Promissory Note 2		4,378,386.81
Standard Bank		33,482,146.00
Swaziland Farmers Co-operatives Union Guaranteed with Fincorp		4,985,134.73
International Corporation for Development Finance (Taiwan) Guaranteed with Swaziland Govt		67,667,609.00
Swaziland National Housing Board Government Guaranteed loans with SNPF		72,790,498.73
Swaziland National Housing Board Government Guaranteed loans with PSPF		218,815,889.56
		<b>1,610,652,060.48</b>

**STATEMENT OF WRITE OFFS OF, LOSS OF CASH,STAMPS,STORES  
AND ABANDONED CLAIMS AND LOSSES DUE TO ACCIDENTS ON  
VEHICLES FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016**

<b><u>PARTICULARS</u></b>	<b><u>MINISTRY/DEPARTMENT</u></b>	<b><u>HEAD</u></b>	<b><u>AUTHORITY</u></b>	<b><u>AMOUNT</u></b> <b><u>E</u></b>
Cash	Defence	8	FINI/17A/35	6,337.00
Cash	Health	45	FINI/17A/35	6,044.00
Salary Overpayment	Correctional Services	49	FINI/17A/35	56,661.70
<b>Total</b>				<b>69,042.70</b>

**APPENDIX 44**

**CTA TRADING ACCOUNT AS AT 31<sup>ST</sup> MARCH 2016**

Revenue Income	8,554,062.07	Personnel Emoluments	29,187,767.11
Capital Income	144,740,515.05	C.T.A. Charges	8,070,265.62
	<b>153,294,577.12</b>	Travel Transport & Comm.	1,215,194.14
Fuel Sales	180,859,066.32	Professional Services	88,717,416.56
Repairs & Maintenance	288,836,545.05	Rentals	4,546,233.36
Self-Accounting Bodies	2,216,578.32	Consumables	333,369,325.20
Auction Sales	6,044,900.00	Durables	45,338,085.13
Driver Training Fees	50,422.00		510,444,287.12
Sundry Fees	22,766.00		
	631,324,854.81	Surplus	120,880,567.69
	<b>631,324,854.81</b>		<b>631,324,854.81</b>

**SURPLUS AND DEFICIT ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016**

	(E)		(E)
Surplus b/f	124,441,601.88	Surplus carried forward	245,322,169.57
Add: Trading surplus	120,880,567.69		
	<b>245,322,169.57</b>		<b>245,322,169.57</b>

**PLANT & VEHICLES RENEWALS FUND AS AT 31<sup>st</sup> MARCH 2016**

Balance b/d	461,792,864.13	Capital Expenditure 2015/2016	43,567,765.83
Accumulated Replacement Income	144,740,515.05	Balance c/f	562,965,613.35
	<b>606,533,379.18</b>		<b>606,533,379.18</b>



P.O. Box 98  
Mbabane H100, Swaziland  
Old Income Building opposite the  
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