



REPUBLIC OF ZAMBIA

# REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE REPUBLIC

*For the  
Financial Year Ended 31<sup>st</sup> December, 2015*

REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE PUBLIC FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER, 2015



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**REPORT OF THE**

**AUDITOR GENERAL**

**ON THE**

**ACCOUNTS OF THE REPUBLIC**

*for the*

*Financial Year Ended 31<sup>st</sup> December, 2015*



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## Executive Summary

The responsibilities of the Minister of Finance, Secretary to the Treasury, Controlling Officers and the Auditor General as regards the management of public resources, reporting, and the accountability are contained in the Constitution of Zambia (Amended Act No. 2 of 2016), the Public Finance Act No. 15 of 2004 and the Public Audit Act No. 29 of 2016.

The introduction to this Report highlights these responsibilities in relation to the preparation and submission of the Financial and Audit Reports respectively.

During the year 2016, the Office carried out the audit of accounts for the financial year ended 31<sup>st</sup> December 2015. During the audit process, there were various levels at which the Office interacted and communicated with Controlling Officers whose accounts were audited. The purpose of this interaction was to provide an opportunity for the Controlling Officers to clarify and take corrective action on the findings of the audits. Accordingly, institutions where satisfactory responses and corrective actions were undertaken do not appear in this report.

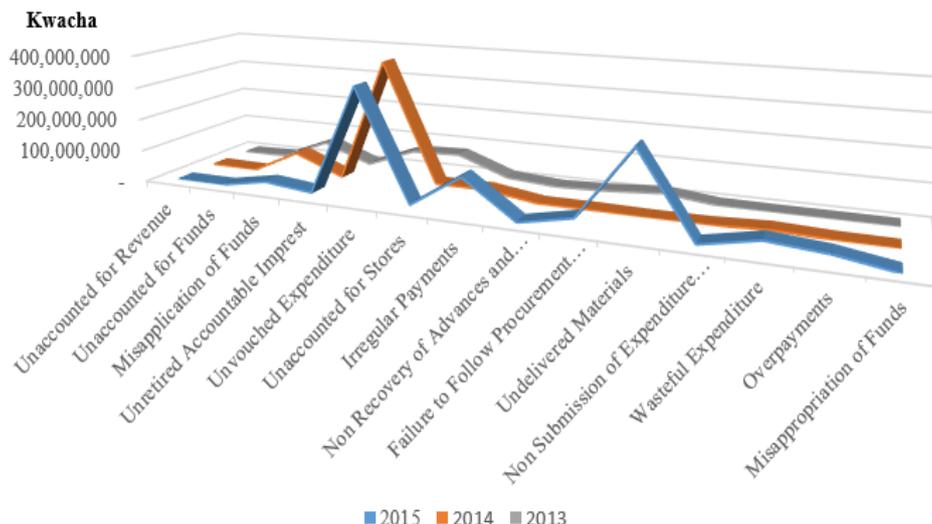
This Report contains ninety (90) paragraphs, eighty four (84) paragraphs on audit findings and six (6) on other matters. It however, does not include the Opinion of the Auditor General as this is contained on each Head of Expenditure in the Financial Report.

The eighty four (84) paragraphs in this Report reflect issues that could not be resolved during the audit process and whose corrective actions were not undertaken as of 30<sup>th</sup> September 2016.

The table below shows a comparative summary of the issues contained in the report.

Issues	2015 K	2014 K	2013 K
Unaccounted for Revenue	558,449	3,251,333	1,220,260
Unaccounted for Funds	193,910	506,354	4,767,666
Misapplication of Funds	28,153,997	73,637,561	65,158,686
Unretired Accountable Imprest	12,659,892	12,585,194	8,170,462
Unvouched Expenditure	349,306,160	389,905,333	67,139,852
Unaccounted for Stores	13,460,323	26,400,272	72,371,091
Irregular Payments	115,350,860	26,358,488	14,467,146
Non Recovery of Advances and Loans	2,352,451	2,877,442	2,744,814
Failure to Follow Procurement Procedures	35,701,492	2,720,434	8,406,729
Undelivered Materials	251,523,804	522,904	19,959,462
Non Submission of Expenditure Returns	6,308,762	1,232,749	1,792,192
Wasteful Expenditure	39,854,959	8,354,290	354,939
Overpayments	26,559,013	1,578,571	360,684
Misappropriation of Funds	-	4,767	44,500

### Pictorial View of Issues Raised - 2013 to 2015



During the period under review, the trend of irregularities raised had remained similar to the previous two (2) years. However, the Report on the Audit of the Accounts for the Financial Year 2015 shows an increase in some areas such as Undelivered Materials and Irregular Payments compared to the previous years. Although unvouched expenditure remained the same, it remains an area of high concern as it makes it difficult to ascertain the authenticity of expenditure incurred.

The Report also contains other issues such as outstanding arrears, failure to meet revenue targets on individual tax types, failure to recover domestic tax debt and the failure to collect ground rent among others.

## **Introduction**

1. In January 2016, the Constitution of Zambia (Amendment) Act No. 2 of 2016 was enacted. The new Constitution include Articles 211 (1) which requires the Minister responsible for Finance to, within three (3) months after the end of each financial year, prepare and submit to the Auditor General, the Financial Report of the Republic in respect of the preceding year. The Auditor General is also required to submit an Audit Report on the said Financial Report to the President and the National Assembly not later than nine (9) months after the end of each financial year in respect of the preceding financial year.

This Report is being submitted to His Excellency, the President and the National Assembly for tabling in the National Assembly in accordance with the Provisions of Article 212 of the Constitution of Zambia.

Each Appropriation Account as reflected in the Financial Report for the Year ended 31<sup>st</sup> December 2015, was certified in accordance with the provisions of the Public Finance Act No. 15 of 2004.

This Report only contains issues that remained unresolved during the audit process as at 30<sup>th</sup> September 2016.

## **Statement of Responsibility**

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

In exercising these powers, the Secretary to the Treasury designates a Controlling Officer to be in charge of each head of expenditure and revenue programmes provided for in the financial year. The responsibilities of the Controlling Officers are outlined in Section 7 (3) to (9) of the Act and include the preparation and submission of financial statements for audit and certification before inclusion in the Financial Report. The audited financial statements are then submitted to the Secretary to the Treasury for the preparation of the Annual Financial Report for tabling in the National Assembly by the Minister responsible for finance in accordance with the provision of Article 211(1) of the Constitution of the Republic of Zambia.

## **Audit Scope**

3. The audit scope included Government Ministries and Provinces as contained in the Financial Report of the Republic. The audit covered Revenue and Expenditure on the accounts for the Financial Year ended 31<sup>st</sup> December 2015 as well as physical inspections of projects.

The reports on the audit of Constituency Development Funds and the Grants to Local Authorities will be included in the audit report on Local Authorities.

## **Audit Methodology**

4. The Report is as a result of programmes of test checks, inspections and examination of accounting, stores, projects and other records maintained by the public officers entrusted with handling public resources. The audit programmes were designed to give reasonable assurance of financial management in the Government and to enable the expression of an appropriate audit opinion on the financial statements for the year. They were also intended to provide information that would assist the National Assembly in its oversight responsibility over the application of public resources and execution of programmes by the Executive.

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

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

## **Limitation of Scope**

### **i. Budget and Funding**

During the year 2016, the Office was allocated a budget of K27,014,052 for Recurrent Departmental Charges to audit the accounts for the financial year ended 31<sup>st</sup> December 2015 as compared to a budget of K48,273,302 in respect of the audits for the financial year ended 31<sup>st</sup> December 2014.

It should be noted that although the amended Constitution required the Auditor General to audit the Financial Statements by 30<sup>th</sup> May and to produce and submit the Report by 30<sup>th</sup> September 2016, as of April 2016, only amounts totalling K6,751,171 had been released. In July 2016, an additional K10,000,000 was released bring the total released amount to K16,751,171 as of August 2016. *See table below.*

<b>RDCs</b>	<b>2016 K</b>	<b>2015 K</b>
Approved Budget	27,014,052	48,014,052
Funding	16,751,171	30,984,928

The reduced budget and funding adversely affected the execution of audit assignments.

## **ii. Staff Constraints**

Although the staffing position in the Office has over the years been improving, staffing levels are still not commensurate with the number of Government programmes being undertaken throughout the Country. As of August 2016, out of a total establishment of 639,541 positions had been filled, ten (10) were vacant with eighty eight (88) staff positions frozen. The Treasury had not granted authority for their reactivation. This had a negative impact in that it limited the audit coverage.

With the new legal requirements to audit local authorities effective January 2016, the Office will require additional staff to adequately carryout this mandate.

## **Internal Control**

5. The Public Finance Act No. 15 of 2004 provided for the formation of Audit Committees in all Ministries, Provinces and Spending Agencies (MPSAs). Although formed in the MPSAs, most of the Audit Committees have not been operational and therefore not provided the required oversight of enhancing Corporate Governance in the MPSAs. In addition, there were weak internal controls observed in MPSAs which included:

- flouting of procurement procedures;
- failure to account for stores procured;
- failure to undertake activities which were paid for;
- undelivered materials;
- failure to collect revenue due to Government;
- failure to terminate retired or deceased officers from the payroll;
- poor custody of financial records;
- non-processing of data in the IFMIS leading to incomplete financial statements; and
- misapplication of funds among others.

# REVENUE

**Programmes: 1      Income Tax - Zambia Revenue Authority (ZRA)**

**2      Mineral Revenue**

**3      Customs and Excise**

**4      Value Added Tax**

**5      Exceptional Revenue**

**Activities:          Various**

6. In the Estimates of Revenue and Expenditure for the financial year ended 31st December 2015, a total of K31,282 million was to be collected as revenue. However, the estimates were revised downwards to K29,023 million against which amounts totalling K29,878 million were collected resulting in a surplus of K856 million as shown in the table below.

Tax Type	Estimate K	Actual Collection K	(Under)/Over Collection K
<b>Income Tax</b>			
Company Tax	2,997,289,726	2,961,268,321	(36,021,405)
Individuals (self-employed)	51,062,563	34,417,872	(16,644,691)
Pay As You Earn	7,399,647,785	7,411,179,060	11,531,275
Employed Individuals	8,009,778	1,490,829,243	1,482,819,465
Advance Income Tax	18,340,951	29,079,484	10,738,533
Withholding Tax (Rent, Interest and Royalties)	1,450,533,510	-	(1,450,533,510)
Withholding Tax (Dividends)	71,161,025	105,126,542	33,965,517
Withholding Tax (Lump Sum Payment)	10,999,802	21,643,597	10,643,795
Withholding Tax (Contractors)	94,349,231	179,612,844	85,263,613
Property Transfer Tax	239,581,124	315,905,147	76,324,023
Medical Levy	-	290	290
Mineral Royalty Tax	3,278,011,447	4,133,193,455	855,182,008
<b>Subtotal</b>	<b>15,618,986,942</b>	<b>16,682,255,855</b>	<b>1,063,268,913</b>
<b>Custom and Excise</b>			
Customs Duty	2,059,396,904	1,916,625,605	(142,771,299)
Rummage Sales	3,720,112	107,110	(3,613,002)
Warehouse Rent	448,456	27,150	(421,306)
Accounting Fees	401,152	74,120	(327,032)
Excise Duty - Motor Vehicles	375,278,243	334,861,617	(40,416,626)
Excise Duty -Cigarettes	128,818,222	115,616,853	(13,201,369)
Excise Duty - Carbon	33,939,363	12,424,456	(21,514,907)
Excise Duty -Opaque Beer	44,912,384	40,450,509	(4,461,875)
Excise Duty -Clear Beer	531,396,498	483,973,325	(47,423,173)
Excise Duty -Hydro-Carbon Oils	396,647,705	455,053,888	58,406,183
Excise Duty -Spirits	34,208,985	36,990,125	2,781,140
Excise Duty - Wine	11,582,317	13,191,637	1,609,320
Excise Duty - Cosmetics	22,257,213	-	(22,257,213)
Excise duty - Plastic sacks	4,545,775	4,355,489	(190,286)
Excise Duty - Air time	637,248,361	539,839,626	(97,408,735)
	-	1,463,639	1,463,639
Excise Duty - ZESCO	111,146,200	112,112,787	966,587
Fuel Levy	931,272,190	979,914,858	48,642,668
Export Duty - Scrap metal	-	22,157,281	22,157,281
Export Duty - Copper Concentrates	11,630,137	28,074,305	16,444,168
Fines	14,668,020	2,179,692	(12,488,328)
Licence Fees	4,531,809	771,300	(3,760,509)
Motor Vehicle	27,312,009	26,708,623	(603,386)
Other Revenue	5,269,653	128,227	(5,141,426)
<b>Subtotal</b>	<b>5,390,631,708</b>	<b>5,127,102,222</b>	<b>(263,529,486)</b>
<b>Value Added Tax</b>			
Domestic VAT	1,436,491,065	1,297,901,610	(138,589,455)
Import VAT	6,576,396,220	6,770,772,392	194,376,172
<b>Subtotal</b>	<b>8,012,887,285</b>	<b>8,068,674,002</b>	<b>55,786,717</b>
<b>Grandtotal</b>	<b>29,022,505,935</b>	<b>29,878,032,079</b>	<b>855,526,144</b>

## Weaknesses in the Collection and Accounting for Revenue

In Paragraph 7 of the Auditor General's Report for the financial year ended 31<sup>st</sup> December 2014, mention was made of various issues which included Arrears of Tax, Reduction in Tax Arrears without Supporting Payments, Failure to Honour Time to Pay Agreements and Uncollected Duties on Transits among others.

In their report to the Fifth Session of the Eleventh National Assembly, the Public Accounts Committee (PAC) urged the ZRA's Debt Recovery Unit to work efficiently and effectively; ensure the transitions of the systems are well managed; and all Time to Pay Agreements are honoured without any further delay by imposing stringent penalties against defaulters.

A review of records in respect of revenue collections during the financial year ended 31<sup>st</sup> December 2015 revealed that the weaknesses still existed.

In particular, the following were observed:

### a. Failure to Meet Revenue Targets on Some Individual Tax Types

The Authority under-performed on fifteen (15) tax types as indicated in table below. A total amount of K7,771,731,505 was collected against a total budget of K9,829,521,038 resulting in an under collection of K2,057,789,533 which was 20.9% of the budgeted revenue on the fifteen (15) tax types.

Tax Type	Estimate K	Actual Collection K	Under Collection K
<b>Income Tax</b>			
Company Tax	2,997,289,726	2,961,268,321	(36,021,405)
Individuals (self-employed)	51,062,563	34,417,872	(16,644,691)
Withholding Tax (Rent, Interest and Royalties)	1,450,533,510	-	(1,450,533,510)
<b>Subtotal</b>	<b>4,498,885,799</b>	<b>2,995,686,193</b>	<b>(1,503,199,606)</b>
<b>Custom and Excise</b>			
Customs Duty	2,059,396,904	1,916,625,605	(142,771,299)
Rummage Sales	3,720,112	107,110	(3,613,002)
Warehouse Rent	448,456	27,150	(421,306)
Accounting Fees	401,152	74,120	(327,032)
Excise Duty - Motor Vehicles	375,278,243	334,861,617	(40,416,626)
Excise Duty -Cigarettes	128,818,222	115,616,853	(13,201,369)
Excise Duty - Carbon	33,939,363	12,424,456	(21,514,907)
Excise Duty -Opaque Beer	44,912,384	40,450,509	(4,461,875)
Excise Duty -Clear Beer	531,396,498	483,973,325	(47,423,173)
Excise Duty - Cosmetics	22,257,213	-	(22,257,213)
Excise duty - Plastic sacks	4,545,775	4,355,489	(190,286)
Excise Duty - Air time	637,248,361	539,839,626	(97,408,735)
Fines	14,668,020	2,179,692	(12,488,328)
Licence Fees	4,531,809	771,300	(3,760,509)
Motor Vehicle	27,312,009	26,708,623	(603,386)
Other Revenue	5,269,653	128,227	(5,141,426)
<b>Subtotal</b>	<b>3,894,144,174</b>	<b>3,478,143,702</b>	<b>(416,000,472)</b>
<b>Value Added Tax</b>			
Domestic VAT	1,436,491,065	1,297,901,610	(138,589,455)
<b>Subtotal</b>	<b>1,436,491,065</b>	<b>1,297,901,610</b>	<b>(138,589,455)</b>
<b>Grandtotal</b>	<b>9,829,521,038</b>	<b>7,771,731,505</b>	<b>(2,057,789,533)</b>

There was no evidence that the above variances were investigated and corrective action taken. In addition, although the Authority budgeted to collect K1,450,533,510 and K22,257,213 from Withholding tax (rent, interest and royalties) and Excise Duty - Cosmetics respectively, no revenue was collected in respect of these taxes during the financial year ended 31<sup>st</sup> December 2015.

**b. Treasury Unit**

**i. Failure to Recover Domestic Tax Debt**

During the period under review, there were inefficiencies in collecting taxes in that tax arrears increased by K18,013,748,643 from K6,417,054,273 in 2014 to K24,430,802,916 in 2015 representing an increase of 280 percent.

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

The Income Tax Act provides for taxpayers to settle the tax due by instalments through Time to Pay Agreements (TPAs) between taxpayers and ZRA, stipulating the dates on which payments are to be made. In addition, ZRA guidelines require that any outstanding domestic tax liabilities to be recovered in full using recovery instruments such as Warrant of Distress, Garnishee or Appointment of Agent, Charge on Land and Recovery through Courts in any order.

A review of records in respect of Time to Pay Agreements in amounts totalling K33,918,732 as shown in the table below were still outstanding as of May 2016.

Station	Tax Type	Tax Arrears K
MTO North	VAT, PAYE	22,444,883
MTO South	VAT, Income Tax	11,370,514
STO Copperbelt	TOT, PAYE	75,369
STO Central	TOT	4,400
STO Eastern	TOT	23,566
<b>Total</b>		<b>33,918,732</b>

However, as of September 2016, management had not enforced the debt recovery instruments such as warrant of distress, charge on land and recovery through courts among others.

**iii. Failure to Seize Assets from Taxpayers after Expiry of Warrant of Distress**

According to the Zambia Revenue Authority debt Collection procedure manual, the Authority has various instruments at its disposal for debt collection. ZRA may issue a demand notice to any tax payer for an outstanding debt. When debt is not cleared within ten (10) days, a warrant of distress is supposed to be issued which has an

expiry period of ten (10) days. If a taxpayer does not clear an outstanding debt within the stipulated time, ZRA should seize assets of the taxpayers and recover the taxes due through auctioning of the seized assets.

During the period under review, ZRA issued warrants of distress on 299 tax payers in amounts totalling K148,324,422 which had since expired. However, as of September 2016, the assets of the defaulting taxpayers had not been seized.

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

During the period under review, 555 companies from various stations had their domestic tax arrears reduced by K202,957,771 from K271,572,507 in 2014 to K68,614,736 in 2015. A scrutiny of payments received in 2015 revealed that only K122,693,213 was supported by evidence of payments while the balance of K80,264,558 remained unsupported.

**c. Domestic Taxes**

**i. Failure to File Tax Declarations**

The provisions of the VAT/Income Tax Acts require that taxpayers either file in tax returns online or manually within the prescribed due dates, whatever is applicable.

A review of payments made during the period under review on the tax online system revealed that amounts totalling K350,874,561 were received as tax revenue from 24,175 tax payers without tax returns. However, it was not possible to ascertain the tax liabilities in the absence of the tax returns.

<b>Tax Types</b>	<b>Amounts K</b>
Income Tax	1,734,414
Mineral Royalty Tax	157,359
PAYE	330,264,046
Property Transfer Tax	2,511,015
Turnover Tax	4,329,846
Value Added Tax	7,848,858
Withholding Tax	4,029,023
<b>Total</b>	<b>350,874,561</b>

**ii. Failure To Collect Mineral Royalty Tax**

According to the Mines and Mineral Act, mining firms are expected to submit monthly mineral royalty returns which stipulate royalties payable. The mineral royalty returns accompanied by the payment of the taxes due should be submitted by the 14<sup>th</sup> of the following month after the sales.

Contrary to the provisions of the Act, mineral royalty tax in amounts totalling K200,205,123 for the period from January to November 2015 had not been paid as of September 2016.

### iii. **Property Transfer Tax - Lack of Supporting Documentations**

Section 9 (1) of the Property Transfer Tax Act CAP 340 provides that when a property is sold, a return must be filed with ZRA with the following documentation among others:

- For Land and Buildings – Consent to assign, valuation report, contract of sale/ letter of sale.
- For shares and stocks – Latest Financial Statements, Share valuation report, contract of sale/ letter of sale.
- For Mining rights and interest on mining rights – Letter of offer from Ministry of Mines, Contract of sale / letter of sale, application form submitted to the Ministry of Mines
- Any other supporting documentation as may be required.

Contrary to the Act, Property Transfer Tax paid in amounts totalling K9,107,507 was not supported by relevant documentation rendering the tax paid questionable. *See table below.*

<b>Station</b>	<b>No. of Transactions</b>	<b>Amount K</b>
Head Office	7	4,410,679
Ndola	12	3,710,584
Kabwe	2	986,245
	<b>21</b>	<b>9,107,507</b>

### d. **Customs Taxes**

#### i. **Uncollected Duties on Transits**

Automated System for Customs Data (ASYCUDA) has a transit module that handles transactions for Removals in Bond (R.I.Bs) and Removals in Transit (R.I.Ts) such as goods moving from one customs control area to another without duty being paid but under surety of a bond issued by banks or insurance companies.

According to the Customs procedures, transit documents are generated at the port of entry and are acquitted at the port of exit as the goods are leaving the country within fifteen (15) days for R.I.Bs and five (5) days for R.I.Ts. Therefore, clearance of all transits on the system is done by the destination exit office as indicated on the

transit documents, after checking that all goods that entered the country were not consumed within the country in case of R.I.Ts and that taxes have been paid before ex-bonding in case of R.I.Bs.

An examination of records revealed that RITs with guaranteed amounts totalling K26,769,644 that entered the country during the period from January to December 2015 had not exited the country. As of September 2016, ZRA had not called on the bonds despite the lapse of the allowable period.

In addition, R.I.Bs with tax payable in amounts totalling K1,390,769 could not be traced to the bonded warehouses and there was no evidence of payment of customs and excise duty. Further, ZRA had not invoked the bond redemption to recover taxes due on these goods from the insurance companies and banks. *See table below.*

Port	RITs K	RIBs K
Chirundu	3,538,407	-
Kitwe	-	315,237
Kazungula	3,354,396	-
KKIA	6,955	-
Lusaka Port	-	899,362
Mwami	574,675	-
Ndola	-	176,170
Nakonde	14,155,393	-
Victoria Falls	5,139,818	-
<b>Total</b>	<b>26,769,644</b>	<b>1,390,769</b>

**ii. Failure to Recover Guaranteed Amounts on Blocked Accounts of Agents with Outstanding Transits**

The Customs Policies and procedures mandate ZRA to institute an embargo on a clearing agent's account in order to recover taxes where a licensed clearing Agent has acted outside the professional ethics.

Although ZRA had managed to embargo the accounts of customs clearing agents involving amounts totalling K2,043,467, the amounts had not been recovered as of September 2016 and the bonds on which the amounts were guaranteed had expired.

**iii. Amounts Owed in Customs Taxes**

A scrutiny of customs tax records revealed that at the close of the financial year 2015, ZRA had a debt stock of K721,528,454. This was an increase of 59% on the debt stock of 2014 which stood at K453,800,000. *See table below.*

<b>Tax Types</b>	<b>Amount K</b>	<b>Total K</b>
Balance from 2014		453,800,000
Customs Excise duty	29,093,005.00	
Advance income Tax	2,600,311	
Carbon tax	195,300	
Motor Vehicle Fees	546,892	
Import VAT	164,295,591	
Customs duty	43,997,036	
Fuel Levy	26,993,413	
Asycuda Processing Fees	6,906	
Debt Increase in 2015		267,728,454
Total Debt as at 31-12-2015		<b>721,528,454</b>

**iv. Motor Vehicles Report Order Not on ZRA Database of Cleared Vehicles**

A Report Order (RO) is an instrument used by the Authority to request an importer to move their goods from the entry port due to limited facilities to an inland port where tax formalities can be finalised.

Report Orders (ROs) were issued in 2015 at Kazungula and Victoria Falls ports of entry in respect of seventeen (17) motor vehicles on which customs duty amounting to K473,014 was due as of August 2016.

A physical inspection revealed that the motor vehicles concerned were neither at the ports of entry nor were they at the ZRA Livingstone Yard where they were supposed to be kept until they were cleared.

**v. Failure to Provide Post Clearance Audit Reports – CACP**

During the period under review, ZRA accredited twenty nine (29) companies as Customs Accredited Clients. This accreditation status entails that if these companies imported goods, such goods would not be subjected to physical inspections at the port of entry or borders but post audits would be carried out at the agreed upon locations. It was also a requirement for such companies to comply with tax laws and regulations.

However, during the period under review, ZRA had not carried out any post clearance audits on any of the twenty nine (29) companies which had imported goods worth K1,424,919,674.

**HEAD: 11 Zambia Police - Ministry of Home Affairs**

**PROGRAMME: 2021 Fines, Licences and Fees**

**ACTIVITIES: Various**

7. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a revenue provision of K45,416,606 was made against which amounts totalling K52,897,072 were collected. *See table below.*

Revenue type	Approved Estimate K	Actual Revenue K	(Under)/Over Collection K
Firearm Licence	254,028	183,741	(70,287)
Interpol	4,831,300	3,319,835	(1,511,465)
Finger Prints	4,061,398	2,686,595	(1,374,803)
Other Fees	2,349,356	3,325,677	976,321
Admission of Guilt	33,920,524	43,381,224	9,460,700
<b>Total</b>	<b>45,416,606</b>	<b>52,897,072</b>	<b>7,480,466</b>

### Accounting and Other Irregularities

An examination of the accounting and other records maintained at the Zambia Police Service Headquarters and ten (10) other stations revealed the following:

#### a. Failure to Reconcile Revenue

According to the Financial Statement (Statement 'B'), amounts totalling K52,897,072 were collected while revenue returns reported amounts totalling to K49,228,120 resulting in a discrepancy of K3,668,952 which had not been reconciled as at 31<sup>st</sup> August 2016.

#### b. Delayed Banking – HQ

Contrary to Financial Regulation No. 121 (1) there were delays in the banking of revenue in amounts totalling K4,770,988 collected during the period under review for periods ranging from 1 to 175 days. *See table below.*

Station	Amount K	Days
Service Hq-Interpol	356,672	1 to 4
Service Hq-Fingerprints	327,423	1 to 22
Service Hq-Traffic	715,733	1 to 20
Service Hq-Firearms	13,190	4 to 7
Service Hq-PRO	1,735	10 to 33
Central -Administration	308,201	4 to 46
Central-Traffic	861,851	1 to 12
Kabwata-Administration	54,072	4 to 24
Kabwata-Traffic	113,688	4 to 19
Woodlands-Administration	195,548	4 to 175
Woodlands-Traffic	193,817	4 to 142
Chilenje-Administration	4,273	4 to 7
Long Acres-Traffic	98,900	2 to 22
Mtendere -Traffic	32,590	4 to 49
Mtendere- Administration	52,100	6 to 34
Kabangwe-Traffic	275,855	1 to 12
Kabangwe-Administration	6,873	2 to 11
Chawama- Administration	32,722	3 to 21
Embassy -Traffic	425,350	4 to 36
Ndola Central Police	700,395	6 to 111
<b>Total</b>	<b>4,770,985</b>	

<b>HEAD:</b>	<b>14</b>	<b>Ministry of Mines and Minerals Development</b>
<b>PROGRAMME:</b>	<b>2021</b>	<b>Fees and Fines</b>
<b>ACTIVITIES:</b>	<b>122050</b>	<b>Mining License</b>
	<b>129015</b>	<b>Fees and Surface Rental Charges</b>
	<b>129099</b>	<b>Miscellaneous</b>

8. In the Estimates of Revenue and Expenditure for the Financial Year ended 31<sup>st</sup> December 2015, a revenue provision of K29,276,452 was made against which amounts totalling K28,374,308 were collected resulting in an under collection of K902,144. *See table below.*

Description	Budget K	Actual K	Under Collection K
Mining Licence	27,893,016	26,956,512	(936,504)
Fees and Surface Rental Charges	758,197	813,931	55,734
Miscellaneous	625,239	603,865	(21,374)
<b>Total</b>	<b>29,276,452</b>	<b>28,374,308</b>	<b>(902,144)</b>

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and selected stations carried out in August 2016 revealed the following:

#### **a. Lack of Inspections at Exit Points**

Part II section five (5) subsection eleven (11) of Mines and Minerals Development Act No. 11 of 2015 stipulates that “the Minister may attach the Director of Mines, Director of Mines Safety or Director of Geological Survey or an authorised officer to exploration, mining or mineral processing operations, border posts or mineral trading centres in order to enforce the provisions of this Act”.

However, during the period under review, the Ministry did not attach an officer or carry out any inspection at the four (4) border posts of Chirundu, Victoria Falls, Katima Mulilo and Kazungula.

#### **b. Exportation of More than Permitted Mineral Quantities**

During the period under review, Minerals Export Permits were issued to seven (7) Mineral Exporters for 3,402,172 kg of various minerals. However, 9,643,800 kg of minerals were exported thereby exceeding the authorised quantities by 6,241,628 kg. *See table below.*

Exporter	Type of Mineral	Quantity Permitted Kg	Quantity Exported Kg	Variance Kg
Advantex Investments Limited	Copper	1,000,000	3,869,576	2,869,576
CVI Jiang Ping	Copper	400,000	1,183,500	783,500
Eastern Golden Wheels Zambia Limited	Copper	1,000,000	2,737,000	1,737,000
Rongbo Mining Ltd	Copper	1,000,000	1,849,000	849,000
Sew Trident (Z) PVT Limited	Ore Sample	1,052	1,242	190
Tripple N Mining Limited	Copper	40	100	60
Mabiza Resources	Nickel, Cobalt	1,080	3,382	2,302
<b>Total</b>		<b>3,402,172</b>	<b>9,643,800</b>	<b>6,241,628</b>

Consequently, Mineral Royalty tax was not charged on the 6,241,628 kg excess minerals exported.

**c. Non Enforcement of Export Permit Returns**

The Mines and Minerals Development Act No.11 of 2015, Part III, Division 7, Section 47 (4) stipulates that “A holder of a mineral export or mineral import permit shall submit monthly export or import returns in the prescribed form”.

However, twelve (12) large scale mining companies did not submit export returns to the Mines Mineral Economics Department.

**d. Non Payment of Area Charges by Active Mineral Rights Holders**

The Mines and Minerals Development Act of 2015, Part IV, Section (77) states that a holder of a mining rights or mineral processing license shall pay to the Republic an annual area charge of such amount as maybe prescribed, or as maybe calculated in the manner prescribed, by the Minister, by a Statutory Instrument.

Contrary to the Act, six hundred and seventeen (617) mining right holders did not pay any area charges during the period under review. The amounts owed could not be established as the Ministry did not provide any database showing the area occupied by the mining right holders.

**e. Missing Accountable Documents**

Contrary to Financial Regulation No. 10 (n), there were ten (10) General Receipt Books (Accounts Form 40) that were not presented for audit.

**HEAD: 15 Ministry of Home Affairs**

**DEPARTMENT: Immigration**

**PROGRAMME: 2021 Fees**

**ACTIVITIES: 123018 Immigration Fees and Charges**

9. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K179,453,913 was made in respect of Immigration Fees and Charges against which amounts totalling K199,030,136 were collected.

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

An examination of accounting and other records maintained at the Ministry headquarters and a visit to selected stations carried out in June 2016 revealed the following:

**a. Failure to Reconcile Revenue**

According to the Financial Statement (Statement B), immigration fees in amounts totalling K199,030,136 were collected, receipted and banked while the annual returns showed K200,483,732 as collected, receipted and banked resulting in an unexplained variance of K1,453,596.

**b. Failure to Replace Stale Cheques**

Contrary to Financial Regulation No. 121, there were delays of over six (6) months in the banking of three (3) cheques in amounts totalling K12,000 collected at Kenneth Kaunda International Airport (KKIA). Consequently, the cheques became stale and had not been replaced as of August 2016.

**c. Failure to Adopt N-ZIMS Computer Generated Receipts as Official Accountable Document**

A check on New-Zambia Immigration Management System (N-ZIMS) revealed that the system had the ability to generate and issue receipts for all payment transactions.

However, as of June 2016, the Department had not adopted system generated receipts as official accountable documents, instead General Receipts were issued and captured manually in the system resulting in inconsistencies in receipts manually captured into N-ZIMS such as zero receipt numbers, receipt numbers with no pre-fixes, different length of receipt number string, among others.

**d. Weaknesses in Management Information Systems**

The Department of Immigration operates two (2) systems namely New-Zambia Immigration Management System (N-ZIMS) and Personal Identification Security Comparison and Evaluation System (PISCES).

The following were observed:

**i. Failure to Adopt ICT Frameworks**

The review was carried out using the Information Systems Audit and Control Association's Control Objectives for Information and related Technology (CoBIT) and International Organisation for Standardisation (ISO) frameworks which are internationally accepted and applicable frameworks. It was revealed that the Department had not adopted any IT framework to manage the operations and administration of the Information and Communication Technology (ICT) environment.

In particular, the following were observed:

- The Department had not developed appropriate ICT policies regarding the use of ICT equipment, information security, change management, password administration, disaster recovery and IT continuity planning and back up of critical data.
- During the period under review, the Department started using the N-ZIMS. However, the data on the old system (ZIMS) had not been migrated to the new system (N-ZIMS).
- The Server Room was not conducive as there were no fire extinguishers, smoke detectors, register for logging the people who were accessing the room and it was used as a store room. In addition, the server room at Simon Mwansa Kapwepwe International Airport was located adjacent to the Immigration booths which were accessed by the general public disembarking from the aircrafts.
- The Department did not maintain an inventory of ICT equipment and software such as servers, laptops, scanners and other ICT peripherals costing K1,818,985.

Further, some ICT equipment, such as desktops, laptops, printers, scanners, photocopiers, among others, were not labelled with unique identification marks.

- The Department did not have a network monitoring system to monitor the network communication on its Wide Area Network (WAN). As a result, the Department could not establish on time problems related to both network link failures and bandwidth.

**ii. Failure to Capture Key Fields – New Zambia Immigration Management System (N-ZIMS)**

N-ZIMS is a payment module that is used for revenue collection through processing of payments and issuing of receipts centrally for various permits such as Diplomatic, Residence, Temporal, Employment and renewals. The system had an option of capturing manual receipts (such as visas and general receipt books) which were input by the cashiers when the system was offline and when using accountable documents.

However, during the period under review, 25,069 manually generated receipts in amounts totalling K604,553,966 (US\$50,590,290) were captured on the systems without inputting key fields such as receipt numbers. *See table below.*

Description	No. of Transactions	No. of Cashiers	AMOUNT US\$	Amount K
Transactions without Receipt Numbers	344	33	23,300.00	278,435
GRZ Receipts w/o Prefix Letters	24,152	120	50,534,380	603,885,841
Questionable Receipt Numbers	573	45	32,610	389,690
<b>Total</b>	<b>25,069</b>	<b>198</b>	<b>50,590,290</b>	<b>604,553,966</b>

In addition, physical addresses for 2,212 out of a total of 3,148 immigrants were not captured on the system.

**iii. Failure to Insure ICT Equipment**

Best practice in ICT recommends that an organisation obtains insurance cover for its valuable assets. This ensures that the risk of loss due to damage or theft of ICT equipment and disruption to operations is mitigated.

During the period under review, the Department did not insure critical ICT equipment such as servers, computers, and other ICT peripherals costing K1,818,985.

**iv. Lack of Interface between N-ZIMS and Other Systems**

According to the Revised Sixth National Development Plan 2013-2016 (R-SNDP) section 3.3.5, e-Government is the means of delivery of Government products, services, policies and engagement with stakeholders through the use of Information and Communications Technology to interface Government to citizens and businesses. It also strengthens intra-Government interaction and transactions.

However, the N-ZIMS was not built with interfacing capabilities that would enable it interface with institutions such as Zambia Police (ZP), Anti-Corruption Commission (ACC), Zambia Revenue Authority (ZRA), and Zambia Development Agency (ZDA), among others, to enable timely sharing of information.

**v. Failure to Implement Electronic Payment Methods on N-ZIMS System**

According to the Revised Sixth National Development Plan 2013-2016 (R-SNDP) item No.3, Key Policy Measures and Reforms, 3.2 Fiscal Reform Measures, 3.2.1 Revenue Reforms, 3.2.1.2 Non-Tax Revenue; provides for measures to be put in place to improve the performance of non-tax revenue mainly by way of reducing fiduciary risks and expanding the scope of non-tax revenue. The measures will include, use of Information and Communications Technology (ICT) for payment of fines and fees and direct banking as one of the measures for reducing leakages in the handling of non-tax revenue.

However, the N-ZIMS did not have a provision for electronic payment modes such as Electronic Point of Sale (EPoS). Consequently, clients would continue to interact with the Department's cashiers in paying for services as opposed to making payments through banks and other on-line payment platforms meant to reduce on revenue loss and inefficiencies in service delivery.

**vi. Failure to Implement System Automated Reminders / Alerts on N-ZIMN**

According to N-ZIMS Functional and Non-functional Requirements Acceptance Checklist dated 14<sup>th</sup> December 2012, there were functions that were tested and ticked as implemented. However, a test check of the features revealed the following:

- Despite using the N-ZIMS which had the ability to format personalised visa documents for printing passport stickers (*labels*), the Department was not making use of the feature in processing visa documents. The Border Controls

and airports were still issuing visas from the accountable documents issued from Ministry of Finance.

- The N-ZIMS was configured to send notifications/reminders to clients by e-mail for various case events, such as expiration of permits. However, as of July 2016, the feature had not been operationalised.
- The System terminals were not equipped with barcode readers to read barcode data from the printed documents such as visa Facilitation Letter. End-users were entering barcode numbers manually resulting in inefficiencies in service delivery.
- The System's ability to capture fingerprints and instantly match them against the Risk Register was not being used as of July 2016. In addition, finger print scanners were not connected to the computer terminals.
- The System's ability to track visitors who overstayed their visas or permits was not implemented. Consequently, the tracking of visitors was being done manually.
- The feature to track compliance and enforcement of various immigration laws was not in use.

**vii. Lack of Control over Personal Identification Security Comparison and Evaluation System (PISCES).**

During the period under review, the Department was using the PISCES version 8.1.3 which is a stand-alone client server system at selected Border Controls of Kenneth Kaunda International Airport, Simon Mwansa Kapwepwe International Airport, Harry Mwaanga Nkumbula International Airport and Mfuwe International Airport to process entry and exit formalities of visitors to Zambia.

As of July 2016, the Department did not have control over the PISCES as the software was proprietary whose rights were retained by the vendors in the United States of America (USA) who were responsible for the maintenance and upgrades to the system.

In addition, the following were noted with regards to the system:

- The system was a standalone and specific to each Border Control site. As such, the sites were not linked and could therefore not share or synchronise data and information between the sites operating PISCES.

- The Department operated both N-ZIMS and PISCES. However, the two (2) systems were not interfaced and as a result could not share data or information and;
- The Department did not have a policy guideline on which system to use between the PISCES and N-ZIMS at Borders Control leaving officers to use their discretion to process using either N-ZIMS or PISCES resulting in delayed service delivery.

<b>HEAD:</b>	<b>18</b>	<b>Judiciary</b>
<b>PROGRAMMES:</b>	<b>2021</b>	<b>Non Tax Revenues (Fees and Fines)</b>
<b>ACTIVITY:</b>	<b>102</b>	<b>Fees</b>
	<b>123043</b>	<b>Court fees</b>
<b>ACTIVITY:</b>	<b>104</b>	<b>Fines</b>
	<b>121010</b>	<b>Fines of court</b>

10. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a revenue provision of K10,164,767 was made against which amounts totalling K19,152,592 were collected resulting in an over collection of K8,987,825. *See the table below.*

<b>Revenue Type</b>	<b>Budget K</b>	<b>Actual Revenue Collected K</b>	<b>Under/ Over Collection K</b>
Fines of Court	3,167,709	7,900,974	(4,733,265)
Court Fees	6,700,925	11,127,360	(4,426,435)
Library Services	296,133	124,258	171,875
<b>Total</b>	<b>10,164,767</b>	<b>19,152,592</b>	<b>(8,987,825)</b>

### **Accounting and Other Irregularities**

An examination of accounting and other related records maintained at the headquarters and selected provincial offices carried out in April 2016 revealed the following:

#### **a. Variances between Revenue Returns Figures and Receipted Revenue**

A review of revenue records for selected Courts and Registries revealed that amounts totalling K2,650,290 were reported in the revenue returns whilst amounts totalling

K3,136,276 were actually collected resulting in under reporting of revenues in amounts totalling K485,986. *See table below.*

Name of Court / Registry	Amounts as per Revenue Return K	Actual Revenue Collections Audited K	Variance (under) K
Principal Registry- HQs	1,284,609	1,349,795	65,186
Magistrate Court Complex	338,937	339,243	306
Magistrate Court Complex- Library Fees	140,608	143,151	2,543
Chawama	50,809	77,439	26,630
Boma Court 3	29,944	30,662	718
Boma Court 5	28,778	29,821	1,043
Matero Local Court 1	55,795	48,105	(7,689)
Chilenje Local Court	63,388	66,311	2,923
Kabushi Local Court	48,305	65,226	16,921
Chipulukusu Local Court	43,704	48,374	4,669
Sheriff of Chipata	13,670	115,550	101,880
Chipata Urban Court 2A- Fines	3,038	3,098	60
Katete Sheriff - Fees	718	9,863	9,145
Choma Magistrate	3,451	36,635	33,184
Sheriff of Choma	1,191	27,278	26,087
Choma Urban Local Court- Fees	23,660	49,066	25,406
Choma Subordinate Court- Fines	2,963	3,745	782
Choma Magistrate - Fines	6,350	86,691	80,341
Monze magistrates Court -Fines	47,300	47,600	300
Monze Urban Local Court- Fines	3,637	3,710	73
Sheriff of Monze- Fees	22,294	24,278	1,984
Livingstone Magistrate Court - Fees	30,214	33,559	3,345
Sherriff of Livingstone - Fees	35,598	50,070	14,471
Livingstone Sub Court - Fees	4,950	4,995	45
Livingstone Urban Local Court 1A - Fees	22,655	26,960	4,305
Livingstone Urban Local Court 3A - Fees	19,619	21,144	1,525
Livingstone High Court - Fines	16,300	50,900	34,600
Livingstone Magistrate Court - Fines	303,264	316,049	12,785
Livingstone Urban Local Court 1A - Fines	4,542	26,960	22,418
<b>TOTAL</b>	<b>2,650,290</b>	<b>3,136,276</b>	<b>485,986</b>

Despite all the revenues collected being brought to account, the under reporting of revenue understates the revenue figures reported in the Financial Report.

#### b. Unaccounted for Revenue

Contrary to Financial Regulation No. 129, receipt books and cash books maintained at Headquarters and selected provincial stations revealed that amounts totalling K7,338 were unaccounted for in that the cash was neither banked nor on hand. *See the table below.*

STATION	AMOUNT COLLECTED K	AMOUNT BANKED K	UNACCOUNTED FOR REVENUE K
Ndola Main Local Court- Fines of Court	2,425	-	2,425
Ndola Main Local Court- Court Fees	4,913	-	4,913
<b>Total</b>	<b>7,338</b>	<b>-</b>	<b>7,338</b>

#### c. Delayed Banking of Revenue

Contrary to Financial Regulation No.121 (1), there were delays in banking of revenue for periods ranging from 2 to 191 days in amounts totalling K568,937. *See table below.*

STATION	AMOUNT	NO.OF DAYS OF DELAYED BANKING
	K	K
Magistrate Court Complex- Court Fees	39,075	5-23
Boma Local Court I	4,656	5-18
Boma Local Court II	3,200	5-22
Boma Local Court V	1,061	5-10
Boma Local Court VI	10,803	7-23
Matero Local court II	9,156	5-9
Chongwe Local Court	26,421	5-29
Kafue Local Court	10,803	7-23
Chawama	36,669	5-191
Chilenje Local Court	4,448	4-9
Chelstone Local Court	1,067	7-22
Livingstone High Court	7,655	2-15
Livingstone Subordinate Court	4,026	5-11
Livingstone Urban Local Court	5,496	2-20
Choma Subordinate Court	18,977	5-27
Choma Urban Local Court	7,518	2-19
Monze Magistrate Court	13,106	2-12
Monze Urban Court	7,374	5-22
Chipata Urban Local Court 1A	9,947	2-12
Chipata Court 2	25,607	5-59
Katete Boma Court	9,013	3-30
<b>Fines of Court</b>		
Magistrate Court Complex- fines of Court	184,898	6-10
Boma Local Court II	1,249	5-22
Boma Local Court VI	990	2-62
Matero Local court I	2,676	5-30
Chongwe Magistrate Court	21,350	12-25
Chongwe Local Court	1,650	5-26
Matero Local court II	1,390	5-22
Chawama Local Court	3,142	6-18
Chelstone Local Court	3,207	5-31
Kitwe Subordinate Court	11,620	5-10
Chipata Magistrate Court	73,390	5-63
Chipata Urban Local Court 1A	6,730	5-38
Chipata Urban Local Court 2A	570	5-50
<b>Grand Total</b>	<b>568,937</b>	

**d. Missing Receipt Page – Choma Subordinate Court**

Receipt Page Number 4176590 of the General Receipt Book with receipt range 4176550 - 4176600 used for the collection of fines of court was missing. It was therefore not possible to establish the amount that could have been collected.

**e. Lack of Safe – Monze Urban Local Court**

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

**HEAD: 62 Ministry of Energy and Water Development**

**PROGRAMME: 2021 Fees and Fines**

**ACTIVITIES: 123065 Water Board Fees**

**122010 ERB Licence Fees Mining Licence**

11. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a revenue provision of K123,949,188 was made against which amounts totalling K126,316,279 were collected. *See table below.*

Description	Budget K	Actual K	Over Collection K
ERB Licence fee	117,668,919	119,681,680	2,012,761
Water Board Fees	6,280,269	6,634,599	354,330
<b>Total</b>	<b>123,949,188</b>	<b>126,316,279</b>	<b>2,367,091</b>

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and selected stations carried out in August 2016 revealed the following:

#### **a. Failure to Collect Outstanding ERB Fees**

In paragraph 9 of the Auditor General's report on the accounts for the financial year ended 31<sup>st</sup> December 2014, mention was made of outstanding ERB licence fees in amounts totalling K18,393,611 owed by Oil Marketing and other Companies.

In their Report for the Fifth Session of the Eleventh National Assembly, the Public Accounts Committee urged the Controlling Officer to explore all available options to recover the debt.

A review of the situation in August 2016 revealed that the outstanding amount in licence fees owed by fifty seven (57) licence holders had increased to K54,078,218. Further, it was observed that ZESCO Limited owed 95 percent of the debt.

#### **b. Failure to Collect Outstanding Water Board Fees**

In paragraph 9 of the Auditor General's report on the accounts for the financial year ended 31<sup>st</sup> December 2014, mention was made of outstanding water board fees in amounts totalling K1,919,561 owed by various water right holders.

In their Report for the Fifth Session of the Eleventh National Assembly, the Public Accounts Committee urged the Controlling Officer to ensure that collections for all water charges are up to date to avoid the accumulation of arrears.

A review of the situation in August 2016 revealed that the outstanding fees had increased to K3,553,332 and the collection for all water charges were not up to date.

**HEAD: 68 Ministry of Tourism and Arts**

**PROGRAMMES: 2021 Licenses and Fees**

**ACTIVITIES: Various**

12. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K3,980,646 was made in respect of licences and fees against which amounts totalling K4,708,547 were collected resulting in an over collection of K727,901. *See table below.*

<b>Description</b>	<b>2015 Revised Estimates K</b>	<b>Actual K</b>	<b>Variance K</b>
Hotel Licence Fees	233,059	393,101	160,042
Casino Licence Levy	3,179,310	3,612,470	433,160
Tourism Enterprise	568,277	702,977	134,700
	<b>3,980,646</b>	<b>4,708,547</b>	<b>727,901</b>

### **Accounting and Other Irregularities**

An examination of the accounting and other records maintained at the Ministry headquarters and selected provincial offices carried out in August 2016 revealed the following:

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

During the period under review, amounts totalling K6,435 collected as Casino license, Hotel license and Tourism Enterprise fees at head office had not been accounted for in that funds were neither banked nor was cash found on hand contrary to Financial Regulation No.129.

#### **b. Delayed Banking**

Contrary to Financial Regulation No.121 (1), there were delays of periods ranging from 5 to 18 days in banking of revenue in amounts totalling K816,709 collected at the Ministry Headquarters during the period under review.

#### **c. Lack of a Safe**

Contrary to Financial Regulation No.155, there was no safe maintained at the Ndola Regional Tourism Office, thereby rendering public funds, articles and accountable documents that should be stored in a safe vulnerable and unsecured.

**d. Failure to Collect Hotel and Tourism Enterprise Annual License Fees for 2015**

During the period under review, six hundred and seventy four (674) establishments (hotels, motels, lodges and guest houses among others) did not pay annual renewal fees in amounts totalling K687,560 in Ndola, Lusaka and Livingstone. *See table below.*

Station	No Of Establishments	Amounts K
Ndola	278	162,227
Lusaka	171	258,904
Livingstone	225	266,429
<b>TOTAL</b>	<b>674</b>	<b>687,560</b>

In addition, the Ministry did not maintain debtors' ledgers, therefore it was not possible to establish the total indebtedness for the previous years.

**HEAD: 85 Ministry of Lands, Natural Resources and Environmental Protection**

**PROGRAMMES: 2021 Fees and Fines**

**ACTIVITIES: Various**

13. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K105,532,945 was made against which amounts totalling K100,774,363 were collected resulting in an under collection of K4,758,582. *See table below.*

Revenue Type	Budget K	Actual K	Over/ (Under) Collection K
ZEMA Collections	26,530,048	24,559,958	(1,970,090)
Forestry Revenue	10,024,523	13,604,502	3,579,979
Document Fees & Registration Fees	25,503,081	19,512,661	(5,990,420)
Survey Fees	6,368,875	5,549,407	(819,468)
Consent Fees	682,838	1,152,439	469,601
Consideration fees	11,482,994	15,227,122	3,744,128
Preparation Fees	292,059	405,740	113,681
Interst on Late Payments	3,642	1,299,830	1,296,188
Ground Rent	24,618,595	19,451,570	(5,167,025)
Rent on Government Properties	26,290	11,134	(15,156)
<b>Total</b>	<b>105,532,945</b>	<b>100,774,363</b>	<b>(4,758,582)</b>

**Accounting and Other Irregularities**

An examination of the accounting and other records maintained at the Ministry headquarters and the provincial offices carried out in April 2016 revealed the following:

**a. Weaknesses in the Management of ZILMIS Database**

In Paragraph No. 14 of the Report of the Auditor General for the Financial Year ended 31<sup>st</sup> December 2014, mention was made of the irregularities in the ZILMIS database in that there were missing mandatory key details such as property numbers, property owner names, property types and land sizes among others.

In its submission to the Public Accounts Committee (PAC) session in respect of Paragraph No. 14 of the Auditor General’s Report for the Financial Year ended 31<sup>st</sup> December 2014, the Ministry indicated that missing details on the property database had been filled.

A review of the situation carried out in July 2016 revealed that there were still weaknesses in the ZILMIS as follows:

**i. Missing Land Size/Area**

The Statutory Instrument No. 110 of 2009 of the Lands Act (Laws, Volume 12, and CAP 184) states that in order for properties on lands database to accrue ground rent, each property should have a land size in the system for the charges to be accrued and owners billed accordingly.

However, 518,746 properties either did not have land sizes or had default land sizes such as 0.999 resulting in the properties not being billed for annual ground rent. *See table below.*

Description of Property Size	Number of Properties
Property with land Sizes less than 1 Sq/m	299
Blank land size	518,447
<b>TOTAL</b>	<b>518,746</b>

**ii. Missing Property Type**

There were 3,082 properties which did not have property type such as farm, small holding, lot, Government stand and settlement, among others. As such, the properties were not appropriately classified for billing purposes.

As of July 2016, the Ministry had not provided details of how much revenue was collected from properties without property type and the parameters used to bill the properties.

**iii. Properties without Locations**

Property location is important for classification as to whether the property falls within urban or rural area category as each category attracts different rates of ground rates.

During the period under review, there were 12,184 properties that had not been properly classified and consequently, not appropriately billed.

**iv. Offers without Owner Names**

An offer for land given to an individual upon application for land is valid for a period of ninety (90) days after which if conditions, such as full payments for the offer is not received or the offer is not accepted, its validity lapses.

There were thirty eight (38) offers made during the period under review which did not have names of people to whom the offers had been made.

In addition, the Ministry did not provide details of payments made by the offerees. Therefore, it was not possible to establish the people to whom the said offers were made and the revenue collected by the Ministry.

**b. Failure to Upload Receipts**

Revenue totalling K235,684 with the receipt range of 5576166 to 5576167 and 5576182 to 5576184 collected and banked during the financial year ended 31<sup>st</sup> December 2015 for survey fees, ground rent, consent fees among others had not been uploaded on the ZILMIS system as of September 2016 thereby understating revenue for 2015.

**c. Failure to Reconcile Actual Revenue Collections against Deposits**

Contrary to Financial Regulation No. 145 (3) which stipulates that the cashbook shall be reconciled to the bank statements on a monthly basis, the Ministry did not prepare bank reconciliation statements for the Investrust and Zambia National Commercial Bank Accounts to reconcile revenue banked against the revenue collected during the period under review.

Consequently, a comparison between the revenue collected (Statement B) and the bank statements showed that a sum of K100,774,363 was collected (Statement B) while the bank statement revealed that a total amount of K104,330,985 was deposited resulting in a variance of K3,556,622. *See table below.*

Description	Amount K
Total Revenue Returns (Statement B)	100,774,363
Total Deposits	104,330,985
<b>Variance</b>	<b>3,556,622</b>

**d. Under Reported Forestry Offices Revenue**

A comparison of the revenue returns submitted to the Ministry - head office by four (4) forestry offices in Choma, Livingstone and Mongu showed that revenue in amounts totalling to K552,567 was collected during the year under review, while the receipts and cashbooks audited reflected a sum of K627,479 resulting in a shortfall of K74,912. *See table below.*

Station	Amount Collected as Per Revenue Returns K	Amount Reported K	Shortfall K
Choma Forestry	12,175	19,078	6,903
Livingstone District Forestry	108,251	117,225	8,975
Mongu Provincial Forestry	304,710	335,110	30,400
Mongu District Forestry	127,431	156,066	28,635
<b>Total</b>	<b>552,567</b>	<b>627,479</b>	<b>74,912</b>

**e. Failure to Collect Ground Rent**

In the Report of the Auditor General on the Accounts for the Republic for the Financial Year ended 31<sup>st</sup> December 2014, mention was made of the failure to collect ground rent that had accumulated to K227,023,763.

In their Report for the Fifth Session of the Eleventh National Assembly, the Public Accounts Committee directed that all outstanding arrears be collected without any further delay.

A review of the situation carried out in April 2016 revealed that the arrears on ground rent in respect of 149,065 properties had accumulated to K331,137,696 as of April 2016.

*See table below.*

Province	Amount K
Lusaka	71,883,550
Copperbelt	44,788,931
Central	150,065,881
Southern	25,376,055
Luapula	1,346,416
Northern	1,932,315
Western	2,125,681
Muchinga	824,765
Eastern	1,848,141
North-Western	4,603,897
Others	26,342,064
<b>Total</b>	<b>331,137,696</b>

It was also difficult to establish the “*others*” component indicated in the table above as this was for the stations that could not be attached to the specific provincial centre.

In his response dated 29<sup>th</sup> August 2016, the Controlling Officer stated that the reason for the failure to collect revenue was due to the inadequate funds to distribute bills throughout the country and the failure by some property owners to pay ground rent despite issuing demand notices on time by the Commissioner of Lands.

However, the failure to collect revenue due to Government had a negative impact on the Treasury.

**f. Unaccounted for Revenue**

Contrary to Financial Regulation No. 129, revenue in amounts totalling K7,940 collected at Chipata Lands during the period under review was not accounted for in that the funds were neither banked nor was cash found on hand.

**g. Delayed Banking of Revenue**

Contrary to Financial Regulation No.121 (1), there were delays of periods ranging from 5 to 497 days in the banking of revenue totalling K572,450 collected during the period under review as shown in the table below despite close proximity to banking facilities..

<b>Station</b>	<b>Amount K</b>	<b>No. of Days</b>
Choma Forestry Office	6,511	5-37
Choma Survey Office	19,686	5-24
Mongu Lands Office	79,233	5-15
Mongu Provincial Forestry Office	45,600	9-497
Chipata Lands Office	157,748	5-19
Chipata District Forestry Office	13,106	5-13
Mansa Lands Office	250,567	6-57
	<b>572,450</b>	

**h. Revenue Generated from Survey Departments**

According to the Ministry Service Charter, the Ministry undertakes to issue a quotation for survey services within two (2) days of the client lodging in the necessary documents and within thirty (30) days to complete all the survey processes and documentations, such as survey diagrams, among others. The following were however observed:

**i. Failure to Survey Properties - Headquarters**

A review of the ZILMIS revealed that contrary to the above, there were 312,419 properties out of the total properties of 529,248 representing 59% that were not surveyed on the Ministry property database for a period exceeding twelve (12) months, despite the clients lodging in all the requisite requirements. In this regard,

there was a revenue loss in terms of ground rent that should have been collected on the 312,419 properties not surveyed

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

There were seventy two (72) properties (23 in Ndola and 49 in Lusaka) whose survey fees in amounts totalling K409,530 were paid during the period from 2008 to 2015 for but which were not actually surveyed.

**i. Dishonoured Cheques - ZEMA Headquarters**

Financial Regulation No. 143 (1) stipulates that if a cheque is dishonoured, immediate action shall be taken to secure prompt reimbursement of the amount owed.

A reconciliation of the bank deposits and the MoF Revenue Transit account bank statement revealed that there were thirteen (13) cheques paid to Zambia Environmental Management Agency in amounts totalling K896,993 which were either dishonoured or reversals of entry (ROE) during the period under review that had not been replaced.

**j. Uncollected Outstanding Balances**

A review of records revealed that amounts totalling K129,780 for defaulters on waste disposal remained uncollected as of September 2016. *See table below.*

<b>Station</b>	<b>Amount K</b>
Livingstone	115,490
Chirundu	14,290
<b>Total</b>	<b>129,780</b>

**k. Outstanding Arrears as at 31<sup>st</sup> December 2015 - ZEMA Ndola Office**

During the period under review, amounts totalling K4,398,149 in respect of ZEMA fees were outstanding for seventy seven (77) entities as of September 2016. Further, there was an accrued debt of K2,316,526 relating to 2014 that was still unpaid as of September 2016.

**l. Lack of Safe – Chipata Provincial Forestry Office**

Contrary to Financial Regulations No. 155, there was no safe maintained at the station rendering public funds, articles and accountable documents unsecured.

**HEAD: 89 Ministry of Agriculture**

**PROGRAMMES: 8 Fees and Fines**

**ACTIVITIES: Various**

14. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a revenue provision of K2,721,233 was made against which amounts totalling K4,110,458 were collected. *See table below.*

<b>Revenue Type</b>	<b>Budget K</b>	<b>Actual Revenue Returns K</b>	<b>Over Collection K</b>
Import and Export Permits	995,777	1,692,890	697,113
Registration Fees	25,490	46,160	20,670
Other Fees	-	-	-
Inspection Fees	956,165	1,318,360	362,195
Plant Quarantine and Phytosanitary Services	743,801	1,053,048	309,247
<b>Total</b>	<b>2,721,233</b>	<b>4,110,458</b>	<b>1,389,225</b>

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

An examination of the accounting and other records maintained at the Ministry headquarters and the provincial offices revealed the following:

**a. Permits not Supported with Deposit Slips**

According to the existing system, imports and export permits are issued upon production of bank deposit slips as proof of payment for fees. However, a review of the permits database revealed that there were 2,509 permits valued at K87,815 that were issued without supporting deposit slips.

**b. Delayed Banking of Revenue**

Contrary to Financial Regulation No.121 (1), there were delays in the banking of revenue collections in amounts totalling K9,183 for periods ranging from 4 to 116 days. *See table below.*

<b>Station</b>	<b>Delayed Banking K</b>	<b>No. of Days</b>
Sesheke District Agricultural Office	5,648	4-116
Nakonde District Agricultural Office	3,535	5-19
<b>Total</b>	<b>9,183</b>	

**c. Missing Accountable Documents**

Contrary to Financial Regulation No.10 (n), there were one hundred and seventeen (117) imports and export permits valued at K204,750 as shown in the table below that were not presented for audit.

<b>Station</b>	<b>No. of Books</b>	<b>Type of Accountable Document</b>	<b>Value K</b>
Agribusiness and Marketing	74	Export Permit	129,500
Department - Headquarter	42	Import Permit	73,500
Ndola Provincial Agricultural Office	1	Export Permit	1,750
<b>Total</b>	<b>117</b>		<b>204,750</b>

**d. Lack of Safe**

Contrary to Financial Regulation No. 155, there was no safe maintained at Nakonde District Agricultural Office thereby rendering public funds, articles and accountable documents that should be stored in safe unsecured.

## **EXPENDITURE**

**HEAD: 04 Ministry of Gender and Child Development**

**DEPARTMENT: 01 Human Resource and Administration**

**04 Child Development**

**05 Gender Rights and Protection**

**06 Gender in Development**

**07 Planning and Information**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

15. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K42,625,737 was made to cater for various programmes against which amounts totalling K31,233,432 were released.

According to the Financial Statement (Statement 'C'), as at 31<sup>st</sup> December 2015, amounts totalling K27,814,809 had been spent.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters carried out during the period from June to September 2016 revealed the following:

#### **a. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K9,280 issued to three (3) officers to undertake activities such as gender rights and official entertainment among others had not been retired as of September 2016.

#### **b. Misapplication of Funds**

Contrary to the Appropriation Act of 2014, amounts totalling K311,800 meant for holding of workshops, contribution to Great Lakes Region Resource Centre, grants to child care institutions, Gender Based Violence (GBV) activities and technological support for women among others, were applied on activities such as familiarisation tours, rehabilitation of street children and women exposition among others, not related to the purpose for which the funds were appropriated. As a result, activities for which the funds were appropriated were not fully implemented.

#### **c. Irregular Payment of Subsistence Allowances**

In February and March 2015, the Ministry paid a total amount of K132,767 as subsistence allowances to various officers for attending two (2) workshops to review job descriptions and training needs assessment purportedly held at Ndozo Lodge in Chilanga District.

A verification carried out in June 2016 at Ndozo Lodge revealed that no such workshops were held at the Lodge. The amount paid was irregular and therefore recoverable from the officers.

#### **d. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, stores items costing K206,518 procured during the year under review were unaccounted for in that receipt and disposal details such as Goods Received Notes and issue vouchers among others were not availed for audit.

**e. Outstanding Debt on Insurance Premiums for Motor Vehicles**

The Ministry had a fleet of thirty two (32) motor vehicles as at 31<sup>st</sup> December 2015. A review of records revealed that the Ministry had an outstanding premium for insurance of motor vehicles in amounts totalling K375,978 with the Zambia State Insurance Corporation (ZSIC).

**f. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, six (6) payment vouchers in amounts totalling K126,966 were not availed for audit. As a result, the validity, completeness and authenticity of the transactions could not be ascertained.

**g. Failure to Adhere to Procurement Procedures**

On 9<sup>th</sup> January 2015, a total amount of K290,831 was paid to M-FILMS to render awareness services on anti-gender based violence in various provinces and districts. However, there was no formal contract signed with M-FILMS. The rationale of paying M-FILMS when the Ministry had no formal contract with the company was questionable.

**h. Unexplained Debit Entry**

A review of bank statements (Access Bank Account) for the year under review revealed that a debit entry of K10,464 was made on 11<sup>th</sup> March 2015. However, the details of the transaction were not availed for audit. As a result, it was not possible to ascertain the purpose of the payment.

**i. Non Submission of Expenditure Returns**

Grants in amounts totalling K750,833 were disbursed to women's clubs and child care institutions. However, as of May 2016, none of the recipient institutions had submitted expenditure returns to the Ministry.

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

16. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K1,329,538,303 was made to cater for various programmes under Zambia Police Service Headquarters and Divisions against which amounts totalling K1,213,912,420 were released, resulting in an underfunding of K115,625,883.

According to the Financial Statement (Statement 'C'), a total amount of K1,213,936,447 had been spent as at 31<sup>st</sup> December 2015.

#### **Accounting and other Irregularities**

An examination of accounting and other related records maintained at the Zambia Police carried out from May to July 2016 revealed the following:

##### **a. Personnel Emoluments (Review of Internal Audit Report)**

A total amount of K1,008,173,918 was released to cater for the payment of salaries, rural hardship allowances, settling in allowances and leave travel among others.

A review of Internal Audit Report Number IAR 14/2015 dated 20<sup>th</sup> December 2015 revealed the following:

##### **i. Irregular Payment of Rural and Remote Hardship Allowances**

Contrary to Public Service Management Division Circular No. B 2 of 2010, forty two (42) employees who were working in localities not designated as rural or remote areas were irregularly paid rural and remote hardship allowances in amounts totalling K391,104.

##### **ii. Irregular Payment of Housing Allowances**

Contrary to Public Service Management Division Circular No. B 24 of 2013 which states that housing allowances shall be paid to officers not accommodated by Government in standard/pool houses through the payroll, nine (9) officers who were occupying Government Houses were irregularly paid housing allowances in amounts totalling K226,444.

**b. Failure to Deduct Taxes**

Contrary to the Income Tax Act, during the period under review, amounts totalling K38,162 were paid as settling in allowances to four (4) officers at the Copperbelt Division without deducting Pay As You Earn (PAYE).

**c. Unretired Accountable Imprest**

Contrary to Financial Regulations No. 96 (1), accountable imprest in amounts totalling K106,375 issued to five (5) officers at Headquarters had not been retired as of August 2016.

**d. Overpayment of Subsistence Allowances**

Public Service Management Division Circular No. B12 of 2012 specifies the rates for payment of subsistence and out of pocket allowances.

During the period under review, various officers were paid amounts totalling K356,800 in respect of subsistence allowance resulting from the use of incorrect rates instead of K291,290 which should have been paid had the correct rate been used resulting in an overpayment of K66,510.

Additionally, amounts totalling K34,922 were paid to various officers as out of pocket allowances instead of K14,325 as lunch allowances resulting in an overpayment of K20,597.

As of August 2016, the overpaid amounts had not been recovered.

**e. Undelivered Goods**

**i. Supply and Delivery of One Explosive Trace Particulate and Vapour**

On 12<sup>th</sup> November 2015, Veticas Solutions Limited was engaged to supply and deliver one (1) Explosive trace particulate and vapour at a contract sum of K299,000 VAT inclusive.

According to the contract, the payment terms were as follows:

- An advance payment of 25% was to be paid within 30 days of signing the contract against a simple receipt and the supplier guarantee for the equivalent amount.
- 65% to be paid upon shipment of the goods
- 10% to be paid upon acceptance of the goods

Contrary to the terms of payment, the supplier was paid in full and as of August 2016, the goods had not been supplied.

**ii. Supply and Delivery of Test Bench**

In December 2015, Pansa Diesel Services Limited was engaged to supply and deliver one (1) advanced Digital Diesel Test Bench at a contract price of K265,000. The supplier was paid the full amount in December 2015.

According to the contract, the payment terms were as follows:

- An advance payment of 25% was to be made within 30 days of signing the contract against a simple receipt and the supplier guarantee for the equivalent amount.
- 65% to be paid upon shipment of the goods
- 10% to be paid upon acceptance of the goods

Contrary to the terms of payment the supplier was paid in full and as of August 2016, the goods had not been supplied.

**HEAD: 13 Ministry of Chiefs and Traditional Affairs**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

17. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December, 2015, a provision of K140,815,858 was made to cater for the operations of the Ministry against which amounts totalling K104,432,631 were released resulting in an under funding of K36,383,227.

As at 31<sup>st</sup> December 2015, a total amount of K104,374,150 had been spent as per the Financial Statement (Statement 'C') leaving a balance of K58,481.

**Accounting and Other Irregularities**

An examination of the accounting and other related records maintained at the Ministry carried out from May to July 2016 revealed the following:

**a. Failure to Settle Insurance Premiums**

On 24<sup>th</sup> January 2015, a Nissan Hard Body, GRZ 811CK valued at K135,034 was involved in a road traffic accident in Mkushi District and the vehicle was extensively damaged. As of May 2016, the matter had been reported to the police. However, due to unpaid premiums amounting to K1,144,000, the Ministry was unable to claim any compensation from the insurance company.

**b. Irregular Payments of Loans**

On 18<sup>th</sup> December 2015, the Secretary to the Treasury authorised the Ministry to pay loans amounting to K108,000. However, a review of accounting records revealed that the Ministry paid loans to twelve (12) officers in amounts totalling K196,000 resulting in excess payments of K88,000 without authority.

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

**PROGRAMMES: Various**

**ACTIVITIES: Various**

18. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K467,306,276 was made to cater for various operations against which a total amount of K232,564,053 was released.

According to the Financial Statement (Statement ‘C’), as at 31<sup>st</sup> December 2015, a total amount of K231,325,070 had been spent.

**Accounting and Other Irregularities**

An examination of accounting and other records carried out in June and August 2016 at the Ministry headquarters and a visit to selected districts revealed the following:

**a. Questionable Transfer of Funds – Revolving Fund Account**

During the period under review, K150,000 was transferred from the Recurrent Departmental Charges (RDC’s) account to the Revolving Fund account. The transfer was questionable as there was no evidence of funding from the Treasury. In addition, the payment was not posted in the IFMIS and the payment voucher did not show details of the fund and fund centre to which the payment was charged.

Although the Ministry stated that the transfer was a refund to the revolving fund account after the Ministry was funded for other Personal emoluments, the funding slip and ledgers were not availed for verification.

**b. Unsupported Transfers**

During the year under review, amounts totalling K156,283 recorded as recoveries and transfers in the revolving fund account cash book had no documents supporting the transactions. Consequently, it was not possible to verify the funds received and recorded by the Ministry in respect of recoveries.

**c. Failure to Recover Advances**

Contrary to the Terms and Conditions of Service for the Public Service No. 91 and 92, recoveries in respect of salary and tuition advances in amounts totalling K40,525 paid to three (3) officers during the period under review had not been effected as of August 2016.

**d. Failure to Remit Tax**

During the year under review, the Ministry deducted Pay As You Earn (PAYE) tax in amounts totalling K173,914 from forty (40) officers who were paid settling in allowance, commutation of leave days, terminal benefit and salary arrears. However, the tax deducted had not been remitted to ZRA as of August 2016.

**e. Failure to Prepare Accurate Bank Reconciliations**

Ministry of Finance Circular No. 1 (8.8 (a)) states that Controlling Officers in all Ministries Provinces and Spending Agencies (MPSA's) are required to prepare accurate bank reconciliations using the IFMIS for MPSA's on IFMIS.

However, the bank reconciliations prepared at the Ministry during the period under review were inaccurate in that they had various errors such as cleared cheques captured as un-presented cheques, questionable direct debits, failure to reverse excess funds arising from cancelled cheques and failure to correct errors on the bank statement.

**f. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65(1), five (5) payment vouchers raised during the period under review in amounts totalling K55,527 were not availed for audit as of August 2016. As a result, the validity, completeness and authenticity of the transactions could not be ascertained.

**g. Payments not Captured in the IFMIS**

A review of payment vouchers, cashbook and IFMIS revealed that four payments in amounts totalling K1,537,046 made by EFTA during the period under review were not posted in the IFMIS. As a result, the payments were not accounted for in the system.

**h. Irregular Payments**

In Paragraph 17(e) of the Auditor General's Report for the financial year ended 31<sup>st</sup> December 2014, mention was made on the irregular payments of out of pocket, meal allowances and transport refunds.

In her submission to the Public Accounts Committee, the Controlling Officer submitted that deductions were effected from the officers' salaries starting from the month of December 2015.

In their report for the Fifth Session of the Eleventh National Assembly, the Public Accounts Committee expressed concern that allowances were paid in defiance of the standing regulations as per Cabinet Office Circular No.11 of 2013 and were also concerned at the failure by the Controlling Officer to institute disciplinary action against all erring officers.

A review of the situation during the audit of accounts for the year under review revealed that the situation had not improved. In particular, the following were observed:

**i. Sitting/Evaluation and Audit Committee Allowance**

Contrary to Cabinet Office Circular No.11 of 2013 which abolished the payment of administrative allowances such as top-up and sitting allowances for tender and audit committees among others, amounts totalling K125,275 were paid as sitting/evaluation allowances to civil servants from the Ministry for attending Procurement and Audit Committee meetings. As of August 2016, no recoveries had been effected.

**ii. Meal/Lunch Allowances**

Cabinet Office Circular No.11 of 2013, Clause 7 (iv) states that "Meal allowance shall only be paid to an officer who travels away from his/her normal station of duty on official duty for eight (8) hours or more but not including an overnight stay. This allowance is only paid in circumstances where lunch is not provided".

Contrary to the Circular, meal allowances in amounts totalling K183,554 were paid to various officers for activities such as clearing human resource issues,

sorting box files and compiling personal files activities which were undertaken within the office premises.

**iii. Transport Refunds**

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

However, various officers were irregularly paid amounts totalling K749,995 as transport refund as the rate used of K135 per meeting was not applicable to Public Service workers but was meant for persons outside the Public Service.

**i. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K133,253 issued to ten (10) officers during the period under review had not been retired as of August 2016.

**j. Failure to Produce Activity Reports**

During the period under review, one hundred and seventeen (117) officers were paid amounts totalling K3,691,950 to enable them carry out various activities such as monitoring and evaluations, seminars and workshops and trainings, among others.

However, as of August 2016, no activity reports had been produced by the officers thereby making it not possible to ascertain whether the activities for which the funds were drawn were undertaken.

**k. Unsupported Payments**

Contrary to Financial Regulation No.52, thirty eight (38) payments in amounts totalling K1,157,814 made for activities such as advertising services, tuition fees, purchase of antivirus, purchase of air tickets and allowances among others were not supported with relevant documents such as acquittal sheets, delivery notes and cash sale receipts.

## I. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, various stores items costing K523,752 procured during the year under review were not accounted for in that no receipt and disposal details were availed for audit. *See table below.*

Programme Name	General Stores			Fuel and Lubricants	Total Amount K
	Without Receipts and Disposal K	Without Disposal K	Total K	Receipt and Disposal K	
1001	21,448	115,402	136,850	63,984	200,834
1007	870	-	870	16,172	17,042
1008	24,475	2,097	26,572	-	26,572
1065	-	-	-	20,000	20,000
1124	-	12,830	12,830	-	12,830
1127	-	7,847	7,847	-	7,847
1132	-	-	-	9,996	9,996
1137	12,200	29,555	41,755	33,509	75,264
1150	-	33,920	33,920	-	33,920
1182	-	-	-	27,369	27,369
1206	-	2,133	2,133	-	2,133
1210	6,450	-	6,450	-	6,450
1394	-	8,050	8,050	8,063	16,113
1397	9,831	36,830	46,661	-	46,661
1402	-	10,720	10,720	10,000	20,720
<b>TOTAL</b>	<b>75,274</b>	<b>259,384</b>	<b>334,658</b>	<b>189,093</b>	<b>523,752</b>

## m. Unaccounted for Furniture and Equipment

On 25<sup>th</sup> September 2015, the Ministry procured furniture and equipment at a total cost of K54,366 for use in some of its departments. However, the furniture and the equipment was not accounted for as there were no receipt and distribution records availed for audit.

## n. Geological Survey Department – Infrastructure Development

In Paragraph 17 of the Auditor General’s Report for the Financial Year ended 31<sup>st</sup> December 2014, mention was made of the construction project for sample sheds for Geological Survey which was abandoned by the Contractor after being paid amounts totalling K2,245,145 representing 56 percent of the contract sum.

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

The works were abandoned after constructing the substructure, roofing, structural steel work and borehole drilling had been done.

During the period under review, a provision of K1,109,900 was made to cater for the construction of a geological sample shed at Kapopo in Chibombo District against which amounts totalling K1,107,447 were released.

On 31<sup>st</sup> December 2015, the Ministry paid an amount of K1,107,447 to Lumworks Enterprises Ltd to complete the construction of sample sheds at Kapopo in Chibombo District.

The following observations were made on the contract:

- Although the payment of K1,107,447 to Lumworks Enterprises Ltd was made on 31<sup>st</sup> December 2015, the contract with the company was only signed on 7<sup>th</sup> January 2016. The rationale of making a payment before entering into a contract was questionable.
- Although the contract provided for an advance payment of 20 percent of the contract price of K4,841,684 being K968,337 the Ministry made an advance payment of K1,107,447 resulting in an overpayment of K139,110.
- The request for consideration to award the Contract to the second responsive bidder stated that the works would be valued at the rates listed in his bid less the works done by the previous contractor. However, the evaluation report for the work done by the previous bidder was not availed for audit thereby making it not possible to establish how the contract sum was arrived at.
- Although the Ministry indicated that a circulation was done to all the committee members for approval for award of the contract to Lumworks Enterprise Limited and that the circulated tender document was available, no documentation was availed for verification.

**o. Construction of Rural Filling Stations at Mporokoso and Luwingu in Northern Province**

On 30<sup>th</sup> December 2014, the Ministry entered into a contract with Astor Investments Limited to construct two (2) filling stations in Luwingu and Mporokoso at contract sums of K4,123,780 and K4,243,040 respectively, with a completion period of eight (8) months with the intended completion date of 28<sup>th</sup> August 2015.

As at 31<sup>st</sup> December 2015, four (4) months after the intended completion date, the Ministry had only paid amounts totalling K1,036,682, comprising an advance payment of K836,682 and a part payment of K200,000 against an amount of K1,003,903 quoted on the first valuation certificate for the Luwingu Service Station. The projects had since stalled.

**p. Contract for Consultancy Services for the Development and Establishment of an Integrated Mining Information System for the Mineral Economics Unit**

On 27<sup>th</sup> October 2014, the Ministry entered into a contract with SATRA Infrastructure Management Services Pvt Limited for Establishing the Integrated Mining Information System at the Ministry at a total cost of K751,884 with a completion period of one hundred and twenty (120) days from 27<sup>th</sup> October 2014 to 24<sup>th</sup> February 2015. As of July 2016, the consultant had been paid amounts totalling K488,725.

The deliverables to be submitted by the consultant included the following:

- Inception report, within two (2) weeks of commencement of the assignment
- At least two (2) copies of pilot model systems after five (5) weeks
- Carrying out of trials of the recommended system in fourteen (14) weeks of the assignment
- Establishment of fully functional and well integrated mining information system
- Conduct training of the Departmental staff on the system
- Running the system and handover.

However, copies of the model systems, the subject file and progress reports for the project were not availed for audit as of August 2016. As a result, it was not possible to ascertain whether the system prototype, system test and other deliverables done were documented, approved and signed off by the stakeholders.

**HEAD:** 15 **Ministry of Home Affairs**

**DEPARTMENTS:** **Various**

**UNITS:** **Various**

**PROGRAMMES:** **Various**

**ACTIVITIES:** **Various**

19. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K438,751,438 was made to cater for various programmes at the Ministry Headquarters, National Registration and Passport and Immigration Departments against which amounts totalling K345,747,698 were released resulting in an underfunding of K93,003,740. See table below.

Programme	Budget K	Releases K	Underfunding K
Personal Emoluments	71,835,867	65,254,880	(6,580,987)
General Administration	8,952,870	7,789,787	(1,163,083)
Capacity Building	2,545,481	1,526,780	(1,018,701)
Grants to Institutions - Operational	8,225,677	8,225,677	-
Dismantling of Arrears	32,117,142	26,428,467	(5,688,675)
Internal and External Operations	2,060,831	2,060,825	(6)
Infrastructure Rehabilitation	3,954,792	753,469	(3,201,324)
Information Management	7,076,042	3,124,083	(3,951,959)
Infrastructure Development	42,233,435	8,890,573	(33,342,862)
Operations	11,245,494	11,170,548	(74,946)
Financial Management and Accounting	5,002,261	4,426,591	(575,670)
Logistics and Transport Management	7,748,170	5,545,520	(2,202,650)
Procurement Management	2,496,796	996,596	(1,500,200)
Farm Management	17,603,666	17,310,972	(292,694)
Issuance of National Identity Documents	191,470,878	170,912,256	(20,558,622)
Other Programmes	24,182,035	11,330,674	(12,851,361)
<b>Total</b>	<b>438,751,438</b>	<b>345,747,698</b>	<b>(93,003,740)</b>

According to the Financial Statement (Statement 'C'), amounts totalling K326,126,532 had been spent as at 31<sup>st</sup> December 2015.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and the other departments carried out between January and March 2016 revealed the following:

#### **a. Misapplication of Funds**

Contrary to the Appropriation Act of 2014, amounts totalling K77,822 meant for office administration were applied on repair of the Minister's house without evidence of Treasury authority.

**b. Issuance of National Identity Documents**

During the period under review, a total amount of K170,434,987 was received to cater for maintenance of Digitalised Machine Readable Passports (MRPS) Network and dedicated Zamtel Lease Lines for the Passports Production system, procuring passport books and printing of passport application Forms, on-going issuance of National Registration Cards, computerisation of Births, Marriages, Deaths and Adoption Records, Mobile Registration, continuous processing and issuance of Birth Certificates among others.

The exercise was conducted in three phases from May 2015 to February 2016 and as of May 2016, a total amount of K158,102,006 had been spent as indicated below.

<b>Activity</b>	<b>Amount K</b>
Allowances	118,514,465
Purchase of Photo Kiosk	10,000,000
Purchase of Motor vehicles	4,080,000
Purchase of Security Porches	8,600,000
Blank NRC cards	5,229,246
Generators & UPS Batteries	4,422,000
Laminators & typewriters	2,505,012
Miscellaneous materials	4,751,284
<b>Total</b>	<b>158,102,006</b>

The Department of National Registration Passport and Citizenship paid Lamedahs Enterprises K48,600 on 29<sup>th</sup> April 2015 and Wan Heng Construction Ltd K47,280 on 31<sup>st</sup> December 2015, for the supply of executive chairs and heavy duty punchers. However, as of July 2016, the goods had not been delivered.

**c. Failure to Claim Compensation for Insured Motor Vehicles**

A review of records related to motor vehicles insurance revealed that the Department of National Registration Passport and Citizenship owed Zambia State Insurance Corporation (ZSIC) amounts totalling K1,796,475 in outstanding insurance premiums as at 31<sup>st</sup> December 2015 for various motor vehicles.

Consequently, the Department could not seek redress for various motor vehicles with a total value of K1,141,000 which were either stolen or involved in road traffic accidents.

*See table below.*

<b>Motor Vehicle Registration</b>	<b>Description</b>	<b>Value K</b>	<b>Comment</b>
GRZ 937 CL	Mitsubishi Triton	204,000	Involved in a road traffic accident on 16th September 2015
GRZ 990 CE	Toyota Land Cruiser	357,000	Stolen on 8th September 2014
GRZ 985 CE	Toyota Land Cruiser	290,000	Involved in a road traffic accident on 9th December 2015
GRZ 991 CE	Toyota Land Cruiser	290,000	Involved in a road traffic accident on 28th August 2015
<b>Total</b>		<b>1,141,000</b>	

**d. Supply of Portable Generators**

On 5<sup>th</sup> December 2014, the Ministry signed a contract with Camco Equipment Zambia for the supply and delivery of four hundred (400) portable Generators at a contract price of K622,000 with a delivery period of six (6) weeks from the date of signing the contract. As of October 2015, the supplier had been paid the full amount. *See table below.*

<b>Date</b>	<b>Amount K</b>
24.04.15	199,040
29.04.15	111,960
29.10.15	311,000
<b>Total</b>	<b>622,000</b>

A review of stores records and physical inspections of the Generators delivered revealed the following:

**i. Failure to Obtain Performance Security**

Contrary to the Public Procurement Regulations of 2011 No. 127 which requires that a procuring entity shall request a performance security for all contracts for goods, works and non-consulting services with a value greater than five hundred million kwacha, to secure the supplier's obligation to fulfil the contract, there was no performance security provided for audit. As a result, the security of the funds paid could not be ascertained.

**ii. Failure to Obtain Advance Guarantee**

Contrary to the Public Procurement Regulations of 2011 No. 140 (3) which states that any advance payment shall only be made against the provision by the supplier of an advance payment guarantee, covering the full amount of the advance payment, no advance Guarantee was provided to cover the advance payment of K311,000.

In addition, the advance payment was 50% contrary to Public Procurement Regulations of 2011 which require that advance payment should be up to 25% of the contract sum.

**iii. Failure to Deliver Generators**

The supplier delivered three hundred (300) generators worth K466,500 on 31<sup>st</sup> October 2015 leaving one hundred (100) generators worth K155,500 undelivered as of May 2016.

**HEAD:** 15/ Ministry of Home Affairs

**UNIT:** 01 Prisons and Reformatories

**PROGRAMME:** 4100 Prison Farm and Industries

4101 Prison Infrastructure Development

4024 Farm Management

**ACTIVITY:** Various

20. In the Estimates of Revenue and Expenditure for the year ended 31<sup>st</sup> December 2015, a provision of K34,482,228 was made to cater for Farm Management, Prison Farms and Industries and Prison Infrastructure Development programmes. A supplementary budget of K2,648,106 was also approved, thus bringing the total budget to K37,130,334 against which an amount of K21,819,358 was released resulting in an underfunding of K15,310,976. *See table below.*

Programme	Provision K	Supplementary K	Total Provision K	Releases K	Underfunding K
Prisons Farm Expansion	15,394,000	2,209,666	17,603,666	16,639,752	(963,914)
Irrigation Equipment	1,500,000	-	1,500,000	630,000	(870,000)
Construction of Prisons Facilities	15,288,228	438,440	15,726,668	4,138,429	(11,588,239)
Rehabilitation of Prisons Facilities	2,000,000	-	2,000,000	198,676	(1,801,324)
Industrial Workshop	100,000	-	100,000	100,000	-
Animal Husbandry	200,000	-	200,000	112,500	(87,500)
<b>Total</b>	<b>34,482,228</b>	<b>2,648,106</b>	<b>37,130,334</b>	<b>21,819,358</b>	<b>(15,310,976)</b>

According to the Financial Statement (Statement 'C'), as at 31<sup>st</sup> December 2015, amounts totalling K21,238,557 were spent.

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

An examination of accounting and other records and a physical inspection of selected projects and equipment in provinces and Prisons Headquarter carried out during the period from June 2016 to July 2016 revealed the following:

##### **a. Undelivered Soya Beans Seed**

The Ministry of Home Affairs engaged Pannar Seed Zambia Limited in 2013 to supply 1,055 x 25 kg of maize seed at a cost of K350,672 and 880 x 25 kg of soya beans seed at a cost of K176,000 for the 2013/2014 farming season. A total amount of K441,139 was paid to the supplier leaving a balance of K85,532 as of December 2015.

However, 625 x 25 kgs of soya beans seed costing K125,000 allocated to Chondwe Prisons had not been delivered as of August 2016.

**b. Weaknesses in the Management of Infrastructure Projects.**

During the period from 2013 to 2015, the Ministry of Home Affairs engaged seven (7) contractors with contract prices totalling K13,046,083 to carry out various infrastructure development activities on behalf of the Zambia Correctional Services against which amounts totalling K3,870,258 were paid representing 30 percent.

A scrutiny of records and physical verification of various projects carried in June 2016 revealed that there were delays in the completion of projects as shown in the table below.

Project Name/ Scope of Works	Contractor	Contract Period	Start Date	Expected Completion Date	Period of Delay	Contract Amount K	Amount Paid K	Project Status
Construction of Storage Shed – Kalonga milling Plant	Glands Industries	27 Weeks	5 <sup>th</sup> August 2014	3 <sup>rd</sup> February 2015	64 weeks (16 months)	4,998,429.98	2,113,006.40	<p><b>Works done</b> Only portal frames of the structure had been erected, with pillar bases plastered and only a quarter of the backfilling had been done.</p> <p><b>Outstanding works:</b></p> <ul style="list-style-type: none"> <li>• Construction of walls (brickworks)</li> <li>• Roofing and flooring</li> <li>• All installation works</li> </ul> <p>The contractor was not on site</p>
Construction of Multipurpose Hall at Imakando Staff Training	Lima Agro Supplies	20 weeks	4 <sup>th</sup> December 2013	3 <sup>rd</sup> May 2014	96 weeks (24 months)	3,605,939.89	323,745.46	<p><b>Works done</b> The structure had been built up to roof level, traces have been erected, seven (7) door frames fitted in the holding rooms and the entrance, electrical works completed and plumbing works were in progress</p> <p><b>Outstanding works:</b></p> <ul style="list-style-type: none"> <li>• roofing,</li> <li>• fourteen (14) window frames not fitted on the super structure,</li> <li>• air vents.</li> </ul> <p>Contractor was on site</p>

Construction of weigh bridge house and associated works	Angel Construction Limited	20 weeks	29 <sup>th</sup> December, 2014	28 <sup>th</sup> May, 2015	53 weeks (12 months)	1,297,897	324,474	<ul style="list-style-type: none"> <li>Although the weigh bridge house had been completed, there was no reader installed in the weigh bridge house.</li> <li>The slope slides of the weigh bridge were steep and not levelled hence the platform was being eroded as trucks mounted onto the weigh bridge.</li> </ul> <p>No guard rails or barriers were constructed on the weigh bridge.</p> <p>Contractor was not on site</p>
Construction of Duty Room and Ablution Block at Monze Open Air Prison	Tosh Building	24 weeks	26 <sup>th</sup> March 2013	10 <sup>th</sup> September 2013	-	666,916.00	585,880.80	A physical inspection carried out on 16 <sup>th</sup> June 2016 revealed that the building was completed but not yet handed over and not in use.
Construction of Female Cells at Livingstone Central Prison	Namukale Construction	-	-	-	-	189,830.00	-	<ul style="list-style-type: none"> <li>Physical inspection carried out on 26<sup>th</sup> June 2016 revealed that the project was complete though not in use. Enquiries revealed that the project had not been handed over.</li> <li>Some cracks had developed across the drainage on the Northern elevation of the cell</li> </ul>
Rehabilitation of four (4) non-operational Cells at Milima Prison	Kanachi Constructors Ltd	24 weeks	14 <sup>th</sup> January 2015	30 <sup>th</sup> June 2015	12 months 2 weeks	898,199.07	150,897.44	<p><b>Cell 1</b></p> <p><b>Works Done:</b> Painting the roof, grill door, fitting burglar bars, fitting electrical fittings, floor, 1 shower and hand basin fitted, painting inside and outside with water paint.</p> <p><b>Works Outstanding:</b> Glazing, painting of final coat on walls, completion of plumbing works, spoon drain, fitting door at the main entrance, connecting water and power</p>

Construction of two (2) Male Cells and one (1) Ablution Block including water reticulation at Milima Prison	G.S Chellah Enterprise	24 weeks	10 <sup>th</sup> March 2015	25 <sup>th</sup> August 2015	46 weeks	1,104,472.54	324,474.53 (First interim payment )	<p><b>Cell 2</b></p> <p><b>Works Done:</b> Floor, reinforcement of window burglar bars, door frame fitted, painting inside and outside, fitting of water and hand basin.</p> <p><b>Works Outstanding:</b> shower, toilet pan, plumbing works, grill door, electrical works, glazing, doors not fitted, spoon drain, water and power.</p> <p><b>Cell 3</b></p> <p><b>Works Done:</b> Reinforcement of burglar bars for windows, fitting of hand basin and door frame.</p> <p><b>Works Outstanding:</b></p> <p>Main entrance door and grill door, inside and outside painting, plumbing works, flooring and plastering, electrical works, roofing, glazing, spoon drain, installation of water and power.</p> <p><b>Cell 4</b></p> <p><b>Works Done:</b></p> <p>Hand basin fitted and one (1) toilet painted,</p> <p><b>Works Outstanding:</b></p> <p>Reinforcement of burglar bars, shower, door frames, main entrance door and grill door, painting (including three (3) toilets), plumbing works, flooring, plastering, glazing, electrical works, spoon drain, water and power connection.</p>
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								<p><b>Outstanding Works:</b> Glass panes, plumbing, window frames in cell toilet, flooring, window frame for inspection window, inside and outside painting, mukwa doors, part of electrical works, apron and paving, power connection.</p> <p><b>Cell 2</b></p> <p><b>Works Done:</b> Male cell constructed and roofed, door frame and door, window frames and burglar bars, wire mesh ceiling, part of electrical works and fittings.</p> <p><b>Outstanding Works:</b> glass panes, plumbing, window frames in cell toilets, flooring, window panes for inspection windows, spoon drains, painting inside and outside, mukwa doors, part of electrical works, aprons and paving, connection of power.</p> <p><b>Ablution Block</b></p> <p><b>Works Done:</b> Ablution block constructed and roofed, electrical works partly done, some door frames fitted.</p> <p><b>Outstanding Works:</b> Some door frames, electrical works, mukwa doors, spoon drain, fascia board, plumbing works, painting inside and outside, glazing, aprons and paving, power connection.</p>
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**c. Failure to Insure Farm Equipment – Chitumba Prison Farm**

During the period under review, fire gutted the Centre Pivot at Chitumba Prison Farm in Mumbwa. It was established that Zambia Non-Ferrous Metals Exploration caused the fire and paid an amount of K141,688 as compensation. The Service paid Greenline Agricultural Limited the whole amount for repair of the gutted Centre Pivot.

Although the Centre Pivot was repaired, the Service did not take further action to insure the farm equipment against similar losses in future.

**HEAD: 15/02 Ministry of Home Affairs – Prisons and Reformatories**  
**UNIT: 01 Prisons And Reformatories**  
**PROGRAMME: 4100 Prison Farms and Industries**  
**ACTIVITY: 001 Animal Husbandry Management**  
**005 Industrial Workshop**

21. During the period under review, amounts totalling K1,768,301 were generated from the Prison Industries Revolving Fund (PIRF) activities. In addition, there was an opening balance of K243,593 bringing the total funds available to K2,011,894.

**Irregularities in the Utilisation of Prisons Industrial Revolving Fund**

An examination of accounting and other records maintained at selected State Prisons carried out in June and July 2016 revealed the following:

**a. Delayed Banking**

Contrary to Financial Regulation No.121 (1), there were delays in the banking of revenues in amounts totalling K23,296 for periods ranging from 3 to 21 days. *See table below.*

<b>Station</b>	<b>Amount K</b>
Kansenji Prisons	13,906
Kamfinsa Prisons	9,390
<b>Total</b>	<b>23,296</b>

**b. Failure to Issue GRZ Receipts – Muchinga Province**

Contrary to Financial Regulation No. 123, amounts totalling K35,166 collected by Mpika and Chinsali State Prisons from sale of vegetables, maize and livestock were received using cash sale receipts as opposed to GRZ receipts accounts Form 40. *See table below.*

<b>Station</b>	<b>Amount Collected K</b>	<b>Amount Received on Accounts Form 40 K</b>	<b>Amount Received on Cash Sale Receipts K</b>
Mpika State Prison	48,667	15,224	33,443
Chinsali State Prison	155,457	153,734	1,723
<b>Total</b>	<b>204,124</b>	<b>168,958</b>	<b>35,166</b>

The amount received on cash sale receipts risk being misappropriated as the receipts were not recorded in the register of accountable documents.

**c. Failure to Refund Borrowed Funds**

During the period under review, amounts totalling K28,218 which were borrowed from the PIRF accounts to fund operational activities had not been refunded as of August 2016. *See table below.*

<b>Station</b>	<b>Amount Borrowed K</b>
Mpika State Prison	7,000
Livingstone State Prison	17,500
Kalomo State Prison	2,000
Mongu Central Prison	1,718
<b>TOTAL</b>	<b>28,218</b>

**d. Inadequately Supported Payments**

Contrary to Financial Regulation No. 52 (1) and No. 65, payments in amounts totalling K29,103 were not supported by relevant documents such as receipts, LPOs, and authorities from the Controlling Officer among others. *See table below.*

<b>Region</b>	<b>Station</b>	<b>No. of Payments</b>	<b>Amount K</b>
Muchinga Region	Mpika State Prison	3	8,903
Southern Region	Livingstone State Prison	4	15,700
	Kalomo State Prison	3	4,500
<b>Total</b>		<b>10</b>	<b>29,103</b>

**e. Unaccounted for Fuel**

Contrary to Public Stores Regulation No. 16, fuel procured at Kamfinsa and Solwezi Prisons during the period under review costing K5,166 was not accounted for.

**f. Kalonga Milling Plant Revenue Account**

An examination of accounting and other relevant records maintained at Prisons and Reformatories Headquarters pertaining to Kalonga Milling Plant in the year under review revealed the following:

**i. Revenue**

Amounts totalling K6,265,856 were received as revenue from sale of mealie meal during the year under review.

In addition, amounts totalling K119,602 were brought forward from 2014 bringing the total available funds in the year 2015 to K6,385,458.

The following were observed:

- **Failure to Issue Receipts**

Contrary to Financial Regulation No. 123, deposits amounting to K374,845 from the sale of mealie meal products were directly deposited without being receipted.

- **Unreimbursed Borrowings**

During the period under review, amounts totalling K454,797 that were borrowed from Kalonga Milling Account to Benevolent, Sports and RDC accounts to cater for recreation activities had not been reimbursed as of August 2016. *See table below.*

Date	Account Name	Amount K	Details
26.01.15	Benevolent	100,000	Sports recreation
26.01.15	Benevolent	100,000	Sports recreation
28.01.15	Sports	64,797	Sports recreation
30.07.15	RDC	20,000	Operations
07.08.15	Sports	110,000	Sports recreation
25.09.15	Benevolent	60,000	Sports recreation
	<b>Total</b>	<b>454,797</b>	

- **Uncollected Revenue (Bounced Cheque)**

On 1<sup>st</sup> February 2015, (800 x 25kg) bags of breakfast mealie meal costing K49,660 were sold to Community Servers Centre from Lusaka who issued a cheque which upon presentation to the bank was referred to the drawer. Although the matter was reported to the police, as of August 2016, the funds had not been recovered.

**ii. Expenditure**

- **Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K27,530 issued to six (6) officers during the period under review had not been retired as of August 2016.

- **Irregular Use of Accountable Imprest**

Contrary to Financial Regulation No. 86 which states that accountable imprest should be issued to facilitate the purchase of goods and services whose value cannot be ascertained at the time, imprest in amounts totalling K24,616 issued to five (5) officers was used to procure goods and services whose values were obtainable on the market.

- **Outstanding Debt – Insurance Premium**

Kalonga Milling Plant had an Asset Risk Policy cover by ZISC General Insurance Ltd for the years 2014 and 2015 with a total premium value of K317,729 from which only K110,000 was paid leaving a balance of K207,729 as of April 2016. In this regard, the Milling Plant was exposed to risk and no indemnity against any possible damage or loss.

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

**UNIT: 01 Prisons And Reformatories**

**PROGRAMME: General Administrations, Other Personal Emoluments and Procurement Management (Food Rations)**

**ACTIVITY: Various**

22. In the Estimates of Revenue and Expenditure for the year ended 31<sup>st</sup> December 2015, a provision of K36,261,874 was made to cater for General Administration for the Prisons & Reformatories Department against which a total amount of K27,524,546 was released resulting in an under-funding of K8,737,328 as shown in the table below.

Station	Original Budget K	Supplementary K	Total Budget K	Released K	Over/ (Under) funding K
<b>Prisons HQ</b>	17,507,540	917,610	18,425,150	13,393,952	(5,031,198)
<b>Central</b>	2,056,864	-	2,056,864	1,468,920	(587,944)
<b>Mukobeko</b>	636,250	-	636,250	454,043	(182,207)
<b>Lusaka</b>	2,005,401	-	2,005,401	1,656,861	(348,540)
<b>Copperbelt</b>	2,289,256	-	2,289,256	1,942,582	(346,674)
<b>Northern</b>	1,527,179	-	1,527,179	1,499,801	(27,378)
<b>Western</b>	1,561,581	-	1,561,581	1,332,584	(228,997)
<b>Eastern</b>	1,717,505	-	1,717,505	1,475,185	(242,320)
<b>Luapula</b>	1,627,925	-	1,627,925	1,574,461	(53,465)
<b>North-Western</b>	1,721,777	-	1,721,777	1,753,938	32,161
<b>Southern</b>	1,780,393	-	1,780,393	215,003	(1,565,390)
<b>Muchinga</b>	912,593	-	912,593	757,216	(155,377)
<b>Total</b>	<b>35,344,264</b>	<b>917,610</b>	<b>36,261,874</b>	<b>27,524,546</b>	<b>(8,737,328)</b>

### **Irregularities in the Utilisation of Recurrent Department Charges and Food Rations**

An examination of financial and other relevant records maintained at Prisons & Reformatories Headquarters and Regional Offices in the provinces carried out during the period June to July 2016 revealed the following:

#### **a. Inadequately Supported Payments**

Contrary to Financial Regulations Nos. 45 and 52, payments in amounts totalling K595,977 made during the period under review were not supported with relevant documents such as Local Purchase Orders, approved memos, payslips, transfer letter and arrival advices among others. *See table below.*

<b>Station</b>	<b>Total Amount K</b>
Prisons Headquarters	444,686
Lusaka Region	131,303
North Western Province	9,400
Muchinga Region	500
Copperbelt Province	10,088
<b>TOTAL</b>	<b>595,977</b>

**b. Misapplication of Funds**

Contrary to the Appropriation Act of 2014, a total amount of K1,402,510 was spent on activities such as drilling of boreholes, imprest and other operational activities which were not related to the purpose for which the funds were appropriated. *See table below.*

<b>Programme/ Activity Misapplied from</b>	<b>Programme/ Activity Misapplied on</b>	<b>Amount Misapplied K</b>
<b>Central Region</b>		
Programme 4038-Offender Mgt Program, Activity 083	Purchase of Building Materials	4,683
Programme 4052-Procurement of Prison Requirement Program, Activity 002-227	Imprest and Allowances	228,785
Programme 4007- Dismantling of Areas Program, Activity 032-082	Operational Activities	103,814
<b>Southern Region</b>		
Programme 4013- Operations, Activity 083	Borehole drilling	57,011
<b>North Western Region</b>		
Programme 4013- Stations Operation Grant, Activity 083	Settling in allowances, fuel, loading and offloading	1,008,217
<b>Grand Total</b>		<b>1,402,510</b>

**c. Other Personal Emoluments**

In the Estimates of Revenue and Expenditure for the year ended 31<sup>st</sup> December 2015, a total provision of K2,098,398 was made to cater for other Personal Emoluments for Prisons and Reformatories Department against which a total amount of K52,120 was released resulting in an under funding of K2,045,278.

The following were observed:

**i. Under Deduction of PAYE - Headquarters**

Contrary to Income Tax Act Cap 323, Pay As You Earn (PAYE) tax in amounts totalling K13,026 was deducted from two officers' leave commutation dues amounting to K115,486. However, a recomputation revealed that the tax due

amounted to K38,361, thus resulting in an under deduction of K25,335 and over payments to the officers by the same amount. The error had not been corrected as of August 2016.

**ii. Failure to Deduct Tax from Settling in Allowances – Eastern Province**

Contrary to the Income Tax Act (CAP 323), PAYE in amounts totalling K19,149 was not deducted from settling in allowances amounting to K76,597 paid to five (5) officers.

**d. Transport Management**

**i. Failure to Report Road Traffic Accidents to the Standing Accidents Board**

Contrary to Stores Regulation No. 122D (2) which requires that all accidents which take place should be reported to the Standing Accidents Board, the traffic accident which occurred involving motor vehicle registration number PS 2051 was not reported to the Police and the Standing Accidents Board.

Although the vehicle was insured, the Service did not make any claim with the insurer. Consequently, an amount of K34,453 was spent to have the vehicle repaired.

**ii. Failure to Insure Motor Vehicles – Northern Region**

A review of documents revealed that four (4) motor vehicles with unknown values at the Northern Provincial Regional Office Command had not been insured as of August 2016.

**e. Unaccounted for Uniforms and Accessories – Central Province**

Uniforms and accessories costing K133,350 delivered to Mukobeko Maximum and Medium Prison were not accounted for as there were no disposal details. *See table below.*

Name of Supplier	Amount K	Items Supplied
Mylenet General Dealers	23,900	Supply of uniforms. 2 x combat wear cap @ K1,200, 10 x c/supt.acp - female ceremonial cap bottle green felted crown, 15 x c/supt. Dcp male combat cap, khaki felted crown.
Davmwell Best Tailors	80,000	Supply of 1,500 Green Shirts with flaps @ K95 each.
Lyambo Imperial Limited	29,450	31 Baratheas Caps for trainee Officers
<b>Total</b>	<b>133,350</b>	

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

During the period under review, Prisons and Reformatives Headquarters distributed Staff uniforms and accessories to all Prisons and Reformatives Regional Stations. However, a verification exercise conducted in June 2016 at two (2) stations revealed that various staff uniforms costing K141,215 had not been received by the stations. *See table below.*

Region	Station	Quantity	Cost of Staff Uniform and Accessories not received K
<b>Central Region</b>	Prison Training College	605	84,165
<b>Western Region</b>	Kalabo	326	57,050
	<b>TOTAL</b>	<b>931</b>	<b>141,215</b>

**g. Failure to Deliver Stores Items – North Western Region**

Identity cards costing K4,176 procured during the period under review had not been delivered as of August 2016.

**h. Unaccounted for General Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K259,390 procured by Prisons and Reformatives Headquarters and Regional Offices could not be accounted for due to lack of receipt and disposal records such as ledgers, goods received notes and issue vouchers. *See table below.*

<b>Station</b>	<b>Amount K</b>
Prisons HQ	118,737
Lusaka Province	53,453
Southern Province	27,140
Muchinga Province	10,000
Northern Province	4,683
Copperbelt Province	45,377
<b>Total</b>	<b>259,390</b>

**i. Weaknesses in the Management of Fuel**

**i. Unaccounted for Fuel**

Contrary to Public Stores Regulation No.16, fuel costing K 102,735 procured during the year under review was not accounted for due to lack of disposal records. *See table below.*

<b>Station</b>	<b>Amount K</b>
Luapula Province	20,000
Lusaka Province	10,000
Northern Province	14,448
North Western Province	32,000
Muchinga Province	19,627
Western Province	1,500
Copperbelt Province	5,160
<b>Total</b>	<b>102,735</b>

**j. Imprest Management**

**i. Unretired Accountable Imprest**

Contrary to Financial Regulation Number 96, accountable imprest in amounts totalling K151,736 issued to twenty-eight (28) officers during the period under review had not been retired as of August , 2016. *See table below.*

<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>
Prisons HQ	9	94,828
Central Region	1	2,000
Mukobeko Maximum	1	2,000
Lusaka Province	6	20,660
Luapula Province	2	6,000
Southern Province	1	6,286
Western Province	1	1,000
Muchinga Province	2	6,700
Copperbelt Province	5	12,262
<b>TOTAL</b>	<b>28</b>	<b>151,736</b>

**ii. Irregular Payment of Subsistence Allowances – North Western Region**

Contrary to Terms and Conditions of Service No. 154, a total amount of K9,100 was paid in February 2015 to the Deputy Regional Commanding Officer for North Western Regional Office as subsistence allowances for thirteen (13) nights from 28<sup>th</sup> November to 13<sup>th</sup> December 2013, when he was charged with the responsibility of acting as Regional Commanding Officer for administrative convenience only at the Regional Office. However, the payment was irregular in that no travel was undertaken by the officer during that period.

**iii. Failure to Produce Activity Reports**

During the period under review, amounts totalling K73,098 were paid to five (5) officers to undertake various monitoring and evaluation activities. However, as of August 2016, no activity reports had been produced making it difficult to ascertain whether the activities were undertaken. *See table below.*

<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>
Prisons HQ	3	59,166
Lusaka Province	1	4,944
North-Western Province	1	8,988
<b>TOTAL</b>	<b>5</b>	<b>73,098</b>

**iv. Irregular Use of Accountable Imprest**

Contrary to Financial Regulation no. 86 which states that accountable imprest should be issued to facilitate the purchase of goods and services whose value cannot be ascertained at the time, imprest in amounts totalling K21,850 issued to four (4) officers

was used to procure goods and services whose values were obtainable on the market.

*See table below.*

<b>Station</b>	<b>No. of Officers</b>	<b>Amount K</b>
<b>Headquarters</b>	1	17,750
<b>Western Province</b>	3	4,100
<b>Total</b>	<b>4</b>	<b>21,850</b>

**k. Committing Government to Debt**

Contrary to Circular No. MFB/52/1/4, the Copperbelt Regional Office committed Government to a total debt of K8,976,829 as shown in the table below without authority from the Secretary to Treasury.

<b>Date</b>	<b>Details</b>	<b>K</b>
15/12/2015	Electricity Bills	5,062,975
15/12/2015	Water Bills	3,804,835
15/12/2015	Other Liabilities	109,019
<b>Total</b>		<b>8,976,829</b>

**l. Procurement Management – Delivery of Food Rations to North Western Region Office Instead of Prison Stations**

In the Estimates of Revenue and Expenditure for the year ended 31<sup>st</sup> December 2015, a total provision of K40,006,317 was made to cater for the procurement of food rations at the Prisons and Reformatories Department. In addition, a supplementary budget of K3,333,860 was approved bringing the total budget to K43,340,177 and the whole amount was released.

During the period under review, Seven (7) Suppliers were engaged to deliver food rations to prisons in North Western Province at a total contract price of K310,310. However, the suppliers delivered the food rations to the North-Western Regional Office in Solwezi instead of the prisons. Despite the suppliers not fulfilling the obligations to deliver to the prisons, the Service paid them in full. It was not clear why the suppliers were paid in full when they did not fulfil their contractual obligations.

Further, the Regional Office spent amounts totalling K33,163 (Fuel - K28,513 and Allowances - K4,650) to deliver food rations to prison stations.

**HEAD: 17 Ministry of Foreign Affairs**

**DEPARTMENTS: Various**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

23. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K86,753,231 was made to cater for various programmes under the Ministry Headquarters against which amounts totalling K52,996,344 were released resulting in an under funding of K33,756,888.

According to the Financial Statement (Statement 'C'), amounts totalling K51,450,058 had been spent as at 31<sup>st</sup> December 2015.

#### **Failure to Redeploy Recalled Diplomats**

In paragraph 22(a) of the Report of the Auditor General for the financial year ended 31<sup>st</sup> December 2014, mention was made on expenditure incurred on undeployed staff recalled to Zambia from Foreign Missions.

In their report for the Fifth Session of the Eleventh National Assembly, the Public Accounts Committee (PAC) expressed concern on the failure by the Government to deploy recalled diplomats owing to the fact that they were drawing salaries without rendering a service to the Government. In this regard, the Committee urged the Controlling Officer to deploy the remaining recalled diplomats without further delay.

A review of the situation in July 2016 revealed that two (2) diplomats who were recalled from Foreign Mission in Windhoek, Namibia in 2012 had not yet been redeployed. In addition, during the period under review, the two (2) diplomats drew salaries in amounts totalling K320,208.

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

**PROGRAMMES: Various**

**ACTIVITIES: Various**

24. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K21,359,085 was made to cater for various operations of the Mission against which amounts totalling K20,948,459 were released resulting in an underfunding of K410,626. According to the Financial Statement (Statement 'C'), as at 31<sup>st</sup> December 2015, amounts totalling K19,741,894 had been spent.

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

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission for the year under review carried out in August 2016 revealed the following:

##### **a. Obsolete Stores Items and Aged Motor Vehicles**

On 16<sup>th</sup> November 2015, the Mission wrote to the Ministry headquarters for authority to board unserviceable non-expendable and obsolete stores such as bookshelves, monitors, CPUs, tables, water dispensers, couch/sofas among others and two motor vehicles Toyota Camry and Toyota Sienna with registration Nos. DGG 0618 and DGG 0556 respectively.

As of August 2016, the Ministry had not responded and the items had not been boarded.

##### **b. Irregular Payment of Education Allowance**

According to Foreign Service Regulations and Conditions of Service No. 48(ii), 'An officer whose child is in College shall be eligible to receive 50 percent of the Education Allowance'. It was observed however that the First Secretary Press and Public Relations whose Child was in college/University in Montgomery was in receipt of full rate of Education Allowance amounting to K6,781 (US\$729.16) instead of K3,391 (US\$364.58). As a result, during the period under review the officer irregularly received Education Allowance in amounts totalling K19,879 (US\$2,137.48).

It was also observed during the year under review that amounts totalling K162,740 (US\$17,498.88) were paid as Education Allowance to the Minister Counsellor in respect of two children. A review of the officer's personal file revealed that the vital statistics form reflected two children, two nephews and one grandson. However, only one biological child was entitled to the education allowance while the other child was not

eligible as there was no documentation supporting the legal custody of the child. In this regard, the education allowance amounting to K81,370 (US\$8,749.44) was irregularly paid.

**c. Irregular Insurance of Personal Effects**

During the year under review, the Mission procured insurance services from Hanover Insurance Group for the cover of properties through an agent Sahouri Insurance property. The insurance covered buildings which included the Chancery, Residence, three (3) houses, contents and boiler, machinery, equipment breakdown. The contents also included those at the rented house for the Ambassador. The cover was for the period from July 2014 to July 2015 and was renewed for another one year from July 2015 to July 2016. Amounts totalling K446,307 (US\$47,990) {(2014 - K222,224 (US\$23,895) and 2015 - K224,084 (US\$24,095)} were paid to the insurance company for both periods.

Although the insurance cover for the three houses that were occupied by Diplomatic staff included cover for contents in the houses, the staff were not entitled to this condition of service.

In addition, there was no evidence that the officers were contributing towards the insurance cover.

**d. Rehabilitations of the Properties**

The Washington Mission owns five (5) properties detailed as follows:

- i. The Chancery - 2419 Massachusetts NW, Washington DC 20008
- ii. House - 1915 Spruce Drive NW, Washington DC 20008
- iii. House - 5208 Linnean Avenue NW, Washington DC 20008
- iv. House - 8355 East Beach Dr NW, Washington DC 22012
- v. The Residence - 2300 Wyoming Avenue, Washington DC 20008

In 2014, the Mission was authorised to rehabilitate the Residence, Chancery and the house at 5208 Linnean Avenue at contract sums in amounts totalling K26,859,800 (US\$2,888,150.63). *See table below.*

Contractor	Property	Location	Contract Period	Contract Sum	
				K	US\$
Shal Builders	Chancery	2419 Massachusetts Avenue	290 calender days	12,971,045	1,394,735.97
Shal Builders	Residence	2300 Wyoming Avenue	290 calender days	11,827,371	1,271,760.33
Lanigan	House	5208 Linnean Avenue	100 calender days	2,061,385	221,654.33
<b>Total</b>				<b>26,859,801</b>	<b>2,888,150.63</b>

The following were observed:

**i. The Residence**

As of July 2016, the contractor had issued eleven (11) certificates in amounts totalling K13,522,916 (US\$1,454,076.99) out of which K9,663,710 (US\$1,039,108.61) in respect of nine (9) certificates had been settled leaving two (2) certificates worth K3,859,206 (US\$414,968.38) inclusive of retention fees of K670,877 (US\$72,137.33) outstanding. *See table below.*

Certificate No.	Date Issued	Amount	
		K	US\$
10	24-Dec-15	1,663,601	178,881.85
11	11-Feb-16	1,524,728	163,949.20
Retention		670,877	72,137.33
<b>Total</b>		<b>3,859,206</b>	<b>414,968.38</b>

The works were completed and the Ambassador occupied the Residence in April 2016. Due to delays in settling the certified claims, the Contractor placed a lien on the Residence to take over the premises in the event that the outstanding amount was not paid by 10<sup>th</sup> October 2016. Further, the notice indicated that any legal fees and interest arising from the contractor effecting the lien, will be added to the total amount owed. *See pictures below.*



*Rehabilitated Residence*

**ii. Chancery**

In November 2015, an amount of K521,484 (US\$56,073.58) was paid to the contractor leaving a balance of K12,449,560 (US\$1,338,662.39). The works had stalled and the contractor had moved out of site due to lack of payment.

**iii. House – 5208 Linnean Avenue**

The contractor that rehabilitated the house at 5208 Linnean Avenue had been paid amounts totalling K1,958,318 (US\$210,571.83) leaving retention amounting to K103,069 (US\$11,082.72).



*Rehabilitated house*

A physical inspection carried out in August 2016 revealed the following;

- i. The Residence was in good condition with only one point that showed some seepage in the basement and was being worked on by the contractor as it was still under care and observation.
- ii. The house in 5208 Linnean Avenue was completed and occupied by the Second Secretary (Personal Assistant to the Ambassador) on 26<sup>th</sup> August 2015.
- iii. No works were being carried out at the Chancery as the contractor was not on site.



*The Chancery and pictures showing stalled works*

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

**PROGRAMME: Various**

**ACTIVITIES: Various**

25. In the Estimates of Revenue and Expenditure for the Financial Year ended 31<sup>st</sup> December 2015, a provision of K27,226,914 was made to cater for various activities at the Mission against which amounts totalling K28,227,868 were released.

According to the Financial Statement (Statement C), amounts totalling K26,675,094 had been spent as at 31<sup>st</sup> December 2015.

Further, the Mission budgeted to collect K2,407,545 (£192,630) in 2015 from the issuance of Passport Application Fees, Visa Fees, Attestation of Documents and Travel Documents Identity (TDIs) fees against which amounts totalling K2,415,482 (£193,265) were collected.

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

An examination of the accounting and other records maintained at the Ministry headquarters and the Mission carried out in August 2016 revealed the following:

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

###### **i. Unaccounted for Revenue**

Contrary to Financial Regulation No.129, amounts totalling K19,531 (£1,563) collected during the period under review were unaccounted for in that the funds were neither banked nor was cash found on hand.

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

Contrary to Financial Regulation No.121 (1), there were delays in banking of revenue for periods ranging from 2 to 160 days in amounts totalling K532,938 (£42,635) during the period under review.

###### **iii. Irregular Transfer of Revenue**

Contrary to Financial Regulation No.139 (2), revenue in amounts totalling K652,888 (£52,231) was irregularly transferred from the Revenue Account to the Main Account and utilised on operations of the Mission without obtaining authority.

**iv. Irregular Transfer of Fund into a Personal Account**

Contrary to Financial Regulation No. 140(1), on 19<sup>th</sup> August 2015, an amount of K62,500 (£5,000) was transferred from the Mission's Health account to the personal account of the former First Secretary – Accounts.

In October 2015, an amount of K37,500 (£3,000) was paid back by the officer while the balance of K25,000 (£2,000) had not been paid back as of August 2016.

**b. Expenditure**

**i. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, three (3) payment vouchers in amounts totalling K218,902 (£20,477.76) were not availed for audit.

**ii. Unsupported Payment**

Contrary to Financial Regulation No. 52, fifty one (51) payments in amounts totalling K1,987,193 (£160,555.17) made during the period under review were not supported with relevant documentation such as receipts and invoices among others.

**iii. Overpayment of Foreign Service Allowances**

Foreign Service Regulation No. 38 (i) and (ii) provide for the payment of cost of living allowances to enable officers meet living expenses at foreign Missions/Station and the appropriate rates are provided for under schedule "C" of the regulations.

It was however observed that ten (10) officers were paid K2,391,414 (£156,947.54) as Foreign Service Allowances instead of K2,354,182 (£154,052.20) resulting in an overpayment of K37,232 (£2,895.34) for the period under review which had not been recovered as of August 2016.

However as of September 2016, only one officer had paid back an amount of K1,400 (£139.86) leaving a balance of K35,831 (£2,755.48).

**iv. Unretired Accountable Imprest**

Contrary to Financial Regulation No.96, accountable imprest in amounts totalling K3,537 (£300) issued to one (1) officer had not been retired as of August 2016.

**v. Unaccounted for Funds**

On 15<sup>th</sup> October 2015, an amount of K28,105 (£2,338.40) was refunded by a driver who was irregularly paid a double salary for the month of September 2015.

Despite the funds being receipted, they were not accounted for in that they were neither banked nor was cash found on hand.

**vi. Overpayment of Rentals for Officers**

Foreign Service Regulation No. 52, provides guidance on the rates to be used to pay rentals for officers that are staying in rented property. However, during the period under review, there was an overpayment of K8,340 (US\$970.73) in respect of rented accommodation for the First Secretary, Accounts.

As at 6<sup>th</sup> August 2016, the overpayment had not yet been recovered.

**vii. Property Management**

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

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

A physical inspection revealed the following:

- **The Residence**

In paragraph 26 of the Report of the Auditor General for the Financial Year ended 31<sup>st</sup> December 2014, mention was made of the leakage in one of the bedrooms with water seeping into the laundry room at the Residence.

In his submission to the Public Accounts Committee for the Fifth Session of the Eleventh National Assembly, the Controlling Officer stated that the leakage had been worked on.

However, a follow up made in August 2016 revealed that the leakage had not been repaired. In addition, the boiler (cooling and heating system) was defective as it continuously emitted heat.

- **The Chancery**

Parts of the roof were leaking as evidenced by stained ceiling, damage to the walls in the Deputy High Commissioner's (DHCs) office, electrical failures in the male toilet on the first floor and Immigration office. *See picture below.*



*Stained ceiling in the Deputy High Commissioner's Office*

The server room had no cooling system, thereby risking the equipment to damage due to high temperatures.

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

**PROGRAMMES: Various**

**ACTIVITIES: Various**

26. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K23,292,652 was made for the Mission against which amounts totalling K19,621,276 were released resulting in an underfunding of K3,671,376.

According to the Financial Statement (Statement C), as at 31<sup>st</sup> December 2015, a total amount of K18,865,723 was spent.

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

An examination of accounting and other records maintained at the Ministry Headquarters and at the Mission for the year under review, carried out from 25<sup>th</sup> to 31<sup>st</sup> July 2016 revealed the following:

**a. Stores without Receipt and Disposal Details**

Contrary to Public Stores Regulation No. 16, stores items costing K41,325 (US\$4,018.07) procured during the period under review could not be accounted for as they did not have receipt and disposal details such as Goods Received Notes and Goods Issue Notes.

**b. Unauthorised Procurement of Carpet**

In March 2015, the Mission engaged Beijing Aojie Decoration and Design Co. Ltd to supply 430 square meters new carpet for the Chancery at a contract price of K127,477 (US\$15,450).

The scope of works included installations of new carpets in three offices, passages, staircases, television room, conference room and waiting area.

However, on 18<sup>th</sup> March 2015, the Supplier was paid K52,738 (US\$7,427.88) as 50 percent down payment.

Contrary to Foreign Service Regulation No. 112, the Mission did not obtain authority from the Permanent Secretary to engage the contractor for the supply of the carpets.

A physical inspection carried out on 28<sup>th</sup> July 2016 revealed that the contractor had only supplied and installed new carpets equivalent to K52,738 (US\$7,427.88) that was paid as 50% down payment.

**c. Failure to Mark Assets with GRZ Serial Numbers**

Contrary to Public Stores Regulation No.154, various equipment and furniture owned by the Mission were not inscribed with GRZ identification marks.

**d. Failure to Dispose of Motor Vehicles**

During the year under review, the Mission had a fleet of six (6) motor vehicles procured at various times during the years 2003 to 2015 as indicated in the table below.

Make	Registration No.	Chasis No.	Year of Purchase	Remarks	Purchase Price
Mercedes Benz	232-001	WDD2221571A169535	2015	Representational vehicle for Ambassador	€ 80,607
Mercedes Benz	232-002	WDBUF54J65A901812	2005	Old Representational vehicle – non runner	-
Hyundai Santa Fe	232-018	KMHSC81D43U555073	2003	Non runner	-
Hiace Minibus	232-017	7001833	2003	Non runner	-
Buick MPV	232-40	LSGDC82D49E031912	2009	Broken down	\$39,900
Nissan Paladin	232-41	LJNMEWAG99NO45644	2009	Runner	\$31,555

An examination of records and a physical verification carried out in July 2016 revealed that four (4) vehicles were non-runners and parked at the Embassy premises and the vehicles had not been recommended for boarding as of August 2016.

**e. Increment of Commuted Overtime without Approval**

Foreign Service Regulation (FSR) No. 163 states that the rates of pay and conditions of service for Locally Engaged Staff (LES) at a Foreign Mission/Station shall be determined, and may be amended from time to time, by the Head of Mission/Station with the approval of the Permanent Secretary, in accordance with the prevailing rates of pay and conditions of service applicable to the type of employment in the country of accreditation.

Contrary to the Regulation, in April 2015, the commuted overtime for the Ambassador's driver was increased from K3,628 (RMB2,500) to K5,809 (RMB4,000) per month without approval of the Permanent Secretary. In this regard, during the period from April to December 2015, the driver was paid K52,281 (RMB36,000) instead of K32,652 (RMB22,500) resulting in an over payment of K19,551 (RMB13,500).

**HEAD: 17/20 Ministry of Foreign Affairs-Mission Abroad - Stockholm**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

27. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2014 and 2015, provisions of K13,534,677 and K20,093,171 respectively were made to cater for

various activities against which amounts totalling K13,320,676 and K19,777,586 respectively were released, resulting in an underfunding of K79,466 in 2014 and K2,695,659 in 2015. *See table below.*

<b>Year</b>	<b>Budget K</b>	<b>Funding K</b>	<b>Expenditure K</b>	<b>Underfunding K</b>
2014	13,534,677	13,320,676	13,241,210	(79,466)
2015	20,093,171	19,777,586	16,382,175	(3,395,411)
<b>Total</b>	<b>33,627,848</b>	<b>33,098,262</b>	<b>29,623,385</b>	<b>(3,474,877)</b>

According to the Financial Statement (Statement ‘C’), as at 31<sup>st</sup> December 2014 and 2015, amounts totalling K29,623,385 (2014 - K13,241,210 and 2015 - K16,382,175) had been spent.

### **Accounting and Other Irregularities**

An examination of financial and other records, inspections of inventory and interviews carried out with staff at the Ministry headquarters and Stockholm Mission in July 2016, revealed the following.

#### **a. Mission Performance**

During the financial year ended 31<sup>st</sup> December 2015, the Mission had planned to implement a number of activities in pursuit of meeting the objectives of its establishment. A review of the Mission’s Annual Report for the year ended 31<sup>st</sup> December 2015, revealed that not all planned activities were implemented due to lack of funding.

#### **b. Failure to Dispose a Boarded Vehicle and Obsolete Assets**

An inspection of the assets owned by the Mission revealed that there were various assets such as computer monitor, computer CPU, computer key board, canon fax machine, Epson printer, lap top, heaters, HP printer and bosch dryer among others that were obsolete. In addition, a Volvo motor vehicle registration No. HAE 672 that was boarded and authorised to be disposed of in 2012, had not been disposed as of July 2016. *See pictures below.*



*Boarded Volvo Car*



*Obsolete Printer*



*Obsolete Dish Washer*

**c. The Residence**

The Mission owns only one property, the Residence that was supposed to be occupied by the Ambassador. The Residence is located at Varingavagen 14, Djusholm.

A review of records and interviews carried out with management and inspection of the residence revealed the following:

**i. Engagement of a Consultant**

A consultant was engaged on 17<sup>th</sup> March 2015 to assess the works to be carried out for renovation of the residence at a contract sum of K875,000 (SEK969,200) for a period of twelve (12) months from May 2015 to May 2016. The Ministry of Foreign Affairs released US\$100,000 (SEK818,800). As of June 2015, the consultant had completed the preparation of the bill of quantities awaiting the engagement of a contractor and had been paid amounts totalling US\$67,171 (SEK550,000).

However, as of August 2016, the Residence had not be rehabilitated as there were no funds for rehabilitation.

**ii. Payment of Heating and Lighting Bills for a Vacated House**

During the period from December 2014 to December 2015, the Ambassador had vacated the residence and moved into rented accommodation where rentals in amounts totalling K421,902 (SEK372,000) had been paid. Meanwhile, the Mission had continued paying bills in amounts totalling K54,051 (SEK48,096) in respect of heating and lighting at the unoccupied residence

**iii. Defects at the Residence**

The residence had defects among them peeling and cracks in the wall, water seepages from the roof through the wall in the dining room, falling off ceiling and some components of the heating system were damaged and removed making the system ineffective. *See pictures below.*



*Unserviced Heating Radiator*



*Peeling Paint on Doors*



*Falling Off Ceiling Board*

**HEAD: 17/23 Ministry of Foreign Affairs – Missions Abroad - Paris**

**PROGRAMME: Various**

**ACTIVITIES: Various**

28. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2014 and 2015, provisions of K10,536,272 and K21,592,209 were made to cater for various activities against which amounts totalling K12,153,383 and K15,871,885 were released respectively, resulting in over funding of K1,617,111 in 2014 and under funding of K5,720,324 in 2015. *See table below.*

<b>Year</b>	<b>Budget Provisions K</b>	<b>Releases K</b>	<b>(Under)/Over Funding K</b>
2014	10,536,272	12,153,383	1,617,111
2015	21,592,209	15,871,885	(5,720,324)
<b>Total</b>	<b>32,128,481</b>	<b>28,025,268</b>	<b>(4,103,214)</b>

According to the Financial Statements (Statement “C”), the Mission had spent amounts totalling K8,437,997 in 2014 and K19,406,800 in 2015.

Further, the Mission budgeted to collect a total of K222,840 (€24,724) in 2014 and 2015 from the issuance of Passport Application Fees, Visa Fees, Attestation of Documents and Travel Documents Identity (TDIs) Fees against which amounts totalling K282,870 (€31,160) were collected. *See table below.*

<b>Year</b>	<b>Budget</b>		<b>Actual</b>	
	<b>K</b>	<b>€</b>	<b>K</b>	<b>€</b>
2015	121,276	12,633	139,296	13,910
2014	101,564	12,091	143,574	17,250
<b>Total</b>	<b>222,840</b>	<b>24,724</b>	<b>282,870</b>	<b>31,160</b>

## **Accounting and Other Irregularities**

An examination of the accounting and other records maintained at the Ministry headquarters and the Mission carried out in August 2016 revealed the following:

### **a. Overpayment of Foreign Service Allowances**

Foreign Service Regulation No. 38 (i and ii) provide for payment of cost of living allowances to enable officers meet living expenses at Foreign Missions at the appropriate rates under schedule 'C' of the regulations.

However, when making payments for Foreign Service allowances which are quoted in United States Dollars, the Mission was applying a rate which was higher than the prevailing exchange rate. This resulted in the officers being overpaid their Foreign Service allowances. Whereas the officers should have received K4,495,481 (US\$726,670), had the correct rate been used, they were instead paid K5,023,421 (US\$812,769) resulting in an over payment amounting to K527,940 (US\$ 86,099) in 2014.

In addition, a review of the internal audit report referenced MFA/71/22/29 dated 15<sup>th</sup> August, 2014 revealed that during the period January to December 2013, eight (8) officers were over paid amounts totalling K547,347 (€78,991) as a result of using incorrect exchange rates.

As of August 2016 the overpaid amounts had not been recovered.

In his response dated 22<sup>nd</sup> September 2016, the Controlling Officer stated that deductions had commenced for three (3) officers who were over paid amounts totalling K47,776(US\$2,454.72) while the recoveries on the balance of K480,164(US\$78,307.48) had not been effected as of September 2016.

### **b. Overpayment of Rentals for Officers**

Foreign Service Regulation No. 52, provides guidance on the rates to be used to pay rentals for officers that are staying in rented property. However, during the period under review, an amount of K3,783 (US\$694.72) in respect of the Counsellor was paid for rented accommodation above the officer's entitlements.

**c. Failure to Dispose of Boarded Items**

On 12<sup>th</sup> October 2015, authority was granted by the Permanent Secretary, Ministry of Foreign Affairs to dispose of various items such as office equipment, household furniture, a motor vehicle and general stores that had become obsolete and unserviceable. In this regard, various goods valued at K18, 334 were boarded for disposal. However, a physical inspection of the boarded items carried out in July 2016, revealed that the items had not been disposed of.

**d. Irregular Payment for Works Carried Out at a Rented House – First Secretary – Economic and Trade**

The Statutory Instrument No. 63 of 2011, Part II, Section 10 (6) (b) states that ‘any decision made by approvals authority shall be valid for a period of six months from the date of the approval in the case of an international contract, which may be extended for a further period of six (6) months without changing the terms and conditions of the original contract.

In September 2013, the Mission was granted authority to engage a contractor for the renovation of the property occupied by First Secretary – Economic and Trade at a contract sum of K52,176.51 (€4,691.50).

It was however observed that, the Mission engaged the contractor on 25<sup>th</sup> November 2015 twelve (12) months after the expiry of the authority without re-tender and seeking authority rendering the contract irregular.

As of December 2015, the contractor had been paid amounts totalling K44,486 (€4,000).

**e. Property Management - Irregular Engagement of a Contractor - The Residence**

The Mission has two (2) properties, the Chancery which is located at 18 Avenue de Tourville 75007, and the Residence at 51 Route de Montessori, 78100 Le Vesinet.

On 23<sup>rd</sup> March 2015, CIMIA (SIRENE) was engaged to renovate the Ambassador’s residence at a cost of K315,285 (US\$40,999.41/€38,100) with a completion period of three (3) weeks from 24<sup>th</sup> March 2015 to 14<sup>th</sup> April 2015. The scope of works included:

- Boiler room – main house: scraping, plastering, compacting, laying fiber glass material to avoid humidity and painting the walls; repairing the leakage on the boiler
- Second floor – bathroom; remove and replace the carpet with tiles, replace the taps;

- Façade – Main House; installation of scaffolding, painting the outside area of the windows, scrapping wall cracks, cleaning rain gutters and replace broken window panes;
- Dining room – main house; walls- remove the fabric material, scrapping double plastering and compacting, laying fiber glass material to avoid humidity, painting the walls, ceiling- scraping, double plastering and paintings;
- Kitchen – Main House; walls, scraping, plastering, compacting and painting; ceiling, scraping and painting, installing new cabinets;

As of July 2016, a total amount of K287,667 (€34,724) representing 91% of the contract price had been paid to the contractor.

However, the following were observed:

- **Failure to Enter into a Contract**

There was no contract signed for the works despite the Controlling Officer authorising the Mission to engage a contractor.

- **Questionable Payments**

Although the contractor had been paid amounts totalling K287,667 (€34,724) representing 91% of the contract price, the basis of payment was questionable as the completed works were not certified by the Ministry of Works and Supply.

- **Physical Status**

A physical inspection of the works carried out in July, 2016 revealed the following;

- Boiler room – No works had been done
- Second floor – The tiling was completed while taps were not replaced.
- Façade – Main House; painting of the outside area of the windows, scraping of cracks and replacing the broken window panes had been done. However, the rain gutters were not cleaned.
- Dining room – main house; although the works were done it was observed that there were leakages on the walls in the dining room
- Kitchen – although the works were done, it was observed that there were leakages on the wall bordering the dining and the kitchen.

In January 2016, the Embassy requested the Ministry of Works and Supply to assess the status of the Residence and the results revealed that urgent works were required to be made as the works done by CIMIA were not of acceptable standards, thereby rendering the expenditure wasteful.

**HEAD: 17/30 Ministry of Foreign Affairs - Missions Abroad – Harare**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

29. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2014 and 2015, total provisions of K9,676,594 and K14,146, 215 were made respectively to cater for various activities against which total amounts of K9,306,269 and K13,335,354 were released resulting in an under funding of K370,325 in 2014 and K810,861 in 2015 as tabulated below.

<b>Year</b>	<b>Budget Provision K</b>	<b>Releases K</b>	<b>Variance K</b>
2014	9,676,594	9,306,269	370,325
2015	14,146,215	13,335,354	810,861
<b>Total</b>	<b>23,822,808</b>	<b>22,641,622</b>	<b>1,181,186</b>

According to the Financial Statements (Statement C), the Mission spent amounts totalling K8,771,351 in 2014 and K10,838,671 in 2015.

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

An examination of accounting and other records maintained at the Ministry Headquarters and the Mission carried out in July 2016 revealed the following:

##### **a. Uncollected Rental Arrears from Leased Properties**

An examination of accounting records, tenancy agreements and other related correspondence revealed that rental income from rented out office accommodation and houses in amounts totalling K624,415 (US\$98,364) for the period from June 2012 to June 2016 had remained uncollected as of August 2016.

**b. Property Management**

The Mission has a total of sixteen (16) properties comprising a seven (7) storey Chancery building, the Official Residence and fourteen (14) residential houses. The Mission occupies the 6<sup>th</sup> and 7<sup>th</sup> floor while the other floors were leased out. Nine (9) houses were occupied by diplomatic staff, one (1) was leased out while four (4) were vacant.

An examination of documentation relating to the properties and a physical inspection carried out in July 2016 revealed the following:

**i. Properties Without Title Deeds**

There were no title deeds for Mission properties to show proof of ownership. According to correspondence and enquiries made from management, the Mission had in the past made several efforts to trace or replace the title deeds but to date the title deeds have neither been traced nor replaced.

**ii. 48 Kwame Nkrumah – The Chancery**

The water reticulation system was not functioning on the 6<sup>th</sup> and 7<sup>th</sup> floors, renovations were required from the ground to the 5<sup>th</sup> floor and the roof on the Northern side required repairs.

**iii. 4 Kevin Road Chisipite – The Residence**

The house required renovations with particular emphasis to the roof. Further, auxiliary staff housing required renovations and the water reticulation system was non-functional.

**iv. 10 Turnstead, the Grange**

Bathroom ceiling was damaged, there was a wall crater on the bathroom corridor and the swimming pool was not functioning.

**v. 16 Cockington, Mandara**

Kitchen units and ceiling required replacement, the water reticulation system was not functioning, the ceiling board in the master bedroom was damaged and the fascia boards required replacement.

vi. **5 Cowden**

The water reticulation system was not functioning and the kitchen unit was damaged. *See picture below.*



*Damaged kitchen unit*

**HEAD: 17/ 54 Ministry of Foreign Affairs - Missions Abroad - Seoul**

**PROGRAMMES Various**

**ACTIVITIES Various**

30. In the Estimates of Revenue and Expenditure for the financial years ended 31<sup>st</sup> December 2014 and 2015, amounts totalling K19,627,836 were provided to cater for various activities against which amounts totalling K17,522,618 were released resulting in a net under funding of K2,105,219. *See table below.*

<b>Year</b>	<b>Budget K</b>	<b>Releases K</b>	<b>Underfunding K</b>
2014	2,938,439	1,781,009	(1,157,430)
2015	16,689,397	15,741,609	(947,789)
<b>Total</b>	<b>19,627,836</b>	<b>17,522,618</b>	<b>(2,105,219)</b>

According to the Financial Statement (Statement 'C'), amounts totalling K1,773,538 and K15,971,315 were spent in 2014 and 2015 respectively.

**Accounting and other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters and at the Mission carried out in August 2016, revealed the following:

**a. Failure to Recover Contribution Towards Utility Bills**

Foreign Service Regulations and Conditions of Service No. 53 provides that, “(i) Government shall pay 60% of heating for all officers based in the Americas, Asia, Europe and the Middle East including Egypt and Libya. (ii) Government shall pay 80% of electricity and water bills for Heads of Missions/Station and 50% or other officers below the rank of Heads of Mission/Station irrespective of their geographical location.”

Contrary to the regulation, Diplomatic staff made claims for full costs and were refunded the amounts for utility bills without deducting the appropriate percentages of their contribution. As of August 2016, amounts totalling K30,042 (US\$4,026.48), being staff contributions had not been recovered.

**b. Failure to Recover Contributions Towards Medical Bills**

Foreign Service Regulations and Conditions of Service No. 102 provides that “An officer shall contribute towards medical expenses for himself/herself and members of his/her family at the rate of 40% of medical insurance cover of medical bills. In both cases, Government shall contribute 60%.

Contrary to the regulation, Diplomatic staff claimed full amounts of K98,221 (US\$13,627.20) paid for medical services without deducting the 40% contribution resulting in excess refunds of K9,406 (US\$1,008.76). As of August 2016, the staff contribution had not been recovered.

**c. Unretired Accountable Imprest**

Contrary to the Financial Regulation No. 96 (1), accountable imprest in amounts totalling K333,610 (US\$52,819.62) issued to seven (7) officers had not been retired as of August 2016.

**d. Unapproved Payments**

Contrary to Financial Regulation No. 48, seventy six (76) payment vouchers in amounts totalling K11,140,487 (US\$1,545,366.72) were passed for payment without approval.

**e. Unsupported Payments**

Contrary to Financial Regulation No. 52, fifty seven (57) payments in amounts totalling K1,663,037 (US\$262,058.92) were not supported with relevant documents such as receipts, quotations and requisition forms, among others.

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

Contrary to Public Stores Regulation No. 16, stores items costing K1,110,912 (US\$177,392.93) procured during the year under review involving twenty five (25) transactions could not be accounted for as they did not have receipt and disposal details such as Goods Received Notes and Goods Issue Notes.

**g. Failure to Mark Assets with GRZ Serial Numbers**

Contrary to Public Stores Regulation No.154, various equipment and furniture owned by the Mission procured during the period under review costing K1,439,954 (US\$231,706.48) were not inscribed with GRZ identification marks.

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

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

No.	Mission Head (\$)	Counsellor US\$	First Secretary US\$	Second Secretary US\$	Third Secretary US\$
Rentals per month	7,000	6,000	5,000	4,500	4,000

A scrutiny of the records revealed that rentals amounting to K1,793,808 (US\$144,000) were paid for the Official Residence instead of K1,046,388 (US\$84,000) entitlement for the Ambassador resulting in excess of K747,420 (US\$60,000) above the entitlement. However, there was no documentary evidence that authority from the Secretary to Cabinet was obtained.

**HEAD: 31 Ministry of Justice**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

31. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K100,000,000 was made to cater for compensation and awards against which amounts totalling K82,715,100 were released resulting in an underfunding of K17,284,900.

According to the Financial Statement (Statement 'C'), amounts totalling K55,399,375 had been spent as at 31<sup>st</sup> December 2015.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry carried out during the period under review revealed the following:

#### **a. Misapplication of Funds**

Contrary to the Appropriation Act of 2014, amounts totalling K750,929 were applied on various activities such as purchase of stationery, procurement of conference facilities and procurement of shoes and outfits, among others, activities not related to the purpose for which the funds were appropriated.

#### **b. Delays in Settling Compensation and Awards**

As at 31<sup>st</sup> December 2015, the Ministry had amounts totalling K1,324,050,450 as outstanding payments of compensation and awards in respect of sixteen (16) cases.

Included in this amount was an amount of K114,519,792 in respect of two (2) cases where judgements were passed against the Government in July and September 2015. However, the Ministry did not settle the awards within the time stipulated in the judgement and consequently, interest in amounts totalling K51,560,323 had accumulated.

#### **c. Judgement Entered in Default**

In paragraph 44 (b) of the Report of the Auditor General for the financial year ended 31<sup>st</sup> December 2014, mention was made on cases whose judgements were entered in default due to failure by Government departments to provide necessary information to the Attorney General's Chambers to effectively defend the cases.

In their report for the Fifth Session of the Eleventh National Assembly, the Public Accounts Committee, expressed concern on the huge cost occasioned by the high number of judgements entered in default. The Committee urged the Secretary to the Cabinet to prevail upon all Permanent Secretaries to ensure that they give instructions to the Attorney General's Chambers in time. The Committee also implored the Secretary to the Cabinet to liaise with the Secretary to the Treasury in prioritising the recruitment of State Advocates to be based in the Ministries to improve coordination and representation of the state in legal matters. The Committee further urged the Controlling Officer to ensure that

controls are strengthened to eliminate connivance between State Advocates and complainants.

A review of the matter revealed that the situation remained the same in that there were nine (9) cases during the period under review whose judgements were entered in default due to failure by Government departments to provide necessary information to the Attorney General's chambers to effectively defend the cases. In this regard, amounts totalling K1,674,752 were paid in respect of judgements entered in default.

**d. Loss of Public Funds Through Negligence by Public Workers**

In paragraph 44 (b) of the Report of the Auditor General for the financial year ended 31<sup>st</sup> December 2014, mention was made on the Ministry's failure to recover costs incurred by Government due to officers' negligence or omission to do their duty.

In their report for the Fifth Session of the Eleventh National Assembly, the Public Accounts Committee urged the Controlling Officer to ensure that the Ministry surcharges the concerned officers and recovers the funds paid by the Government.

A review of the situation revealed that there was no improvement in that there were fifteen (15) cases during the period under review where the officers had either neglected or omitted to do their duty resulting in cases of loss of life, wrongful detention and malicious prosecution, among others. Consequently, the Ministry paid amounts totalling K2,606,049 in compensation awarded to victims. As of June 2016, no action had been taken against the erring officers.

<b>HEAD:</b>	<b>33</b>	<b>Ministry of Commerce, Trade and Industry</b>
<b>UNITS:</b>		<b>Various</b>
<b>PROGRAMMES:</b>		<b>Various</b>
<b>UNITS:</b>		<b>Various</b>
<b>ACTIVITIES:</b>		<b>Various</b>

32. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K292,294,348 was made to cater for the operations of the Ministry and grants to

other institutions under the Ministry against which a total amount of K248,856,207 was released resulting in an underfunding of K45,571,083.

As at 31<sup>st</sup> December 2015, a total amount of K246,723,260 (which included an amount of K25,743,581 spent at Headquarters) had been spent as per the Financial Statement (Statement 'C').

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters carried out from May to June 2016 revealed the following:

#### **a. Unsupported Payments**

Contrary to Financial Regulation No. 65 and 52, payments in amounts totalling K2,521,647 involving ninety four (94) transactions made during the period under review were not supported with relevant documents such as quotations and Local Purchases Order (LPO) among others.

#### **b. Stores Without Receipt and Disposal Details**

Contrary to Public Stores Regulations No. 16, various stores items costing K40,000 procured during the period under review were unaccounted for in that there were no receipt and disposal details such as fuel/stores requisitions, log books, delivery notes, local purchase orders and goods received notes among others.

**HEAD: 37 Ministry of Finance**

**DEPARTMENTS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

33. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K2,361,718,743 was made to cater for various activities against which amounts totalling K2,159,078,489 were released.

According to the Financial Statement (Statement 'C'), as at 31<sup>st</sup> December 2015, a total amount of K1,957,323,387 had been spent.

## **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters carried out in August 2016 revealed the following:

### **a. Failure to Recover Loans and Tuition Advances**

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of loans and advances in amounts totalling to K910,000 (loans - K835,000 and tuition advances – K95,000) paid to twenty two (22) officers during the period under review had not been effected as of August 2016.

### **b. Irregular Payment of Overtime Allowance**

Contrary to Financial Regulation No. 81, amounts totalling K507,290 were paid to various officers as overtime without maintaining an attendance register. As a result, it was not possible to verify how the amounts paid were arrived at. Further, the payments were paid as cash to various officers contrary to Cabinet Officer Circular No. 11 of 2013 which require that all such payments be made through the payroll.

### **c. Irregular Engagement of Casual Workers**

Cabinet Office Circular No. 12 of 2003 stipulates that in order to control the establishment, Government centralised the recruitment, selection and placement of all categories of its employees. In addition, government decided to place classified Daily Employee on the central payroll.

During the period under review, amounts totalling K41,068 were spent on wages of casual workers. However, there was no authority from Cabinet Office to engage the casual workers.

### **d. Unretired Accountable Imprest**

Contrary to Financial Regulation No.96 (1), accountable imprest in amounts totalling K88,947 issued to five (5) officers during the period under review had not been retired as of September 2016.

### **e. Overpayment of Subsistence Allowances**

Contrary to Public Service Management Division Circular No. B. 28 of 2012, twenty one (21) officers who were entitled to receive amounts totalling K96,200 as subsistence allowances were paid amounts totalling K127,300 resulting in an overpayment of

K31,100. As of September 2016, the overpaid subsistence allowances had not been recovered.

**f. Irregular Use of Accountable Imprest**

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

It was however observed that imprest in amounts totalling K472,715 was issued to five (5) officers to procure goods and services whose values were obtainable on the market.

**HEAD: 45 Ministry of Community Development Mother and Child Health**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

34. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K2,075,052,901 was made to cater for the operations of the Ministry which included a supplementary provision of K22,500,000. In this regard, the Treasury released a total amount of K1,829,792,598 resulting in an under funding of K245,260,303.

According to the Financial Statement (Statement ‘C’), amounts totalling K1,829,538,393 had been spent as at 31<sup>st</sup> December 2015.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters carried out in June 2016 revealed the following:

**a. Inadequately Supported Payments**

Contrary to Financial Regulations No. 45 and 52, seven (7) payments in amounts totalling K68,296 made during the year under review were inadequately supported in that they lacked documents such as cash sale receipts.

**b. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, fuel costing K48,567 procured during the period under review was not accounted for in that there were no receipt and disposal details.

**c. Failure to Effect Recoveries for Tuition Advances**

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of tuition advances in amounts totalling K192,000 paid to seven (7) officers during the period under review had not been effected as of August 2016.

**d. Misapplication of Funds**

Contrary to the Appropriation Act of 2014, amounts totalling K536,323 meant for general administration, dismantling of arrears and food security pack among others were applied on unrelated activities such as tuition advances and youth day celebrations among others. As a result, some activities under general administration, capacity building, dismantling of arrears, infrastructure development and Food Security Pack were not carried out.

**e. Failure to Insure Motor Vehicles**

On 5<sup>th</sup> July 2015, a Mazda motor vehicle registration No. GRZ 715 CK valued at K195,000 was involved in a road traffic accident and was damaged beyond repair. However, the Ministry could not be compensated as the motor vehicle was not insured.

**f. Inadequate Details on the Motor Vehicle Database**

Ministry of Finance Circular No.1 of 2009 requires that Controlling Officers maintain an accurate record of inventory for motor vehicles. However, contrary to the requirement, the motor vehicle database at the Ministry, which had a fleet of seventy seven (77) vehicles, did not have adequate information pertaining to purchase prices, year of purchase, suppliers and condition of motor vehicles.

**g. Food Security Pack Programme**

The Food Security Pack (FSP) Programme was introduced in November 2000 and is targeted at vulnerable (food insecure) but viable small scale farmers. The objective of the programme is to empower the vulnerable farming households to be self-sustaining through improved productivity and household food security and thereby contribute to

poverty reduction. The Programme is divided into two (2) components namely; wetland and rain-fed.

In 2015, the Ministry received amounts totalling K25,291,662 against a budget provision of K52,750,000. Out of the amount funded, K4,033,317 was paid to suppliers in the 2015/2016 farming season while the balance of K21,258,345 was used to liquidate the debt from the previous season and administrative issues at the Ministry headquarters.

The Ministry awarded contracts to three (3) contractors for the supply of Seed to Kamano Seed, Zambia Seed Company (Seedco) and Stewards Globe Limited at contract sums of K4,394,300, K3,927,000 and K54,500 respectively.

In addition, two (2) contracts were awarded to Zambian Fertiliser Limited and B-Square for the supply of D Compound and Urea Fertilisers at contract sums of K26,686,660 and K13,063,400 respectively.

Further, two (2) contracts at contract sums of K2,879,044 and K498,730 were awarded to Agro-Fuel Investment for transportation of 2,283 MT of D Compound and 2,283 MT of Urea fertilisers and also 680 MT of D Compound and 680 MT of urea fertilisers. As of May 2016, amounts totalling K4,033,317 had been paid to the contractors leaving a balance of K47,470,318. *See table below.*

Supplier	Contract Sum K	Amount Paid K	Balance K	Description
Kamano Seed Ltd	4,394,300	439,430	3,954,870	Supply of Groundnuts & Beans Seed
Zambia Seed Company	3,927,000	392,700	3,534,300	Supply of early & Medium maturing Maize Seed
Stewards Globe Ltd	54,500	54,500	-	Supply of Cowpeas Seed
B-Squire Ltd	13,063,400	1,306,340	11,757,060	Supply of 3010MT of Urea Fertilizer
Zambian Fertilizer Ltd-\$1,866,200	26,686,661	-	26,686,661	Supply of 3010MT of D Compoun Fertilizer
Agro-Fuel Investment	2,879,044	1,341,617	1,537,427	Transp. of 2283MT Urea & 2283-D Comp
Agro-Fuel Investment	498,730	498,730	-	Transp. of 680MT of Urea & 680MT of D Comp
<b>Total</b>	<b>51,503,635</b>	<b>4,033,317</b>	<b>47,470,318</b>	

The following were observed:

**i. Wasteful Expenditure**

In February 2015, the Ministry placed two (2) advertisements in the Times of Zambia and the Zambia Daily Mail newspapers at a cost of K26,459 and K27,060 respectively inviting suppliers to bid for the supply and delivery of wetland

agriculture inputs. However, it was observed that the Ministry cancelled the two (2) tenders despite having incurred advertisement costs amounting to K53,519. As a result, the expenditure was wasteful.

**ii. Partial Refund of Advance Payment**

On 12<sup>th</sup> November 2015, the Ministry awarded a contract to B-Square for the supply of 3,010 Metric tonnes of Urea fertiliser with a delivery period of six (06) to eight (08) weeks from 12<sup>th</sup> November 2015 to 7<sup>th</sup> January 2016 at a contract sum of K13,063,400. In this regard, the Ministry made an advance payment of 10 percent amounting to K1,306,340 on 23<sup>rd</sup> November 2015, leaving a balance of K11,757,050.

However, the supplier failed to execute the contract and in January 2016, the Ministry terminated the contract. In March 2016, the supplier refunded the Ministry K1,100,000 while the balance of K206,340 had not been refunded as of August 2016.

**HEAD: 45 Ministry of Community Development, Mother and Social Welfare**

**UNIT: Various**

**PROGRAMME: Various**

**ACTIVITY: Various**

35. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K152,360,490 was made to cater for General Administration activities at forty eight (48) District Community Medical Offices (DCMOs) against which amounts totalling K120,245,712 were released resulting in an underfunding of K32,114,778. *See table below.*

Institution	Budget Provision K	Balances Brought Forward K	Releases K	Variance K	Expenditure K
Mongu DCMO	3,934,824		2,944,504	990,320	3,316,546
Kaoma DCMO	2,243,019		1,826,807	416,212	1,861,297
Kalabo DCMO	2,933,927		2,105,877	828,050	2,456,496
Sesheke DCMO	1,416,704		1,146,919	269,785	1,173,746
Mansa DCMO	4,306,744		3,029,503	1,277,241	3,488,116
Nchelenge DCMO	3,245,268		2,403,892	841,376	2,081,969
Samfya DCMO	4,348,255		3,220,923	1,127,332	
Chipili DCMO	892,182		660,876	231,306	768,031
Solwezi DCMO	4,529,098		3,660,121	868,977	4,065,828
Kasempa DCMO	1,746,696		1,444,797	301,899	1,510,878
Mwinilunga DCMO	2,437,919		1,952,183	485,736	2,332,113
Chavuma DCMO	1,189,046		971,424	217,622	1,033,580
Chililabombwe DCMO	1,397,964		1,452,880	(54,916)	1,448,273
Mpongwe DCMO	2,221,526		1,659,160	562,366	2,166,579
Masaiti DCMO	2,155,008		1,933,966	221,042	1,828,847
Lufyanyama DCMO	1,898,904		2,235,989	(337,085)	1,905,971
Chipata DCMO	7,645,685	1,208,722	5,379,060	2,266,625	7,177,390
Lundazi DCMO	6,319,000	1,228,265	4,680,407	1,638,593	6,173,609
Petauke DCMO	4,487,904	798,337	3,324,373	1,163,531	3,651,187
Katete DCMO	3,524,152	38,164	2,690,786	833,366	3,049,884
Kabwe DCMO	2,887,567		2,791,594	95,973	2,754,229
Chisamba DCMO	4,100,431		2,529,678	1,570,753	3,415,288
KapiriMposhi DCMO	4,438,834		3,155,102	1,283,732	3,717,869
Ngabwe DCMO	575,322		565,206	10,116	477,009
Kasama DCMO	4,418,640	699,921	3,326,241	1,092,399	3,994,479
Mpulungu DCMO	2,238,950	229,088	2,231,042	7,908	1,957,110
Mbala DCMO	4,333,291	107,437	3,882,652	450,639	3,666,023
Luwingu DCMO	3,034,189	88,771	2,578,025	456,164	2,509,756
Kaputa DCMO	1,390,032	424,281	1,029,648	360,384	1,149,775
Mungwi DCMO	3,330,620	1,049,171	2,467,128	863,492	3,275,567
Chinsali DCMO	3,327,317		2,700,175	627,142	3,063,499
Isoka DCMO	2,152,288		1,654,912	497,376	1,940,220
Chama DCMO	2,378,956		1,832,178	546,778	2,186,584
Mpika DCMO	3,958,247		3,332,038	626,209	3,847,507
Livingstone DCMO	1,542,215	236,297	1,142,382	399,833	1,442,471
Mazabuka DCMO	3,744,256	239,831	2,769,725	974,531	3,075,831
Kalomo DCMO	4,571,229	321,433	3,254,311	1,316,918	3,838,622
Kazungula DCMO	2,334,153	198,640	3,632,222	(1,298,069)	1,925,797
Itezhi Tezhi DCMO	1,612,786		1,394,655	218,131	1,439,404
Chibombo DCMO	3,326,098		2,463,769	862,329	2,933,576
Mumbwa DCMO	4,267,018		3,159,102	1,107,916	3,741,337
Choma DCMO	3,989,808		3,300,213	689,595	3,611,056
Monze DCMO	3,566,149		2,914,433	651,716	3,174,845
Pemba DCMO	1,124,638		930,253	194,385	1,066,296
Lusaka DCMO	11,505,464	2,049,193	8,530,374	2,975,090	10,650,821
Siavonga DCMO	1,640,264	324,029	1,215,015	425,249	1,476,517
Chongwe DCMO	2,327,951	4,710	1,724,408	603,543	1,927,613
Luangwa DCMO	1,369,952	139,615	1,014,785	355,167	1,272,788
<b>Total</b>	<b>152,360,490</b>	<b>9,385,904</b>	<b>120,245,712</b>	<b>32,114,778</b>	<b>131,022,228</b>

In addition, during the period under review, amounts totalling K9,385,904 were brought forward from the previous year bringing the total funds available to K129,631,616.

According to the Financial Statement (Statement C), as at 31<sup>st</sup> December 2015, amounts totalling K131,022,228 had been spent.

### Accounting and Other Irregularities

An examination of financial and other records maintained at the District Community Medical Offices carried out in June 2016, revealed the following:

**a. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, forty three (43) payment vouchers in amounts totalling K240,103 processed during the period under review were not availed for audit.

*See table below.*

<b>Institution</b>	<b>No. of Payments</b>	<b>Amount K</b>
Samfya DCMO	5	26,455
Solwezi DCMO	3	1,496
Mwinilunga DCMO	3	9,574
Kaputa DCMO	10	47,984
Lusaka DCMO	4	57,085
Luangwa DCMO	18	97,509
<b>Total</b>	<b>43</b>	<b>240,103</b>

**b. Unsupported Payments**

Contrary to Financial Regulations Nos. 45 and 52, seventy five (75) payment vouchers in amounts totalling K345,969 were not supported with relevant documents such as quotations, purchase orders, appointment letters, cash sale receipts, letters of transfer and claim forms among others. *See table below.*

<b>Institution</b>	<b>No. of Transactions</b>	<b>Amount K</b>
Sesheke DCMO	3	4,385
Mansa DCMO	8	30,515
Samfya DCMO	3	44,075
Chipili DCMO	2	1,200
Solwezi DCMO	4	4,250
Mwinilunga DCMO	2	2,050
Chavuma DCMO	1	1,600
Katete DCMO	1	2,800
Itezhi Tezhi DCMO	2	12,351
Chibombo DCMO	1	3,385
Kaputa DCMO	3	11,217
Kalomo DCMO	1	2,500
Kazungula DCMO	2	21,070
Lusaka DCMO	24	166,796
Chongwe DCMO	1	6,400
Luangwa DCMO	17	31,375
<b>Total</b>	<b>75</b>	<b>345,969</b>

**c. Unapproved Payments**

Contrary to Financial Regulation No. 48, one payment at Kaputa DCMO amounting to K3,000 processed during the period under review was not approved by a responsible officer.

**d. Failure to Correct Errors on the Bank Statements**

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

A review of bank reconciliation statements and the cashbooks at Kaputa and Kasama DCMOs revealed that amounts totalling K26,839, were erroneously debited by the Bank on the RDC Accounts held at ZANACO Kasama Branch. Despite the Bank being notified of the errors, as of June 2016, the unknown debits had neither been reversed/corrected by the Bank nor communicated to the Office of the Accountant General. *See table below.*

<b>Institution</b>	<b>Erroneous Amounts K</b>
Kaputa DCMO	10,099
Kasama DCMO	16,740
<b>Total</b>	<b>26,839</b>

**e. Questionable Encashment of Stale Cheques – Kasama DMO**

A review of the bank reconciliation statements and cashbooks for the period under review revealed that amounts totalling K21,940 in respect of five (5) stale cheques issued in December 2013 were erroneously debited in December 2015 by the Bank on the RDC Account held at ZANACO Kasama Branch. Despite the Bank being notified, as of June 2016, the error had not been corrected.

**f. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96(1), accountable imprest in amounts totalling K1,113 ,056 issued to eighty one (81) officers during the period under review had not been retired as of June 2016. *See table below.*

<b>Institution</b>	<b>No. of Officers</b>	<b>Amount K</b>
Mongu DCMO	1	4,925
Kalabo DCMO	1	750
Sesheke DCMO	8	24,602
Mansa DCMO	10	49,050
Chipili DCMO	2	2,925
Solwezi DCMO	14	241,169
Mwinilunga DCMO	2	3,650
Petauke DCMO	1	1,031
Katete DCMO	1	1,500
Mpongwe DCMO	1	900
Kapiri Mposhi DCMO	3	6,135
Itezhi Tezhi DCMO	3	15,220
Mumbwa DCMO	17	379,780
Chibombo DCMO	11	316,412
Luwingu DCMO	1	9,780
Kaputa DCMO	2	47,172
Luangwa DCMO	3	8,055
<b>Total</b>	<b>81</b>	<b>1,113,056</b>

**g. Questionable Retirements of Imprest**

During the period under review, subsistence allowances in amounts totalling K332,816 were claimed by eighteen (18) officers for travelling on official duties out of their stations.

However, the retirements were questionable in that the officers claimed subsistence allowances for work performed at their stations of duty while in some cases officers spent fewer nights out than what they were paid for. The vehicles purportedly to have been used on assignments were at the time performing day to day duties at the stations.

In this regard, claims of subsistence allowances in amounts totalling K279,466 were questionable. *See table below.*

<b>Institution</b>	<b>No. of Officers</b>	<b>Amount K</b>
Kalabo DCMO	1	4,260
Kaoma DCMO	1	920
Sesheke DCMO	9	20,920
Chisamba DCMO	5	44,925
Chongwe DCMO	2	208,441
<b>Total</b>	<b>18</b>	<b>279,466</b>

**h. Questionable Payment of Subsistence Allowance**

During the year under review, claims of subsistence allowances in amounts totalling K77,255 were made by sixteen (16) officers for having undertaken various activities within and outside the district. However, a scrutiny of claim forms revealed that, there was no mode of travel indicated by officers as no fuel imprest was paid or claims of

transport refunds for bus fares made. In this regard, the payment of the subsistence allowance was questionable. *See table below.*

<b>Institution</b>	<b>No. of Officers</b>	<b>Amount K</b>
Sesheke DCMO	8	36,250
Mpika DCMO	4	20,985
Chama DCMO	4	20,020
<b>Total</b>	<b>16</b>	<b>77,255</b>

**i. Irregular Payments**

**i. Subsistence Allowance on First Appointment**

According to section 155 (a) of the Terms and Conditions of Service for the Public Service, when on transfer between stations, an officer may claim subsistence allowance at the appropriate single or married rate for the last two (2) nights and the first two (2) nights spent at the old and new stations respectively. Contrary to the requirement, sixty four (64) officers on first appointment were irregularly paid amounts totalling K113,651 as loading and offloading allowances instead of settling in allowances. *See table below.*

<b>Institution</b>	<b>No. of Officers</b>	<b>Amount K</b>
Kaoma DCMO	4	8,000
Mansa DCMO	11	21,353
Lusaka DCMO	45	80,098
Chongwe DCMO	1	1,000
Siavonga DCMO	3	3,200
<b>Total</b>	<b>64</b>	<b>113,651</b>

**ii. Payment of Meal Allowances within the Station**

Cabinet Office Circular No. 11 of 2013, states that meal allowance shall only be paid to an officer who travels for work away from his/ her normal station of duty on official duty for eight (8) hours or more but not including an overnight stay.

However, contrary to the circular, meal allowances in amounts totalling K123,153 were paid to eighty nine (89) officers for activities undertaken within their normal station of duty. *See table below.*

<b>Institution</b>	<b>No. of Officers</b>	<b>Amount K</b>
Mongu DCMO	58	11,100
Mansa DCMO	4	53,233
Nchelenge DCMO	2	1,700
Solwezi DCMO	23	5,900
Chibombo DCMO	1	43,620
Livingstone DCMO	1	7,600
<b>Total</b>	<b>89</b>	<b>123,153</b>

**iii. Payment of Out of Pocket Allowance – Solwezi DCMO**

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

Contrary to the above Circular, amounts totalling K23,659 were paid to eight (8) officers at Solwezi DCMO to facilitate the payment of out of pocket allowances to various officers who were operating from their normal stations of duty.

**iv. Payments of Subsistence Allowance for Working within the District**

Contrary to the Terms and Conditions of Service for the Public Service No. 154 (a), amounts totalling K479,200 were paid to forty three (43) officers as subsistence allowances to cater for self-audit and updating of local files. However, it was observed that the activities were carried out within the district. *See table below.*

<b>Institution</b>	<b>No. of Officers</b>	<b>Amount K</b>
Chisamba DCMO	2	22,880
Kapiri Mposhi DCMO	18	205,260
Ngabwe DCMO	7	84,070
Solwezi DCMO	6	12,480
Luangwa DCMO	2	53,780
Livingstone DCMO	2	70,970
Siavonga DCMO	6	29,760
<b>Total</b>	<b>43</b>	<b>479,200</b>

**v. Use of Imprest to Procure Goods and Services**

Financial Regulation No. 86 (C), states that accountable imprest is imprest issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time. It was however observed that imprest in amounts totalling K187,990 issued to twenty five (25) officers was used to procure goods and services whose values were obtainable on the market. *See table below.*

<b>Institution</b>	<b>No. of Officers</b>	<b>Amount K</b>
Samfya DCMO	3	108,550
Mwinilunga DCMO	1	1,400
Kasempa DCMO	2	7,300
Lundazi DCMO	2	5,500
KapiriMposhi DCMO	6	36,048
Mpika DCMO	3	8,240
Lusaka DCMO	5	12,787
Luangwa DCMO	3	8,165
<b>Total</b>	<b>25</b>	<b>187,990</b>

**vi. Over Payment of Subsistence Allowances - Lundazi DCMO**

Imprest in amounts totalling K48,608 was issued to an officer on 4<sup>th</sup> August 2015 to facilitate the consolidation of the 2016 – 2018 Action Plan for the District from 3<sup>rd</sup> to 10<sup>th</sup> August 2015. To this effect, participants were paid subsistence allowances for eight (8) nights to cover the period of the activity.

However, a review of the retirements and the activity report revealed that the activity was held from 5<sup>th</sup> to 8<sup>th</sup> August 2015 – a period of four (4) nights - as evidenced by the receipt issued by the provider of the conference facility resulting in an over payment of K22,800 which was in excess by four (4) days. As of June 2016, the funds had not been recovered. *See table below.*

<b>No. of Officers</b>	<b>Divisions</b>	<b>Days paid for</b>	<b>Actual days should have been paid for</b>	<b>Rate K</b>	<b>Amounts paid for K</b>	<b>Actual amount that should have been paid for K</b>	<b>Over Payment K</b>
2	I	8	4	600	9,600	4,800	4,800
9	II	8	4	500	36,000	18,000	18,000
<b>Total</b>							<b>22,800</b>

**j. Unauthorised Retention of Standing Imprest**

Contrary to the Financial Regulation No. 88 (i) which states that the Secretary to the Treasury shall approve standing imprest each year for all Ministries, Provinces and Spending Agencies, amounts totalling K75,729 involving thirty two (32) transactions were retained as standing imprest during the period under review without authority from the Secretary to the Treasury. *See table below.*

<b>Institution</b>	<b>No. of Transactions</b>	<b>Amount K</b>
Chisamba DCMO	12	20,550
Kapiri Mposhi DCMO	13	40,880
Ngabwe DCMO	7	14,299
<b>Total</b>	<b>32</b>	<b>75,729</b>

**k. Failure to Follow Procurement Procedures**

Mongu and Mpika DCMOs procured foodstuffs and medical supplies in amounts totalling K26,652 which were beyond their threshold. The payments were made in four (4) and two (2) instalments respectively to circumvent procurement guidelines. *See table below.*

<b>Institution</b>	<b>No. of Transactions</b>	<b>Items Procured</b>	<b>Amount K</b>
Mongu DCMO	4	Food Stuffs	14,417
Mpika DCMO	2	Medical Supplies	12,235
<b>Total</b>	<b>6</b>		<b>26,652</b>

**l. Workshops Held Outside Government Meeting Facilities without Authority**

Contrary to Cabinet Office Circular No. 9 of 2012, which requires institutions to seek prior authority before holding workshops, seminars and conferences outside government meeting facilities, five (5) DCMOs hired and paid amounts totalling K204,942 for conference facilities without authority from the Controlling Officer. *See table below.*

<b>Institution</b>	<b>Amount K</b>
Mansa DCMO	38,020
Lundazi DCMO	67,560
Chipata DCMO	23,627
Lusaka DCMO	60,727
Luangwa DCMO	15,008
<b>Total</b>	<b>204,942</b>

**m. Failure to Refund Accountable Imprest**

On 6<sup>th</sup> March 2015, Solwezi DCMO paid two (2) officers, an Assistant Accountant and an Environmental Health Technician amounts totalling K138,000 to facilitate monitoring of malaria agents. However, a review of correspondence at the District Medical Office and Lumwana West Rural Health Centre revealed that the activities were not undertaken. As of June 2016, the monies had not been refunded. *See table below.*

<b>Date</b>	<b>Amount K</b>	<b>Details</b>
06.03.15	40,000	Monitoring of Malaria Agents
06.03.15	98,000	Facilitate logistics for Malaria Agents
<b>Total</b>	<b>138,000</b>	

**n. Questionable Servicing of Motor Vehicles – Katete DCMO**

During the period under review, amounts totalling K14,140 were paid to private garages for servicing of motor vehicles despite the Ministry having well equipped vehicle service

centres in the Province where all DCMOs are supposed to take their vehicles for servicing. The motor vehicles were serviced at the private garages without obtaining authority from the Controlling Officer.

**o. Failure to Produce Activity Reports**

During the period under review, imprest in amounts totalling K212,478 was issued to ten (10) officers to carry out monitoring activities and annual appraisals. However, there were no activity reports produced to confirm whether the activities were undertaken. *See table below.*

<b>Institution</b>	<b>No. of Officers</b>	<b>Amount K</b>
Samfya DCMO	2	164,310
Mpongwe DCMO	1	6,000
KapiriMposhi DCMO	4	34,438
Lusaka DCMO	1	2,625
Luangwa DCMO	2	5,105
<b>Total</b>	<b>10</b>	<b>212,478</b>

**p. Misapplication of Funds**

Contrary to the Appropriation Act of 2015, amounts totalling K353,163 meant for Health Service Delivery were spent on activities such as purchase of motor vehicles spare parts, stationery, payment of hotel accommodation, subsistence and lunch allowances among others that were not related to the programme. *See table below.*

<b>Institution</b>	<b>Amount K</b>
Kabwe DCMO	125,710
Kapiri Mposhi DCMO	88,820
Livingstone DCMO	136,933
Kalomo DCMO	1,700
<b>Total</b>	<b>353,163</b>

**q. Failure to Produce Expenditure Returns**

Contrary to Financial Regulation No. 10 (k), nine (9) Rural Health Centres funded operational grants totalling K433,743 during the year under review, had not submitted expenditure returns to their respective DCMOs as of August 2016. *See table below.*

<b>Institution</b>	<b>No. of Health Centres</b>	<b>Amount K</b>
Mwinilunga DCMO	1	52,131
Chavuma DCMO	1	83,600
Ngabwe DCMO	4	15,900
Luangwa DCMO	1	278,112
Kalomo DCMO	2	4,000
<b>Total</b>	<b>9</b>	<b>433,743</b>

**r. Failure to Report Road Traffic Accident to Standing Accidents Board**

Public Stores Regulation No. 122 requires that road traffic accidents be reported within forty eight hours of an accident occurring. However, the following were observed:

- i. An ambulance Toyota Land Cruiser with registration number GRZ 580 CK belonging to Kabwe DCMO was involved in a road traffic accident on 14<sup>th</sup> April 2014 along Lukanga Road after picking a patient from Muunga Rural Health Centre. The vehicle repair costs were covered by the Insurance and the DCMO paid K12,704 as excess amount to Kapzen Motors for repairing the motor vehicle. However, it was observed that the accident had not been reported to the Provincial Standing Accidents Board as of June, 2016.
- ii. An ambulance Toyota Land Cruiser with registration number GRZ 645 CK belonging to Mwinilunga DCMO was involved in a road traffic accident on 12<sup>th</sup> September 2015, while being driven by the Planner who did not have a certificate of competence to drive government vehicles. Although the accident was reported to the police, as of June 2016, the accident had not been reported to the Standing Accidents Board. Further, despite the vehicle being insured, it had not been repaired and was parked at the DCMO. See picture below.



*Toyota Land cruiser GRZ 645 CK*

- iii. A Nissan Hard Body registration No.ABR 6420 belonging to Kaputa DCMO was involved in a road traffic accident on an unknown date. As of June 2016, the accident had not been reported to the Police and the Standing Accidents Board. Further it was observed that the vehicle was not insured and the DCMO had spent K2,500 for repair of the vehicle.

**s. Failure to Inscribe Government Assets**

Contrary to Public Stores Regulation No.154, which states that all furniture and equipment belonging to the Government must be clearly marked with distinguishing letters of 'GRZ' to identify it as a Government property, two hundred and twenty one (221) assets costing K422,768 procured during the period under review had no identification marks. *See table below.*

<b>Institution</b>	<b>No. of Items</b>	<b>Amount K</b>
Chavuma DCMO	4	17,349
Kabwe DCMO	81	93,375
Chisamba DCMO	79	96,239
Kapiri Mposhi DCMO	11	35,896
Ngabwe DCMO	11	23,535
Mpika DCMO	6	18,650
Mpulungu DCMO	2	8,895
Lusaka DCMO	27	128,830
<b>Total</b>	<b>221</b>	<b>422,768</b>

**t. Failure to Deduct Tax – Kabwe DCMO**

Contrary to the Income Tax Act, amounts totalling K144,472 were paid as leave terminal benefits to nine (9) officers without deducting income tax.

**u. Failure to Insure Motor Vehicles**

Contrary to section No. 86 of the road traffic Act of 2002, thirty four (33) motor vehicles were not insured during the period under review. *See table below.*

<b>Station</b>	<b>No. of Cars</b>	<b>No. of Motorcycles</b>	<b>Total</b>
Mpulungu DMO	3	1	4
Luwingu DMO	1	11	12
Kaputa DCMO	2	0	2
Mbala DCMO	0	1	1
Mungwi DCMO	0	14	14
<b>Total</b>	<b>6</b>	<b>27</b>	<b>33</b>

**v. Unlicensed Motorcycles Operators**

Contrary to the Road Traffic Act No. 11 of 2002, forty one (41) Officers at four (4) District Medical Offices operated motorcycles without licences. *See table below.*

<b>Institution</b>	<b>No. of Motorcycles</b>	<b>No. of Unlicensed Operators</b>
Kasama DCMO	12	12
Mpulungu DCMO	4	4
Luwingu DCMO	11	11
Mungwi DCMO	14	14
<b>Total</b>	<b>41</b>	<b>41</b>

**w. Failure to Register Motorcycles**

Contrary to the provisions of the Road Traffic Act of 2002, Section 66 (5), five (5) motorcycles at five (5) DCMOs were not registered with the Road Transport and Safety Agency (RTSA) as of June 2016. *See table below.*

<b>Institution</b>	<b>No. of Motorcycles</b>
Mbala DCMO	1
Mpulungu DCMO	1
Mungwi DCMO	1
Kaputa DCMO	1
Kasama DCMO	1
<b>Total</b>	<b>5</b>

**x. Wasteful Expenditure**

- i. Two (2) payments in amounts totalling K2,065 were made by Chisamba DCMO to Home line Stores for the purchase of seven (7) Heaters in May and June 2015. Inquiries made with management revealed that the Heaters had only functioned for a week, rendering the expenditure wasteful.
- ii. In April 2015, Lusaka District Community Medical Office made a payment of K16,500 to Pre-Light Distributors limited for the purchase and delivery of a 15 litre water distiller for Chelstone Health centre.

A physical inspection of the distiller made in July 2016 revealed that the distiller was not functioning. Inquiries made with management revealed that the water distiller was fitted in June 2015, and only worked for four (4) months up to November, 2015.

It was further observed that there was no warranty offered by the supplier on the equipment and it was not inscribed with GRZ markings. *See pictures below.*



**y. Unacquitted Allowances**

Contrary to Financial Regulation No. 45, amounts totalling K23,272 paid to seven (7) officers to facilitate payment of allowances to officers had not been acquitted making it difficult to ascertain whether the funds were received by the intended beneficiaries. Further, the unacquitted funds were neither banked nor was the cash found at hand. *See table below.*

Station	No. of Officers	No. of Transactions	Amount K
Mansa DCMO	1	2	7,600
Solwezi DCMO	4	4	7,592
Mwinilunga DCMO	2	2	8,080
<b>Total</b>	<b>7</b>	<b>8</b>	<b>23,272</b>

**z. Outstanding Bills**

As of December 2015, four (4) DCMOs had accrued amounts totalling K5, 824,915 in respect of utility bills, security services, settling in allowances, payment of insurance, repair of motor vehicles and others. However, the outstanding bills had not been paid as of June 2016. *See table below.*

Institution	No. of Transactions	Amount K
Chililabombwe DCMO	20	165,690
Mpongwe DCMO	6	1,970,606
Masaiti DCMO	14	2,341,596
Lufwanyama DCMO	9	1,347,023
<b>Total</b>	<b>49</b>	<b>5,824,915</b>

**aa. Questionable Engagement of Contractor for Maintenance Services – Mansa DCMO**

During the period under review, Mansa DCMO paid Davimik General Dealers amounts totalling K32,600 for the maintenance of the lawn and cleaning of toilets.

However, during the same period, amounts totalling K64,422 were paid as salaries to ten (10) general workers and a cleaner at the same institution.

The engagement of a contractor was questionable as the office had employed ten (10) general workers and a cleaner on full time basis to do the work the contractor was engaged for.

**bb. Weaknesses in the Management of Stores and Fuel**

**i. Unaccounted for Stores and Fuel**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details in respect of various stores items costing K381,629 (General Stores – K217,078 and Fuel – K164,551) procured during the year under review. *See table below.*

<b>Institution</b>	<b>General Stores K</b>	<b>Fuel K</b>	<b>Total Amount K</b>
Mongu DCMO	-	3,489	3,489
Kalabo DCMO	1,000	-	1,000
Sesheke DCMO	13,070	-	13,070
Samfya DCMO	12,000	-	12,000
Chipili DCMO	4,700	4,000	8,700
Mwinilunga DCMO	45,069	94,700	139,769
Chisamba DCMO	46,377	5,000	51,377
Chibombo DCMO	54,707	-	54,707
Itezhi Tezhi DCMO	7,340	-	7,340
Kaputa DCMO	7,900		7,900
Kazungula DCMO		38,000	38,000
Siavonga DCMO	14,883	-	14,883
Lusaka DCMO		18,962	18,962
Luangwa DCMO	10,033	400	10,433
<b>Total</b>	<b>217,078</b>	<b>164,551</b>	<b>381,629</b>

**ii. Fuel Drawn by Vehicles not Belonging to DCMO**

During the period under review, fuel costing K40,398 was drawn by vehicles not belonging to the DCMOs without authority. *See table below.*

<b>Institution</b>	<b>Amount K</b>
Kabwe DCMO	13,457
Lusaka DCMO	19,408
Chongwe DCMO	7,534
<b>Total</b>	<b>40,398</b>

**iii. Fuel Drawn by Unknown Vehicles - Chama DCMO**

During the period under review, fuel costing K1,974 was drawn without indicating the vehicle registration numbers making it difficult to ascertain whether the fuel was used for the intended purpose.

**iv. Unaccounted for Spare Parts – Kapiri Mposhi DCMO**

Motor vehicle spare parts costing K287,558 issued by the stores department to the service workshops could not be accounted for due to lack of workshop records such as job cards and Issue Vouchers to prove that the spares issued were fitted on the intended vehicles.

**v. Unaccounted For Drugs and Medical Supplies**

Contrary to Public Stores Regulation No. 16, drugs and medical supplies costing K190,603 procured by four (4) DCMOs during the period under review were not accounted for in that there were no receipt and disposal details. *See table below.*

<b>Institution</b>	<b>Amount K</b>
Kapiri Mposhi DCMO	70,520
Lusaka DCMO	114,933
Luangwa DCMO	4,400
Siavonga DCMO	750
<b>Total</b>	<b>190,603</b>

**cc. Infrastructure Development**

**i. Misapplication of Funds – Kaputa DCMO**

During the period under review, amounts totalling K222,039 were brought forward to cater for five (5) projects at three (3) facilities as shown in the table below.

<b>Facility</b>	<b>Project Name</b>	<b>Amount K</b>
Kalaba RHC	Rehabilitation of Maternity Annex, Borehole Maintenance and Construction of Incinerator	80,000
Kaputa Doctors House	Water Reticulation	97,000
Kaputa District Hospital	Rehabilitation of Maternity Annex	45,039
<b>Total</b>		<b>222,039</b>

Out of a total amount of K222,039 amounts totalling K81,100 were spent on the maintenance of the borehole and water reticulation at Kalaba Rural Health Centre. The balance of K140,939 was spent on general administration activities which were not related to the planned projects.

Consequently, the rehabilitation of Maternity Annex and Construction of an Incinerator at Kalaba RHC, Water Reticulation for Kaputa Doctor's House and Rehabilitation of Maternity Annex at Kaputa District Hospital were not done.

**ii. Construction of a Wall Fence and a Drainage with a Soak Away – Chelstone Health Centre – Lusaka DCMO**

In April 2015, Lusaka DCMO engaged Rongo General Dealers to construct a wall fence and a drainage with a soak away at the X-Ray department at Chelstone Health Centre at a contract sum of K38,393. The contract was for a period of eleven (11) days commencing 13<sup>th</sup> April 2015 and the scope of works included construction of a portion of the collapsed wall fence and a drainage with a soak away.

The contractor was paid in full in May 2015.

A physical verification of the project carried out in July 2016 revealed that only the wall fence had been constructed. Inquiries made with management revealed that the soak away was not done because the Health Centre was already connected to the main sewer system of the Lusaka Water and Sewerage.

Further, it was observed that there was no completion certificate for the works done. In the absence of the completion certificate, the basis of paying the full amount of K38,393 which included the cost of K10,793 for the soak away was questionable.

**iii. Rehabilitation of the Maternal Child Health and Out Patient Department- Kanyama 1<sup>st</sup> Level Hospital**

On 2<sup>nd</sup> March 2015, Lusaka DCMO engaged Marvly Group Resourcing Limited to rehabilitate the Maternal Child Health and Out Patient Department at Kanyama 1<sup>st</sup> Level Hospital at a contract sum of K13,355 for a period of seven (7) days. The contractor took possession of the site on 10<sup>th</sup> March 2015.

The scope of works included rehabilitation of the roof, ceiling, floor and painting of the walls. The contract did not have a defect liability clause.

It was observed that there were additional works which involved rehabilitation of the Registry Office at a cost of K3,100.

The contractor was paid the full amount of K16,455 on 24<sup>th</sup> September 2015. However, the works were not certified by the Provincial Buildings Engineer.

A physical verification of the project carried out on 13<sup>th</sup> July 2016 revealed that the works had not been completed in that some portion was not covered with the ceiling board. Further, it was observed that the roofing sheets were not properly joined and the roof was leaking as evidenced from the stained ceiling boards. *See pictures below.*



*Stained Ceiling*



*Falling Ceiling*



*Incomplete Works*

**HEAD: 45 Ministry of Community Development, Mother and Social Welfare**

**UNIT: Various**

**PROGRAMME: Personal Emoluments**

**ACTIVITY: Various**

36. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K968,944,878 was made to cater for personal emoluments in forty six (46) District Community Medical Offices (DCMOs) against which amounts totalling K942,810,190 were released resulting in an under funding of K26,134,688. *See table below.*

Province	Station	Budget K	Releases K	UnderFunding K
Luapula	Mansa DCMO	9,356,795	9,051,835	(304,960)
	Chipili DMO	4,117,392	3,982,810	(134,582)
	Nchelenge DMO	6,679,814	6,473,451	(206,363)
	Samfya DMO	20,479,917	19,795,047	(684,870)
Western	Mongu DMO	21,527,934	20,797,228	(730,706)
	Kaoma DMO	24,594,394	23,770,986	(823,408)
	Kalabo DMO	14,897,750	14,414,284	(483,466)
	Sesheke DMO	22,317,027	21,609,244	(707,783)
Northern	Kasama DMO	17,203,014	16,668,844	(534,170)
	Kaputa DMO	4,678,038	4,533,894	(144,144)
	Mpulungu DMO	7,094,158	6,858,138	(236,020)
	Mungwi DMO	8,020,026	7,753,865	(266,161)
North Western	Solwezi DMO	26,822,494	25,970,221	(852,273)
	Kasempa DMO	6,880,660	6,676,990	(203,670)
	Mwinilunga DMO	12,761,727	12,373,183	(388,544)
	Chavuma DMO	10,427,628	10,100,617	(327,011)
Mushinga	Chinsali DMO	13,540,508	13,112,655	(427,853)
	Isoka DMO	9,850,531	9,540,361	(310,170)
	Mpika DMO	16,670,009	16,140,968	(529,041)
	Chama DMO	12,821,163	12,404,564	(416,599)
Lusaka	Lusaka DMO	143,438,044	140,070,170	(3,367,874)
	Chongwe DMO	16,010,943	15,501,786	(509,157)
	Luangwa DMO	8,976,913	8,688,120	(288,793)
Copperbelt	Ndola DMO	43,186,562	42,740,314	(446,248)
	Mpongwe DMO	20,218,175	19,492,926	(725,249)
	Kitwe DMO	42,091,192	41,257,718	(833,474)
	Luanshya DMO	43,631,386	42,839,107	(792,279)
	Chingola DMO	36,437,062	35,605,488	(831,574)
Eastern	Chipata DMO	36,975,315	35,952,537	(1,022,778)
	Lundazi DMO	19,276,962	18,740,774	(536,188)
	Katete DMO	5,937,081	5,749,447	(187,634)
	Petauke DMO	27,946,639	27,090,353	(856,286)
Central	Kabwe DMO	33,362,969	32,378,591	(984,378)
	Chisamba DMO	847,286	837,973	(9,313)
	KapiriMposhi DMO	24,365,121	23,609,270	(755,851)
	Chibombo DMO	17,064,915	16,501,209	(563,706)
	Itezhi tezhi DMO	9,869,566	9,541,658	(327,908)
	Mumbwa DMO	22,443,529	21,683,428	(760,101)
Southern	Mazabuka DMO	37,126,268	36,439,057	(687,211)
	Kalomo DMO	15,634,397	15,122,460	(511,937)
	Kazungula DMO	6,685,312	6,474,108	(211,204)
	Livingstone DMO	30,211,585	29,588,139	(623,446)
	Choma DMO	24,333,099	23,736,787	(596,312)
	Monze DMO	12,496,195	12,109,295	(386,900)
	Pemba DMO	8,070,863	7,817,703	(253,160)
Siafonga DMO	11,566,520	11,212,587	(353,933)	
<b>Total</b>		<b>968,944,878</b>	<b>942,810,190</b>	<b>(26,134,688)</b>

According to the Financial Statement (Statement C), as at 31<sup>st</sup> December 2015, amounts totalling K942,810,190 had been spent.

### Accounting and Other Irregularities

An examination of accounting and other records maintained at the District Community Medical Offices carried out in June and July 2016 revealed the following:

#### a. Employees on Payroll (PMEC) but not at their Stations

During the period under review, thirty three (33) officers were paid rural and remote allowances in amounts totalling K272,460 when they were not eligible as they were working in stations that were not designated as rural or remote. *See table below.*

Province	Station	No. of Officers	Salary K	Hardship Allowance K
Luapula	Mansa DCMO	1	60,703	7,987
	Samfya DCMO	1	68,690	7,987
North Western	Chavuma DCMO	5	299,003	38,494
	Mwinilunga DCMO	2	127,995	16,973
Eastern	Chipata DCMO	2	111,048	13,680
Central	Chisamba DCMO	4	778,582	67,386
	Kapiri Mposhi DCMO	1	85,413	11,238
Muchinga	Isoka DCMO	13	849,351	92,741
	Chama DCMO	3	239,918	7,987
Northern	Mungwi DCMO	1	68,690	7,987
<b>Total</b>		<b>33</b>	<b>2,689,392</b>	<b>272,460</b>

In his response dated 9<sup>th</sup> August 2016, the Controlling Officer stated that this was due to limitation in PMEC establishments as the population in urban areas had grown thereby increasing the health staff to patients ratio and that this prompted management to transfer staff from rural and remote areas for administrative convenience only. He added that the Government was reviewing the staff establishment of the various health facilities to remedy against staff being posted where there were no positions.

However, it was not clear why the officers that had been administratively transferred to urban areas continued to be paid rural hardship allowance.

#### **b. Failure to Take Disciplinary Action**

Terms and Conditions of Service No. 60 (a) and (b) requires that an officer absent from duty without leave for a continuous period of ten (10) or more working days shall be liable for dismissal. Further, the officer shall not be paid a salary for the period he/she is absent from duty without leave.

However, as of August 2016, three DCMOs had not taken any disciplinary action against three (3) officers who had absconded themselves from duty for periods exceeding one year. In this regard, the officers were irregularly paid salaries amounting to K91,137. *See table below.*

Province	Station	No. of Officers	Amount K
North Western	Chavuma DCMO	1	9,610
Central	Mumbwa DCMO	1	60,703
Lusaka	Lusaka DCMO	1	20,824
<b>Total</b>		<b>3</b>	<b>91,137</b>

#### **c. Payment of Salaries to Unknown Officers**

During the period under review, salaries in amounts totalling K147,226 were paid to eleven (11) officers based at three (3) districts in the Western Province.

However, a head count carried out in June 2016 revealed that the officers were not at the respective work stations. Further, inquiries made with management revealed that the officers were not known. *See table below.*

Province	Station	No. of Officers	Amount K
Western	Mongu DCMO	1	13,520
	Kalabo DCMO	3	67,860
	Sesheke DCMO	7	65,846
<b>Total</b>		<b>11</b>	<b>147,226</b>

**d. Introduction on Payroll without Authority**

In order for an officer to be introduced on the payroll, one of the requirements is that the officer must have an appointment letter from the Public Service Commission.

Contrary to this requirement, forty three (43) officers were introduced on the payroll during the period under review without appointment letters from the Public Service Commission. In this regard, salaries amounting to K1,109,506 paid to the officers in the eight (8) districts were irregular. *See table below.*

Province	District	No. of Officers	Amount K
Central	Kabwe DCMO	5	184,224
	Chisamba DCMO	1	25,536
	Kapiri Mposhi DCMO	6	187,024
Western	Mongu DCMO	1	25,093
Northern	Kaputa DCMO	4	153,184
	Mpulungu DCMO	6	46,453
	Mungwi DCMO	6	117,967
Copperbelt	Chingola DCMO	14	370,025
<b>Total</b>		<b>43</b>	<b>1,109,506</b>

Further, it was observed that forty (40) retired officers were re-introduced on the payroll at three (3) District Community Medical Offices in Central Province without letters or contracts of re-engagements from the Public Service Commission. In this regard, salaries amounting to K1,632,051 paid to the officers during the period under review were irregular. *See table below.*

Province		No. of Officers	Amount K
Central	Kabwe DCMO	19	554,348
	Chisamba DCMO	4	148,224
	Kapiri Mposhi DCMO	17	929,479
<b>Total</b>		<b>40</b>	<b>1,632,051</b>

**e. Irregular Payment of Salaries to Officers Attending Studies without Leave**

The Terms and Conditions of Service for the Public Service No. 121 (a) and 136 (a) states that paid study leave may be granted by the Permanent Secretary, Public Service Management Division to an Established Officer.

During the period under review, thirty one (31) officers were reported to be on paid study leave for periods ranging from six (6) months to two (2) years. However, no authority was availed to show that the paid study leave was approved by the Public Service Commission. In this regard, salaries amounting to K1,640,604 paid to the officers were irregular. *See table below.*

<b>Province</b>	<b>District</b>	<b>No. of Officers</b>	<b>Amount K</b>
Western	Kaoma DCMO	2	182,242
	Sesheke DCMO	1	11,031
North Western	Solwezi DCMO	2	123,592
	Chavuma DCMO	17	897,008
	Kasempa DCMO	7	369,485
	Mwinilunga DCMO	2	57,246
<b>Total</b>		<b>31</b>	<b>1,640,604</b>

**f. Irregular Payment of Allowances**

During the period under review, there were a number of irregularities in the payments of allowances. In particular, the following were observed:

**i. Irregular Payment of Housing Allowances**

Public Service Management Division Circular No. B2 of 2010 (2) (b) states that housing allowances shall only be paid to employees who are not accommodated by Government and that employees accommodated in a standard house shall not qualify for the payment of housing allowance.

Contrary to this Circular, during the period under review, amounts totalling K2,197,214 were paid as housing allowances to two hundred and fifty (250) officers at twenty eight (28) stations who were accommodated. *See table below.*

Province	Station	No. of Officers	Amount K
Luapula	Mansa DCMO	11	78,001
	Samfya DCMO	20	164,240
	Nchelenge DCMO	17	122,990
	Chipili DCMO	19	55,088
Copperbelt	Kitwe DCMO	15	112,789
	Chingola DCMO	14	106,889
North Western	Solvezi DCMO	4	29,683
	Chavuma DCMO	7	43,810
	Kasempa DCMO	13	77,667
	Mwinilunga DCMO	1	4,377
Western	Mongu DMO	4	25,747
	Sesheke DCMO	2	16,387
Eastern	Chipata DCMO	13	145,070
	Katete DCMO	1	1,997
	Lundazi DCMO	2	19,878
Central	Kabwe DCMO	6	39,454
	Chisamba DCMO	7	30,554
	Ngabwe DCMO	8	49,056
	Kapiri Mposhi DCMO	26	174,706
	Itezhi-Tezhi DCMO	9	517,312
	Mumbwa DCMO	15	195,164
Lusaka	Chongwe DCMO	3	54,195
	Luangwa DCMO	3	19,075
Muchinga	Chama DCMO	1	6,989
	Mpika DCMO	27	95,755
	Isoka DCMO	1	2,662
	Chinsali DCMO	1	7,680
Southern	Choma DCMO	13	80,186
<b>Total</b>		<b>250</b>	<b>2,197,214</b>

## ii. Irregular Payment of Night Duty Allowance

Terms and Conditions of Service No.167 (i), states that commuted night duty allowance shall be paid to nursing and paramedical personnel who work during the night, over and above normal working hours. It was however observed that during the period under review, amounts totalling K692,903 were paid to three hundred and fifty nine (359) officers who were not eligible to receive commuted night duty allowance, in that they were neither nurses nor paramedical staff. *See table below.*

Province	Station	No. of Officers	Amount K
Luapula	Mansa DCMO	11	30,080
	Nchelenge DCMO	8	33,573
Copperbelt	Chingola DCMO	15	31,794
North Western	Solwezi DCMO	68	128,166
	Mwinilunga DCMO	12	23,512
Western	Mongu DCMO	31	60,469
	Sesheke DCMO	20	34,591
Central	Kabwe DCMO	6	15,783
	Chisamba DCMO	4	13,762
	Ngabwe DCMO	2	2,836
	Kapiri Mposhi DCMO	1	1,450
	Itezhi-Tezhi DCMO	25	15,945
	Mumbwa DCMO	115	214,181
	Chibombo DCMO	2	1,455
Muchinga	Isoka DCMO	3	5,336
	Chama DCMO	21	34,928
	Mpika DCMO	6	11,233
Southern	Kazungula DCMO	1	14,230
	Livingstone DCMO	1	970
	Choma DCMO	7	18,608
<b>Total</b>		<b>359</b>	<b>692,903</b>

### iii. Irregular Payment of Health Personnel Shift Differential

Public Service Management Division Circular No. B10 of 2013 states that the allowance shall be paid through the payroll at the rate of 15% of monthly basic salary to nurses, midwives and paramedical personnel.

However, it was observed that during the period under review, eleven (11) officers at Livingstone DCMO were irregularly paid amounts totalling K384,048 in health personnel shift differential allowance. The payment of the allowances was irregular in that the officers were neither nurses, midwives nor paramedical staff.

### iv. Irregular Payment of Allowances

According to the Public Service Management Division Circulars No B.12 and B.13 of 2012, uniform upkeep, tool allowance, commuted overtime and recruitment and retention allowances were consolidated into the basic salary with effect from 1<sup>st</sup> April 2012.

Contrary to the above, one hundred and fifty three (153) officers were paid amounts totalling K63,658 in respect of uniform, upkeep allowance, tool allowance, commuted overtime and recruitment and retention allowances. *See table below.*

Province	Station	No. of Officers	Amount K
Muchinga	Mpika DCMO	4	1,488
	Isoka DCMO	1	600
	Chama DCMO	4	1,426
Eastern	Lundazi DCMO	9	2,641
	Petauke DCMO	1	480
Southern	Siavonga DCMO	1	240
	Kazungula DCMO	5	1,600
Copperbelt	Chingola DCMO	20	7,378
	Kitwe DCMO	1	300
Western	Kalabo DCMO	1	240
	Sesheke DCMO	1	600
Northern	Kasama DCMO	1	720
	Mpulungu DCMO	64	28,225
North Western	Kasempa DCMO	1	480
	Chavuma DCMO	1	600
	Mwinilunga DCMO	1	600
	Solwezi DCMO	1	600
Lusaka	Chongwe DCMO	7	2,960
	Luangwa DCMO	1	600
	Lusaka DCMO	15	6,260
Central	Chisamba DCMO	5	1,420
	Kabwe DCMO	1	1,080
	Itezhi tezhi DCMO	2	840
	Mumbwa DCMO	5	2,280
<b>Total</b>		<b>153</b>	<b>63,658</b>

As of August 2016, the amounts had not been recovered.

**v. Irregular Payment of Rural and Remote Hardship Allowances**

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be in a remote area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

During the period under review, amounts totalling K884,113 were paid as Rural Hardship allowance and K387,437 as Remote Hardship allowance to one hundred and seventy one (171) officers who were not eligible to receive the allowances. *See table below.*

Province	Station	No. of Officers	Rural Amount K	Remote Amount K
Luapula	Nchelenge DCMO	19	138,757	-
North Western	Solwezi DCMO	23	120,486	35,784
Lusaka	Lusaka DCMO	1	-	5,850
	Chongwe DCMO	3	-	34,665
Western	Mongu DCMO	5	14,976	36,545
	Kaoma DCMO	9	54,681	-
	Kalabo DCMO	2	21,390	-
	Sesheke DCMO	17	86,291	57,857
Central	Kabwe DCMO	1	-	7,025
	Ngabwe DCMO	8	-	76,660
Muchinga	Chinsali DCMO	1	-	8,898
	Isoka DCMO	1	-	9,984
	Mpika DCMO	26	47,532	98,585
Southern	Choma DCMO	19	143,651	-
	Pemba DCMO	29	208,606	-
Northern	Mpulungu DCMO	7	47,743	15,584
<b>Total</b>		<b>171</b>	<b>884,113</b>	<b>387,437</b>

**vi. Irregular Payment of Remote instead of Rural Hardship Allowance**

During the period under review, forty one (41) officers who were entitled to be paid rural hardship allowances in amounts totalling K316,050 were instead paid remote hardship allowances in amounts totalling K402,685 resulting in an overpayment of K86,635. As of August 2016, the amounts overpaid had not been recovered. *See table below.*

Province	Station	No. of Officers	Amount Paid K	Amount Entitled K	Overpayment K
Lusaka	Luangwa DCMO	22	263,619	207,023	56,596
Muchinga	Chama DCMO	4	39,936	31,949	7,987
	Mpika DCMO	5	42,265	33,812	8,453
	Chinsali DCMO	7	35,053	25,815	9,238
Northern	Kaputa DCMO	2	16,674	13,340	3,334
	Mungwi DCMO	1	5,137	4,111	1,026
<b>Total</b>		<b>41</b>	<b>402,685</b>	<b>316,050</b>	<b>86,635</b>

**g. Failure to Deduct Statutory Contributions**

During the period under review, amounts totalling K3,853,171 were paid to three hundred and twenty seven (327) officers. However, an examination of the payroll records revealed that statutory contributions in respect of Pay As You Earn (PAYE), National Pensions Scheme Authority (NAPSA) and Pensions were not deducted contrary to the Pensions Acts of 1996 and Income Tax Act (Cap 323). *See table below.*

Province	Station	No. of Officers	Amount K
Luapula	Mansa DCMO	3	82,402
	Chipili DCMO	2	11,550
Copperbelt	Ndola DCMO	33	1,199,117
	Luanshya DCMO	37	123,492
	Chingola DCMO	22	945,832
Eastern	Petauke DCMO	1	120,407
	Katete DCMO	2	29,931
Lusaka	Luangwa DCMO	12	72,328
	Lusaka DCMO	187	875,302
	Chongwe DCMO	13	44,125
Southern	Kazungula DCMO	3	56,787
	Kalomo DCMO	1	3,200
	Pemba DCMO	11	288,697
<b>Total</b>		<b>327</b>	<b>3,853,171</b>

#### **h. Delay to Remove Officers from Payroll**

During the period under review, thirteen (13) officers who were separated from the service through retirement or resignation had remained on the payroll for periods of up to forty two (42) months after separation. In this regard, salaries in amounts totalling K349,127 were irregularly paid. *See table below.*

Province	District	No. of Officers	Amount K
Luapula	Samfya DCMO	1	3,465
Western	Mongu DCMO	1	212,463
	Kalabo DCMO	1	22,394
Central	Chisamba DCMO	1	15,104
Southern	Monze DCMO	9	95,701
<b>Total</b>		<b>13</b>	<b>349,127</b>

<b>HEAD:</b>	<b>46</b>	<b>Ministry of Health</b>
	<b>01</b>	<b>Human Resource and Administration</b>
	<b>02</b>	<b>Policy and Planning</b>
	<b>05</b>	<b>Disease Surveillance Control and Research</b>
	<b>07</b>	<b>Clinical Care and Diagnostic Services</b>
	<b>08</b>	<b>Technical Support</b>
	<b>09</b>	<b>Mobile and Emergency Services</b>
<b>UNITS:</b>		<b>Various</b>
<b>PROGRAMMES:</b>		<b>Various</b>
<b>ACTIVITIES:</b>		<b>Various</b>

37. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a total provision of K1,561,639,482 was made to cater for various activities at the Ministry Headquarters against which amounts totalling K1,394,983,451 were released.

According to the Financial Statement (Statement 'C'), amounts totalling K1,389,487,362 had been spent as at 31<sup>st</sup> December 2015.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry headquarters and physical inspections of selected projects carried out during the period from April to July 2016 revealed the following:

#### **a. Unsupported Payments**

Contrary to Financial Regulation Nos.45 and 52, ten (10) payments in amounts totalling K980,974 were not supported with relevant documents such as cash sale receipts, quotations and Local Purchase Orders (LPOs) among others.

#### **b. Failure to Recover Salary Advances**

Contrary to the Terms and Conditions of Service for the Public Service No. 92 which states that an advance of salary shall be repaid within a reasonable period of time but not exceeding six (6) months, recoveries in respect of tuition advances in amounts totalling K65,000 paid to two (2) officers during the year under review had not been effected as of July 2016.

#### **c. Medical Supplies**

A total provision of K745,016,155 was made to cater for procurement of medical supplies such as laboratory reagents, cancer drugs, malaria drugs, ARVs and vaccines, among others. The medical supplies are supplied by companies such as the Scientific Group, Sweet Pharmaceuticals, Mission Pharma, Mylan Laboratories and International Drug Company among others.

The whole amount of K745,016,149 was released and transferred from the Mirror account to the Drug account which had an opening balance of K3,879,148 bringing the total available funds for expenditure to K748,895,297.

A review of the Financial Statement (Statement 'C') revealed that amounts totalling K768,193,679 were spent on this programme resulting in excess expenditure amounting to K19,298,383.

The following were observed:

**i. Procurement of Drugs With Short Shelf Life**

On 7<sup>th</sup> November 2013, the Ministry awarded a framework contract to Scientific Group Ltd for the supply and delivery of Anti-Retroviral Therapy (ART) laboratory commodities to various health facilities at a contract sum of K7,289,648 (US\$1,041,378.34). The delivery period for each order made was 6 to 8 weeks.

The Ministry subsequently made three (3) part orders and the supplier delivered all the orders. As of November 2015, the supplier had been paid in full.

However, the following were observed in relation to part 2 order which included the following commodities.

Commodity	Unit Pack	Quantity	Unit Price US\$	Cost US\$	Cost K
Minidil		453	92	41,676.00	520,950
Miniclean		258	67	17,286.00	216,075
Minolyse		643	157	100,951.00	1,261,888
<b>Total</b>		<b>1,354</b>		<b>159,913.00</b>	<b>1,998,913</b>

- **Questionable Procurement of Laboratory Commodities**

Although the Ministry indicated that they urgently needed the commodities, the health facilities already had sufficient commodities which had a longer shelf life of up to September 2015 in certain cases compared to commodities bought that had a shelf life of up to June 2015. In this regard, the reason used to procure the commodities that they were urgently needed was questionable.

- **Supply of Laboratory Commodities with Remaining Short Life Span**

A review of the commodities requisition and disbursement documents revealed that the acceptance expiry date for part 2 reagents was 25<sup>th</sup> November 2016. However, the supplier delivered the laboratory commodities on 8<sup>th</sup> April 2015 that had an expiry date of July 2015.

- **Supply of Expired Miniclean**

Thirty nine (39) boxes of Miniclean delivered on 8<sup>th</sup> April 2015, costing K32,663 (US\$2,613) had expired.

- **Delivery of Damaged Minidil**

Sixty four (64) boxes of Minidil delivered on 8<sup>th</sup> April 2015 costing K73,601 (US\$5,888) was damaged before distribution due to exposure to rains.

- **Rejected Minidil**

Eighty three (83) boxes of Minidil delivered on 8<sup>th</sup> April 2015 costing K95,405 (US\$7,636) which is used for full blood count was rejected by health facilities for reasons varying from centres not using the commodities and others having sufficient in stock.

- **Supply of Short Shelf Life Minolyse and Minidil**

One hundred and seventy eight (178) boxes of Minolyse and Minidil costing K281,888 (US\$22,551) delivered on 8<sup>th</sup> April 2015 were rejected by health facilities at the University Teaching Hospital, Lewanika General Hospital and Monze Mission Hospital due to remaining short shelf life and wrong type of commodities supplied. *See table below.*

Commodity	Unit Pack	Quantity	Cost US\$
Minolyse	1 litre	95 boxes	14,915
Minidil	20 litres	83 boxes	7,636
<b>Total</b>			<b>22,551</b>

In his response dated 18<sup>th</sup> July, 2016, the Controlling Officer stated that the laboratory commodities would be replaced by the Supplier. However, as of August 2016, the commodities had not been replaced.

**ii. Management of Medical Supplies.**

During the year under review, the Ministry paid amounts totalling K745,016,149 to foreign and local suppliers for the supply and delivery of laboratory reagents, cancer drugs, malaria drugs, Anti-Retroviral (ARVs) and vaccines. These medical

supplies were delivered to Medical Stores Ltd for storage and distribution to health facilities.

A physical inspection of medical supplies at Medical Stores Ltd carried out in April 2016 revealed that various drugs worth K13,750,821 had expired.

**d. Undelivered Medical Equipment**

During the period under review, four (4) contractors were engaged for the supply, delivery and installation of various medical equipment at total contract sum of K22,701,785. As of December 2015, the suppliers had been paid amounts totalling K23,122,641. *See table below.*

Date of engagement	Supplier	Details	Contract Sum US\$	Amount Paid US\$	Contract Sum K	Amount Paid K
17.7.14	AVIC International (Z) Ltd	Supply,delivery,installation and commissioning of CT machines	-	-	8,804,835	7,924,352
12.04.14	Hightech Healthcare	Supply and delivery of various medical equipment to 133 health posts and 4 health centres	747,393.41	747,393.41	5,231,754	6,533,094
28.04.14	Medhold Medical PTY Ltd	Supply,delivery,installation and commissioning of medical equipment,hospital furniture and other related medical equipment for existing hospitals	763,177.21	763,177.21	5,113,287	5,113,287
28.03.14	Sagewood Ltd	Supply and delivery of mental health equipment	401,302.30	401,302.30	3,523,418	3,523,418
23.09.14	Sagewood Ltd	Supply and delivery of 60 units of metal ear syringes, 240 units of baby weighing scales, 120 digital thermometers and 60 mechanical timers to 60 health posts	3,798.60	3,798.60	28,490	28,490
<b>Total</b>			<b>1,915,671.52</b>	<b>1,915,671.52</b>	<b>22,701,785</b>	<b>23,122,641</b>

However, as of August 2016, the equipment had not been delivered.

Further, on 28<sup>th</sup> June 2014, Electrical Maintenance Lusaka Limited was engaged to supply, deliver, install and commission Imaging Equipment for Samfya and Ibenga Hospitals at a contract sum of K342,200 and as of December 2015, the contractor had been paid the whole amount. However, as of August 2016, only one Imaging Equipment had been delivered.

**e. Outstanding Suppliers' Bills**

A review of accounting records revealed that as of August 2016, the Ministry had outstanding bills due to suppliers of drugs and medical supplies in amounts totalling K519,882,647 (US\$41,590,611.77) at an exchange rate of K12.50/US\$.

**HEAD: 46 /07 Ministry of Health - Clinical Care and Diagnostic Services**

**UNIT: 01 Clinical Care and Diagnostic Services**

**PROGRAMME: 5052 Medical Supplies**

**ACTIVITIES: Various**

38. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K745,016,155 was made to cater for the procurement of medical supplies and the whole amount was released.

In addition, an amount of K3,879,148 was brought forward from 2014 bringing the total available funds for expenditure to K748,895,297.

According to the Financial Statement (Statement 'C'), as at 31<sup>st</sup> December 2015, amounts totalling K768,193,679 had been spent.

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

An examination of accounting and other records maintained at the Ministry headquarters and a physical inspection of medical supplies at various District Community Medical Offices carried out in June 2016 revealed the following:

##### **a. Unaccounted for Drugs**

- i.** Contrary to Public Stores Regulation No. 16, drugs and medical supplies costing K3,115,385 procured during the period under review were unaccounted for at Medical Stores Limited in that there were no disposal details. *See table below.*

<b>Province</b>	<b>Institution</b>	<b>Amount K</b>
Luapula	Mansa DCMO	91,871
	Mansa Gen. Hospital	248,103
	Kawambwa DCMO	75,672
	Kawambwa Dist Hospital	54,995
	Nchelenge DCMO	159,465
	Samfya DCMO	231,550
	Samfya Dist Hospital	1,840
Southern	Choma DCMO	245,477
	Monze DCMO	543,204
	Lundazi DCMO	1,839
Eastern	Chadiza DCMO	92,652
	Provincial Medical Office	46,294
Western	Lewanika Gen Hospital	16,986
	Mongu DCMO	17,557
	Lukulu DCMO	11,657
	Sesheke DCMO	21,935
	Senanga DCMO	5,714
	Kafue District Hospital	16,943
Lusaka	Lusaka DCMO	148,153
	Chongwe DCMO	4,933
	Chongwe District Hosp.	16,299
	Chongwe HC	985,090
	Kanakantampa RHC	19,670
	ZAF 71 HC	10,085
	ZAF Lusaka Base RHC	45,518
	Mbala DCMO	1,489
Northern	Luwingu DCMO	396
<b>Total</b>		<b>3,115,385</b>

- ii. Contrary to Public Stores Regulation No. 16, various drugs costing K2,194,942 distributed to various Health Institutions as shown in the table below were unaccounted for at the Health Institutions as there were no disposal details.

Province	Institution	Amount K
Southern	Kazungula DCMO	95,238
	Kazungula Rural Health Centre	397,877
	Gwembe DCMO	90,518
	Namwala DCMO	30,303
	Sinazongwe DCMO	380,123
	Lewanika General Hospital	36,625
Western	Mongu Urban Clinic	17,558
	Lukulu DCMO	4,101
	Mulobezi DCMO	1,903
	Sesheke DCMO	9,303
	Senanga General Hospital	48,014
	Mumbeji RHC	4,525
North Western	Mwinilunga District Hospital	224,443
	Chililabombwe DCMO	12,398
Copperbelt	Chikoka HC	178,085
Lusaka	Luangwa HC	7,754
	Lusaka DCMO	199,469
	Chongwe DCMO	27,408
	Chongwe District Hospital	247,295
	Chongwe HC	74,517
	Kanakantapa RHC	37,098
	ZAF 71 HC	51,177
	ZAF Lusaka Base HC	19,209
<b>Total</b>		<b>2,194,942</b>

**b. Failure to Dispose off Expired Drugs**

A scrutiny of stocks and other records and drug labels maintained at various institutions revealed that drugs costing K506,448 had expired for period ranging from five (5) to sixty eight (68) months and no action had been taken by management to dispose them off as of August 2016. *See table below.*

Province	Institution	Amount K
Southern	Monze DCMO	62,420
	Kabompo DCMO	5,842
	Mukinge Mission Hosp.	3,024
North Western	Mwinilunga DCMO	3,520
	Kitwe DCMO	67,796
	Kapiri Mposhi DCMO	195,528
Copperbelt	Kabwe DCMO	68,303
Central	Sichili Mission Hospital	39,947
	Senanga General Hospital	5,019
Western	Mbala DCMO	24,216
	Mpulungu DCMO	26,743
Northern	Luwingu DCMO	4,091
<b>Total</b>		<b>506,448</b>

**c. Under Supply of Medical Supplies**

A comparison of the issue records from Medical Stores and receipt records at two (2) DCMO's revealed that there was under supply of ten (10) types of medical supplies costing K98,825. *See table below.*

Station	Date	Product Description	Quantity on Issue Notes	Quantity received	Variance	Unit Price	Amount K
Chililabombwe	2/11/2015	CANNULAE IV SHORT, STERILE, DISPOSABLE 24G	2000	1,500	500	1.13	565
Chililabombwe	2/7/2015	PLUMPY NUT FOOD SUPPLEMENT	28	16	12	330.41	3,965
Chililabombwe		PARACETAMOL, TAB 100MG	88	33.00	55.00	5.11	281
Lufwanyama	11/2/2015	SODIUM HYPOCHLORITE (JIK) 500ML	601	495	106	7.43	788
Lufwanyama	15/09/15	AMOXYCILLIN (TRIHYDRATE), CAP 250MG	134	35	99	72.83	7,210
Lufwanyama	5/7/2015	AMOXYCILLIN (TRIHYDRATE), DRY PWD FOR SUSP, 125MG/	1955	968	987	2.76	2,723
Lufwanyama	10/7/2015	ARTEMETHER + LUMEFANTRINE, TAB 20/120MG(18)	1103	890	213	310.04	66,039
Lufwanyama	10/7/2015	LEVONORGESTREL(MICROLUT), TAB 0.03MG, CYCLE	306	206	100	6.47	647
Lufwanyama	16/09/15	CLOXACILLIN SUSP, 125MG/5ML, 100ML BOTTLE	533	203	330	5.00	1,650
Lufwanyama	24/12/15	BAGS MEDIUM SIZED (SPORTS DESIGN)	40	38	2	50.00	100
Lufwanyama	24/12/15	SPARES REPAIR KITS	5	0	5	2,971.60	14,858
<b>Total</b>							<b>98,825</b>

**HEAD: 46 Ministry of Health**

**UNIT: Various**

**PROGRAMME: Various**

**ACTIVITIES: Various**

39. In the Estimates of Revenue and Expenditure for the financial ended 31st December 2015, a provision of K218,655,194 was made to cater for programmes such as Recurrent Departmental

Charges (RDCs) and Infrastructure Development at the Provincial Health Offices (PHOs), selected Hospitals and Training Schools in the ten (10) provinces against which amounts totalling K198,220,733 were released resulting in an underfunding of K20,434,461 as shown in the table below.

Institution/Programme	Budget Provisions K	Releases K	(Under) /Over Funding K
Provincial Medical Office	19,196,194	15,700,036	(3,496,158)
Chipata School of Nursing	1,718,755	1,530,190	(188,565)
Chipata General Hospital	5,637,621	4,895,112	(742,509)
Provincial Medical Office	17,593,639	15,919,088	(1,674,551)
Mukinge Mission Hospital	1,884,838	1,640,419	(244,419)
Solwezi General Hospital	2,933,447	2,583,763	(349,684)
Mukinge School of Nursing	876,600	779,407	(97,193)
Solwezi School of Nursing	1,722,439	1,532,468	(189,971)
Kalene School of Nursing	749,665	688,419	(61,246)
Provincial Medical Office	22,123,310	22,885,447	762,137
Provincial Medical Office	18,771,922	26,301,716	7,529,794
Provincial Medical Office	15,418,323	13,136,603	(2,281,720)
Provincial Medical Office	16,696,899	20,914,491	4,217,592
Mbala General Hospital	1,993,822	1,742,249	(251,573)
Kasama School of Nursing	1,476,378	1,312,687	(163,691)
Provincial Medical Office	22,482,099	17,760,946	(4,721,153)
Kitwe Central Hospital	9,291,696	9,397,090	105,394
Nchanga North Hospital	2,329,213	2,215,976	(113,237)
Kitwe School of Nursing	2,030,018	2,217,386	187,368
Provincial Medical Office	18,863,383	5,016,980	(13,846,403)
Lewanika General Hospital	4,363,786	3,750,639	(613,147)
Provincial Medical Office	15,930,592	14,532,740	(1,397,852)
Provincial Medical Office	14,570,555	11,766,881	(2,803,674)
<b>Total</b>	<b>218,655,194</b>	<b>198,220,733</b>	<b>(20,434,461)</b>

In addition, amounts totalling K19,513,715 were collected by ten (10) Institutions as user fees. See table below.

Province	Institution	User Fees K
Northern	Mbala General Hospital	792,811
	Kasama School of Nursing	1,401,995
N/Western	Solwezi General Hospital	1,938,255
	Solwezi Nursing School	1,371,177
	Mukinge Nursing School	1,502,712
	Kalene Nursing School	490,980
Eastern	Chipata Nursing School	1,578,571
Copperbelt	Kitwe Central Hospital	6,484,545
	Nchanga North Hospital	1,846,479
	Kitwe School of Nursing	2,106,190
<b>Total</b>		<b>19,513,715</b>

According to Financial Statement (Statement C), for the financial year ended 31<sup>st</sup> December 2015, amounts totalling K192,113,905 had been spent.

### Accounting and Other Irregularities

An examination of accounting and other records maintained at the ten (10) Provincial Health Offices, selected Hospitals, Schools of Nursing, Dental Training school and physical

inspections of selected projects, carried out during the period from April to May 2016 revealed the following:

**a. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65 (1) and (2), two (2) payment vouchers in amounts totalling K19,446 were not presented for audit scrutiny. *See table below.*

Province	Institution	No. of Payment Vouchers	Amount K
Copperbelt	Provincial Medical Office	1	7,000
	Kitwe School of Nursing	1	12,446
	<b>Total</b>	<b>2</b>	<b>19,446</b>

**b. Unsupported Payments**

Contrary to Financial Regulation Nos. 45, and 52(1), sixty (60) payment vouchers in amounts totalling K318,377 were not supported with relevant documents such as cash sale receipts, LPOs, memos and minutes of authority to pay. *See table below.*

Province	Institution	No of Transactions	Amount K
N/Western	Provincial Medical Office	3	26,009
	Solwezi School of Nursing	7	44,995
Southern	Provincial Medical Office	3	8,715
Central	Provincial Medical Office	20	77,308
Copperbelt	Provincial Medical Office	7	45,550
	Kitwe School of Nursing	19	110,400
	Nchnaga North Gen. Hospi	1	5,400
	<b>Total</b>	<b>60</b>	<b>318,377</b>

**c. Weaknesses in the Management of Imprest**

**i. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K400,290 issued to seventeen (17) Officers during the period under review had not been retired as of September, 2016. *See table below.*

Province	Institution	No. of Officers	Amount K
N/Western	Provincial Medical Office	5	99,490
	Mukinge School of Nursing	3	103,835
Eastern	Chipata School of Nursing	1	38,041
Northern	Provincial Medical Office	6	147,674
Copperbelt	Provincial Medical Office	2	11,250
	<b>Total</b>	<b>17</b>	<b>400,290</b>

**ii. Irregular Use of Accountable Imprest to Procure Goods and Services**

According to Financial Regulation No. 86 (c), accountable imprest is issued to facilitate the purchase of goods and services whose value cannot be ascertained at the time of issue.

However, amounts totalling K68,596 were issued to ten (10) officers as accountable imprest to purchase goods and services whose values were obtainable on the market. *See table below.*

Province	Institution	No. of Officers	Amount K
N/Western	Provincial Medical Office	2	23,500
	Mukinge Nursing School	1	15,000
	Solwezi Nursing School	3	23,350
	Solwezi General Hospital	3	4,975
Copperbelt	Kitwe School of Nursing	1	1,771
<b>Total</b>		<b>10</b>	<b>68,596</b>

**iii. Questionable Retirement of Imprest –PHO-Western Province**

During the period under review, imprest in amounts totalling K8,940 was issued to two (2) officers for the collection and distribution of ITN and to carry out Technical support in the districts. However, the retirement details were questionable as the officers were at their station of duty during the period the activities were undertaken in the districts.

**iv. Failure to Compute Fuel Imprest Using Prescribed Formula – Southern Province (PMO)**

According to Cabinet Circular No. 7 of 2012 and PSMD Circular No. B. 23 (3) of 2012, fuel imprest must be issued using the prescribed Government formulae. However, three (3) officers were issued with fuel imprest totalling K6,845 without using the formula.

**v. Failure to Produce Activity Reports**

During the period under review, amounts totalling K153,197 were paid to thirteen (13) officers to carry out activities such as monitoring, inspection and evaluation of projects. However, there were no activity reports produced to confirm that the activities were actually undertaken. *See table below.*

Province	Institution	No. of Officers	Amount K
N/Western	Provincial Medical Office	1	5,524
Copperbelt	Provincial Medical Office	6	85,262
	Kitwe School of Nursing	6	62,411
<b>Total</b>		<b>13</b>	<b>153,197</b>

**d. Failure to Produce Expenditure Returns – PMO (Copperbelt Province)**

Contrary to Financial Regulation No. 10 (k), although an amount of K2,400 was disbursed by Ndola PMO to Kitwe School of Nursing for ebola training during the period under review, no expenditure returns were availed for audit as of September 2016.

**e. Irregular Payment of Allowances**

**i. Subsistence Allowances**

The Terms and Conditions of Service for the Public Service No. 154 (a) states that Subsistence Allowance shall be paid to an officer to cover additional expenses he or she has to meet when travelling on duty away from his or her normal station of duty.

However, during the period under review, eighty two (82) officers were issued with imprest in amounts totalling K199,169 for activities undertaken within their normal station of duty rendering the payments irregular. *See table below.*

Province	Institution	No. of Officers	Amount K
N/Western	Mukinge School of Nursing	30	32,295
Eastern	Chipata General Hospital	52	166,874
<b>Total</b>		<b>82</b>	<b>199,169</b>

**ii. Night Coverage Allowance – Solwezi General Hospital (N/Western Province)**

Twenty (20) officers at Solwezi General Hospital who were entitled to receive commuted night duty allowance amounting to K15,257 were paid K59,057 (through the payroll –K15,257 and by cheque - K43,800) resulting in an overpayment of K43,800 which had not been recovered as of September 2016.

**iii. Responsibility Allowance – Mukinge School of Nursing (N/Western Province)**

The Principal Nursing Officer was irregularly paid responsibility allowance in amounts totalling K6,500 for the period from October to December 2015. However, the payment was irregular as the officer was not entitled to receive the allowance.

**f. Failure to Recover Loans and Advances**

Contrary to the Terms and Condition of Service for the Public Service, recoveries in respect of salary and tuition advances amounting to K162,167 paid to seventy one (71) officers during the period under review had not been effected as of September 2016. *See table below.*

Province	Station	No. of Officers	Salary Advance K	Tuition Advance K	Total K
Southern	Provincial Medical Office	2	6,667	-	6,667
N/Western	Provincial Medical Office	41	97,900	-	97,900
Copperbelt	Provincial Medical Office	5	12,100	-	12,100
	Kitwe Central Hospital	15	19,500	-	19,500
Central	Provincial Medical Office	7	13,000	9,000	22,000
Lusaka	Provincial Medical Office	1	4,000	-	4,000
<b>Total</b>		<b>71</b>	<b>153,167</b>	<b>9,000</b>	<b>162,167</b>

**g. Questionable Refunds - Kabwe PMO**

During the period under review, refunds amounting to K13,414 were made to various officers in respect of various activities undertaken. However, the refunds were questionable in that the activities were not authorised by a responsible officer prior to undertaking them.

**h. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K96,420 (general stores – K80,312 and fuel – K16,108) procured during the period under review were unaccounted for in that there were no receipt and disposal details. *See table below.*

Province	Institution	General Stores K	Fuel K	Total K
Luapula	Mansa General Hospital	14,760	-	14,760
Copperbelt	Provincial Medical Office	32,889	2,500	35,389
	Kitwe Central Hospital		13,608	13,608
	Kitwe School of Nursing	19,295		19,295
Western	Provincial Medical Office	13,369	-	13,369
<b>Total</b>		<b>80,312</b>	<b>16,108</b>	<b>96,420</b>

**i. Irregular Procurement of Graduation Attire – Mukinge School of Nursing (N/Western Province)**

On 14<sup>th</sup> July 2015, Mukinge School of Nursing spent an amount of K15,000 for procurement of suits for ten (10) members of staff for the purpose of attending a graduation ceremony. However, the Controlling Officer on 5<sup>th</sup> November 2015 stopped

the procurement of graduation attire for members of staff and ordered refunds from those that had procured during the 2014 and 2015 financial years. As of August 2016, recoveries from the concerned officers had not commenced.

**j. Cannibalising of Government Vehicle – Kasama School of Nursing (Northern Province)**

During the period under review, a Toyota Land Cruiser Registration No. GRZ 510BG belonging to the Nursing School was taken to Vehicle Service Centre for minor servicing.

A physical inspection of the vehicle in April 2016 revealed that the Vehicle which went to the Service Centre as a runner had been cannibalised with the following spare parts missing; camshaft, radiator, starter motor, injector pump, side window on the driver’s seat, timing belt, fan belts and other pipe connectors with an estimated value of K57,141.

*See pictures below.*



*Cannibalised vehicle*

**k. Failure to Mark GRZ Property**

Public Stores Regulation No.154, requires that all items of furniture or assets belonging to the Government must be clearly marked with the distinguishing letters ‘GRZ’ on an inconspicuous part of the object to identify it as Government property’.

Contrary to the regulation, various equipment and furniture costing K472,259 procured during the period under review were not inscribed with GRZ identification marks. *See table below.*

Province	Institution	No. of Transactions	Amount K
Copperbelt	Provincial Medical Office	4	47,049
	Kitwe Central Hospital	15	146,754
	Kitwe School of Nursing	8	39,065
	Nchanga North Gen. Hospital	11	69,970
Eastern	Chipata School of Nursing	9	130,636
N/Western	Provincial Medical Office	1	14,500
Lusaka	Provincial Medical Office	3	24,285
<b>Total</b>		<b>51</b>	<b>472,259</b>

**l. Failure to Insure Government Properties**

A physical verification of assets at various health institutions in all the ten (10) Provinces revealed that assorted Government assets such as buildings, office equipment such as laptops, computers, printers, and medical/laboratory equipment and motor vehicles whose values could not be ascertained had not been insured against any calamities during the period under review.

**m. Failure to Use GRZ receipts – (N/Western Province)**

Contrary to Financial Regulations 100(2) (3), Mukinge School of Nursing and Solwezi General Hospital were using privately printed revenue receipts instead of the recommended Government receipt books which are obtainable from the Strong Room Superintendent of Ministry of Finance. In this regard, during the period under review a total amount of K2,699,018 was collected using thirteen (13) unauthorised receipt books.

**n. Unaccounted for Revenue – Solwezi General Hospital (N/Western Province)**

Contrary to Financial Regulation No. 129, user fees in amounts totalling K59,876 collected during the period under review were not accounted for in that the money was neither banked nor was cash found on hand.

**o. Infrastructure Development**

In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a total provision of K110,526,777 was made to cater for infrastructure development such as construction of district hospitals, staff houses, health posts, rehabilitation and extension of health facilities in ten (10) provinces against which amounts totalling K118,057,948 were released. In addition, there were balances of funds in amounts totalling K10,611,494 brought forward from the year 2014, bringing the total funds available to K128,669,441. *See table below.*

<b>Province</b>	<b>Budget K</b>	<b>Releases K</b>	<b>Balance b/f K</b>	<b>Total Funds Available K</b>
Eastern	13,196,194	10,450,000	-	10,450,000
Southern	15,657,880	16,910,201	2,769,948	19,680,149
Western	13,199,943	17,787,176	-	17,787,176
North - Western	11,421,733	10,452,818	-	10,452,818
Luapula	13,951,625	21,901,880	-	21,901,880
Northern	11,308,136	15,794,841	7,841,546	23,636,387
Muchinga	12,732,872	11,550,922	-	11,550,922
Central	10,335,122	6,800,000	-	6,800,000
Lusaka	8,723,272	6,410,109	-	6,410,109
<b>Total</b>	<b>110,526,777</b>	<b>118,057,948</b>	<b>10,611,494</b>	<b>128,669,441</b>

The following were observed:

**i. Violation of Public Procurement Act/Regulations - Central Province**

During the period under review, there were various infrastructure development projects undertaken in the province. However, there were irregularities in the procurement and implementation of the works in that there were no solicitation documents, and evaluation reports prepared, among others, contrary to the Public Procurement Act. See the table below.

ii. Delayed Completion of Projects and Poor Workmanship

• Eastern Province

District	Project	Contractor	Contract Date/Period	Contract Sum K	Total Amount Paid to Contractor K	Scope of Works	Observation/Status	Delay Period in Weeks
Vubwi	Construction of Vubwi District Hospital Phase I	Zamchin Construction Company Ltd	12 Months (18.11.14 - 15.06.16)	13,070,094.68	2,614,018.93	Construction of an Administration Block, OPD and X-Ray Block, External Works, and Drainages.	As of September, 2016, the <b>Administration Block</b> was at gable level with the following works still outstanding: Block work after the ring beam, roofing, plastering, carpentry, joinery and iron monger, metal works, steel works, plumbing and electrical installations, walls, floor and ceiling finishing, glazing, painting and decorating.  <b>OPD and X-Ray Block</b> was at ring beam level with superstructure, roofing, plastering, carpentry, joinery and iron monger, metal works, plumbing and electrical works, steel works, plumbing and electrical installations, walls, floor and ceiling finishing, glazing, painting and decorating still outstanding.  <b>External Works</b>  Only site preparation was done with paved pathways, parking areas, landscaping, water	14 Weeks

Vubwi	Construction of a Pharmacy Block	Squaretech General Dealers	16 Weeks (04.01.16 – 25.04.16)	128,829	-	Construction of sub and superstructure, roofing, painting, glazing, electrical wiring and installations, drainages and other external works.	As of September, 2016, the structure was at roof level with the door frames and window frames fitted. However, roofing, glazing, electrical installations, painting and decorations, drainage and other external works were outstanding.	31 Weeks
Chadiza	Rehabilitation of Kitchen, dining and staff house at Nsadzu mental Rehab Centre	Cholinga Contractors	25.11.15 to 27.02.16	131,430	55,612	Rehabilitation of a kitchen, dining and a staff house	The following was observed in September 2016: <b>Dining/ Kitchen</b> Replacement of iron sheets and undercoat paintings were done. Outstanding works include: painting of a ceiling, internal walls, decorating, glazing, iron monger, carpentry works, door shatters, lightening installations, hand dryer units and plumbing works. <b>Staff House</b> Iron sheets and ceiling board had been replaced with following works outstanding works: painting of a ceiling, internal walls, decorating, glazing, iron monger, carpentry	39 weeks

Lundazi	Construction of Lundazi District Hospital Phase III	Mercury Lines Limited	12 months (22.06.15 – 22.06.16)	10,069,872.09	2,256,860.98	Construction of One (1) Female Ward, One (1) Children's Ward, 6 Staff Houses	works, door shutters, lightening installations, hand dryer units and plumbing works.  As of September, 2016, the following was observed:  <b>Female and Children's Ward</b>  The structure was at window level, however the following works were outstanding: roofing, plastering, carpentry and joinery, metal and steel works, plumbing and electrical installations, wall, floor and ceiling finishing, glazing, painting and decorations.  <b>6 Medium Cost Staff Houses</b>  Four (4) houses were at window level, one (1) was at slab level and one (1) at foundation box level with the following works outstanding: construction of super structures, roofing, plastering, carpentry, joinery and iron mongery, metal works, plumbing, electrical works, wall, floor and ceiling finishing, glazing, painting and decorations and drainages.	13 Week
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• Southern Province

District	Project	Contractor	Contract Date/Period	Contract Sum K	Total Amount Paid to Contractor K	Scope of Works	Observation/Status	Delay Period in Weeks
Namwala	Construction of Namwala District Hospital Phase III	Mercury Lines Ltd	12 months (01.03.15 - 01.03.16)	10,298,558.13 K	148,289.80 K	6 low cost houses, Female ward, Children's ward, Drainage (46 manholes - soil drainage, 4 septic tank, 4 soak away), External works (site clearing and excavation, roads and parking area, water reticulation - 100,000 litres steel water tank with 12m high tank stand, borehole with control panel, 5HP submersible pump with all necessary accessories, Electrical Substation - excavation and earth work, concrete work, walling, roofing,	As of September 2016, works had not been completed as detailed below: <b>Female and Children's Wards</b> The slabs have been constructed with three courses (brick work) built on them. However, works had stalled due to lack of drawings which were supposed to be supplied by Ministry of Works and Supply. <b>Staff Houses</b> Three (3) houses' foundation box being constructed, two (2) at slab level while one (1) had three courses (brick work) constructed. The borehole had not yet been drilled.	24 Weeks

Gwembe	Construction of Gwembe District Hospital Phase II	Hua Chang Infrastructure Engineering (Z) Ltd	12 months (19.01.15 - 19.01.16)	20,873,265.04	4,174,639.29	carpentry, metal work, electrical installation and reticulation with a 400 KVA standby generator, Landscaping, Dish drain and apron and walkway)	4 medium cost houses, Maternity, Theatre, Service Block, Incinerator, Mortuary, Drainage (46 manholes - soil drainage, 4 septic tank, 4 soak away), External works (site clearing and excavation, roads and parking area, water reticulation - 100,000 litres steel water tank with 12m high tank stand, borehole with control panel, 5HP submersible pump with all necessary accessories, Electrical Substation -	As of September 2016, works had not been completed as detailed below: <b>Maternity</b> At ring beam level <b>Theatre</b> At window level <b>Kitchen, Laundry and Staff Houses</b> At slab level <b>Mortuary</b> Foundation excavated  All the above works have stalled since July 2016.	22 Weeks
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Kazungula	Construction of Kazungula District Hospital Phase I	Mercury Lines Ltd	25 months (06.04.14 - 30.04.16)	13,564,289.48	13,564,289.48	excavation and earth work, concrete work, walling, roofing, carpentry, metal work, electrical installation and reticulation with a 400 KVA standby generator, Landscaping, Dish drain and apron and walkway)	<p>4 <b>Medium Cost Houses, Maternity, Theatre, Service Block, Incinerator, Mortuary, Drainage</b> (46 manholes - soil drainage, 4 septic tank, 4 soak away), External works (site clearing and excavation, roads and parking area, water reticulation - 100,000 litres steel water tank with 12m high tank stand, borehole with control panel, 5HP submersible pump</p>	<p>As of September 2016, the following works had not been completed:</p> <p><b>Administration Block</b> – Plumbing works in the toilet in terms of hand basin, electrical fittings of bulb/florescent holders and switches.</p> <p><b>OPD</b> – Electrical fittings, plumbing works such as fitting toilet pans in the physiotherapy offices, plumbing works in the toilets, 3<sup>rd</sup> coat painting, fitting window panes in the reception area and linoleum carpet.</p> <p><b>External Works</b> - Borehole drilled but not equipped with water pump and tank. Water reticulation, drainages, 3<sup>rd</sup> and final painting.</p>	8 Weeks
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					(walkways and water reticulation.	works, painting of glazing, water and sewer reticulation, construction of man holes and septic tanks  <b>Children's Ward</b>  Painting Internal and External walls, plumbing works, construction of manholes  fitting of doors, window seals, air vents and ceiling board  <b>Construction of Female Ward</b>  Plumbing, fitting of doors, window frames and air vents, electrical works, painting of glazing, water and sewer reticulation, construction of man holes and septic tanks				
Lukulu	Lukulu District Hospital Phase II	Mango Tree Construction Ltd	07.01.15-13.06.16	20,686,226	4,999,204	Maternity ward, Theatre block, Service block, Mortuary Block, Incinerator and 4 Staff Houses, and External Works	As of September 2016, the following works were outstanding:  <b>Maternity Ward and Theatre Block</b>  electrical works, carpentry and joinery, ironmongery, metal works, steel works, plumbing, flooring and wall finishing, glazing, painting and decorating and external drainage.  <b>Service Block</b>  The structure was at wall plate level with roofing, carpentry, joinery and	2 Weeks		

Mulobezi	Mulobezi District Hospital phase II	Wahkong Enterprises Limited	14.02.14 - 15.09.14	13,564,289	8,138,573	Construction of Administration Block, Out Patient Department (OPD), Laboratory, X-	<p>ironmongery, metal work, steel works, plumbing, electrical installations, flooring, glazing, painting and external drainage outstanding</p> <p><b>Four (4) Staff Houses</b></p> <p>Completion of roofing, carpentry, joinery and ironmongery, metal work, steel works, plumbing, electrical installations, flooring, finishing, glazing, painting, decorating and external drainage.</p> <p><b>Incinerator</b></p> <p>The structure was at slab level with construction of the superstructure, roofing, flooring, and structural steel work still outstanding.</p> <p><b>Mortuary</b></p> <p>Completion of roofing, carpentry, joinery and ironmongery, metal work, steel works, plumbing, electrical installations, flooring, finishing, glazing, painting, decorating and external drainage.</p>	
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					<p>Ray Department, Maternity wards and External works</p>	<p><b>Administration Block</b></p> <p>Crack in the Medical Officer's office running from the ceiling to the floor and by the main entrance to the administration block and on the external drainage while outlet cables for the cooker units to connect the stove were not installed</p> <p><b>OPD, X-Ray, Labs and Maternity</b></p> <p>Multiple cracks had developed on the concrete benches in the waiting area (foyer), walls of the Pharmacy, Registry, Post-natal, pediatric room, x-ray room and on the external drainage. Three (3) ceiling tiles by the laboratory corridor had not been fitted and floor paints in the Laboratory had started peeling off.</p> <p><b>Water Supply</b></p> <p>Although Provincial Medical Office constructed a new borehole at a cost of K47,076 which is currently working, the earlier borehole drilled by the contractor, is still not working.</p>
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• **North-Western Province**

District	Project	Contractor	Contract Date/Period	Contract Sum K	Total Amount Paid to Contractor K	Scope of Works	Observation/Status
Ikelenge	Construction of Ikelenge District Hospital	Assesco Limited	52 weeks (09.01.15 – 09.01.16)	12,939,775.58	4,471,251.31	Construction of Out – Patient Department (OPD, X-Ray and Maternity, Administration Block, External Works and Drainages	As of September, 2016, twenty seven (27) weeks after the expected completion date, the works had not been completed as the administration block was at wall plate level and the OPD block was at window level.

• **Northern Province**

District	Project	Contractor	Contract Date/Period	Contract Sum K	Total Amount Paid to Contractor K	Scope of Works	Observation/Status	Delay Period in Weeks
Chilubi	Construction of District Hospital Phase II (Chaba - Main Land)	Mango Tree Investment Limited	12.12.14 – 12.05.16 (18 months)	22,578,941.80	4,515,765.79	Construction of Maternity block, Theatre block, Service block (Laundry/Kitchen) Mortuary building, 4.No. medium cost staff houses and External works	As of September, 2016, the following was observed: <b>Theatre and Maternity Blocks</b> The two (2) structures had been roofed with the following works still outstanding, carpentry, joinery and ironmongery, electrical installations,	11 Weeks

Mungwi	Construction of District Hospital Phase 1	China Gansu Engineering Corporation (Z) Ltd	26.06.15 to 26.06.16 (12 months)	14,729,148.37	2,945,829.67	<p>plumbing installations, metal works, glazing, flooring and wall finishing, painting and decorations.</p> <p><b>Mortuary and Service Blocks</b></p> <p>The two (2) structures are at roof level with the following works still outstanding: roofing, carpentry, joinery and ironmongery, electrical installations, plumbing installations, metal works, glazing, flooring and wall finishing, structural steel works and painting and decorations.</p> <p><b>4 Medium Cost Staff Houses</b></p> <p>The structures are at roof level with the following works still outstanding: roofing, carpentry, joinery and ironmongery, electrical installations, plumbing installations, metal works, glazing, flooring and wall finishing, structural steel works and painting and decorations.</p> <p><b>External works</b> had not yet commenced.</p>	<p>As of September, 2016, the following was observed:</p> <p><b>Administration Block</b></p> <p>The structure is at roof level with trusses fitted with the following works still outstanding: roofing,</p>
						<p>Construction of Administration block, OPD, X-Ray and maternity (including electrical and plumbing installations) and external works such as</p>	



• **Central Province**

<b>District</b>	<b>Project</b>	<b>Contractor</b>	<b>Contract Date/Period</b>	<b>Contract Sum K</b>	<b>Total Amount Paid to Contractor K</b>	<b>Scope of Works</b>	<b>Observation/Status</b>	<b>Delay Period in Weeks</b>
Kabwe	Completion of Chililiila Health Post	Quality Tools	7 weeks (23.06.15-15.08.15)	149,141.70	46,344.39	Roofing, plastering, painting, glazing, glazing. Carpentry work fixtures and fittings and drainage works.	As of September, 2016, the project has stalled with the following works outstanding; painting, drainage works, electrical fittings and fitting of doors. The contractor was last on site in December 2015	35 weeks
Kabwe	Construction of a Staff House and Double VIP Toilet at Muunga Health Centre	Ziklag Investments	12 weeks (08.06.15-21.08.15)	166,196.99	95,081.44	Superstructure, roofing, glazing, metal works, carpentry works, drainage works and construction of a double VIP toilet	As of September, 2016, the project had stalled with the following works outstanding; <b>Staff House</b> Internal plastering not complete, flooring, glazing, painting, fitting of doors, fitting of kitchen units, completion of window metal work, supply and installation of solar panel inclusive of the battery, drainage works.	38 weeks

Chibombo	Construction of Staff House at Chibombo Rural Health Centre	Bells and Bells Suppliers ltd	12 weeks (04.12.14 – 04.03.15)	195,025.12	139,532.20	Superstructure, roofing, glazing, metal carpentry works, drainage works and septic tank	<p><b>Double VIP Toilet</b></p> <p>Roofing, painting, glazing, fitting of doors, fitting of air vent pipes, pathway.</p> <p>The contractor was not on site.</p> <p>As of September, 2016, the following works were outstanding: plumbing, electrical fittings, erecting of veranda pillars &amp; treatment of the planks, Drainage works, septic tank and soak away, PVC tiles and Kitchen unit.</p> <p>The contractor was last on site in March, 2016.</p>	52 weeks
Chibombo	Construction of staff house ,3no VIPs, completion of Health Post and Completion of staff house at Namakolongo Health Post	Otto General Dealers	12 weeks (15.12.14 - 04.03.15)	149,728.00	116,584.64	<p>Construction of Staff house, Three (3) VIP toilets and Incinerator,</p> <p>Completion of Health Post:</p> <p>Floor and wall finishes, Carpentry and Joinery, Brick and Block Work, Roofing, Metal works, glazing and painting Solar power installations and Drainage works.</p>	<p>As of September, 2016, the project had stalled and the contractor was not on site. The following were observed:</p> <p><b>Construction of Staff House</b></p> <p>Although the superstructure is complete it was built using uncertified burnt bricks contrary to the BOQ which required the use of hollow concrete blocks.</p> <p>The following works were still outstanding: metal work, glazing, flooring, plastering, painting.</p>	52 weeks

Chitambo	Construction of Staff House and Double VIP at Katikulula Health Post	Ralphjoe Construction and Supplying	12 weeks (20.02.14 - 20.06.14)	136,447.67	110,755.42	<p>Completion of Staff House: Solar Power installations, lighting and Drainage works</p>	<p>drainage works, plinth surfacing and kitchen fittings and supply and installation of solar power.</p> <p>The three (3) VIP toilets and Incinerator had not been constructed.</p> <p><b>The Health Post</b></p> <p>Had been roofed and partly plastered with the following works outstanding:- flooring, metal works, glazing, fitting of doors and fittings, supply and installation of solar power, drainage works and concrete pathways.</p> <p><b>Completion of Staff House</b></p> <p>Installation of Solar power and lighting and construction of drainages outstanding.</p>	110 weeks
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Serenje	Construction of Serenje District Hospital Phase III	Zaminliny Investment Ltd	12 months (10/02/14-24/02/15)	6,665,592.	1,353,472.05	Construction of 6 x Low Cost Houses, Female Ward, Maternity Ward, Drilling and Equipping of 01 x Borehole, Walk Ways, Mortuary and Incinerator.	As of September, 2016, the project had not been completed and the following was observed: <b>Maternity and Female Wards</b> Outstanding works included painting, ceramic tiling, plumbing not complete, electrical fittings not complete, glazing of the nurses bay & construction of the Terrazzo finish and drainage works <b>Mortuary</b> Outstanding works on the mortuary included painting of walls, doors and ceiling, tiling, plumbing works not complete, construction of drainages. <b>Drilling of Borehole</b> Installation of Submersible pump and connection of water to the staff houses <b>Low Cost Houses</b> Outstanding works included, painting, electrical fittings, plumbing not complete, tiling of bathrooms and toilets not complete, drainages not done, vanishing of external doors and	59 Weeks
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Serenje	Construction of Staff House and Double VIP at Muzamani Health Post	Maheza Investment Ltd	8 weeks ( 06.07.15 - 05.09.15)	188,488.04	96,053.64	Superstructure, roofing, painting, glazing, drainage works, pathways, carpentry	As of September, 2016, the following was observed:- <b>Staff House</b> Outstanding works included – supply and installation of the kitchen unit, construction of footpath and plinth surfacing. <b>VIP Toilet and Shower</b> Roofing, Plastering and Fitting of vent pipe still outstanding. The contractor was not site.	31 Weeks
Mkushi	Construction of Mkushi District Hospital Phase II	Zafeck Investments Ltd	10 months (15/01/13- 31/10/13) 3 <sup>rd</sup> extension 15/07/15	7,830,526	445,649.43	Construction of 4 x medium cost staff houses, male ward, OPD and Administration block, Mortuary and incinerator.	As of September, 2016, the following was observed: <b>Mortuary</b> The following works were still outstanding interior painting, fitting of three (3) double doors, plumbing fittings, tiling of the mortuary with terrazzo finish, electrical fittings, supply and installation of the mortuary unit, connection of water supply. <b>OPD/Administration/Male ward</b> Outstanding works include	36 weeks

							painting of the entrance to the male ward, interior of offices, doors and edges which had alterations done, fitting of 3 main double doors, Fitting of the Linoleum floor finish, electrical fittings and plumbing.	
Mkushi	Construction Mkushi District Hospital Phase III	African Contractor Ltd	50 weeks (13.07.15-01.07.16)	12,440,517	2,488,103	Construction of 6 x Low Cost Houses, Female Ward, Children's Ward and Walk ways	As of September, 2016, the following was observed:- All the Six (6) Houses were at footing level while the Female and Children's Wards were at substructure level with outstanding works including slab and superstructure construction. The contractor was not on site	
Kapiri Mposhi	Construction of a Health Post and Staff House at Kashitu	Figo Solutions Ltd	5 months (08/12/14 - 10/07/15)	420,249.19	365,930.12	Substructure and super structure, plastering, painting, roofing, glazing, drainage works, flooring, fitting of doors, 2 Pit Latrines for the Health Post and 1 Double VIP for the Staff House and walk ways.	As of September, 2016, cracks had developed on the floor of the OPD of the Health Post and staff house's living room. The following works were still outstanding; <b>Health Post</b> Installation of hose reels and fire extinguishers. <b>Staff House</b> Painting of the interior walls not complete, bedroom wardrobes not	35 weeks

Kapiri Mposhi	Construction of Staff House and Double VIP Toilet at Kakulu	EBSA Investment	12 weeks (16.02.15 - 16.05.15) extension 10.07.15	183,522.44	78,283.87	<p>Superstructure, painting, and decorating, glazing, kitchen fittings, drainage works and double VIP toilet</p> <p>Installation of solar power was not done as there was electricity at the Centre. The variation was not supported by any authority document</p>	<p>complete, kitchen unit, electrical fittings.</p> <p><b>VIP Latrines</b></p> <p>2 VIPs-Plastering, Glazing, painting, mild steel grille door gate, fitting of vent pipes, filling up of soakaway with stones, walkways construction.</p> <p>1 VIP latrine is at pit level.</p> <p>The contractor was on site.</p>	
<p>As of September 2016, the structure had been completed and occupied. However, the following defects were observed;</p> <p>The walls were peeling off especially on the edges possibly due to non-reinforcement,</p> <ul style="list-style-type: none"> <li>• The kitchen unit was not supplied and fitted</li> <li>• The footpath was not done</li> <li>• Wardrobe rails were not fitted and the painting of the doors was incomplete</li> <li>• Installation of solar power was not done as there was electricity at the Centre. <i>The</i></li> </ul>								



**HEAD: 51 Ministry of Works and Supply**

**DEPARTMENTS: Various**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

40. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a total provision of K1,258,517,743 which included a Supplementary Budget of K469,717,957 was made to cater for operations of the Ministry, against which amounts totalling K1,020,454,006 were released, resulting in an under funding of K238,063,737.

As at 31<sup>st</sup> December 2015, amounts totalling K1,015,268,022 had been spent as per Financial Statement (Statement 'C') leaving a balance of K5,185,985.

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

An examination of accounting and other records maintained at the Ministry headquarters carried out in May 2016 revealed the following:

**a. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, fuel costing K120,000 procured during the period under review was not accounted for in that there were no receipt and disposal details such as Goods Received Vouchers, Goods Issued vouchers and fuel coupons among others.

**b. Partial Delivery of Equipment and Passenger Vessels**

In paragraph (50) of the Auditor General's Report for the year ended 31<sup>st</sup> December 2014, mention was made on the delay to deliver twenty seven (27) dredgers and three (3) passenger vessels from four (4) suppliers.

Although in their Report for the Fifth Session of the Eleventh National Assembly, the Public Accounts Committee urged the Controlling Officer to ensure that all the equipment was delivered in accordance with agreements which was by November 2015, a review of the situation in May 2016 revealed that the status had not improved. In particular, the following were observed:

- i. The Ministry entered into a contract with Herpworth Supplies and Innovative Materials System JV on 17<sup>th</sup> October 2014 to supply five (5) dredging machines with a delivery period of four (4) to six (6) months effective 1<sup>st</sup> June 2015. Consequently, the Ministry paid the supplier amounts totalling K69,954,619 (US\$6,426,000) as shown in the table below.

Date	Payee	Contract Sum US\$	Amount K	Amount US\$	Details	Balance US\$
01.06.2015	Herpworth Suppliers Ltd	7,560,000	13,254,619	1,890,000	Purchase of (5) dredgers	
04.11.2015	Herpworth Suppliers Ltd		56,700,000	4,536,000		
<b>Total</b>		<b>7,560,000</b>	<b>69,954,619</b>	<b>6,426,000</b>		<b>1,134,000</b>

A review of records and a physical inspection carried out in the districts revealed that although amounts totalling K69,954,619 (US\$6,426,000) had been paid to the supplier leaving a balance of US\$1,134,000, only two (2) dredgers had been delivered while the remaining three (3) had not been delivered as of July 2016.

- ii. On 13<sup>th</sup> January 2015, the Ministry engaged MCD Civil and Mechanical Engineering to supply twelve (12) dredging machines at a contract price of K136,771,400 (US\$11,875,800) and a delivery period of eight (8) months from the date of advance payment.

The terms of payment were:

- 25 percent advance payment within thirty (30) days of signing the contract
- 65 percent upon shipment of the goods.
- 10 percent upon acceptance of goods

As of November 2015, the Ministry paid the supplier amounts totalling K106,419,638 (US\$9,240,370) leaving a balance of K30,351,762 (US\$2,635,430).

However, despite the supplier having been paid K106,419,638 (US\$9,240,370) being 78 percent of the contract price, the supplier had not delivered any of the dredging machines as of July 2016.

Further, a verification exercise carried out at the manufacturer's premises in Netherlands in July 2016 revealed that six (6) excavators and two (2) dredgers had been manufactured but not shipped while works had not commenced on the remaining four (4) dredgers as the manufacturer was awaiting payment from the supplier.

- iii. On 17<sup>th</sup> October 2014, the Ministry engaged Multi Industry Ltd to supply three (3) passenger vessels at a contract price of K31,751,000 (US\$2,810,000) with a delivery period of four (4) to six (6) months from 19<sup>th</sup> June 2015.

As of November 2015, the supplier had been paid amounts totalling K26,979,941 (US\$2,388,500) leaving a balance of US\$ 421,500 as shown in the table below.

Date	Payee	Contract Sum US\$	Amount Paid K	Amount Paid in US\$	Details	Balance US\$
19.06.15	Multi Industries Limited	2,810,000	4,173,466	563,982	Payment for supply, testing and commission of three (3) passenger vessels	
05.11.15			22,806,475	1,824,518		
<b>Total</b>		<b>2,810,000</b>	<b>26,979,941</b>	<b>2,388,500</b>		<b>421,500</b>

A review of records and enquiry made with management revealed that, as of July 2016, the supplier had not delivered any of the passenger vessels.

**c. Failure to Commission Commercial Web Offset Printing Press**

On 8<sup>th</sup> November 2013, the Ministry engaged Hong Hwa Machinery Works Ltd to supply one (1) Commercial Web Offset Printing Press (miracle 3500 Web Press) for Government Printing Department at a contract price of US\$8,880,000. The delivery period was not indicated.

A scrutiny of payment details revealed that amounts totalling K40,622,832 (US\$6,460,800) had been paid by the Ministry as of June 2016 leaving a balance of US\$2,419,200. As of June 2016, the Printing Machine had been delivered but not commissioned owing to the outstanding payment of US\$2,419,200 as shown in the table below.

Date	Payee	Contract Sum US \$	Amount K	Amount in US\$	Details	Balance US\$
15.09.14	Hong Hwa Machinery Works Limited	8,880,000	36,131,832	5,860,800	Payment for the Supply and Delivery of (1) Commercial Web offset Printing Press	
09.04.15			4,491,000	600,000		
<b>TOTAL</b>			<b>40,622,832</b>	<b>6,460,800</b>		<b>2,419,200</b>

**HEAD: 51 Ministry of Transport, Works and Supply and Communications**

**DEPARTMENT: 07 Buildings**

**ACTIVITIES: Infrastructure Development – New Districts**

41. In Paragraph 51 of the Auditor General's report on the accounts for the financial year ended 31<sup>st</sup> December, 2014, mention was made on accounting irregularities relating to the utilisation of amounts totalling K286,117,791 released to the Ministry on Infrastructure Development in new districts.

In their report for the Fifth Session of the Eleventh National Assembly, the Public Accounts Committee expressed concern on a number of issues.

They found it highly irregular that contracts were awarded before the sites for the construction were identified and agreed upon and was particularly concerned that the Government was losing huge

amounts of resources through penalties in the event of termination of these contracts. The Committee further observed that some of the contractors on the projects lacked capacity to undertake the works; consequently, projects were delayed beyond the contract period and in some instances contracts were terminated. The Committee urged the Controlling Officer to ensure that contractors are thoroughly screened to evaluate their capacity to undertake the projects before being engaged.

A review of the situation carried out in March 2016 in relation to paid certificates and visits to selected sites in the company of Provincial Building Engineers and Project Supervisors, revealed the following:

**a. Payments for Works Not Done**

A scrutiny of contract documents which showed itemised costs to bills of quantities revealed that out of the total claims of K263,110 submitted by contractors, amounts totalling K225,110 were paid for works not done. *See table below.*

District	Contractor	Project Name	Page	Item	Contract Claim K	Works Not Done K
Chipili	Lamusa Company Limited	Construction of Post Office and associated external works	3/5'	Bituminous Painting and Decorating	6,610	6,610
Chipili	C-MUC Investments Limited	Construction of District Council Office Block, 2No. High Cost Houses Type II and associated external works	1/5'	3.05 Temporary Name Boards	6,500	6,500
Chipili			1/5'	3.07 Maintenance of existing services	2,000	2,000
Chipili			1/6'	3.09 Temporary Accommodation for use of Employer	58,000	58,000
			Chembe	Jemuro Joint Venture with -X Trade Limited	1/6'	3.09 Temporary Accommodation for use of Employer
Chembe		works in Chembe District Lot -4	1/7'	Telephone for the use by Employer	50,000	40,000
	<b>TOTAL</b>				<b>263,110</b>	<b>225,110</b>

It was not clear why the works were certified and subsequently paid for.

**b. Irregular Payments**

According to the contract documents, 80 percent of the Preliminary and General items value contained in the contract was to be paid over the life of the contract period and the remainder of 20 percent was to be paid upon final satisfaction of contract performance. The 80 percent was to be paid on pro rata basis according to stage percentages of the contract price claimed at each stage based on the value of actual works undertaken then applying a resultant percentage rate against the 80 percent value of the preliminary and general items to arrive at the amount payable to the contractor.

A scrutiny of payments made based on the formula for preliminary and general items revealed that contractors were over paid by amounts totalling K5,223,126 as contract supervisors

certified works without following the method indicated in the formula by certifying the whole 80 percent of the preliminary and general item for payments which implied that there was a 100 percent contract performance when actually not.

It was also observed that there was an inherent risk of loss of Government money through payments based on formulae as contractors were being paid irrespective of whether the works have been carried out or not. As of June 2016, there was no evidence produced to indicate that the irregular payments made were in the process of being recovered.

**c. Abandoned Contracts**

During the period from November to December 2015, the Ministry engaged three contractors namely Heros construction Limited, T. Mushinkula Trading and Best Finish Construction to construct various projects in Manyinga and Ikelenge districts of the North Western Province. The total contract prices for the works awarded to the contractors amounted to K43,454,524. As of January 2016, the contractors had been paid advance payments amounting to K8,186,625. However, the contracts were terminated due to non-performance and in this regard, the Provincial Buildings Engineer issued recovery certificates in amounts totalling K5,438,098. *See table below.*

Districts	Contractor	Project Name	Contract Sum K	Advance Payment K	Date Terminated	Recovery Certificate Amount K
Manyinga	Heros Construction Limited	Construction of Police Office Block, 2no. Medium Cost Houses	16,054,526	3,210,905	14 <sup>th</sup> March 2016	2,310,895
Ikelenge	Heros Construction Limited	Construction of Police Office Block, 2no. medium cost Houses, 8no. Low cost houses and associated external works.	16,054,526	3,210,905	14 <sup>th</sup> March 2016	2,227,841
Ikelenge	T. Mushinkula Trading	Construction of administration office block and associated external works	5,042,798	504,280	Authority Granted to Terminate 4th January 2016	113,639
Ikelenge	Best Finish Construction	Construction of Civic centre, 2no. High cost houses and associated external works	6,302,673	1,260,535	Authority Granted to Terminate 4th January 2016	785,723
<b>Total</b>			<b>43,454,524</b>	<b>8,186,625</b>		<b>5,438,098</b>

As of August 2016, the monies had not been recovered from the contractors.

**d. Non Preparation of Recovery Certificates**

Recovery certificates in respect of four (4) terminated contracts were not yet prepared as of August 2016. *See table below.*

Districts	Name of Contractor	Project Name	Contract Sum K	Date Terminated	Recovery Certificate Amount
Chipili	African Contractors	Construction of District administration block and Associated external Works	9,091,329	17 <sup>th</sup> March 2016	Recovery certificate not yet prepared
Chembe	KBM Contractors	Construction of 10no. Medium cost houses	11,013,603	17 <sup>th</sup> March 2016	Recovery certificate not yet prepared
Mwansabombwe	Uneric Investments Limited	Construction of Post office and Associated external works	2,009,371	17 <sup>th</sup> March 2016	Recovery certificate not yet prepared
Chembe	Dods General Dealers	Construction of a Post Office and associated external works	1,909,365	17 <sup>th</sup> March 2016	Recovery certificate not yet prepared
<b>TOTAL</b>			<b>24,023,667</b>		

It was therefore not possible to ascertain the amounts recoverable.

**HEAD: 76 Ministry of Youth, Sport and Child Development**

**DEPARTMENT: Various**

**UNIT: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

42. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K124,355,766 was made to cater for various activities at the Ministry against which amounts totalling K67,255,296 were released resulting in an under funding of K57,100,470.

According to the Financial Statement (Statement C), amounts totalling K67,232,239 had been spent as at 31<sup>st</sup> December 2015.

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

A review of accounting and other records maintained at the Ministry Headquarters carried out during the period from January to July 2016 revealed the following:

##### **a. Unsupported Payments**

Contrary to Financial Regulation No.52, five (5) payments in amounts totalling K185,017 made during the period under review were not supported with relevant documents such as cash sale receipts and Local Purchase Orders (LPOs) among others.

**b. Failure to Avail Details of Recoveries for the Youth Development Fund Loans**

In paragraph 49 (a) of the Report of the Auditor General on the accounts of the Republic for the financial year ended 31<sup>st</sup> December 2013, mention was made on the failure to recover loans in amounts totalling K12,632,340 paid to four hundred and twenty six (426) youth associations.

A review of the situation in 2016 revealed that out of the loan disbursements in amounts totalling K37,397,048 paid to one thousand, one hundred and eighty-five (1,185) youth groups during the period from 2012 to 2014, only K1,631,276 had been recovered while the balance of K35,765,772 had not been recovered as of July 2016.

**c. Failure to Effect Recoveries of Loans and Advances**

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of loans and advances in amounts totalling K121,000 paid to fourteen (14) officers during the period under review had not been effected as of July 2016.

**d. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, various stores items costing K32,725 procured during the year under review were unaccounted for in that there were no receipt and disposal details.

<b>HEAD:</b>	<b>77</b>	<b>Ministry of Defence</b>
<b>DEPARTMENTS:</b>	<b>01</b>	<b>Headquarters</b>
	<b>05</b>	<b>Defence Force Medical Services</b>
	<b>09</b>	<b>Research and Planning</b>
<b>UNITS:</b>		<b>Various</b>
<b>PROGRAMMES:</b>		<b>Various</b>
<b>ACTIVITIES:</b>		<b>Various</b>

43. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a budget provision of K257,872,659 was made to cater for various programmes at the Ministry against which amounts totalling K214,556,663 were released resulting in an under funding of K43,315,996. According to the Financial Statement (Statement C), the Ministry had spent amounts totalling K210,469,885 as at 31<sup>st</sup> December 2015.

## **Accounting and Other Irregularities**

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

### **a. Failure to Align the Procurement Plan to the Budget**

The Public Procurement Regulation No 26 of 2011 part V No. 26 (2) and (3) states that, “a procuring entity shall integrate its annual procurement planning with the budget processes and shall base the plan on the indicative or approved budget of the procuring entity, as appropriate. A procuring entity shall revise or update its procurement plan, as appropriate, after the approval of the budget for that financial year or during the course of each financial year”.

However, contrary to the regulation, it was observed that the Ministry did not integrate its annual procurement plan with the budget in that procurements totalling K98,221,631 in respect of two programmes were done outside the procurement plan.

### **b. Failure to Utilise Funds**

In August 2014, the Ministry paid Moba Hotel in Kitwe K236,684 to facilitate hosting of the Zambia / Congo Joint Permanent Commission. The meeting did not take place due to a reported outbreak of Ebola in Congo.

In June 2015, the Ministry hosted the Zambia/Congo Joint Permanent Commission meeting at Savoy hotel in Ndola at a total cost of K252,548 to cater for conference facilities and gala dinner.

It was not clear why the Ministry shifted the venue to Savoy Hotel Limited when it had not utilised the monies paid to Moba Hotel. As of July 2016, the funds had not been recovered.

### **c. Outstanding Arrears**

In paragraph 53 (f) of the Auditor General’s Report for the financial year ended 31<sup>st</sup> December 2014, mention was made of the amount of accumulated debt which stood at K3,327,253,334 as at 31<sup>st</sup> December 2014. The debt comprises mainly unpaid arrears in respect of marine equipment, aircraft spares and military uniforms among others.

Although the Ministry received an amount of K24,112,200 during the year under review, a review of the situation revealed that no payments had been made against the outstanding bills as the amounts outstanding remained at K3,327,253,334. It was not clear where the funds were

applied as no records for the use of the funds were availed for audit. See details in the table below.

Description	Amount K
Foreign debt	3,295,265,885
Local debt	31,987,449
<b>Total</b>	<b>3,327,253,334</b>

**d. Supply and Delivery of Specialised Waterman Ship Equipment, Military Uniforms and General Purpose Shelter Tents**

In the year 2013, the Ministry on behalf of the Zambia Army entered into three (3) different contracts with Curzon Global Ltd of Hong Kong for the supply and delivery of specialised waterman ship equipment, military uniforms and general purpose shelter tents at total contract sums of US\$6,721,839. *See table below.*

Contract Date	Contract No	Contract Sum US\$	Details for the Supply of	Delivery Period
20.09.13	Mod/003/2013	4,293,264	Waterman ship equipment.	6 – 12 weeks
16.07.13	Mod/024/2013	1,208,575	Military uniforms	6 – 8 weeks
13.03.13	Mod/111/12	1,220,000	General purpose shelter tents	6 – 8 weeks
<b>Total</b>		<b>6,721,839</b>		

As of December 2015, three (3) years after the contract was signed, the Ministry had paid the supplier amounts totalling US\$1,882,700 leaving a balance of US\$4,839,139.

The terms of payment were; 25% advance of the contract sum was to be paid within thirty (30) days of signing the contract against a bank Guarantee/Bond for an equivalent amount, 50% to be paid within 30 days upon submission of documents specified in General Conditions of Contract (GCC) and 25%, within thirty (30) days of receipt of goods upon submission of claim supported by the acceptance certificate issued by the purchaser. The following were observed:

**i. Delayed Delivery of Materials**

Although the contracts indicated that the goods were to be supplied and delivered within 6 to 12 weeks from the date of signing the contract (September 2013), the uniforms, tents and part of the waterman ship equipment were delivered between 24<sup>th</sup> April and 20<sup>th</sup> November 2014.

**ii. Undelivered Fibre Canoes**

Specialised materials such as waterman ship equipment, military uniforms and general purpose shelter tents costing US\$6,274,575 had been delivered leaving seventy two (72) fibre canoes valued at US\$447,264 not delivered to the Central Ordinance Depot as of June 2016. *See table below.*

Goods not Delivered	Quantity	Unit Price US\$	Total US\$
Fibre canoes C/W Padles (Double Man)	24	9,180	220,320
Fibre canoes C/W Padles (Single)	48	4,728	226,944
<b>Total</b>	<b>72</b>		<b>447,264</b>

**e. Remittance of Funds to Dar-es-salaam**

On 29<sup>th</sup> May 2015, the Director Human Resource and Administration sought Ministerial Procurement Committee authority to pay Tanzania Port storage and demurrage charges for the Chinese Military Aid gratis cargo to Zambia. The Cargo included medical and office equipment and motor vehicles among others. The authority to pay was granted. *See table below.*

Payee	Amount Payable US\$	Details
Tanzania Ports Authority	79,650	Storage charges
Nyota Tanzania Ltd	15,876	Demurrage charges
Pamo Holdings (T) Ltd	260,424	Agency fees, Transportation from Dar to Lusaka, Carnage and change of containers.
<b>Total</b>	<b>355,950</b>	

However, on 9<sup>th</sup> June 2015, the Zambian High Commissioner in Tanzania wrote the Permanent Secretary at the Ministry of Defence through a minute referenced ZHC/DAR/DEF/8 indicating the adjusted cost implication of the transportation for the cargo clearance from the people's Republic of China in which she summarised the quotations as indicated in the table below which exceeded the initial amount by US\$29,050.

Details	US\$	Rate	Amount K
Agent fees	83,700	7.285	609,755
Transportation	167,400	7.285	1,219,509
Cranage	2,744	7.285	19,990
Lashing	2,100	7.285	15,299
Change of container	4,480	7.285	32,637
Estimated port Charges	99,090	7.285	721,871
Demurrage Charges	15,876	7.285	115,657
TPDF Escort/Guard six(6) Soldiers	3,000	7.285	21,855
TPDF Escort/Guard six(6) officers	1,300	7.285	9,471
DA 's allowance	2,736	7.285	19,932
2 Missions drivers	1,440	7.285	10,490
Fuel	1,061	7.285	7,727
<b>Total</b>	<b>384,927</b>		<b>2,804,191</b>

In this regard, on 11<sup>th</sup> June 2015, the Ministry of Defence transferred a total amount of K2,804,725 (US\$385,000) to the Defence attaché's account in Tanzania, Dar-es-Salaam for clearance of assorted medical equipment, office equipment, motor vehicles and marine equipment among others.

The following were observed:

- Although the amount transferred was K2,804,191 (US\$384,927), the amount authorised by the Ministerial Procurement Committee was K2,593,094 (US\$355,950). There was no evidence authorising the Ministry to transfer K211,692 (US\$29,050) apart from the minute from the Zambian High Commissioner to Tanzania. It was not clear why authority for additional amount was not sought.
- Equipment comprising eighteen (18) laptops and one (1) industrial guillotine machine was not accounted for as there was no record of receipt and disposal.
- Although all the motor vehicles were received and in use, they were not insured.

**HEAD:** 77/02 Ministry of Defence - Zambia Army

**UNITS:** 06 Administration Branch

07 Operations and Training Branch

08 Logistics Branch

**PROGRAMMES:** Various

**ACTIVITIES:** Various

44. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K1,405,804,795 was made to cater for various programmes against which a total amount of K1,386,740,627 was released leaving a balance of K19,064,168.

According to the Financial Statement (Statement 'C'), a total amount of K1,351,463,570 had been spent as at 31<sup>st</sup> December 2015.

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

In the year 2014, Zambia Army through the Ministry of Defence was invited to participate in a peacekeeping operation in Central African Republic (CAR), a programme under the United Nations Force Generation Service (FGS). In this regard, the Army entered into various contracts which were to be executed in readiness for the peace keeping operation.

An examination of accounting and other records maintained at the Army Headquarters and other units carried out during the period from January to March 2016 and physical inspections of selected projects revealed the following:

**a. Supply and Delivery of Mobile Kitchen Trailers, Field Ablutions and Various Containers**

On 24<sup>th</sup> December 2014, the Ministry of Defence on behalf of Zambia Army entered into a contract with Pangaea Limited, a company incorporated in South Africa, for the supply of four (4) field mobile kitchen trailers, twelve (12) field ablutions, fifty four (54) various containers at a total contract price of US\$1,409,970.58 with a delivery period of six (6) weeks from 30<sup>th</sup> December 2014 to 10<sup>th</sup> February 2015. The contract price was broken down as indicated below.

Description	Quantity	Unit Price US\$	Total US\$
Mobile kitchen trailers	4	51,183.15	204,732.60
Field ablutions	12	27,609.89	331,318.68
Containers	8	53,335.25	426,682.00
Sea containers	46	9,722.55	447,237.30
<b>Total</b>			<b>1,409,970.58</b>

The terms of payment were 25% of the contract sum to be paid within thirty (30) days of signing the contract, 50% to be paid within one hundred and sixty (160) days of delivery and 25% within one hundred and eighty (180) days of receipt of goods.

As of March 2016, K10,813,938 (US\$1,003,992) had been paid representing 70% of the contract sum leaving a balance K4,372,771 (US\$405,978.58). *See table below.*

DATE	AMOUNT K	AMOUNT US\$
03.12.15	3,139,588	299,008
07.12.15	3,139,588	299,008
31.12.15	4,534,762	405,976
	<b>10,813,938</b>	<b>1,003,992</b>

Although the goods were delivered to Central Ordinance Depot (COD) on 14<sup>th</sup> May 2015, twenty one (21) weeks after signing the contract, as of March 2016, three hundred and twenty two (322) days after receipt of goods, the balance of K4,372,771 (US\$405,978.58) remained unsettled, contrary to Conditions of Contract GCC 16.1 (iii) which states that the last (25%) of the contract price of goods received shall be paid within a hundred and eighty (180) days of receipt of goods.

**b. Supply and Delivery of Industrial Tractors for Zambia Army**

On 8<sup>th</sup> January 2015, the Ministry of Defence engaged Barloworld Equipment Agriculture Limited for the supply and delivery of three (3) industrial tractors (MF 440 x 4WD 82HP) at a total contract sum of US\$132,000 (VAT exclusive) with a delivery period of six (6) weeks from 8<sup>th</sup> January to 19<sup>th</sup> February 2015.

As of March 2016, the contractor had been paid amounts totalling K789,200 (US\$66,000) representing 50 percent of the contract sum. The industrial tractors were delivered in February and March 2015.

Contrary to Conditions of the Contract GCC 16.1 (iii) which states that the last 25 percent of the contract price of goods received shall be paid within one hundred and eighty (180) days of acceptance of the goods, a total of US\$66,000 being 50% of the contract sum remained outstanding as at 31<sup>st</sup> March 2016 which was three hundred and sixty five (365) days after the acceptance of the goods.

**c. Supply and Delivery of Ultra Sound and X-Ray Machine**

On 1<sup>st</sup> December 2014, Zambia Army engaged Hospital Imaging System having its registered offices in South Africa for the supply of three (3) ultrasound and one (01) mobile X-ray unit at a contract sum of US\$87,250 (VAT inclusive) with a delivery period of thirty (30) days from 1<sup>st</sup> of December 2014 to 1<sup>st</sup> January 2015.

As of March 2016, the supplier had only been paid K333,796 (US\$31,790). This represented 36 percent of the contract sum.

The following were observed:

- The machines were delivered to Central Ordinance Depot on 19<sup>th</sup> March 2015, seventy eight (78) days after the date of signing the contract and had since been dispatched to Central African Republic
- A total amount of US\$55,460 representing 64% of the contract sum remained outstanding for three hundred and sixty five (365) days from receipt of the goods, contrary to the contract Terms and Conditions (b) which states that 75% shall be paid within hundred and eighty (180) days upon completion of delivery of goods

**d. Supply and Delivery of Various Radio Communication Equipment**

On 5<sup>th</sup> February 2015, the Ministry of Defence engaged Harris Corporation Limited, a company incorporated in USA, for the supply and delivery of radio communication equipment at a contract sum of US\$1,649,040 (VAT exclusive). As of March 2016, the contractor had been paid K2,894,065 (US\$412,260) representing 25 percent of the contract and the equipment had been delivered and had since been dispatched to the Central African Republic.

Contrary to Conditions of Contract which required that 50 percent of the contract price be paid within one hundred and sixty (160) of delivery and the remaining 25 percent be paid within one hundred and eighty (180) days of acceptance of the goods, the balance of US\$1,236,780

remained outstanding as of March 2016, three hundred and eighteen (318) days after delivery of the equipment.

Inquiries revealed that the delays in payment to the contractors in the above cases was as a result of inadequate funding from the Treasury. There is a risk that the delays in payments may attract penalties and interest.

**HEAD: 80 Ministry of Education, Science and Vocational Training and Early Education**

**DEPARTMENTS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

45. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K8,527,887,660 was made to cater for various operations at the Ministry against which amounts totalling K7,061,931,985 were released.

According to the Financial Statement (Statement 'C'), a total amount of K6,826,642,563 had been spent as at 31<sup>st</sup> December 2015.

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

An examination of accounting and other records maintained at Ministry headquarters carried out during the period from January to August 2016 revealed the following:

##### **a. Failure to Prepare Accurate Bank Reconciliations**

Ministry of Finance Circular No. 1 of 2015 (8.8 a) states that Controlling Officers in all Ministries, Provinces and Spending Agencies (MPSA) are required to prepare accurate bank reconciliations.

However, the Bank Reconciliations prepared at the Ministry during the year under review were inaccurate in that:

- i. There were fifty eight (58) stale cheques amounting to K2,389,464 which had not been written back. Consequently, the cashbook balance was understated by the same amount.

- ii. There were unreconciled bank errors ranging from K190 to K10,689,279 which were debited to the account during the period under review which had not been investigated as of August 2016.

**b. Failure to Remit Funds to Lower Level Institutions**

During the period from December 2014 to October 2015, the Ministry instructed the bank to transfer amounts totalling K3,420,435 to various Provincial Education Offices (PEO), District Education Board (DEB) offices and Schools. The funds were grants meant to cater for operations at the institutions.

Inquiries revealed that as of August 2016, the funds had not been remitted on account of incorrect account details.

**c. Missing Payment Vouchers**

In paragraph 55(e) of the Auditor General's Report for the financial year ended 31<sup>st</sup> December 2014, mention was made of thirty five (35) payment vouchers in amounts totalling K23,181,533 that were not availed for audit contrary to Financial Regulation No. 65 (1).

In their Report for the Fifth Session of the Eleventh National Assembly, the Public Accounts Committee, directed the Controlling Officer to ensure that concrete measures were put in place for payment vouchers to be secured and made available for audit whenever they were required.

A review of the situation in August 2016 revealed that the situation had not improved in that thirty seven (37) payment vouchers in amounts totalling K29,112,620 made during the year under review were missing.

**d. Irregular Payments**

**i. Out of Pocket Allowance**

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

However, contrary to the circular, it was observed that during the period under review, out of pocket allowances in amounts totalling K241,066 were paid to various officers for working on various activities at their normal duty station and there was no evidence that the work done involved an overnight stay.

**ii. Parliamentary and Meal Allowances**

Cabinet Office Circular No. 11 of 2013, abolished the payment of allowances to Civil Servants and other employees in the mainstream Public Service except for members of Committees appointed by His Excellency, the President of the Republic of Zambia.

However, contrary to the circular, the Ministry paid allowances in amounts totalling K285,400 to various officers who worked on the preparations for the Third Session of the Eleventh National Assembly for days ranging from four (4) to thirty (30) during the period under review.

In addition, amounts totalling K1,183,525 were paid to various officers as lunch/meal allowances for activities such as finalising accounts, processing the payroll, date stamping documents and working within office premises contrary to the circular.

**iii. Sitting and Audit Committee Allowances**

Cabinet Office Circular No.11 of 2013, Clause 8 states that “Given that Public Service salaries and Conditions of Service are now comparable to those in the Private sector and Public Service in the region, with effect from 1<sup>st</sup> September 2013, remunerative allowances such as top up allowances for staff are not to be paid to Civil Servants and other employees in the mainstream Public Service. This includes allowances paid for attending Tender, Procurement or Audit Committee meetings.”

However, contrary to the circular, it was observed that sitting allowances in amounts totalling K421,624 were paid to officers from the Ministry for evaluation of tenders.

Further, it was observed that amounts totalling K19,900 were paid as audit committee allowances to officers within the Ministry.

**iv. Transport Allowance/ Refunds**

Cabinet Office Circular No.11 of 2013, clause 6, “In an effort to cater for participation of persons outside the Public Service, a fuel refund shall be made at a rate of K135 per meeting for travel within the district boundary. For travel outside the district, this category of persons shall be paid a fuel refund as provided for in Cabinet Office Circular No. 7 of 2012.”

However, contrary to the circular, amounts totalling K992,205 were paid as transport allowances and transport refunds to various officers for activities that were performed during lunch time and weekends at normal station of duty such as cleaning offices, filing documents and date stamping documents, among others.

**v. Payment of Overtime Allowances**

Cabinet Office Circular No.11 of 2013 Clause 7 states that “when an officer is required to work over the weekend or beyond normal working hours, eligible officers should be paid overtime allowance. Payment of this allowance is through the payroll and claims have to be made through the supervising officers and approved by the Controlling Officer.”

During the period under review, accountable imprest in amounts totalling K703,059 was issued to fifty six (56) officers for the procurement of meals and refreshments. It was however observed that the imprest was instead used to pay cash to various officers for working on activities such as cleaning offices, tracing misplaced files and filing documents, among others, outside normal working hours.

Further, the cash payments were made in advance. Therefore, it was not clear how the period to complete and pay for a particular activity was determined.

**e. Payment of Accountable Imprest**

During the year under review, accountable imprest in amounts totalling K43,469,461 was issued to facilitate payment of subsistence allowances and fuel imprest to various officers. The payments were meant for activities such as monitoring of infrastructure projects, retraining of Primary School Teachers in Information and Communication Technology (ICT), asset inventory verification, following up on audit queries and holding workshops among others.

However, the following were observed:

**i. Failure to Disclose Details on Budgets**

Although the payments were processed for large amounts as much as K814,454 for a single transaction, the supporting budgets did not disclose the names, positions of officers, districts/places to be visited and the distances to be covered.

Further, wrong rates for subsistence allowance were used in some cases, contrary to Public Service Management Division Circular No B12 of 2012 which specifies rates applicable in each district. It was therefore not possible to ascertain how much was over paid as budgets did not specify the districts to be visited and the number of days to be spent in each district, instead only names of the provinces were indicated.

In addition, details of motor vehicles and log books that were used for the activities undertaken were also not availed for audit.

**ii. Failure to Provide Activity Reports**

There were no activity reports in respect of imprest in amounts totalling K14,887,646 issued to forty eight (48) officers. It could not be ascertained whether the activities were undertaken.

**f. Irregular Use of Accountable Imprest to Procure Goods and Services**

In paragraph 55 (k) of the Auditor General's report for the financial year ended 31<sup>st</sup> December 2014 mention was made of the irregular use of Accountable imprest to procure goods and services in amounts totalling K419,628.

In his response to the Public Accounts Committee, the Controlling Officer informed the Committee that he had issued a circular to all the Directorates that accountable imprest should not be used to procure goods and services whose value was obtainable on the market.

In their report for the Fifth Session of the Eleventh National Assembly, the Public Accounts Committee expressed concern why it had taken the Controlling Officer long to take a position on the matter. The Committee further urged the Controlling Officer to discipline the erring officers for the irregularity in order to serve as a deterrent to others.

A review of the situation in August 2016 revealed that there was no disciplinary action that had been taken against the erring officers and the trend had continued as imprest in amounts totalling K500,474 was issued to thirty five (35) officers during the period under review to procure goods and services whose values were obtainable on the market.

**g. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K5,427,537 issued to ninety seven (97) officers made during the period under review had not been retired as of August 2016.

Further, it was observed that while the IFMIS records showed that imprest was fully retired, the accounting records revealed that there were no retirement documents for imprest payments in amounts totalling K5,427,537.

**h. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K3,666,017 procured during the period under review were unaccounted for in that there were no receipt and disposal details. *See table below.*

<b>Headquarters</b>	<b>Total K</b>
General Stores	3,462,017
Fuel	204,000
<b>Total</b>	<b>3,666,017</b>

**i. Bursaries**

**i. Misapplication of Funds - Bursaries for Orphans and Vulnerable Children**

During the period from January to September 2015, the Ministry headquarters was funded amounts totalling K15,648,435 to cater for Bursaries for Orphans and Vulnerable Children (OVCs) by way of sponsoring them in Secondary Schools. The funds were to be remitted to Provincial Education Offices (PEOs), District Education Board (DEB) offices, Skills Training Centres, Secondary Schools and Churches.

However, the funds were applied on activities not related to the purpose for which the funds were released. Consequently, as of August 2016, the funds had not been remitted to the intended beneficiaries.

**ii. Lack of Cash Book and Bank Reconciliation Statements**

Financial Regulation No. 145, states “Controlling Officers shall maintain cash books for bank accounts at the Bank of Zambia and commercial banks. Each cash book shall show in detail all the transactions on receipts and payments. The cash book shall be reconciled to the bank statements on a monthly basis”.

However, it was observed that during the period under review:

- The Ministry did not maintain cash books for the Bursaries Committee Accounts held at United Bank for Africa (UBA) and consequently reconciliation statements were not prepared.
- Bank reconciliation statements for the account held at Zambia National Commercial Bank were inaccurate in that they reflected the wrong closing bank balances.

**iii. Irregularities in the Payment of Top Up Allowances**

A top-up allowance is an up keep allowance that is paid to Zambian students studying abroad on scholarships in addition to the contribution paid by the hosting country.

A comparison of the bank statements against the top-up allowance payment schedules revealed that during the period under review, amounts totalling K126,453 were paid to ten (10) students who were not appearing on the top-up allowance payment schedule while three (3) students who should have been paid amounts totalling K4,150 as top up allowances had not been paid as of August 2016.

**iv. Questionable Payments of Top Up Allowances**

The Ministry transfers funds for students' top-up allowances to the Bursaries Committee Account and the Committee in turn transfers allowances to students' bank accounts.

Contrary to the laid down procedures for paying top-up allowances, during the period from July to November 2015, amounts totalling K2,131,690 were paid as top-up allowances through the Bursaries Committee's operations account. It was further observed that the payments were not supported with top-up payment schedules making it not possible to ascertain the beneficiaries.

**v. Lack of Expenditure Returns**

During the period under review, amounts totalling K431,009 (US\$46,345) were disbursed to four (4) Embassies namely Egypt, Canada, Russia and Turkey to cater for administrative expenses for Education Attaches and students welfare.

However, as of August 2016, there were no expenditure returns availed for audit.

Further, the Ministry did not provide the breakdown of the total bill charged by the colleges to the students on bursary thereby making it not possible to ascertain the makeup for the TEVET bursary package.

**j. Misapplication of Funds**

Contrary to the Appropriation Act of 2014, amounts totalling K500,000 meant for school feeding and requisites for free primary education under the Primary Education program were used to pay advances to four (4) teachers unions, an activity not related to the purpose for which the funds were appropriated.

**k. Undistributed Educational Equipment**

In 2013, the Ministry introduced a new curriculum with a bias towards skills development subjects and embarked on the procurement of educational equipment for Home Economics, Art, Music and Sports among others.

In this regard, the Ministry procured educational equipment (1,500 UPS and 1,500 LCD Projectors and 300 sets of Sound/Music instrument kits) costing K84,300,300. However, although the equipment was delivered on 30<sup>th</sup> October 2015, it had not been distributed to the schools as of July 2016, eight (8) months after delivery.

**l. Failure to Correct Contract Sum**

On 31<sup>st</sup> December 2014, the Ministry engaged Ngwala Electrical & Hardware Limited for the supply, delivery and assembly of educational equipment (art work, stationary kits and aerobic

equipment kits) for 300 schools countrywide at a contract sum of K12,306,121 with a delivery period of 4 - 6 weeks.

As of August 2016, the supplier had been paid amounts totalling K2,489,612.

However, it was observed that the supplier claimed K5,280,000 for the supply, delivery and assembly of the educational equipment. There were therefore inconsistencies between the amount claimed by the supplier as per invoice and the letter of claim with the contract sum as indicated in the contract. As of July 2016, the Ministry had not provided an explanation for the inconsistency.

Further, the equipment had not been delivered as of August 2016.

**m. Undelivered Educational Equipment – African Brothers Corporation Ltd**

On 5<sup>th</sup> January 2015, the Ministry engaged African Brothers Corporation Ltd for the supply, delivery and assembly of educational equipment (300 sets of Track and Field kits, 300 ball game kits and 300 other educational equipment) at a contract sum of K47,055,201 (US\$5,059,699) exclusive of VAT with a delivery period of 4-6 weeks.

The payment terms were as follows:

- i. Advance Payment of ten (10) percent of the contact price within thirty (30) days of signing the contract.
- ii. Eighty (80) percent of the contract price on receipt of the goods
- iii. The remaining ten (10) percent of the contract price within thirty (30) days after the date of the acceptance certificate for the respective delivery

In this regard, on 26<sup>th</sup> June 2015, an advance payment of K3,789,715 (US\$505,969.91) was made to the supplier.

It was however observed that, as of July 2016, twelve (12) months after the advance payment was made, the equipment had not been delivered. Further, despite the contract providing for liquidated damages, no claim had been made by the Ministry.

**n. Failure to Insure Motor Vehicles**

The Ministry had a fleet of eighty one (81) motor vehicles and two (2) motor cycles during the year under review. Five (5) of the motor vehicles and one (1) motor cycle were non-runners. However, there was no evidence that one (1) motor cycle and fifty four (54) motor vehicles were insured as the insurance cover certificates were not availed for audit.

**o. Infrastructure Development**

During the period under review, the Ministry was funded amounts totalling K747,843,627 to cater for infrastructure development such as construction of school, colleges, trades institutions and colleges.

As at 31<sup>st</sup> December 2015, amounts totalling K617,865,758 had been spent on various projects while the balance of K129,977,869 was spent on monitoring.

The following were observed:

**i. Unpaid Certificates**

During the period from June to December 2015, various contractors issued one hundred and ten (110) certificates in amounts totalling K248,428,493. It was however observed that the certificates had not been paid by the Ministry as at 31<sup>st</sup> December 2015.

**ii. Wasteful Expenditure – Interest Paid on Delayed Payments.**

The Ministry engaged Hua Jiang Ltd to construct twenty eight (28) schools and colleges in various parts of the country during the period 2008 to 2012. The Ministry however did not honour its obligation to pay the Contractor within 28 days of the date of certification. As a result, the Contractor invoked article 43.1 of the contract agreement which stated that “the client shall pay the contractor the amounts certified by the Project Manager within twenty eight (28) days of the date of each certificate. If the client makes a late payment, the contractor shall be paid interest on the late payment, in the next payment, and interest shall be calculated from the date when late payment is made at the Bank of Zambia prevailing interest rate plus 2% for each of the currency in which payment is made”.

Consequently, in June 2015, the Ministry was charged interest in amounts totalling K39,503,683 in respect of twenty eight (28) projects. The payment of the interest was wasteful as the Ministry could have avoided making these payments had the contractor been paid on time.

**HEAD: 80 Ministry of Education, Science, Vocational Training and Early  
Childhood Education**

**DEPARTMENTS: Regional Headquarters, District Education Offices, Secondary Schools  
and Primary Schools**

**UNITS: Various**

**PROGRAMMES: Personnel Emoluments**

**ACTIVITIES: Various**

46. In the Estimates of Revenue and Expenditure for the financial year 1<sup>st</sup> January to 31<sup>st</sup> December 2015, a total provision of K6,420,714,241 was made to cater for personal emoluments against which amounts totalling K6,126,432,118 were released resulting in an underfunding of K294,282,124.

**Accounting and Other Irregularities - Payroll**

An examination of payroll records such as Direct Debit Account Credit Control (DDACC) files from Payroll Management and Expenditure Control (PMEC) and other records maintained at Provincial Education Office and visits to DEBS, Colleges, Basic, Primary and Secondary schools carried out between March and May 2016 revealed the following:

**a. Irregularities in Establishment Register**

A scrutiny of the Ministry of Education Establishment Register for seven (7) Provincial Education Offices, selected District Education Board Secretaries' Offices, Secondary and Primary Schools revealed that there were discrepancies between authorised positions as per establishment registers of 11,075 positions and actual positions filled of 12,321 resulting in over staffing of 1,246 positions. *See table below.*

Province	Station	Authorised Establishment	Filled Positions	Under / (Excess) Staff
Western	Mulobezi DEBS	-	12	(12)
	Sesheke DEBS	88	139	(51)
	Kalabo DEBS	60	70	(10)
	Sikongo DEBS	1	15	(14)
Northern	Kasama PEO	119	95	24
	Mbala DEBS	1,295	1,206	89
	Mungwi DEBS	985	934	51
	Luwingu DEBS	881	820	61
Lusaka	Mporokoso DEBS	811	730	81
	Lusaka PEO	5	13	(8)
Central	Lusaka DEBS	426	340	86
Central	Kabwe DEBS	346	413	(67)
Muchinga	Chinsali DEBS	20	22	(2)
Copperbelt	Chingola DEBS	1,570	1,609	(39)
	Muchinshi High Sch	-	36	(36)
	Kitwe DEBS	317	256	61
	Ndola DEBS	1,247	2,434	(1,187)
	Ndola-Ungazetted Schools	-	335	(335)
	Ndola PEO	12	37	(25)
Southern	Mazabuka DEBS	1,320	956	364
	Monze DEBS	1,572	1,849	(277)
<b>Total</b>		<b>11,075</b>	<b>12,321</b>	<b>(1,246)</b>

## b. Misplacement of Payroll Area

A reconciliation of the payroll and staff returns at Provincial Education Offices, selected District Education Board Secretaries offices and some schools revealed that there were nine hundred and fifty nine (959) officers who had been transferred within and outside their respective provinces but drew salaries in amounts totalling K45,060,222 from pay points which were different from their physical stations.

As of July 2016, no corrective measures had been taken to address the matter. *See table below.*

Province	District	No. of Officers	Total Salaries Paid K
North Western	Chavuma	10	354,139
	Ikelenge	6	292,324
	Kasempa	7	288,269
	Solwezi	12	357,059
Eastern	Chipata	23	1,379,490
	Petauke	59	4,047,774
	Lundazi	26	1,926,156
	Katete	69	4,888,272
Luapula	Mansa	1	140,478
	Nchelenge	70	1,567,283
	Samfya	12	745,850
	Chembe	3	53,415
Southern	Chipili	2	69,250
	Livingstone	10	658,885
	Kazungula	11	731,979
	Zimba	21	999,810
Northern	Mungwi	2	75,600
	Mbala	15	669,720
	Luwingu	7	277,300
	Mporokoso	5	229,860
Lusaka	Kafue	357	22,044,925
Central	Kabwe PEO	13	536,325
	Chisamba	13	443,740
	Luano DEBS	32	1,471,680
	Kapiri Mposhi	10	315,765
Copperbelt	Chingola DEBS	163	494,875
<b>Total</b>		<b>959</b>	<b>45,060,222</b>

**c. Irregular Payment of Salaries to Officers Absent from Duty Without Official Leave**

Terms of conditions of service for the Public Service No. 60 (a) states that an officer who absents himself or herself from duty for a period of ten days or more without official leave must be separated from the service and shall not get a salary for the period he/she is absent from duty.

However, there were twelve (12) officers who were absent from duty for periods ranging from 4 to 54 months but had not been separated from the service as of August 2016. In this regard, the officers were irregularly paid salaries amounting to K828,296 as they were not entitled to be paid salaries during the periods they were absent from duty. *See table below.*

Province	District	No. of officers	Period of Absence (months)	Amount of Salary Paid K
North Western	Solwezi	3	12	168,648
Eastern	Lundazi Boarding Sch	1	18	70,902
	Chipata	2	29	170,115
Western	Mongu	1	54	160,836
	Mongu	1	36	68,163
	Nalolo	1	36	26,250
	Senanga	2	36	140,700
	Sesheke	1	4	22,682
<b>Total</b>		<b>12</b>	<b>225</b>	<b>828,296</b>

**d. Unknown Officers Drawing Salaries**

During the period under review, a physical head count at selected stations revealed that despite two hundred and fifty eight (258) officers appearing on the Ministry of Education payroll as teachers assigned to those stations, they were actually not known by the heads of those stations and there was no authority to recruit the officers from Teaching Service Commission. In this regard, amounts totalling K18,839,673 had been paid as salaries to the officers as of August 2016. *See table below.*

Province	District	No. of Teachers	Amounts Drawn as Salaries K
North Western	Solwezi	13	594,922
Western	Senanga	1	68,046
	Mulobezi	1	38,500
Southern	Livingstone	15	1,605,900
	Kazungula	11	881,688
	Zimba	42	1,775,070
Central	Luano DEBS	129	13,373,022
Copperbelt	Kitwe DEBS	46	502,525
<b>Total</b>		<b>258</b>	<b>18,839,673</b>

**e. Payment of Full Salary to an Officer on Suspension – Sesheke District**

On 28<sup>th</sup> March 2014, the Sesheke DEBS Disciplinary Committee suspended a class teacher at Mangamu Primary School because of inhumane treatment of pupils and recommended that she be paid half salary until such a time that the matter was resolved.

However, a scrutiny of the payroll for the period under review revealed that the officer continued to draw a full salary up to March 2016, twenty (21) months after her suspension. In this regard, the officer had been paid amounts totalling K73,500 in salaries and allowances resulting in an over payment of K36,750.

Although management later placed the officer on half pay, recoveries had not been effected as of July 2016.

**f. Questionable Payment of Salaries – Sichili Secondary School**

On 31<sup>st</sup> August 2013, a class teacher at Sichili Secondary School in Mulobezi district was retired from the civil service after attaining the statutory retirement age of fifty five (55) years and subsequently was removed from the payroll in December 2014.

However, a scrutiny of the payroll for the year under review revealed that in March 2015 the officer was introduced on the payroll as a new entrant and removed from the payroll in April 2015. In this regard, salaries and allowances in amounts totalling K34,172 for the period from January to April 2015 (January and February were paid in arrears) paid to the officer were questionable.

**g. Failure to Remove Retired and Deceased Officers from the Payroll**

Twenty five (25) officers who had been separated from the service either through retirement or death during the period from August 2013 to March 2015 were still on the payroll as of March 2016 and had drawn salaries in amounts totalling K1,119,987. *See table below.*

Province	District	Retired Officers	Deceased Officers	Amount K
Western	Mongu	-	1	116,695
	Mulobezi	2	-	140,156
	Senanga	3	3	294,515
	Kalabo	1	-	26,930
Copperbelt	Kalulushi	2	-	86,645
Southern	Livingstone	6	-	71,740
	Kazungula	3	-	123,925
	Zimba	1	-	13,852
Northern	Kasama PEO	-	1	10,000
	Mungwi	2	-	76,145
	Mbala	2	-	62,241
Northwester	Solwezi DEBS	3	-	97,143
<b>Total</b>	<b>Total</b>	<b>25</b>	<b>5</b>	<b>1,119,987</b>

As of August 2016, no action had been taken.

**h. Failure to Retire Officers after Attaining Retirement Age of 55 – Western Province**

Contrary to Terms and Conditions of Service for the Public Service No. 38(a) which states that an established officer shall be retired as prescribed in the Public Service Pensions Act No. 35 of 1996 and that no officer may continue serving after attaining the pensionable age, three (3) officers that had attained the statutory retirement age of fifty five (55) years during the period from 2010 to 2014 had not been retired and paid their benefits and instead continued to serve and as of March 2016 had been paid salaries in amounts totalling K563,296. See the table below.

District	No. of Officers	Amount K
Nalolo	1	209,650
Kalabo	2	353,646
<b>Total</b>	<b>3</b>	<b>563,296</b>

**i. Allowances Paid to Officers without Authority – Western Province**

During the period under review, various allowances in amounts totalling K337,025 (double class allowances – K229,320 and responsibility allowances – K107,705), were paid to eighty one (81) officers in Mulobezi and Kalabo districts without authority from the respective heads. See table below.

District	No. of Officers	Double Class K	Responsibility Allowance K	Total K
Mulobezi DEBS	31	80,780	63,700	144,480
Kalabo DEBS	50	148,540	44,005	192,545
<b>Total</b>	<b>81</b>	<b>229,320</b>	<b>107,705</b>	<b>337,025</b>

**j. Questionable Payment of Double Class Allowance**

According to the Terms and Conditions of Service No. 167 (k), a double class allowance shall be paid to teachers who are required to teach double classes at Primary School level.

During the period under review, the Ministry of Education irregularly paid double class allowance in amounts totalling K559,340 to seventy two (72) officers who did not qualify for the allowance as they were Secondary School teachers. See table below.

Station	No. of Employees	Amount K
Petauke	3	25,200
Lundazi	4	33,600
Katete	4	37,572
Sikongo	5	17,500
Mporokoso	2	5,600
Ndola DEBS	54	439,868
<b>Total</b>	<b>72</b>	<b>559,340</b>

**k. Irregular Payment of Rural and Remote Hardship Allowance**

According to the Terms and Conditions of Service No. 166 and Cabinet Circular No. B2 of 2010 an officer serving in an area declared to be in a remote area shall be entitled to receive a hardship allowance at a rate as may be determined by Government from time to time.

During the period under review, amounts totalling K8,319,244 were paid as rural and remote hardship allowances to one thousand one hundred and eighty five (1,185) officers who were working at stations which did not qualify for the allowances. See table below.

Province	District	No. of Employees	Rural Allowance K	Remote Allowance K	Total K
North Western	Solwezi	224	892,557	1,286,466	2,179,023
	Ikelenge	13	-	127,180	127,180
	Kabompo	41	-	457,099	457,099
	Chavuma	18	-	179,455	179,455
Eastern	Chipata	83	715,592	-	715,592
	Petauke	12	115,476	-	115,476
		-	-	-	-
Luapula	Katete	17	164,184	-	164,184
	PEO	2	6,444	-	6,444
	Samfya DEBS	7	44,800	-	44,800
	Nchelenge DEBS	36	302,264	-	302,264
Western	Mongu	5	66,853	-	66,853
	Senanga	14	106,400	-	106,400
	Kalabo	2	12,600	-	12,600
Southern	Livingstone PEO	2	18,634	-	18,634
Northern	Kasama PEO	3	12,588	-	12,588
	Mungwi DEBS	25	221,076	-	221,076
	Mporokoso	5	45,972	-	45,972
	Luwingu	8	81,636	-	81,636
Central	Chisamba	14	247,344	-	247,344
	Kabwe DEBS	162	519,144	-	519,144
	Kapiri Mposhi	80	1,481,280	-	1,481,280
Copperbelt	Chingola DEBS	57	24,500	13,125	37,625
	Kitwe DEBS	169	70,745	21,851	92,596
	Ndola DEBS	150	72,717	707,595	780,312
Central	Serenje DEBS	36	165,417	138,250	303,667
<b>Total</b>		<b>1,185</b>	<b>5,388,223</b>	<b>2,931,021</b>	<b>8,319,244</b>

**l. Officers Getting Acting Allowance without Authority – Southern Province**

An examination of the payroll and personal files revealed that there were seventy nine (79) officers in Southern Province who were acting in higher positions without authority from PSMD. In this regard, the officers were irregularly paid acting allowances totalling K1,624,965. See table below.

Station	No. of Transactions	No. of Officers	Amount K
PEO	10	10	188,101
Choma DEBS	69	69	1,436,864
	<b>79</b>	<b>79</b>	<b>1,624,965</b>

The propriety of paying the allowances without authority was questionable.

**m. Irregular Payment of Housing Allowance**

Cabinet Office Circular No. B12 of 2012 stipulated that housing allowance shall be paid to eligible employees through the payroll at the rate of 20% of monthly basic salary. However, contrary to the Circular, two thousand three hundred and fifty two (2,352) officers who were accommodated in Government quarters and therefore not eligible to receive housing allowance were irregularly paid allowances totalling K8,902,784. *See table below.*

<b>Province</b>	<b>District</b>	<b>No. of Employees</b>	<b>Amount K</b>
North Western	Solwezi	34	361,603
	Ikelenge	1	8,400
	Kabompo	11	86,064
	Chavuma	6	63,982
Eastern	Chipata	16	146,088
	Petauke	81	840,948
	Lundazi	-	-
	Katete	7	79,116
Western	Mulobezi	2	13,300
	Kalabo	5	40,505
Copperbelt	Mpongwe	91	697,178
Southern	Livingstone	131	1,879,489
	Livingstone DEBS	8	44,800
	Kazungula	68	659,952
	Zimba	8	91,488
	Choma	95	804,120
Northern	Kasama PEO	-	-
	Mungwi	806	626,896
	Luwingu	719	567,574
Central	Kabwe PEO	7	83,376
	Kabwe DEBS	4	33,600
	Luano DEBS	5	32,200
	Kapiri Mposhi	12	103,232
Copperbelt	Chingola DEBS	-	-
	Kitwe DEBS	30	24,167
Southern	Mazabuka DEBS	32	274,341
	Monze DEBS	97	835,609
Central	Serenje DEBS	24	145,842
	Chibombo DEBS	19	177,868
Lusaka	Ministry HQ	33	181,046
<b>Total</b>		<b>2,352</b>	<b>8,902,784</b>

**n. Irregular Payment of Responsibility Allowance**

The collective agreement between the Government of the Republic of Zambia and Secondary School Teachers Union of Zambia (SESTUZ) of 3rd April, 2013 states that responsibility allowance shall continue to be paid, based on recommendation by school Head Teachers and subsequent approval by DEBS Office, at the rate of 20% of monthly basic salary.

However, during the period under review, one hundred (100) teachers were paid responsibility allowances in amounts totalling K373,930 without obtaining authority from the DEBS Office. *See table below.*

Province	Payroll Area	No. of Officers	Amount K
Luapula	Mansa PEO	1	5,524
Lusaka	Various	46	178,215
Central	Chisamba	45	147,681
	Luano DEBS	1	7,000
	Kapiri Mposhi	6	27,110
Lusaka	Ministry HQ	1	8,400
<b>Total</b>		<b>100</b>	<b>373,930</b>

**o. Payment of Remote Instead of Rural Hardship Allowance**

During the period under review, twenty two (22) officers were paid remote hardship allowances in amounts totalling K244,080 instead of being paid rural hardship allowance of K195,264 resulting in an overpayment of K48,816 which had not been recovered as of July 2016. *See table below.*

Station	No. of Officers	Remote Allowance Paid K	Rural Allowance Paid K	Overpayment K
Masaiti Boarding	6	65,865	52,692	13,173
Mpongwe Day	2	21,000	16,800	4,200
Chambishi Sec	1	10,500	8,400	2,100
Lusakashi Basic	13	146,715	117,372	29,343
<b>Total</b>	<b>22</b>	<b>244,080</b>	<b>195,264</b>	<b>48,816</b>

**p. Failure to Constitute Medical Boards**

Contrary to the Terms and Conditions of Service, medical boards in respect of eight (8) officers who had stopped working between 2009 and 2014 due to illness, had not been constituted as of March 2016, and consequently, the officers had drawn salaries and allowances in amounts totalling K976,535. *See table below.*

Province	District	No. of Officers	Amount K
Western	Mongu	2	332,096
	Kalabo	1	65,100
	Sesheke	2	470,404
Southern	Livingstone	2	83,160
Northern	Mporokoso	1	25,775
<b>Total</b>		<b>8</b>	<b>976,535</b>

**q. Staff Employed on Positions not on Establishment**

During the period under review, a scrutiny of the staff establishment register and the payroll in selected districts revealed that thirty four (34) employees were appearing on the payroll on positions not provided for by the staff establishment register and had drawn amounts totalling K1,490,840 in salaries. *See table below.*

Station	No. of Officers	Gross Amount Paid K
Mungwi	24	1,045,400
Mporokoso	10	445,440
<b>Total</b>	<b>34</b>	<b>1,490,840</b>

**r. Employees without National Registration Card on Pay Slips**

During the period under review, twenty seven (27) officers who had been paid salaries totalling K212,430 had no NRC numbers inputted on the payroll despite having been in the service for more than a year. *See table below.*

Province	Station	No. of Officers	Amount K
Southern	Livingstone DEBS	2	7,000
	Choma DEBS	11	38,500
Lusaka	Lusaka	13	124,930
Muchinga	Mpika DEBS	1	42,000
<b>Total</b>		<b>27</b>	<b>212,430</b>

**s. Officers with Duplicate National Registration Card on Payslips**

An analysis of the payroll during the period under review carried out at selected stations under the Ministry of Education revealed that eight (8) officers had shared/ duplicate NRCs numbers on their pay slips and had drawn amounts totalling K115,282 in salaries. *See table below.*

Province	Station	No. of Officers	Amount K
Lusaka	Lusaka	6	21,000
Copperbelt	Ndola DEBS	2	94,282
<b>Total</b>		<b>8</b>	<b>115,282</b>

**t. Officers Drawing Double Salaries**

A review of the payroll and the DDACC files revealed that an Assistant Seed Analyst in the Ministry of Agriculture was also drawing salaries from Ministry of Education as a Senior Laboratory Assistant based in Kabwe. In this regard, the Ministry of Education irregularly paid the Officer salaries in amounts totalling K40,560 for the period from 1<sup>st</sup> January 2015 to 31<sup>st</sup> December 2015.

**u. Drawing of Salaries on Wrong Salary Scales – Central Province**

During the period under review, fifty four (54) employees at selected stations in Central Province who were entitled to be paid salaries in amounts totalling K1,797,135 were placed on wrong salary scales and consequently paid salaries amounting to K2,521,154 resulting in a total overpayment of K724,019. As of July 2016, the anomaly had not been rectified. *See table below.*

Station	No. of Officers	Total Amount Paid on Wrong Salary Scale K	Expected Total to be Paid on Correct Salary Scale K	Overpayment K
PEO	10	452,329	361,400	90,929
Kapiri Mposhi	44	2,068,825	1,435,735	633,090
<b>Total</b>	<b>54</b>	<b>2,521,154</b>	<b>1,797,135</b>	<b>724,019</b>

**v. Irregular Payment of Responsibility Allowance to Senior Officers – Central Province**

Contrary to the collective agreement between the Government of the Republic of Zambia and Secondary School Teachers Union of Zambia (SESTUZ) of 3rd April, 2013 which prohibits payment of responsibility allowance to senior officers from the level of Senior Teachers upwards, it was observed that a total of K46,862 was irregularly paid to thirteen (13) senior teachers as responsibility allowances. *See table below.*

District	Station	No. of Offices	Amount K
Chisamba	Chisamba Boarding	1	2,762
Kabwe DEBS	various	12	44,100
<b>Total</b>		<b>13</b>	<b>46,862</b>

No recoveries had been effected as of July 2016.

**HEAD:** 80 Ministry of Education, Science, Vocational Training and Early Education

**DEPARTMENTS:** Regional Headquarters, District Education Offices, Secondary Schools, Teachers' Training Colleges and Primary Schools

**UNITS:** Various

**PROGRAMMES:** Various

**ACTIVITIES:** Various

47. During the year under review, amounts totalling K88,367,784 were released to sixty six (66) institutions as operational grants, orphans and vulnerable children (OVCs), Educational materials and School grants among others.

In addition, several institutions collected funds totalling K36,333,684 in respect of user fees while K5,518,825 was brought forward from 2014 for infrastructure projects bringing the total available funds to K130,220,293.

## Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Education Offices, District Education Board Offices, Colleges, Schools and physical inspections of selected projects carried out between February and May 2016 revealed the following:

### a. Missing Payment Vouchers

Contrary to Financial Regulation No. 65, eighteen (18) payment vouchers in amounts totalling K235,176 were not availed for audit scrutiny. *See table below.*

Station	No. of Transactions	Amount K
Choma PEO	10	186,436
Solwezi DEBS	5	24,006
Lusaka DEB	3	24,734
<b>Total</b>	<b>18</b>	<b>235,176</b>

### b. Unsupported Payments

Contrary to Financial Regulation No. 45, payment vouchers in amounts totalling K547,045 involving one hundred and five (105) transactions were not supported with relevant documents such as leave forms, transfer letters, quotations, cash sales receipts and LPOs among others. *See table below.*

Station	No. Of Transactions	Amount K
Ndola PEO	1	4,635
Mpongwe DEBS	2	3,330
Mongu College of Education	3	12,840
Mongu DEBS	3	3,000
Kalabo Secondary School	5	9,300
Choma PEO	6	20,110
Kazungula DEBS	13	83,119
Provincial Education Office	1	3,480
Mukinge Girls Sec. School	21	227,123
Mutanda Secondary School	2	3,800
Jiwundu Secondary School	6	16,044
Solwezi DEBS	37	106,758
Lusaka PEO-Revolving	1	3,000
Kafue DEBS	2	6,556
Lusaka PEO - Sports	2	43,950
<b>Total</b>	<b>105</b>	<b>547,045</b>

### c. Unapproved Payments

Contrary to Financial Regulation No.48, two payment vouchers in amounts totalling K8,000 were not approved by authorised officers. *See table below.*

Station	No. of Transactions	Amount K
Chipata Day Secondary School	1	5,000
Solwezi PEO	1	3,000
<b>Total</b>	<b>2</b>	<b>8,000</b>

**d. Officers on Studies without Approved Leave**

Contrary to the Terms and Conditions of Service for the Public Service Nos 121 (b) and 134, amounts totalling K59,600 were paid as tuition fees to Chalimbana University for eight (8) officers from Ndola Provincial Education Office without approved study leave. Further, the officers were not bonded.

**e. Unacquitted Funds**

- i. Contrary to Financial Regulation No. 45, amounts totalling K7,200 paid to the Lusaka District Security Committee for payment of transport allowances to officers monitoring Grades 7, 9 and 12 examinations had not been acquitted by respective beneficiaries. No cash was found at hand and there was no evidence that the money was banked.
- ii. Contrary to Financial Regulation No. 45, payments amounting to K24,008 in respect of missing lunch and transport allowances at Ministry headquarters had not been acquitted as of May 2016.

**f. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K1,257,434 issued to sixty six (66) officers had not been retired as of July 2016.

**g. Failure to Provide Monitoring / Activity Reports**

Imprest in amounts totalling K970,526 was issued to forty two (42) officers to enable them undertake various activities such as monitoring, supervision, among others. However, there were no reports made available for verification to justify the expenditure. *See table below.*

Station	No. of Officers	Amount K
Chipata PEO	2	27,922
Choma PEO	11	66,469
Solwezi PEO	4	27,334
Solwezi DEBS	13	290,947
Kabwe PEO	2	25,163
Headquarters	10	532,691
<b>Total</b>	<b>42</b>	<b>970,526</b>

**h. Irregular Procurement of Goods and Services Using Imprest**

Financial Regulation No. 86 states that accountable imprest is imprest that is issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time.

It was however observed that accountable imprest in amounts totalling K225,822 was issued to twenty five (25) officers to procure goods and services whose values were known at the time. *See table below.*

Station	No. of Officers	Amount K
Mpongwe DEBS	2	4,750
Mongu College of Education	12	94,388
Kalabo Secondary School	5	97,880
Mpika Boys Secondary	2	5,115
Mansa PEO	1	4,800
Lusaka DEB	1	9,415
Kafue DEB	2	9,474
<b>Total</b>	<b>25</b>	<b>225,822</b>

**i. Failure to Follow Tender Procedures**

Contrary to Public Procurement Guidelines No. 1 of 2012, amounts totalling K199,661 were paid by two (2) schools (Mutanda Secondary School – K57,330 and Mukinge Girls Secondary School – K142,331) to various suppliers for the supply of building materials, servicing of motor vehicles and procurement of transportation for sports teams without subjecting them to tender as the payments were above their authorised procurement threshold of K10,000.

**j. Failure to Inscribe Government Assets**

Contrary to Public Stores Regulation No. 154, which states that, “all furniture and equipment belonging to the government must be clearly marked with distinguishing letters of ‘GRZ’ in an inconspicuous part of the asset to identify it as a government property”, various assets costing K135,505 had no identification marks. *See table below.*

Institution	Type of Assets	Amount K
Chipata Day Secondary	Laptops	24,900
Chinsali PEO	Laptops/printer	6,625
Shiwangandu DEBS	Laptops	9,330
Kenneth Kaunda Secondary	Riso Machine	24,500
Mpongwe DEBS	Desktop Computers	65,850
Masaiti DEBS	Desktop Computers	4,300
<b>Total</b>		<b>135,505</b>

**k. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, there were no receipt and disposal details such as stores ledgers, stock control cards, GRV, GIVs among others in respect of various stores items costing K396,309. *See table below.*

Station	General Stores K	Fuel K	Total K
Ndola PEO	1,500	-	1,500
Mpongwe DEBS	-	8,000	8,000
Masaiti DEBS	2,000	4,400	6,400
Lufwanyama DEBS	-	4,000	4,000
Mongu College of Education	18,422	-	18,422
Kalabo Secondary School	10,850	-	10,850
Chipata Day	20,575		20,575
Choma DEBS	60,243	78,616	138,859
Kazungula	54,429		54,429
Samfya DEB	6,630	-	6,630
Mutanda Secondary School	44,908	-	44,908
Jiwundu Secondary School	28,787	-	28,787
Solwezi DEBS	22,124	-	22,124
Kabwe DEBS	23,830	-	23,830
Lusaka DEBS	2,995	4,000	6,995
<b>Total</b>	<b>297,293</b>	<b>99,016</b>	<b>396,309</b>

**l. Fuel Drawn by Private Vehicles**

During the period under review, 546.98 litres of fuel costing K5,399 was irregularly drawn by motor vehicles not on the fleet owned by Chongwe DEBS.

**m. Failure to Disburse Grants to Basic Schools**

During the period under review, amounts totalling K3,261,219 were released to four (4) DEB offices to cater for grants to community and primary schools. However, out of the released amount, only K2,249,292 was disbursed leaving a balance of K1,011,927 which was retained and used for operations at DEBS offices. *See table below.*

Name of Institution	Grants Received K	Grants Disbursed K	Undisbursed Grants K
Mungwi DEBS	714,184	440,408	273,776
Choma DEBS	962,945	785,230	177,715
Kazungula DEBS	455,021	210,566	244,455
Chinsali DEBS	1,129,069	813,088	315,981
<b>Total</b>	<b>3,261,219</b>	<b>2,249,292</b>	<b>1,011,927</b>

**n. Misapplication of Funds**

Contrary to Financial Regulation No. 31 (1), which states that Treasury Authority should be obtained on varying funds, amounts totalling K1,599,033 in nine (9) institutions were applied on activities not related to the intended purpose such as advances and loans, imprest, boarding requisites and sports activities, among others. *See table below.*

Station	Intended Purpose	Misapplied on	Amount K
Western PEO	Other Emoluments, Salary advances	General Administration	504,392
Mongu DEBS	School Grants	General Administration	31,104
Nalolo DEBS	School Grants	General Administration	84,348
Choma PEO	School Grants	General Administration	212,070
Chinsali PEO	Revolving Account	General Administration	72,862
Ndola DEBS	Educational Materials	General Administration	302,001
Masaiti DEBS	Educational Materials	General Administration	243,150
Chinsali PEO	General Administration	Other Emoluments	33,536
Chinsali DEBS	General Administration	Other Emoluments	115,570
<b>Total</b>			<b>1,599,033</b>

**o. Failure to Deduct Tax**

Contrary to the Income Tax Act, settling in allowances in amounts totalling K64,530 were paid to six (6) officers at Chipili DEBS without deducting Pay As You Earn (PAYE).

**p. Failure to Remit Tax**

Contrary to Income Tax Act, K11,160 deducted as Pay As You Earn from settling in allowance paid to an officer at Ndola PEO had not been remitted to the Zambia Revenue Authority as of July 2016.

**q. Failure to Recover Loans and Salary Advances - Revolving Fund Account**

Contrary to the Terms and Conditions of Service of Public Service No. 92 which states that an advance of salary shall be repaid within a reasonable period of time but not exceeding six (6) months, recoveries in respect of salary advances totalling K42,250 paid to fifteen (15) officers during the period from February to December 2015 had not been effected as of July 2016.

**r. Irregular Payment of Teachers' Subsidies and Incentives**

In 2013, the Government harmonised the salaries for all the civil servants through Cabinet Circular No 11(8) of 2013 in which remunerative allowances such as top ups were consolidated in the basic salary.

Contrary to the above Circular, amounts totalling K222,620 were irregularly paid to five (5) officers at two (2) institutions as teachers' subsidies and incentives. *See table below.*

Station	No. of Officers	Amount K
Mongu College of Education	2	7,670
Mpika Boys Secondary	3	214,950
<b>Total</b>	<b>5</b>	<b>222,620</b>

**s. Unaccounted for Funds**

During the period under review, Jiwundu Secondary School collected amounts totalling K287,500 as user fees out of which K275,984 was accounted for while the balance of K11,516

was not accounted for in that the money was not found at hand and there was no evidence that it was banked.

**t. Failure to Collect User Fees**

In 2015, amounts totalling K19,409,091 were expected to be collected as user fees by eight (8) institutions. However, the schools only managed to collect K17,177,313 leaving a balance of K2,231,778. *See table below.*

<b>Station</b>	<b>Expected Revenue K</b>	<b>Revenue Collected K</b>	<b>Uncollected Amount K</b>
Ndola Continuing School	650,950	413,240	237,710
Mporokoso Sec. School	2,076,550	1,443,889	632,661
Mungwi Tech. Sec. School	2,855,550	2,768,774	86,776
Kasama Girls Sec. School	3,115,185	2,829,394	285,791
Kasama College of Education	6,145,400	5,791,784	353,616
Chinsali Girls Sec. Sch.	375,000	-	375,000
Kenneth Kaunda Sec. Sch.	1,451,516	1,257,214	194,302
Mpika Boys Sec. Sch.	2,738,940	2,673,018	65,922
<b>Totals</b>	<b>19,409,091</b>	<b>17,177,313</b>	<b>2,231,778</b>

**u. North Western Province**

**i. Theft of Building Materials – Mukumbi Secondary School**

On 16<sup>th</sup> March 2015, a total amount of K39,960 was paid to Junk Enterprise for procurement of 540 bags of cement to be used for construction of 1x3 CRB and one (1) staff house. However, three hundred ninety eight (398) bags of cement and a geyser valued at K31,147 (cement -K29,452 and geyser - K1,695) had been stolen on 5<sup>th</sup> November, 2015. Although the matter had been reported to Solwezi Police station on 7<sup>th</sup> November, 2015 no loss report had been prepared as of July 2016.

**ii. Undelivered Building Materials – Solwezi DEBS**

In March and April 2015, amounts totalling K264,504 were paid to Lucchero Enterprises for procurement of various building materials for four (4) schools namely Mwanjimambwe, Solwezi Urban, Mukumbi and Kabisapi Combined Schools. An Examination of financial and stores records revealed that the supplier only supplied building materials valued at K124,328 leaving materials costing K140,176 undelivered, twelve (12) months after the advance payment. As of July 2016, no action has been taken against the supplier.

**v. Copperbelt Province**

**i. Irregular Drawings of Fuel - Mpongwe DEBS**

During the period from February to May 2015, fuel valued at K12,100 involving 1,531.31 litres of petrol was recorded as having been drawn by motor bike Reg. No. GRZ 90 ER which

had a tank capacity of 12 litres. It was observed from the fuel records that between 15 litres to 50 litres were drawn at any particular drawing resulting in an excess of 895.31 litres valued at K7,825 being drawn during the period under review

Further, records showed that in some cases the motor bike drew fuel more than once on given dates and different quantities without justification.

*See table below.*

Date	Coupon No	Litres Drawn	Tank Capacity	Excess Liters	Price per litre	Amount K
01.03.2015	8646	45	12	33	8.74	288
01.04.2015	8660	39.5	12	27.5	8.74	240
02.03.2015	8648	30	12	18	8.74	157
02.04.2015	8661	24.84	12	12.84	8.74	112
04.03.2015	8649	30	12	18	8.74	157
05.02.2015	8634	20	12	8	8.74	70
05.04.2015	8862	35.54	12	23.54	8.74	206
06.02.2015	8635	50	12	38	8.74	332
06.03.2015	8650	30	12	18	8.74	157
06.05.2015	8693	38.28	12	26.28	8.74	230
07.04.2015	8664	30.4	12	18.4	8.74	161
07.04.2015	8663	27	12	15	8.74	131
08.03.2015	8652	30	12	18	8.74	157
08.03.2015	8653	28.2	12	16.2	8.74	142
09.04.2015	8700	30	12	18	8.74	157
09.04.2015	8665	23.3	12	11.3	8.74	99
10.02.2015	8639	15	12	3	8.74	26
10.02.2015	8640	15	12	3	8.74	26
10.03.2015	8654	15	12	3	8.74	26
10.05.2015	1612	39.91	12	27.91	8.74	244
10.05.2015	8698	40	12	28	8.74	245
11.02.2015	8642	30	12	18	8.74	157
11.03.2015	8657	15	12	3	8.74	26
11.03.2015	8658	31.5	12	19.5	8.74	170
11.05.2015	1602	54.74	12	42.74	8.74	374
12.02.2015	8645	27.3	12	15.3	8.74	134
13.03.2015	8659	15	12	3	8.74	26
13.04.2015	8667	30.4	12	18.4	8.74	161
13.04.2015	8666	55.27	12	43.27	8.74	378
13.05.2015	1607	15	12	3	8.74	26
13.05.2015	1606	15	12	3	8.74	26
13.05.2015	1605	42.45	12	30.45	8.74	266
14.05.2015	1609	18.34	12	6.34	8.74	55
14.05.2015	1608	16.69	12	4.69	8.74	41
15.04.2015	8669	29.55	12	17.55	8.74	153
20.04.2015	1611	30	12	18	8.74	157
20.04.2015	8674	37.96	12	25.96	8.74	227
21.04.2015	8676	34	12	22	8.74	192
21.04.2015	8675	29.63	12	17.63	8.74	154
22.05.2015	1615	27.35	12	15.35	8.74	134
23.04.2015	8677	40.94	12	28.94	8.74	253
23.05.2015	1618	33.74	12	21.74	8.74	190
23.05.2015	1617	10	12	-2	8.74	-17
23.05.2015	1616	15	12	3	8.74	26
24.04.2015	8678	25	12	13	8.74	114
26.05.2015	1620	29.16	12	17.16	8.74	150
28.05.2015	18605	45.48	12	33.48	8.74	293
28.05.2015	18604	30	12	18	8.74	157
28.05.2015	18603	12.79	12	0.79	8.74	7
29.04.2015	8685	24.35	12	12.35	8.74	108
29.05.2015	1621	30	12	18	8.74	157
30.04.2015	8686	27.7	12	15.7	8.74	137
	8643	15	12	3	8.74	26
<b>Total</b>		<b>1531.31</b>		<b>895.31</b>		<b>7,825</b>

**ii. Irregular fuel drawings by Private Vehicle - Lufwanyama DEBS**

Fuel (Petrol 209 litres and Diesel 523 litres) costing K6, 518 was drawn from DEBS office by private vehicles without authority.

**iii. Irregularities in the Procurement of Computers – Ndola DEBS**

In October 2015, the Ndola DEBS procured sixty (60) computers at a cost of K168,000 from Mwechiza Investments for distribution to primary schools. The computers were delivered to the DEBS office in November 2015. However, the DEBS office rejected them on account that the supplier delivered old computers which did not meet the specifications outlined in the contract. As of July 2016, neither were the computers replaced nor a refund obtained from the supplier.

**w. Irregular Procurement of ICT Equipment - Petauke DEBS**

On 30<sup>th</sup> March 2015, Petauke District Education Board received amounts totalling K456,766 for procurement of ICT equipment for schools. Procurement guidelines given by the ministry required that the funds be disbursed to the respective schools and that procurement be done through the Provincial Procurement Committee.

The DEBS did not adhere to the guidelines as it did not disburse the funds to the schools and failed to use the Provincial Procurement Committee to procure the equipment. Instead, on 6<sup>th</sup> August 2015, the DEBS office advertised for the supply and delivery of eighty (80) desktop computers and fourteen (14) printers but there were no successful bidders.

The DEBS then procured seventy one (71) desktop computers and fifteen (15) printers from HiFi Corp at a cost of K379,749 leaving a balance of K77,026. However, the procurement was irregular as the equipment was single sourced from HiFi Corp without obtaining authority from the Zambia Public Procurement Authority.

Further, out of the balance of K77,026 amounts totalling K71,026 were applied on unrelated activities such as payment of subsistence allowances, meal allowances, sports activities, imprest and fuel among others.

**x. Lusaka Province Revolving Account**

**i. Failure to Collect Materials – Kafue DEBS**

During the year under review, amounts totalling K3,459 were paid to Livestock Services Co-operative for the purchase of wire fence and fencing accessories for the DEBS Office. However, a physical verification revealed that the materials had not been collected as of July 2016. *See table below.*

Date	Payee	Details	Amount K
02.07.15	Livestock Services Co-operative	Payment for wire and fence	2,982
02.07.15	Livestock Services Co-operative	Payment for wire and fence	477
<b>Total</b>			<b>3,459</b>

**ii. Hire of Conference Facility without Authority - Sports Account – Lusaka PEO**

Cabinet Office Circular No. 9 of 2012 Section 2 (i) and (ii) provides that Controlling Officers shall ensure that to the extent possible, official meetings are held in Government facilities.

Contrary to the Circular, on 5<sup>th</sup> February 2015, the Office paid an amount of K38,900 to Graka Lodge in Chongwe District for holding of an Annual Review Meeting without authority from the Permanent Secretary. Further, the procurement of the conference facilities were not subjected to tender.

**y. Unreceived School Grants – Western Province**

During the year under review, the Ministry of Finance disbursed a total amount of K1,044,618 to the Ministry of Education for onward disbursements to Limulunga and Nalolo DEB offices as basic school grants. However, a visit to the two (2) institutions revealed that as of May 2016, only school grants in amounts totalling K781,169 were received leaving a balance of K263,449 unaccounted for. *See table below.*

Institution	School Grants disbursed by Ministry of Finance K	School Grants Received by the Institutions K	Unaccounted for School Grants K
Limulunga DEBS	517,038	342,590	174,448
Nalolo DEBS	527,580	438,579	89,001
<b>Total</b>	<b>1,044,618</b>	<b>781,169</b>	<b>263,449</b>

As of July 2016, the institutions had not taken action to trace the whereabouts of the balance of K263,449 not received.

**z. Muchinga Province**

**i. Unreimbursed Borrowings – Chinsali PEO, Revolving Fund Account**

During the period under review, amounts totalling K30,746 were paid from the Revolving Fund Account as borrowings to cater for an in house audit (K16,738) and monitoring of Grade 9 examinations (K14,008).

However, as of August 2016, the amounts had not been reimbursed to the Account.

**ii. Uninsured Motor Vehicles – Chinsali DEB**

A scrutiny of documentation and enquiries at the DEB offices revealed that four (4) motor vehicles belonging to the Office had not been insured as of August 2016. *See table below.*

MAKE	MODEL	REG. NO.	CONDITION	LOCATION	COMMENT
Ford	Ranger	GRZ 153CF	Runner	Chinsali DEB	Motor Vehicle
Toyota	Landcruiser	GRZ 423BS	Runner	Chinsali DEB	Motor Vehicle
Suzuki	200	GRZ 72ER	Runner	Chinsali DEB	Motorcycle
Suzuki	200	GRZ 07DN	Runner	Chinsali DEB	Motorcycle

**aa. Over Payment of Subsistence Allowances**

During the period under review, imprest in amounts totalling K90,397 was issued to twenty one (21) officers to enable them undertake various activities in the districts. However, a scrutiny of retirement documents such as accounts form 44A revealed that the officers over claimed subsistence allowance in amounts totalling K6,160 as they spent fewer days on tour than they were paid. As of August 2016, the overpayments had not been recovered from the officers.

**bb. Funds for Orphans and Vulnerable Children (OVCs)**

In September 2015, the Ministry of General Education transferred funds meant for Orphans and Vulnerable Children (OVC) amounting to K3,958,301 from the main account to the GRZ counterpart fund account for onward remittances to provinces. A scrutiny of the counterpart fund cashbook revealed that amounts totalling K2,731,816 were remitted to the PEOs, DEBS and schools countrywide leaving a balance of K1,226,485.

**cc. Irregular Procurement - Nyimba DEBS**

On 27th March 2015, Nyimba District Education Board received amounts totalling K164,500 for procurement of ICT equipment for schools.

The procurement guidelines given by the Ministry required the funds to be disbursed to respective schools and the use of the Provincial Procurement Committee for selection of suppliers.

It was observed that the DEB office did not advertise for tenders to supply and delivery of ICT equipment but instead used simplified bidding by inviting two (2) suppliers namely Partners Hardware and General Suppliers and Westech Systems.

Contrary to the technical specifications issued by the Ministry Headquarters, which specified the type of equipment to be procured such as desktops, printers and LCD among others, the DEB office procured thirty five (35) laptops valued at K164,500 from Partners Hardware & General Suppliers which were not part of the type of equipment to be procured.

**HEAD:** 80/ Ministry of Education, Science, Vocational Training and Early Education

**DEPARTMENTS:** 01 - 40 Headquarters, Provincial and District Education Offices, High Schools, Basic Schools, Teachers' Training Colleges

**UNITS:** Various

**PROGRAMMES:** National Implementation Framework (NIF) III

**ACTIVITIES:** Various

48. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K98,314,553 (US\$10,749,720) was made to cater for activities under the National Implementation Framework (NIF III) Programme and the whole amount was released.

According to the Financial Statement (Statement C), as at 31<sup>st</sup> December 2015, amounts totalling K30,651,008 had been spent.

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

An examination of accounting and other records maintained at the Ministry Headquarters, Provinces and Districts carried out in July 2016 revealed the following:

**a. Failure to Produce Activity Reports**

During the period under review, imprest in amounts totalling K650,215 was issued to nine (9) officers to enable them undertake various activities such as trainings, review of education policies and delivering of donated materials, among others. As of July 2016, no activity reports were availed for audit to ascertain whether the activities were undertaken.

**b. Irregular Use of Imprest to Procure Goods and Services**

According to Financial Regulation No. 86 (c) accountable imprest is issued to facilitate the purchase of goods and services whose value cannot be ascertained at the time of issue. Contrary to the Regulation, imprest in amounts totalling K51,022 were issued to four (4) officers for the procurement of goods whose values were obtainable on the market.

**c. Unaccounted for Stores**

Contrary to Public Stores Regulation No 16 and 18, twelve (12) computers and a router costing K106,394 procured during the period under review were not accounted for in that there were no receipt and disposal details.

**d. Failure to Provide Contracts - Zambia Education Publishing House (ZEPH)**

During the period from March to August 2015, amounts totalling K8,155,245 were paid to ZEPH for printing, supply and delivery of 275,000 syllabi booklets and literature books.

The text and syllabi books were to be distributed to various DEBS in all the provinces as shown in table below.

<b>Province</b>	<b>Quantities</b>
Copperbelt	30,000
Northern	21,000
North Western	24,800
Southern	19,200
Western	25,000
Eastern	30,000
Muchinga	21,500
Luapula	32,500
Central	38,200
Lusaka	32,800
<b>Total</b>	<b>275,000</b>

However, the following were observed

- i. Contrary to ZPPA Regulations (2011) No. 18, the contract with ZEPH was not availed for audit making it difficult to establish the terms of the contract.
- ii. Contrary to ZPPA Regulations (2011) No. 20 (e), the Ministry could not provide the distribution and delivery notes for the supply and delivery of syllabi booklets and literature books to respective District Board Secretary's Offices (DEBS) as of July 2016. In this regard, the distribution of 275,000 books worth K8,155,244 could not be verified.

**e. Supply and Delivery of Text Books for Grades 1, 5, 8 and 10**

On 27<sup>th</sup> March 2015, the Ministry engaged MK Publishers Limited for the supply and delivery of 2,959,896 text books to the ten (10) provinces for Grades 1, 5, 8 and 10 at a contract price of K29,837,821 with delivery periods of eighteen (18) months.

In July 2015, the contract was varied upwards by 46,127 textbooks to a new delivery quantity of 3,006,023 with an adjusted contract price of K30,302,821.

As of July 2016, MK Publishers Limited had been paid amounts totalling K15,246,182 leaving a balance of K15,056,639.

The following were observed:

**i. Lack of Bidding Documents and Evaluation Reports**

Contrary to ZPPA Regulation (2011) No. 18 (1) and 20, documents such as adverts, bidding documents and evaluation reports were not available for audit scrutiny.

**ii. Lack of Variation Order**

Contrary to ZPPA Regulations (2011) No. 20 (3b), the amended value was not supported by a variation order.

**iii. Undelivered Text Books**

A test check of the delivery of the books to thirty three (33) selected DEBS offices which were to receive 755,359 text books valued at K7,882,089 revealed that the supplier had only delivered 500,916 text books valued at K4,762,626 leaving a balance of 254,443 books valued at K3,119,463 as of July 2016. *See table below.*

Province	District	Expected Quantity	Actual Delivered	Variance	Value K
Lusaka	Luangwa	13,670	11,365	2,305	18,150
	Siavonga	17,487	15,182	2,305	101,114
Copperbelt	Kalulushi	8,805	7,428	1,377	18,864
Eastern	Chipata	9,186	757	8,429	342,994
	Katete	29,027	334	28,693	339,198
	Lundazi	62,916	-	62,916	417,098
	Petauke	66,720	33,636	33,084	640,682
Luapula	Chipili	15,847	15,175	672	9,177
	Samfya	63,069	57,909	5,160	89,661
	Chembe	9,523	4,980	4,543	53,717
	Nchelenge	52,619	52,100	519	4,824
Northern	Mbala	4,487	4,115	372	2,107
	Luwingu	3,897	3,886	11	244
	Mporokoso	775	516	259	2,937
	Mungwi	1,121	527	594	10,820
Muchinga	Chama	2,614	1,452	1,162	15,709
	Isoka	4,812	4,293	519	6,474
	Mpika	21,681	18,526	3,155	24,773
	Chinsali	4,965	4,366	599	8,299
Western	Mongu	55,325	54,524	801	14,769
	Senanga	38,822	38,241	581	5,730
	Mulobezi	16,673	14,813	1,860	17,649
	Sesheke	24,987	20,128	4,859	40,469
	Sikongo	13,891	12,104	1,787	16,545
	Kalabo	34,469	17,624	16,845	168,987
N/Western	Solwezi	52,140	-	52,140	495,811
	Kasempa	13,787	10,391	3,396	49,406
	Kabompo	10,982	3,288	7,694	82,536
	Chavuma	8,422	7,080	1,342	19,242
	Ikelenge	5,852	2,386	3,466	50,514
Southern	Zimba	21,865	21,431	434	5,525
	Kazungula	26,945	25,768	1,177	21,544
	Livingstone	37,978	36,591	1,387	23,894
<b>Total</b>		<b>755,359</b>	<b>500,916</b>	<b>254,443</b>	<b>3,119,463</b>

**f. Unaccounted for Text Books between DEBS and Schools**

Contrary to Public Stores Regulation No. (16), a total number of 14,307 text books valued at K440,194 delivered to various schools could not be accounted in that there were no records to show evidence of delivery and the text books were not in stores as of July 2016. Table below refers.

Province	Quantity	Amount K
Lusaka	2,347	25,430
Copperbelt	7,529	358,299
Muchinga	90	713
Western	4,341	55,751
<b>Total</b>	<b>14,307</b>	<b>440,194</b>

Further, a total number of six hundred and seventy (670) Grade eight (8) books valued at K8,985 which were indicated as having been issued to DEBS in all the ten (10) provinces could not be accounted for in that the DEBs names and locations were not stated on the distribution schedules. *See table below.*

Book	Qty Per Province	Qty for 10 Provinces	Unit Price K	Amount K
English - PB	3	30	16.84	505
S.St - PB	3	30	10.46	314
Env. Science - PB	3	30	11.52	346
Maths - PB	3	30	18	540
RE - PB	3	30	9	270
Design & Tech - PB	25	250	13.69	3,423
Design & Tech - TG	1	10	13.99	140
HE - PB	25	250	13.18	3,295
HE - TG	1	10	15.27	153
<b>Total</b>	<b>67</b>	<b>670</b>		<b>8,985</b>

#### g. Failure to Distribute Books to Primary Schools

In 2015, six (6) DEBs offices received 146,463 text books for distribution to various schools. As of July 2016, a total of 95,183 books had been distributed leaving a balance of 51,280 books costing K477,010 not distributed to the schools. *See table below.*

Station	Quantity Received	Quantity Distributed	Variance	Amount K
Chama	31,463	22,139	9,324	67,896
Choma	52,641	18,383	34,258	327,657
Kazungula	25,768	19,488	6,280	62,670
Livingstone	36,591	35,173	1,418	18,787
<b>Total</b>	<b>146,463</b>	<b>95,183</b>	<b>51,280</b>	<b>477,010</b>

#### h. Failure to Deliver Free Education Materials to Schools - Chembe District

According to the distribution schedules, eight (8) selected Schools in Chembe District were to receive a total of 962 text books. However, a physical inspection revealed that only 646 text books were received at the schools leaving a balance of 316 books valued at K3,330 undelivered as shown in the table below.

School	Quantity Received	Quantity Distributed	Variance	Amount K
Milima Primary Sch	51	48	3	17
Malenge Community Sch	68	61	7	39
Chembe Primary Sch	138	98	40	350
Chembe Secondary Sch	57	55	2	26
Luwo Primary Sch	30	28	2	20
Lukola Primary Sch	163	98	65	619
Lukola Secodary Sch	76	62	14	170
Muobe Primary Sch	71	24	47	449
Myengele Primary Sch	50	0	50	475
Myengele Secondary Sch	258	172	86	1,164
<b>Total</b>	<b>962</b>	<b>646</b>	<b>316</b>	<b>3,330</b>

**i. Failure to Distribute Books – Ikelenge DEB Office**

In October 2015, the DEB office received various books costing K94,054 for distribution to schools. However, as of July 2016, ten (10) months after receipt, the books had not been distributed to the schools.

**j. Failure to Deliver Books to Schools as Per Allocation – DEB Office, Zimba**

In 2015, the DEB office allocated 323 books valued at K4,086 to two (2) Secondary Schools. As of July 2016, the two (2) schools had not received their allocation of the books. *See table below.*

Station	Quantity Books	Value K
Zimba – Zimba Sec. Sch.	197	2,740
Zimba – Luyaba Combined Sch.	126	1,347
<b>Total</b>	<b>323</b>	<b>4,086</b>

**k. Failure to Deliver Mobile Science Laboratories - National Science Centre (NSC)**

In 2015, the National Science Centre (NSC) was engaged to supply 700 Mobile Science Laboratories valued at K3,570,000 to all the ten (10) provinces.

An examination of distribution records revealed that 560 mobile laboratories valued at K2,4856,000 had been delivered to eight (8) Provincial Educational Offices (PEO) while the balance of 140 mobile laboratories valued at K714,000 meant for Lusaka and Southern PEOs had not been delivered as of July 2016.

Further verifications revealed the following:

**i. Missing Laboratory Apparatus – PEO, Mongu**

The seventy (70) mobile laboratories delivered to PEO Mongu were missing various laboratory apparatuses valued at K27,300 as detailed in the table below.

Item	Quantity	Cost K	Total K	Comments
Gas cylinder	70	275	19,250	Not delivered
Induction coil 248 turns	70	15	1,050	Not delivered
Circuit board	70	80	5,600	Not delivered
Bimetalic Strip	70	20	1,400	Not delivered
<b>Total</b>			<b>27,300</b>	

As of July 2016, the missing apparatus had not been delivered.

**ii. Failure to Use Mobile Science Laboratories – PEO, Mongu**

A physical inspection of selected schools carried out in July 2016 revealed that, the mobile laboratories were not in use due to various reasons such as missing components, lack of classroom space, failure to assemble among others. *See table below.*

District	Name of the school	No. of Laboratory	Status
Mongu	Kanyonyo Secondary School	5	Not operational due to missing, gas cylinder, induction coil, circuit board and bimetalic strip
Senanga	Liangati Secondary School	5	No classroom space and not assembled
Sesheke	Katima Secondary School	5	Not operational due to missing, gas cylinder, induction coil, circuit board and bimetalic strip

**i. Failure to Supply Mathematical Graph Boards – National Science Centre**

In 2015, the National Science Centre (NSC) was engaged to supply 16,000 mathematical graph boards to all the ten (10) provinces. An examination of distribution records in July 2016 revealed that only 3,870 boards had been delivered to five (5) Provincial Educational Offices (PEO) leaving a balance of 12,130 valued at K4,245,500 outstanding. *See table below.*

Province	Quantity Allocated	Quantity Supplied	Variance	Unit Cost K	Total K
Lusaka	1,600	0	1,600	350	560,000
Copperbelt	1,600	630	970	350	339,500
Western	1,600	1260	340	350	119,000
Eastern	1,600	0	1,600	350	560,000
Muchinga	1,600	0	1,600	350	560,000
Northern	1,600	0	1,600	350	560,000
Southern	1,600	300	1,300	350	455,000
Central	1,600	750	850	350	297,500
North Western	1,600	300	1,300	350	455,000
Luapula	1,600	630	970	350	339,500
<b>Totals</b>	<b>16,000</b>	<b>3870</b>	<b>12,130</b>		<b>4,245,500</b>

However the following were observed:

**i. Undistributed Mathematical Graph Boards – Western Province**

As of July 2016, fifty six (56) mathematical graph boards valued at K19,600 that were purportedly distributed to schools could not be accounted for as there were no records of receipt and the boards were not found at the schools.

**ii. Failure to Distribute Mathematical Graph Boards (MGB) – Southern Province**

On 15<sup>th</sup> March 2016, 300 mathematical graph boards valued at K105,000 were received by Southern Province PEO for onward distribution to various schools. However, as of July 2016, all the 300 mathematical boards had not been distributed and were still in the stores at the PEO.

**iii. Failure to Distribute Graph Boards to schools - Chisamba DEBS**

On 4<sup>th</sup> January 2016, the DEBS received a total number of seventy six (76) mathematical graph boards valued at K26,600 for distribution to various schools. However, as of July 2016, fifty one (51) boards had been distributed to schools leaving the balance of twenty five (25) valued at K8,750 not distributed.

Further, a physical count carried out in April 2016 at the DEBS Office revealed that out of the twenty five (25) remaining boards, only thirteen (13) graph boards were in stores resulting in twelve (12) boards valued at K4,200 unaccounted for.

**m. Contract for the Construction of Wall Fence - Ya Investments Limited**

The Ministry of Education, Science, Vocational training and Early Education signed a contract on an unknown date with Ya Investments Limited for the construction of external works (Wall fence) at the National Science Centre at a contract sum of K1,243,262 with a completion period of three (3) months under the supervision of the Head Infrastructure under the Ministry of Education.

The following were observed:

**i. Failure to Provide Pre-award of Contract Documents**

- Contrary to ZPPA Regulation No. 18 and 20 which requires the Ministry to keep all documents relating to the procurement proceedings, tender evaluation reports for the contractor was not availed for audit therefore making it difficult to ascertain how the selection process was done.
- The contract signed between the Ministry and Ya Investment Limited had missing information such as contract date, site handover date, date signed, date stamp, start and expected completion date contrary to ZPPA Regulation No. 20 (3a) and Contract provision No. 16.1
- Contrary to contract provision No. 15.1, 16.1 and 17.1 which requires the contractor to carry out the works in accordance with the programme submitted and based on specification and drawings showing the works to be done, the scope of works did not

specify what was to be done as the contract only indicated “the execution of external works at the National Science Centre (NSC)”. As of April no explanation had been given.

## ii. Questionable Payment

On the 23<sup>rd</sup> of December, 2015, a sum of K178,840.22 representing 11.7% was made towards the interim certificate and a review of the monitoring reports, revealed that the contractor took possession of site on the 4<sup>th</sup> of May 2015. According to the scope of works, the external works included the construction of boundary wall fence.

However, a review of the correspondence obtained revealed that the contractor had made little progress far below what was expected and that there was scanty construction materials on site.

Despite the Ministry observing such disparities, and issuing a final warning for the termination of the contract on the 23<sup>rd</sup> December 2015, a payment to the contract was made on the same day thereby making the payment questionable.

A physical inspection of the site in July 2016 revealed the following:

- Although the site clearing, excavations and earthworks, concreting the footing had been undertaken, block work was only done for three courses for a stretch of 640 meters long, the quality of block works was poorly executed.
- Works such as fixing of palisade fence panels, copping, sliding gate and disposing of surplus executed materials had not commenced and the contractor was not on site at the time of inspection conducted in February, 2016. *See pictures below.*



*Abandoned construction of a wall fence*

Although it was apparent that the contractor had not performed according to the contract, it is not clear why the Ministry had not evoked Clause 46 of the contract and charged the contractor liquidated damages for the delays or terminated the contract.

**n. Construction of Administration Block - October First Enterprises**

The Ministry of Education, Science, Vocational Training and Early Education signed a contract on an unknown date with “October First Enterprises Limited” for the construction of an Administration Block at the National Science Centre at a contract sum of K4,989,629 with a completion period of twelve months. According to the conditions of the contract document, the start date was 7<sup>th</sup> May 2015, and the site hand over was 23<sup>rd</sup> May 2015. The project’s intended date of completion of works was 6<sup>th</sup> May 2016. The Project Manager was the Head Infrastructure under the Ministry of Education.

A physical inspection of records and building, revealed the following:

- The tender evaluation reports for the contractor were not availed making it difficult to ascertain how the selection process was done. This was contrary to ZPPA Regulations No. 18.
- Although a sum of K1,930,874 out of the total contract sum of K4,989,629 representing 39 percent of the contract had been paid, works were at slab level as of September 2016.
- Contrary to ZPPA Regulation No. 20 (3b) and the General Conditions of the Contract under Section “B Number 26 to 28”, regarding the extension of the intended completion date, there were no correspondence regarding any extension at the time of audit.

Although it was apparent that the contractor had not performed according to the contract, it is not clear why the Ministry had not evoked Clause 46 of the contract and charged the contractor liquidated damages for the delays or terminated the contract.

Further, inspections carried out on 14<sup>th</sup> September 2016 revealed that the contractor had abandoned the site and the status of the project was as shown in the picture below.



*Abandoned construction site*

**o. Failure to Procure Apparatus and SWAP Chemicals**

In 2013, the Ministry Procurement committee recommended three (03) suppliers namely, Southern Lite Suppliers Limited, Kariba Trading and Blessed Days Trading Limited for the contracts to supply and deliver Laboratory equipment and chemicals to secondary schools countrywide under Sector Wide Approach Programme (SWAP). In this regard, the Ministry of General Education disbursed amounts totalling K4,355,993 to the National Science Centre for the procurement of apparatuses in 2013. As of July 2016, the Apparatus and SWAP Chemicals had not been procured despite the funds being available.

**HEAD: 88 Office of the President – Muchinga Province**

**UNIT: Various**

**PROGRAMME: Poverty Reduction Programme (PRP)**

**ACTIVITY: Infrastructure**

49. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K70,264,130 was made to cater for infrastructure development in Muchinga Province out of which K70,034,173 was released resulting in an underfunding of K229,957.

In addition, an amount of K13,356 was brought forward from the year 2014 bringing the total funds available to K70,047,529.

According to the Financial Statement (Statement C), a total amount of K52,024,900 had been spent as at 31<sup>st</sup> December 2015.

Although the funds were utilised on on-going projects, there was no breakdown in the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015 to show the projects that were to be funded and how much money was assigned to each project.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of projects carried out during the period from February to June 2016 revealed the following:

**a. Construction of a Six (6) Storey Office Block for the Provincial Administration -Chinsali**

On 17<sup>th</sup> September 2012, China Jiangxi Corporation was engaged to construct a 1 x 6 storey office block for Provincial Administration in Chinsali District at a total contract price of

K48,682,288. The contract period was seventy eight (78) weeks commencing on 16<sup>th</sup> October 2012 and ending on 24<sup>th</sup> April 2015. Following the non-completion of the project within the contract period, the contractor was given a number of extensions bringing the completion date to 31<sup>st</sup> March 2016. On 14<sup>th</sup> June 2016, the contract was further extended to 11<sup>th</sup> November 2016.

The scope of works included construction of substructure and superstructure, structural steel works, roofing, plumbing and electrical installation, painting, glazing, drainages, car parking areas, fitting of bulletin boards, shelves, doors and landscaping. The contractor was also supposed to construct a boundary wall, fire escape staircase, lift and water fountain, supply and install a generator, air conditioning units, strong room doors and kitchen units and drill and equip a borehole.

As of June 2016, the contractor had been paid a total amount of K33,468,792 as shown in the table below.

<b>Year</b>	<b>Expenditure K</b>
2013	14,435,748
2014	5,508,487
2015	11,759,925
2016	1,764,633
<b>Total</b>	<b>33,468,792</b>

According to the General Conditions of Contract, Clause 43 settlement of certified claims is supposed to be done within twenty eight (28) days from the date of issuance. However, a scrutiny of certified claims revealed delays in settlement of two (2) certificates in amounts totalling K1,662,729 of up to two hundred and ten (210) days. *See table below.*

<b>Certificate No</b>	<b>Amount K</b>	<b>Date Issued</b>	<b>Due Date</b>	<b>Date Settled</b>	<b>Delay</b>
5	1,134,549	8/15/2014	9/12/2014	4/10/2015	210 days
6	528,180	12/16/2014	1/14/2015	4/10/2015	86 days
<b>Total</b>	<b>1,662,729</b>				

Consequently, the failure to settle completion certificates contributed to the delays in the completion of the project.

A physical inspection of the site carried out in September 2016, revealed that the works had not been completed. The outstanding works included:

- Installation of a lift
- Water fountain
- Road works

- Completion of painting
- Landscaping
- Fitting of bulletin boards
- Shelves
- Automatic hand driers
- Doors and ceiling boards as well as provision of a generator
- Strong room doors and kitchen units

The other outstanding works were:

- Completion of the boundary wall
- Plumbing installations
- Plastering, fire escape staircase
- Completion of tiling
- Cladding
- Car park
- Electrical fittings
- Fitting a 10,000 litre surface tank and
- Completion of the installation of air conditioning units. *See picture below.*



*Six (6) Storey Office Block for the Provincial Administration under construction*

**b. Construction of a four (4) Storey Office Block for the Provincial Administration in Chinsali**

On 24<sup>th</sup> July 2013, the Provincial Administration engaged Matty Construction Ltd to construct a four (4) storey office block for the Provincial Administration in Chinsali District at a contract price of K22,575,211. The completion period was twelve (12) months commencing on 27<sup>th</sup> August 2013 and ending on 27<sup>th</sup> August 2014. Following the non-completion of the project within the contract period, the contractor was given a number of extensions bringing the completion date to 30<sup>th</sup> August 2016. On 29<sup>th</sup> August 2016, the contract was further extended to 30<sup>th</sup> November 2016.

The scope of works included construction of substructure and superstructure, boundary wall, roofing, carpentry, metal works, plumbing, installation of air conditioning, glazing, plastering, painting, drainage, aluminum partitions, parking areas, drainage, fire escape staircase, water fountain, lift, provision of generator, strong room doors and kitchen units as well as drilling of a borehole.

As of June 2016, the contractor had been paid a total amount of K16,563,290 as shown in the table below.

<b>Year</b>	<b>Expenditure K</b>
2013	5,743,909
2014	1,360,827
2015	5,121,276
2016	4,337,278
<b>Total</b>	<b>16,563,290</b>

According to the General Conditions of Contract, Clause 43 settlement of certified claims is supposed to be done within twenty eight (28) days from the date of issuance. However, a scrutiny of certified claims revealed delays in settlement of two (2) certificates in amounts totalling K3,215,594 of up to one hundred and ninety eight (198) days. *See table below.*

<b>Certificate No</b>	<b>Amount K</b>	<b>Date Issued</b>	<b>Due Date</b>	<b>Date Settled</b>	<b>Delay</b>
3	1,675,228	12/8/2014	1/6/2015	4/10/2015	24 days
4	1,540,366	12/8/2014	1/6/2015	23/07/2015	198 days
<b>Total</b>	<b>3,215,594</b>				

Consequently, the failure to settle completion certificates contributed to the delays in the completion of the project.

A physical inspection of the site carried out in September 2016 revealed that the works were still far from being completed and that it was unlikely that works were going to be completed

by 30<sup>th</sup> November 2016. The outstanding works included; installation of a lift and completing the installation of air conditioning units, cladding, painting, glazing, completion of fitting of doors, window frames on last floor and ceiling boards, electrical installations, plumbing fittings, road works and drainage works. Other works included tiling of stair cases and provision of a generator, strong room doors, kitchen units, construction of a boundary wall and provision of two (2) water tanks with total capacities of 15,000 litres as well as water connections. *See picture below.*



*(4) Storey Office Block for the Provincial Administration under construction*

**c. Construction of Thirty (30) Medium Cost Houses in Chinsali**

On 24<sup>th</sup> July 2013, the Provincial Administration engaged Refrigeration Agencies Ltd to construct thirty (30) medium cost houses in Chinsali District at a total contract price of K17,916,663. The contract period was eight (8) months commencing on 20<sup>th</sup> September 2013 and ending on 10<sup>th</sup> June 2014.

On 18<sup>th</sup> April 2016, the contract was extended to 30<sup>th</sup> July 2016. However, it was observed that the extension was given after twenty two (22) months of the expiry of the expected completion period, which was contrary to the contract provisions which required the contractor to seek an extension within twenty one (21) days of expiry of the expected completion period provided there were valid reasons.

The scope of works included construction of thirty (30) houses, plumbing, electrical installation, painting, external works such as roads and parking areas, landscaping, drainage, dish drain and apron as well as drilling of four (4) boreholes and installing a 50,000 steel paneled water tank.

As of June 2016, the contractor had been paid a total amount of K10,774,303 as shown in the table below.

Year	Expenditure K
2013	4,721,910
2014	1,620,897
2015	1,109,155
2016	3,322,341
<b>Total</b>	<b>10,774,303</b>

A physical inspection of the site carried out in September 2016 revealed that the works had not been completed and the houses were at the following stages; twenty eight (28) houses had been roofed while two (2) houses were at ring beam level. *See picture below.*



*Part of twenty eight (28) houses at roof level*

**d. Construction of a Two (2) Storey Office Block for Office of the President (Special Division) in Chinsali**

On 18<sup>th</sup> September 2013, the Provincial Administration engaged ZamChin Construction Ltd to construct a two (2) storey office block for Office of the President (Special Division) in Chinsali District at a total contract price of K12,854,692. The contract period was twelve (12) months commencing on 7<sup>th</sup> October 2013 and ending on 7<sup>th</sup> September 2014. Following the non-completion of the project within the contract period, the contractor was given a number of extensions bringing the completion date to 31<sup>st</sup> March 2016.

The scope of works included construction of substructure and superstructure, roofing, plumbing and electrical installation, glazing, painting, construction of a tarmac road, parking areas, guard house and construction of a boundary wall fence and drainage works. The contractor was also supposed to supply and install air conditioning units and fuel storage under - ground tanks, pumps and other associated fittings.

As of June 2016, the contractor had been paid a total amount of K10,333,170 as shown in the table below.

Year	Expenditure K
2013	3,213,675
2014	3,287,562
2015	2,682,984
2016	1,148,949
<b>Total</b>	<b>10,333,170</b>

A physical verification of the site carried out in September 2016 revealed that although the contractor handed over the project on 1<sup>st</sup> June 2016, the fuel storage tank, pumps and other associated fittings provided for in the contract had not been put up.

Although the contract provided for the charging of liquidated damages of 0.5 percent of the value of work uncompleted per day for delays in the completion of the project by the contractor, the contractor had not been charged any liquidated damages for the delay in completing the project.

**e. Construction of Twenty (20) Low Cost Houses, (10) Medium Cost Houses and (10) High Cost Houses**

On 17<sup>th</sup> September 2012, China Jiangxi Corporation was engaged to construct (20) low cost houses, (10) medium cost houses and (10) high cost houses in Chinsali District at a total contract price of K28,895,428. However, a scrutiny of the Bill of Quantities (BOQ) revealed that the cost of the items making up the works was K25,909,250 and not the contract price of K28,895,428 indicated in the contract. In this regard, the contract price exceeded the BOQ by K2,986,179 and as of May 2016, the price had not been adjusted.

The contract period was seventy eight (78) weeks commencing on 25<sup>th</sup> October 2012 and ending on 25<sup>th</sup> April 2015. Following the non-completion of the project within the contract period, the contractor was given a number of extensions bringing the completion date to 31<sup>st</sup> March 2016. On 1<sup>st</sup> July 2016, the contract was further extended to 30<sup>th</sup> September 2016.

The scope of works included: construction of substructures and superstructures, roofing, metal works, carpentry and plumbing installations, electrical installations, glazing, painting, flooring, landscaping and construction of drainages and water fountains. The others were drilling of four (4) boreholes and equipping them with 4 x 10,000 steel tanks laid on surface slab and connected to booster pumps and to supply 20 x 5,000 litres UPVC tanks to be mounted on the roofs. The contractor was also supposed to provide 80 x 1.4m high pole bollard lights, kitchen units, strong room doors, forty (40) mirrors and three (3) water heaters with total capacities of 240 litres per high cost house.

As of June 2016, the contractor had been paid a total amount of K24,693,704 as shown in the table below.

Year	Expenditure K
2013	9,048,771
2014	7,279,735
2015	6,266,124
2016	2,099,074
<b>Total</b>	<b>24,693,704</b>

According to the General Conditions of Contract, Clause 43, settlement of certified claims is supposed to be done within twenty eight (28) days from the date of issuance. However, a scrutiny of certified claims revealed delays in settlement of a certificate in the amount of K1,465,754 of up to eight six (86) days. *See table below.*

Certificate No	Amount K	Date Issued	Due Date	Date Settled	Delay
9	1,465,754	12/16/2014	1/14/2015	4/10/2015	86 days

Consequently, the failure to settle completion certificates contributed to the delays in the completion of the project.

A physical inspection of the site carried out in September 2016 revealed that the following works were outstanding; completing the painting of doors, plumbing installations and electrical installations. Other works included construction of water fountains and kerbs on the garages for the high cost houses, water connections and provision of bollard light poles, strong room doors and mirrors.

In addition, the variation authorities in respect of mukwa panel doors that were fitted on the entrances instead of aluminium doors, concrete shelves that were constructed in the kitchens instead of supplying kitchen units and two (2) water heaters that were supplied with total capacities of 200 litres instead of three (3) water heaters with total capacities of 240 litres were not availed for audit.

**f. Construction of One (1) Minister's House and One (1) Permanent Secretary's House in Chinsali**

On 30<sup>th</sup> December 2013, the Provincial Administration engaged Buildcon Investment Limited to construct one (1) Minister's house and one (1) Permanent Secretary's house in Chinsali District at a total contract price of K4,766,775. The contract period was six (6) months commencing on 20<sup>th</sup> January 2014 and ending on 19<sup>th</sup> July 2014. Following the non-completion of the project within the contract period, the contractor was given a number of extensions bringing the completion date to 4<sup>th</sup> August 2016.

The scope of works included construction of substructures and superstructures of the two (2) houses, three (3) garages, boundary walls and two (2) gyms, roofing, plumbing, electrical installations, glazing, painting, tiling, drainage works, fitting of motorised remote controlled garage doors, fourteen (14) mirrors and aluminum doors and windows as well as concrete road works. The contractor was also supposed to drill, sink and equip two (2) boreholes.

As of June 2016, the contractor had been paid a total amount of K4,127,551 as shown in the table below.

<b>Year</b>	<b>Expenditure K</b>
2013	953,355
2014	-
2015	3,174,196
2016	-
<b>Total</b>	<b>4,127,551</b>

According to the General Conditions of Contract, Clause 43, settlement of certified claims is supposed to be done within twenty eight (28) days from the date of issuance. However, a scrutiny of certified claims revealed delays in settlement of a certificate in the amount of K813,409 of up to one hundred and thirty seven (137) days. *See table below.*

<b>Certificate No</b>	<b>Amount K</b>	<b>Date Issued</b>	<b>Due Date</b>	<b>Date Settled</b>	<b>Delay</b>
1	813,409	10/27/2014	11/24/2014	4/10/2015	137 days

Consequently, the failure to settle completion certificates contributed to the delays in the completion of the project.

A physical verification of the site carried out in September 2016 revealed that the following were outstanding:

- Supplying and fitting of four (4) mirrors
- Motorised remote controlled garages
- Locks for the aluminum door in the house for the Permanent Secretary
- Guard rails on the balcony of the upper floor of the Minister's house.

The others were:

- Supplying of one (1) bath tub in the Minister's house
- Electrical installations
- Completion of painting of the Minister's house

- Tiling of gyms
- Paving tiles on the roads
- Equipping of a borehole at the Minister's house and water connections.

**g. Construction of Three (3) Storey Civic Centre for Chinsali Municipal Council**

On 7<sup>th</sup> May 2014, the Provincial Administration engaged Wah Kong Enterprises Ltd to construct a three (3) storey civic centre for Chinsali Municipal Council in Chinsali District at a total contract price of K30,549,576. The contract period was sixty (60) weeks commencing on 8<sup>th</sup> May 2014 and ending on 8<sup>th</sup> August 2015. The contract was extended to 31<sup>st</sup> March 2016. On 9<sup>th</sup> August 2016, the contract was further extended to 31<sup>st</sup> January 2017.

The scope of works included construction of substructure and superstructure of the office block, guard house, electrical substation, boundary wall and aluminium clad. The other works were roofing, plumbing and electrical installations, glazing, tiling, painting, fitting of aluminium doors and windows, parking areas and drainage works. The contractor was also supposed to procure a project vehicle, install air conditioning units and drill two (2) boreholes and equip them with 2 x 10,000 litre capacity steel paneled tanks mounted on a 12 metre tank stand and the other 2 x 10,000 litre tanks mounted on roof top.

As of June 2016, the contractor had been paid a total amount of K18,089,434 as shown in the table below.

<b>Year</b>	<b>Expenditure K</b>
2014	6,109,915
2015	7,720,601
2016	4,258,917
<b>Total</b>	<b>18,089,434</b>

According to the General Conditions of Contract, Clause 43, settlement of certified claims is supposed to be done within twenty eight (28) days from the date of issuance. However, a scrutiny of certified claims revealed delays in settlement of certificates in amounts totalling K4,336,431 of up to sixty nine (69) days. *See table below.*

<b>Certificate No</b>	<b>Amount K</b>	<b>Date Issued</b>	<b>Due Date</b>	<b>Date Settled</b>	<b>Delay</b>
1	3,228,066	1/8/2015	2/5/2015	4/10/2015	64 days
2	1,108,364	11/12/2015	12/10/2015	2/17/2016	69 days
<b>Total</b>	<b>4,336,431</b>				

Consequently, the failure to settle completion certificates contributed to the delays in the completion of the project.

A physical inspection of the site carried out in September 2016 revealed that the structure was at wall plate level. The contractor had also drilled the borehole, commenced metal works on the roof and supplied a project vehicle. *See picture below.*



*Civic Centre at wall plate level*

The following works were outstanding:

- Roofing
- Plumbing
- Electrical Installations
- Glazing
- Tiling
- Painting
- Fitting of aluminum doors and windows
- Parking areas and drainage works

#### **h. Construction of a Post Office Block in Shiwang'andu**

On 19<sup>th</sup> February 2014, the Provincial Administration engaged Floyven Investment Limited to construct a Post Office in Shiwangáandu District at a total contract price of K2,307,548. The contract period was seven (7) months commencing on 14<sup>th</sup> May 2014 and ending on 14<sup>th</sup> December 2015.

The scope of works included construction of substructures and superstructures, roofing, plumbing and electrical installations, glazing, painting, tiling, construction of drainages, construction of a gravel road and parking areas as well as drilling of two (2) boreholes and equipping them with a 10,000 litre elevated polycon tank.

As of May 2016, the contractor had been paid a total amount of K852,648 as shown in the table below.

Year	Expenditure K
2014	-
2015	852,648
2016	-
<b>Total</b>	<b>852,648</b>

According to the General Conditions of Contract, Clause 43, settlement of certified claims is supposed to be done within twenty eight (28) days from the date of issuance. However, a scrutiny of certified claims revealed delays in settlement of a certificate in the amount of K544,405 of up to thirty six (36) days. *See table below.*

Certificate No	Amount K	Date Issued	Due Date	Date Settled	Delay
1	544,405	2/5/2015	3/5/2015	4/10/2015	36 days

Consequently, the failure to settle completion certificates contributed to the delays in the completion of the project.

A physical inspection of the site carried out in September 2016 revealed that the structure had been partly roofed with all other works outstanding and that the contractor had abandoned the site. It was also observed that although the Provincial Buildings Engineer recommended for termination of the contract on 5<sup>th</sup> April 2016, due to delays in completing the works, as of September 2016 the contractor had not returned to the site and the contract had not been terminated. *See picture below.*



*Post Office under construction in Shiwang'andu*

**i. Construction of an Office Block for Shiwang'andu District Administration**

On 24<sup>th</sup> July 2013, the Provincial Administration engaged Stoutone Investments to construct one storey office block for Shiwang'andu District Administration at a total contract price of K7,943,050.33. The contract period was twenty four (24) weeks commencing on 2<sup>nd</sup> September 2013 and ending on 28<sup>th</sup> February 2014. Following the non-completion of the

project within the contract period, the contractor was given a number of extensions bringing the completion date to 3<sup>rd</sup> February 2015.

The scope of works included construction of substructure and superstructure, roofing, plumbing and electrical installation, glazing, painting and decorations, construction of a guard house, boundary wall, tarmac road, parking areas and drainage works. The contractor was also supposed to supply and install air conditioning units, 90 litre water heater and fuel storage under ground tanks, pumps and other associated fittings.

As of June 2016, the Contractor had been paid amounts totalling K7,542,636 as shown in the table below.

<b>Year</b>	<b>Expenditure K</b>
2013	1,588,610
2014	4,368,478
2015	1,585,547
2016	-
<b>Total</b>	<b>7,542,636</b>

According to the General Conditions of Contract, Clause 43, settlement of certified claims is supposed to be done within twenty eight (28) days from the date of issuance. However, a scrutiny of certified claims revealed delays in settlement of a certificate in the amount of K377,333 of up to seventy nine (79) days. *See table below.*

<b>Certificate No</b>	<b>Amount K</b>	<b>Date Issued</b>	<b>Due Date</b>	<b>Date Settled</b>	<b>Delay</b>
4	377,333	12/24/2014	1/21/2015	4/10/2015	79 days

Consequently, the failure to settle completion certificates contributed to the delays in the completion of the project.

A physical inspection of the site carried out in September 2016 revealed that the works had been completed and that the building was commissioned by the President of Zambia on 14<sup>th</sup> March 2016. However, the following were observed:

- Although the Procurement Committee had authorised the Provincial Buildings Engineer to vary the supply and installation of fuel storage under-ground tanks to supply of motor bikes, there was no variation authority availed for audit and the contractor had not supplied the motor bikes.
- The contractor had not provided air conditioners and water heater.

- The entrance door on the western side ground floor was poorly fitted and could not hold properly.
- The storm drainage was poorly done on the western side of the office block allowing water to collect at the entrance.
- The borehole had collapsed and further inquiries revealed that the borehole collapsed before the structure was handed over but that the contractor had not worked on it.
- There were leakages on the urinary pipe connecting the top and ground floor gents' toilets as well as from the tank and on sewer pipe from the ladies toilet.

Although the contract provided for the charging of liquidated damages of 0.5 percent of the value of work uncompleted per day for delays in the completion of the project by the contractor, this provision was not enforced.

**j. Construction of Ten (10) Medium Cost Houses in Shiwang'andu District**

On 24<sup>th</sup> July 2013, the Provincial Administration engaged Tenacity Ltd to construct ten (10) medium cost houses in Shiwang'andu District at a total contract price of K4,723,979 with a contract period of six (6) months commencing on 8<sup>th</sup> August 2013 and ending on 22<sup>nd</sup> February 2014. Later, the completion period was extended by twelve (12) weeks to 16<sup>th</sup> May 2014.

The scope of works included construction of sub and super structures, roofing, plumbing and electrical installation, glazing, painting, landscaping, electrical connection and construction of a road and parking areas using concrete kerbs. The contractor was also supposed to drill a borehole and equip it with a 50,000 litre tank.

As of June 2016, the contractor had been paid a total amount of K5,029,633 as shown in the table below.

<b>Year</b>	<b>Expenditure K</b>
2013	1,630,597
2014	2,403,431
2015	995,605
2016	-
<b>Total</b>	<b>5,029,633</b>

According to the General Conditions of Contract, Clause 43, settlement of certified claims is supposed to be done within twenty eight (28) days from the date of issuance. However, a scrutiny of certified claims revealed delays in settlement of a certificate in the amount of K995,605 of up to one hundred and six (106) days. *See table below.*

Certificate No	Amount K	Date Issued	Due Date	Date Settled	Delay
6	995,605	11/27/2014	12/25/2014	4/10/2015	106 days

Consequently, the failure to settle completion certificates contributed to the delays in the completion of the project.

It was however observed that the payment of K5,029,633 exceeded the contract sum of K4,723,979 by K305,654 for which there was no variation authority. In response, management stated that the Provincial Buildings Engineer had issued a negative certificate to the contractor and that the contractor had since accepted to pay the overpaid amount in nine (9) monthly installments. However, as of September 2016, the contractor had only refunded K10,000 leaving a balance of K295,654 outstanding.

A physical inspection of the site carried out in September 2016 revealed that the houses were in use. However, the following were also observed:

- The contractor had supplied 2 x 10,000 litre tanks instead of a 50,000 litre tank and had only graded the roads and parking areas instead of installing concrete kerbs and pavements as provided for in the contract.
- There were leakages in all the houses while cisterns for the toilets in house No 1 and No 10 were not working.
- The pipes for the toilets and sinks in houses No 1, No 3, No 5 and No 7 were leaking.
- The dining window for house No 1, bedroom window for house No 3, master bedroom window for house No 5, main toilet window for house No 6 and two windows for house No 10 were poorly fitted and could not open.
- Cracks had developed on the walls for houses No 2 and No 6.

Although the contract provided for the charging of liquidated damages of 0.5 percent of the value of work uncompleted per day for delays in the completion of the project by the contractor, this provision was not enforced.

**k. Construction of a Post Office Block in Mafinga**

On 19<sup>th</sup> February 2014, the Provincial Administration engaged Power Surge Property Maintenance and Contractors Limited to construct a Post Office in Mafinga District at a contract price of K2,490,825. The contract period was six (6) months commencing on 27<sup>th</sup> February 2014 and ending on 31<sup>st</sup> August 2014. The completion period was later extended by fourteen (14) months to 31<sup>st</sup> October 2015.

The scope of works included construction of substructures and superstructures, roofing, plumbing, electrical installations, glazing, painting, tiling, erection of a flag pole, fitting of a ceiling board, construction of drainages, gravel road and parking areas as well as drilling and equipping of a borehole.

As of June 2016, the contractor had been paid a total amount of K2,299,465 as shown in the table below.

Year	Expenditure K
2014	1,428,308
2015	871,157
2016	-
<b>Total</b>	<b>2,299,465</b>

According to the General Conditions of Contract, Clause 43, settlement of certified claims is supposed to be done within twenty eight (28) days from the date of issuance. However, a scrutiny of certified claims revealed delays in settlement of a certificate in the amount of K668,450 of up to one hundred and seven (107) days. *See table below.*

Certificate No	Amount K	Date Issued	Due Date	Date Settled	Delay
2	668,450	11/26/2014	12/24/2014	4/10/2015	107 days

Consequently, the failure to settle completion certificates contributed to the delays in the completion of the project.

A physical inspection of the site carried out in September 2016 revealed that the works had not been completed, eleven (11) months after the expected completion period. The outstanding works included completion of glazing, painting, tiling, fitting of a ceiling board, doors, electrical fittings, flag pole, apron, spoon drain and tank stand. *See picture below.*



*Post Office under construction in Mafinga*

### **i. Construction of Ten (10) Medium Cost Houses in Mafinga**

On 24<sup>th</sup> July 2013, the Provincial Administration engaged Jamcho Trading Ltd to construct ten (10) medium cost houses in Mafinga District at a total contract price of K6,335,839. The contract period was one hundred and ninety (190) days commencing on 26<sup>th</sup> July 2013 and ending on 23<sup>rd</sup> February 2014. Following the non-completion of the project within the contract period, the contractor was given a number of extensions bringing the completion date to 31<sup>st</sup> March 2016.

The scope of works included construction of sub and super structures, roofing, plumbing and electrical installations, glazing, painting, landscaping, drilling of a borehole and construction of a road and parking areas.

As of June 2016, the contractor had been paid a total amount of K5,764,564 as shown in the table below.

<b>Year</b>	<b>Expenditure K</b>
2013	2,325,841
2014	938,998
2015	2,349,531
2016	150,231
<b>Total</b>	<b>5,764,600</b>

According to the General Conditions of Contract, Clause 43, settlement of certified claims is supposed to be done within twenty eight (28) days from the date of issuance. However, a scrutiny of certified claims revealed delays in settlement of two (2) certificates in amounts totalling K1,245,701 of up to one hundred and eighteen (118) days. *See table below.*

<b>Certificate No</b>	<b>Amount K</b>	<b>Date Issued</b>	<b>Due Date</b>	<b>Date Settled</b>	<b>Delay</b>
4	712,900	11/13/2014	12/11/2014	4/10/2015	118 days
5	532,801	12/16/2014	1/13/2015	4/10/2015	87 days
<b>Total</b>	<b>1,245,701</b>				

Consequently, the failure to settle completion certificates contributed to the delays in the completion of the project.

A physical inspection of the site carried out in September 2016 revealed that the works had not been completed. The outstanding works included grouting, painting the final coat, plumbing, electrical and window fittings and mounting of 2 x 10,000 litre water tanks and connections.

### **m. Construction of the District Commissioner's House in Nakonde**

On 6<sup>th</sup> December 2013, the Provincial Administration engaged Vichili Vikwiza to construct a high cost house for the District Commissioner in Nakonde District at a contract price of

K950,666. The contract period was one hundred and fifty (150) days commencing on 14<sup>th</sup> December 2013 and ending on 31<sup>st</sup> May 2014.

The scope of works included construction of sub and super structures, roofing, plumbing installations, electrical installations, glazing, painting, construction of a drainage, gravel road and parking areas as well as drilling, sinking and equipping of a borehole, erection of a metal tank stand and mounting of a 10,000 litre tank.

As of September 2016, the contractor had been paid the full amount of K1,093,106 as shown in the table below.

<b>Year</b>	<b>Expenditure K</b>
2013	285,120
2014	557,378
2015	250,608
2016	-
<b>Total</b>	<b>1,093,106</b>

The contractor completed the works in October 2014 and the defect liability period was twelve (12) months from 24<sup>th</sup> October 2014 to 31<sup>st</sup> October 2015. It was however observed that the contractor was paid the retention of K47,533 on 10<sup>th</sup> April 2015 before, the expiry of the defect liability period and the following defects which were noted in April 2015 had still not been worked on as of June 2016.

- Replacement of defective lighting switches in the bedroom and security lights.
- Replacement of galvanised pipes and fittings which were used for plumbing installations and concrete cement which was used for the wash trough instead of asbestos cement pipes and fittings for plumbing works and wash troughs.
- Replacement of a 5,000 litre tank that had been installed with a 10,000 litre tank which was provided for in the contract.

It was also observed that works were varied to hydro power installation from solar power installation. However, there was no variation authority to support the works that were varied.

It was not clear why the Provincial Buildings Engineer approved the payment of the retention fee before the expiry of the defect liability. In this regard, it is not clear how the defects will be resolved as the contractor had been paid in full and had since demobilised.

**n. Rehabilitation of the District Commissioner's Office Block in Mpika**

On 20<sup>th</sup> December 2013, the Provincial Administration engaged Guru General Dealers to rehabilitate an office block for the District Commissioner in Mpika at a contract price of

K713,453. The contract period was twelve (12) weeks commencing on 1<sup>st</sup> February 2015 and ending on 30<sup>th</sup> April 2015.

The scope of works included renovation of seventeen (17) offices by carrying out the following work:

Mending of all cracks

- Replacing damaged ceiling boards and iron sheets
- Painting with green paint
- Replacing damaged flush doors with flush and mukwa panel doors
- Replacing french doors with aluminum doors with tinted glass panes
- Provide wash hand basins and toilet pans and cisterns
- Remove damaged electrical fittings
- Construction of a wooden reception
- Turning district administrative officer's (DAO) office into self-contained
- Tiling
- Painting
- Supplying and fitting of air conditioners to offices and drilling
- Sinking and equipping of a borehole.

As of June 2016, the contractor had been paid a total amount of K677,780 as shown in the table below.

<b>Year</b>	<b>Expenditure K</b>
2013	142,690
2014	93,298
2015	441,792
2016	-
<b>Total</b>	<b>677,780</b>

A physical inspection of the site carried out in September 2016 revealed that although the structure was in use, it had not been completed. The outstanding works included construction of a wooden reception, painting of notice boards and doors, electrical fittings in the District Commissioner's office, ceiling board trap doors in the passage and DC's toilet as well as fitting twenty four (24) window handles and stays. Further, a crack on the entrance to the office used by Labour Department had not been mended, leakages on the ceiling board, replacement of

broken glass panes and wiring of the Messengers' Office had not been attended to and grout on the tiles had not been applied. *See picture below.*



*A crack on the wall of the Labour office*

Although the contract provided for the charging of liquidated damages of 0.5 percent of the value of work uncompleted per day for delays in the completion of the project by the contractor, the contractor had not been charged any liquidated damages.

**o. Rehabilitation of the District Commissioner's Office Block in Chama**

On 27<sup>th</sup> December 2013, the Provincial Administration engaged Buildlux Ltd in a joint venture with MKP Contractors to rehabilitate an office block for the District Commissioner in Chama at a total contract price of K1,317,983. The contract period was thirteen (13) weeks commencing on 4<sup>th</sup> January 2014 and ending on 30<sup>th</sup> April 2014.

The scope of works included renovating twenty five (25) offices by carrying out the following works:

- Mending Of All Cracks
- Replacement Of The Whole Roof
- Replacement Of French Doors With Aluminum Doors
- Electrical Fittings
- Plumbing Fittings
- Window Fittings And
- Replacing Broken Glasses
- Fitting Of Notice boards

The other works were:

- Construction of Ceiling Board

- Car Park
- Construction Of A Crossing Culvert From The Tarmac To The Car Park
- Construction Of A Drainage
- Painting Tiling
- Supply
- Installation Of A 90 Litre Geyser
- Construction Of A Flag Pole
- Fitting Of air conditioning units

As of June 2016, the contractor had been paid amounts totalling K1,149,639 as shown in the table below.

<b>Year</b>	<b>Expenditure K</b>
2014	843,705
2015	305,933
2016	-
<b>Total</b>	<b>1,149,639</b>

According to the General Conditions of Contract, Clause 43, settlement of certified claims is supposed to be done within twenty eight (28) days from the date of issuance. However, a scrutiny of certified claims revealed delays in settlement of a certificate in the amount of K248,702 of up to two hundred and nine (209) days. *See table below.*

<b>Certificate No</b>	<b>Amount K</b>	<b>Date Issued</b>	<b>Due Date</b>	<b>Date Settled</b>	<b>Delay</b>
2	248,702	8/15/2014	9/13/2014	4/10/2015	209 days

Consequently, the failure to settle completion certificates contributed to the delays in the completion of the project.

A physical inspection of the site carried out in September 2016 revealed that although the structure was in use, it had not been completed and the contractor was not on site.

The outstanding works included:

- Completion of a car park
- Completion of a crossing culvert from the tarmac and
- Supplying a geyser

The following were also observed:

- Cracks had developed on the walls of the offices for the District Commissioner's Secretary, ablution block, Accounts, Clinical Care Specialist, FRA, Registry, District Agriculture Coordinator, TSV, SAO and District Medical Office Secretary.
- There were leakages in the offices for Livestock, SAO, Registry, District Medical office and Ablution block.
- The contractor had not fitted window handles and peg stays in Clinical Care office, Board room and Livestock
- The window to the Immigration office was poorly fitted and could not close and the door to the Social Welfare was poorly fitted.
- The roof to the car park was poorly fitted and had been blown off
- The partial board was poorly fitted and was coming out.

*See pictures below.*



*Uncompleted car park*



*Poorly fitted board*



*A crack on the wall*



*Leakage in one of the offices*

**p. Failure to Renew Performance Security Bonds**

The contract documents provided that the contractors needed to provide performance security bonds of 10% of the contract sums during the period that the contracts were running. However,

it was observed at the time of audit that two (2) contracts with contract sums amounting to K11,102,614 that were still running had expired performance security bonds.

**q. Use of Incorrect Rates in the Payment of Subsistence Allowances**

Contrary to Cabinet Office Circular No. B12 of 2012 which prescribes the rates at which subsistence allowances should be paid, amounts totalling K158,400 were paid to eight (8) officers in respect of subsistence allowances instead of K131,900 due to the use of higher rates per night, resulting in an over payment of K 26,500. As of June 2016, only K1,680 out of the overpaid amount of K26,500 had been paid back leaving an amount of K24,820 unrecovered.

**r. Inadequately Supported Payments**

Contrary to Financial Regulation No. 52, there was one (1) payment in the amount of K2,683 made during the period under review that was not supported with a receipt.

**HEAD: 88 Office of the President – Muchinga Province**

**UNIT: Various**

**PROGRAMME: District Administration**

**ACTIVITY: Various**

50. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K3,362,641 was made to cater for operations at seven (7) District Administration offices against which a total amount of K1,057,718 was released resulting into an underfunding of K2,304,923.

According to the Financial Statement C, a total amount of K866,580 had been spent as of 31st December 2015.

**Accounting and other Irregularities**

An examination of records maintained at the District Administration offices in Chinsali, Isoka, Nakonde, Shiwangáandu and Mpika carried out from February to June 2016 revealed the following:

**a. Misapplication of Funds**

Out of K1,057,718, a total amount of K946,395 was disbursed to the District Administration offices leaving a balance of K111,323, which was misapplied at the Provincial Administration on office administrative operations.

**b. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, six (6) payment vouchers in amounts totalling K13,025 processed during the period under review were not availed for audit scrutiny. *See table below.*

District	Payments	Amount K
Chinsali	1	2,000
Shiwanga'ndu	5	11,025
<b>Total</b>	<b>6</b>	<b>13,025</b>

**c. Inadequately Supported Payments**

Contrary to Financial Regulation No. 52, there were two (2) payments in amounts totalling K6 350 made during the period under review that were not supported with relevant documentation such as receipts, oral contracts and appointment letters among others. *See table below.*

District	Transcations	Amount K
Shiwanga'ndu	1	1,370
Mpika	1	4,980
<b>Total</b>	<b>2</b>	<b>6,350</b>

**d. Unretired Accountable Imprest – Shiwang’andu District Administration**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K2,975 issued to two (2) officers during the period under review had not been retired as of June 2016.

**e. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K6,860 procured during the period under review were unaccounted for in that there were no disposal details.

**f. Weaknesses in the Management of Fuel**

There were weaknesses in controls over use of fuel by the District Administration offices. In particular, the following were observed:

**i. Unaccounted for Fuel**

Contrary to Public Stores Regulation No.16, fuel costing K84,322 procured during the period under review had no disposal details. *See table below.*

<b>District</b>	<b>Amount K</b>
Chinsali	25,800
Shiwanga'ndu	10,500
Mpika	13,214
Isoka	33,034
Nakonde	1,774
<b>Total</b>	<b>84,322</b>

**ii. Fuel not Recorded in the Log Books – Chinsali District Administration**

During the period under review, fuel costing K8,490 was drawn from the service station by six (6) vehicles for various uses. However, a review of the log books for the vehicles revealed that the fuel had not been entered in the log books making it not possible to ascertain whether the fuel was utilised for the intended purposes.

**iii. Irregular Drawing of Fuel – Chinsali District Administration**

PSMD Circular No. B 22 of 2013, stipulates that super scale officers of salary grades O to R or the equivalent and officers in salary grades L to N and equivalent shall be assigned with personal-to-holder vehicles as well as be entitled to 60% and 30% respectively of their monthly basic salary for fuel allowance per month to cater for local travels undertaken within their district.

Contrary to the Circular, one (1) motor vehicle assigned to the officer in salary grade M drew fuel costing K1,665 whilst they were operating within the district.

**HEAD: 88 Office of the President – Muchinga Province**

**UNIT: Various**

**PROGRAMME: General Administration**

**ACTIVITY: Various**

51. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K26,296,688 was made to cater for General Administration at the Provincial Administration against which amounts totalling K18,243,343 were released resulting into an underfunding of K20,782,738.

According to the Financial Statement (Statement C), a total amount of K8,053,345 had been spent as of 31st December 2015.

## **Accounting and Other Irregularities**

An examination of records maintained at the Provincial Administration carried out in May and June 2016 revealed the following:

### **a. Inadequately Supported Payments**

Contrary to Financial Regulation No. 52, there were two (2) payments in amounts totalling K24,330 made during the period under review that were not supported with relevant documentation such as receipts and invoices among others.

### **b. Irregularities in the Management of Fuel**

During the year under review, the Provincial Administration made payments to Continental Filling Station for the supply of fuel and lubricants to be drawn by various departments on accounts maintained with the filling station.

However, it was observed that there were weaknesses in controls over the use of fuel. In particular, the following were observed:

#### **i. Irregular Drawings of Fuel**

During the period under review, 333 litres of diesel costing K3,005 were drawn without either raising fuel requisition coupons or entering in the fuel register. It was therefore not possible to ascertain the purpose for which the fuel was drawn.

#### **ii. Unaccounted for Fuel**

During the period under review, fuel costing K42,443 was drawn from the service station by various vehicles for various uses.

However, a review of the log books for the vehicles revealed that the fuel had not been entered in the log books making it not possible to ascertain whether the fuel was utilised for the intended purposes.

#### **iii. Irregular Drawing of Fuel**

PSMD Circular No. B 22 of 2013 stipulates that super scale officers of salary grades O to R or the equivalent and officers in salary grades L to N and equivalent shall be assigned with personal-to-holder vehicles as well as be entitled to 60% and 30% respectively of their monthly basic salary for fuel allowance per month to cater for local travels undertaken within their district.

Contrary to the Circular, four (4) motor vehicles assigned to officers in salary grades L to M drew fuel costing K17,508 whilst they were operating within the district.

**c. Irregular Payments of Subsistence Allowances**

During the period under review, three (3) officers were initially paid subsistence allowances in amounts totalling K15,390 to undertake various activities and were later also paid imprest in amounts totalling K13,130 to enable them undertake other activities. It was however observed that the payment of K13,130 included an amount of K5,490 for subsistence allowances for eighteen (18) days whose dates of activities were already covered by imprest earlier paid of K15,390.

In this regard, the payment of subsistence allowances in amounts totalling K5,490 for eighteen (18) days was irregular.

**d. Use of Incorrect Rates in the Payment of Subsistence Allowances**

Contrary to Cabinet Office Circular No. B12 of 2012, which prescribes the rates at which subsistence allowances should be paid, amounts totalling K19,500 were paid to three (3) officers in respect of subsistence allowances instead of K15,700 due to the use of higher rates per night resulting in an over payment of K3,300. As of 10<sup>th</sup> September 2016, only an amount of K150 had been recovered while the balance of K3,150 remained outstanding.

**e. Irregular Use of Accountable Imprest to Procure Goods**

Financial Regulation No. 86 (c) states that accountable imprest is issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time. However, it was observed that accountable imprest in amounts totalling K20,140 was issued to procure goods whose values were obtainable on the market.

**f. Failure to Produce an Activity Report**

During the period under review, imprest in the amount of K29,023 was issued to an officer to carry out an activity. However, there was no activity report produced to confirm whether the activity was undertaken or not.

**g. Irregular Refunds**

A scrutiny of payments revealed that a refund in the amount of K5,558 was made to an officer in May 2015 who used personal money to undertake an official activity. It was however observed that there was no prior written authority to allow the officer to use their personal money on an official activity. In this regard, the refund was irregular.

**h. Failure to Remit Tax to ZRA**

Contrary to the Income Tax Act (Cap 323), amounts totalling K54,302 deducted as PAYE from payment of settling in allowances and leave terminal benefits to three (3) officers during

the period under review had not been remitted to the Zambia Revenue Authority (ZRA) as of June 2016.

**i. Over Expenditure on Other Personal Emoluments**

In August 2015, the Provincial Administration received an amount of K427,293 to cater for payments of other personal emoluments. However, it was observed that as of December 2015 the amount spent on other personal emoluments was K660,011 resulting in excess expenditure of K232,718. Although management indicated that the extra funds were varied from General Administration, there was no variation authority from the Secretary to the Treasury to support the variation.

**j. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, two (2) payment vouchers in amounts totalling K44,808 were not availed for audit scrutiny.

**k. Failure to Recover Salary Advances**

Contrary to the Terms and Conditions of Service for Public Service, Chapter V, Part 92, which states that an advance shall be repaid within a reasonable period of time not exceeding six (6) months, recoveries in respect of a salary advance in the amount of K10,000 paid to one (1) officer during the period under review had not been effected as of September 2016.

**HEAD: 88 Office of the President – Muchinga Province**

**UNIT: Various**

**PROGRAMME: Personal Emoluments**

**ACTIVITY: Various**

52. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K24,583,863 was made to cater for Personal Emoluments at the Provincial Administration against which a total amount of K28,840,806 was released resulting into an overfunding of K4,256,943 which was not supported by a supplementary provision contrary to Financial Regulation No. 30(1).

According to Financial Statement (Statement C), a total amount of K24,274,185 had been spent as of 31<sup>st</sup> December, 2015.

## **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out from February to June 2016 revealed the following:

### **a. Excess Employees**

A scrutiny of the Establishment Register for Muchinga Provincial Administration for the period under review revealed that there were four hundred and sixty three (463) authorised positions out of which three hundred and forty three (343) were available for filling while one hundred and twenty (120) positions were frozen.

However, a review of the payroll revealed that there were four hundred and eighty two (482) staff on the payroll during the period under review thereby exceeding the authorised establishment by one hundred and thirty nine (139) officers without authority. The excess officers were paid salaries in amounts totalling K6,219,881 during the period under review.

### **b. Employees on Payroll (PMEC) for the Provincial Administration but not Working in Muchinga Province**

Two (2) officers who were transferred from Muchinga Province in January 2015, had continued to draw their salaries under the Provincial Administration and a total amount of K213,994 had been paid as salaries to the two (2) officers during the period from January 2015 to June 2016.

Further, eleven (11) officers who had been transferred from Muchinga Province to urban areas such as Ndola, Mufulira, Mansa, Kabwe, Lusaka and Livingstone had continued to draw rural hardship allowances from the Provincial Administration payroll. In this regard, the officers were paid rural hardship allowances in amounts totalling K66,591 for periods ranging from two (2) to eighteen (18) months.

### **c. Rural Hardship Allowances Paid to Ineligible Employees**

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be in a remote area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

It was however observed that during the period under review, amounts totalling K291,956 were paid as Rural Hardship allowances to twenty three (23) officers who were not eligible to receive the allowances in that their stations were either Mpika or Nakonde which were not designated as remote areas.

**d. Irregular Payment of Fuel Allowance**

In March 2015, the contract for the District Commissioner of Chinsali expired and she was re-appointed as District Commissioner for Shiwangáandu District in September 2015. However, it was observed that in October 2015, she was paid arrears in respect of fuel allowance in amounts totalling K22,958 for the period April 2015 to August 2015, the period that she was not working and had no employment contract. In this regard, the payment of K22,958 was irregular and therefore recoverable.

**e. Salary Over Payments due to Employees being on Wrong Salary Scales**

During the period under review, one (1) officer was paid salaries in amounts totalling K10,400 instead of K9,240 as a result of being placed on wrong salary scale, which resulted in overpayment of salaries by amounts totalling K1,160. As of 10<sup>th</sup> September 2016, the overpaid amounts had not been recovered.

**f. Irregular Payment of Housing Allowances**

Contrary to Cabinet Office Circular No. B12 of 2012 and Terms and Conditions of Service for Public Service No.182, amounts totalling K9,183 were paid as housing allowances to one (1) officer who was accommodated in government quarters during the period under review. As of June 2016, the housing allowances paid to the ineligible officer had not been recovered.

**HEAD: 89 Ministry of Agriculture And Livestock**  
**UNITS: Various**  
**PROGRAMMES: Various**  
**ACTIVITIES: Various**

53. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K6,217,649,660 was made to cater for operations of the Ministry against which K5,192,266,368 was released resulting in an underfunding of K1,025,383,292.

According to the Financial Statement (Statement C), as at 31<sup>st</sup> December 2015, a total amount of K4,978,266,870 had been spent.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Ministry Headquarters carried out in February 2016 revealed the following:

**a. Payment of Rural and Remote Hardship Allowance to Ineligible Officers**

According to the Terms and Conditions of Service for the Public Service No. 166, an officer serving in an area declared to be a remote area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

Contrary to the above, two hundred and twenty (220) officers who were not eligible to receive the allowances were paid amounts totalling K708,799 (Rural Hardship Allowances - K673,468 and Remote Hardship Allowance - K35,331). The officers were not entitled to receive the allowances as they were based at the Ministry Headquarters in Lusaka.

**b. Failure to Submit Monthly Expenditure Returns to the Ministry Headquarters**

Contrary to Financial Regulation No. 8, four (4) institutions that were given grants in amounts totalling K4,420,757 by the Ministry had not submitted expenditure returns to the Ministry, as of July 2016. *See table below.*

<b>Name of Institution</b>	<b>Authorised Amount K</b>
GART	800,000
Livestock Development Trust	2,810,757
Veterinary Council	400,000
Dairy Development Board	410,000
<b>Total</b>	<b>4,420,757</b>

**c. Inadequately Supported Payments**

Contrary to Financial Regulation No. 52, fifty six (56) payments in amounts totalling K1,460,188 were not adequately supported with receipts, quotations, authority and contracts among others.

**d. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K933,411 issued to fifty four (54) officers to facilitate implementation of activities such as crop forecasting, food security and general administration had not been retired as of July 2016.

**e. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K1,028,845 comprising general stores (K938,845) and fuel (K90,000) were not accounted for in that there were no receipt and disposal details.

**f. Misapplication of Funds**

During the period under review, amounts totalling K62,380 meant for Agribusiness and Marketing (K25,813), Transport Management (K25,813) and Cooperative Promotion and Development (K10,755) programs were applied on the preparation of the procurement plan.

**g. Delays in Settling Outstanding Bills**

In May 2014, the Ministry engaged Orsmond Aerial Spray (PTY) Ltd to provide night time aerial spraying services at a contract sum of K10,982,080 (US\$2,196,416) for a period of four (4) months. Clause 42.1 of the contract stated that if the client delayed to make payments beyond fifteen (15) days after the due date, interest would be charged for each day of delay at the rate applicable for lending by Commercial Banks. As of 31<sup>st</sup> December 2014, the contractor had been paid amounts totalling K9,963,546 (US\$1,897,818.35) leaving a balance of K1,018,534 (US\$298,657.65) as of December 2014.

However, the Ministry delayed in settling certified claims amounting to K1,712,467 (US\$298,657.65) and as a result, interest amounting to K897,513 (US\$90,111.76) was charged by the consultant bringing the total outstanding bill to K2,609,980 (US\$388,769.41) as of July 2016.

**HEAD: 89 Ministry of Agriculture and Livestock**  
**DEPARTMENT: Provincial Agricultural Coordinating Offices (PACO)**  
**District Agricultural Coordinating Offices (DACO)**  
**Research Stations**  
**Agriculture Training Institutions**  
**UNIT: Various**  
**PROGRAMME: Personal Emoluments**  
**ACTIVITIES: Various**

54. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K320,191,426 was made to cater for personal emoluments in ten (10) provinces against which amounts totalling K313,617,777 were released, resulting in an underfunding of K6,573,649. *See table below.*

Station	Budget K	Releases K	Underfunding K
Copperbelt	31,008,081	30,242,758	(765,323)
Northern	30,676,653	30,054,949	(621,704)
Luapula	28,501,053	27,891,176	(609,877)
Lusaka Province	23,408,727	22,826,533	(582,194)
Southern	46,861,981	46,152,290	(709,691)
Western	36,011,529	35,360,823	(650,706)
North Western	31,975,557	31,346,791	(628,766)
Muchinga	17,553,360	16,861,184	(692,176)
Central	38,517,441	37,853,112	(664,329)
Eastern	35,677,044	35,028,161	(648,883)
<b>Total</b>	<b>320,191,426</b>	<b>313,617,777</b>	<b>(6,573,649)</b>

According to the Financial Statement (Statement 'C'), a total amount of K313,617,777 had been spent as at 31<sup>st</sup> December 2015.

### Accounting and Other Irregularities

An examination of accounting and other payroll records carried out during the period from April to June 2016 at the Provincial Agricultural Coordinating Offices (PACOs) and the District Coordinating Offices (DACOs) revealed the following:

#### a. Misplacement of Officers on the Payroll

A reconciliation of the payroll and staff returns for seventeen (17) stations revealed that one hundred and twenty (120) officers drew salaries in amounts totalling K5,987,513 during the period under review from pay points which were different from their physical stations. *See table below.*

Station	No. Of Officers	Amounts K
Central-PACO	24	1,204,665
Chingola-DACO	7	413,265
Mufulira-DACO	5	289,666
Kitwe-DACO	1	40,560
NARDC	10	283,418
Ndola -DACO	1	43,420
Copperbelt-PACO	3	117,156
Western-PACO	3	206,544
Southern-PACO	25	1,195,544
Sinda-DACO	2	79,188
Eastern-PACO	5	61,991
Musekela Research Station	6	229,808
Chadiza-DACO	12	715,629
Mambwe-DACO	3	132,336
Vubwi-DACO	3	256,568
Chipata-DACO	3	138,428
Nyimba-DACO	1	101,327
<b>Total</b>	<b>114</b>	<b>5,509,513</b>

#### b. Irregular Payment of Acting Allowance

The Terms and Conditions of Service for the Public Service No. 26 (b) (i) states that when an officer is appointed to act in a higher post with a view to awarding him/her substantive promotion, the effective date of such promotion shall be the date on which the officer

commenced to act on the post. Officers selected for promotion shall normally be appointed by the Service Commission or the responsible officers to act for a period of not less than six (6) months with a view to establishing their suitability for substantive promotion.

Contrary to the Terms and Conditions of Service, one hundred and seven (107) officers acted in various positions without authority from the Public Service Management Division (PSMD). In this regard, the officers were irregularly paid acting allowances in amounts totalling K1,756,266. *See table below.*

Station	No. Of Officer	Amounts K
Cental-PACO-(A)	23	273,279
Muchinga-PACO (A)	14	305,213
Southern-PACO(A)	2	8,320
Masaiti-DACO	3	10,662
Mpongwe-DACO	4	20,807
Mufulira-DACO	1	3,360
National Aquaculture Research Development Centre	1	10,453
Ndola-PACO	5	56,943
Zambia Agriculture Research Institute	2	12,996
Mansa-DACO	3	59,409
Chinsali DACO	18	354,656
Isoka DACO	1	3,120
Mafinga DACO	1	51,494
Mpika DACO	1	15,249
Nakonde DACO	1	29,663
Shiwangandu DACO	2	104,247
Lusaka-PACO	20	345,056
Kasama-DACO	5	91,340
<b>Total</b>	<b>107</b>	<b>1,756,266</b>

### c. Irregular Payment of Salaries to Separated Staff

The Terms and Conditions of Service for the Public Service No.38 (a) states that, “An established officer shall be retired as prescribed in the Public Service Pensions Act No. 35 of 1996 and that no officer shall continue serving after attaining the pensionable age.” Contrary to the Terms and Conditions of Service, fourteen (14) officers who were separated from the Public Service from July 2014 to November 2015 were paid amounts totalling K385,627 in respect of salaries and allowances during the period under review.

As of June 2016, the funds had not been recovered. *See table below.*

Station	No. Of Officer	Amounts K
Masaiti-DACO	2	14,000
Luanshya-DACO	1	22,400
Eastern-PACO	1	31,214
Chinsali- DACO	2	19,985
Mongu- DACO	1	61,320
Kalabo- DACO	1	50,120
Kasama-DACO	3	34,930
Namwala-DACO	2	94,000
Kalomo-DACO	1	57,658
<b>Total</b>	<b>14</b>	<b>385,627</b>

**d. Irregular Payment of Rural and Remote Hardship Allowances**

According to the terms and Conditions of Service No. 166, an officer serving in an area declared to be in a remote area shall be entitled to receive hardship allowance at a rate as may be determined by government from time to time.

The following were observed:

**i. Allowances Paid to Ineligible Officers**

During the period under review, amounts totalling K682,094 (Remote – K91,346 and Rural – K590,748) were paid to eight five (85) officers who were not eligible to receive the allowances in that the stations from which the employees operated were not among those designated for the payment of the allowances. *See table below.*

Station	No. Of Officers	Rural HardShip K	Remote Hardship K	Amounts K
Central-PACO	21	295,298	-	295,298
Mansa-DACO	3	41,902	-	41,902
Mongu-DACO	1	7,680	-	7,680
Kaoma-DACO	3	3,431	-	3,431
Sesheke- DACO	1	5,600	-	5,600
Senanga -DACO	1	5,600	-	5,600
Mpika- DACO	14	53,157	-	53,157
Nakonde- DACO	15	82,637	-	82,637
Chinsali-DACO	12	81,124	-	81,124
Shiwang'andu-DACO	2	10,960	-	10,960
Chama-DACO	1	3,360	-	3,360
Chavuma-DAC)	4	-	33,600	33,600
Zambezi-DACO	4	-	33,600	33,600
Kabompo-DACO	2	-	14,546	14,546
Southern-PACO	1	-	9,600	9,600
<b>Totals</b>	<b>85</b>	<b>590,748</b>	<b>91,346</b>	<b>682,094</b>

**ii. Payment of Remote Instead of Rural Hardship Allowance**

During the period under review, sixty six (66) officers were paid remote hardship allowances in amounts totalling K525,838 instead of being paid rural hardship allowances of K416,820 resulting in overpayment of K109,018 which had not been recovered as of June, 2016. *See table below.*

Station	No. Of Officer	Remote allowance paid K	Rural allowance that should have been paid K	Overpayment K
Chinsali-DACO	58	466,006	368,955	97,051
Isoka-DACO	2	18,366	14,693	3,673
Mafinga-DACO	1	2,100	1,680	420
Mpika-DACO	5	39,366	31,493	7,873
<b>Totals</b>	<b>66</b>	<b>525,838</b>	<b>416,821</b>	<b>109,018</b>

**iii. Overpayment of Rural Hardship Allowance**

Cabinet Circular No. B 12 of 2012 stipulates that Rural Hardship allowance shall be paid to eligible employees through payroll at the rate of 20% of monthly basic pay. Contrary to the circular, twelve (12) officers were paid rural hardship allowances at

rates above the authorised rate of 20% resulting in an overpayment of K14,660. *See table below.*

Station	No. of Officers	Over Payment Amounts K
Nakonde-DACO	3	2,407
Mpika-DACO	1	1,520
Isoka-DACO	3	5,172
Chinsali-DACO	4	3,844
Chama-DACO	1	1,716
<b>Total</b>	<b>12</b>	<b>14,660</b>

**e. Irregular Payment of Housing Allowances**

**i. Allowances Paid to Ineligible Officers**

Contrary to Cabinet Circular No. B12 of 2012, amounts totalling K320,832 were irregularly paid as housing allowances to fifty one (51) officers who were accommodated in Government quarters. *See table below.*

Station	No. of Officers	Amount K
Central-PACO	18	150,856
Masaiti-DACO	2	10,878
ZARI	1	4,620
NARDC	1	6,000
Chadiza-DACO	8	59,348
Katete -DACO	1	6,048
Mongu-DACO	3	11,315
Limulunga- DACO	1	6,720
Nalolo- DACO	2	8,053
Chinsali- DACO	7	21,920
Mpika- DACO	2	14,940
Zambezi-DACO	5	20,135
<b>Total</b>	<b>51</b>	<b>320,832</b>

**ii. Overpayment of Housing Allowance - Muchinga**

Cabinet circular No. B 12 of 2012 stipulates that housing allowance shall be paid to eligible employees through payroll at the rate of 20% of monthly basic pay. Contrary to the circular, fifteen (15) officers were paid amounts totalling K142,319 as housing allowances at rates above the authorised rate of 20% resulting in an overpayment of K13,449 and no recoveries had been made as of June 2016.

**f. Irregular Payment of Salaries**

**i. Payment of Salaries to Officers Absent from Work Without Official Leave**

Contrary to the Terms and Conditions of Service for the Public Service No. 60(b) which states that “An officer shall not get a salary for the period he/she is absent from duty without leave unless he/she produces satisfactory evidence for such absent”, five (5) officers from four (4) districts were irregularly paid salaries in amounts totalling K238,851 for the periods they were away from duty without leave. The officers were absent from work for periods ranging from nine (9) to thirteen (13) months. As of September 2016, no disciplinary action had been taken against the officers. *See table below.*

Station	No. of Officers	No. of Months	Amount K
Mongu-DACO	1	9	60,313
Chingola-DACO	1	13	80,418
Choma-DACO	1	12	43,680
Monze-DACO	1	12	54,440
<b>Total</b>	<b>4</b>	<b>46</b>	<b>238,851</b>

**ii. Failure to Effect Half Pay - Southern Province - PACO**

During the period under review, amounts totalling K220,587 were irregularly paid as full emoluments to three (3) officers who had disciplinary cases. It was not clear as to why the officers' salaries were not halved as per terms and conditions of service.

**iii. Payment of Salaries to an Officer who Resigned - Senanga DACO**

On 7<sup>th</sup> August 2015, an Assistant Accountant, gave one month notice to resign from the Civil Service to the Permanent Secretary Ministry of Agriculture and Livestock. However, on 11<sup>th</sup> December 2015, the officer rescinded his resignation. The Permanent Secretary in his letter dated 15<sup>th</sup> January 2016 declined to reinstate the officer on the grounds that three (3) months provided for in the terms and conditions for the Public Service had elapsed.

As of September 2016, the Officer was still at the station of duty and had been paid salaries and allowances in amounts totalling K27,300 for six (6) months from November 2015 to April 2016.

**iv. Questionable Payment of Salary Arrears -National Agriculture Research and Development Centre (NARDC - Kitwe)**

In April 2015, the Principal Research Officer at the Centre was paid K14,066 as salary arrears. However, there was no documentary evidence to show how the arrears were accumulated, rendering the payment questionable.

**g. Introduction to Payroll Without Authority**

According to Government procedures, an officer can be introduced on payroll after authority has been obtained from PSMD. However, it was observed that sixteen (16) officers were introduced on the payroll without authority from PSMD. In this regard, the officers were irregularly paid salaries in amounts totalling K467,113 for the period from January to December 2015. *See table below.*

<b>Station</b>	<b>No. of Officer</b>	<b>Amounts K</b>
Chilabombwe-DACO	1	19,041
Kitwe-DACO	1	45,506
Luanshya-DACO	1	50,667
Chama-PACO	3	107,280
Chinsali-DACO	7	172,604
Mpika-DACO	2	52,814
Shiwang'andu-DACO	1	19,200
<b>Total</b>	<b>16</b>	<b>467,113</b>

**h. Failure to Recover Salary Advances –Lusaka PACO**

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of salary advances in amounts totalling K6,400 paid to three (3) officers had not been effected as of June 2016.

**HEAD: 89 Ministry of Agriculture and Livestock**

**DEPARTMENTS: Provincial Agriculture and Livestock Coordinating Offices**

**District Agriculture and Livestock Offices**

**Agriculture Training Institutions**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

55. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K117,637,062 was made to cater for various activities at fifty three (53) institutions under Provincial Agriculture and Livestock Coordinating Offices (PACOs), District Agriculture and Livestock Coordinating Offices (DACOs) and Agriculture Training Institution against which amounts totalling K36,253,108 were released resulting in an underfunding of K81,383,954 as shown in the below.

Province	Station	Budgeted	Releases	Over/(Under)
		K	K	Funding K
Copperbelt	Ndola PACO	37,211,917	2,614,239	(34,597,678)
	Ndola DACO	1,925,845	486,580	(1,439,265)
	Masaiti DACO	2,244,819	540,493	(1,704,326)
	Kalulushi DACO	1,391,127	426,682	(964,446)
	Lufwanyama DACO	5,265,994	455,468	(4,810,526)
	Chapula - ZHTC	2,351,737	600,428	(1,751,309)
Lusaka	Lusaka PACO	5,251,595	1,671,471	(3,580,124)
	Lusaka DACO	2,131,299	829,167	(1,302,132)
	Chongwe DACO	2,971,895	910,593	(2,061,302)
	Kafue DACO	3,272,284	739,000	(2,533,284)
	Shibuyunji DACO	5,205,302	929,452	(4,275,850)
	Rufunsa DACO	4,152,891	718,577	(3,434,314)
	Chirundu DACO	2,353,930	744,439	(1,609,491)
	Chilanga DACO	2,075,837	755,000	(1,320,837)
Western	Mongu PACO	6,805,037	2,381,693	(4,423,344)
	Mongu DACO	2,498,166	598,397	(1,899,769)
	Limulunga DACO	1,738,399	464,500	(1,273,899)
	Nalolo DACO	1,770,093	305,000	(1,465,093)
	Kalabo DACO	3,229,038	308,496	(2,920,542)
	Sikongo DACO	1,486,066	305,500	(1,180,566)
	Senanga DACO	2,297,761	658,823	(1,638,938)
	Sioma DACO	1,865,048	682,580	(1,182,468)
Central	Kabwe PACO	5,782,662	2,122,718	(3,659,944)
	Kabwe DACO	2,744,088	563,930	(2,180,158)
	Chibombo DACO	3,863,305	466,290	(3,397,015)
	Kapiri Mposhi DACO	2,108,471	472,036	(1,636,435)
Eastern	Chipata PACO	5,820,578	2,162,539	(3,658,039)
	Chipata DACO	3,666,426	781,115	(2,885,311)
	Chadiza DACO	1,706,716	505,126	(1,201,590)
	Sinda DACO	2,887,938	597,172	(2,290,766)
Luapula	Mambwe DACO	2,049,934	710,668	(1,339,266)
	Mansa PACO	4,723,445	1,820,673	(2,902,773)
	Mansa DACO	1,964,833	426,934	(1,537,899)
	Sanfya DACO	2,166,694	738,498	(1,428,196)
	Chembe DACO	1,436,947	452,041	(984,906)
	Kawambwa DACO	1,866,199	751,362	(1,114,837)
Southern	Nchelenge DACO	1,883,066	401,950	(1,481,116)
	Choma PACO	5,818,250	2,221,420	(3,596,830)
	Livingstone DACO	1,818,443	401,863	(1,416,580)
	Kazungula DACO	1,569,682	511,494	(1,058,189)
Muchinga	Monze - ZCA	4,386,209	3,632,222	(753,987)
	Chinsali PACO	4,072,083	1,210,826	(2,861,257)
	Chinsali DACO	2,355,976	799,951	(1,556,025)
	Mpika DACO	3,810,139	513,701	(3,296,438)
Northern	Nakonde DACO	2,218,194	409,107	(1,809,087)
	Kasama PACO	6,603,884	1,524,145	(5,079,739)
	Kasama DACO	2,584,240	615,000	(1,969,240)
	Mpulungu DACO	1,366,160	681,000	(685,160)
Northwestern	Mbala DACO	1,927,551	725,077	(1,202,474)
	Solwezi PACO	5,864,325	2,482,559	(3,381,766)
	Chavuma DACO	2,417,694	572,882	(1,844,812)
	Zambezi DACO	2,412,912	692,283	(1,720,629)
	Kabompo DACO	2,050,410	581,539	(1,468,871)
<b>Total</b>		<b>117,637,062</b>	<b>36,253,108</b>	<b>(81,383,954)</b>

According to the financial statement (Statement C) amounts totalling K32,744,126 had been spent as of 31<sup>st</sup> December 2015.

### Accounting and Other Irregularities

An examination of accounting and other records maintained at the Provincial Agriculture Coordinating Offices (PACOs), District Agriculture Coordinating Offices (DACOs), Agriculture Training Institutions and physical inspections of selected projects carried out during the period from April to May 2016 revealed the following:

**a. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, forty four (44) payment vouchers in amounts totalling K116,941 made during the period under review were not availed for audit. *See table below.*

Province	Station	No. of Vouchers	Amount K
Eastern	Chipata DACO	3	11,952
Western	Mongu PACO	1	3,270
	Mongu DACO	1	1,600
	Nalolo DACO	1	10,404
Luapula	Mansa PACO	6	13,845
	Chembe DACO	6	24,612
Muchinga	Chinsali DACO	17	29,953
Lusaka	Chilanga DACO	9	21,305
<b>Total</b>		<b>44</b>	<b>116,941</b>

**b. Unsupported Payments**

Contrary to Financial Regulation Nos. 45 and 52, one hundred and sixteen (116) payments in amounts totalling K478,925 made during the period under review were not supported with relevant documents such as cash sale receipts and LPOs. *See table below.*

Station	No. of Payments	Amount K
Chipata DACO	3	5,935
Livingstone	3	3,725
ZCA - Monze	18	97,117
Mongu PACO	1	400
Mongu DACO	3	28,182
Limulunga DACO	2	1,200
Nalolo DACO	11	14,980
Kalabo DACO	4	6,593
Senanga DACO	3	5,173
Sioma DACO	4	4,300
Mansa PACO	15	185,541
Mansa DACO	21	56,389
Kawambwa DACO	7	15,520
Samfya DACO	4	3,860
Chinsali PACO	3	6,624
Chinsali DACO	6	7,550
Lusaka DACO	6	15,432
ZHTC - Chapula	1	5,000
Kasama PACO	1	15,404
<b>Total</b>	<b>116</b>	<b>478,925</b>

**c. Misapplication of Funds – Southern Province**

Contrary to the Appropriation Act of 2014, amounts totalling K281,036 meant for Recurrent Departmental Charges were applied on unrelated activities such as payment of long service

bonus, repatriation, leave travel benefits and settling in allowances, among others. *See table below.*

Station	Amount K
Choma PACO	62,089
Kazungula DACO	11,978
ZCA - Monze	185,642
Mpika DACO	17,355
Nakonde DACO	3,972
<b>Total</b>	<b>281,036</b>

**d. Irregular Refunds – Chinsali DACO**

During the year under review, amounts totalling K51,868 were paid out as refunds to seventeen (17) officers at Chinsali DACO who used personal funds to procure various goods and services. However, there was no prior written authority granted to the officers to use their personal funds.

**e. Irregularities in the Payment of Allowances**

**i. Subsistence Allowance**

Terms and Conditions of Service for the Public Service No. 154 (a) provides that Subsistence Allowance shall be paid to an officer to cover additional expenses he or she has to meet when travelling on duty away from his or her normal station of duty. Contrary to the above, amounts totalling K86,197 were irregularly paid as subsistence allowance to fifteen (15) officers for work done within their normal station of duty. *See table below.*

Province	Station	No. of Officers	Amount K
Southern	Kazungula DACO	5	32,363
	ZCA - Monze	8	41,234
Lusaka	Lusaka DACO	2	12,600
<b>Total</b>		<b>15</b>	<b>86,197</b>

**ii. Out of Pocket Allowance – Western Province**

Cabinet Office Circular No. 11 of 2013 requires that out of pocket allowance be paid to an officer to cover the additional expenses he/she has to meet while on duty outside his/her normal station of duty where an overnight stay is involved. However, contrary to this requirement, amounts totalling K5,416 were paid as out of pocket allowance to twelve (12) officers for activities which were held within normal stations of duties and did not involve an overnight stay. *See table below.*

Station	No. of Officers	Amount K
Mongu PACO	6	2,916
Limulunga DACO	6	2,500
<b>Total</b>	<b>12</b>	<b>5,416</b>

**iii. Meal Allowance**

Contrary to Cabinet Office Circular No. 11 of 2013, section 7 and Terms and Conditions of Service for the Public Service No. 167 (f), amounts totalling K5,588 were paid as lunch allowances to eight (8) officers who worked within their normal station of duty.

Province	Station	No of Officers	Amount K
Eastern	Chipata DACO	2	3,188
Muchinga	Nakonde DACO	6	2,400
<b>Total</b>		<b>8</b>	<b>5,588</b>

**f. Irregularities in the Payment of Imprest**

**i. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K163,463 issued to thirty six (36) officers during the period under review had not been retired as of June 2016. *See table below.*

Province	Station	No. of Officers	Amount K
Eastern	Chipata DACO	6	36,936
Southern	Livingstone	1	14,744
Western	Mongu DACO	4	22,365
Lusaka	Lusaka PACO	6	32,078
	Lusaka DACO	3	1,200
	Chilanga DACO	3	3,275
Luapula	Mansa PACO	5	36,355
	Kawambwa DACO	8	16,510
<b>Total</b>		<b>36</b>	<b>163,463</b>

**ii. Retirement of Imprest**

During the period under review, imprest in amounts totalling K88,754 was paid to twenty seven (27) officers to carry out various activities. However, a scrutiny of retirement details revealed various irregularities in the retirements which included details of the vehicle used on assignment trips, the purpose or period of the activities undertaken not indicated, vehicles which were purported to have been used on the assignment trips were on other duties, and claim forms not approved among others. *See table below.*

Province	Station	No. of Officers	Amount K
Southern	Choma PACO	5	41,328
	Livingstone DACO	8	20,102
	Kazungula DACO	9	23,824
Western	Nalolo DACO	1	500
	Kalabo DACO	4	3,000
<b>Total</b>		<b>27</b>	<b>88,754</b>

### iii. Failure to Produce Activity/Monitoring Reports

During the period under review, imprest in amounts totalling K208,611 was issued forty nine (49) officers to carry out various activities. However, as of June 2016, there were no activity reports produced for audit. *See table below.*

Province	Station	No. of Officers	Amount K
Eastern	Chipata DACO	8	34,875
Western	Sioma DACO	7	4,740
Central	Kabwe PACO	2	12,520
Muchinga	Chinsali DACO	12	49,720
Lusaka	Lusaka PACO	4	12,714
	Chilanga DACO	5	50,998
Luapula	Mansa DACO	3	17,635
	Samfya DACO	8	25,410
<b>Total</b>		<b>49</b>	<b>208,611</b>

### iv. Irregular Use of Accountable Imprest

Financial Regulation No. 86, states that, accountable imprest should be issued to facilitate the purchase of goods and services whose value cannot be ascertained at the time. It was however, observed that imprest in amounts totalling K41,626 issued to ten (10) officers was used to procure goods and services whose values were obtainable on the market. *See table below.*

Province	Station	No. of Officers	Amount K
Eastern	Chipata DACO	3	16,020
Lusaka	Chilanga DACO	7	25,606
<b>Total</b>		<b>10</b>	<b>41,626</b>

### g. Management of Stores

#### i. Unaccounted for Stores

Contrary to Public Stores Regulation No. 16, various stores items costing K1,203,585 (general stores – K555,235 and fuel – K 608,878) procured during the period under review were not accounted for in that there were no receipt and disposal details. *See table below.*

Province	Station	Stores K	Fuel K	Total Amount K
Eastern	Chipata PACO	-	8,738	8,738
	Chipata DACO	28,630	40,212	68,842
Southern	ZCA - Monze	100,329		100,329
Western	Mongu PACO	61,306	27,930	89,236
	Mongu DACO	26,355	10,090	36,445
	Limulunga DACO	6,650	36,425	43,075
	Nalaolo DACO	27,014	35,194	62,208
	Kalabo DACO	-	5,520	5,520
	Sikongo DACO	8,050	-	8,050
	Senanga DACO	-	29,040	29,040
Luapula	Samfya DACO	23,013	-	23,013
	Kawambwa DACO	40,987	8,187	49,174
	Nchelenge DACO	-	22,754	22,754
Central	Kabwe PACO	-	69,986	69,986
	Kabwe DACO	-	148,125	148,125
	Chibombo DACO	-	14,048	14,048
Muchinga	Chinsali PACO	2,100		2,100
	Chinsali DACO	36,716	6,287	43,003
	Mpika DACO	46,084	54,548	100,632
Lusaka	Lusaka PACO		3,800	3,800
	Lusaka DACO	4,625	74,464	79,089
	Chilanga DACO	28,962	13,530	42,492
Copperbelt	ZCHT -Chapula	114,414	-	114,414
Northern	Mbala DACO			39,473
<b>Total</b>		<b>555,235</b>	<b>608,877</b>	<b>1,203,585</b>

## ii. Failure to Inscribe Government Assets

Contrary to Public Stores Regulation No. 154, which states that ‘all items or furniture and equipment belonging to the Government must be clearly marked with distinguishing letters’ “GRZ” Numbers, it was observed that various furniture and equipment costing K465,503 procured during the period under review were not marked. *See table below.*

Province	Station	No. of Items	Amount K
Eastern	Chipata PACO	10	66,216,34
Southern	ZCA - Monze	20	227,633
Western	Limulunga DACO	6	8,065
	Kalabo DACO	11	30,700
Luapula	Samfya DACO	4	8,450
Muchinga	Chinsali PACO	3	11,594
	Mpika DACO	3	3,800
	Nakonde DACO	5	7,600
Lusaka	Lusaka PACO	8	41,270
	Lusaka DACO	15	60,437
	Chongwe DACO	10	23,365
Copperbelt	Ndola PACO	9	25,285
	ZHTC - Chapula	4	8,954
Northern	Kasama DACO	2	8,350
<b>Total</b>		<b>110</b>	<b>465,503</b>

### iii. Failure to Insure Assets

A review of documents pertaining to the fleet of motor vehicles and motor bikes at PACO and DACO offices as well as inquiries made with management revealed that thirty two (32) motor vehicles and eighty three (83) motor bikes were not insured. *See table below.*

Province	Station	Motor Vehicles	Motorbikes
Eastern	Chipata PACO & DACO	10	0
	Chipata PACO & DACO	0	72
Luapula	Chembe DACO	1	0
	Kawambwa DACO	3	0
	Nchelenge DACO	4	0
Muchinga	Chinsali PACO	2	0
Copperbelt	Ndola PACO	10	2
	Lufwanyama DACO	4	1
	Kalulushi DACO	2	8
<b>Total</b>		<b>32</b>	<b>83</b>

### h. Failure to Remit Tax (PAYE)

Contrary to the Income Tax Act, amounts totalling K87,753 deducted from various employees' settling in allowances during the period under review had not been remitted to the Zambia Revenue Authority as of June 2016. *See table below.*

Province	District	No. of Officers	Amount K
Southern	ZCA - Monze	2	6,000
Luapula	Mansa PACO	8	18,870
Muchinga	Chinsali PACO	24	62,883
<b>Total</b>		<b>34</b>	<b>87,753</b>

### i. Failure to Sign Payment Vouchers – Chipata PACO

Contrary to Financial Regulation No.48, which states that the original of a payment voucher shall be signed by a Controlling Officer, a warrant holder or by any other officer authorised to sign on their behalf, two (2) payments vouchers in amounts totalling K10,550 dated 3<sup>rd</sup> February 2015 and 19<sup>th</sup> February 2015 were not signed by the responsible officer.

### j. Failure to Report Road Traffic Accident – Ndola PACO

An Isuzu motor vehicle registration No. GRZ 986CH was involved in a road traffic accident in Mazabuka. However, as of June 2016, the accident had not been reported to the police and the Standing Accidents Board.

### k. Irregular Payment of Wages–Chapula Zambia Horticulture Training Centre-Kalulushi

Contrary to the requirement regarding the recruitment of workers in Government Institutions which require authority to be sought from Public Service Management Division (PSMD), a

total of K47,520 involving fifty five (55) transactions was paid as wages to Classified Daily Employees (CDEs) who were locally engaged without authority from PSMD.

**l. Questionable Drawing of Fuel**

During the period under review, fuel costing K1,232 was drawn by various vehicles. However, the drawings were questionable in that, in some instances fuel requisition vouchers were not raised and the registration numbers for motor vehicles that drew the fuel were not indicated.

**m. Irregularities in the Management of Infrastructure Development**

During the period under review, the Ministry of Agriculture and Livestock embarked on various infrastructure projects country wide such as construction and rehabilitation of dip tanks, crush pens and staff houses.

A scrutiny of the accounting records maintained at the PACOs and DACOs Offices and physical inspections of selected projects in the provinces carried out in April and May 2016 revealed that there was inadequate supervision. This was evidenced by the shoddy works exhibited by various contractors in that most newly constructed and rehabilitated infrastructure had developed defects barely a year after construction. The defects included leaking roofs and cracks on walls and floors. It was also observed that in some cases, there were delays in completing projects by contractors while in other cases, contractors had abandoned the works. In particular, the following observations were made:

## Infrastructure Development

Province	District	Project	Contractor	Period	Duration	Contract Sum K	Amount Paid K	Percentage of Amount Paid	Scope of Works	Remarks/Observations
Western	Senanga	Construction of a Cold Storage Shelter and Ablution Block – Senanga Fisheries Research Station	Kufanga Contractors	01.07.15 to 01.10.15	12 weeks	356,761	237,399	67%	<p><b>Cold Storage Shelter</b> Construction of a steel frame on a concrete slab base, construction of generator, housing and office,</p> <p><b>Ablution Block</b> construction of substructure and superstructure, plastering, painting, roofing plumbing, electrical fittings, glazing,</p>	<p>As of June 2016, the works had not been completed eight (8) months after the expected completion date and the contractor was not on site. The following works were outstanding: <b>Cold Storage Shelter</b> Although construction of the concrete slab base and the roofed steel frame structure, the generator house and office had been done, the painting of the steel structure, fixing of tiles and ceiling in the shelter's office and construction of a dish drain were still outstanding.</p>

	Livingstone	Construction of Office Block with Plant Quarantine Phytosanitary Services (PQPS)	Claribella Enterprises	27.04.13 to 27.07.13	12 weeks	65,976	52,522	80%	fitting of doors, drainage, construction of septic and soak away and connection of water and electricity to the facility.	<p><b>Ablution Block</b></p> <p>Although the structure had been completed with roofing, plumbing, painting done and doors fitted, septic and soak away had also been done, the connection of water and electricity was still outstanding.</p>
<b>Southern</b>	Livingstone	Construction of Office Block with Plant Quarantine Phytosanitary Services (PQPS)	Claribella Enterprises	27.04.13 to 27.07.13	12 weeks	65,976	52,522	80%	Construction of substructure, superstructure, roofing, plastering, painting electrical and finishes.	<p>As of June 2016, the works had not been completed and the following were outstanding;</p> <ul style="list-style-type: none"> <li>• Carpentry and painting, works, glazing on twelve (12) windows, fitting of window stays and fasteners were still outstanding</li> <li>• Several cracks had developed on the floor and were not worked.</li> </ul>

<b>Luapula</b>	Mansa	Construction of Kalaba Dip Tank	Star Agency Contractors	24.12.14 to 24.03.15	12 weeks	150,000	118,864	79%	Demolition site cleaning and creating, carpentry, joinery and roofing.	As of June 2016, the works had not been completed fifteen (15) months after the expected completion date with the following works outstanding: <ul style="list-style-type: none"> <li>• The contractor had abandoned the site.</li> <li>• The Dip tank did not contain the foot bath</li> <li>• There was no holding pen</li> </ul> The contractor has since abandoned the site.
	Samfwa	Construction of Musaba Katebe Dip Tank, Staff House and Farmer's Shelter	Mixjer Contractors		19 weeks	417,175	142,069	34%	Nil	There was no Bill of Quantities (BOQ) produced for audit. As of June 2016, the contractor had abandoned works. <p><b>Construction of a Dip Tank</b></p> Construction of the dip tank had stalled at concrete foundation level

<b>Lusaka</b>	Chongwe	Rehabilitation of Chinkuli, and Kapete dip tanks and completion of spray race at Nkhomeshya	W.C. Construction Engineering and Building Company Limited	15.05.15 to 07.08.15	12 weeks	543,684	135,921	25%	Dip tanks: Excavation and earthworks, concrete work, floor bed and side wall finishing, external drainage, structural steel fencing and roofing. Spray Race Excavation and	<p><b>Construction of a Staff House</b> The staff house was at window level and grass had overgrown around the structure. The was August 2015.</p> <p><b>Construction of Farmer's Shelter</b> The construction of the farmer's shelter stalled at roof (gable) level</p> <p><b>Chinkuli Dip Tank</b> Completion of roofing (partly done), completion of structural steel fencing (partly done), external drainage and plastering of the side walls at the drain race.</p> <p><b>Kapete Dip Tank</b> As of June 2016, thirteen (13) months after the</p>
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**HEAD: 89 Ministry of Agriculture and Livestock**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

56. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K57,586,314 was made to cater for the construction and rehabilitation of three hundred and ninety eight (398) infrastructure projects that included dip tanks, dams, staff houses and office blocks in seventy seven (77) districts against which amounts totalling K51,887,000 were released from the Eurobond.

According to the Financial Statements (Statement 'C'), amounts totalling K42,360,808 had been spent leaving a balance of K9,526,192 as at 31<sup>st</sup> December 2015.

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

An examination of accounting and other records carried out at the Ministry Headquarters and physical inspections of dip tanks, dams, staff houses and office blocks in eight (8) districts in June 2016 revealed the following:

##### **a. Eastern Province**

Audit verifications were carried out on eleven (11) selected projects in Eastern Province which included nine (9) dip tanks and two (2) dams. *See table below.*

<b>District</b>	<b>Activity</b>	<b>Contract Date</b>	<b>Contract Sum K</b>	<b>Disbursed K</b>
Chipata	Rehabilitation of Chilobwe Dam	29/10/2014	2,296,073	2,044,540
	Rehabilitation of Kalichelo and Chiparamba Dip Tanks	28/02/2014	129,958	74,055
Katete	Rehabilitation of Mshoka Dip Tank	17/11/2014	65,646	37,296
	Rehabilitation of Kagoro Dip Tank	17./ 1/2014	70,119	39,312
	New construction of Joel Dip Tank	17/11/2014	71,135	40,490
Petauke	Rehabilitation of Nyaphande, Chitimba, Chikumba and North Nyamphande Dip Tanks	28/11/2014	257,633	79,224
	Construction of Nsenya Dam	6/11/2013	640,000	614,580

**i. Chilobwe Dam - Chipata**

On 29<sup>th</sup> October 2014, the Provincial Administration engaged Skytech Construction Limited to construct an earth dam in Chipata at a contract sum of K2,296,073 within a contract period of twenty (20) weeks from 15<sup>th</sup> December 2014 to 4<sup>th</sup> May 2015. As of June 2016, the contractor had been paid amounts totalling K2,044,540 representing 89% of the total contract sum.

It was however observed that two (2) years after the expected completion date, construction works had not been completed as the following were still outstanding:

- Much of the spill way works were not done and the concrete works at the spill way had not been done.
- Excavation works are at approximately 70%.
- The embankment, although done had ridges on it and the compacting had not been completed.
- The grassing of the embankment had not been done including the masonry (stone) works at the spill way.
- As of July 2016, the contractor was not on site and had demobilised.



*Dam not completed as of July 2016*

**ii. Kalichelo and Chiparamba Dip Tanks**

On 28<sup>th</sup> November 2014, the Provincial Administration engaged Sakmek General Engineering and Supplies Ltd to rehabilitate Kalichelo and Chiparamba Dip Tanks at a contract sum of K129,958 with a contract period of eight (8) weeks from 28<sup>th</sup> November 2014 to 8<sup>th</sup> January 2015.

As of June 2016, the contractor had been paid amounts totalling K74,056 representing 89% of the total contract sum leaving a balance of K55,902.

An examination of the project documents and a physical inspection of the project site carried out in June 2016, revealed the following:

- **Incomplete Works**

Although both Kalichelo and Chiparamba dip tanks were roofed, the rehabilitation works were not completed, two (2) years after the expected completion period, the contractor abandoned the works and the dip tanks were not in use.

As of July 2016, cracks had developed on the walls and outstanding works included the following:

- Crush pen
- Holding pen
- Setting and excavation done halfway
- Fencing done half way
- Mending and pinning of cracked walls with cement, burnt bricks, brick force wire and building sand

- **Works Done Contrary to the Project BOQ and Project Manager's Instructions**

The Project Manager failed to supervise the works as the contractor did not follow the project Bill of Quantities (BOQ) and specifications. Whereas the specification for the width of the holding and crushing pens was 70 – 80 cm wide, the contractor made a width of 100 cm (1 m).



*Incomplete Works at Kalichelo Dip Tank*



*Cracks on Walls of Chiparamba Dip Tank*

### iii. Mshoka Dip Tank - Katete

On 18<sup>th</sup> August 2014, the District Procurement Committee of Katete engaged Ndazy Construction to rehabilitate Mshoka Dip Tank and drill a borehole at a contract sum of K65,646 with a contract period of six (6) weeks from 28<sup>th</sup> August to 2<sup>nd</sup> October 2014.

As of June 2016, the contractor had been paid amounts totalling K37,533 leaving a balance of K28,113.

An examination of the project documents and a physical inspection carried out in June 2016, revealed that although the dip tank had been roofed, the roof was in bad shape and needed fixing. Rehabilitation works were not complete, two (2) years after the expected completion period and the contractor was not on site. The value of works outstanding was K29,820 as per costs in the BOQ.

Outstanding works included the following:

- Drilling of the borehole
- Mending and pinning of cracked walls with cement
- Installation of metal poles on draining and holding pens
- Cleaning of the Septic Tank
- Reconstruction of the store room
- Construction of a closed channel using 6" PVC pipes



*Incomplete Mshoka Dip Tank*

**iv. Kagoro Dip Tank – Katete**

On 17<sup>th</sup> November 2014, the District Procurement Committee engaged Hajanac to rehabilitate Kagoro dip tank and to drill a borehole at a contract sum of K70,119 within a contract period of six (6) weeks from 19<sup>th</sup> November 2014 to January 2015.

As of June 2016, the contractor had been paid amounts totalling K39,312 leaving a balance of K30,807.

A physical verification of the dip tank revealed that works had not been completed sixteen (16) months after the expected completion period with the following works outstanding:

- Sinking of a borehole
- Mending of cracks
- Fixing of the roof
- Installation of metal poles around the draining and holding pens



*State of Kagoro Dip Tank*



*State of Kagoro Dip Tank*

**v. Joel Dip Tank – Katete**

On 17<sup>th</sup> November 2014, the District Procurement Committee of Katete entered into a contract with Ambitious Auto Spares and General Dealers for the rehabilitation of Joel dip tank and drilling a borehole at a contract sum of K71,135 with a contract period of six (6) weeks. The contractor took possession of the site on 24<sup>th</sup> November 2014 and the rehabilitation of the dip tank was expected to be completed on 29<sup>th</sup> December 2014.

As of June 2016, the contractor had been paid amounts totalling K40,490 leaving a balance of K30,645.

A physical verification of the dip tank revealed that seventy six (76) weeks after the expected completion date, the rehabilitation works had not been completed with the following works outstanding:

- Mending of cracks
- Fixing of the roof
- Installation of metal poles around the draining and holding pens



*Wall Needs Attention to Mend Cracks*

**vi. Construction and Rehabilitation of Dip Tanks – Petauke**

On 28<sup>th</sup> November 2014, the Ministry entered into a contract with Messrs Pegmark Limited for the construction of Nyamphande Dip tank and rehabilitation of Chitimba, Chikumba, and North Nyamphande dip tanks at a contract sum of K257,634 with a completion period of twelve (12) weeks from 9<sup>th</sup> December 2014 to 3<sup>rd</sup> March 2015. *See table below.*

<b>Project Name</b>	<b>Contract Sum K</b>	<b>Disbursement K</b>	<b>Balance K</b>
Nyamphande (New)	148,684	-	148,684
Nyamphande (North)	39,569	31,655	7,914
Chitimba	38,913	26,850	12,063
Chhikumba	30,469	20,719	9,750
<b>Total</b>	<b>257,634</b>	<b>79,224</b>	<b>178,411</b>

The following were observed:

- **Construction of Nyamphande Dip Tank**

Although an amount of K148,684 was allocated for the construction of a new dip tank in Nyamphande, as of June 2016, no payments were made towards the construction of the dip tank.

A physical verification of the dip tank revealed that works were at 30% which included drilling of the borehole.

As of June 2016, the project was two (2) years behind schedule and the contractor had abandoned the site.



*Nyampande Dip Tank not Done*

- **Rehabilitation of North Nyamphande Dip Tank**

Although an amount of K39,569 was allocated for the rehabilitation of the dip tank in North Nyamphande, as of June 2016, the contractor had been paid amounts totalling K31,655 representing 80 percent of the total contract sum.

A physical verification of the dip tank revealed that the dip tank was not operational and there were irregularities as follows:

- The roof was 90 percent complete and the iron sheets need to be extended otherwise they would allow water to sip in during the rainy season.
- The contractor was supposed to use IT4 roofing sheets provided for in the BOQ but instead used corrugated roofing sheets.
- The contractor used timber instead of metal trusses as specified in the BOQ

**vii. Nsenya Dam - Petauke**

On 6<sup>th</sup> November 2013, the Provincial Procurement Committee engaged Link Construction to construct an earth dam for irrigation and fish farming in Petauke district at a contract sum of K640,000 with a contract period of twenty (20) weeks. The contractor took possession of the site on 20<sup>th</sup> February 2014 and was expected to complete works on 4<sup>th</sup> June 2014.

As of June 2016, the contractor had been paid amounts totalling K618,580 leaving a balance of K25,420 being the retention amount.

Although there was a handover of the project on 13<sup>th</sup> January 2015, the structure was incomplete, two (2) years after the expected completion period. A physical verification carried out in June 2016 revealed the following:

- Much of the spill way works had not been done,
- The gully in the spillway was completely broken down as wrong materials were used; masonry concrete was used instead of mass concrete.
- Excavation works were at approximately 70% complete.
- The embankment, though done had ridges on it and the compacting was not complete.
- The grassing of the embankment had not been done including the masonry works at the spill way, and
- The contractor was not on site and had demobilised the equipment.



*Incomplete Nsenya Dam*

## **b. Southern Province**

### **i. Nega Nega Dip Tank - Mazabuka**

On 24<sup>th</sup> December, 2014 the District awarded a contract to Allowce General Dealers for rehabilitation of Nega Nega and Kachembele dip tanks at a contract sum of K187,000 with a completion period of eleven (11) weeks from 24<sup>th</sup> December, 2014 to 11<sup>th</sup> March 2015. As of June 2016, the contractor had been paid amounts totalling K183,000 representing 97% of the total contract sum leaving a balance of K4,000.

A physical verification of Nega Nega Dip Tank revealed that cracks had developed on the walls and that the block work had not been completed. As of August 2016, the contractor was not on site.

**ii. Maggobo Dip Tank - Mazabuka**

On 24<sup>th</sup> December 2014, the Ministry engaged Southern Parts and Hardware Enterprises to rehabilitate Maggobo dip tank at a contract sum of K80,000. As of June 2016, the contractor had been paid amounts totalling K78,000 leaving a balance of K2,000.

A physical inspection revealed that there was poor workmanship as cracks had developed causing water to seep through.

**iii. Tandabale Dip Tank - Mazabuka**

On 24<sup>th</sup> December 2014, the Ministry awarded a contract to EGM Enterprises for the rehabilitation of Chibbale, Tandabale and Kalama dip tanks at a total contract sum of K239,433 with a completion period of eleven (11) weeks from 24<sup>th</sup> December 2014 to 11<sup>th</sup> March 2015. As of June 2016, amounts totalling K233,447 had been paid to the contractor leaving a balance of K5,986.

A physical verification of Tandabale Dip Tank and enquiries revealed that although the dip tank was operational, the water levels in the dip tank dropped every week an indication that there were still cracks through which water was seeping.

**iv. Chief Hanjalika's Palace - Mazabuka**

On 24<sup>th</sup> December 2014, the Ministry engaged Power Cage Civil Works and General Dealers to rehabilitate Duumba, Chief Hanjalika's palace and Namausha Dip Tank at a contract sum of K304,740 with a completion period of ten (10) weeks ending 4<sup>th</sup> March 2015.

As of June 2016, the contractor had been paid amounts totalling K297,122 leaving a balance of K7,619.

A physical verification revealed that the dip tank had cracks thus allowing water to seep through. Further, the contractor used steel instead of timber as specified in the bill of quantities.

**v. Sijekeke Dip Tank - Sinazongwe**

In December 2014, the Ministry engaged Three Wisemen Engineering Enterprises to rehabilitate Sijekeke Dip Tank at a contract sum of K70,000 with a completion period of sixteen (16) weeks. As of August 2016, the contractor had been paid amounts totalling K35,000 leaving a balance of K35,000.

Although the works were completed, the following were observed:

- The timber poles used were not treated and as a result, they were being eaten by termites.
- 75 mm thick concrete slab valued at K7,000 should have been constructed in both holding pens. However, this was not done.

A physical inspection carried out in June 2016 revealed that the dip tank was not in use because of water challenges.

**vi. Siamujele Dip Tank - Sinazongwe**

In December 2014, the District Procurement Committee engaged G and A Investment Ltd to rehabilitate Siamujele Dip Tank at a contract sum of K70,000 with a completion period of sixteen (16) weeks ending 22<sup>nd</sup> March 2015.

The scope of works involved replacing the roof, mending the cracks, providing treated hardwood timber and constructing concrete slab in the holding pens.

As of June 2016, the contractor had been paid an amount of K40,000 leaving a balance of K30,000.

A physical inspection carried out in June 2016 revealed that only the roof was worked on and the contractor had abandoned the site.

**vii. Construction of an Office Block - Sinazongwe**

On 6<sup>th</sup> May 2014, the Provincial Administration - Southern Province engaged Dukwi Mubi Contractors to construct an office block at a contract sum of K369,055 with a completion period of fifteen (15) weeks ending 19<sup>th</sup> August 2015.

The contractor had been paid a total amount of K294,889 on two (2) payment certificates leaving a balance of K74,166 including retention.

A physical verification revealed that the block work was complete and the structure had been roofed and plastered.

However, the following were still outstanding:

- fitting the ceiling board, doors and glass panes, electrical
- plumbing works.

Further, the Bill of Quantities were not availed making it difficult to value the outstanding works. At the time of the physical inspection, there was no activity on site.

**viii. Construction of Two (2) Low Cost Houses - Sinazongwe**

On 6<sup>th</sup> May 2014, the Provincial Administration - Southern Province entered into a contract with Tosh building Contractors for the construction of two (2) low cost houses at a contract sum of K772,882 with a completion period of sixteen (16) weeks.

As of June 2016, the contractor had been paid a total amount of K642,061 leaving a balance of K130,820 including retention.

A physical inspection carried out in June 2016 revealed that the block work was complete, the houses had been roofed and plastered, windows and door frames fixed and painting were ongoing.

However, works were delayed by twelve (12) months after the expected completion date.

**ix. Construction of One (1) Medium Cost House - Sinazongwe**

On 6<sup>th</sup> May 2014, the Provincial Administration - Southern Province engaged Preston Enterprises Limited on behalf of the Ministry of Agriculture for the construction of one (1) medium cost house at contract sum of K552,475 with a completion period of sixteen (16) weeks.

As of June 2016, the contractor had been paid a total amount of K499,590 leaving a balance of K52,885.

A physical inspection carried out in June 2016 revealed that the block work was complete and the structure had been roofed and plastered and had windows and door frames fitted.

However, the contractor failed to complete the project twelve (12) months after the expected completion date.

**c. Copperbelt - Rehabilitation of the Exhibition Stand at the Show Grounds**

On 2<sup>nd</sup> October 2014, the Ministry entered into a contract with Messrs Netweb Investments Ltd for the rehabilitation of the cattle exhibition stand at the Copperbelt Agricultural and Commercial Show grounds in Kitwe at a contract sum of K486,869, VAT inclusive for a contract period of eight (8) weeks ending on 27<sup>th</sup> November 2016.

As of June 2016, the contractor had been paid amounts totalling K431,076 for the certified works.

A review of records and physical inspection carried out in June 2016 revealed the following:

- The project was completed and an interim certificate of practical completion was issued on 15<sup>th</sup> May 2015.
- Although the contract price was K486,869 (K419,715 VAT exclusive and K67,154 VAT), the contractor was paid K431,076 (VAT exclusive). This resulted in overpayment of K11,361 above the contract price without the approval of the Ministry and no variation orders had been approved in line with contract provision under Sections 37, 38 and 39.
- Although the contractor had been paid K20,000 as contingency, there was no evidence to show that extra/contingency work had been done.
- Although the contractor was paid K112,197 for the construction of a piggery, there was no piggery constructed at the stand.

**HEAD:** 89/09 Ministry of Agriculture and Livestock – Agribusiness  
and Marketing Department

**UNIT:** 4 Agriculture Finance and Credit Management

**PROGRAMMES:** 1253 Farmer Input Support Programme (FISP)  
1377 FISP Electronic Voucher Pilot

**ACTVITIES:** Various

57. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K2,239,945,263 was made to cater for various activities under the Farmer Input Support Programme (FISP) against which K2,171,275,354 was released resulting in under funding of K68,669,909.

According to the Financial Statement (Statement C), a total amount of K2,167,685,242 had been spent as at 31<sup>st</sup> December 2015.

### **Background**

The Government through the Ministry of Agriculture has been implementing the Farmer Input Support Programme (FISP) in order to improve access to inputs by small scale-holder farmers and to stimulate the participation and competitiveness of the private sector in the supply and timely distribution of agricultural inputs in adequate amounts. In this regard, the Ministry supported and facilitated the implementation of FISP to small scale but viable farmers to access inputs for 2015/2016 farming season through conventional and E-Voucher programmes.

The total targeted small scale farmers who were to benefit from the 2015/2016 farming season were 1,000,000 (Conventional – 759,000 farmers and E-voucher – 241,000 farmers).

### **Conventional FISP Programme**

Under the conventional FISP programme, Government planned to support 759,000 small scale farmers with inputs as indicated in the table below.

Type of Input	Metric Tonnes (MT)
Fertiliser	134,812.55
Maize Seed	5,987.23
Rice Seed	127.00
Sorghum Seed	119.10
Groundnuts Seed	1,357.10
Orange Maize Seed	77.60
Soyabean Seed	776.50
Cotton Seed	155.30
Bean Seed	232.86
Sunflower Seed	37.28

### E-Voucher FISP Programme

Under the E-Voucher FISP Programme, Government planned to provide farming input subsidies to 241,000 small-holder farmers. The districts earmarked for the E-voucher programme were Chibombo, Chongwe, Kalomo, Choma, Monze, Mazabuka, Mumbwa, Kabwe, Kapiri Mposhi, Ndola, Chikankata, Chisamba and Pemba. *See table below.*

Province	District	Targeted Beneficiaries
Central Province	Chibombo	20,924
	Chisamba	15,648
	Kabwe	21,454
	Kapiri Mposhi	27,580
	Mumbwa	16,911
	<b>Sub-total</b>	<b>102,517</b>
Copperbelt Province	Ndola	8,621
	<b>Sub-total</b>	<b>8,621</b>
Lusaka Province	Chongwe	17,635
	<b>Sub-total</b>	<b>17,635</b>
Southern Province	Chikankata	12,700
	Choma	24,335
	Kalomo	27,421
	Mazabuka	12,208
	Monze	27,427
	Pemba	8,496
	<b>Sub-total</b>	<b>112,587</b>
<b>Grand total</b>		<b>241,000</b>

The introduction of the E -Voucher programme was intended to:

- i. Further increase private sector participation and hence reduce government participation in agricultural input marketing
- ii. Ensure timely access to inputs by smallholder farmers
- iii. Further improve beneficiary targeting

iv. Promote agricultural diversification

The objectives of the E-voucher programme were;

- i. To expand markets for private sector input suppliers/dealers and increase their involvement in the distribution of agricultural inputs in rural areas, thereby reducing direct role of Government.
- ii. To ensure timely, effective and adequate supply of agricultural inputs to targeted small scale farmers.
- iii. To improve access of small-scale farmers to agricultural inputs.
- iv. To ensure competitiveness and transparency in the supply and distribution of inputs.
- v. To serve as a risk-sharing mechanism for small-scale farmers to cover part of the costs for improving agricultural productivity.
- vi. To facilitate the process of farmers' organisation, dissemination of knowledge and creation of other rural institutions that will contribute to the development of the agriculture sector.

The Agro dealers and input suppliers to participate in the FISP E-voucher shall be identified and registered through set criteria by the District Agricultural Committees in the respective participating districts. Agro dealers and input suppliers will stock the inputs included on the FISP E - voucher card.

The participating Agro Dealers are subjected to the following criteria:

- i. Must have physical presence in the district,
- ii. Must have capacity to stock the inputs listed under FISP E – voucher,
- iii. Must have relevant certificates to deal in agricultural, livestock and fisheries inputs,
- iv. Must have an operating bank account,
- v. Must preferably be located within the farming locality,
- vi. Must be credible in Agricultural inputs trade,
- vii. Must operate a Point of Sales (POS) machine, and
- viii. Must have reliable networks with input suppliers.

## **Accounting and Other Irregularities**

An examination of the financial and other related records maintained at the Ministry Headquarters, Provincial Agriculture Co-ordinating Offices (PACOs), District Agriculture Co-ordinating Offices (DACOs) and physical inspections of selected Co-operatives and warehouses carried out between March and June 2016 revealed the following:

### **a. Conventional FISP Programme - Procurement of Inputs**

#### **i. Failure to Recover Funds for Fertiliser not Supplied – Nyiombo**

During the 2013/14 farming season, the Ministry engaged Nyiombo Investment to supply 48,809.5 metric tonnes of fertiliser at contract price of K278,924,685. However, Nyiombo Investments did not supply 5,086.8 metric tonnes (equivalent to 107,736 x 50 kg bags) costing K9,696,240 although the supplier was paid in full.

Despite Nyiombo's failure to deliver all the fertiliser for the 2013/14 farming season, the Ministry engaged the company to supply fertiliser in the 2014/2015 and 2015/2016 farming seasons.

Although the Controlling Officer had indicated that the K9,696,240 in respect of the undelivered fertiliser would be recovered from the payments for the 2014/2015 and 2015/2016 contracts, as of August 2016, no recoveries had been made.

#### **ii. Contracts Awarded for the Supply of Seed**

During the period under review, the Ministry awarded nine (9) contracts for the supply of 7,523.75 metric tonnes of various seeds in contract amounts totalling K169,417,364. As of July 2016, the suppliers had been paid amounts totalling K86,290,952 leaving a balance of K83,126,412. *See table below.*

Company	Contract Number	Contract Quantities (Metric Tonnes)	Contract Amount K	Payments K	Balance K
MRI Seed	MAL/MPC 0711-2015	898.08	20,538,550	7,900,000	13,038,550
Stewards Globe	MAL/MPC 0711-2015	357.1	12,876,083	7,900,000	6,376,083
Zamseed	MAL/MPC 0711-2015	1101.71	19,672,680	17,290,952	2,781,728
Panner	MAL/MPC 0711-2015	1068.76	27,446,684	25,000,000	2,446,684
Seed Co	MAL/MPC 0711-2015	1017.97	29,207,861	7,500,000	21,707,861
Pioneer Dupont	MAL/MPC 0711-2015	894.28	26,943,807	3,500,000	23,443,807
Kamano	MAL/MPC 0711-2015	1371.36	17,200,480	12,700,000	6,200,480
Monsanto	MAL/MPC 0711-2015	778.72	14,749,165	4,000,000	10,749,165
Klein Karoo	MAL/MPC 0711-2015	35.77	782,055	500,000	782,055
<b>Total</b>		<b>7523.75</b>	<b>169,417,364</b>	<b>86,290,952</b>	<b>83,126,412</b>

The following other observations were made.

- **Irregularities in the Supply of Seed**

It was observed that four (4) out of the nine (9) contracted companies supplied assorted seeds costing K29,371,644 in excess of the contracted amounts totalling K104,136,902 as shown in the table below.

Company	Contract Quantities MT	Invoiced Quantities MT	Difference MT	Contract Amount K	Invoiced Amount K	Difference K
MRI Seed	898.08	1,142.62	244.54	20,538,550	27,056,225	6,517,675
Pannar Seed	1,068.76	1,265.44	196.68	27,446,684	35,032,336	7,585,652
Pioneer DuPont	894.28	1,127.19	232.91	26,943,807	33,892,603	6,948,796
Seed Co	1,017.97	1,300.78	282.81	29,207,861	37,527,383	8,319,522
<b>Total</b>	<b>3,879.09</b>	<b>4,836.03</b>	<b>956.94</b>	<b>104,136,902</b>	<b>133,508,546</b>	<b>29,371,644</b>

However, no variation orders for the change in quantities were availed for audit.

It was also observed that although Pioneer DuPont invoiced quantities totalling 1,127.19 metric tonnes of seed costing K33,892,603, the actual quantities supplied were 1,113.69 metric tonnes of seed costing K33,571,303 resulting in an under supply of 13.5 metric tonnes of seed costing K321,300. As of August 2016, no recoveries had been made from the supplier.

It was further observed that the Ministry did not have an approved procurement plan.

- **Unsupported Invoices**

During the period under review, a total amount of K37,527,383 was invoiced to the Ministry in respect of 1,300.78 metric tonnes of seed supplied by Seedco. However, out of the total invoices, a total amount of K37,268,883 was supported by delivery notes leaving K258,500 unsupported.

**b. Weaknesses in Accounting for Revenue**

There were weaknesses in accounting for revenue collected from the distribution of farming inputs in various districts which included failure to bank funds collected, poor record keeping and failure to provide bank statements among others.

In particular the following observations were made:

**i. Failure to Collect Revenue - FISP Ring Fence Accounts**

During the 2015/16 farming season, the Ministry allocated 143,382 metric tonnes of inputs to 759,000 targeted beneficiaries from which revenue amounting to K279,940,480 was expected to be collected as shown in the table below.

Province	Quantity (MT)	Expected Amount K
CENTRAL	12,253.95	24,241,400
COPPERBELT	17,233.38	33,050,080
EASTERN	32,159.50	62,109,475
LUAPULA	10,500.92	20,012,400
LUSAKA	12,745.26	25,144,345
MUCHINGA	13,283.46	26,022,720
NORTHERN	18,131.30	35,487,920
NORTH WESTERN	11,655.24	22,906,520
SOUTHERN	10,620.74	21,287,420
WESTERN	5,098.37	9,678,200
<b>TOTAL</b>	<b>143,382.12</b>	<b>279,940,480</b>

Although a total amount of K279,940,480 was expected to be collected, a scrutiny of bank statements revealed that the Ministry collected K266,740,062 leaving a balance of K13,200,418 outstanding.

**ii. Failure to Avail Bank Statements – Lusaka**

A total of K138,990 was deposited by four (4) co-operatives. It was however, not possible to verify whether the funds had been deposited as bank statements were not availed for audit. *See table below.*

Date	Co-operative Name	ATD Number	Amount K
14/12/2015	Lilayi East	3155	45,600
21/12/2015	Lilayi East	3194	2,310
9/12/2015	Lusaka South MPC	3116	47,220
21/12/2015	Lusaka South MPC	3215	2,310
17/12/2015	Panjira	3180	22,250
24/12/2015	Tiyeseke	3256	13,650
11/1/2016	Tiyeseke	3306	5,650
<b>Total</b>			<b>138,990</b>

**c. Weaknesses in Management of Inputs**

**i. Late Delivery of Inputs**

The fertiliser contractors were supposed to deliver the inputs during the planting season, which is from October to mid-December. However, it was observed that inputs costing K1,782,810 were only delivered to four (4) districts by Nitrogen Chemicals of Zambia (NCZ) from 19<sup>th</sup> December 2015 to 2<sup>nd</sup> February 2016 resulting in delays of up to two (2) months. *See table below.*

District	Number of 50kgs bag of Fertilizer	Total K	Period Delivered
Mwinilunga	10,904	981,360	19.12.15 - 21.01.16
Kasempa	5,492	494,280	4.12.15 - 1.02.16
Manyinga	2,020	181,800	29.01.15 - 02.02.16
Solwezi	1,397	125,370	18.12.15 - 15.01.16
<b>Total</b>	<b>19,813</b>	<b>1,782,810</b>	

**ii. Late Distribution of Inputs to Farmers**

A review of records for the 2015/2016 farming season at the DACOs revealed that there was late distribution of inputs costing K3,582,630 in seventeen (17) districts in that the distributions were done from 16<sup>th</sup> December 2015 to 7<sup>th</sup> March 2016. *See table below.*

District	No. of Inputs				Total K	Period Delivered
	Fertilizer x 50 Kgs bags	Maize x 10 Kgs bags	Rice x 10 Kg	Groundnuts x 10 Kg		
Mwinilunga	5,143	0	0	0	462,870	16.12.15 - 8.02.16
Kasempa	9502	0	0	0	855,180	01.03.16 - 07.03.16
Manyinga	2,306	0	0	0	207,540	14.01.16 - 19.02.16
Solwezi	731	0	0	0	65,790	14.01.16 - 27.01.16
Kabompo	3,056	0	0	0	275,040	28.12.15 - 26.02.16
Kawambwa	1,631	409	0	0	163,150	26.01.16 - 23.5.16
Mansa	2,448	610	0	0	244,800	26.01.16 - 23.5.16
Nchelenge	236	59	0	0	23,600	26.01.16 - 23.5.16
Samfya	956	224	30	0	96,200	26.01.16 - 23.5.16
Nkeyema	52	13	0	0	5,200	February, 2016
Kaoma	60	15	0	0	6,000	February, 2016
Chinsali	302	69	13	0	30,460	March to June 16
Mpika	2,630	693	0	0	264,420	March to June 16
Nakonde	208	52	0	0	20,800	March to June 16
Lundazi	0	868	0	28	351,010	21.01.16 - 8.02.16
Sinda	0	737	0	46	299,680	21.01.16 - 8.02.16
Katete	0	512	0	34	210,890	21.01.16 - 8.02.16
<b>Total</b>	<b>29,261</b>	<b>4,261</b>	<b>43</b>	<b>108</b>	<b>3,582,630</b>	

### iii. Expired Inputs

A physical inspection carried out in July 2016 of the warehouses revealed that maize, rice, sorghum and groundnuts seeds costing K14,390 in three (3) districts had expired and no action had been taken to dispose them off as of August 2016. *See table below.*

District	Input	Bags in Store	Unit Price K	Amount K	Date of Expiry
Chirundu	Kamano Maize Seed	199	40	7,960	May-16
	Kamano Sorghum Seed	116	10	1,160	Apr-16
	Maize MRI 624	12	40	480	Mar-16
Nkeyema	Rice (10kg bag)	1	40	40	1st May 2015
	Sorghum (5kg bag)	295	10	2,950	1st May 2015
Lukulu	Maize (10kg bag)	40	40	1,600	30th May 2015
	Sorghum (5kg bag)	12	10	120	4th April 2015
	Rice (10kg bag)	2	40	80	4th April 2015
<b>Total</b>				<b>14,390</b>	

### iv. Unacquitted for Farming Inputs

Contrary to the FISP Implementation guideline No. 8.2.2, which requires that all inputs issued be signed for by the beneficiaries, it was observed that farming inputs costing K417,530 were issued to 1,055 farmers without being signed for. *See table below.*

District	No. of Farmer Groups	No. of Farmers	Cost K
Rufunsa	11	206	78,330
Mpika	20	785	314,000
Lundazi	64	64	25,200
<b>Total</b>	<b>95</b>	<b>1,055</b>	<b>417,530</b>

**v. Stolen Farm Inputs – Mpulungu**

Three hundred and ninety one (391) bags of fertiliser (110 bags of urea and 281 bags of D compound) costing K35,190 were stolen from the warehouse during the period from November 2015 to 15<sup>th</sup> February 2016 in Mpulungu district. As a result of the theft, twenty one (21) cooperatives did not receive inputs. As of August 2016, the matter was still being investigated by the Police.

**vi. Issuance of Inputs to Unqualified Farmers**

Contrary to FISP Guideline No. 6.1.2, inputs costing K584,930 were issued to four hundred (400) farmers who were not registered with any cooperatives in their respective areas. *See table below.*

District	No. of Farmers	Total Cost K
Choma	198	415,800
Pemba	80	126,000
Mongu	27	7,380
Lukulu	35	13,520
Lukulu	5	2,000
Kaoma	9	3,600
Lundazi	46	16,630
<b>Total</b>	<b>400</b>	<b>584,930</b>

**vii. Undelivered Farming Inputs**

A comparison of quantities of inputs allocated to districts with quantities actually delivered revealed that inputs costing K584,450 were not delivered to seven (7) Districts as of July 2016. *See table below.*

District	Input Type	Quantity	Quantity	Variance	Unit Price K	Total Amount K
		Allocated	Supplied			
Kasempa	Fertilizer (50kg bag)	29,256	28,934	322	90	28,980
Solwezi	Groundnuts (20kg bags)	1,500	500	1,000	90	90,000
	Maize (10kg bags)	12,250	12,115	135	90	12,150
	Fertilizer (50kg bags)	52,990	52,003	987	90	88,830
Kitwe	Groundnuts (20kg bags)	285	0	285	120	34,200
	Soya Beans (50kg bag)	400	0	400	150	60,000
	Sun flower (4kg bag)	125	0	125	10	1,250
	Beans (30kg bag)	157	0	157	220	34,540
	Sorghum (5kg bags)	1,490	595	895	10	8,950
Masaiti	Groundnuts (20kg bags)	540	270	270	120	32,400
	Soya Beans (50kg bag)	700	160	540	150	81,000
	Sun flower (4kg bag)	1,250	0	1250	10	12,500
	Beans (30kg bag)	160	0	160	220	35,200
Mpongwe	Sorghum (5kg bags)	1,850	880	970	10	9,700
	Groundnuts (20kg bags)	840	400	440	120	52,800
Mongu	Sorghum (5kg bags)	100	30	70	10	700
Kaoma	Sun flower (4kg bag)	125	0	125	10	1,250
<b>Total</b>						<b>584,450</b>

#### viii. Inputs Paid for but not Delivered

Various inputs costing K460,630 paid for by farmers were not delivered to farmers as of August 2016. *See table below.*

District	Input Type	Quantity Paid for	Unit Price K	Total Amount K
Kabompo	Orange Maize (10kg bags)	32	40	1,280
Solwezi	Fertiliser (50kg bags)	720	90	64,800
	Maize seed (10kg bag)	135	40	5,400
Nchelenge	Fertiliser (50kg bags)	400	90	36,000
	Maize seed (10kg bag)	100	40	4,000
Kawambwa	Fertiliser (50kg bags)	482	90	43,380
	Sorghum (5kg bag)	93	10	930
Mansa	Maize seed (10kg bag)	1	40	40
Chirundu	Soya Beans	134	150	20,100
	Cotton Seed	130	15	1,950
	Sunflower	278	10	2,780
Rufunsa	Soya Beans	1171	150	175,650
	Cotton Seed	22	15	330
	Sunflower	242	10	2,420
	Beans Seed	84	220	18,480
	Groundnuts	526	120	63,120
Lusaka	Beans Seed	29	220	6,380
Mungwi	Fertiliser (50kg bags)	151	90	13,590
<b>Total</b>				<b>460,630</b>

**ix. Excess Delivery of Inputs**

Chirundu and Rufunsa districts were allocated 40,503 x 50 kg bags of fertiliser costing K3,645,270 and 2,330 x 10kg bags of maize seed costing K93,200 respectively for the 2015/16 farming season. It was however, observed that the districts received 59,504 x 50 kg bags of fertiliser and 2,530 x 10kg bags of maize seed resulting in excess supply of inputs costing K1,718,090. *See table below.*

Station	Input Type	Quantity Allocated	Quantity Supplied	Excess Inputs	Unit Price K	Total Amount K
Chirundu	Maize Seed	2,330	2,530	200	40	8,000
Rufunsa	Fertilizer	40,503	59,504	19,001	90	1,710,090
<b>Total</b>						<b>1,718,090</b>

**x. Unaccounted for Inputs**

A scrutiny of records in six (6) districts revealed that inputs costing K224,940 were not accounted for in that there were no records of issuance to farmers or Co-operatives such as ATD and ATC forms and GIVs and there were no stocks on hand at the respective warehouses. *See table below.*

District	Inputs		Amount K
	Fertiliser (50kg bags)	Maize Seed (10kg bags)	
Manyinga	169	0	23,770
Solwezi	81	0	7,290
Kitwe	43	41	5,510
Nkeyema	367	0	33,030
Kaoma	96	0	8,640
Katete	1,630	0	146,700
<b>Total</b>	<b>2,386</b>	<b>41</b>	<b>224,940</b>

**xi. Unsupported Collection of Inputs**

Contrary to FISP Guideline No. 8.2.5, one hundred and fifty (150) co-operatives collected inputs costing K2,571,630 which were not supported by ATD and ATC forms, deposit slips and goods release notes. *See table below.*

District	No. of Cooperatives	Amount K
Kalomo	69	363,600
Mbala	62	1,411,760
Luampa	13	772,210
Mongu	6	24,060
<b>Total</b>	<b>150</b>	<b>2,571,630</b>

**xii. Questionable Acquittals of Inputs - Rufunsa**

Contrary to FISP guideline No. 8.2.4, which states that each person should collect his/her own pack, a total of twenty seven (27) packs costing K10,800 were signed for by persons other than the actual beneficiaries.

**xiii. Excess Issuance of Inputs - Luampa**

FISP guideline No. 7 states that each farmer will be allocated only one (1) pack of input for cultivation of either a half (0.5) ha of maize, half (0.5) ha of sorghum, one (1) lima of rice, one (1) lima of groundnuts, half (0.5) ha of orange maize, half (0.5) ha of soya beans, half (0.5) half of cotton, half (0.5) of beans or half (0.5) of sunflower.

However, it was observed that seventy eight (78) farmers from two (2) cooperatives who had obtained seventy eight (78) sorghum packs costing K21,840 also irregularly collected seventy eight maize packs costing K31,200 at the same time.

**xiv. Loss of Fertiliser in Transit – Manyinga**

A review of documentation revealed that a total of 12,000 x 50 kg bags of D Compound fertiliser was transferred from NCZ warehouse in Manyinga District to NCZ warehouse in Kasempa District.

However, a physical verification at the warehouse in Kasempa revealed that 11,745 x 50 kg bags were received resulting in a shortfall of 255 x 50 kg bags costing K22,950. No explanation was given for the shortfall.

**d. Implementation of the Electronic Voucher Programme**

Each beneficiary under the E-voucher program was to contribute four hundred kwacha (K400) and as such, the Ministry expected to receive a total amount of K96,400,000 from all the 241,000 targeted beneficiaries in the 2015/16 farming season.

The E-voucher was to be undertaken in collaboration with Zanaco, BancABC and UBA banks, Zambia National Farmers Union (ZNFU) and Agro dealers.

During the period under review the Ministry disbursed a total amount of K366,676,400 to the participating banks (Zananco-K109,125,500 and BancABC – K257,550,900) to enable the farmers access the funds using the E-voucher VISA cards. See tables below.

<b>DISBURSEMENTS TO ZANACO</b>		
<b>DATE</b>	<b>ACCOUNT NAME</b>	<b>AMOUNT K</b>
29.09.2015	Mal E-voucher Account-ZANACO	18,000,100
26.10.2015	MAL-E-voucher Account ZANACO	30,048,800
28.12.2015	MAL-E-voucher Account ZANACO	61,076,600
<b>Total</b>		<b>109,125,500</b>

<b>DISBURSEMENTS TO BANC ABC</b>		
<b>DATE</b>	<b>ACCOUNT NAME</b>	<b>AMOUNT K</b>
30.09.2015	Transfer To Bank ABC	28,599,900.00
30.10.2015	Transfer To Bank ABC	163,951,200.00
08.04.2016	Transfer To Bank ABC	12,000,000.00
07.12.2015	MAL-E-voucher Account Bank ABC	52,999,800.00
<b>Total</b>		<b>257,550,900.00</b>

However, the following observations were made:

**i. Failure to Provide Bank Statements**

Although a total amount of K366,676,400 was disbursed to participating banks for the E-voucher programme, it was difficult to verify the number of VISA cards that were loaded with the required amounts of K2,100 per card as no bank statements or reports were availed for audit.

**ii. Unreconciled Revenue - Monze**

During the period under review, the Ministry targeted to provide inputs to 27,427 farmers under the E-voucher Programme in Monze and the expected revenue from farmers' contributions was K10,970,800.

However, it was difficult to ascertain the actual revenue that was collected because the bank and revenue reconciliation statements were not availed for audit. Further, the bank statements that were availed included revenue from two (2) other districts (Gwembe and Pemba).

**iii. Failure to Load E-Voucher Cards**

According to FISP guideline No. 5 (vii), the E-voucher cards will be activated after farmers pay their contributions at participating commercial banks.

However, E-Voucher cards for four thousand nine hundred and thirty two (4,932) farmers who had paid their contributions and were eligible to have their cards loaded with amounts totalling K10,340,500 had not been loaded as of August 2016. *See table below.*

<b>District</b>	<b>Number of Cards</b>	<b>Amount K</b>
Choma	10	21,000
Pemba	1,563	3,282,300
Kalomo	3,176	6,654,900
Mazabuka	11	23,100
Chikankata	172	361,200
<b>Total</b>	<b>4,932</b>	<b>10,342,500</b>

Further, eleven thousand nine hundred and sixty nine (11,969) E-voucher cards which were supposed to be loaded with top-ups amounting to K8,437,100 had not been loaded as of August 2016. *See table below.*

<b>District</b>	<b>Number of Cards</b>	<b>Amount K</b>
Choma	135	94,500
Pemba	678	474,600
Kalomo	3,110	2,177,000
Chongwe	147	102,900
Ndola	6,939	4,857,300
Monze	960	730,800
<b>Total</b>	<b>11,969</b>	<b>8,437,100</b>

**iv. Beneficiaries with E-Voucher Cards Bearing Same Numbers**

It was observed that five hundred and sixty two (562) farmers had been issued with E-voucher cards bearing same numbers. Consequently, only 281 farmers had their cards loaded with amounts totalling K585,900 while the other 281 farmers could not access inputs as their cards were suspended. As of August 2016, the anomaly had not been rectified.

**v. Failure to Distribute E-Vouchers Cards – Kalomo**

According to FISP Guideline No. 5(vi), the Ministry with ZNFU will issue the electronic cards to each beneficiary farmer at camp level. However, DACO Kalomo

failed to issue one hundred (100) E-voucher cards to farmers and as of August 2016, the cards were still in the custody of the DACO.

Further, it was not clear whether the 100 cards were loaded or not due to non-availability of records.

**vi. Unqualified Farmer Groups/Co-operatives**

According to FISP Guideline No. 6.1.1, cooperatives / farmer groups must be duly registered, be active for at least one year, operate a bank account and have written by-laws among others. It was however observed that there were two (2) co-operatives/farmer groups which had sixty seven (67) farmers that were issued with E-voucher cards in amounts totalling K140,700 when they did not qualify as they did not satisfy all the requirements set in the guideline. *See table below.*

District	No. of Cooperatives	No. of Farmers	Amount K
Pemba	1	50	105,000
Kalomo	1	17	35,700
<b>Total</b>	<b>2</b>	<b>67</b>	<b>140,700</b>

**vii. Issuance of Unapproved items by Agro Dealers – Monze**

Contrary to FISP guideline No. 7 which specifies the type inputs to be collected by farmers, two (2) agro dealers issued various items to farmers costing K37,909 that were not approved under the FISP E-voucher programme. *See table below.*

Serial No.	Agro- Dealer	Items Issued	Amount K
1	NWK Agri Services Ltd	23 pairs of gum boots	1,426
		36 Solar Panels	7,326
2	Gold Brand Farm Centre	Mealie Meal	29,157
<b>Total</b>			<b>37,909</b>

**viii. Irregular Drawing of Cash from an ATM using E-Voucher Cards**

FISP guideline No. 11.1(c) stipulates that “Each beneficiary farmer will visit the nearest registered agro dealer and swipe for agricultural, livestock or fisheries inputs of their choice equivalent to the total value of the E-voucher card”.

However, during the period under review, fifteen (15) farmers irregularly withdrew K19,590 from an Automated Teller Machine (ATM) instead of swiping in agro dealer shops. Although, the farmers refunded the money, it was questionable how the E-voucher card with its embedded security features could be used to withdraw cash from ATMs.

**ix. Issue of Cards to Ineligible Farmers - Monze**

Contrary to FISP guideline No. 6.1.2, there were one hundred (100) farmers who irregularly obtained loaded E-voucher cards with a total amount of K210,000 as they were not registered with any cooperative during the 2015/16 farming season.

**e. Management of Operational Funds**

There were weaknesses in internal controls in that funds were misapplied on activities not related to FISP, some payment vouchers were missing and in certain cases payments were not supported with relevant documents, accountable imprest was not retired, stores items were not accounted for and activity reports were not prepared, among others.

In particular, the following observations were made:

**i. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, there were twenty three (23) payment vouchers in amounts totalling K2,515,619 that were not availed for audit.

**ii. Misapplication of Funds**

Contrary to the Appropriation Act of 2015, amounts totalling K180,387 meant for the Procurement and Distribution of Farming Inputs for the 2015/2016 farming season involving twelve (12) transactions were applied on activities such as purchase of office furniture and equipment, payments of subsistence allowances and purchase of uniforms for members of staff.

**iii. Unsupported Payments - Headquarters**

Contrary to Financial Regulation No. 52, eight (8) payments in amounts totalling K1,174,251 were not supported with relevant documents such as invoices, cash sale receipts and LPOs among others.

**iv. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K166,918 paid to fourteen (14) officers had not been retired as of August 2016. *See table below.*

<b>Station</b>	<b>No. of Officers</b>	<b>Amounts K</b>
Headquarters	13	161,738
Kaoma DACO	1	5,180
<b>Total</b>	<b>14</b>	<b>166,918</b>

**v. Failure to Provide Breakdowns of Inputs Procured from Agro Dealers**

According to FISP guideline No. 10.2.2 (xiv), the CAC will submit weekly reports to the DACO on types and quantities of inputs accessed by beneficiaries. Contrary to the guideline, there were no reports to show the breakdown of inputs procured using 52,247 E-voucher cards in amounts totalling K109,718,700. Therefore, it could not be ascertained as to whether the farmers procured inputs which were permitted under the programme such as fertiliser, seeds, insecticides, herbicides, fungicides, agricultural lime, livestock feed, veterinary drugs, dip chemicals, fingerlings and sprayers. *See table below.*

<b>District</b>	<b>No. of Cards</b>	<b>Amount K</b>
Choma	23,684	49,736,400
Pemba	6,541	13,736,100
Kalomo	22,022	46,246,200
<b>Total</b>	<b>52,247</b>	<b>109,718,700</b>

**HEAD: 90 Office of the President – Lusaka Province**  
**DEPARTMENT: Various**  
**PROGRAMME: General Administration and Other Emoluments**  
**ACTIVITY: Various**

58. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K35,256,136 was made to cater for General Administration and other emoluments

against which amounts totalling K8,243,646 was released resulting in an underfunding of K27,012,490.

In addition, there was a balance of K451,466 brought forward from 2014 bringing the total available funds to K8,695,112.

According to the Financial Statement (Statement C) amounts totalling K8,424,497 had been spent as at 31<sup>st</sup> December 2015.

### **Accounting and Other Irregularities**

An examination of financial and other records maintained at the Provincial Administration and a physical inspection of selected districts carried out in March and May 2016 revealed the following:

#### **a. Unsupported Payments**

Contrary to Financial Regulations No. 45 and 52, thirty (30) payments in amounts totalling K337,362 were not supported by relevant documentation such as cash sale receipts and Local Purchase Orders among others.

#### **b. Weaknesses in the management of Imprest**

##### **i. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K118,870 issued to twenty six (26) officers had not been retired as of July, 2016.

##### **ii. Irregular Use of Accountable Imprest**

Contrary to Financial Regulation No. 86 (c), which states that accountable imprest shall be issued to facilitate the purchase of goods and services whose values cannot be ascertained at the time, twelve (12) officers were issued with accountable imprest in amounts totalling K156,175 to purchase goods and services whose values were obtainable on the open market.

##### **iii. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K340,487 procured during the period under review were not accounted for in that there were no receipt and disposal details.

**iv. Fuel Drawings not Entered in Log Books**

Contrary to Public Stores Regulation No. 67, fuel costing K33,203 drawn by various vehicles during the period under review was not entered in the vehicle log books making it difficult to determine whether it was used for the intended purposes.

**c. Failure to Value and Insure an Office Block - Lusaka Provincial Administration**

In January 2015, the Lusaka Provincial Administration Office Block was completed. It was however observed that the building was not valued and had not been insured as of July 2016.

**d. Unsupported Payments**

Contrary to Financial Regulation No. 45, sixty (60) payments in amounts totalling K489,789 were not supported by relevant documentation such as salary advance forms, loan agreement forms, computation schedules and pay slips among others in respect of the Revolving Fund Account.

**HEAD: 90 Office of the President - Lusaka Province**

**PROGRAMME: General Deposit Account**

**ACTIVITIES: Various**

59. The Provincial Administration Office maintains a General Deposit Account (GDA) into which third party funds are deposited. The funding to the account includes amounts that the various departments under the Provincial Administration Office receive from their respective ministries for specific purposes.

During the Financial Year Ended 31<sup>st</sup> December 2015, amounts totalling K243,830 were received by the Provincial Administration to cater for various activities.

In addition, an amount of K1,255,880 for Rehabilitation of Kabwata Cultural Village and Construction of Chiefs Palaces was brought forward from 2014, bringing the total available funds to K1,499,710.

As at 31<sup>st</sup> December 2015, amounts totalling K991,993 had been spent leaving a balance of

K507,716.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried during the period from March to May 2016 revealed the following:

**a. Failure to Produce Activity Reports**

During the period under review imprest in amounts totalling K206,753 was issued to eight (8) officers to undertake construction site visitations, sensitisation of local communities and sourcing of manpower for the construction of chiefs' palaces in Chongwe and Rufunsa districts.

However, it was not possible to ascertain whether the activities were undertaken as no activity reports were availed for audit.

**b. Failure to Reimburse Funds**

During the period under review, a total amount of K297,783 was borrowed from the General Deposit Account to pay for activities such as verification of 2013 audit queries, road inspections by Auditors, participation fees at trainings and workshops, among others.

However, as of July 2016, a total of K118,315 had been reimbursed, while a balance of K179,468 was still outstanding.

**c. Unaccounted for Building Materials – Construction Chieftainess Nkomeshya's Palace**

Contrary to Public Stores Regulation No.16 there were no receipt and disposal details in respect of building materials costing K128,148 procured in April 2016 for the construction of Chieftainess Nkomeshya's Palace.

**HEAD: 90 Office of the President – Lusaka Province**

**DEPARTMENT: Various**

**PROGRAMME: Personal Emoluments**

**ACTIVITY: Various**

60. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K44,250,264 was made to cater for Personal Emoluments against which amounts totalling K43,541,308 were released resulting in an underfunding of K708,956

**Payroll Irregularity - Officer on Secondment but Still Drawing Salaries**

The Terms and Conditions of Service No. 16 requires that, an officer may, with the approval of a Service Commission, be seconded for service to a non public service organisation. The receiving organisation shall be responsible for payment of his or her salary and other conditions of service, except for regional organisations with which the Government of Zambia has signed specific protocols defining the mode of compensation for such seconded officers.

However, a review of the payroll records revealed that the District Works Supervisor in the Department of Buildings who was seconded to Care International Zambia for a period of one (1) year with effect from 1<sup>st</sup> August 2014 continued to draw salary in amounts totalling K67,695 for twelve (12) months from August 2014 to July 2015 from the payroll at the Provincial Administration. As of September 2016, the amount had not been recovered.

**HEAD: 90 Office of the President - Lusaka Province**

**DEPARTMENT: 01 Headquarters**

**PROGRAMME: Construction of Funzwe Earth Dam**

**ACTIVITIES: Various**

61. During the period from 2012 and 2013, a total amount of K3,883,408 was released by the Ministry of Mines, Energy and Water Development to the Provincial Water Affairs for the construction of Funzwe Dam in Kafue District as shown in the table below.

Date	Amount K	Bank Name	Branch	Account Name
31/12/2012	2,518,408	ZNCB	CRBC	PWE Account
14/10/2013	1,365,000	ZNCB	CRBC	PWE Account
<b>Total</b>	<b>3,883,408</b>			

As can be noted from the table above, the project was not funded in 2014 and 2015.

On 20<sup>th</sup> August 2013, the Provincial Administration engaged Pliable Engineering of Kitwe for the construction of Funzwe Earth Dam at a contract sum of K2,688,982 with a completion period of twenty (20) weeks.

The scope of works included clearing the site, excavation of the main and auxiliary spillway, construction of earth embankment, three (3) concrete drop structures, masonry works, low flow pipe (outlet works), protection works (rip rap and planting of runner grass) and care for water (coffer dam and diverging channel).

As of November 2014, the contractor had been paid amounts totalling K1,518,360 representing 56% of the contract sum. *See table below.*

Date	Description	Amount K
16/9/2013	Advance	672,223
21/11/2013	Claim 1	304,421
30/7/2014	Claim 2	147,764
17/9/2014	Claim 3	315,652
25/11/2014	Claim 4	78,300
<b>Total</b>		<b>1,518,360</b>

As of November 2014, the contractor had abandoned the works and despite several reminders by the Department of Waters Affairs for the contractor to complete the works, the contractor did not go back on site. Consequently, on 8<sup>th</sup> February 2016, the Department terminated the contract.

A site visit carried out in March 2016 revealed that the following works had been completed; Site Clearing, Excavation of Core Trench, Excavation of Spillways and Foundation Treatment while the following works were outstanding; three spillway concrete drop structures, earth embankments, excavation of auxiliary spillway, masonry works and protection works. *See pictures below.*



*Northern side of the dam (original spillway site)*

**HEAD: 91 Office of the President- Copperbelt Province**

**PROGRAMME: General Administration**

**ACTIVITIES: Various**

62. In the Estimates of Revenue and Expenditure for the year ended 31st December 2015, a provision of K14,444,949 was made to cater for various activities under Recurrent Departmental Charges (RDC) against which amounts totalling K6,430,526 were released resulting in an under funding of K 8,014,423.

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

An examination of accounting and other records maintained at the Provincial Administration and other selected stations carried out in April and August 2016 revealed the following:

**a. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, fuel costing K66,369 procured during the period under review was not accounted for in that there were no receipt and disposal details.

**b. Irregular Use of Imprest**

Financial Regulation No. 86 (c) states that “accountable imprest should be issued as payment to facilitate the purchase of goods and services whose value cannot be ascertained at the time.” It was however observed that imprest in amounts totalling K18,600 was issued to six (6) officers to procure goods and services whose values were obtainable on the market.

**c. Failure to Mark Assets with Identification Symbols**

Contrary to Public Stores Regulation No. 154, which states that all assets belonging to the Government must be clearly marked with distinguishing letters “GRZ” in an inconspicuous part of the object to identify it as Government property, various assets such as computers, printers and office tables, among others costing K106,436 procured during the period under review had not been labelled as of August 2016.

**d. Committing Government to Unauthorised Debts**

Contrary to Circular No. MFB/52/1/4, the Provincial Administration committed Government to a total debt of K9,958,433 on activities such as personal emoluments, utility bills, provisions, allowances, motor vehicle service and other RDC related activities without authority from the Secretary to Treasury. Further, account statements for the utility companies and motor vehicles for the month of December 2015 and details for provisions, allowances and other RDCs were not provided.

**e. Failure to Avail Accounting Records for Audit**

During the period under review, amounts totalling K192,304 were disbursed to Kalulushi District Commissioner’s Office. However, no accounting records such as cash books, payment vouchers, bank statements and expenditure returns were availed for audit. As a result, it was not possible to ascertain whether funds were used for the intended purposes.

**f. Unaccounted for Revenue - Provincial Buildings Office**

During the period under review, rental income amounting to K163,125 was collected by the Provincial Building Office from forty four (44) private tenants renting the former Provincial Works Department Offices.

However, it was observed that although amounts totalling K163,125 were collected, only K5,225 was accounted for while the balance of K157,870 was unaccounted for in that it was neither banked nor cash found on hand contrary to the Financial Regulations No. 129.

**HEAD: 91 Office of the President – Copperbelt**

**PROGRAMMES: General Deposit Account**

**ACTIVITIES: Various**

63. During the financial year ended 31<sup>st</sup> December 2015, amounts totalling K1,785,059 were received for various activities such as construction of staff houses at Mwekera, retainers' wages, presidential visits, state funerals and sale of tender documents among others.

In addition, an amount of K1,120,290 was brought forward from the year 2014 bringing the total funds available during the period under review to K2,905,348.

### **Accounting Irregularities in the Management of Funds**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in March 2016 revealed the following:

**a. Failure to Provide Letters of Instructions / Receipts**

Funds in amounts totalling K83,666 deposited in the Third Party Account by various ministries during the period under review were not supported with letters of instructions contrary to the General Deposit guidelines which state that every funding through the General Deposit Account should be accompanied by letters of instructions.

**b. Unretired Accountable Imprest**

Contrary to Financial Regulations No. 96 (1), accountable imprest totalling K9,562 issued to an officer during the period under review had not been retired of August 2016.

**c. Misapplication of Funds**

During the period under review, amounts totalling K1,021,659 meant for construction of chief palaces, rehabilitation of a staff house at forestry research, rehabilitation of trade fair stand and rehabilitation works at Fatima Girls Secondary School were applied on recurrent departmental charges and various other activities not related to the General Deposit Account activities.

**HEAD: 91 Office of the President - Copperbelt Province**

**PROGRAMME: Poverty Reduction Programmes (PRP)**

**ACTIVITIES: Various**

64. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K5,908,207 was made to cater for activities under the Poverty Reduction Programme (PRP) in the Copperbelt Province out of which the Ministry of Finance released amounts totalling K 1,803,625 resulting in an under funding of K 3,691,455.

According to the Financial statement (Statement C), as at 31<sup>st</sup> December 2015, amounts totalling K1,803,625 had been spent.

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

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in March 2016 revealed the following:

##### **a. Delayed Completion - Lufwanyama Government Houses**

On 7<sup>th</sup> January 2015, Tuntu General Dealers was engaged to construct three (3) medium cost houses at a contract sum of K1,858,346. The scope of works included earth works, substructure and super-structure, roofing, landscaping, wiring, plumbing works and finishing of the buildings. The duration of the contract was thirty (30) weeks. As of April, 2016 an amount of K582,669 had been paid to the contractor leaving a balance of K1,275,677.

A Physical inspection carried out in April 2016, sixty four (64) weeks after the contract was signed revealed that the project was at 70 percent stage of completion. The contractor was not on site. The picture below shows one of the uncompleted houses.



**b. Poor Workmanship - Masaiti Youth Training Centre**

On 1<sup>st</sup> October 2014, J Sapwe Enterprises Limited was awarded a contract to construct a Youth Training Centre in Masaiti at a contract sum of K371,105. The scope of works included earth works, substructure and super-structure to roof level, roof covering, landscaping, and wiring, plumbing works and finishing of the buildings. The duration of the contract was sixteen (16) weeks. An amount of K332,247 had been paid to the contractor leaving a balance of K38,588.

A physical inspection carried out in April 2016 revealed poor quality of work and defects such as corrosion of the roof, development of cracks on the floor and a leaking roof, while windows stays were missing. *See picture below.*



*Corroding roof*

**c. Delayed Completion of Works –Youth Training Centre**

On 28<sup>th</sup> December 2014, Virgin Services was engaged to construct a 1 x 2 bed roomed house in Masaiti at Masaiti Youth Training Centre at a contract sum of K152,203. The scope of works included earth works, substructure and super-structure to roof level, roof covering, landscaping, and wiring, plumbing works and finishing of the building. The duration of the contract was 10 Weeks. An amount of K140,104 had been paid to the contractor as of April 2016 leaving a balance of K12,099.

A Physical inspection carried out in April 2016 revealed that the ceiling board was not done, electrical installations were not completed and the house had not been painted.

**HEAD: 92 Office of the President – Central Province**

**DEPARTMENT: Various**

**UNITS: Various**

**PROGRAMMES: Various**

**ACTIVITIES: Various**

65. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K16,242,787 was made to cater for various activities against which amounts totalling K7,444,508 were released resulting in an underfunding of K8,798,279.

According to financial statements (Statement C), as of 31<sup>st</sup> December 2015, amounts totalling K4,399,545 had been spent.

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

An examination of accounting and other records maintained at Provincial Administration Offices carried out between January and March 2016, revealed the following:

##### **a. Inadequately Supported Payments**

Contrary to Financial Regulations No. 45 and 65, sixty (60) payments in amounts totalling K181,129 made during the period under review were not supported with relevant documents such as receipts, Local Purchase Orders, approval from PSMD, bonding forms and acceptance letters, among others.

##### **b. Misapplication of Funds**

During the period under review, amounts totalling K447,705 meant for events, capacity building and water resource management among others, were spent on unrelated activities such as procuring stores items and training without authority from Secretary to the Treasury and this was contrary to the Appropriation Act of 2014.

##### **c. Unauthorised Refunds**

Amounts totalling K175,819 involving seventy nine (79) transactions were paid to officers as refunds for spending their personal monies on Government expenditure such as purchase of stores items, tuition fees, examination fees, meals and accommodation and subsistence

allowances, among others. However, there was no prior authority from the Controlling Officer to incur the expenses.

**d. Failure to Remit Tax to ZRA**

Contrary to the Income Tax Act (CAP323) amounts totalling K62,063 deducted during the period under review as Pay As You Earn (PAYE) from various officers' settling in allowances, commutation of leave days, leave terminal benefits and long service bonuses, had not been remitted to the Zambia Revenue Authority (ZRA) as of September 2016.

**e. Irregular Payment of Study Related Allowances**

The Public Service Management Division (PSMD) guidelines on Rates and Conditions for Government Sponsored Training and Development of April 2014 provide a guideline of how much officers should be paid as book, meal and transport allowances among others, effective 1<sup>st</sup> January 2015.

However, it was observed that three (3) officers had accumulated a total of K24,850 in accommodation and meal allowances, of which amounts totalling K6,170 were paid at rates of K90 per day that were not stipulated in the guidelines.

**f. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96 (1), accountable imprest in amounts totalling K43,280 involving nineteen (19) transactions issued to ten (10) officers during the period under review had not been retired as of September 2016.

**g. Irregular Payments of Imprest**

- i. Financial Regulation No. 86(c) requires that accountable imprest be issued for the purchase of goods and services whose value cannot be ascertained at the time of payment. However, amounts totalling K55,032 involving sixteen (16) transactions were paid out as accountable imprest to various officers during the year under review for the purchase of various stores items such as cleaning materials and attires for various events whose value was ascertained at the time of payment.
- ii. Amounts totalling K13,567 were irregularly paid as fuel allowances outside the stipulated formula for local errands on various trips.

- iii. Cabinet Circular No. 11 of 2013, Clause 7 (iv) states that “Meal allowance shall only be paid to an officer who travels away from his or her normal station of duty on official duty for 8 hours or more but not including an overnight stay. This allowance is only paid in circumstances where lunch is not provided”.

However, contrary to the circular, meal allowances in amounts totalling K19,650 were paid to four (4) officers to clear human resource activities which were being undertaken at the office.

**h. Failure to Avail Activity Reports**

During the period under review, imprest in amounts totalling K84,332 was issued to five (5) officers to enable them carry out activities such as monitoring and inspection of projects.

However, there were no activity reports provided for audit to confirm that the activities were undertaken.

**i. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K632,222 procured during the period under review had not been accounted for in that no receipt and disposal details such as goods received notes, issue vouchers, fuel coupons, fuel statements, stores requisitions and stores ledgers among others were availed for audit.

**j. Unauthorised Fuel Drawings**

Fuel costing K20,899 involving sixty five (65) transactions was irregularly drawn from four (4) departmental pool accounts by motor vehicles not appearing on the departments’ fleet without the authority of the Controlling Officer.

Furthermore, fuel costing K48,755 was drawn without approved fuel requisitions and the drawings were not signed for in the fuel ledger contrary to Public Store regulations No. 16.

**k. Failure to Settle Outstanding Insurance Premiums**

A review of the insurance statement from Zambia States Insurance Corporation (ZISC) revealed that the Provincial Administration had outstanding insurance premiums amounting to K581,109 for motor vehicles insured in 2012.

As of September 2016, the amounts outstanding had not been paid and there was no breakdown of the vehicles to support the accumulation of bills from the Insurance Company.

**HEAD: 92 Office of the President – Central Province**

**DEPARTMENTS: Various**

**UNITS: Various**

**PROGRAMMES: Personal Emoluments**

**ACTIVITIES: Various**

66. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K47,009,661 was made to cater for Personal Emoluments against which amounts totalling K46,467,179 were released leaving a balance of K542,482.

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

An examination of accounting and other records maintained at the Provincial Administration carried out in March 2016 revealed the following:

##### **a. Unauthorised Excess Staff on the Payroll**

A comparison of selected positions on the payroll from PMEC and the 2015 Establishment Register revealed that the establishment had three hundred and eighteen (318) authorised positions where as the payroll had four hundred and seventy four (474) filled up positions resulting in excess staff of one hundred and fifty six (156) officers who were on the payroll without authority. In this regard, amounts totalling K8,895,258 were paid to the excess officers during the period under review.

In her response to the management letter, the Controlling Officer stated that the Establishment Register had not been updated in a long time and the variance was as a result of this and new positions from newly created districts which have not been captured on the existing Establishment Register.

As of September 2016, the anomaly had not been corrected. *See table below.*

<b>Position</b>	<b>Authorised (A)</b>	<b>Filled up (B)</b>	<b>Variance (A-B)</b>
Assistant Community Devel	22	24	2
Assistant Social Welfare	15	20	5
Clerical Officer	10	17	7
Driver	46	55	9
General Worker	60	70	10
Head District Messenger	1	7	6
District Messenger	33	38	5
Information Officer	3	9	6
Office Orderly	28	50	22
Senior Office Orderly	18	24	6
Watchman	3	11	8
<b>Total</b>	<b>239</b>	<b>325</b>	<b>86</b>

**b. Misplacement of Payroll Area**

A review of the payroll and staff returns revealed that there were eighteen (18) officers who drew salaries in amounts totalling K919,854 under the Provincial Administration payroll, while their physical station was National Registration Office under the Ministry of Home Affairs.

Further, an officer in the position of accountant appearing under Provincial Accounting Control Unit – Mkushi drew salaries in amounts totalling K80,418 while the officer was not physically at the station. Inquiries with management revealed that the officer was stationed at Ministry of Finance - Headquarters.

In her response to the management letter, the Controlling Officer stated that the position of accountant under Provincial Accounting Control Unit – Mkushi was introduced on the payroll by Ministry of Finance and was temporarily attached to IFMIS Unit in Lusaka and she was instructed by Secretary to Treasury not to remove him from payroll until further notice. However, as of September 2016, the officer had not moved to Mkushi and there was no documentary evidence that the officer reported to Mkushi District Administration Office. Further, the District did not have an Accountant as the position was still filled on the payroll by the said Officer.

**c. Starters and Leavers**

**i. Introduction of Officers on the Payroll without Authority**

During the period under review, an Assistant Accountant and a District Marketing Development Officer were introduced on the payroll without evidence of authority from PSMD and amounts totalling K56,570 were irregularly paid as salaries.

**ii. Failure to Remove Officers from Payroll**

During the period under review, seven (7) officers who were separated from the service through retirement, death or termination of contracts were not removed from the payroll for periods of up to four (4) months and were paid salaries in amounts totalling K153,469.

**iii. Failure to Terminate a Convicted Officer from the Payroll**

On 29<sup>th</sup> March 2007, an Extension Assistant at the Forestry Department in Kabwe was suspended for the offence of forgery and theft by public servant and was put on half salary and subsequently convicted by the courts of law in January 2008. However, despite being convicted, the officer was not discharged from the Public Service and thus continued to draw salaries amounting to K152,772 from the time he was convicted to August 2016.

**d. Questionable Basic Pay**

A review of payslips revealed that there were nine (9) employees with basic pay not commensurate to the stipulated basic pay of the respective salary scale resulting in overpayments amounting to K5,441 and underpayments amounting to K890.

**e. Questionable Payments of Salary Arrears**

During the period under review, amounts totalling K46,832 were paid to two (2) officers in respect of salary arrears. However, there was no evidence to show how the arrears were accumulated to support the payment, rendering the payments questionable.

**f. Questionable Payment of Allowances**

**i. Commuted Night Duty Allowance**

The Terms and Conditions of Service No. 167 (i) states that, “commuted night duty allowance shall be paid to nursing and paramedical personnel who work during the night over and above normal working hours”.

A review of the payroll for 2015 revealed that amounts totalling K10,758 were irregularly paid to a Senior Meteorological Officer and a Labour Officer as commuted night duty allowance who were not eligible in that they were neither nurses nor paramedical staff.

**ii. Irregular Payment of Night Duty and Health Shift Allowance**

Contrary to the Terms and Conditions of Service No. 167 (i) and Public Service Management Division Circular No. B10 of 2013, a Labour Officer was paid commuted night duty allowance of K6,940 and health shift allowance of K1,434 for which he was not eligible as he was neither a paramedical nor a nursing personnel.

**g. Irregular Payment of Rural and Remote Hardship**

According to the Terms and Conditions of Service No. 166, an officer serving in an area declared to be in a remote area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

During the period under review, amounts totalling K29,460 were irregularly paid as rural and remote hardship allowances to four (4) employees who were not entitled to the allowances as they were stationed in urban areas. *See table below.*

<b>Details</b>	<b>No. of Officers</b>	<b>No. of Transactions</b>	<b>Amount K</b>
Rural	3	23	23,274
Remote	1	6	6,186
<b>Total</b>	<b>4</b>	<b>29</b>	<b>29,460</b>

**h. Acting Allowance**

**i. Irregular Payment of Acting Allowances For More Than Six Months**

The Terms and Conditions of Service No. 26 (b) (i) states that when an officer is appointed to act in a higher post with a view to awarding him/her substantive promotion, the effective date of such promotion shall be the date on which the officer commenced to act on the post. Officers selected for promotion shall normally be appointed by the Service Commission or the responsible officers to act for a period of not more than six (6) months with a view to establishing their suitability for substantive promotion.

Contrary to the Terms and Conditions of Service, thirty five (35) officers acted for periods longer than six (6) months without authority from Public Service Management Division. In this regard, the officers were irregularly paid acting allowances in amounts totalling K743,806.

**ii. Questionable Payment of Acting Allowance to officers not in Acting Positions**

Contrary to Terms and Conditions for the Public Service No. 26 (b) (i), two (2) officers were irregularly paid amounts totalling K6,218 as acting allowances when they were working within their substantive positions.

**iii. Over and Under Payment of Transport and Housing Allowances**

Cabinet Office Circular No. B12 of 2012 stipulates that transport allowance shall be paid to all officers in Salary Scales K and below through the payroll at the rate of 10% of monthly basic salary while housing allowances shall be paid to all eligible officers at the rate of 20% of basic salary.

Contrary to the provisions of the Circular, sixteen (16) officers were over paid amounts totalling K10,060 as housing and transport allowances while two (2) officers were underpaid amounts totalling K530 as transport allowance. *See table below.*

Detail	Number of Officers	Under Payment K	Over Payment K
Transport Allowance (over-Payments)	3	-	89
Transport Allowance (Under-Payments)	2	530	-
Housing Allowance (Over-Payments)	14	-	9,971
<b>Total</b>	<b>19</b>	<b>530</b>	<b>10,060</b>

**i. Failure to Deduct National Pensions Scheme Authority (NAPSA) Contributions**

Contrary to Section 15 (1) of the National Pension Scheme Authority (NAPSA) Act of 2000, there were no deductions of NAPSA contributions from twenty (20) officers who drew basic salaries in amounts totalling K655,663.

**j. Irregular Payment of Salary Advances**

The Terms and Conditions of Service for the Public Service No. 92 states that an officer may obtain an advance of salary limited to a maximum of the officer's monthly gross salary and shall be repaid within a reasonable period of time but not exceeding six (6) months.

Further, Terms and Conditions of Service No. 91 (b) states that an officer may not get a salary advance while another advance is outstanding.

Contrary to the regulations, advances in amounts totalling K100,000 were paid to an officer with outstanding advances. Additionally, the advances obtained were in excess of the officer's gross pay.

**k. Officers with Net pay less than 40%**

Contrary to Public Service Management Division Circular No. B19 of 2007, which states that the net pay, after deductions, should not be less than 40% of the basic pay, amounts totalling K102,600 were paid to sixteen (16) officers as salary advances whose net pays were below 40%.

**l. Non Recovery of Salary and Tuition Advances**

A total amount of K92,000 was paid out to eight (8) officers as salary and tuition advances during the period from March to December 2015.

However, as of September 2016, no recoveries had been effected.

**m. Inadequately Supported Payments**

Contrary to Financial Regulation No. 45, payments in amounts totalling K211,500 made to various officers as salary and tuition advances were inadequately supported in that they lacked relevant supporting documents such as payslips, quotations and acceptance letters from colleges, among others.

**HEAD: 92/01 Office of the President – Central Province**

**DEPARTMENTS: Various**

**UNITS: Various**

**PROGRAMMES: General Deposit Account**

**ACTIVITIES: Various**

67. The Provincial Administration maintains a General Deposit Account (GDA) into which third party funds are deposited. The funding to the account includes amounts that the various departments under Provincial Administration receive from their respective ministries for specific purposes.

During the financial year ended 31<sup>st</sup> December 2015, amounts totalling K742,492 were received for the implementation of various programmes and activities under the General Deposit Account. In addition, an amount of K2,038,258 was brought forward from 2014, bringing the total funds available to K2,780,750 during the period under review as shown in the table below.

Department/Project	Balance Brought Forward K	Funds Received K	Total Funds Available K	Total Expenditure K	Balance K
Cultural Affairs/Broken Hill Cultural Village	81,420	-	81,420		81,420
Cultural Affairs/Venus Theatre	54,097	-	54,097	43,643	81,420
Investiture Funding	3,598	-	3,598		81,420
Funeral Funding	622	-	622		81,420
Chiefs Affairs/ Chiefs Palaces	1,211,598	-	1,211,598	549,150	81,420
Chiefs Affairs/ Operations	-	70,242	70,242	58,089	81,420
Forestry Department	95,796	90,000	185,796	153,361	81,420
Water Affairs	228,035	-	228,035	228,000	81,420
Rural Roads Unit	66,182	-	66,182		81,420
Metrological Department/ Serenje Offices	150,000	-	150,000	20,000	81,420
Youth Department	867	120,000	120,867	122,419	81,420
Child Affairs Department	-	10,000	10,000	10,000	81,420
Buildings Department	1,494	-	1,494		81,420
Procurement Department – Tender Documents	101,976	90,730	192,706	188,777	81,420
Resettlement Department	33,994	-	33,994	35,192	81,420
Community Development	8,580	37,003	45,583	22,308	81,420
Provincial Administration	-	324,518	324,518	189,160	81,420
Education Schools	-	-	-	6,144	(6,144)
<b>Total</b>	<b>2,038,258</b>	<b>742,493</b>	<b>2,780,751</b>	<b>1,626,242</b>	<b>1,154,509</b>

As at 31<sup>st</sup> December 2015, amounts totalling K1,626,242 had been spent out of the total available funds of K2,780,750 leaving a balance of K1,154,508.

### Accounting and Other irregularities

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in April 2016, revealed the following:

#### a. Construction of Chiefs Palaces

The Ministry of Chiefs and Traditional Affairs released a total amount of K1,228,541 between June and December 2014 to the Provincial Administration for the construction of three (3) Chiefs' Palaces in the following Chiefdoms; Moono in Mumbwa, Mukuni in Kapiri Mposhi and Serenje in Serenje districts.

The guidelines on the Construction of Palaces for Chiefs in Zambia provides for the establishment of the Project Management Committee (PMC) at District level comprising of the District Chiefs and Traditional Affairs Officer as the Project Secretary and the District Works Supervisor.

The duties of the PMC include among others the day to day planning and execution of the project, reporting to the Project Monitoring Team (PMT) who are their supervisors and to select and recommend a contractor in Category 5 and 6 to the Provincial Tender Committee to undertake the work.

The following were observed:

**i. Wasteful Expenditure - Construction of Chief Serenje's Palace**

In May and July 2015, MSM Agro Solutions and Verostana Enterprises were contracted to construct and supply building materials such as concrete blocks, brick force and timber respectively as tabulated below.

Contractor	Contract Date	Description of Contract	Amount K	Duration
MSM Agro Solutions		Labour	116,000	9 weeks
Verostana Enterprises	1st April 2015	Materials provision	110,400	21 days

On 14<sup>th</sup> July 2015, an amount of K78,435 was paid to Verostana Enterprises for the supply of building materials including K31,945 for the concrete blocks. However, the concrete blocks were rejected due to poor quality. Subsequently on 24<sup>th</sup> September 2015, Exxon and Exxon Mobile was engaged to resupply concrete blocks at a cost of K42,531. As of May 2016, the rejected blocks were still on site and the supplier had not replaced them.

In addition, three hundred and seventy nine (379) bags of cement costing K32,215 supplied by Verostana Enterprises had since hardened due to poor storage facilities rendering the expenditure wasteful.

**ii. Construction of Chief Mukuni's Palace – Kapiri Mposhi**

In May and August 2015, two (2) companies were contracted to build and supply materials as tabulated below.

Contractor	Description of Contract	Amount K	Duration
Kandechi Enterprises	Materials provision	130,236	14 days
Maheza Investments Ltd	Labour	117,192	4 months

On 28<sup>th</sup> August 2015, an amount of K108,838 was paid to Kandechi Enterprises for the supply of building materials. However, the concrete blocks supplied were rejected due to poor quality.

Subsequently, on 15<sup>th</sup> September 2015, another supplier, Exxon and Exxon Mobile, was engaged to supply concrete blocks at a cost of K40,269. As of May 2016, the rejected blocks were still on site and no action had been taken against Kandechi Enterprises.

In addition, three hundred and seventy nine (379) bags of cement costing K32,215 supplied by Kandeche Enterprises had since hardened due to poor storage facilities rendering the expenditure wasteful

**b. None Completion of Access Road – Katanino Resettlement Scheme**

On 20<sup>th</sup> November 2014, the Department of Resettlement engaged Zambia National Service (ZNS) to open and form a 15 km access road at Katanino Resettlement Scheme in Kapiri Mposhi for a contract sum of K35,192 and as of April, 2015 the full contract sum had been paid. However, as of May 2016 only 6 km was worked on and the contractor was not on site.

**HEAD: 92 Office of the President – Central Province**

**DEPARTMENTS: 03 Rural Roads Unit**

**UNITS: Various**

**PROGRAMMES: Infrastructure Developmnt**

**ACTIVITIES: Various**

68. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K18,000,000 was made for infrastructure development under the Rural Roads Unit (RRU) against which amounts totalling K5,300,000 were released through the Single Treasury Account resulting in an underfunding of K12,700,000.

In addition, a total amount of K502,198 was brought forward from 2014 as supplementary and K85,420 was released for General Administration during the year under review, bringing the total funds available to K5,887,618.

According to the Financial Statements (Statement C), as of December 2015, amounts totalling K4,529,713 had been spent leaving a balance of K1,357,905. *See table below.*

Programme	Approved 2015 K	Supplementary 2015 K	Total Authorised K	Funding K	Variance K	Spent K	Unspent K
Acquisition of specialized equipment.(6070)	6,000,000		6,000,000	5,300,000	700,000	3,954,300	1,345,700
Maintenance of Buildings and plant(6070)	3,000,000	502,198	3,502,198	-	- 3,000,000	509,964	- 7,765
Rehabilitation of feeder roads in districts(6070)	9,000,000	-	9,000,000	-	- 9,000,000	-	-
General Administration(6001-6039)	248,147	-	248,147	85,420	162,727	65,450	19,970
<b>Total</b>	<b>18,248,147</b>	<b>502,198</b>	<b>18,750,345</b>	<b>5,385,420</b>		<b>4,529,713</b>	<b>1,357,905</b>

## Accounting and Other Irregularities

An examination of accounting and other records maintained at the provincial administration and physical inspection of selected projects and equipment carried out in March, 2016 reviewed the following:

### a. Procurement of equipment

On 5<sup>th</sup> May 2015, the Provincial Administration entered into two (2) contracts with two (2) companies namely Twapalwa Industrial Corporation for the supply and delivery of one (1) lowbed truck, three (3) tipper trucks and one (1) water bowser at a contract sum of K3,154,000 with a delivery period of six (6) weeks and Reba Industrial Corporation for supply and delivery of one (1) Grader and two (2) roller vibrators at a contract sum of K2,320,000 with a delivery period of six (6) weeks. The warrant periods were twelve (12) months from date of delivery.

As of March 2016, all the equipment had been delivered and amounts totalling K3,955,000 had been paid to the contractors.

### i. Failure to follow Procurement Procedure

According to the Public Procurement Act of 2008, Sections 16 (1) (b) and 42(1)(a) and the Procurement Regulations of 2011 No. 64 (1), a Procurement entity shall have a Procurement Plan, Procurement Committee and a Controlling Officer or Chief Executive Officer shall appoint an evaluation committee for each procurement requirement.

It was however observed that the Provincial Administration did not have a Procurement Plan. In addition, there was no evidence that the Procurement and Evaluation Committees were appointed by the Controlling Officer.

**ii. Questionable Award of Contract**

Contrary to the Public Procurement Act No. 45 (2) (b) which states that a solicitation document shall contain a clear description of the object of the procurement in the form of the statement of requirements, the Provincial Administration awarded a contract to Reba Industrial Corporation for the tender to supply one (1) Grader and two (2) Roller vibrators whose bid price was K2,320,000 which was higher than the bid price of K2,214,000 for Twapalwa industrial Corporation.

According to the desk evaluation for IFB No. CPPC/EME/RRU/10/2014, the reason for selecting Reba Industrial Corporation was because they were supplying equipment which was already in the fleet of the user department hence there was need for standardisation and variety reduction.

However, this was not included and specified in the solicitation document. Therefore, the rationale used to award the contract was questionable.

**iii. Defective Roller Vibrators**

A physical inspection of the equipment conducted in February 2016 at Zambia National Service - Land Development Branch (LDB) revealed that the two (2) Roller Vibrators supplied and delivered by Reba Industrial Corporation Ltd on 15<sup>th</sup> May 2015 at a total cost of K1,440,000 had their windscreens fallen off. However, the Provincial Administration did not invoke the warrant which was still valid up to 15<sup>th</sup> May 2016, twelve months (12) months after delivery.

An inquiry from the LDB commandant on why the repairs had not been done revealed that there was no official handover of the machines.

**b. Unaccounted for Spare Parts for Specialised Equipment**

Contrary to Public Stores Regulation No. 16, various spare parts costing K141,300 procured during the period under review by the Provincial Administration for RRU had no disposal details such as goods issue vouchers and stock control cards.

**c. Irregular Payments of Allowances**

- i.** On 18<sup>th</sup> February 2015, Amounts totalling K308,414 were paid out as subsistence allowances to officers to undertake the Kanyesha – Kaundula road project in Luano district. As of September 2016, amount totalling K140,000 had been recovered through the payroll leaving a balance of K168,414.
- ii.** During the period May and December 2014, amounts totalling K35,300 were paid as subsistence allowances to officers for the Kankoso Primary School road project. It was however observed that the officers did not actually travel to undertake the activities.
- iii.** On 30<sup>th</sup> December 2013, amounts totalling K194,220 were paid out as subsistence allowances to officers to undertake maintenance of equipment in Serenje, Kapiri Mposhi and Ngabwe districts. However, the activity was not undertaken and the allowances were not reimbursed.

**d. Construction of Mukobeko Office Block**

During the period from 2012 to 2015, a total provision of K62,065,192 was made to cater for Infrastructure Development against which amounts totalling K38,915,192 were released resulting in an underfunding of K23,150,000. *See table below.*

<b>Year</b>	<b>Budget K</b>	<b>Funding K</b>	<b>Variance K</b>
2012	11,065,192	11,065,192	-
2013	12,000,000	12,000,000	-
2014	21,000,000	10,300,000	10,700,000
2015	18,000,000	5,550,000	12,450,000
<b>Total</b>	<b>62,065,192</b>	<b>38,915,192</b>	<b>23,150,000</b>

In this regard, the construction of the office block commenced in 2012 with the intention to have all offices under RRU in one block. Construction materials were procured by RRU and labour was obtained from the Buildings Department. Other works were done by casuals.

As of December 2015, amounts totalling K301,999 had been spent on procurement of materials.

On 18<sup>th</sup> February 2015, imprest in amounts totalling K60,250 was issued to Mubanga Nsama for payment of labour for block work and carpentry for the project. The works paid for included installation of IBR roof and trusses, plastering and installation of door and window frames, completion of block work, screeds and floors.

A physical inspection carried out in February 2016 revealed that the super structure had been done, trusses and roofing were partly done. Outstanding works included completion of mounting of trusses, roofing and fitting of windows (glazing), iron mongery, flooring, plastering and painting.

The following were observed:

- It was difficult to ascertain the estimated total costs for the project and how the quantities of the procured materials were determined as the Bill of Quantities and the building plan were not availed for audit.
- The works for which the imprest was issued were either partially or not done as the project had stalled for a year. As of May 2016, the imprest had not been retired and it was not clear as to why the project had stalled despite the availability of procured materials and payments already made for block work and carpentry.
- Included on the building materials procured and stored at the site were sixty one (61) bags of cement costing K3,538 procured in December, 2012 which had hardened at the time of verification resulting into wasteful expenditure. *See pictures below.*



*Partially completed office block*



*Hardened bags of cement*

**e. Lack of Proper Asset Handover to Zambia National Service**

A directive was issued through a minute dated 14<sup>th</sup> July, 2015 from the Republican President to the Minister of Transport, Works, Supply and Communications to transfer all equipment under Rural Roads Unit to the Zambia National Service.

In this regard, the Provincial Permanent Secretary was required to prepare handover notes for all the equipment under her custody to the Zambia National Service (ZNS).

A review of documents and inquiries made from management revealed that there was no handover done by the Provincial Administration to ZNS despite some equipment having been transferred to ZNS.

In this regard, it was difficult to determine and verify the number of equipment handed over to ZNS. Further, ZNS did not maintain an asset register to record all equipment that was handed over.

**HEAD: 93 Office of the President - Northern Province**

**DEPARTMENTS: Various**

**PROGRAMMES: General Administration**

**ACTIVITIES: Various**

69. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a total provision of K18,706,864 was made to cater for General administration activities at Provincial Administration and District Administration Offices against which amounts totalling K9,162,950 were released resulting in an under funding of K9,543,914

According to the Financial Statements (Statement C), amounts totalling K7,081,932 had been spent as at 31<sup>st</sup> December 2015.

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

An examination of accounting and other records maintained at the Provincial Administration and selected District Administration Offices carried out in March 2016 revealed the following:

**a. Failure to Correct Errors on the Bank Statements**

Ministry of Finance Circular No.1 of 2015, Part 8.28 stipulates that, Controlling Officers should ensure that financial institutions operate Government accounts with adequate procedures and controls in order to minimise the risk of errors relating to transactions appearing on bank account statements.

During the period under review, amounts totalling K35,862 were erroneously debited on the Recurrent Departmental Charges account held at ZANACO Kasama Branch.

As of July 2016, the debited amount had not been reversed.

**b. Missing Payment Vouchers**

Contrary to Financial Regulation No. 65, five (5) payment vouchers in amounts totalling K 39,166 made during the period under review were not availed for audit as of September 2016.

**c. Unretired Accountable Imprest**

Contrary to Financial Regulations No. 96 (1), accountable imprest in amounts totalling K95,269 issued to twenty five (25) officers had not been retired as of September 2016.

**d. Failure to Insure Assets**

During the period under review, the Provincial Administration procured various assets such as motor bikes, computers and printers costing K77,878. However, as of September 2016, the assets had not been insured.

**e. Failure to Report Accident - GRZ 883 CH**

On 12<sup>th</sup> March 2015, a Higer Bus GRZ 883 CH belonging to Northern Provincial Administration Office was involved in a road traffic accident. According to the Police report, the Provincial Administration driver was found guilty of careless driving.

However, as of September 2016 the accident had not been reported to the Standing Accidents Board.

**HEAD: 93 Office of the President - Northern Province**

**DEPARTMENTS: Various**

**PROGRAMMES: Personal Emoluments**

**ACTIVITIES: Various**

70. In the Estimates of Revenue and Expenditure for the financial year 1<sup>st</sup> January to 31<sup>st</sup> December 2015, a provision of K43,982,093 was made to cater for personal emoluments against which amounts totalling K41,716,411 were released.

According to the financial statement (Statement C), amounts totalling K40,919,719 had been spent as at 31<sup>st</sup> December 2015.

### **Accounting and other Irregularities**

An examination of accounting and other records maintained at Provincial Administration carried out in April and May 2016 revealed the following:

#### **a. Irregular Payment of Salaries**

During the period under review, amounts totalling K1,887,930 were paid as salaries to thirty six (36) employees whose positions did not exist on the Establishment Register.

#### **b. Misplacement of Payroll Area**

During the period under review, eight (8) employees drew salaries in amounts totalling K430,416 under the Provincial Administration payroll. However, the eight (8) officers were not serving in the Province.

#### **c. Irregular Payment of Rural and Remote Hardship Allowances**

In paragraph 83 (f) of the Report of the Auditor General for the financial year ended 31<sup>st</sup> December 2014, mention was made of the irregular payment of rural hardship allowances in amounts totalling K705, 606 involving one hundred and ninety two (192) officers who were not eligible for the allowance.

In their report for the fifth session of the eleventh National Assembly, the Public Accounts Committee urged the Controlling Officer to ensure that all payroll issues related to the payment of rural hardship allowances were resolved expeditiously.

A review of the situation in 2016 revealed that the payment of rural hardship allowances to ineligible officers had continued and consequently, amounts totalling K195, 315 had been paid.

**d. Failure to Recover Tuition and Salary Advances**

Contrary to the Terms and Conditions of Service for the Public Service, recoveries in respect of tuition and salary advances in amounts totalling K63,247 paid to twelve (12) officers had not been effected as of September 2016.

**e. Issuance of Concurrent Salary Advances**

Terms and Conditions of Service for the Public Service No.91 (b) states that an officer may not get a salary advance while another advance is outstanding.

Contrary to the above, sixteen (16) officers were paid salary advances in amounts totally K145,060 during the period under review while they had outstanding advances.

**HEAD: 93 Office of the President-Northern Province**

**PROGRAMME: General Deposit Account**

**ACTIVITIES: Various**

71. The Provincial Administration Office maintains a General Deposit Account (GDA) into which third party funds are deposited. The funding to the account includes amounts that the various departments under the Provincial Administration Office receive from their respective ministries for specific purposes.

During the Financial Year Ended 31 December 2015, a total amount of K4,557,388 was received by the Provincial Administration Office for various activities.

In addition, an amount of K1,728,550 was brought forward from 2014 bringing the total funds available to K6,285,939.

As at 31<sup>st</sup> December 2015, amounts totalling K5,927,786 had been spent leaving a balance of K358,153.

## **Accounting and other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out during the period from March to July 2016 revealed the following:

### **a. Failure to Correct Errors on the Bank Statements**

Ministry of Finance Circular No.1 of 2015, Part 8.28 stipulates that, Controlling Officers should ensure that financial institutions operate Government accounts with adequate procedures and controls in order to minimise the risk of errors relating to transactions appearing on bank account statements.

During the period under review, amounts totalling K12,972 were erroneously debited on the General Deposit Account held at ZANACO Kasama Branch.

As of July 2016, the debited amount had not been reversed.

### **b. Unaccounted for Fuel**

Contrary to Public Stores Regulation No.16, fuel costing K129,096 procured during the period under review was unaccounted for in that there were no receipt and disposal details.

**HEAD: 93 Office of the President Northern Province**

**PROGRAMME: Poverty Reduction Programmes-PRP**

**ACTIVITIES: Various**

72. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a total provision of K28,188,525 was made to cater for various Poverty Reduction Programmes against which amounts totalling K1,129,837 were released resulting in an underfunding of K27,058,688.

In addition, an amount of K5,962,916 was brought forward from 2014 bringing the total funds available to K7,092,752.

According to the Financial Statement (Statement C), as at 31<sup>st</sup> December 2015, amounts totalling K8,744,969 had been spent.

## **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in March 2016, revealed the following:

### **a. Misapplication of Funds - Construction of Mbala Youth Skills Training Centre**

On 24<sup>th</sup> November 2015, an amount of K110,652 was transferred to Mbala DC offices for the construction of a Youth Skills Centre. As of July 2016, the project had not commenced and amounts totalling K26,097 had been applied on unrelated activities such as purchase of electricity units, tonner, stationery, fuel, vehicle spare parts and women's day among others.

### **b. Failure to Insure Building - Mwela Rocks Cultural Village**

On 11<sup>th</sup> November 2015, Mwela Rocks Cultural Village with an estimated value of K293,403 was gutted by fire. A review of records and enquiries made with management at Cultural Department revealed that the cultural village was not insured resulting in failure to claim loss of property.

### **c. Construction of Mpulungu Youth Skills Training Workshop Block – Mpulungu District**

In May 2015, Premia Suppliers Ltd was engaged on a labour only contract for the construction of a workshop block at Mpulungu Youth Skills Training Centre at a contract sum of K37,000. The scope of works included construction of sub and super structure, roofing, carpentry and joinery, metal works, painting and decorations.

As of April 2016, the contractor had been paid amounts totalling K35,000.

In addition, amounts totalling K263,335 were spent for the procurement of building materials for the project.

However, despite the availability of materials, the project had not been completed as of July 2016 and the contractor had abandoned the site with the following works outstanding; glazing, construction of the front veranda ring beam, roofing of the veranda and fixing of panel doors, painting and electrical fittings, ceiling board in the offices and store room, construction of spoon drainage and decorations.

**d. Failure to Reimburse Borrowed Funds**

During the period from August to September 2015, amounts totalling K540,497 were borrowed from the PRP funds to facilitate for a budgeting meeting in Mbala and expenses pertaining to the Presidential Visit. As of July 2016, the funds had not been reimbursed.

**HEAD: 94/01 Office of the President – Western Province**

**UNIT: Various**

**PROGRAMME: General Administration**

**ACTIVITIES: Various**

73. In the Estimates of Revenue and Expenditure for the Financial Year ended 31<sup>st</sup> December 2015, a provision of K15,138,019 was made to cater for various programmes, against which amounts totalling K10,115,331 were released resulting in an underfunding of K5,022,688.

In addition, there was a balance of K1,627,072 brought forward from the previous year bringing the total funds available for expenditure to K11,742,403.

According to the Financial Statement (Statement C), a total amount of K8,293,740 had been spent as at 31<sup>st</sup> December 2015.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at Provincial and District Administration carried out from January to February 2016, revealed the following;

**a. Unsupported Payment Vouchers**

Contrary to Financial Regulations No. 45 and 52, twelve (12) payment vouchers in amounts totalling K7,440 processed during the period under review were not supported with relevant documentation such as receipts, purchase order and approved study leave among others. *See table below.*

Station	Payments	Amount K
Mongu District Admin	3	2,375
Senanga District Admin	2	1,250
Limulunga District Admin	1	515
Kalabo District Admin	5	2,000
Sikongo District Admin	1	1,600
<b>Total</b>	<b>12</b>	<b>7,740</b>

**b. Management of Imprest**

**i. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96 (1), accountable imprest in amounts totalling K107,501 issued to ten (10) officers during the period under review had not been retired as of July 2016. *See table below.*

Station	No. of Officers	Amount K
Provincial Administration	4	76,390
Mongu District Administration	2	10,586
Kaoma District Administration	2	11,775
Sikongo District Administration	2	8,750
<b>Total</b>	<b>10</b>	<b>107,501</b>

**ii. Over Payment of Fuel Imprest**

- During the year under review, four (4) officers were issued with special and fuel imprest in amounts totalling K34,990 to enable them undertake various activities. However, a review of the budget and imprest retirements revealed that fuel in amounts totalling K7,508 was over claimed by duplicating a distance of 3,115 km.
- On 2<sup>nd</sup> March 2015, a driver was issued with special and fuel imprest in amounts totalling K4,903 to enable him take the Provincial Minister's vehicle to Toyota Zambia for service and drive the Provincial Minister back from Lusaka to Mongu after attending Parliamentary sessions. However, it was observed that the driver was paid double payments for fuel for travelling between Mongu and Lusaka on the same trip resulting in an over payment of K1,739 in respect of fuel.
- Contrary to Cabinet Circular No. 7 of 2012, which requires that fuel should be paid in relation to distances covered when undertaking a trip, six (6) officers were paid amounts totalling K1,627 for fuel for unspecified distances without the use of the fuel formula.

**iii. Over Payment of Subsistence Allowance**

On 17<sup>th</sup> June 2015, an Accounts Assistant was issued with imprest of K28,766 (subsistence allowance - K27,180 and fuel - K1,586) to enable five (5) officers travel to Nkeyema, Kaoma, Luampa, Lukulu, Mitete and Limulunga districts to collect and verify audit responses. A review of an internal memorandum revealed that the Permanent Secretary on an unknown date correctly approved a payment of imprest of K24,266 to four (4) officers for nine (9) nights. It was, however observed that on 17<sup>th</sup> June 2015, the Deputy Permanent Secretary approved the payment of K28,766 instead of K24,266 leading to an over payment of K4,500. As of May 2016, the overpayment had not been recovered.

**iv. Questionable Retirement of Imprest**

On 17<sup>th</sup> July 2015, an Accounts Assistant was issued with accountable imprest of K78,554 to enable him facilitate the payment of fuel and subsistence allowances to the District Commissioners attending a Provincial Development Coordinating Committee (PDCC) meeting in Mongu. However, it was observed that the officer used K4,050 of the imprest to buy stationery which was not part of the budget as the stationery was part of the conference package costing K67,150 which was paid for in full. In this regard, the retirement was questionable.

**v. Use of Accountable Imprest to Procure Goods and Services**

Financial Regulation No. 86(c) requires that accountable imprest should be issued when the value of goods and services cannot be ascertained at the time of purchase. However, it was observed that imprest in amounts totalling K106,208 was issued to thirty three (33) officers to procure various goods and services whose values were obtainable on the market at the time. *See table below.*

<b>Station</b>	<b>No. Of Officers</b>	<b>Total Amount K</b>
Provincial Administration	15	34,253
Mongu District Admin	2	5,025
Senanga District Admin	4	20,851
Limulunga District Admin	3	8,368
Kalabo District Admin	1	3,900
Kaoma District Admin	3	18,780
Nalolo District Admin	2	5,300
Sikongo District Admin	3	10,021
<b>Total</b>	<b>33</b>	<b>106,498</b>

**c. Irregular Payments**

**i. Payments of Subsistence Allowance - Limulunga District Administration**

On 19<sup>th</sup> February 2015, the accountant was paid K2,840 to enable her pay claims for the District Commissioner, the driver and the messenger who had travelled to Liumbo to engage the community in food for work projects and identify projects that would be undertaken. According to the claim forms, the officers started off from Limulunga on 2<sup>nd</sup> February 2015 using GRZ 528 CL and reached Liumbo the same day and returned on 4<sup>th</sup> February 2015 (2 nights).

However, a scrutiny of the log book for the vehicle revealed that the officers returned to the station each day and did not spend nights in Liumbo rendering the total claim of K2,840 irregular.

**ii. Payment of Meal Allowance at Duty station**

Contrary to the Terms and Conditions of Service for the Public Service No. 167 (f), on 1<sup>st</sup> September 2015, an office orderly was paid an amount of K1,350 to facilitate payment of meal allowances to officers who were working from the provincial Chief's and Traditional Affairs offices, which are within their normal duty station boundary.

**iii. Refund for Training Expenses without Authority**

Contrary to Terms and Conditions of Service for the Public Service No. 121 (a) which requires that, paid study leave may be granted by the Permanent Secretary, Public Service Management Division (PSMD), the Senanga District Works Supervisor was paid an amount of K5,600 on 3<sup>rd</sup> February 2015 as refund for having used his money to pay for training expenses at the Zambia College for Built in Environment (ZCBE) without authority from the Public Service Management Division (PSMD) .

**d. Payment of Over Time Allowances Outside Payroll**

Cabinet Circular No. 11 of 2013 states that, when an officer is required to work over the weekend or beyond normal working hours, eligible officers should be paid overtime allowance. Payment of this allowance is through the payroll and claims have to be made through the supervising officers and approved by the Controlling Officer.

However, contrary to the provisions of the Circular, amounts totalling K22,306 were paid as overtime allowances to sixteen (16) officers outside payroll. Consequently, Pay As You Earn (PAYE) was not deducted from the allowances.

**e. Questionable Payments**

**i. Purchase of Meals for Registry Officers at PSMD**

On 18<sup>th</sup> June 2015, an Accounts Assistant was issued with special imprest of K8,225 to enable her pay allowances to the Chief Human Resource Officer who was travelling to Lusaka to submit recommendations for staff appointments, transfers and substantive appointments. According to the retirement details, amounts totalling K1,080 were used to procure meals for registry staff at the Public Service Management Division (PSMD). It was however questionable why the meals were procured for registry officers at PSMD who were carrying out their normal duties at their normal duty station.

Further, there were no receipts to support the procurement of the meals.

**ii. Payment of Refund-Mongu DC**

In July and August 2015, an Accountant was refunded amounts totalling K2,685 in respect of food stuffs she procured using her personal funds for the prisoners working at the District Administration Offices and Commissioners residence.

However, the claims for refund were questionable in that there was no prior authority for the officer to use her personal funds. Further, the refund was not supported by receipts and invoices.

**iii. Payment of Refund - Nalolo District Administration**

On 19<sup>th</sup> June 2015, the District Commissioner was paid K3,580 as refund of personal money used to travel from Muoyo to Lusaka from 17<sup>th</sup> to 19<sup>th</sup> May 2015 to service a motor vehicle GRZ 529CL. However, a scrutiny of retirement details revealed that the officer acquitted for subsistence allowance amounting to K2,002 which was issued to the Accounts Assistant on 18<sup>th</sup> May 2015 for attending an induction workshop for District Commissioners in Senanga from 17<sup>th</sup> to 20<sup>th</sup> May 2015. The claim of K3,580 was therefore questionable, in that it was

not clear how the officer would have travelled to Lusaka and at the same time attend the induction of District Commissioners workshop in Senanga.

**f. Irregular Payment of Water Bills**

On 26<sup>th</sup> February 2015, an amount of K35,888 was paid to Western Water and Sewerage Company Limited in respect of water bills accumulated up to February 2015 by government departments. An examination of the water bills and receipts revealed that, included in the payment were two (02) amounts totalling K27,955, for the residences of the Provincial Minister (K12,857) and Mongu District Commissioner (K15,098). The payment of water bills for the Provincial Minister and District Commissioner’s residence were irregular in that they were not entitled.

**g. Unaccounted for Stores**

Contrary to Public Stores Regulation No. 16, various stores items costing K374,490 (general stores K162,280 and fuel – K212,210) procured during the period under review were unaccounted for in that there were no receipt and disposal details availed for audit review. *See table below.*

<b>Station</b>	<b>Stores Items K</b>	<b>Fuel K</b>	<b>Total Amount K</b>
Provincial Administration	87,875	173,670	261,545
Senanga District Admin	5,750	8,646	14,396
Kalabo District Admin	13,288	9,286	22,574
Kaoma District Admin	5,300	3,000	8,300
Nalolo District Admin	9,310	400	9,710
Sikongo District Admin	8,761	13,250	22,011
Mongu District Admin	10,801	1,604	12,405
Lukulu District Admin	1,200	1,504	2,704
Nkeyema District Admin	19,995	850	20,845
<b>Total</b>	<b>162,280</b>	<b>212,210</b>	<b>374,490</b>

**h. Management of Guest Houses**

During the year under review, revenue in amounts totalling K140,462 was realised from hire of accommodation at three (3) guest houses as detailed below.

<b>Institution</b>	<b>Amount K</b>
Senanga Guest House	72,275
Kalabo Guest House	67,737
Lukulu Guest House	450
<b>Total</b>	<b>140,462</b>

However, the following were observed:

**i. Failure to Collect Revenue from Government Officers- Senanga Guest House**

Contrary to Financial Regulation No. 10(c) which requires that accounting officers collect punctually all revenues and other public monies due for collection, it was observed that amounts totalling K56,600 in respect of accommodation bills accrued by seven (7) officers during the period under review remained outstanding for periods ranging from 61 to 365 days and had not been collected as of July 2016.

**ii. Unaccounted for Revenue - Senanga Guest House**

During the period under review, revenue in amounts totalling K72,275 was realised from the provision of accommodation by Senanga Government Guest House. A review of the receipts and bank deposit slips revealed that amounts totalling K70,530 were deposited while the balance of K1,745 was unaccounted for in that the cash was neither banked nor found on hand.

**iii. Delayed Banking – Senanga Guest House**

Contrary to Financial Regulation No. 121 (1), there were delays in banking revenue collected from accommodation charges in amounts totalling K46,770 for periods ranging from three (3) to forty six (46) days.

**HEAD: 94/01 Office of the President – Western Province**

**UNIT: 01 Headquarters**

**PROGRAMME: 2 Personal Emoluments**

**ACTIVITIES: Various**

74. In the Estimates of Revenue and Expenditure for the Financial Years ended 31<sup>st</sup> December 2014 and 2015 provisions of K34,152,830 and K48,161,593 were made to cater for personal emoluments and the amounts were released.

According to the Financial Statement (Statement “C”) for the years ended 31<sup>st</sup> December 2014 and 2015, total amounts of K34,152,830 and K48,161,593 had been spent respectively.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out in February 2016 revealed the following:

#### **a. Delays in Deleting Officers from the Payroll**

##### **i. Separated Officers**

Four (4) officers, who were separated from the Civil Service through death, resignation or dismissal during the period from September 2013 to March 2015 were not immediately removed from the payroll. Consequently, the officers were irregularly paid salaries and allowances in amounts totalling K180,308 for periods ranging from three (3) to twelve (12) months.

##### **ii. Officers Transferred out of the Province**

During the period under review, eighteen (18) officers from various departments were transferred out of the Province. As of December 2015, the officers were still on the provincial administration payroll and had been paid salaries in amounts totalling K957,012 (2014 – K50,400 and 2015 – K906,612).

##### **iii. Officer Retired from the Civil Service**

The former Senior Youth Development Officer who was retired in National Interest with effect from 14<sup>th</sup> March 2008 continued to draw salaries up to April 2015. In this regard, salaries in amounts totalling K327,896 were paid to the retired officer as of May 2016. *See table below.*

Year	Period	No. of Months	Gross Per Month K	Amount Paid Rebased K
2008	April 2008 to March 2009	12	1,634,448	19,613
2009	April 2009 to March 2010	12	1,849,615	22,195
2010	April 2010 to March 2011	12	2,167,056	26,005
2011	April 2011 to March 2012	12	2,356,763	28,281
2012	April 2012 to April 2012	1	2,356,763	2,357
2012	May - December 2012	8	3,120	24,958
2013	January - August 2013	8	3,120	24,958
2013	September - December 2013	4	8,977	35,906
2014	January - December 2014	12	8,977	107,718
2015	January - April 2015	4	8,977	35,906
<b>Total</b>				<b>327,897</b>

In his response dated 20<sup>th</sup> June 2016, the Controlling Officer stated that the Officer continued to draw salaries as he had appealed the case to PSMD because he had been retired at a lower rank and the Officer could not be terminated from the payroll. However, it is not clear why the Provincial Administration took seven (7) years to dispose off the case.

**b. Payment of Salaries to Employees not on their Duty Station**

During the period under review, salaries in amounts totalling K1,719,641 (2014-K831,064 and 2015 - K888,577) were paid to thirty seven (37) employees who were not on the duty station staff assignment. The head count conducted in April 2015 and March 2016 revealed that the officers had either been operating from other districts or had never reported to their normal stations of duty.

**c. Irregular Payment of Rural Hardship Allowances**

According to the Terms and Condition of Service for the Public Service No. 166, an officer serving in an area declared to be in a remote area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

During the period under review, amounts totalling K11,920 were irregularly paid as rural hardship allowances to two (2) officers from the Department of Forestry based in Senanga in that the station from which the officers operated was not among those designated for the payment of the allowances.

**d. Irregular Payment of Housing Allowances**

Contrary to Cabinet Circular No. B12 of 2012, during the period under review, amounts totalling K120,474 ( K115,574 in 2014 and K4,900 in 2015) were irregularly paid as housing

allowances to ten (10) officers based in Mongu who were accommodated in government quarters.

**e. Irregular Payment of Double Class Allowance**

The Terms and Conditions of Service No. 167 (k) state that a double class allowance shall be paid to teachers who are required to teach double classes. A scrutiny of the payments revealed that during the period from January to May 2015, double class allowance amounting to K3,500 was irregularly paid to an Accounts Assistant at Sikongo District Administration who was not eligible to receive the allowance.

**f. Irregular Payment of Responsibility Allowance**

In June and July 2015, the Deputy Permanent Secretary was irregularly paid amounts totalling K1,400 as responsibility allowance, when he was not eligible to receive the allowance. As of July 2016, the monies paid to the Officer had not been recovered.

**g. Irregularities in the Appointment of Former Sesheke District Commissioner**

The Terms and Conditions of Service No 38 (e) state that a Service Commission may require an Established Officer to retire in national interest at the instance of the Government either to take up another appointment outside the Public Service or for other reasons of Government policy.

On 10<sup>th</sup> February 2012, the head teacher for Kaunga Lueti School was appointed District Commissioner for Senanga District on contract for three years commencing 20<sup>th</sup> February 2012.

However, the Officer who at the time of his appointment was an established officer was not retired in national interest upon his appointment to serve as District Commissioner which is a contractual job.

It was further observed that upon expiry of his contract on 20<sup>th</sup> March 2015, the Officer was redeployed back to the Public Service on a personal to holder salary of District Commissioner.

Although his last working day was 23<sup>rd</sup> March 2015, the Officer drew salaries in amounts totalling K122,440 for the period April to August 2015. As at February 2016, the amount had not been recovered.

**h. Questionable Introductions on the Payroll**

During the period under review, nineteen (19) new officers were introduced on the payroll without Public Service Management Division authority to employ. The officers were paid a total amount of K478,179 as salaries. However, the introduction of the officers to the payroll was questionable as their recruitments were not supported by documents such as medical certificate, criminal investigation department clearance report, school certificates and arrival advice forms as required by the Terms and Conditions of Service for the Public Service No. 12 (a).

**i. Irregular Payment of Salary to an Employee**

In July 2013, the Senanga District Community Development Officer travelled to South Africa for further studies. A review of her personal file revealed that the Officer proceeded for studies without obtaining approval from the Public Service Management Division contrary to the Terms and Conditions of Service for the Public Service No. 121 (a).

The Officer was paid a total amount of K222,882 during the period she was absent from duty without leave. As of July 2016, the funds had not been recovered.

**j. Revolving Account**

During the year under review, a total amount of K1,110,829 was received as recoveries on the revolving fund account. In addition, amounts totalling K143,566 were brought forward from the previous year bringing the total amount available to cater for salary and tuition advances to K1,254,395.

As at 31<sup>st</sup> December 2015, amounts totalling K1,230,952 had been spent on salary and tuition advances leaving a balance of K23,443.

The following were observed:

**i. Failure to Recover Salary and Tuition Advances**

Contrary to Terms and Conditions of Service No. 92, recoveries in respect of salary advances (K140,234) and tuition advances (K70,067) paid to various officers during the period under review had not been effected as of July, 2016.

**ii. Salary Advances Paid to Officers with Net Pay less than 40 Percent of Basic Pay**

Contrary to Public Service Management Division Circular No.B19 of 2007, which states that the net pay, after deductions, should not be less than 40 percent of the gross pay, salary advances in amounts totalling K43,000 were paid to four (4) officers whose net pays were ranging from 24 percent to 35 percent of their gross pay. Consequently, recoveries of the advances paid to the officers could not be effected.

**HEAD: 94/01 Office of the President - Western Province**

**UNIT: Various**

**PROGRAMME: General Deposit Account**

**ACTIVITIES: Various**

75. The General Deposit Account is an account maintained by the Provincial Accounting Control Unit (PACU) that is used to keep funds received on behalf of various departments under its charge from parent ministries for specific purposes. Once spent, the PACU is required to submit expenditure returns including progress reports to these ministries. In addition, the PACU is supposed to maintain expenditure ledgers to record movements of the funds.

During the financial year ended 31<sup>st</sup> December 2015, amounts totalling K4,098,879 were deposited into the General Deposit Account for activities such as presidential visits, canal clearing, construction of Chiefs' Palaces, Board of Survey, Chiefs' Retainers wages, survey and support to women and youth development, among others.

In addition, an amount of K3,423,826 was brought forward from 2014, bringing the total funds available to K7,522,706. As of December 2015, a total amount of K6,146,339 had been spent leaving a balance of K1,376,367.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in March and May 2016 revealed the following:

**a. Misapplication of Funds**

Contrary to the Appropriation Act of 2014, amounts totalling K163,362 meant for the construction of chiefs' palaces, presidential visits, rehabilitation and maintenance of canals, among others were applied on activities not related to the intended purposes such as payments of imprest to attend parliamentary sessions and signing of the constitution, servicing and repair of motor vehicles, payment of settling in allowances, statutory fuel for the provincial minister and payment for explorer decoders among others.

Consequently, intended activities such as construction of chiefs' palaces and clearing of canals were either not completed or undertaken.

**b. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K57,451 issued to three (3) officers during the period under review had not been retired as of September 2016.

**c. Irregular Payments**

**i. Payment of Subsistence Allowances**

According to Section 155 (a) of the Terms and Conditions of Service for the Public Service, when on transfer between stations, an officer may claim subsistence allowance at the appropriate single or married rate for the last two (2) nights and the first two (2) nights spent at the old and new stations respectively.

Contrary to the requirement, three (3) officers who were on 1<sup>st</sup> appointment were irregularly paid subsistence allowances each for four (4) nights in amounts totalling K7,200 on 12<sup>th</sup> May 2015. The payment were irregular in that the places where they were travelling from did not justify the payment of allowances.

In addition, it was observed that one (1) officer was paid subsistence allowance (K2,400) using a wrong rate of K600 per night instead of K295, the rate which was in effect at the time he reported on 1<sup>st</sup> appointment in February 2012 resulting in an overpayment of K1,220 which had not been recovered as of July 2016.

**ii. Payment of Overtime Allowances**

Cabinet Circular No.11 of 2013 states that when an officer is required to work over the weekend or beyond normal working hours, eligible officers should be paid overtime allowance. Payment of this allowance is through the payroll and claims have to be made through the supervising officers and approved by the Controlling Officer. It was however, observed that contrary to the circular, amounts totalling K3,331 were paid as overtime allowances to three (3) officers outside the payroll. Consequently, Pay As You Earn (PAYE) was not deducted from the allowances.

**d. Questionable Payment of Accountable Imprest for Sensitisation on Salary Advances**

On 12<sup>th</sup> March 2015, imprest in amounts totalling K41,865 was issued to two (2) officers to facilitate sensitisation of officers on salary and tuition advances in Senanga, Sioma, Mwandu, Luampa and Nkeyema districts.

However, inquiries made with the districts and scrutiny of visitors log books maintained in Senanga, Sioma, Mwandu, Nkeyema and Luampa district administration offices revealed that the activity was not undertaken rendering the payments questionable.

**e. Questionable Payment for Repair of Damaged Vehicle – GRZ 536 CL**

In June 2015, a motor vehicle, Toyota Hilux D4D, registration number GRZ 536 CL, belonging to the Lukulu District Commissioner was damaged by unknown people in Mulobezi District. The vehicle was repaired at a cost of K28,850.

However, there was no Police report and minutes of the Provincial Accident Committee availed for audit. Further, there was no evidence that the vehicle was insured.

**f. Unaccounted for Stores**

Contrary to Public Stores Regulation No.16, various stores items costing K18,622 procured during the period under review could not be accounted for in that there were no receipt and disposal details.

**g. Questionable Payment of Imprest**

On 21<sup>st</sup> May 2015, the Deputy Permanent Secretary, was issued with imprest of K6,863 (Subsistence allowance - K4,200 and Fuel - K2,663) to enable him travel to Senanga,

Shangombo, Sesheke, Mwandu and Mulobezi districts from 21<sup>st</sup> to 28<sup>th</sup> May 2015 to introduce new and transferred District Commissioners to the Government departments.

However, it was observed that the officer approved payments on 26<sup>th</sup> May 2015, when he was purported to have been out of his duty station. In this regard, it was not clear whether the officer undertook the activity rendering the payment questionable.

#### **h. Survey of 1,500 Plots in Sikongo District**

In October 2015, the Ministry of Lands and Natural Resources released an amount of K677,959 to the Provincial Administration to enable cadastral survey of 1,500 plots in Sikongo District under the Land Development Fund. The activity involved surveying township land and putting up of beacons in preparation for allocation of plots by the Local Authority.

In this regard, on 16<sup>th</sup> October 2015, accountable imprest of K677,959 was issued to an Accounts Assistant to facilitate payment of allowances to surveyors, wages to casual workers, purchase of fuel, building materials, tools and stationery.

According to the retirement documents, the amount was spent on allowances (K567,800), fuel (K19,729), wages (K49,500), materials and tools (K38,430) and stationery (K2,500).

A physical inspection carried out in March 2016 revealed that the activity had not been completed as only 1,300 plots were surveyed and beacons, leaving a balance of 200 plots.

In his response, the Controlling Officer stated that the non-completion was due to land conflict with the area Chief. He further stated that the issue was being addressed and the exercise would be completed as soon as the conflict was resolved.

In addition, contrary to Terms and Conditions of Service No. 154 (a) which states that subsistence allowances shall be paid to an officer to cover the additional expenses he or she has to meet when travelling on duty away from his or her normal station of duty, it was observed that subsistence allowance totalling K21,000 was paid to the Council Secretary for Sikongo District Council in respect of thirty five (35) nights spent on the activity. The payment of subsistence allowance to an officer who was working within his normal station of duty was irregular. As of July 2016, the Council Secretary had refunded an amount of K10,000 leaving a balance of K11,000.

**i. Construction of Chiefs' Palaces - Ministry of Chiefs and Traditional Affairs**

In Paragraph 85 of the Auditor General's Report on Accounts for the Financial Year ended 31<sup>st</sup> December 2014, mention was made of funds totalling K1,228,542 which were released to the Provincial Administration for construction of chiefs' palaces in Lukulu, Nkeyema and Limulunga districts but the projects had not been implemented.

A review of accounting records, related documents and inquiries made with management in March, 2016 revealed that implementation of the projects had commenced. However, the following were observed:

**i. Construction of Chief's Palace at Namayula - Lukulu District**

On 20<sup>th</sup> October 2015, Lukinga Construction Limited was engaged to construct a three (3) bed roomed house at Namayula palace in Lukulu at a contract sum of K668,523. The completion period was four (4) months from 21<sup>st</sup> October 2015 to 22<sup>nd</sup> February 2016.

The scope of works included construction of a substructure, superstructure, roofing and fitting ceiling board, carpentry, joinery and iron mongery, metal works, internal plumbing and sanitary installation, electrical installation, fixing of tiles, plastering, glazing, painting, and associated external works of septic and soak away, drilling and equipping of a borehole with water reticulation system.

As of March 2016, the contractor had been paid an amount of K167,000 as advance payment against the contract sum.

A physical inspection of the project carried out in August 2016 revealed that the works had not been completed in that the following were still outstanding; fitting of ceiling board, glazing, fitting of doors and drilling and equipping of a borehole among others.

**ii. Construction of Chief's Palace at Njonjolo – Nkeyema District**

On 20<sup>th</sup> October 2015, Litec Construction Limited was engaged to construct the Chief's Palace at Njonjolo in Lukulu at a contract sum of K750,765. The completion period was six (6) months from 22<sup>nd</sup> October, 2015 to 22<sup>nd</sup> April, 2016.

The scope of works included construction of a substructure, superstructure, roofing and fitting ceiling board, carpentry, joinery and iron mongery, metal works, internal

plumbing and sanitary installation, electrical installation, fixing of tiles, plastering, glazing, painting, and associated external works of septic and soak away, drilling and equipping of a borehole with water reticulation system.

As of March 2016, the contractor had been paid a total amount of K415,799 for certified works leaving a balance of K334,965.

A physical inspection of the project carried out in August 2016 revealed that the the works had not been completed in that the following works were still outstanding; plumbing, glazing, fitting of doors, and drilling and equipping of a borehole among others.

**HEAD: 94/03 Office of the President - Western Province**

**PROGRAMME: Poverty Reduction Programme (PRP)**

**ACTIVITIES: Various**

76. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K21,394,701 was made to cater for various programmes against which amounts totalling K240,000 were released resulting in an underfunding of K21,154,701.

In addition, amounts totalling K3,842,632 were brought forward from the previous year bringing the total funds available to K4,082,632.

According to the financial statement (Statement C), as at 31<sup>st</sup> December 2015, amounts totalling of K4,064,037 had been spent.

#### **Accounting and Other irregularities**

An examination of accounting and other records maintained at the Provincial Accounting Control Unit (PACU) and a physical inspection of selected projects carried out in January and May 2016 revealed the following:

**a. Misapplication of Funds**

Contrary to the Appropriation Act of 2014, amounts totalling K689,458 meant for PRP were applied on unrelated activities such as funding District Commissioner's offices, personnel related activities, labour day celebrations, general administration, office entertainment, commutation of leave and independence day celebrations, among others.

Consequently, activities such as maintenance of Government buildings and construction of a crossing point at the Lunyati Dam in Kalumwange Resettlement Scheme were not fully implemented.

**b. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96, accountable imprest in amounts totalling K69,156 issued to five (5) officers during the period under review had not been retired as of July 2016.

**c. Questionable Payment and Retirement of Imprest**

On 29<sup>th</sup> July 2015, an Accounts Assistant was issued with imprest of K20,144 to enable him, the Assistant Registry Officer and the driver distribute presidential portraits to Kalabo, Sikongo, Senanga, Sioma, Shangombo, Lukulu, Mitete, Nkeyema, Kaoma and Luampa District Commissioners' offices.

However, the officers did not undertake the assignment as the portraits were collected by officers from the respective districts. As of July 2016, the monies had not been recovered from the officers.

**d. Construction of a Crossing Point at Lunyati Dam**

In 2014, an amount of K250,000 was released for construction of the crossing point at the Lunyati dam in Kalumwange Resettlement Scheme. In this regard, on 15<sup>th</sup> October 2015, the Zambia National Service (ZNS) was engaged using force account to undertake the works at a quoted sum of K249,832.

The scope of works included raising of the road embankment of 400 metres, formation, dumping, gravelling, compacting and construction of a 1 x 3 box culvert.

As of March 2016, a total amount of K239,457 had been spent on fuel (K100,747), allowances (K60,460), building materials (K62,985) and monitoring (K15,265).

A review of records and a physical inspection of the site carried out on 17<sup>th</sup> March 2016, revealed the following:

**i. Undelivered Building Materials – 50 pockets of Cement**

An amount of K62,985 was paid to Nsombros Commercial Suppliers on 15<sup>th</sup> October 2015, for purchase of various building materials which included two hundred (200) pockets of cement. However, it was observed that fifty (50) pockets of cement costing K4,500 had not been delivered as of July 2016.

**ii. Stalled Works**

As of March 2016, an embankment of about 400 metres had been done while the construction of the 1 x 3 culvert structure had not been done and the works had stalled.

**e. Construction and Rehabilitation of Boreholes – Water Affairs**

In 2014, a provision of K300,000 was made for the construction and rehabilitation of boreholes against which K60,000 was released. The works were not implemented in 2014 and the amount of K57,870 was carried forward to 2015. In this regard, the department of water affairs was engaged to undertake the works at Imwiko Secondary School, Mongu Central Prison and at Kalabo secondary school.

The scope of works involved drilling and equipping of boreholes with Indian Mark II pumps.

As of December 2015, a total amount of K94,032 had been spent on allowances (K38,711), fuel (K15,875), building and other materials (K39,446) resulting in over expenditure of K36,162 whose source could not be explained.

It was however, observed that contrary to Terms and Conditions of Service for the Public Service No. 154 (a) which states that subsistence allowances shall be paid to an officer to cover the additional expenses he or she has to meet when travelling on duty away from his or her normal station of duty, subsistence allowance in amounts totalling K13,720 was paid to ten (10) officers that were drilling boreholes at Imwiko Secondary School and Mongu Central Prison situated within their normal station of duty.

A physical inspection of the projects carried out on 16<sup>th</sup> March 2016, revealed that three (3) boreholes had been drilled of which two (2) boreholes in Mongu had been equipped with the

Indian Mark II pumps while the third borehole at Kalabo Secondary School had not been equipped with the pump.

In his response dated 20<sup>th</sup> June 2016, the Controlling Officer stated that the allowances were paid regardless of the geographical location as these were performance based allowances. However, performance based allowances do not exist in the Public Service.

In addition, the Controlling Officer stated that the borehole at Kalabo Secondary School was not equipped with a hand pump at the request of the School management as they preferred a submersible pump. As of July 2016, the borehole was not in use.

**f. Rehabilitation of the Assistant Secretary's Residence**

On 7<sup>th</sup> July 2015, Cycle Block Ltd, was engaged to rehabilitate the Assistant Secretary's Residence at a contract sum of K31,680. The contract period was not specified.

The scope of works included carpentry, painting, fitting of ceiling board, plumbing, float switch, glazing and tiling.

As of March, 2016, a total amount of K30,888 had been paid to the contractor leaving a balance of K792.

A physical verification of the project carried out on 10<sup>th</sup> March 2016, revealed that the ceiling board in the sitting room was poorly fitted in that it had curved. Tiling of the kitchen and bathroom had not been done.

**g. Rehabilitation of the Deputy Permanent Secretary's Residence**

On 7<sup>th</sup> July 2015, Global Quick Ltd was engaged to rehabilitate the Deputy Permanent Secretary's Residence at a contract sum of K192,053. The contract was for a period of six (6) weeks from 8<sup>th</sup> July to 22<sup>nd</sup> August 2015.

The scope of works included demolition of old and damaged timber works and kitchen unit, partitioning the sitting room, crack mending, repairing of roof, fixing of window frames, installation of aluminum double door, carpentry, joinery and iron mongery, plumbing, electrical re-wiring, tiling, fitting of geysers and painting.

As of March 2016, a total amount of K64,881 had been paid to the contractor for certified works leaving a balance of K128,172.

A physical verification of the project carried out on 10<sup>th</sup> March 2016, revealed that demolition works, crack mending, metal works including installation of aluminum double door, electrical rewiring, fitting of geysers, tiling and painting had been done. However, it was observed that the repairing of the roof was poorly done in that there were leakages in the sitting room and visitors' toilet as evidenced by stains on the painted ceiling board. *See picture below.*



*Stained ceiling board due to leaking roof*

As July 2016, the damaged roof gutters had not been repaired and the contractor was not on site.

**h. Rural Roads Unit**

During the year under review, an amount of K1,225,109 was brought forward from the previous year. A review of the accounting records revealed that amounts totalling K833,601 (allowances - K288,502; fuel - K25,65; machine operation - K126,634; materials - K23,810; wages - K369,001) were spent on the construction of Nangula - Miulwe Road during the period from March to April 2015 as well as canal clearance. It was however observed that amounts totalling K391,287 were misapplied on general administration activities.

**HEAD: 95 Office of the President - Eastern Province**

**UNIT: Various**

**PROGRAMMES: General Administration**

**ACTIVITIES: General Deposit Account**

77. The General Deposit Account is used to maintain funds received by the Provincial Accounting Control Unit (PACU) on behalf of various departments from Parent Ministries to carry out various activities. Once the funds are spent, the PACU is required to submit expenditure returns to the ministries and other spending agencies.

During the financial year ended 31<sup>st</sup> December 2015, a total amount of K2,271,495 was received by the Provincial Administration for various activities such as facilitation of Presidential visits, traditional ceremonies and cultural activities, Youth Development Funds, signing of the Constitution, surveying of plots in Lundazi District and RDCs for some of the departments among others. In addition, funds amounting to K1,542,929 were brought forward from the previous year bringing the total funds available to K3,814,424 out of which a total of K3,627,548 was spent leaving a balance of K186,876 as at 31<sup>st</sup> December 2015.

#### **Accounting and Other irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in March and May 2016 revealed the following:

##### **a. Irregular Hotel Bills**

During the period from 20<sup>th</sup> March 2015 to 24<sup>th</sup> October 2015, the Provincial Administration incurred bills in amounts totalling K169,481 in respect of accommodation and other services on behalf of the Permanent Secretary who was accommodated at a hotel. As of 1<sup>st</sup> April 2016, a total of K88,045 had been paid towards the hotel bill leaving a balance of K81,436.

However, the hotel bill that was incurred was irregular as there was no authority from the Secretary to the Cabinet for the Permanent Secretary to be accommodated in a hotel.

##### **b. Failure to Reimburse Borrowed Funds**

Amounts totalling K2,393,693 were borrowed from General Deposit Account to finance activities not related to activities for which funds in the General Deposit Account were remitted such as payment of various allowances (K2,012,729) and office administration (K380,964).

As of May 2016, amounts totalling K1,624,867 had been reimbursed leaving a balance of K768,826.

**c. Construction of Borehole at Kapata Cultural Village – Delivery of Wrong Tank**

On 4<sup>th</sup> June 2015, Rich Technical Services Ltd was engaged for the drilling and equipping of a borehole at the Kapata Cultural Village at a contract sum of K23,000. The scope of works included drilling above 50metres, casing installations, gravel packing, mobilising and demobilising, testing of the borehole, installation of a 3000 litres water tank, submersible pump, cables and polypipe joints kit with the whole set.

As of June 2015, the whole amount had been paid.

However, no contract document was availed for audit and a physical inspection of the installed water tank revealed that the supplier had delivered a lower capacity tank of 1,000 liters instead of 3,000 liters as specified in the Purchase Order. As of May 2016, the correct tank had not been delivered and no action had been taken against the supplier.

**d. Construction of Chief's Palaces**

In 2014, amounts totalling K1,228,540 were disbursed by the Ministry of Chiefs and Traditional Affairs (MOCTA) for the commencement of the construction of Paramount Chiefs and Chiefs' palaces at estimated costs of K600,000 and K350,000 respectively. The targeted palaces in the province were for Paramount Chiefs Gawa Undi and Mpezeni and Chieftainess Nyanje.

As of May 2016, K769,925 had been spent on building materials (K610,910) and labour (K159,016) leaving a balance of K458,615.

A physical inspection of the two (2) projects carried out in May 2016 revealed the following:

**i. Construction of Chieftainess Nyanje's Palace in Sinda District**

An amount of K350,000 was estimated to cater for the construction of Chieftainess Nyanje's Palace in Sinda District.

In this regard, on June 2015, the Provincial Administration engaged Solus General Dealers on a labour based contract of thirty (30) percent of the actual material cost to construct Chieftainess Nyanje's Palace.

As of May 2016, K78,112 had been spent on labour.

A physical inspection of the palace revealed that although the funds were released in June 2014, the project had not been completed, twenty two (22) months after the funds were released and it was at Wall Plate level as shown in the picture below.



*Chieftainess Nyanje's Palace at wall plate level*

The following works were still outstanding; roofing, carpentry, joinery and iron mongery, metal works, plumbing and engineering installations, electrical installations, floor, wall and ceiling finishes, painting and decorating, and external works

**ii. Construction of Paramount Chief Mpezeni's Palace in Chipata District**

An amount of K650,000 was estimated to cater for the construction of Paramount Chief Mpezeni's Palace in Chipata District.

In this regard, on June 2015, the Provincial Administration engaged Nawela General Dealers on a labour based contract of thirty (30) percent of the actual material cost to construct Paramount Chief Mpezeni's Palace.

As of May 2016, amounts totalling K80,904 had been spent on labour.

A physical inspection of the construction of the Paramount Chief's palace revealed that although the funds were released in June 2014, the project had not been completed twenty two (22) months after the funds were released and it was at Wall Plate level as shown in the pictures below.



*Paramount Chief Mpezeni's palace at wall plate level*

The following works were still outstanding; roofing, carpentry, joinery and iron mongery, metal works, plumbing and engineering installations, electrical installations, floor, wall and ceiling finishes, painting and decorating, external works.

**HEAD: 95 Office of the President-Eastern Province**  
**DEPARTMENT: Various**  
**UNIT: Various**  
**PROGRAMMES: Personal Emoluments**

78. In the Estimates of Revenue and Expenditure for the financial year 1<sup>st</sup> January to 31<sup>st</sup> December 2015, a total provision of K43,011,616 was made to cater for personal emoluments and the whole amount was released.

According to Financial Statement (Statement C) as at 31<sup>st</sup> December 2015, amounts totalling K39,622,132 had been spent.

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

An examination of accounting and other records maintained at the Provincial Administration and selected districts offices carried out in May 2016 revealed the following;

##### **a. Inconsistent Expenditure Reporting**

According to Financial Statement (Statement C) as at 31<sup>st</sup> December 2015, amounts totalling K39,622,132 had been spent. However, the expenditure amount as per payroll was K42,456,667 resulting in a variance of K2,834,535 which had not been explained as of May 2016.

**b. Irregular Payment of Salaries to Deceased Employees**

Contrary to the Terms and Conditions of Service for the Public Service, a total amount of K22,407 was irregularly paid as salaries during the period from September 2014 to June 2015 in respect of a deceased officer and the amounts had not been recovered from the estates of the deceased as of May 2015.

**c. Irregular Payment of Rural Hardship Allowances**

According to the Terms and Conditions of Service No. 166 and Cabinet Circular no B2 of 2010 an officer serving in an area declared to be in a rural area shall be entitled to receive a hardship allowance at the rate as may be determined by Government from time to time.

During the period under review, amounts totalling K9,995 were paid as Rural Hardship allowance an officer who was serving in an area not designated as a rural area.

**d. Failure to Deduct Statutory Contributions**

Contrary to the National Pension Scheme Authority (NAPSA) Act of 2000, amounts totalling K8,060 that were deductible as statutory contribution in respect of four (4) employees had not been remitted to NAPSA as of May 2016.

**e. Failure to Recover Tuition and Salary Advances**

Contrary to the Terms and Conditions of Service for the Public Service no.92, recoveries in respect of a tuition advance issued to an officer amounting to K20,000 had not been effected as of May 2016.

**HEAD:** 96 **Office of the President, Luapula Province**  
**UNIT:** 1 **Provincial Administration**  
**PROGRAMME:** 2 **General Administration**  
**ACTIVITIES:** **Various**

79. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K16,980,365 was made to cater for General Administration activities against which K7,822,370 was released resulting in an underfunding of K9,157,995.

According to the Financial Statement (Statement C), amounts totalling K8,397,189 had been spent as at 31<sup>st</sup> December 2015. The over expenditure of K574,820 had not been explained as of September 2016.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and seven (7) District Commissioner's offices namely: Mansa, Mwenze, Samfya, Chipili, Chembe, Kawambwa and Nchelenge carried out from January to March 2016 revealed the following:

#### **a. Failure to Settle Insurance Premiums**

During the period under review, the Provincial Administration had insurance cover for twenty (20) motor vehicles with Zambia State Insurance Corporation (ZSIC). As of March 2016, insurance premiums had accumulated to K321,448 of which amounts totalling K25,440 had been paid leaving a balance of K296,008 as of September 2016.

#### **b. Failure to Insure Buildings**

During the period under review, the Provincial Administration had not insured all its buildings thereby causing a risk of loss in the event of a calamity. In addition, the buildings had not been valued as of September 2016.

#### **c. Failure to Insure Motor Vehicles**

The Road Traffic Act of 2002 Section 86 (1-3) stipulates that no person shall use or cause or permit any person to use a motor vehicle or trailer on a road unless there's such a policy of insurance or such a security in respect of third party risks.

Contrary to the above, eleven (11) motor vehicles belonging to the Provincial Administration and the District Commissioners' offices, whose costs could not be ascertained, were not insured during the period under review.

**HEAD: 96/01 Office of the President - Luapula Province**

**DEPARTMENT: 01 Headquarters**

**PROGRAMME: General Deposit Account**

**ACTIVITIES: Various**

80. During the financial year ended 31<sup>st</sup> December 2015, a total amount of K2,181,948 was received in the General Deposit Account (GDA) to cater for various activities in the province.

In addition, an amount of K931,642 was brought forward from the year 2014 bringing the total available funds to K3,113,590.

As at 31<sup>st</sup> December 2015 amounts totalling K3,096,441 had been spent

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

An examination of accounting and other records maintained at the Provincial Administration and physical inspections of various projects carried out in March 2016 revealed the following:

##### **a. Irregular Use of Accountable Imprest**

Financial Regulation No. 86(c) requires that accountable imprest should be issued when the value of goods and services cannot be ascertained at the time of purchase. However, it was observed that imprest in amounts totalling K28,200 was issued to two (2) officers to procure various goods and services whose values were obtainable on the market at the time.

##### **b. Chieftainess Kanyembo's Palace - Nchelenge District**

On 8<sup>th</sup> January 2015, the Provincial Administration engaged Pavesi Marketing and General Contractors on a labour only contract to construct Chieftainess Kanyembo's Palace (up to wall plate Level) at a contract price of K105,000. The works included the construction of the main palace, the chieftainess' quarter and an office block.

In this regard, the Provincial Administration procured building materials costing K211,983 and the contractor took possession of the site on 15<sup>th</sup> February 2015.

Physical inspections carried out in March, 2016 revealed that despite the availability of materials, works had not been completed as the construction of the office block had not commenced and the contractor had since abandoned the site.

**c. Chief Mununga’s Palace - Chiengi District**

On 8<sup>th</sup> January 2015, engaged Felisam Constructions on a labour only contract to construct Chief Mununga’s Palace (up to wall plate Level) at a contract price of K105,000. The works included the construction of the main palace, the chief’s quarter and an office block.

In this regard, the Provincial Administration procured building materials costing K221,983 and the contractor took possession of the site on 27<sup>th</sup> February 2015.

Physical inspections carried out in March, 2016 revealed that despite the availability of materials, works had not been completed as the office block had only reached the foundation level.

**HEAD: 97 Office of the President - North Western Province**

**PROGRAMME: General Administration**

**ACTIVITIES: Various**

81. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K14,775,949 was made to cater for various activities against which amounts totalling K8,923,362 were released resulting in an underfunding of K5,852,587.

According to the financial statement (Statement “C”), as of 31<sup>st</sup> December 2015, amounts totalling K8,923,362 had been spent.

**Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out in March 2016, revealed the following:

**a. Unvouched Expenditure**

Contrary to Financial Regulation Nos. 45 and 52, twenty one (21) payments in amounts totalling K78,767 were unvouched in that the payment vouchers were either missing or inadequately supported with relevant documents such as ledgers, receipts, distribution lists among others.

**b. Questionable Air Travel**

In Paragraph 95 (g) of the Auditor General's Report for the year ended 31st December 2014, mention was made of the payment of K18,347 on air tickets for the Permanent Secretary when funds were also drawn to procure fuel to drive the Permanent Secretary from Solwezi to Lusaka and back.

A review of the situation in March 2016 revealed that the situation had not changed in that during the period under review, a total of K56,081 was spent (K33,513 on air tickets and K24,835 on fuel) when the Provincial Minister and the Permanent Secretary travelled to Lusaka by air while their drivers drove to and from Lusaka for the same trips to cater for the two officials' transportation while in Lusaka.

Therefore, the amount of K33,513 spent on air tickets was wasteful and could have been avoided had the officers travelled by road.

**c. Failure to Provide Expenditure Returns**

Contrary to Financial Regulation No. 10 (k), amounts totalling K270,020 were disbursed to three (3) District Commissioners as operational grants during the period under review. However, no expenditure returns were provided for audit as of March 2016.

**d. Unaccounted for Funds**

Amounts totalling K11,252 received in May 2015 as retirement of imprest and settlement of a household loan were not accounted for in that the funds were neither banked nor at hand as of July 2016.

**e. Payment of Overtime Allowance Outside the Payroll**

Cabinet Circular No.11 of 2013 states that "When an officer is required to work over the weekend or beyond normal working hours, eligible officers should be paid overtime allowance". Further payments of the allowance are through the payroll and claims had to be made through the supervising officers and approved by the Controlling Officers.

It was however observed that overtime allowances in amounts totalling K45,740 were paid to forty one (41) officers outside the payroll and consequently not subjected to tax.

**f. Failure to Remit Income Tax**

Contrary to the provisions of Income Tax Act Cap 323, amounts totalling K140,731 deducted as Pay As You Earn from various officers' commutation of leave days and settling in allowance during the period under review had not been remitted to the Zambia Revenue Authority (ZRA) as of July 2016.

**g. Failure to Provide Activity Reports**

During the period under review, amounts totalling K30,895 were paid to two (2) officers to carry out various activities such as monitoring of developmental projects in districts and monitoring mobile registration exercise among others. However, there were no activity reports produced to confirm that the activities were undertaken.

**h. Irregular Use of Accountable Imprest**

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

It was however observed that during the period under review, Provincial Administration issued accountable imprest in amounts totalling K80,435 to ten (10) officers to procure goods and services whose values were obtainable on the market.

**i. Questionable Payment of Subsistence Allowances**

In October 2015, amounts totalling of K158,100 were paid to the Provincial Minister in respect of subsistence allowances for ninety three (93) nights for attending parliamentary sittings in Lusaka from 18<sup>th</sup> September to 19<sup>th</sup> December 2015. Details are shown in the table below.

<b>Date</b>	<b>Amount K</b>
2/10/2015	58,100
2/10/2015	100,000
<b>Total</b>	<b>158,100</b>

It was however observed that Parliament adjourned sine die on 11<sup>th</sup> December 2015. This resulted in the Minister being over paid by eight (8) nights paid up to 19<sup>th</sup> December 2015 in amounts totalling K13,600. As of May 2016, the funds had not been refunded.

**j. Irregular Payment of Meal Allowances**

Cabinet Office Circular No.11 of 2013 states that, “Meal allowance shall only be paid to an officer who travels away from his/her normal station of duty on official duty for eight (8) hours or more but not including an overnight stay”.

Contrary to the provisions of the Circular, amounts totalling K5,370 were irregularly paid as meal allowances to fourteen (14) officers who were working within their normal station of duty.

**k. Failure to Insure and Report Motor Vehicle Accident**

The Road Traffic Act No. 86(3) of 2002 states that, “Notwithstanding the provision of any other written law, there shall be in respect of all Government vehicles such a policy of insurance of such a security in respect of third party risks referred to in sub-section (1) as the Minister, in consultation with the Agency, may prescribe”.

Contrary to this requirement, the Provincial Administration did not insure a motor vehicle, GRZ 217 CH, costing K345,000 that was involved in a road traffic accident on 16<sup>th</sup> February 2015.

It was further observed that the accident had not been reported to the Standing Accidents Board in line with the Financial Regulations No. 171 – 182.



*Mitsubishi Pajero GRZ 217 which was involved in a road accident*

**l. Unaccounted for fuel**

Contrary to Public Stores Regulation No. 16, fuel costing K13,606 procured during the period under review could not be accounted for in that there were no receipt and disposal details.

**HEAD: 97 Office of the President - North Western Province**

**PROGRAMME: Personal Emoluments**

**ACTIVITIES: Various**

82. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K37,474,929 was made to cater for personal emoluments against which amounts totalling K37,423,647 were released resulting in an underfunding of K51,282.

According to the financial statement (Statement C), as of 31<sup>st</sup> December 2015, amounts totalling K37,417,350 had been spent.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out in March 2016 revealed the following:

**a. Employees on Payroll but not at Station**

During the period under review, amounts totalling K80,912 were paid as salaries and allowances to three (3) employees who were not at their stations of duty. As of May 2016, there was neither an explanation given nor action taken to correct the anomalies.

**b. Misplacement of Officers on the Payroll**

A reconciliation of the Payroll and Staff Returns for four (4) stations revealed that there were twenty two (22) officers who drew salaries in amounts totalling K1,225,211 during the period under review from pay points which were different from their physical stations.

In his response PA/NW/71/22/1 dated 27<sup>th</sup> April 2016, the Controlling Officer stated that the observation made by the Auditors was correct that twenty two (22) officers were drawing salaries from pay points which were different from their physical stations. This was because management made administrative decisions to move the workers to stations where the services are critically needed. The Auditors may wish to note that due to the number of frozen positions, some stations were left completely unmanned. As such, some officers had been realigned to ensure that public services continue to be delivered.”

However, contrary to the response by the Controlling Officer, the misplacement had not been normalised as September 2016.

**c. Irregular Payment of Acting Allowance**

Terms and Conditions of Service No. 26 (b) (i) stipulates that when an officer is appointed to act in a higher position with a view to awarding him/her substantive promotion, the effective date of such promotion shall be the date on which the officer commenced to act on the position and that officers selected for promotion shall normally be appointed by the Public Service Commission or the responsible officers to act for a period of not less than six (6) months with a view to establishing their suitability for substantive promotion.

Contrary to the Terms and Conditions of Service, two (2) officers acted in various positions for six (6) months without authority from Public Service Management Division.

In addition, fourteen (12) officers acted for periods longer than six (6) months, some officers acted for as long as twelve (12) months without authority from Public Service Management Division.

In this regard, the fourteen (14) officers were irregularly paid acting allowances in amounts totalling K415,905.

**d. Irregular Payment of Rural and Remote Hardship Allowances**

According to Terms and Conditions of Service for the Public Service No. 166, an officer serving in an area declared to be a rural area shall be entitled to hardship allowance at a rate as may be determined by the Government from time to time.

Contrary to the Terms and Conditions, amounts totalling K11,760 were paid as rural and remote hardship allowances to two (2) officers who were not eligible to receive such an allowance as they were stationed in urban areas.

**e. Irregular Payment of Salaries to Officers Absent from Duty without Leave**

Terms and Conditions of Service for the Public Service No. 60 (b) states that, “An Officer shall not get a salary for the period he or she is absent from duty without leave unless he or she produces satisfactory evidence for such absence”.

Contrary to the Terms and Conditions, four (4) officers were irregularly paid salaries in amounts totalling K98,291 when they were out of station for periods ranging from 91 to 241 days without authority. *See table below.*

Officer	Rank	Station	Period of Absence	Period (Days)	Amount Paid K
John Masumba	District Community Development Officer	Mufumbwe	01/10/15 - 31/12/15	92	25,266
Terry Moono	Assistant Community Development Officer	Manyinga	01/05/15 - 31/12/15	245	42,000
Catherine Kadima	District Community Development Officer	Mwinilunga	15/07/15 - 19/10/15	96	20,105
William Jere	Senior Forestry Technician	Chavuma	02/10/15 - 31/12/15	91	10,920
<b>Total</b>					<b>98,291</b>

Although in his response dated 27<sup>th</sup> April 2016, the Controlling Officer stated that the letters had since been written to the Heads of Department to take the necessary action, as of May 2016, no disciplinary action had been taken against the officers.

**HEAD: 97 Office of the President - North Western Province**

**PROGRAMME: Poverty Reduction Programmes (PRP)**

**ACTIVITIES: Various**

83. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December, 2015, a provision of K8,353,695 was made to cater for various Poverty Reduction Programmes (PRPs) against which amounts totalling K1,828,310 were released resulting in an underfunding of K6,525,385. Details are shown in the table below.

<b>Programme/Activity</b>	<b>Budget K</b>	<b>Releases K</b>	<b>Over (Under) Funding K</b>
<b>Headquarters</b>			
Construction and Rehabilitation of Schools	878,774	894,548	15,774
Construction of Police Station in Chavuma	650,000	-	(650,000)
Health Centre and Post Rehabilitation	400,000	-	(400,000)
Maintenance of Buildings and Plant	238,440	213,000	(25,440)
Monitoring and Evaluation	185,948	93,000	(92,948)
Rehabilitation of Kabompo Resthouse	100,000	-	(100,000)
<b>Buildings Department</b>			
Maintenance of Buildings and Plant	50,223	-	(50,223)
<b>Forestry Department</b>			
Construction of Office Block Chavuma	70,416	-	(70,416)
Fencing of Provincial Office Block	60,000	-	(60,000)
Maintenance of Buildings and Plant	26,000	-	(26,000)
<b>Lands Department</b>			
Maintenance of Buildings and Plant	12,900	-	(12,900)
<b>Survey Department</b>			
Maintenance of Buildings and Plant	3,455	-	(3,455)
<b>Water Affairs</b>			
Department of Ground water	57,063	-	(57,063)
Improvement of water supply at Chiefs palaces	162,665	-	(162,665)
Rehabilitation of Boreholes	190,830	-	(190,830)
Purchase of a Rig	310,000	306,762	(3,238)
Drilling of boreholes in emergency areas	410,964	-	(410,964)
Construction of Kankujere Earth filled Dam	1,200,000	-	(1,200,000)
<b>Cultural Services</b>			
Cultural Village	390,090	-	(390,090)
Monitoring and Evaluation	85,500	30,000	(55,500)
<b>Civil Aviation</b>			
Maintenance of Buildings and Plant	10,500	-	(10,500)
<b>Resettlement</b>			
Access Road Development	200,000	-	(200,000)
Scheme water supply development	630,000	70,000	(560,000)
Construction of one storage shed	300,000	-	(300,000)
<b>Physical Planning</b>			
Maintenance of Buildings and Plant	30,121	-	(30,121)
<b>Sports</b>			
Maintenance of Buildings and Plant	100,000	-	(100,000)
Rehabilitation and maintenance of Solwezi Stadium	244,798	-	(244,798)
<b>District Administration</b>			
Maintenance of Buildings and Plant	535,636	180,000	(355,636)
Project Monitoring	432,098	30,000	(402,098)
Rehabilitation of Zambezi Source	116,150	-	(116,150)
Completion of DCs House	250,000	-	(250,000)
<b>Procurement and Supplies Unit</b>			
Monitoring and Evaluation	21,124	11,000	(10,124)
<b>Total</b>	<b>8,353,695</b>	<b>1,828,310</b>	<b>(6,525,385)</b>

In addition, amounts totalling K1,510,310 were brought forward from 2014, bringing the total funds available to K3,329,620.

As at 31<sup>st</sup> December 2015, amounts totalling K3,329,620 had been spent.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and a physical inspection of selected projects carried out in February 2016, revealed the following:

**a. Misapplication of Funds**

Contrary to the Appropriation Act of 2014, funds in amounts totalling K156,280 were applied on activities not related to Poverty Reduction Programmes such as revenue inspections, fuel for office operations and imprest to facilitate Chiefs’ meetings.

**b. Failure to Reimburse Borrowed Funds**

During the period under review, amounts totalling K338,042 were borrowed from the Poverty Reductions Programmes Account for general administrative activities such as payment of fuel, commemorating national events, telephone bills and official entertainment among others. As of March 2016, the funds had not been reimbursed.

**c. Construction of Kankujere Earth Fill Dam**

On 28<sup>th</sup> April 2015, Provincial Administration engaged Fajikal Zambia Limited for hire of earth moving equipment at a contract sum of K492,000. The scope of the work included hiring and operating of earth moving equipment for the construction of Kankujere Earth Fill Dam in Kasempa District. *See table below.*

Description	Quantity	No. of Days	Amount K
Bull dozer (30 tonnes)	1	26 Days	130,000
Excavator (30 tonnes)	1	26 Days	114,000
Compactor	1	10 Days	18,000
Tipper Truck	2	26 Days	104,000
Mobilisation			126,000
<b>Total Contract Amount</b>			<b>492,000</b>

The contractor was paid K126,000 for mobilisation on 11<sup>th</sup> June 2015.

The following were observed.

- i. There was no evidence that the advance payments were secured with bank guarantees from the contractors.

- ii. A physical inspection of the project carried out in March 2016 revealed that the contractor had not mobilised and no works had been done.

**HEAD: 97 Office of the President - North Western Province**

**PROGRAMMES: General Deposit Account**

**ACTIVITIES: Various**

84. The Provincial Administration maintains a General Deposit Account (GDA) into which third party funds are deposited. The funding to the account includes amounts that the various departments under the Provincial Administration Office receive from their respective ministries for specific purposes.

During the financial year ended 31<sup>st</sup> December 2015, amounts totalling K2,946,102 were deposited into the General Deposit Account for various activities.

Source	Activity	Amount K
Ministry of Youths and Sports	Youth Empowerment	230,000
Office of the Vice President	Safer land for displaced families	27,696
Ministry of Transport	Rehabilitation of Kabompo office	46,000
Ministry of Transport	Preparation of Plans	30,000
Ministry of Gender	Hosting of Women's Exposition	90,156
Ministry of Chiefs and Traditional Affairs	Traditional Ceremonies	63,000
RDC Account	Refund of Borrowings	859,247
Cabinet Office	Presidential Visits	1,600,003
<b>Total</b>		<b>2,946,102</b>

In addition, amounts totalling K1,789,824 (construction of Kasempa Metrological Office - K247,241, construction of Kifubwa Cultural Centre - K200,000 and construction of Chiefs' palaces - K1,342,583) were carried forward from 2014, bringing the total funds available to K4,735,926.

As at 31<sup>st</sup> December 2015, amounts totalling K4,726,235 had been spent.

#### **Accounting and Other Irregularities – General Deposit Account**

An examination of accounting and other records maintained at the Provincial Administration and physical verification of projects carried out in April and May 2016 revealed the following:

**a. Misapplication of Funds**

Contrary to the Appropriation Act of 2014, funds in amounts totalling K831,544 were applied on activities not related to the purposes for which the funds were appropriated such as imprest to attend workshops, tuition fees and servicing of computers among others. As a result, activities such as the construction of Chiefs palaces could not be completed.

**b. Payment of Overtime Allowance Outside the Payroll**

Cabinet Office Circular No.11 of 2013 states that “When an officer is required to work over the weekend or beyond normal working hours, eligible officers should be paid overtime allowance” and that the allowance should be paid through the payroll.

It was however observed that overtime allowances in amounts totalling K10,498 were paid to an Assistant Accountant from Provincial Accounting Control Unit (PACU) outside the payroll and consequently not subjected to tax.

**c. Questionable Air Travel**

In Paragraph 95 (g) of the Auditor General’s Report for the year ended 31st December 2014, mention was made of the payment of K18,347 on air tickets for the Permanent Secretary when funds were also drawn to procure fuel to drive the Permanent Secretary to and from Lusaka.

In their Report for the Fifth Session of the Eleventh National Assembly, the Public Accounts Committee did not accept the reason given by the Controlling Officer as it considered it not morally right to incur double expenditure on one trip. The Controlling Officer was urged to ensure that the practice of sending a vehicle by road and thereafter flying to the same destination by some senior officers should be discontinued because the Committee felt that it was increasing Government expenditure. The Controlling Officer was also cautioned to ensure that he led by example on protecting the resource envelope and matters related to public expenditure.

A review of the situation in March 2016, revealed that the situation had not improved in that the Permanent Secretary continued procuring air tickets and fuel for the same trips.

In this regard, amounts totalling K10,751 (K6,706 on air tickets and K4,045 on fuel) were incurred resulting in a questionable extra cost of K6,706 on air tickets.

**d. Construction of Kasempa Meteorological Office**

On 15<sup>th</sup> January 2015, the Provincial Administration engaged Kakus Building Contractors and General Dealers Limited to construct offices for the Metrological Department in Kasempa District, at a contract price of K248,066 with a completion period of twelve (12) weeks. The project was to be completed by 23<sup>rd</sup> April 2015.

The scope of works included, among others, substructure, concrete work, block and brick work, roofing, carpentry, joinery and ironmongery, structural steel work, metal work, plumbing installation, electrical installation, floor and wall finishing, painting and decoration.

As of March 2016, the contractor had been paid K214,242.

However, the following were observed:

**i. Payment of VAT to a Non - Registered Supplier**

Although the contractor charged VAT amounting to K34,216, the contractor was not registered for VAT with the Zambia Revenue Authority (ZRA).

**ii. Poor Workmanship**

A site visit in March 2016, revealed that there was poor workmanship in that the roof was leaking as evidenced by the water marks and the black skirting on the exterior of the building was peeling off. *See pictures below.*



*Leaking Roof*



*Peeling paint*

**e. Construction of Chiefs' Palaces**

In 2014, the Ministry of Chiefs and Traditional Affairs released amounts totalling K1,478,540, for the construction of three (3) Chiefs palaces, at Chief Kucheka in Zambezi District, Chieftainess Ikelenge in Ikelenge District and Chief Kalilele in Mushindamo District.

A review of records maintained at the Provincial Administration and a physical verification of the projects carried out in February 2016 revealed the following:

**i. Contract for the Supply of Building Materials**

On 28<sup>th</sup> October 2015, the Provincial Administration engaged Tochima Enterprises Ltd to supply building materials for the construction of Chief Kalilele and Chieftainess Ikelenge's palaces at a contract sum of K456,780.

The contractor was paid amounts totalling K250,000 leaving a balance of K206,780.

It was observed that out of building materials costing K250,000 that were paid for, materials costing K73,420 had not been supplied as of September 2016.

**ii. Construction of Chieftainess Ikelenge's Palace**

On 2<sup>nd</sup> December 2015, the Provincial Administration awarded a labour only contract to Rads Engineering and Supply Limited to construct Chieftainess Ikelenge's Palace in Ikelenge District at a contract sum of K158,920.

The following were observed:

- **Wastage of Cement**

Twenty five (25) pockets costing K2,000 had hardened as a result of poor storage conditions.

- **Abandoned Works**

A physical verification of the project carried out in February 2016 revealed that the project had stalled at foundation box level and the contractor was not on site. *See picture below.*



*Chief Ikelenge's Palace at foundation box*

**iii. Delay in Completion of Chief Kalilele’s Palace**

On 22<sup>nd</sup> October 2015, the Provincial Administration awarded a labour only contract to WKP Enterprises to construct Chief Kalilele’s Palace in Mushindamo District at a contract sum of K100,457 for a duration of 13 weeks.

A physical verification of the project carried out in May 2016, four (4) months after the expected completion period revealed that the project was at three (3) courses above slab level. *See picture below.*



*Chief Kalilele’s Palace under construction*

**HEAD: 98 Office of the President – Southern Province**

**PROGRAMME: General Administration**

**ACTIVITY: Various**

85. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K25,463,572 was made to cater for General Administration against which amounts totalling K10,432,588 were released resulting in an underfunding of K15,030,983.

In addition, amounts totalling K10,831 were brought forward from 2014, bringing the total available funds to K10,443,419 during the period under review.

According to the Financial Statement (Statement ‘C’), amounts totalling K10,440,814 had been spent as at 31<sup>st</sup> December 2015.

## **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration carried out during the period from March to July 2016 revealed the following:

### **a. Misapplication of Funds**

Contrary to the Appropriation Act of 2014, amounts totalling K148,123 meant for General Administration were applied on unrelated activities such as African Union summit and Presidential visits. As of September 2016, the funds had not been reimbursed.

### **b. Failure to Remit Tax**

During the period under review, amounts totalling K158,058 were deducted as Pay As You Earn (PAYE) from payments made to various officers in respect of salary arrears, settling in allowance, excess days, terminal leave days and commutation of leave days. However, the amounts deducted had not been remitted to the Zambia Revenue Authority as of July 2016.

### **c. Unaccounted for Funds**

During the period under review, amounts totalling K176,503 were funded to pay terminal benefits to retired and deceased employees who were not on the payroll. However, out of the amount funded, only K45,507 was paid to the intended beneficiaries while K20,905 was applied on payment of settling in allowances and overtime leaving a balance of K110,090 which could not be accounted for as no expenditure details were availed for audit and no cash was found on hand.

### **d. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96 (1), accountable imprest in amounts totalling K12,000 issued to two (2) officers had not been retired as of July 2016.

### **e. Irregular Payment of Overtime Allowances**

Contrary to Cabinet Office Circular No.11 of 2013, which states that when an officer is required to work over the weekend or beyond normal working hours, eligible officers should be paid overtime allowance; payment of this allowance is through the payroll, overtime allowances in amounts totalling K47,917 were paid to various officers outside the payroll and consequently not subjected to tax.

**HEAD: 98 Office of the President – Southern Province**

**PROGRAMME: General Deposit Account (GDA)**

**ACTIVITY: Various**

86. The Provincial Administration Office maintains a General Deposit Account (GDA) into which third party funds are deposited. The funding to the account includes amounts that the various departments under the Provincial Administration Office receive from respective ministries for specific purposes.

During the financial year ended 31<sup>st</sup> December 2015, a total amount of K2,903,299 was received by the Provincial Administration Office for various GDA activities as shown in the table below.

<b>Project</b>	<b>Dept</b>	<b>Amount Received K</b>
Sale of Tender Documents	Provincial Administration	65,400
Women expo - Child	Gender and Child Development	73,495
Women Economic Empowerment - Gender	Gender and Child Development	10,000
Presidential Visit	Cabinet Office	2,045,089
Vice President Visit	Cabinet Office	85,059
Meeting the Chiefs	Cabinet Office	244,728
Cultural Grants	Chiefs and Traditional Affairs	17,500
Youth Development Fund	Youth and Sports	120,000
Mochipapa Rehabilitation of a house	Metrological Department	50,000
Professional Insurance - Audit	Provincial Administration	4,973
Constitutional Signing	Cabinet Office	148,202
Independence Celebration	Cabinet Office	38,852
<b>TOTAL</b>		<b>2,903,299</b>

In addition, an amount of K1,991,590 was received as reimbursement from borrowings, imprest refunds, board of survey deposit refunds and an amount of K1,197,880 was brought forward from 2014 for construction of Chief's palaces bringing the total funds available to K6,092,769 during the period under review.

As at 31<sup>st</sup> December 2015, a total amount of K6,089,349 had been spent leaving a balance of K3,420.

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

An examination of accounting and other records maintained at the Provincial Administration and physical inspection of projects carried out during the period from March to August 2016 revealed the following:

**a. Misapplication of Funds**

Contrary to the Appropriation Act of 2014, amounts totalling K191,671 were applied on unrelated administrative activities such as workshops, leave terminal benefits, utility bills and accommodation among others without authority of the Secretary to the Treasury. As of August 2016, the funds had not been reimbursed.

**b. Failure to Remit Tax to ZRA**

During the year under review, a total amount of K46,890 was deducted as Pay As You Earn (PAYE) from payments made to three (3) officers in respect of settling in allowances and leave terminal benefits. However, contrary to the Income Tax Act, amounts deducted had not been remitted to the Zambia Revenue Authority as of June 2016.

**c. Unretired Accountable Imprest**

Contrary to Financial Regulation No. 96 (1), accountable imprest in amounts totalling K76,833 issued to five (5) officers had not been retired as of August 2016.

**d. Construction of Culverts at Mulila Mponde – Chief Macha’s area**

During the period under review, amounts totalling K90,755 were spent on the construction of culverts at Mulila Mponde. However, it was observed that although the funds were spent on the construction of the culvert, the activity was not funded in the period under review.

A physical inspection carried out in July 2016, revealed that although the culvert had been completed, the temporal deviation culvert had not been demolished to allow free flow of water. Further, it was observed that the road along which the culvert was constructed was eroded by water and the culvert was not in use as shown in the picture below.



*Construction of the culverts completed*



*Eroded road due to deviation culvert not removed*

**e. Construction of Chiefs Palaces**

During the period under review, the Provincial Administration engaged three (3) contractors to construct the palaces for Chief Chona, Chieftainess Mwenda and Chieftainess Choongo.

As of May 2016, amounts totalling K119,252 had been spent from the General Deposit account and K725,242 from another account (Infrastructure account) on the construction of the palaces resulting in a total expenditure of K844,494 as shown in the table below.

Palace	District	Contractor	Contract Sum K	Contract Period	Amount Spent on Labour K	Amount Spent on Materials K	Total Spent K
Chief Chona	Monze	Hansens Contractors and General Dealers	206,766	3 months	84,785	-	84,785
Chieftainess Choongo	Monze	Anitah Construction Enterprises	245,000	14 weeks	223,000	383,309	606,309
Chieftainess Mwenda	Chikankata	Nambala Contractors	300,045	3 months	75,011	78,389	153,400

The following observations were made:

**i. Irregular Charge of VAT**

Contrary to the VAT Act Chapter 331 of the laws of Zambia which states that only companies that are registered for VAT can charge VAT, two (2) companies contracted by the Provincial Administration to supply and deliver building materials for the construction of Chiefs' Palaces although not registered for VAT charged amounts totalling K1,001,995 (VAT inclusive). As of May 2016, VAT in amounts totalling K63,246 had been paid to Rodian Enterprises. *See table below.*

Payee	Palace	Total Amount Charged inclusive of VAT K	VAT Charged K	Amount paid to the Supplier K	VAT Paid to the Supplier K
Rodian Enterprises	Chieftainess Choongo	500,995	82,664	383,309	63,246
Kadoli General Dealers and Hardware Supplies	Chief Chona	501,000	82,665	-	-
<b>Total</b>		<b>1,001,995</b>	<b>165,329</b>	<b>383,309</b>	<b>63,246</b>

**ii. Over Expenditure on Administrative Expenses**

According to minutes dated 26<sup>th</sup> February 2015 and 3<sup>rd</sup> December 2015, the Provincial Administration was supposed to spend amounts totalling K122,854 which was 10 percent of the total amount of K1,228,541 for the construction of the Chief's palaces. It was however observed that amounts totalling K155,948 were spent on administrative

expenses, resulting in an over expenditure of K33,094. As of August 2016, the funds had not been reimbursed.

**iii. Lack of Expenditure Details**

There were no expenditure details availed for audit in respect of K831,725 in relation to the funds meant for the construction of chiefs' palaces.

**f. Construction of Chief Chona's Palace**

On 9<sup>th</sup> December 2015, the Provincial Administration awarded Hansens Contractors and General Dealers a labour based contract for the construction of Chief Chona's palace at a labour price of K206,766 (VAT exclusive). The contract was for three (3) months and was to start seven (7) days after signing the contract.

As of March 2016, amounts totalling K84,785 had been spent on labour.

The following were observed:

**i. Failure to Provide a Contract Document for the Supply of Building Materials**

During the period under review, the Provincial Administration engaged Kadoli General Dealers and Hardware Supplies to supply and deliver building materials for the construction of the palace at a total sum of K501,000 (VAT inclusive). However, there was no contract document availed for audit.

**ii. Physical Inspection**

A physical inspection carried out in August 2016 revealed that the building was partially roofed with works such as internal and external plastering, flooring, glazing, painting, electrical fittings, soak ways and plumbing outstanding.

**g. Construction of Chief Choongo's Palace**

During the period under review, the Provincial Administration engaged Rodian Enterprises Limited to supply and deliver building materials for the construction of the Chief Choongo's palace at a total sum of K500,995 (VAT inclusive). However, there was no contract document availed for audit. Further inquiries made with the Zambia Revenue Authority revealed that the supplier was not registered for VAT.

**h. Construction of Chieftainess Mwenda’s Palace**

On 8<sup>th</sup> December 2015, the Provincial Administration awarded Nambala Contractors a labour based contract for the construction of Chieftainess Mwenda’s palace at a labour price of K300,045 (VAT exclusive). The contract was for three (3) months and was to start seven (7) days after signing the contract. As of March 2016, amounts totalling K153,400 had been spent on labour (K75,011) and materials (K78,389).

The following observations were made:

**i. Failure to Provide a Contract Document for the Supply of Building Materials**

During the period under review, the Provincial Administration engaged Builders Joy Hardware and Electrical Limited to supply and deliver building materials for the construction of the palace at a total sum of K577,711 (VAT inclusive). However, there was no contract document availed for audit. Further inquiries made with Zambia Revenue Authority revealed that the supplier was not registered for VAT.

**ii. Physical Inspection**

A physical inspection carried out in August 2016, revealed that the contractor was on site and the construction had reached roof level and the remaining works were roofing, internal and external plastering, flooring, glazing, painting, electrical fittings, soak ways and plumbing. *See pictures below.*



*Construction at roof level*

**HEAD: 98 Office of the President – Southern Province**

**PROGRAMME: Personnel Emoluments**

**ACTIVITY: Various**

87. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K53,446,186 was made to cater for personal emoluments against which amounts totalling K50,309,479 were released resulting in an underfunding of K3,136,707.

According to the Financial Statement (Statement ‘C’), amounts totalling K50,171,297 were spent as at 31<sup>st</sup> December 2015.

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

An examination of accounting and other records maintained at the Provincial Administration and selected districts carried out in March and August 2016 revealed the following:

**a. Employees on Payroll (PMEC) but not at the Station**

A head count carried out at Provincial Administration and other departments revealed that there were five (5) officers who were transferred out of the Province during the period from 2012 to 2014. However, despite the officers having been transferred out of the Province, as of July 2016, they were still on the Provincial Administration Payroll and had since drawn salaries in amounts totalling K366,834.

As a result, these positions could not be filled by new employees as there were no pay points available on the payroll.

**b. Failure to Update Payroll**

A review of the payroll revealed that during the period under review, there were four hundred and thirty (430) starters and four hundred and fifty two (452) leavers who joined and left the Provincial Administration respectively. A review of the assignment and staff returns revealed that the starters and leavers were twenty nine (29) and twelve (12) respectively, resulting in the variance of four hundred and one (401) and four hundred and forty (440) respectively. *See table below.*

Month	Payroll		Station		Variance	
	Starters	Leavers	Starters	Leavers	Starters	Leavers
Jan	0	15	1	4	-1	11
Feb	18	53	5	1	13	52
Mar	41	72	1	0	40	72
Apr	51	35	1	0	50	35
May	32	50	2	0	30	50
Jun	64	34	5	1	59	33
Jul	28	25	4	0	24	25
Aug	23	40	0	1	23	39
Sep	28	43	1	0	27	43
Oct	54	29	4	1	50	28
Nov	36	56	4	1	32	55
Dec	55	0	1	3	54	-3
<b>Total</b>	<b>430</b>	<b>452</b>	<b>29</b>	<b>12</b>	<b>401</b>	<b>440</b>

**c. Failure to Remove Retired or Deceased Officer from Payroll**

A review of the payroll and head count carried out at Provincial Administration revealed that there were three (3) employees who had been receiving salaries although they did not physically exist. These employees had been receiving salaries during the period from 2012 to 2015. As of 31<sup>st</sup> December 2015, amounts totalling K332,907 had been paid to these employees.

**d. Officers with Duplicate National Registration Card on Payslips**

There were four (4) employees at Provincial Administration Office with shared NRC numbers on their pay slips who were paid amounts totalling K204,335 during the period under review.

**e. Non Recovery of Salary Advances**

The Terms and Conditions of Service for the Public Service No. 92 states that an officer may obtain an advance of salary limited to a maximum of the officer's monthly gross salary and shall be repaid within a reasonable period of time but not exceeding six (6) months. It was however observed that amounts totalling K171,941 paid to officers as Salary and Tuition advances during the period under review were not being recovered as of August 2016.

**HEAD: 98 Office of the President – Southern Province**

**PROGRAMME: Poverty Reduction Programmes (PRP)**

**ACTIVITY: Various**

88. In the Estimates of Revenue and Expenditure for the financial year ended 31<sup>st</sup> December 2015, a provision of K24,470,942 was made to cater for Poverty Reduction Programmes against which amounts totalling K1,738,738 were released leaving a balance of K22,732,204.

In addition, an amount of K135,911 was brought forward from 2014 bringing the total funds available to K1,874,649.

According to the Financial Statement (Statement 'C'), amounts totalling K943,368 had been spent as at 31<sup>st</sup> December 2015.

### **Accounting and Other Irregularities**

An examination of accounting and other records maintained at the Provincial Administration and physical inspection of selected projects carried out in March and July 2016 revealed the following:

#### **a. Misapplication of Funds**

- i. On 12<sup>th</sup> August 2015, the Provincial Administration was funded K428,046 for Rural Roads activities including the construction of Namatama Natebe Rural Road in Livingstone.

However, a scrutiny of expenditure details revealed that amounts totalling K321,683 were applied on unrelated activities such as PDCC meetings, reimbursement of funds to the GDA account while amounts totalling K44,463 could not be accounted for. Consequently, the construction of the road was not undertaken.

- ii. Contrary to Financial Regulation No. 31(1) which states that treasury authority should be obtained on varying funds, amounts totalling K588,522 meant for infrastructure development, cross cutting issues, forest protection and management among others, were spent on unrelated activities such as settling in allowance, leave terminal benefits, repatriation, conference facility, trip to ascertain suitability of establishing resettlement schemes among others without authority of the Secretary to the Treasury.

Consequently, some activities such as the rehabilitation and construction of the various projects shown in the table below had not been implemented.

Department	Details	Funding K
Buildings	Rehabilitation of VIP Houses (Kalomo, Namwala, Gwembe & Mazabuka DC houses)	60,000
Buildings	Rehabilitation of Government VIP Houses (Choma & Livingstone)	20,000
Buildings	Rehabilitation of GRZ Buildings - VIP Aircons at Provincial Administration	15,000
Community Development	Construction of Provincial Community Development Offices	67,658
<b>Total</b>		<b>162,658</b>

**b. Rehabilitation of a Community Hall that was not Budgeted for**

On 16<sup>th</sup> November 2015, the Provincial Administration awarded Pavid Enterprise a contract for the rehabilitation of a Community Hall in Namwala District at a contract sum of K147,917 with a completion period of eight (8) weeks.

As of May 2016, the contractor had been paid an amount of K60,000 leaving a balance of K87,917.

The following observations were made:

**i. Irregular charge of VAT**

Contrary to the VAT Act Chapter 331 which states that only companies that are registered for VAT can charge VAT, Pavid Enterprise though not registered for VAT charged amounts totalling K19,207 as VAT for the rehabilitation of a community hall in Namwala and was paid an amount of K60,000 for the works which included VAT of K9,900.

**ii. Physical Inspection**

A physical inspection carried out in July 2016 revealed that there was poor workmanship in that the veranda was not properly rehabilitated as it was not properly aligned, cracks had developed on the drainages and the roof was leaking as evidenced by the water stains on the ceiling board. *See pictures below.*



**a. Misapplication of Funds**

Contrary to the Appropriation Act of 2014, amounts totalling K262,483 meant for RRU activities such as construction and rehabilitation of roads, operations and maintenance of equipment were applied on unrelated activities such as imprest to facilitate women's day, commutation and reconciliation of financial statements in districts without authority of the Secretary to the Treasury.

**b. Failure to Remit Tax to ZRA**

During the year under review, a total amount of K61,869 was deducted as Pay As You Earn (PAYE) from payments made to two (2) officers in respect of commutation of leave days.

However, the amounts deducted had not been remitted to the Zambia Revenue Authority as of July 2016.

**c. Questionable Procurement**

In April 2015, following the Presidential directive, RRU was transferred to the Zambia National Service (ZNS). Among the assets transferred to ZNS was a motor vehicle registration number GRZ 367 CJ.

However, on 12<sup>th</sup> November 2015, eight (8) months after the transfer, the Provincial Administration procured a turbo charger for the vehicle at a cost of K13,100. It is not clear why the Provincial Administration procured the part when the vehicle was no longer under their charge. The part had since been handed over to ZNS where it remained unused as of July 2016.

**RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE WHICH HAVE EITHER NOT BEEN IMPLEMENTED OR HAVE BEEN PARTIALLY IMPLEMENTED**

90. In 1992, the Public Accounts Committee (PAC) resolved to appoint a Committee of officials from the Ministry of Finance, National Assembly and Office of the Auditor General to deal exclusively with the outstanding issues on a continuous basis. Since then, the Committee has been meeting to ensure that outstanding issues are cleared.

Appendix 1 to this Report summarises the status of the unresolved issues as at 31<sup>st</sup> December 2015 for which necessary remedial action is required. This forms part of my Report for the financial year ended 31<sup>st</sup> December 2015 whereas Appendix 2 is the Glossary of Terms. The glossary of terms has been included in order to make the report clearer and to assist the users of the report to fully understand the issues raised.

**AUDIT HOUSE  
HAILE SELASSIE AVENUE  
LUSAKA  
25<sup>th</sup> September 2016**

**RON M. MWAMBWA, FCMA, FZICA, CGMA, MSc, CFE  
ACTING AUDITOR GENERAL  
REPUBLIC OF ZAMBIA**

## APPENDIX 1

### TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIFTH SESSION OF THE NINTH NATIONAL ASSEMBLY

#### *Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup>*

#### *December, 2004*

- Para 16 (14) Revenue Collections – Lusaka Port Office – AS regards progress in the matter raised (a) i, ii, (d), (e) i, ii.*
- Para 17 (15) Other ports and stations – whether the matters raised in (iv) and (vi) have been resolved.*
- Para 19 (17) Weakness and irregularities in Accounting for Revenue - On the latest position on the matters raised.*
- Para 19 (20) Local Bank Accounts – Regarding the recovery of funds from the Union Bank*
- Para 20 (18) Provincial and District Offices – Latest position on the matter raised in b, d, e.*
- Para 22 (20) Weakness and Irregularities in Accounting for Revenue – Whether the issues raised have since been addressed..*
- Para 25 (23) Weaknesses in Internal controls and poor Record Keeping – Progress on the matter raised.*
- Para 26 (24) Weaknesses in Procurement of Goods and Services and other Irregularities – Progress on the matter raised.*
- Para 30 (28) Accounting and other irregularities – progress made in resolving the matter raised in (a), (b), (c)*
- Para 32 (30) Unsupported expenditure – on progress made in resolving the matters raised.*
- Para 33 (31) Non-adherence to Tender Procedures – the current position on the matter raised.*
- Para 35 (33) Sector Plan Implementation – As regards the current position on the*

*Unretired imprest.*

*Para 41 (39) Outstanding Loans (K184,253,333.00) – Regarding the latest position on the matter.*

*Para 43 (41) Consideration on Issue Arising from the inspection Tour of Missions Abroad – As regards progress to address the issues raised.*

*Para 45 (45) Rehabilitation of feeder roads Road Rehabilitation – current position on the matter raised.*

***TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIRST SESSION OF TENTH NATIONAL ASSEMBLY***

***Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup> December 2005***

*Para 9 (9) Revenue Collections – ZRA – As regards progress on matters raised.*

*Para 10 (10) Accounting irregularities - current position as the matter raised*

*Para 13 (13) Weaknesses and irregularities in Accounting for revenue*

*Para 14 (14) Weakness and irregularities in Accounting for Revenue – Progress made in resolving the outstanding matters raised*

*Para 15 (15) Irregularities in Accounting for Rental Collection – Progress made on the matter raised*

*Para 20 (20) Irregularities in Accounting for weigh Bridge Charges- Kafulafuta – As to whether the amount of K446,187,000.00 has since been reimbursed.*

*Para 22 (22) Weaknesses in the administration of Personal emoluments and other irregularities – As to whether the Controlling Officer has reported progress in matters raised in (a) and (j)*

- Para 24 (24) Accounting and other irregularities – Regarding progress made on the matters raised.*
- Para 28 (28) Weaknesses in Accounting for Special Imprest and other irregularities – Regarding the latest position on the matters raised*
- Para 33 (33) Accounting and other irregularities- Regarding the current position on the matters raised.*
- Para 34 (34) Accounting and other irregularities – As to whether the matters raised in (b) have been addressed..*
- Para 36 (36) Accounting and other irregularities – As regards progress on the cases reported to Zambia Police and other matters.*
- Para 37 (37) Government Communication Flights-As regards progress made on the matters raised.*
- Para 38 (38) Delays in the completion of the Zambia Transport Information system (ZAMTIS) project – As regards progress on the matter*
- Para 40 (40) Weakness in Accounting for Sector Plan Support Funds – As regards progress on the construction works and the current position on the other matters raised.*
- Para 41 (41) Provincial Offices – Current position on the matters raised*
- Para 44 (44) Weakness in Control Over Bank Accounts- As regards the latest position on the matters raised.*
- Para 45 (45) Rehabilitation of feeder roads – As regards the latest position on the matters raised.*
- Para 46 (46) Failure to implement Poverty Reduction and other Irregularities- On the progress made in order to address the matters raised in (a) and (b)*
- Para 47 (47) Wasteful expenditure and other irregularities – As regards the Current position on the matters raised.*

*Para 51 (51) Misappropriation of Personal Emoluments and other irregularities regarding the current position on the matters raised in (e)*

*Para 52 (52) Accounting and other irregularities – As to whether verification has since been done (b) –(f)*

*Para 41 (45) Provincial Office – Grants to the Provinces – on the outcome of Police investigations in (b) and (c) and the latest position on the other matters*

***TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE SECOND SESSION OF TENTH NATIONAL ASSEMBLY***

***Report of the Auditor General on the Accounts for the Financial year ended 31<sup>st</sup> December 2006***

*Para 23 (21) Weaknesses and Irregularities in the management of Lands Management Information System (LIMS) and Accounting for Revenue – Progress made in addressing the matters raised.*

*Para 24 (22) Weakness in Accounting for revenue – As regards efforts made to trace the documents in respect of the vehicles under query and other progress on the queries raised.*

*Para 49 (47) Irregularities in Accounting for Grants – Progress made on the matters raised (a) – (d).*

*Para 65 (63) Accounting and other irregularities – As regards the latest position on the matters raised (f)*

*Para 66 (64) Weaknesses in Accounting for funds and other irregularities whether the matters raised have since been addressed*

*Para 56 (54) Accounting irregularities - On progress made in resolving the issues raised.*

*Para 57 (55) Irregular Transfer of funds – Progress made to resolve the matters raised.*

*Para 58 (56) Accounting and other irregularities – Progress made*

*to resolve the issues raised*

- Para 49 (47) Irregularities in Accounting for Grants – Progress made on the matters raised (a) – (d).*
- Para 62 (60) Accounting in irregularities – Government funded Programs and activities - As regards the current position on the matters raised in (a) – (g)*
- Para 63 (61) Weaknesses in Accounting for Sector Plan Implementation Funds – on the progress made to address the issues raised*
- Para 64 (62) Accounting irregularities - On the measures taken to address the issues raised.*
- Para 76 (74) Irregularities in Accounting for Personal Emoluments – As to whether the matters raised have since been addressed.*
- Para 78 (76) Accounting weaknesses – PRP Funds - Progress made to resolve the matters raised (a) – (d).*
- Para 79 (77) Road Rehabilitation Irregularities on Contract Management - Progress made on the matters.*
- Para 80 (78) Accounting irregularities On the current position of Police investigation.*
- Para 81 (75) Misapplication of funds -As regards the latest position on the matter.*
- Para 89 (87) Irregularities in the Procurement of Cattle – Progress made on items (a) and (b)*
- Para 90 (88) Rehabilitation and Construction of Dams-As regards progress made on the issues raised in (a) and (b)*
- Para 72 (70) Irregularities in the Management of Personal and other emoluments –As regards progress made on the matters raised (b) and (c).*

- Para 73 (71) Construction of Health Posts/Rehabilitation of Health Facilities - progress made on the matter.*
- Para 75 (74) Weaknesses in Administration of Funds – As regards measures put in place to resolve the issues raised (a) and (b).*
- Para 84 (82) Accounting irregularities -As regards progress made on the matter.*
- Para 83 (81) Accounting and other Irregularities - regarding the current position on the matter.*
- Para 88 (86) Accounting irregularities – regarding the current position on the matters (b) – (c)*

***TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FOURTH SESSION OF THE TENTH NATIONAL ASSEMBLY.***

***Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2007.***

- Para 7(8) Revenue Collections-Current position on the matters raised in (c)-(f).*
- Para 8(9) Accounting and other irregularities-Whether the queries raised in (a)-(c) have since been addressed.*
- Para 9(10) Irregularities in Accounting for Revenue-Current position on matters raised in (a) and (c).*
- Para 10(11) Weaknesses in Accounting for Revenue-Latest position on issues raised.*
- Para 11(12) Irregularities in Accounting for Revenue Collections-As regards the current position on the matters raised.*
- Para 12(13) Irregularities in Accounting for Revenue Collections- As regards the current position on the matters raised.*
- Para 14(15) Irregularities in Accounting for Revenue-Current position the issue raised.*
- Para 15(16) Weakness and Irregularities in the Zambia Transport and Information System (ZAMTIS)-Progress made in addressing the issues raised.*
- Para 16(17) Weakness in Accounting for Revenue-As to whether the recorded loss of K63, 288,400 has been recovered.*

- Para 17(18) Irregularities in Accounting for Revenue-The current position on the matters raised in (a) to (d).*
- Para 18(19) Weakness in Accounting for Personal Emoluments, Loans and other irregularities-Latest position on the outstanding matters.*
- Para 19(20) Weakness in Accounting for Personal Emoluments, Loans and other irregularities-Latest position on the outstanding matters.*
- Para 20(21) Accounting and other Irregularities-Latest position on the outstanding matters.*
- Para 21(22) Poor Contract Management-Construction of AMCO house, Kitwe- Progress made in addressing the issues raised.*
- Para 22(24) Accounting and other Irregularities- Current position the issues raised.*
- Para 24(28) Accounting Irregularities- Current position the issues raised.*
- Para 25(29) Accounting and other Irregularities- Latest position on the outstanding matters.*
- Para 26(30) Accounting and other Irregularities- Progress made in addressing the issues raised.*
- Para 27(31) Irregularities in Accounting for DHMT funds-As to whether the issues raised have been addressed.*
- Para 28(32) Weaknesses in Accounting for Funds-the current position on the matters raised.*
- Para 30(34) Delays in the construction of the District hospital- the current position on the matters raised.*
- Para 32(36) Weaknesses in Accounting for PRP funds-- Latest position on the outstanding matters.*
- Para 34(38) Weaknesses in Accounting for Bursary Scheme- Progress made in addressing the issues raised.*
- Para 35(39) Accounting and other irregularities-current position on issues raised in c-h.*
- Para 36(40) Accounting and Other irregularities in Sector Plan implementation- Progress made in addressing the issues raised.*
- Para 37(41) Weaknesses in Accounting for funds and stores- current position on issues raised.*
- Para 38(42) Irregular Purchase of a house and other irregularities-Whether the issues have since been addressed.*
- Para 39(43) Weaknesses in Accounting and other Irregularities-Current position on (a) to (d)*

- Para 40(44) Weaknesses in Accounting for funds and other irregularities-whether the queries have been addressed.*
- Para 41(45) Weakness in Accounting for Irrigation and Land Husbandry Programmes (RIF)-RPP-The current position on issues raised in (d).*
- Para 43(47) Accounting and other irregularities-Whether the issues raised in (b) to (d) have since been addressed.*
- Para 44(48) Accounting and other Irregularities-Latest position on the matters raised.*
- Para 45(49) Weaknesses in Accounting for PRP funds-whether the issues raised in (b)-(d) have been addressed.*
- Para 46(50) Monitoring and Evaluation, Construction of staff house for provincial staff- whether the queries have been addressed.*
- Para 47(51) Irregularities in Accounting for High School requisites -latest position on the court case.*
- Para 48(52) Accounting and Other irregularities-Current position on item (a)*
- Para 49(53) Weaknesses in Accounting for PRP funds-Progress made on the matter*
- Para 50(54) Failure to complete projects-Progress made to complete all the outstanding projects*
- Para 51(58) Accounting and other irregularities-Whether the issues raised in (a)-(c) have been addressed.*
- Para 52(59) Failure to Execute Rehabilitation works-Whether the works at Chisale Day School have been completed.*
- Para 53(60) Weaknesses in Accounting for Recurrent Departmental charges-The current position on items (c) and (h).*
- Para 55(62) Irregularities in Accounting for Building materials –whether the issues raised in (c) have been addressed.*
- Para 56(63) Weaknesses in Accounting for PRP funds- The current position on issues raised.*
- Para 57(64) Weaknesses in Accounting for Building Materials and Failure to complete projects (Teachers houses)-whether the issues raised in (a) I, ii, iii c and d have been addressed.*
- Para 58(65) Weaknesses in Accounting for Building Materials and Failure to complete projects-Progress made in addressing issues raised in (b) to (i).*

*Para 61(68) Accounting and other irregularities-current position on the matters raised.*

**TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR  
FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY**

***Report of the Auditor General on the Accounts for the financial year ended 31st December 2008.***

- Paragraph 7(7) Outturn and Appropriation Accounts – As to the whether unreconciled balance of K53, 670,924,188 has been resolved.*
- Paragraph 8(8) General Revenue – Progress made in addressing issues raised (a) i-ix (b)*
- Paragraph 9(9) Weaknesses in accounting for revenue – progress made in addressing (a) and (c)*
- Paragraph 10(10) Accounting Irregularities in revenue collections – As regards the latest position on items (a) and (b)*
- Paragraph 12 (12) Irregularities in Accounting for Revenue collections - whether the issues raised in (i) and (iv) have since been addressed.*
- Paragraph 13 (13) Accounting irregularities in Revenue collections – Progress made in resolving the outstanding issues in (a) and (c)*
- Paragraph 14 (14) Weaknesses in Accounting for Revenue and other irregularities – Progress made in addressing issues raised (a) (b) (c) (d)*
- Paragraph 15 (15) Accounting irregularities in Revenue collection – Progress made in resolving the outstanding issues*
- Paragraph 16 (16) Accounting Irregularities in Revenue collections – Progress made in resolving the issues raised in (a) – (b)*
- Paragraph 17 (17) Irregularities in accounting for Revenue – As to whether the issues raised in (a) (b) and (c) have been addressed*
- Paragraph 18 (18) Weaknesses and Irregularities in Accounting for Revenue – Measures taken to address the issues raised*
- Paragraph 20 (19) Weaknesses in Accounting for Revenue – As to whether the issues raised in (i) and (ii) have been resolved*
- Paragraph 21 (20) Accounting and other Irregularities – Progress made in addressing issues raised*

- Paragraph 22 (21) Accounting and Other Irregularities- Progress made in addressing issues raised.*
- Paragraph 23 (22) Accounting and other Irregularities – Progress made in addressing issues raised in (b) (f) (g) (h) (j) (l) and (m)*
- Paragraph 24 (23) Weaknesses in Accounting for PRP funds – As to whether the work s have since been completed*
- Paragraph 25 (24) Accounting and Irregularities – Progress made in resolving the issues outstanding in (b) (c) (e) (f) and (g)*
- Paragraph 26(25) Accounting Irregularities – Progress made in resolving the outstanding issues*
- Paragraph 27 (26) Accounting and other irregularities – Progress made in addressing issues raised (a) – (h)*
- Paragraph 28(27) Accounting and Other Irregularities - Current position on the matters raised (b)*
- Paragraph 30(29) Accounting and other Irregularities – As to whether payment in amounts totalling US\$4,244 have been supported and disciplinary action taken against the officer responsible.*
- Paragraph32(31) Accounting and other irregularities - As to whether the controlling officer has come up with a formula for apportioning bills.*
- Paragraph 35(34) Accounting and Other Irregularities – As to when the advance recovery detailed will be availed for audit.*
- Paragraph 36(35) Accounting and other irregularities – As to whether the issues in (b) viii and ix have been addressed.*
- Paragraph 40(39) Accounting and other Irregularities – Progress made in addressing issues raised (a)i-ix*
- Paragraph 41(40) Weaknesses in Accounting for Personal Emoluments and other Irregularities – Progress made to resolve the outstanding issues.*
- Paragraph 42 (41) Accounting and other Irregularities – As regards progress made in addressing the issues raised.*
- Paragraph 43(42) Accounting and other Irregularities – As regards progress made in addressing the issues raised in (a)(b)(c)(g)(h)*

- Paragraph 44(43) Irregularities in the Procurement of Hearses – the latest position on the investigations.*
- Paragraph 45(44) Accounting Irregularities – The current position regarding the issues Paragraph raised in (a)I and iv*
- Paragraph 46(45) Irregularities in Procurement of Motor vehicles- Current position on item (a)iii and (b)*
- Paragraph 47 (46) Accounting and other irregularities - As to whether the claim for insurance has been processed and police report availed.*
- Paragraph 48(47) Compensation and Awards- As to whether the investigations into the final reconciliation have been concluded.*
- Paragraph 49(48) Accounting and Other Irregularities – As to whether the building has been completed and commissioned.*
- Paragraph 50 (49) Accounting and other irregularities- As to whether the outstanding issues have since been resolved.*
- Paragraph 51 (50) Accounting and other Irregularities – Progress made in addressing issues raised in (b)ii*
- Paragraph 52 (51) Accounting Irregularities – As to whether the necessary retirements have been availed and construction works completed.*
- Paragraph 53(52) Accounting and Other Irregularities – Whether the issues raised have been resolved*
- Paragraph 54(53) Accounting Irregularities – Administration of the RDC account- As to whether the issues raised in (a) and (c) have been addressed*
- Paragraph 55 (54) Accounting and Other Irregularities – As to whether the issues raised in (a) (c) (d) (e) (g)i,iii*
- Paragraph 56 (55) Accounting and other Irregularities in the execution of the projects- current position on items (a) (b) and (c)*
- Paragraph 57 (56) Accounting and other Irregularities – Current status on items (a) – (d)*
- Paragraph 58 (57) Accounting and other Irregularities – As to whether the issues raised (a) i, ii have been addressed*
- Paragraph 60 (59) Irregularities in Accounting for forestry Development Credit Funds- Whether all queries raised have since been addressed*

- Paragraph 61 (60) Accounting and other Irregularities – As to whether all the outstanding bills amounting to K406, 351,146.74 have been cleared*
- Paragraph 62 (61) Accounting and other Irregularities – As to whether the amount of K274, 746.500, K51, 794,044 and K226, 250.000 have been recovered.*
- Paragraph 63 (62) Weaknesses in Accounting and failure to follow tender procedures – As to whether the issues raised in (a) and (b) have been addressed.*
- Paragraph 64 (63) Accounting and other irregularities – Progress made in resolving the outstanding issues.*
- Paragraph 65 (64) Accounting and other irregularities – As to whether all the issues raised have been resolved.*
- Paragraph 66 (65) Weaknesses in Accounting for sector/ National Implementation Frame work funds – Progress made in resolving the issues raised*
- Paragraph 67 (66) Irregularities in the Management of Grants and Distance Learning Education Funds – Whether the issues raised in (a) iii, iv, v (b) iii, iv, vii, viii iv x*
- Paragraph 68 (67) Accounting Irregularities – Progress made in addressing issues raised.*
- Paragraph 69 (68) Accounting other irregularities - latest position on the matter raised.*
- Paragraph 70 (69) Accounting irregularities – latest position on the matter raised.*
- Paragraph 71 (70) Accounting irregularities – Progress in addressing issues raised in (b) ii*
- Paragraph 72 (71) Accounting irregularities – Progress made in resolving the issues.*
- Paragraph 73 (72) Weakness in Accounting and other irregularities – Progress made in resolving all outstanding issues.*
- Paragraph 74 (73) Weaknesses in Accounting and other irregularities – Progress made in addressing the issues raised (a) - (d)*

<i>Paragraph 75 (74)</i>	<i>Weakness in Accounting for PRP funds – As the works on the laboratory block and other works have been done.</i>
<i>Paragraph 76 (75)</i>	<i>Accounting and other irregularities – Progress made in addressing the issues raised in (a) – (g).</i>
<i>Paragraph 77 (76)</i>	<i>Construction of Youth Skills Centre – Progress made to resolve the Outstanding issues.</i>
<i>Paragraph 78 (77) (a) – (h)</i>	<i>Accounting and other irregularities – Whether the issues raised in</i>
<i>Paragraph 79 (78)</i>	<i>Accounting and other irregularities – Progress made in addressing the issues raised.</i>
<i>Paragraph 80 (79)</i>	<i>Accounting and other irregularities in the management of General Deposit Account – As to whether the receipt and disposal details for the fuel has been availed.</i>
<i>Paragraph 81(80)</i>	<i>Management of Poverty Reduction Programme (PRP) – As to whether the Imprest has been retired.</i>
<i>Paragraph 82 (81)</i>	<i>Construction of Provincial Minister’s House and fencing of VIP House-Progress made in resolving the outstanding issues.</i>
<i>Paragraph 83 (82)</i>	<i>Irregularities in contract management – As to whether the works have since been completed.</i>
<i>Paragraph 84 (83)</i>	<i>Irregularities in Project Management – Kalumwange Clinic – Progress made in addressing the issues raised.</i>
<i>Paragraph 85 (84)</i>	<i>Irregularities in Accounting for PRP funds – Regarding progress made in on issues raised.</i>
<i>Paragraph 86 (85)</i>	<i>Accounting irregularities – As to whether the overpaid salaries have been recovered.</i>
<i>Paragraph 87 (86)</i>	<i>Accounting and other irregularities – As to whether the amount of K19,403,257</i>
<i>Paragraph 89 (88)</i>	<i>Accounting and other irregularities – As to the whether the construction of the house at Chanida Border and the office block at Mwami Border have been completed.</i>

- Paragraph 90 (89) Weaknesses in Accounting for Canal funds – As to whether the issues raised in (d) have been addressed.*
- Paragraph 91 (90) Weaknesses in Accounting for Borehole construction Funds- As to Whether the issues raised in (b) (c) and (d) have been resolved.*
- Paragraph 92 (91) Failure to complete Projects and other irregularities – As to whether the stores records have been traced and verified.*
- Paragraph 93 (92) Accounting Irregularities – As to whether the issues raised in (a) and (b) have been addressed.*
- Paragraph 94 (93) Irregularities in the procurement of school Requisites – As to whether Retrospective Treasury Authority has been obtained.*
- Paragraph 95 (94) Accounting Irregularities – As to whether the raised has since been addressed.*

***TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIFTH SESSION OF THE TENTH NATIONAL ASSEMBLY.***

***Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2009.***

- Paragraph 7 (5) Outturn and Appropriation accounts - current position on (d) unretired imprest.*
- Paragraph 8 (6) Weaknesses in Revenue Collection - Current position on item d (i) and (ii)*
- Paragraph 10 (8) Misappropriation of Revenue and other Irregularities – As regards the current position on the matters raised in a, b and c.*
- Paragraph 11 (9) Weaknesses in Accounting for Revenue – Current position on matters raised in a to c.*
- Paragraph 12(10) Irregularities in Accounting for Revenue – whether the matters raised in a and b have been addressed.*
- Paragraph 13 (11) Accounting and Other Irregularities – Progress made in addressing the issues raised in a (ii, iii, iv )and b.*

- Paragraph 14 (12) Weaknesses in the Administration of PMEC – The current position on issues raised in a – f.*
- Paragraph 15 (13) Accounting and Other Irregularities – Progress made on the issues raised in a, c, d (ii), e, g and h.*
- Paragraph 16 (14) Accounting and Other Irregularities – Progress made on the issue raised in d.*
- Paragraph 17 (15) Irregularities in Accounting and Contract Management – Progress on the matters in a, b, c(ii),f, and h(ii).*
- Paragraph 18 (16) Weaknesses in the Personalised Passport System (PPS) – Progress made regarding the issues raised in a, e(i),(ii) (iii), f, g, h j ,k, and m.*
- Paragraph 19 (17) Accounting Irregularities – Latest position on the matter raised in e.*
- Paragraph 20 (18) Accounting and Other Irregularities- As to whether the issues raised in b and c (i-ii) have been addressed.*
- Paragraph 21 (19) Accounting and Other Irregularities - Latest position on the matters raised in a and c.*
- Paragraph 22 (20) Accounting and Other Irregularities - Progress made on issues raised in a, b(ii) and c.*
- Paragraph 23 (21) Accounting and Other Irregularities- Progress made on issues raised in a to c.*
- Paragraph 24 (22) Accounting and Other Irregularities -Latest position on the matters raised in a and b ( misapplication).*
- Paragraph 26 (24) Accounting and Other Irregularities – Current status on items a, c(ii), d, and e.*
- Paragraph 27 (25) Accounting and Other Irregularities – As to whether the issues raised in a and c have been addressed.*
- Paragraph 28 (26) Accounting and Other Irregularities – Progress made in addressing the issues raised in a, b (ii) and c.*
- Paragraph 29 (27) Accounting and Other Irregularities – As to whether the issues raised in b – e have been addressed.*
- Paragraph 30 (28) Accounting and Other Irregularities – Progress made in addressing the issues raised in a (i) and b.*

- Paragraph 31 (29) Accounting and Other Irregularities - As to whether the issues raised in a, b, c, e, f, g and h have been addressed.*
- Paragraph 32 (30) Accounting and Other Irregularities - Current status on items a-c.*
- Paragraph 33 (31) Accounting and Other Irregularities - As to whether the issues raised in a, b, c, d, g, h and j have been addressed.*
- Paragraph 34 (32) Accounting and Other Irregularities - Current status on items c and e.*
- Paragraph 36 (34) Accounting and Other Irregularities - As to whether the issues raised in a, c (ii),(iii), d (i),(iii), e, i and j have been addressed.*
- Paragraph 37 (35) Accounting and Other Irregularities - As to whether the issues raised in a, e(ii),(iv), i and j have been addressed.*
- Paragraph 38 (36) Accounting and Other Irregularities – Progress made in addressing the issues raised in a ,c (ii) , and d .*
- Paragraph 39 (37) Weaknesses in the Implementation of IFMIS – Progress made in addressing issues raised in a , b, c, d (iii),e ,f, h and i.*
- Paragraph 40 (38) Accounting and Other Irregularities – Progress in addressing issues raised in a-d.*
- Paragraph 41 (39) Accounting and Other Irregularities – As to whether the issues raised in f(i),(ii),(iii) g and K.*
- Paragraph 42 (40) Accounting and Other Irregularities - Progress in addressing issues raised in the Mirror Account relating to a, b, d and e and Expanded Basket- matters raised in to a, b, c, d, e, f, g, m and n.*
- Paragraph 43 (41) Accounting and Other Irregularities – Latest position on the matter raised in c.*
- Paragraph 44 (42) Accounting and Other Irregularities – Progress made in resolving the issues raised in a, d, h, I and j.*
- Paragraph 45 (43) Accounting and Other Irregularities – Latest position on the matter raised in d.*
- Paragraph 46 (44) Accounting and Other Irregularities – As to whether the outstanding works raised in (c) concerning the works at Kasiya, Solwezi, Mongu, Kaoma Trades Training Institutes and Gemstone Processing and Lapidary Training Centre have been completed.*

- Paragraph 47 (45) Accounting and Other Irregularities – Progress made in addressing the issues raised in a, b, c, d, e and g .*
- Paragraph 48 (46) Accounting and Other Irregularities – Progress made in resolving issues raised in a, c, d and e.*
- Paragraph 49 (47) Accounting and Other irregularities - Progress made in addressing the issues raised in a, b, c, and f.*
- Paragraph 50 (48) Accounting and Other Irregularities – Progress made in resolving issues raised in a, b, c, d, f, g, h, i, j, K, l and m.*
- Paragraph 51 (49) Accounting and Other Irregularities – Latest position regarding the matters raised in a and b.*
- Paragraph 52 (50) Accounting and Other Irregularities – Progress made in resolving all outstanding issues raised in a, b, c, d, e and f.*
- Paragraph 54 (52) Accounting Irregularities - Progress made in resolving issues raised in a, b, and d.*
- Paragraph 55 (53) Accounting Irregularities – Progress made regarding issues raised in a (i),(iii), (iv), b (ii),(iv), d , e, f and g.*
- Paragraph 56 (54) Accounting and Other Irregularities - Latest position regarding the matters raised in a to d.*
- Paragraph 57 (55) Accounting and Other Irregularities - Latest position regarding the matters raised in a to f.*
- Paragraph 58 (56) Accounting Irregularities – Progress made in addressing issues raised in a - e.*
- Paragraph 59 (57) Accounting and Other irregularities – Progress made in addressing issues raised in a – f.*
- Paragraph 60 (58) Accounting Irregularities – The Current position regarding the issues raised in a – h.*
- Paragraph 61 (59) Accounting and Other Irregularities – The current position on items a (ii, iii and iv), b (i-iv) and c (i-ii).*
- Paragraph 62 (60) Accounting Irregularities – Progress made in addressing issues raised in a, b, c(i, iii, iv,) ,d, e, f, g and h*

- Paragraph 63 (61) Irregularities in the Administration of the General Deposit Account – The current position regarding the issues raised in a- c.*
- Paragraph 65 (63) Irregularities in the Payment and Recoveries of Loans and Advances – Progress made in addressing the issues raised in a-c.*
- Paragraph 66 (64) Non Operational Health Posts and Misapplication of Funds – Current position of items a and b.*
- Paragraph 67 (65) Irregularities in Accounting for PRP Funds – The current position regarding issues raised in a, b, c, d, e and f.*
- Paragraph 68 (=) Irregularities in Accounting for PRP Funds – Current position on items a – f.*
- Paragraph 70 (67) Accounting and Other Irregularities - As regards progress made in addressing issues raised in a, b, c, d(i) and e.*
- Paragraph 71 (68) Accounting and Other Irregularities – Progress made in addressing issues raised in a – c.*
- Paragraph 72 (69) Weaknesses in the Implementation of Rural Roads Projects – Current position on issues raised in a and b.*
- Paragraph 73 (70) Accounting and Other Irregularities – whether the issues raised in a, b and c (iii).*
- Paragraph 74 (71) Weaknesses in Accounting for Personal Emoluments – Latest position on the matters raised in a – e.*
- Paragraph 75 (72) Accounting Irregularities – Current position on issues raised in a – c.*
- Paragraph 76 (73) Accounting Irregularities on the General Deposit Account (GDA) – The current position on issues raised in b-d*

**TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE FIRST SESSION OF THE ELEVENTH NATIONAL ASSEMBLY.**

**Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2010.**

**Zambia Revenue Authority**

- Paragraph 8 (7) Weaknesses in Revenue Collection - Latest position on b (ii) concerning transits clearance documents not availed for audit – Ndola and c (iv) concerning unaccounted for deposits at Mwami , c(v) , (vii).*

**Ministry Of Lands**

*Paragraph 8 (8) Accounting and Other Irregularities - Latest position on a (regarding Mongu and Chipata – unaccounted for revenue), d and e.*

***Ministry Of Home Affairs-Zambia Police***

*Paragraph 9 (9) Accounting and Other Irregularities – whether the issues raised in a –e and g have been addressed.*

***Road Traffic and Safety Agency***

*Paragraph 10 (10) Weaknesses in Accounting for Revenue – Latest position on a, b (Kitwe and Livingstone regarding missing accountable documents), c ,d and e.*

***Judiciary***

*Paragraph 11 (11) Accounting and Other Irregularities – Whether the issues raised in a and c have been addressed.*

***Ministry of Home Affairs – Passport and Citizenship***

*Paragraph 12 (12) Irregularities in Accounting for Revenue Collections - Latest position on f– unsupported deposits.*

***Ministry of Mines and Minerals Development***

*Paragraph 13 (13) Accounting and Other Irregularities - As regards progress made in addressing issues raised in b, e and g*

***Ministry of Home Affairs***

*Paragraph 14 (14) Irregularities in Accounting and Contract Management – Progress made on the matters raised in b ,c,d,e,f,I,j,k and l.*

***Ministry of Home Affairs***

*Paragraph 16 (16) Weaknesses in Accounting for Prisons Industries Revolving Fund - Latest position on Provincial Offices (Northern Region ) item c (i).*

***Ministry of Foreign Affairs***

*Paragraph 17 (17) Accounting and Other Irregularities – Progress on the matters raised in a, b(ii) and c.*

***Mission Abroad-Washington Dc***

*Paragraph 18 (18) Accounting and Other Irregularities – As to whether the issues raised in b and d have been addressed.*

***Mission Abroad - New York***

*Paragraph 19 (19) Accounting and Other Irregularities – The current position on the issues raised in c.*

***Mission Abroad - Moscow***

*Paragraph 20 (20) Accounting and Other Irregularities - the current position on the issues raised in b (i- iii and vi).*

***Mission Abroad-Addis Ababa***

*Paragraph 21 (21) Accounting and Other Irregularities – whether the issues raised in b (ii) and c have been addressed.*

***Mission Abroad–Beijing***

*Paragraph 22 (22) Accounting and Other Irregularities – Whether the queries raised in a to f have been addressed.*

***Mission Abroad – Abuja***

*Paragraph 23 (23) Accounting and Other Irregularities - Progress made in addressing issues raised in b (ii and iv).*

***Mission Abroad - New Delhi***

*Paragraph 24 (24) Accounting and Other Irregularities – Whether the queries raised in (a) have been addressed.*

***Mission Abroad Luanda***

*Paragraph 25 (25) Accounting and Other Irregularities – Whether the queries raised in (b) and (c) have been addressed.*

***Mission Abroad-Ottawa***

*Paragraph 26 (26) Accounting and Other Irregularities – Progress made in addressing the issues raised in b (iii and iv).*

***Ministry of Finance and National Planning***

*Paragraph 28 (28) Accounting and Other Irregularities - whether the issues raised in d (i ,ii- regarding unretired imprest and unacquitted payments).*

***Ministry of Information and Broadcasting Services***

*Paragraph 29 (29) Accounting and Other Irregularities – Progress made in addressing issues raised in a, b, c and d.*

***Public Service Management Division***

*Paragraph 30 (30) Weaknesses in the Administration of the Scheme – Current position on the matters raised in b and d.*

***Ministry of Local Government and Housing***

*Paragraph 31 (31) Weaknesses in Accounting for Government Grants – Latest position on the matters raised in a, b, c, d, e, f, g and i*

***Ministry of Commerce, Trade and Industry***

*Paragraph 32 (32) Accounting and Other Irregularities – Latest position on the matters raised in a – c.*

***Ministry of Finance and National Planning***

*Paragraph 33 (33) Accounting and Other Irregularities – Current position on issues raised in a, b, c and f (i-iii).*

***Ministry Of Finance And National Planning (Central Statistical Offices)***

*Paragraph 34 (34) Accounting and Other Irregularities – Latest position on the matters raised in b, c(ii- iii), d, h(ii), j, l, m, n, o(ii) and the double payment of allowances – Mungwi, q (iii and iv) and r.*

***Ministry of Community Development and Social Services***

*Paragraph 35 (35) Accounting and Other Irregularities – whether the issues raised in b, c, d, f, h(ii) and j (vi).*

***Ministry of Health***

*Paragraph 36 (36) Accounting and Other Irregularities - As to whether the issues raised in a (i-ii), c, d, e, f, g (i),i, j, and n have been addressed.*

***Ministry of Communications and Transport***

*Paragraph 37 (37) Accounting and Other Irregularities – Latest position on the issues raised in b – f.*

***Ministry of Works and Supply***

*Paragraph 38 (38) Accounting and Other Irregularities – Progress made in addressing the issues raised in a(i),d, e and g.*

***Ministry of Science, Technology and Vocational Training***

*Paragraph 39 (39) Accounting and Other Irregularities- Current position on the issues raised in d (ii &iv) and e (iii-iv).*

***Ministry of Youth, Sport and Child Development***

*Paragraph 41 (42) Accounting and Other Irregularities – As to whether the issues raised in c, d and e have been addressed.*

***Ministry of Defence-Headquarters***

*Paragraph 42 (43) Accounting and Other Irregularities - The current position on the issues raised in a and b(ii ).*

***Ministry of Defence - Zambia Army***

*Paragraph 43 (44) Accounting and Other Irregularities - As regards the latest position on the issues raised in a, c, d(i & iii), e, f and g.*

***Ministry of Defence - Zambia Air Force***

*Paragraph 44 (45) Accounting and Other Irregularities - The current position on the issues raised in e.*

***Ministry of Defence - Zambia National Service***

*Paragraph 45 (46) Accounting and Other Irregularities - As to whether the issues raised in e (i ,iv) f and h.*

***Ministry of Education***

*Paragraph 46 (47) Accounting and Other Irregularities – The current position on the matters raised in a-g, i-p.*

***Ministry of Education Headquarters***

*Paragraph 47 (48) Weaknesses in Accounting for the National Implementation Framework (NIF) – Progress made in addressing issues raised in a – g, i –m and p.*

***Ministry of Lands***

*Paragraph 48 (49) Accounting and Other Irregularities – Current position on the issues raised in a to c and d (i).*

***Ministry of Agriculture and Cooperatives***

*Paragraph 49 (50) Accounting and Other Irregularities - Progress made in addressing the issues raised in a, d (i – regarding Nelkan Industrial Construction, iv, v and vi).*

***Ministry of Agriculture and Cooperatives***

*Paragraph 50 (51) Accounting and Other Irregularities –Regarding the current position on matters raised in d and e.*

***Ministry of Agriculture and Livestock***

*Paragraph 51 (52) Accounting and Other Irregularities – Progress made on items b, d, f(ii), g and m.*

***Ministry of Agriculture and Cooperatives***

*Paragraph 52 (53) Weaknesses in Accounting for Personal Emoluments and Other Irregularities – As regards the latest position on the matters raised in a – e.*

***Office of the President - Lusaka Province***

*Paragraph 53 (54) Irregularities in Accounting for Rural Roads Funds – Progress made on the matters raised in b, c and d (ii,iii,v).*

***Office of the President - Lusaka Province***

*Paragraph 54 (55) Accounting and Other Irregularities – Progress made to resolve the matters raised in b, c, d and f.*

***Office of the President - Copperbelt Province***

*Paragraph 55 (56) Accounting and Other Irregularities - As regards the Latest Position on the matters raised in a and b.*

***Office of the President - Copperbelt Province***

*Paragraph 56 (57) Accounting and Other Irregularities – Whether the issues raised in a to c have since been addressed.*

***Office of the President - Copperbelt Province***

*Paragraph 57 (58) Accounting and Other Irregularities – As to whether the matters raised in a(ii-iii), b to i.*

***Office of the President – Central Province***

Paragraph 58 (59) *Irregularities in Accounting for Rural Roads Funds - whether the matters raised in a to c have been resolved.*

**Office of the President - Central Province**

Paragraph 59 (60) *Irregularities in the Management of Funds - Regarding the latest position on a ,b and c.*

**Office of the President - Northern Province**

Paragraph 61 (62) *Accounting and Other Irregularities – Progress made in addressing the issues raised in a, b, c(i, ii and iv) and d.*

**Office of the President - Northern Province**

Paragraph 62 (63) *Accounting and Other Irregularities – The current position on the matters raised in a - e.*

**Office of the President - Western Province**

Paragraph 63 (64) *Irregularities in Accounting for PRP funds – Latest position on the item raised in a.*

**Office of the President - Western Province**

Paragraph 64 (65) *Accounting and Other Irregularities - Whether the issues raised in a,b, c(i) and f (ii&iii).*

**Office of the President - Western Province**

Paragraph 65 (66) *Accounting and Other Irregularities - Latest position on the issues raised in b.*

**Office of the President - Western Province**

Paragraph 66 (67) *Accounting Irregularities - Whether the issues raised in a – b have been resolved.*

**Office of the President - Western Province**

Paragraph 67 (68) *Accounting and Other Irregularities - The current position on the matters raised in a – c, e (ii), and f.*

**Office of the President - Western Province**

Paragraph 68 (69) *Accounting and Other Irregularities – Latest position on issues raised in b and c.*

***Office of the President - Luapula Province***

*Paragraph 70 (71) Accounting and Other Irregularities - The current position on the matters raised in a, b and d.*

***Office of the President - Luapula Province***

*Paragraph 71 (72) Accounting and Other Irregularities – Latest position on the issue raised in a (ii).*

***Office of the President – North-Western Province***

*Paragraph 72 (73) Accounting and Other Irregularities – The current position on issues raised in a – d.*

***Office of the President – North-Western Province***

*Paragraph 73 (74) Accounting and Other Irregularities – Whether the issues raised in c and d have been addressed.*

***Office of the President – Southern Province***

*Paragraph 74 (75) Accounting and Other Irregularities - Latest position on the issues raised in a, b, c, d, e and f.*

***Office of the President – Southern Province***

*Paragraph 75 (76) Accounting and Other Irregularities – The current position on the matters raised in a and b.*

***Office of the President – Southern Province***

*Paragraph 76 (77) Accounting and Other Irregularities – Latest position on the issues raised in a and b.*

***Office of the President – Southern Province***

*Paragraph 77 (78) Irregularities in Accounting for Funds- Whether the issues raised in b, c, d and e(ii) have been addressed.*

***Secretary to the Treasury - Constitutional and Statutory Expenditure***

*Paragraph 78 (79) Accounting and Other Irregularities – Latest position on c (lack of Reconciliation).*

**TREASURY MINUTE ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR THE SECOND SESSION OF THE ELEVENTH NATIONAL ASSEMBLY.**

**Report of the Auditor General on the Accounts for the Financial Year ended 31<sup>st</sup> December 2011.**

**Zambia Revenue Authority**

Paragraph 7 (6) *Accounting and Other Irregularities – Latest position on the issues raised in c, and f (iii, iv).*

**Ministry of Energy & Water Development**

Paragraph 8(7) *Accounting and Other Irregularities – Progress made in addressing the issues raised in b.*

**Ministry of Finance**

Paragraph 9(8) *Accounting and Other Irregularities – Latest position on the issues raised in a and b(i, ii).*

**Ministry of Mines and Minerals Development**

Paragraph 10(9) *Accounting and Other Irregularities – Progress made in addressing issues raised in a to c.*

**Judiciary**

Paragraph 11(10) *Accounting and Other Irregularities – Latest position on the issues raised in a to c.*

**Ministry of Lands**

Paragraph 13(12) *Accounting and Other Irregularities – whether the issues raised in a to c have been addressed.*

**Ministry of Agriculture and Cooperatives**

Paragraph 14(13) *Accounting and Other Irregularities – Progress made in addressing issues raised in a and c (ii).*

**Ministry of Gender & Child Development**

Paragraph 15(14) *Accounting and Other Irregularities – Latest position on the issues raised in a.*

**Ministry of Home Affairs – Zambia Police**

Paragraph 16(15) *Accounting and Other Irregularities – Progress made in addressing issues raised in a (ii,iv) and b (iii,v).*

***Ministry of Energy & Water Development***

*Paragraph 17(16) Accounting and Other Irregularities – whether the issues raised in a to j have been addressed.*

***Ministry of Home Affairs***

*Paragraph 18(17) Accounting and Other Irregularities – Latest position on the issues raised in b and c.*

***Ministry of Home Affairs***

*Paragraph 19(18) Accounting and Other Irregularities – Latest position on the issues raised in a and b.*

***Ministry of Home Affairs***

*Paragraph 20(19) Accounting and Other Irregularities – Progress made in addressing issues raised in a ,to c.*

***Ministry of Foreign Affairs - Headquarters***

*Paragraph 21(20) Accounting and Other Irregularities – whether the issues raised in a , c, d and f have been addressed.*

***Ministry of Foreign Affairs - Lubumbashi***

*Paragraph 22(21) Accounting and Other Irregularities – Latest position on the issues raised in a, b to c (i).*

***Ministry of Foreign Affairs - Washington***

*Paragraph 23(22) Accounting and Other Irregularities – Progress made in addressing issues raised in a to c.*

***Ministry of Foreign Affairs - Lilongwe***

*Paragraph 24(23) Accounting and Other Irregularities – Latest position on the issues raised in a , b and d.*

***Ministry of Foreign Affairs - London***

*Paragraph 25(24) Accounting and Other Irregularities – whether the issues raised in a to h, have been addressed.*

***Ministry of Foreign Affairs – Dar-es-salaam***

- Paragraph 26(25) Accounting and Other Irregularities – Latest position on the issues raised in a to c.*
- Ministry of Foreign Affairs - Gaborone***
- Paragraph 27(26) Accounting and Other Irregularities – Progress made in addressing issues raised in a and b.*
- Ministry of Foreign Affairs - Maputo***
- Paragraph 28(27) Accounting and Other Irregularities – Progress made in addressing issues raised in a and c.*
- Ministry of Foreign Affairs - Windhoek***
- Paragraph 29 (28) Accounting and Other Irregularities – Latest position on the issues raised in a to c.*
- Ministry of Foreign Affairs - Brussels***
- Paragraph 30 (29) Accounting and Other Irregularities – Latest position on the issues raised in c,e and h.*
- Ministry of Foreign Affairs - Harare***
- Paragraph 31(30) Accounting and Other Irregularities – Latest position on the issues raised in a(i,iii),c and d.*
- Ministry of Foreign Affairs - Berlin***
- Paragraph 32(31) Accounting and Other Irregularities – Latest position on the issues raised in a.*
- Ministry of Foreign Affairs - Pretoria***
- Paragraph 33(32) Accounting and Other Irregularities –whether the issues raised in b and c have been addressed.*
- Ministry of Foreign Affairs - Paris***
- Paragraph 34(33) Accounting and Other Irregularities – As regards progress made to resolve the issues raised in a and b(i,iii).*
- Ministry of Foreign Affairs - Rome***
- Paragraph 35(34) Accounting and Other Irregularities – Latest position on the issues raised in a to f.*

**Ministry of Foreign Affairs - Luena**

Paragraph 36(35) *Accounting and Other Irregularities – As regards the latest position on the issues raised in a and b.*

**Office of the Vice President**

Paragraph 37(36) *Accounting and Other Irregularities – Latest position on the issues raised in a and b.*

**Ministry of Local Government & Housing**

Paragraph 38(37) *Management of Compensation and Awards – Latest position on the issues raised in a, c-j.*

**Ministry of Justice**

Paragraph 39(38) *Accounting and Other Irregularities – Latest position on the issues raised in b and c.*

**Ministry of Commerce, Trade & Commerce**

Paragraph 40(39) *Accounting and Other Irregularities – Progress made on the matters raised in b, c, d, e,i and l(i).*

**Ministry of Finance**

Paragraph 41(40) *Accounting and Other Irregularities – Progress made to resolving the matters raised in f.*

**Ministry of Finance – Central Statistical Office**

Paragraph 42(41) *Irregularities in Accounting for Funds – Latest position on the issues raised in a, c, d and e).*

**Ministry of Community Development, Mother & Child Health**

Paragraph 43(42) *Accounting and Other Irregularities – Progress made on the matters raised in a (ii, iv) and f.*

**Ministry of Health**

Paragraph 44(43) *Accounting and Other Irregularities – Regarding the current position on the matters raised in b (i,iii,iv,vi,viii,ix),c & f.*

**Ministry of Health – Ronald Ross General Hospital**

*Paragraph 45(44) Accounting and Other Irregularities – Latest position on the issues raised in b, c, d, e, f, g and h.*

***Ministry of Transport, Works, Supply & Communication***

*Paragraph 46(45) Accounting and Other Irregularities – As regards the progress made to the issues raised in a, c, d & e.*

***Ministry of Science , Technology & Vocational Training – Kabwe Trades***

*Paragraph 47(46) Accounting and Other Irregularities – As to whether the matters raised in b and g have been addressed.*

***Ministry of Defence – Headquarters (Medical Services)***

*Paragraph 48(47) Accounting and Other Irregularities – Latest position on the issues raised in a to d.*

***Ministry of Defence – Zambia Army (Administration, Operations, Training)***

*Paragraph 49(48) Accounting and Other Irregularities – Progress made on the issues raised in c & g.*

***Ministry of Defence – Zambia National Service***

*Paragraph 50(49) Accounting and Other Irregularities – Latest position on the issues raised in a , b, c, & e.*

***Ministry of Education***

*Paragraph 51(50) Accounting and Other Irregularities – On the progress made on issues raised in a c, d, f, g & h.*

***Ministry of Education – Regional Headquarters***

*Paragraph 52(51) Accounting and Other Irregularities – As to whether the issues raised in a, b ,d to r have been addressed.*

***Ministry of Livestock & Fisheries Development***

*Paragraph 53(52) Accounting and Other Irregularities – Latest position on the issues raised in b to f.*

***Ministry of Livestock & Fisheries Development (Copperbelt Province)***

- Paragraph 54(53) *Accounting and Other Irregularities – Latest position on the issues raised in c & d.*  
**Ministry of Livestock & Fisheries Development (Southern Province)**
- Paragraph 55(54) *Accounting and Other Irregularities – Latest position on the issues raised in a, b, d, e, f & g.*  
**Ministry of Livestock & Fisheries Development (Northern Province)**
- Paragraph 56(55) *Accounting and Other Irregularities – The current position on the issues raised in a, c, d & f.*  
**Ministry of Livestock & Fisheries Development (Western Province Provincial Office)**
- Paragraph 57(56) *Accounting and Other Irregularities – As regards the latest position on issues raised in a to c.*  
**Ministry of Livestock & Fisheries Development (Western Province)**
- Paragraph 58(57) *Accounting and Other Irregularities – Latest position on the issues raised in c, d (i) & e.*  
**Ministry of Livestock & Fisheries Development (Eastern Province)**
- Paragraph 59(58) *Accounting and Other Irregularities – The current position on the issues raised in a, c, d & e (i,ii).*  
**Ministry of Livestock & Fisheries Development (North - Western Province)**
- Paragraph 60(59) *Accounting and Other Irregularities – As regards the latest position on issues raised in b & c.*  
**Ministry of Agriculture & Cooperatives**
- Paragraph 61(60) *Accounting and Other Irregularities – The current position on the issues raised in b to e.*  
**Ministry of Agriculture & Cooperatives (Agribusiness & Marketing Department)**
- Paragraph 62(61) *Accounting and Other Irregularities – Latest position on the issues raised in a, b (i,iv, ), c,d,e,f, h & j(ii,iii).*  
**Ministry of Agriculture & Cooperatives (Copperbelt Province)**

*Paragraph 63(64) Accounting and Other Irregularities – As regards the latest position on issues raised in a to f.*

***Ministry of Agriculture & Cooperatives (Southern Province)***

*Paragraph 64(63) Accounting and Other Irregularities – The current position on the issues raised in a, b, d to g*

***Ministry of Agriculture & Cooperatives (Northern Province)***

*Paragraph 65(64) Accounting and Other Irregularities – Latest position on the issues raised in b to e.*

***Ministry of Agriculture & Cooperatives (Southern Province)***

*Paragraph 66(65) Accounting and Other Irregularities – The current position on the issues raised in a to e.*

***Ministry of Agriculture & Cooperatives (Eastern Province)***

*Paragraph 67(66) Accounting and Other Irregularities – Latest position on the issues raised in a, b, c & e.*

***Ministry of Agriculture & Cooperatives (North Western Province)***

*Paragraph 68(67) Accounting and Other Irregularities – The current position on the issues raised in a to c.*

***Ministry of Agriculture & Cooperatives (Lusaka Province)***

*Paragraph 69(68) Accounting and Other Irregularities – On the progress made on issues raised in c (ii).*

***Office of the President – Lusaka Province***

*Paragraph 70(69) Accounting and Other Irregularities – Latest position on the issues raised in a to e.*

***Office of the President – Lusaka Province (PRP)***

*Paragraph 71(70) Accounting and Other Irregularities – The current position on the issues raised in a, b, c, d, e(i,ii) & g .*

***Office of the President – Lusaka Province***

*Paragraph 72(71) Accounting and Other Irregularities – Latest position on the issues raised in a, b, c, d(i,ii,iii,iv,v,vi) , & e.*

***Office of the President – Copperbelt Province***

*Paragraph 73(72) Accounting and Other Irregularities – The current position on the issues raised in b & d.*

***Office of the President – Copperbelt Province***

*Paragraph 74(73) Accounting and Other Irregularities – Progress made on the issues raised in a to j.*

***Office of the President – Copperbelt Province (PRP)***

*Paragraph 75(74) Accounting and Other Irregularities – Progress made on the issues raised in a, b, c, e, g (i) & h.*

***Office of the President – Copperbelt Province***

*Paragraph 76(75) Accounting and Other Irregularities – The current position on the issue raised in a, b, e & f.*

***Office of the President – Central Province***

*Paragraph 77(76) Accounting and Other Irregularities – Progress made on the issues raised in a.*

***Office of the President – Western Province***

*Paragraph 78(77) Accounting and Other Irregularities – The current position on the issues raised in b, c, d,e, f & g (i,ii,iv).*

***Office of the President – Western Province***

*Paragraph 79(78) Accounting– Progress made on the issues raised in b, c, f, & g.*

***Office of the President – Western Province***

*Paragraph 80(79) Irregularities in Accounting for Funds – Progress made on the issues raised in a to c (i).*

***Office of the President – Western Province***

*Paragraph 81(80) Accounting and Other Irregularities – current position on the issues raised in b & c.*

***Office of the President – Eastern Province***

*Paragraph 82(81) Accounting and Other Irregularities – Progress made on the issues raised in a & e.*

***Office of the President – Eastern Province***

*Paragraph 83(82) Accounting and Other Irregularities – The current position on the issues raised in a (ii),c & d(i).*

***Office of the President – Eastern Province***

*Paragraph 84(83) Accounting and Other Irregularities – Latest position on the issues raised in a.*

***Office of the President – North Western Province***

*Paragraph 85(84) Accounting and Other Irregularities – The current position on the issues raised in a, b, d & e .*

***Office of the President – Southern Province***

*Paragraph 86(85) Accounting and Other Irregularities – Whether the issues raised in a, b, c, d, f,g h, & I (ii)have been addressed .*

***Office of the President – Southern Province***

*Paragraph 87(86) Accounting and Other Irregularities – The current position on the issues raised in a to c & e to h.*

***Office of the President – Southern Province***

*Paragraph 88(87) Accounting and Other Irregularities – Progress made on the issues raised in a to d .*

***Office of the President – Southern Province***

*Paragraph 89(88) Accounting and Other Irregularities – Progress made on the issues raised in a, b, c, d & f(ii).*

***Office of the President – Southern Province***

*Paragraph 90(89) Accounting and Other Irregularities – Progress made on the issues raised in a to d.*

## **APPENDIX 2 - GLOSSARY OF TERMS**

<b>Accountable Documents</b>	Documents such as receipts, licences, certificates, discs or tokens and others used in the collection of Revenues.
<b>Controlling Officer</b>	An officer designated as such by the Secretary to the Treasury to maintain accounts of a Ministry, Province or Spending Agency.
<b>Delayed Banking</b>	Failure to bank moneys received not later than the next business day or at least twice every month where banking facilities do not exist.
<b>Excess expenditure</b>	Expenditure incurred without the authorisation of National Assembly normally above the authorised budget amounts.
<b>Failure to Follow Procurement Procedures</b>	Non-Compliance with the ZPPA Act and Procurement guidelines in the purchase of goods and services.
<b>Irregular payments</b>	Payments made outside the normal practice or acceptable regulations or norms.
<b>Irregularity</b>	Breach of rules, regulations or laws.
<b>Imprest</b>	Funds or monies issued out to facilitate payments of a minor nature, meet expenses when the officer is travelling on duty or to facilitate the purchase of goods and services whose value cannot be ascertained at the time.
<b>Misapplication</b>	Use of funds budgeted for a programme on an unrelated programme without authority from the Secretary to the Treasury.
<b>Misappropriation</b>	Use of public funds for personal purposes or crediting public funds to a private bank account.

<b>Non-Recovery of advances and Loans</b>	Failure to effect recovery of loans or advances.
<b>Overpayments</b>	Payments made above the normal price charged.
<b>Parliament</b>	Legislative organ of Government
<b>Public Accounts Committee (PAC)</b>	A sessional committee of the National Assembly established in terms of the standing orders. PAC examines the Auditor General's Report, as part of their mandate of examining the accounts showing the appropriation of the sums approved by the National Assembly.
<b>Unaccounted For Revenue</b>	Revenue collected but neither banked nor on hand.
<b>Statement B</b>	Statement of budget execution. This highlights the budget performance of the Government during the period under review.
<b>Statement C</b>	Statement of detailed budget execution (Comparative statement of authorised provision and actual expenditure)
<b>Unvouched Expenditure</b>	Payment vouchers not availed for audit because they are either missing or inadequately supported. This may be a means of concealing a wrong doing
<b>Unretired Imprest</b>	Imprest not retired.
<b>Unauthorised expenditure</b>	Funds spent for the purpose not intended for or in excess of the allocated amount.
<b>Unacquitted payments</b>	Payments made without evidence of having been received by the intended beneficiaries.
<b>Unapproved payments</b>	Payments made without the necessary approval from the Controlling Officer.
<b>Unaccounted-For Stores</b>	Lack of receipt and disposal details for goods procured.

<b>Undelivered Materials</b>	Goods paid for but not received.
<b>Non-Submission of Expenditure Returns</b>	Failure to provide details of how funds disbursed were utilised.
<b>Unaccounted for Funds</b>	Failure to properly account for the funds.
<b>Wasteful expenditure</b>	Expenditure incurred where there is no benefit derived.
<b>Reconciliation</b>	The process of ensuring that two (2) sets of records are in agreement.

