

Office of the Auditor General

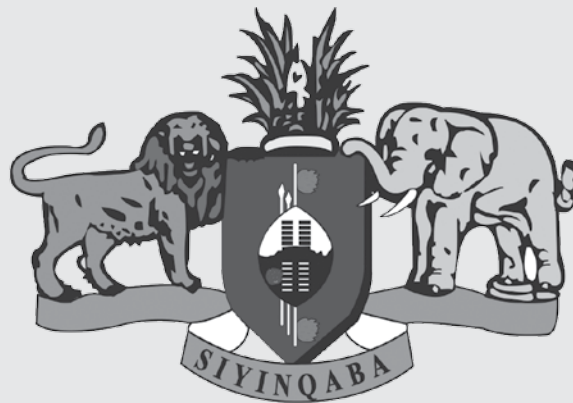


Report of the Auditor General for the Financial Year Ended 31st March 2015

SPEND WISELY



TO ACHIEVE DEVELOPMENT



The Kingdom of Swaziland

**REPORT OF THE AUDITOR GENERAL
ON THE WORK OF THE OFFICE OF THE AUDITOR GENERAL
AND ON THE GOVERNMENT ACCOUNTS OF THE
KINGDOM OF SWAZILAND
FOR THE FINANCIAL YEAR ENDED**

31ST MARCH 2015



The Kingdom of Swaziland

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

Ministry of Finance
P.O. Box 443
Mbabane, H100
Swaziland

Your Honourable,

In accordance with Section 207 (5) of the Constitution of Swaziland, I have pleasure and honour to submit my report on the Audit of the Accounts of the Government of Swaziland for the financial year ended 31st March, 2015.

Yours Faithfully.



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

The Speaker of the
House of Assembly in Parliament

C E R T I F I C A T E

Report on the Financial Statements

I have audited the accompanying financial statements of the Swaziland Government for the year ended 31 March 2015. These financial statements comprise the annual financial statements and the various trading accounts and the related statements of revenues and expenditures for the year then ended, and a summary of significant accounting policies and other explanatory information.

Accountant General's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards for Supreme Audit Institutions. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

a) Misstatements of bank balances in the Consolidated Statement of Assets and Liabilities

The Consolidated Statement of Assets and Liabilities, for the fiscal year ended 31st March 2015, reflected an overdrawn bank balance, of E4 850 402 356.36. This implies that Government

operated at an overdraft during the year 2014/2015. This misstatement is supported by the presentation of overdrawn bank balances (understatement of bank balances) and the overstatement of bank balances in the financial statements. For example, the General Account depicts an overdrawn balance of E9, 060,325,660.50 at the financial year ended 31st March 2015 in the Annual Treasury Accounts, yet the bank statement shows a bank balance of E28,931, 782.83 at the Central Bank of Swaziland; and the other understated bank accounts (Teachers Account, MOF Disbursement Salaries Account, SWD Government 5yr Bond, Resettlement Advance Account, and Fuel Tax Special Account) were misstated by E4,087,490,172.10 in aggregate. While, the overstated bank balances aggregate to E7,770,726,827.59, which include Salaries Account, Cashiers Account, MOF Disbursement General Account, South African Reserve Bank, Capital Fund Account/Chinese Grant, SWD Government 3yr Bond, and PAYE Account. This confirms that the monthly bank reconciliation was not done by the Accountant General. Hence, the true position of moneys (funds) held by the Government of Swaziland in its banks, at year-end, was distorted.

(b) Undisclosed/understated Revenue

In the financial year ended 31st March 2015, I found that Revenue of E 1, 316, 199, 911.36 was not disclosed in the Detailed Statement of Revenue/Income Statement. The audit confirmed that the total revenue collected for the year ended 31st March 2015 was E15,176, 276, 491.85, however, E13,860,076,580.49 was reported in the Detailed Statement of Revenue. The Swaziland Revenue Authority (SRA) revenue collections, amounting to E1,230,039,786.86 was not captured in the Government Accounting System, hence, it was not disclosed in the Income Statement (Treasury Books of Accounts). The revenue received from SRA of E7,204,508,000.00 was partially captured in the Government Accounting System as E5, 974,468,213.14. This was due to the late submission of the SRA classification revenue item report to the Accountant General, which was submitted at the closing date of the Government Accounts, on 30th September 2015, which was the submission date of the accounts to the Auditor General for audit purposes. Further, dividends of E86,160,124.50 received from the Government's shareholding investments in companies was not disclosed in the Income Statement.

Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Swaziland Government, as at 31st March 2015.

Other Matters

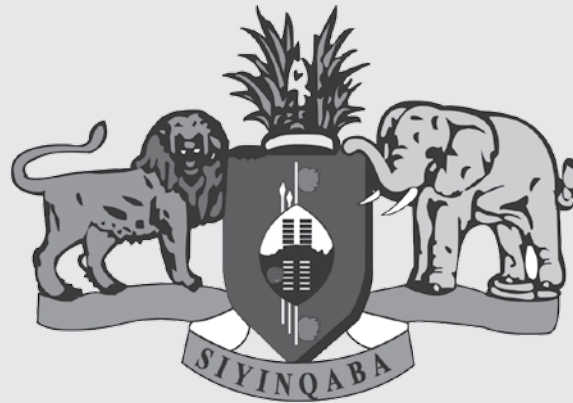
Also, my report includes matters relating to previous financial years' budget. Due to materiality by nature and context, they are significant matters.



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

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The Kingdom of Swaziland

PART A

INTRODUCTION

Introduction

Audit of Public Accounts

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

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

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

Scope of Audit

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

The scope of the audit covered, on test basis, revenue collection, proper expenditure authorization, in terms of the Appropriation Act, Capital Projects Expenditures, The Swazi National Treasury, The Swazi National Trust Commission, the Kings Office, the Swaziland Revenue Authority – revenue collection only, and the Missions, abroad.

However, reports on the performance of budgets of the Swazi National Treasury and the Kings Office are laid before the Board of Trustees, because their laws direct so.

Performance Audit

The Audit Act No. 4 of 2005 Section 13 (1) requires me to conduct Performance Audit of the various programs of Government Ministries, Departments and Agencies. During the year under review, I was able to table five (5) Performance Audit Reports in Parliament.

However they are yet to be debated by the oversight Committee. Further, Section 13 (3) of the same Audit Act, requires me to investigate into the operations of the financial affairs of any Public Enterprises or Corporations, where I consider it to be in the interest to do so. It should be noted that auditing is a necessary structure which is constitutionally mandated to provide assurance on the utilization of public funds and the safeguarding of the state resources.

Audit observations are intended to give advice for improvement and reforms in the administration of the public purse. They are merely encouragement of prudent utilization of public resources, for transparency and accountability.

Although anomalies and gaps exist in the Public Administration System, some Controlling Officers are committed to correct and improve efficiency in the government operations.

Induction of Civil Servants on the Terms and Conditions

The Controlling Officer in the Ministry of Public Service is applauded for providing the induction to the civil servants on the terms and conditions so that they may be aware of the government business processes. Presentations were conducted to ten (10) Ministries and Departments by the Ministry of Public Service, however some were still outstanding. Such initiative is highly encouraged so that efficiency can be improved.

The presentation covered broadly the Terms and Conditions of service in Government and enlightened the rights and obligations of the employer and employee.

Accounting Policies

The Accounting Policies, rules, regulations and procedures, still date back to 1968. However, Government has embarked on a major public finance reform in order to align itself with the current International Accounting and Auditing Standards.

Even, though the sets of Policies, Regulations and Procedures existed for many years, they are still effective internal controls to account for the appropriated budget by Parliament and the expenditure incurred is economically and efficiently used for intended purposes.

Government accounts are prepared on cash basis. Budget authority commences on the 1st April and lapses on the 31st March each year. Any unutilized appropriated funds or savings should be remitted back to the Consolidated Fund. However, there is a provision for authority to carryover funds to the following year for completion, much needed, or urgent services.

During the year under review, there are no apparent improvements in the Government systems. The same anomalies reported on in the previous years' still exists.

Perhaps with the introduction of the Accountability Index, the budget would be protected against abuse, waste, embezzlement, override of controls, fraud and corruption.

My audits for the financial year ended 31st March 2015 uncovered the following weaknesses which need critical attention or review.

Budget Planning

Due to the fact that resources are scarce worldwide, it is imperative or time has come that the Government of Swaziland adopts the project based budgeting system or align budget with the Strategic Plans, drawn. It becomes easy to prioritise the use of funds, monitor the budget execution because it is measurable. Above all it contributes to the efficiency of service delivery and eventually to the development of the country.

Budget based on control line items is out of date and has proved to be costly for Government. It causes Ministries, Departments and Agencies to buy furniture or equipment almost every year or change it before five (5) years when it has not become old or worn out, just because funds were budgeted under those items.

Medium Term Expenditure Framework

The Medium Term Expenditure Framework (MTEF) was introduced during the financial year ended 31st March 2014. This system of budget was piloted in ten (10) Ministries. Such efforts were commended as a break through to introduce a system that will account for the appropriated funds. But the MTEF system was never implemented during the fiscal year 2014/2015. To date, no update was furnished for the non-implementation.

Standardisation of School Fees

During the ninth Cabinet, the Ministry of Education and Training was assigned to assess the of school fees charge throughout the secondary and high schools in the country and come up with the standard fees to be paid, in all schools. The outcome of this exercise has not been communicated, to date.

Civil Service Commission Secretariat

It has been observed that Civil Service Commission Secretariat mislead the Commission in decision making for the promotions and transfers. The Secretariat sometimes table before the commission, promotions and transfers without the knowledge of the Controlling Officers/Head of Department where the candidates are stationed.

Such has occurred at the Ministry of Finance when three (3) vacancies of Director Budget and Principal Finance Officers were filled. The replacement of the vacancies came as a directive from the Civil Service Commission without the involvement of the Controlling Officer, Ministry of Finance. Another scenario, is two Audit Officers which were promoted from the Audit Cadre to the Accountancy Cadre whilst on probation without following the necessary procedures and involvement of the Auditor General, who is Head of Department.

This action side-lined the laid down Regulations and Procedures and pose a risk of law suits when the decisions are reversed. Moreover, it impacts negatively on operational plans.

Suspension of the Underwriting Clinic

In my Audit Report of 2012, I revealed that **E34 million** under the Compensation Budget money had been mismanaged at the Workmen's Compensation Unit over a ten year period from the year 2000 to the year 2010. Thus I recommended institutionalization of mandatory medical underwriting as prerequisite for all medical workman compensation claims. As a result of the recommendation, the Department of Labour in the Ministry of Labour and Social Security inaugurated a Medical Underwriting Clinic.

However, the Commissioner of labour has suspended the underwriting clinic that has so much contributed in the reduction of undeserving workman compensation claims. As an example; during the period from January 2015 to August 2015, a total of 137 government workman compensation claims, totalling to **E6 726 216.90**, submitted, were reduced by **E1 976 026.17 (29.38%)** to **E 4 750 190.73** after the assessment by the Underwriter.

The Swaziland Workmen's Compensation Act No. 7 of 1983, explicitly provides for medical underwriting in Section 14 (5), reference by the law to a "competent person" with "expert knowledge". It is a serious concern that the Commissioner would rather pay underserving claims and fraudulent claims than to have internal controls that aim to ascertain authenticity, accuracy, appropriateness and justification of workman compensation claims before payments may be made.

Central Transport Administration (CTA)

The General Transport Manager sometimes recalls vehicles from Ministries and Departments to assist in the operations of other assignments such as Immunisation Programme and distribution of Elderly Grants. These vehicles are not properly managed and controlled, whenever they are removed from the Ministries. The vehicles are borrowed from the Ministries for indefinite time frames, and returned with dents, exceeded service mileage and without handover inspection and recording of the condition of the vehicles and its tools and equipment, as per the Stores Regulations Part II.

I am aware that this arrangement is for good intention, that is sharing and saving resources but instead of achieving that, it contributes to abuse, waste of resources.

There is need for the CTA to devise proper control systems that will ensure that the vehicles are properly accounted for whilst away and to compensate Ministries and Departments for maintenance costs charged whilst not under the custody of the Ministry concerned.

Housing Allowance

During the opening of the fifth session of the ninth Parliament, Public Service was urged to operate business like in the private sector. Ministries and Departments did not take heed of the advice because there are some inefficiencies demonstrated in obtaining authorities of late payment of housing allowances.

Ministries and Departments request authority for late payment of housing allowance from the Ministry of Public Service for claims which date back from 1995 to 2015, 20 years, and 2013 to 2015 that is ranging from 20 years back to 2 years back. The claims were paid from the current budget yet they relates to a long elapsed budget.

Ministries and Departments with such practice are:

Ministry/Department	Period	Amount Claimed (E)
Police	01/10/1995 to 22/09/2015 (20 years) 240 months	460, 652.72
Health	09/10/2007 to 24/09/2014 (7 years, 9 months) 95 months	227, 833.18
Housing and Urban Development	19/05/2013 to 30/05/2015 (2 years) 24 months	159, 189.52
Natural Resources and Energy	30/09/2003 to 23/09/2015 (12 years) 145 months	27, 047.00
Justice and Constitutional Affairs	04/09/2014 to 20/09/2015 (1 year) 12 months	6, 423.80
Public Works and Transport	01/10/1995 to 31/03/2015 (20 years , 1 month) 242 months	139, 400.00
Agriculture	02/01/2004 to 31/11/2014 (10 years, 8 months) 130 months	11, 161.31
Total		1,031,707.54

This demonstrates laxity on the part of the Human Resources Officers who should induct newly recruited officers on the terms and conditions of service in government. It is also a drain to the budget because the claims relates to the years not claimed for and defeats the internal controls to safeguard fraudulent claims.

Special Bank Accounts

It has been observed that Ministries and Departments open Special Bank Accounts in the Commercial Banks without the Knowledge of the Accountant General. In this manner, it indicates that they overrode Financial and Accounting Instruction 0302. These accounts are operated by Ministries and Departments but were never submitted to the Auditor General for audit purposes. Sources of funding of these accounts are public funds and therefore Controlling Officers are breaching the Finance Management and Audit Act of 1967 and the Constitution of the Kingdom of Swaziland.

Examples of Ministries with such bank accounts are:-

- Ministry of Information and Technology
- Judiciary
- Ministry of Public Works – Road Safety Council

Income and disbursements in these accounts have never been authenticated. Most Controlling Officers are reluctant to disclose these accounts to the Accountant General.

Micro Project Unit

Micro Project Unit is an institution operating under the Ministry of Economic Planning and Development. This Unit continues to receive public funds from the various Ministries and Departments for the implementation of capital projects, mainly for construction works. This Unit has opened bank accounts for each Ministry's funds where expenditures are incurred in respect of the projects. The whole project funds from Ministries and Departments are transferred to Micro Project Unit to implement the projects. The funds are spent outside the Government Accounting System, hence these funds are not accounted for, by the Accountant General.

The bank accounts and details of expenditure incurred is not submitted to Auditor General for audit purposes. The savings/balances from expenditure are not remitted back to the Consolidated Fund, as per the Finance Management and Audit Act. In that way, this breaches the principles of transparency and accountability. The use of public funds is concealed. Further, there are no returns and progress reports submitted to the Controlling Officers of the responsible Ministry, Accountant General, Ministry of Economic Planning and Development, Ministry of Finance, and Auditor General.

It is a great concern that the Micro Project possess all the necessary expertise to carry out such big projects for the Government.

Public Enterprises

The Government of Swaziland maintains equity investments in both category A and B Public Enterprises. The equity investments in these public enterprises are expected to yield returns, and attain sustainable growth and development through efficient and effective operations. The financial statements and affairs of the Public Enterprises are not included in the Public Accounts of the Government of Swaziland. Hence they are not audited by my office but by private auditors as their laws dictate, except for the Swaziland National Trust Commission, Central Transport Administration (CTA) and the Swaziland Revenue Authority (Revenue Collection Only).

a) Category A Public Enterprises

Category A public enterprises are those enterprises that are either wholly owned by Government or in which Government has a majority interest or which is dependent upon government subvention for its financial support. For the period under review, there were forty-nine (49) Category A Public Enterprises in the Kingdom of Swaziland.

As mandated by section 21 of the Audit Act No. 4 of 2005 and the Public Enterprise Unit (PEU) Circular No. 3/2008, dated 29 July 2008, the category A Public Enterprises are required to submit, to me, their audited annual financial statements, reports on the financial statements and management letters every year. Further, the Parliament resolved that all Public Enterprises' audited financial statements be submitted to the Auditor General for review before being tabled in Parliament, by the relevant Minister.

During financial year 2014/2015, out of the 45 category A Public Enterprises, 32 category A public enterprises submitted their Audited Financial Statements and other reports to my office for review. Out of the 32 Public Enterprises, 16 of them were behind schedule and only submitted their previous year's (2013/2014) Audited Financial Statements on time for the review purposes, and they submitted their current year 2014/2015 after the deadline, 30th September 2015.

In addition to the 16 Public Enterprises that are behind schedule, there are seven (7) Public Enterprises that did not submit their Audited Financial Statements in the current year 2014/2015, as listed below.

Public Enterprises	Ministry or Department
1. Swaziland Civil Aviation Authority	Public Works and Transport
2. Swaziland Revenue Authority	Finance
3. National Industrial Development Corporation of Swaziland	Finance
4. Swaziland Standard Authority	Commerce
5. Financial Services Regularity Authority	Finance
6. Siteki Good Shepherd Hospital	Health
7. Swaziland National Council of Arts and Culture	Sports and Culture

The other six (6) are relatively new and/or classified as category A Public Enterprises, and listed below.

New Public Enterprises - 2014/2015	Ministry of Department
1. Swaziland Energy Regularity Authority	Natural Resources
2. Public Service Pension Fund	Public Service
3. Swaziland Christian University	Education
4. Swaziland Communication Commission	Information, Communication and Technology
5. Swaziland Public Procurement Agency	Finance
6. Baphalali Swaziland Red Cross	Health

Dormant Public Enterprises: The other two (2) Public Enterprises are latent/dormant. These are Swaziland Commercial Board and Swaziland Tourism Development Board. It is believed that the government is yet to decide about the future prospects of these enterprises, because their bank accounts continue to incur bank charges, which depletes bank balances.

On the other note, I am pleased to report that the Disciplinary Tribunal has been revived, and I hope that its existence will significantly contribute to the efficiency and effectiveness of the Public Enterprises' operations in order to achieve self-sustainability (sustainable income and development).

b) Category B Public Enterprises

Category B public enterprises are those public enterprises or bodies in which Government has a minority interest. In the Category B public enterprises, Government has investments in the form of shareholding and receives annual dividends, accordingly. Dividends represent a return on the owners' equity investment in a firm. From its ownership rights in companies where it holds shares, the Government is entitled to the same treatment as other similar shareholders, including the distribution of dividends.

In the year 2014/2015, the Government received a return of E96, 461,955.09 on its equity investment in Category B public enterprises. However, I am concerned that there is poor record keeping of returns on these government investments in the Ministry of Finance, lack of timely reconciliation in the Treasury Department and lack of proper referencing in bank transactions, which subsequently affected the disclosure of dividends received, in the government's books of account, understating revenue collection for the year.

Office of the Auditor General

The Office of the Auditor General is the Supreme Audit Institution (SAI) of Swaziland that serves public interest by providing Parliament with independent and impartial information about the public sector performance and accountability, and provides an assurance on the State resources and enhance the credibility of the public sector. The work of my Office enhance public confidence by strengthening the transparency, accountability, integrity and performance of public sector entities; thus demonstrates ongoing relevance to citizens, Parliament and other stakeholders, while strives to be a model institution that lead by example. The Office of the Auditor General focuses on the delivery of high-quality audit services, reports, to ensure the value and benefits are provided to the citizens, by shifting effort to issues that matter and that will make a difference, and by significantly improving the operations of the public sector and the lives of the citizens.

A properly resourced Audit Office contributes immensely to the achievement of the National development initiatives or programmes. At the moment, the Office of the Auditor General is assessed to be at the development stage, level 2 of the African Organisation of Supreme Audit Institution of English-speaking's (AFROSAI-E's) Institutional Capacity Building Framework (ICBF), which clearly defines the requirements in order to achieve the required performance level. But the Office is aspiring to reach established stage, level 3 and beyond. As result, the

Office needs to re-organise itself to meet the standard requirements of audit quality control. In complying with these requirements there is also a need to create the posts of Assistant Auditor General.

The issue of very low salaries that are paid to the Office of the Auditor General staff is a thorn in the flesh for my office and to me personally since it has not been addressed for over a decade despite my continuous pleas to the relevant authorities about the gaps. The audit officers are paid lower salaries than the Accountancy Cadre (Treasury Department) and Internal Audit Cadre, yet they undertake an overall review of the performance of government ministries and departments. These cadres often recruit officers from the Office of the Auditor General. As such, the Office of the Auditor General is experiencing a high staff turnover as it has become a recruiting ground, induced by the lower level of salaries. Moreover, the low salaries create a temptation risk to the audit officers. Therefore, it is my humble plea that this issue may be considered.

Training and Career Development of Audit Staff

The Audit Cadre is a specialized professional, which requires the fully compliance with International Standards for Supreme Audit Institutions (ISSAIs) and suitably qualified audit officers and continuous professional development that entails relevant professional and training on auditing concepts and principles as well as the updated Accounting and Auditing Standards. The development of professional skills and capacity building of the auditors requires training budget in each year. This will ensure that the auditors are adequately capacitated, well-informed and updated with relevant auditing standards (with professional knowledge) to carry out the audits in a professional manner, since auditing has ever-emerging risks. At the moment few officers are pursuing professional training using their own funds and time, because the Office of the Auditor General does not have the training budget, but solely depends/relies on the mercy of the Ministry of Public Service, which is one of the auditees. Despite my numerous pleas, the Ministry of Public Service has not yet financed even a single officer on the professional qualification. It appears that this is intended to compromise the Performance of the Office of the Auditor General, in order to protect the Ministries from being queried about their accountability and performance.

To assist the Supreme Audit Institutions including my office the African Organisation of Supreme Audit Institutions for English-speaking countries (AFROSAI-E) and its partners have undertaken a number of development initiatives. The Office of the Auditor General has signed a Memorandum of Understanding with AFROSAI-E to offer capacity support to the SAI of Swaziland during the fiscal year 2013/2014. As such, during the year 2014/2015 AFROSAI-E made giant strides towards capacitating the Office of the Auditor General.

The Office hosted the training and all officers were able to receive the training, as depicted below.

Date	Name of Workshop	Venue	No. of Participants
26-30 May 2014	MDP for Senior Managers and Operational Managers	Mananga Training Centre	20
16-27 June 2014	Regularity Audit Manual (Audit Flow)	Mananga Training Centre	60
15-19 September 2014	Supervision and Review Workshop for Senior and Operational Managers	Sibane Hotel	30
22 September - 3 October 2014	Data Analysis and MS Excel for Regularity Auditors	Mananga Training Centre	60
23-27 March 2015	IT Audit Workshop for Regularity Auditors and IT support staff	Mananga Training Centre	30

The AFROSAI-E training has facilitated the full adoption and implementation of ISSAIs. The IT audit training has resulted to the launch of an IT Audit Unit in 2015/2016. In addition, the Office was able to send officers to workshops held outside the country. The following workshops were attended in 2014/2015.

Date	No. of participants	Training	Location
1 st to 6 th March 2015	3	Customization of the Performance Audit Manual	Pretoria, South Africa
15 th to 21 st March 2015	2	SAI/PAC Review Workshop	Pretoria, South Africa
22 nd to 28 th March 2015	1	Seminar on Integrity and Transparency	Szarvas, Hungary
11 th to 17 th May 2014	4	Customization of Regularity Audit Manual	Pretoria, South Africa
2 nd to 7 th June 2014	1	Leadership Workshop for Deputy Auditors General	Pretoria South Africa
2 nd to 6 th June 2014	2	Regional Workshop on Public Debt Audit	Namibia
5 th to 11 th October 2014	2	Annual	Pretoria, South Africa
18 th October to 16 th November 2014	1	Performance Audit Course	Noida, India
16 th to 22 nd November 2014	2	Regularity and Performance audit Refresher courses	Pretoria, South Africa
16 th to 29 th November 2014	2	SAI/PAC Communication Toolkit workshop	Pretoria, South Africa
10 th January to 8 th February 2015	1	Audit of Social Sector Schemes	Noida, India

Auditors are trained in different types of audits and are familiarized with manuals, working papers and guidance materials; hence, training leads to improved auditing and reporting thus improved public sector finance management. The training capacitates the auditors and enhances motivation to attain job satisfaction that will enable them to carry out the job with passion.

Budget of the Office of the Office of the Auditor General

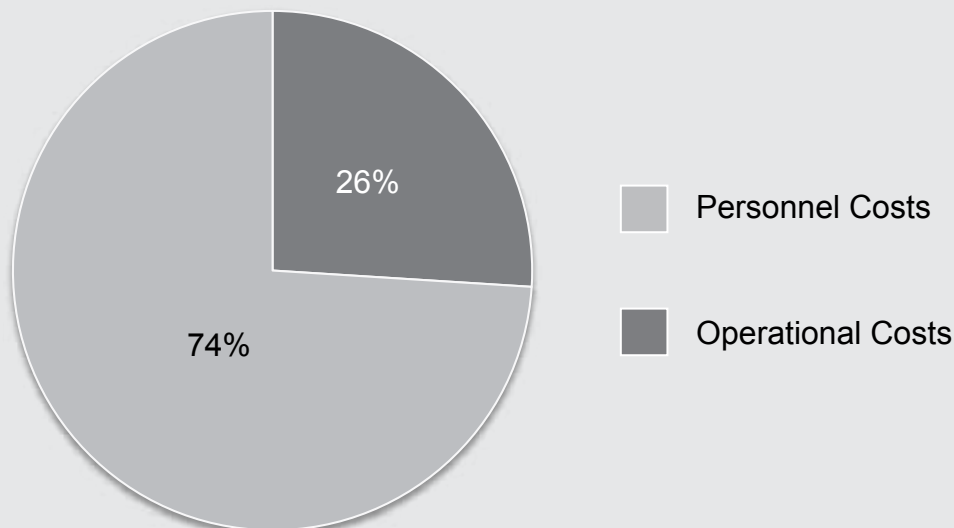
The budget of the Office of Auditor General does not commensurate with the expected audit outputs as per requirement of the International standards of supreme audit institutions; the Office is expected to audit 100% of the budget each year, or at least 75% of the audit coverage. As a result, there are some Ministries and Departments which have not been audited for quite sometime, including Missions abroad. During financial year 2015/2016, most Ministries and Departments received supplementary budgets, but the Office of the Auditor General was excluded yet it is the sole office that provides assurance on the utilisation of the budget whether it has been spent for the purposes intended and whether funds were spent wisely to achieve desired national development initiatives. Despite my several appeals to the Ministry of Finance, it is reluctant to implement Section 22 of the Audit Act No.4 of 2005, regarding budget allocation.

The budget of the Office of the Auditor General for the year 2014/2015 was E 16,292,080.00 while the National Budget stood at E13, 728,383,848.00. The larger portion is absorbed by personnel costs which are 73.65% and operational budget remains inadequate, at 26.35%, thus limiting the audit scope. This indicates that a larger share of the budget is attributed to personnel costs instead of the operations of the office.

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

Expenditure	2014/2015		2013/2014		2012/2013	
	E	%	E	%	E	%
Personnel costs	11,998,674.00	73.65	10,250,822.00	74.84	10,934,943.00	83.76
Operational costs	4,293,406.00	26.35	3,445,891.80	25.16	2,119,863.00	16.24
Total Budget	16,292,080.00	100.00	13,696,713.80	100.00	13,054,806.00	100.00

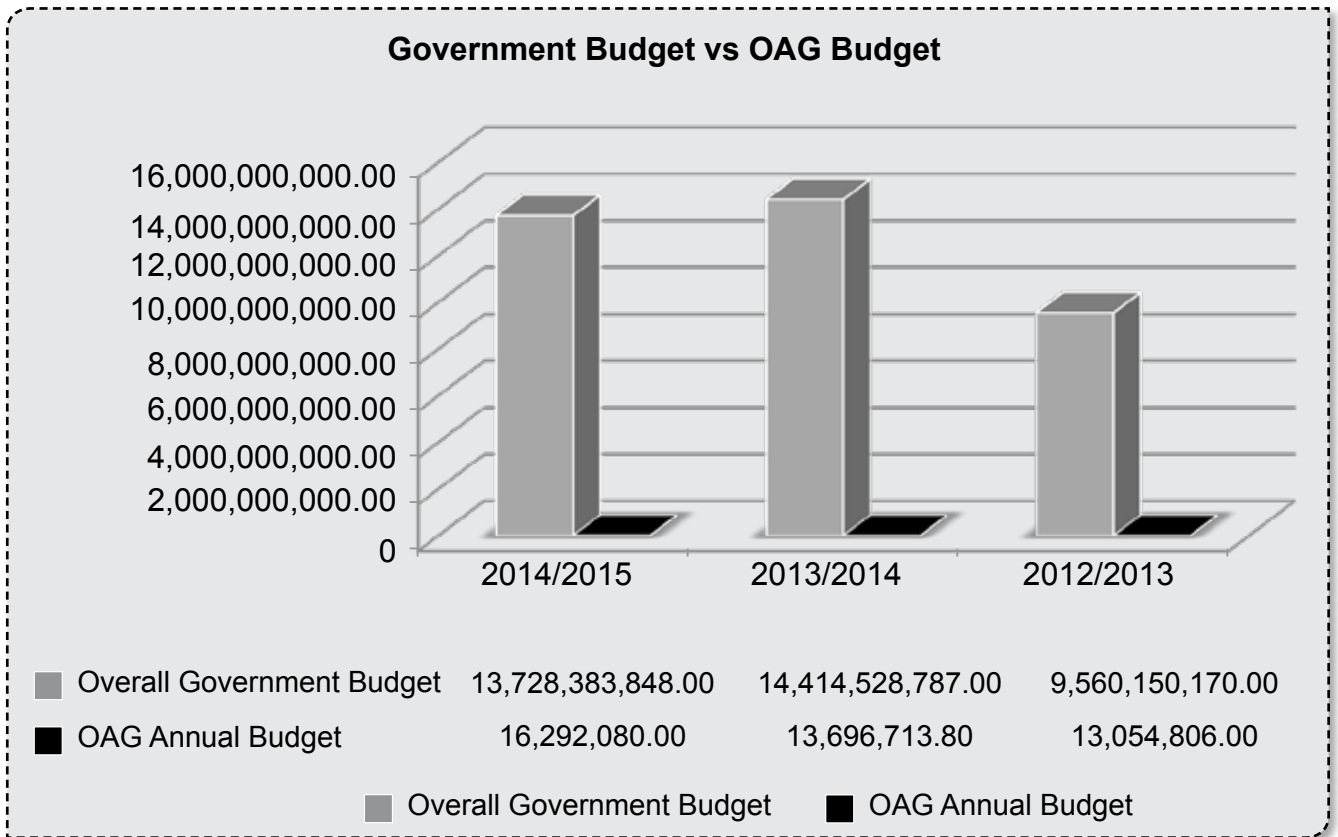
Budget for the Fiscal Year 2014/2015



Government Budget Vs OAG Budget

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

Description	2014/2015	2013/2014	2012/2013
Overall Government Budget	13,728,383,848.00	14,414,528,787.00	9,560,150,170.00
OAG Annual Budget	16,292,080.00	13,696,713.80	13,054,806.00
In percentage (%)	0.12%	0.10%	0.14%



The above graph indicates the meagre budget of the Office as compared with the overall government budget.

Public Accounts Committee (PAC)

The Public Accounts Committee consists of 12 members of Parliament and provides oversight responsibility on Public Administration. The main function of the Public Accounts Committee (PAC) is to scrutinize the accounting and financial matters raised by the Auditor General. The PAC deliberates the reports of the Auditor General tabled in the Parliament and conducts inquiries into issues contained in the reports, by calling on Controlling Officers, in Ministries. The Auditor General attends the PAC meetings and provides clarifications on the report and other audit issues raised by the committee. Also, the Auditor General and/or her representatives assist PAC in their examination of witnesses, during the deliberations. The PAC reports its findings, conclusions and recommendations to the House of Assembly in Parliament, that once adopted become Parliament resolutions.

Rights and Powers of the Committee (PAC)

Following is an overview of the most important powers (rights) of the Committee.

- The Committee has the right to investigate or review all past, current and committed expenditures of government and organisations receiving funds from government.
- The Committee has the right to request on its own initiatives, the Auditor General to perform review tasks.

- The Committee has the right to access all financial information and other documents, as it deems necessary for its investigation except for those that are privileged or secret in the narrowest sense of the law.
- The Committee has the right to call upon witnesses.

The Office of the Auditor General and PAC play critical, imperative and mutually dependent roles in supporting the Parliamentary oversight function and enforcing robust financial management of public funds and resources.

Submission of Treasury Annual Accounts

The Treasury Annual Accounts were submitted on the 30th September 2015, by the Accountant General, for the purpose of audit. The Accountant General is appreciated for adhering to the Finance Management and Audit Act No. 18 of 1967, as amended in 1992, which requires that the Accountant General submits the accounts 6 months after the close of the financial year.

Accountant General is responsible for the accountability of all the State resources. However, it is disconcerting to note that the Accountant General continues to present misleading financial statements, the accounts are still pervasive; there are no improvements to ensure that the financial statements reflect a true picture.

My audit revealed that there are significant misstatements and anomalies in the Treasury Accounts, which include:

- **Misstatements of bank balances in the Consolidated Statement of Assets and Liabilities**

The Consolidated Statement of Assets and Liabilities, for the fiscal year ended 31st March 2015, shows an overdrawn bank balance of E4 850 402 356.36. This implies that Government operated at an overdraft during the year 2014/2015. This misstatement is supported by the presentation of overdrawn bank balances (understatement of bank balances) and the overstatement of bank balances in the financial statements. For example, the General Account depicts an overdrawn balance of E9,060,325,660.50 at the financial year ended 31st March 2015 in the Annual Treasury Accounts, yet the bank statement shows a bank balance of E 28, 931, 782.83 at the Central Bank of Swaziland; and the other understated bank accounts (Teachers Account, MOF Disbursement Salaries Account, SWD Government 5yr Bond, Resettlement Advance Account, and Fuel Tax Special Account) were misstated by E4,087,490,172.10 in aggregate.

The details are shown in the following table.

	Bank Account	Balance as per Treasury Statement (E)	Balance as per Bank Statement (E)	Variance (Misstatements) (E)
50101	General Account	(9,060,325,660.50)	28,931,782.83	9,089,257,443.33
50104	Teachers Account	(3,231,246,253.66)	431,242.08	3,231,677,495.74
50117	Fuel Tax Special Account	(195 295 618.74)		195,295,618.74

	Bank Account	Balance as per Treasury Statement (E)	Balance as per Bank Statement (E)	Variance (Misstatements) (E)
50115	MOF Disbursement Salaries Account	(326,581,119.77)	33,820,358.28	360,401,478.05
50119	SWD Government 5yr Bond	(154 000 000.00)	117,091,757.57	271,091,757.57
50125	Resettlement Advance Account	(23,000,000.00)	6,023,822.00	29,023,822.00
Total misstatements for bank balances understated as overdrafts				13,176,747,615.43

While, the overstated bank balances aggregate to E7,770,726,827.59, which include Salaries Account, Cashiers Account, MOF Disbursement General Account, South African Reserve Bank, Capital Fund Account/Chinese Grant, SWD Government 3yr Bond, and PAYE Account. This confirms that the monthly bank reconciliation was not done by the Accountant General. Hence, the true position of moneys (funds) held by the Government of Swaziland in its banks, at year-end, was distorted.

The bank balances overstated are depicted in the following table.

	Bank Account	Balance as per Treasury Statement (E)	Balance as per Bank Statement (E)	Variance (Misstatements) (E)
50102	Salaries Account	996,299,191.84	6,537,709.59	989,761,482.25
50112	Cashiers Account	57,462,081.43	80,460.41	57,381,621.02
50114	MOF Disbursement General Account	3,906,733,444.59	95,821,193.78	3,810,912,250.81
50116	MOF Disbursement Teachers Account	15,391,057.92	2,834,929.32	12,556,128.60
50105	South African Reserve Bank	2,075,526,844.00	53,321,871.99	2,022,204,972.01
50111	Capital Fund Account	542,436,796.86	52,745,602.15	489,691,194.71
50122	SWD Government 3yr Bond	361,000,000.00	69,334,469.80	291,665,530.20
50127	PAYE	96,553,647.99	0.00	96,553,647.99
Total misstatements for bank balances overstated				7,770,726,827.59

This is caused by non-reconciliation of the Treasury Accounts with the Bank Statements from Central Bank, on a weekly or monthly basis.

I am concerned that the Fuel Tax Special Account is no longer active but the Accountant General still maintains the overdrawn bank balance of E195,295,618.74 which has an adverse effect by depleting bank balances held by the Government, in the Government's books of account. This activity was handed over to Swaziland Revenue Authority (SRA).

There are inactive bank accounts that ceased to be operated yet they still appear in the Treasury Books of Account, such as, Maputo Revenue Account showing a bank balance of E774,223.29, and the Resettlement Advance Account showing an overdrawn balance of E23,000,000.00, which distort the true picture of funds held in Government's bank accounts.

- **Incompatibility of systems and non-disclosure of Revenue in the statements:** The compatibility and integration of the three systems in the SRA, Treasury Department and Central Bank of Swaziland has not been addressed, regardless of it being raised in my previous reports which expressed the importance of producing accurate and timely reports. As a result, SRA revenue collections amounting to E1, 230,039,786.86 was not captured in the Government Accounting System, hence it was not disclosed in the financial statements (Treasury's Books of Account). The revenue received from Swaziland Revenue Authority (SRA) of E7,204,508,000.00 was partially captured into the Government Accounting System as E E5,974,468,213.14. This was due to the late submission of the SRA classification revenue item report to the Accountant General, which was submitted at the closing date of the Government Accounts, on 30 September 2015, which was the submission date of the accounts to the Auditor General, for audit purposes.

Further, due to poor record keeping of returns received from the shareholding investments in companies, dividends of E86,160,124.50 were not disclosed in the Income Statement. Therefore, the revenue for the financial year ended 31st March 2015 was understated by E1,316,199,911.36. My audit confirmed that the total revenue collected for the year ended 31st March 2015 was E15,176,276,491.85, whilst the Treasury Books of Accounts reflect E13,860,076,580.49. Also, the dividends received were overstated by E67,543.60 being proceeds received from Swaziland Business Growth Trust as liquidation proceeds that were reported as dividends.

The Accountant General continues to present financial statements which do not show a true and fair view of the financial position and financial affairs of Government. This deprives the users of accurate information for planning and decision-making purposes. As a result, I have provided qualified opinion.

The major cause for this situation is lack of supervision in the operations of the Accountant General. As a result there is need to strengthen the review process on its activities.

Business Growth

I have observed that the government business has been static for over a decade. Government has invested in the Human Resource Development, but there are no new ideas to expand the government business to improve service delivery so that Government's activities may be beneficial to citizens and/or stakeholders, both socially and economically, while ensuring, efficiency viability and self-sustainability of operations.

This is evident through some of the trading accounts that are perpetually making losses or deficits, and some the Fund Accounts/Activities that are inactive.

The economic activities of the Trading Accounts: Drugs Trading Account and Central Transport Administration have been reporting deficits, which indicates poor performance of their operations.

The examples of such under-performing Trading Accounts and Fund Accounts includes:-

Trading Account	Overdrawn balance	Deficit 2014/2015	Ministry
	(E)	(E)	
Drugs Trading Account	(95,554,470.22)	(11,549,562.25)	Health
Central Transport Administration	(224,409,724.62)	(224,409,724.62)	Public Works and Transport
Protea Piggs Peak Hotel	(2,855,000.00)	-	Tourism
Police Reward Fund	(48,904.36)	-	Police

There were viable business projects such as Poultry Extension Trading Account and Police Reward Fund that were closed down, which would generate income for the government, contribute to the general account. It had economic benefits that could have been well-managed to achieve self-sustainability.

▪ **Police Reward**

The non-productive activities in the Police Reward Fund/Account confirms that the business growth in government activities has been static.

▪ **Poultry Extension Account**

I have noted with great concern the continuing submission of the Poultry Extension Account, for audit purposes, which has been inactive for the past several years. The statement submitted, continued to show an overdraft of E1, 037,930.45. My main concern is that the government equipment is lying idle in the farm, for the past 23 years. It is quite disheartening to see such expensive sophisticated equipment non-productive and a waste of public funds. The Imfumbaneni Poultry Breeding and Hatchery Project ceased to operate in the year 1993. Government resources are being wasted with regard to non-production in the farm since government continues to pay two night watchmen, labourers, a cleaner and a livestock extension officer to guard and keep the farm clean and safe. In the fiscal year 2014/2015, E699, 204.21 was spent in these non-productive operations.

The closure of the project landed a hard blow especially to smallholder farmers due to insufficient supply of day-old chicks. Considering the costs incurred as investment by the government in opening and operating the farm, it would be a wise idea to carry out a feasibility study to ascertain its viability and revive the project since it played a major role in alleviating poverty, especially among the rural populace. This might be a viable project which would generate income for the government, as a source of revenue rather than whole dependence on taxes.

It should be noted that as a nation we are expected to account for the achievements at the 50th Year Independence, in the year 2018. Therefore, the static business growth should be discouraged by the Controlling Officers, while driving the government business with innovative ideas and a passion for achieving tangible results and improving the service delivery.

Grants

It is difficult to audit the grants because of poor record keeping to ascertain whether the funds have been spent for the purpose intended. There are no documents that support grants, that may reflect the purpose and implementation performance; from the Ministry of Economic Planning and Development to the implementing Ministry.

Double Payments

I noted that the serious matter of double payments which I reported in my previous Annual Audit Report still persists in the Ministry of Health. I raised concerns that the Ministry used two payment methods to process payments which resulted to the Phalala (Special Care Medical Aid) Fund being double charged. It was surprising to note that the double payments continued to occur in the year 2014/2015 where two cheques were issued for the same invoice. At times one cheque was issued and cashed and the other cheque was printed and later cashed to make these double payments. This is a typical case that has an element of fraud that requires immediate corrective action, by the Controlling Officer.

Management of School Funds

Despite my numerous audit reports, whereby I revealed control weaknesses that makes the school finance management system open to abuse and mismanagement of schools funds, there are no corrective actions taken by the Ministry of Education and Training. There is no segregation of duties to provide control checks in the use of the school funds, one aspect the Headteacher performs all the levels of the accounting transactions. As a result, the same anomalies raised in my previous reports are still prevailing. This includes Headteachers not supporting expenditure, overriding internal controls, breaching Schools Accounting Regulations, violating procurement rules and regulations, not obtaining three quotations before purchases made, drawing funds from the banks in excess of purchase prices, teachers and School Committee Chairpersons being the suppliers of the schools.

The Ministry of Education and Training has not yet considered to improve or review the current system and/or to establish a system that will have effective internal controls, in order to protect the Headteachers, parents and government from the financial administration intricacies. I had recommended that the custody and control of the purse should be moved from the Headteachers to the Ministry or the system be similar to that of the Central Government Consolidated Fund, where Headteachers will submit the budgets per term to the Ministry and withdrawals of funds be authorised per term by the Ministry of Education and Training, and the Headteachers should be required to submit performance reports to account for the funds, at the end of each term.

I am disturbed to note that some of the schools have opened bank accounts in different banks which are parrallely used.

Regional Development Fund

Unused Material /abandoned projects:

During the year under review, 25 constituencies (Tinkhundla Centres) in the Shiselweni and Lubombo regions were visited. Abandoned projects funded by the Regional Development Fund seems to be an area of concern. Material for various projects, worth E5, 322, 421.06 was abandoned and left lying idle. This demonstrates wasteful expenditure since proposed projects were not successful.

The rationale by government to initiate such a fund was to improve the lives of citizens, through promoting development at the constituencies and hence alleviate poverty. It is disturbing that government's efforts are not being recognised and appreciated by citizens, since material purchased by government is left lying idle, at risk of being stolen by the same citizens and deteriorating due to it being exposed to all weather conditions.

Citizens are urged to inculcate a culture of economic spending by ensuring that material is returned to the Ministry in case there are challenges in execution of projects, so that it may be distributed to eligible constituencies with comprehensive vision towards community development. It is my plea to all Swazi citizens to realise the seriousness of wastage of public funds, decline in development at constituencies and the country as a whole, and the negative impact to the sustainability of the economy (economic sustainability).

Central Statistics Office

The role of Central Statistics Office is not visible, yet it is responsible to provide open and prompt/relevant data and to be proactive to provide necessary data to inform stakeholders. Government entities should be provided with relevant data for evidence-based policy, planning and decision-making purposes, and so that government may be prompt in addressing the gaps. The citizens deserve to know about the prospects of the Orphan Vulnerable Children (OVCs) and control of expenditure in the Government Ministries and Department. The Central Statistics Office should be able to provide performance indices on the economic position on the country; instead of having to rely on external perceptions.

Public Sectorial Officers

The role of public sectorial officer is to assist the Ministries achieve their mandate by providing support services and assisting them in understanding their business, however it has been noted that it is not the case. For instance, the sectorial officers from the budget section should support Ministries and Departments regarding budget issues; from planning stage to implementation phase.

The interactions of the Sectorial Officers needs to improve so that Ministries may be supported and well-informed in order to attain the mandatory goals and objectives.

Recurrent Revenue Performance for the Year Ended 31 March 2015

Recurrent revenue collection which was estimated and approved by Parliament was E13,480,756,000.00, at the beginning of the financial year 2014/2015. Actual Revenue collection amounted to E15, 176,276,491.85, resulting in an overall over collection, of E1, 695,520,491.85 which translates to 12.6% above budgeted revenue.

The actual revenue received is inclusive of South African Customs Union (SACU) receipts of E7,486,667,413.00, SRA domestic taxes transferred to the Consolidated Fund of E7,204,508,000.00, and other revenue collections made by Government Ministries and Departments of E 485,101,078.85. There was a slight improvement of 4.6% in SACU receipts from E7,158,855,913.72 in 2013/2014 to E 7,486,667,413.00 in 2014/2015.

An amount of E 1,316,199,911.36 was not disclosed into the government accounting systems to reflect total revenue received by government, in the Treasury Annual Account for the fiscal period 31 March 2015. This was due to late submission of properly classified revenue data from the Swaziland Revenue Authority that was received on the closing date of the government accounts on 30 September 2015.

The Recurrent Revenue performance, after taking into account omitted revenue, is tabulated as follows:-

Source	Estimate	Actual	Variance
	E	E	E
Customs & excise Duties	7,490,294,000.00	7,500,793,413.00	10,499,413.00
Income Taxes	3,195,883,000.00	4,742,648,000.00	1,546,765,000.00
Graded Tax	1,250,000.00	1,030,000.00	-220,000.00
Other Taxes and Duties	2,473,253,000.00	3,389,202,434.77	915,949,434.77
Motor Vehicle and Drivers Licenses	20,641,000.00	23,397,644.33	2,756,644.33
Business Licenses	22,992,000.00	23,899,547.34	907,547.34
Other Licenses	479,000.00	690,355.00	211,355.00
Judicial Fines	27,947,000.00	29,563,075.77	1,616,075.77
Rentals	9,534,000.00	10,443,640.75	909,640.75
Sale of Goods	2,207,000.00	2,172,705.86	-34,294.14
Sale of Land & Titles	58,000.00	1,679,097.65	1,621,097.65
Agricultural Services Fees	1,088,000.00	1,994,930.70	906,930.70
Medical & Hospital Service Fees	6,634,000.00	6,689,856.00	55,856.00
Educational Service Fees	305,000.00	183,668.00	-121,332.00
Immigration & Travel Fees	30,318,000.00	23,890,706.23	-6,427,293.77

Source	Estimate	Actual	Variance
	E	E	E
Utilities Service Fees	70,000.00	38,745.00	-31,255.00
Other Sundry Fees	197,803,000.00	345,986,748.01	148,183,748.01
Loan Repayments	-	11,020,336.16	11,020,336.16
SUB-TOTAL	13,480,756,000.00	16,115,324,904.57	2,634,568,904.57
Less: Dishonoured cheques		1,038,412.72	
Refunds		938,010,000.00	
TOTAL	13,480,756,000.00	15,176,276,491.85	1,695,520,491.85

Over Collection of Revenue

Source	Percentage
Income Taxes	48%
Other Taxes and Duties	37%
Motor Vehicle and Drivers Licenses	13%
Other Licenses	44%
Rentals	10%
Sale of Land & Titles	2795%
Agricultural Services Fees	83%
Other Sundry Fees	75%
Loan Repayments	100%

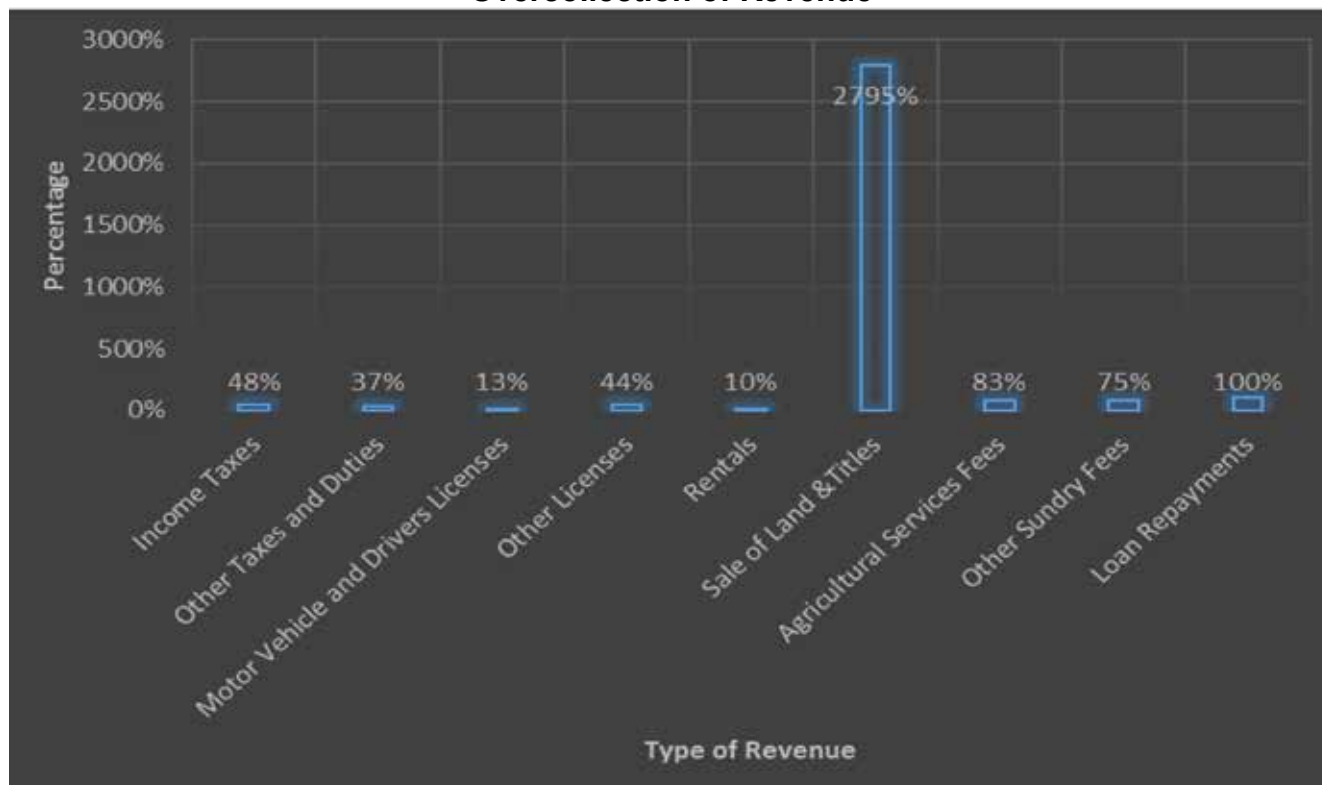
Overall, there were improvements in revenue collection in the year under review from an overall under collection of E978, 587,812.62 which translates to 8% below budgeted revenue, in 2013/2014, to an over collection of 12.6% in 2014/2015. However, these results noted that there were also elements of budget underestimation in some revenue items.

The above table indicates that there was serious under budgeting in the 'Sales of Land and Titles' which shows an extra ordinary increase in revenue collection of E 1,621,097.65 (2795%) above a meagre budget of E 58,000. This indicates that there was a sudden sale of land which was not planned for in the year under review. Further, there was no revenue budget for the 'Loan Repayments' revenue item which shows an increase of 100%. This indicates that loan records were also not maintained to provide a reasonable basis for projecting loan repayments in the fiscal period.

Further, in the budget estimates for the period from 1 April 2012 to 31 March 2015, dividends were misleadingly budgeted as E1,198,000 in 2014/2015. Thus, the budget was underestimated as compared to the investment of shareholding held by government in the public enterprises. A revised budget for the period 1 April 2015 to 31 March 2018 also reflects a lower budget estimate of E70,312,000 in the year 2014/2015 as compared to total dividends received of E96,461,955.09.

The graph below depicts the improvements in revenue collection:

Overcollection of Revenue

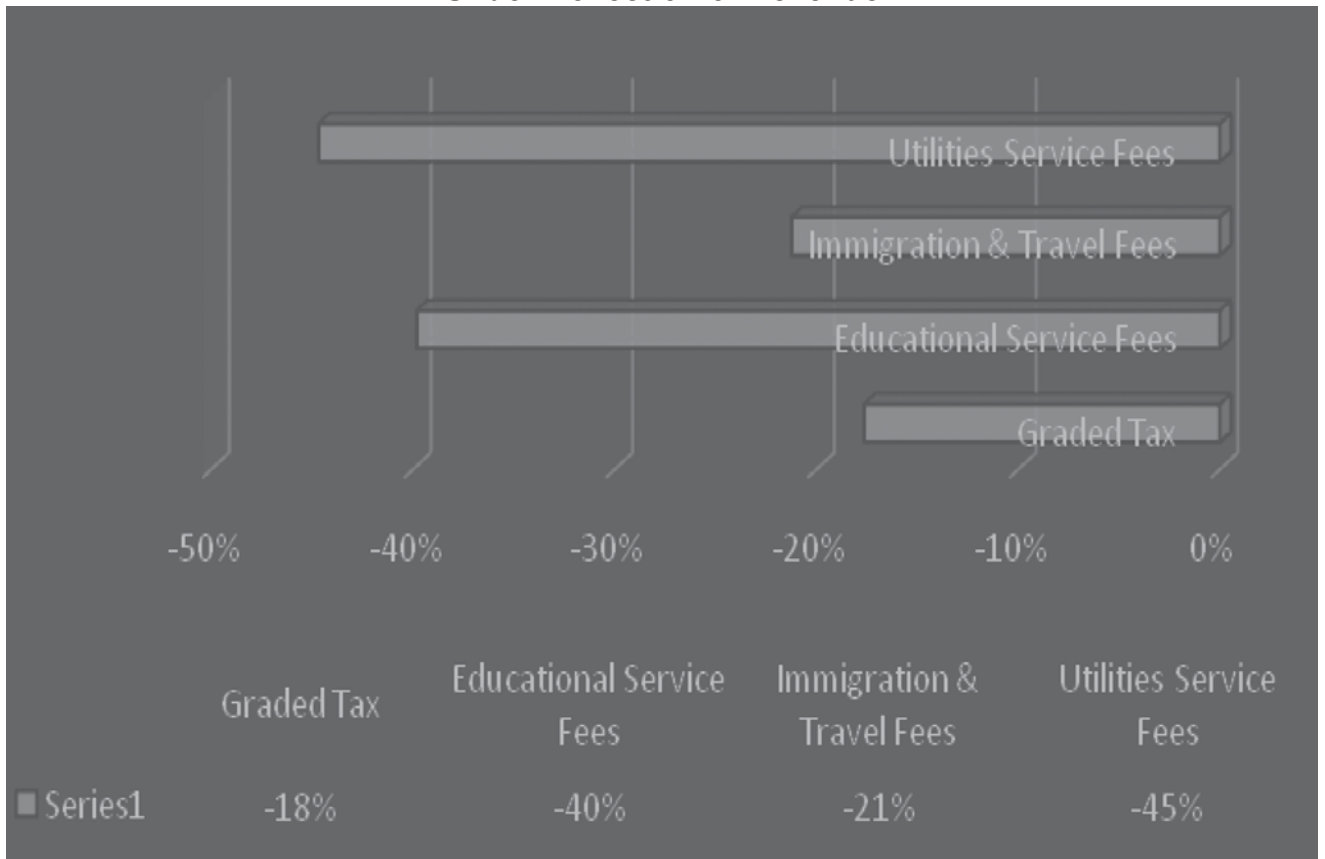


Under Collection of Revenue

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

Source	Percentage
Graded Tax	-18%
Educational Service Fees	-40%
Immigration & Travel Fees	-21%
Utilities Service Fees	-45%

Under Collection of Revenue



Recurrent Expenditure Performance for the Year Ended 31st March 2015

The recurrent budget estimate approved by Parliament at the beginning of the fiscal year amounted to E11 468 545 141.00. During the year it was revised to E11 472 136 545.00, which reflects a 0.03% increase, from the original budget.

The overall released funds during the financial year amounted to E 11 222 342 609.00 whilst the actual expenditure amounted to E11 125 873 047.46 resulting to an overall under expenditure of E96 469 561.54 (0.9%).

The recurrent expenditure performance is tabulated as follows:

Control Item	Type of Expenditure	Approved Estimate	Revised	Released	Actual	Above or Below
00	CTA Vehicle charges	445 966 109.00	412 111 547.00	459 397 966.00	435 450 432.62	-23 947 533.38
01	Personnel costs	4 592 691 460	4 382 995 422	4 726 895 415.00	4 723 865 042.32	-3 030 372.68
02	Travel, Transport and Communication	259 034 101.00	390 026 684.00	421 741 866.00	452 756 576.92	31 014 710.92
03	Drugs	303 852 266.00	395 945 682.00	467 945 677.00	456 262 452.66	-11 683 224.34
04	Professional and Special Services	617 869 429.00	638 381 805.00	674 611 841.00	661 219 656.01	-13 392 184.99
05	Rentals (Land, buildings, and Computer Equipment)	43 781 697.00	39 268 375.00	39 268 375.00	41 148 546.49	1 880 171.49
06	Consumables Materials and Supplies	475 501 928.00	489 311 709.00	489 311 317.00	457 450 295.33	-31 861 021.67
07	Durables Materials and Equipment	60 024 340.00	99 493 922.00	99 493 909.00	93 096 090.21	-6 397 818.79
10	Grants and Subsidies - internal	3 472 238 538.00	3 434 654 810.00	3 274 477 512.00	3 251 012 928.46	-23 464 583.54
11	Grants and Subsidies - External	62 585 273.00	54 946 589.00	54 280 481.00	48 131 538.53	-6 148 942.47
12	Public Debt	1 135 000 000.00	1 135 000 000.00	514 918 250.00	505 479 487.91	-9 438 762.09
Grand Total		11 468 545 141.00	11 472 136 545.00	11 222 342 609.00	11 125 873 047.46	-96 469 561.54

Capital Budget Performance by Economic Sector for the Year Ended 31 March 2015

Capital Budget estimated and approved by Parliament at the Beginning of the fiscal year amounted to E3,765,024,000.00. It was revised to E 3,801,271,000.00.

Total funds released for the year amounted to E2, 506,041,239.00. Actual overall expenditure amounted to E2, 443,702,942.34, resulting in savings of E62, 338,296.66 which is 2% of the funds released.

Sector	Narration	Approved Estimates	Revised Provision	Funds Released	Actual Expenditure	Variance
A	Agriculture, Forestry & Fisheries	270,154,000.00	270,154,000.00	140,996,737.00	140,989,518.70	7,218.30
E	Education and Training	191,696,000.00	191,696,000.00	186,469,386.00	185,738,814.23	730,571.77
F	Fuel and Energy	54,525,000.00	54,525,000.00	14,674,896.00	13,721,535.32	953,360.68
G	General Public Service	1,399,246,000.00	1,435,493,000.00	788,101,917.00	780,219,273.68	7,882,643.32
H	Health	210,124,000.00	210,124,000.00	108,117,940.00	119,803,705.64	(11,685,765.64)
M	Manufacturing and Mining	287,040,000.00	287,040,000.00	166,118,666.00	133,700,164.59	32,418,501.41
P	Public Order, Safety and Defence	193,925,000.00	193,925,000.00	185,658,647.00	177,527,820.10	8,130,826.90
R	Recreation and Culture	7,600,000.00	7,600,000.00	6,255,551.00	6,245,030.83	10,520.17
S	Social Security and Welfare	16,887,000.00	16,887,000.00	9,410,845.00	11,932,840.79	(2,521,995.79)
T	Transport and Communication	830,075,000.00	830,075,000.00	653,172,542.00	634,363,325.78	18,809,216.22
W	Water Resources and Management	19,260,000.00	19,260,000.00	19,138,150.00	13,009,365.92	6,128,784.08
X	Housing, Urban Development and Community Amenities	284,492,000.00	284,492,000.00	227,925,962.00	226,451,546.76	1,474,415.24
Grand Total		3,765,024,000.00	3,801,271,000.00	2,506,041,239.00	2,443,702,942.34	62,338,296.66

Acknowledgement

I would like to express my appreciation to Accountant General, all Controlling Officers, and their staff for their cooperation during the audit and also to extend my gratitude to the audit staff for their great efforts in the successful completion of this report.

Reference Sheets Response Rate

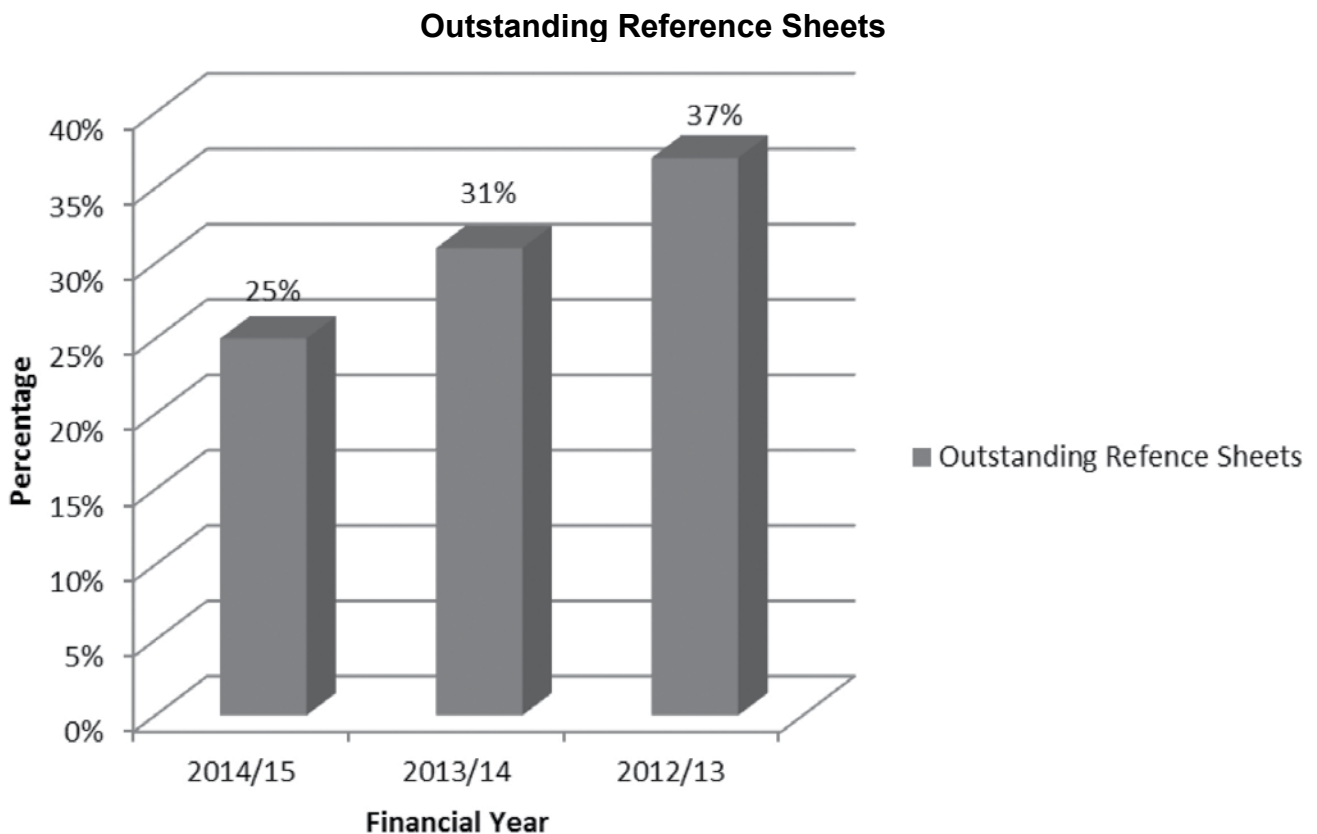
The following reference sheets were issued to the various Ministries and Departments in respect of reportable matters to be included in the Auditor General's Report.

Below are the issued and outstanding reference sheets:-

Head	Ministry/Department	Reference Sheets Issued	Outstanding Reference Sheets
03	Private and Cabinet	1	0
04	Tourism, Communication & Environment	3	1
05	Police	6	1
06	Deputy Prime Minister's Office	3	3
07	Foreign Affairs and Trade	1	1
08	Defence	1	0
09	Tinkhundla Administration and Development	17	0
10	Natural Resources and Energy	7	1
20	Agriculture	3	1
23	Economic Planning and Development	5	2
24	Housing and Urban Development	3	0
29	Commerce and Industry	1	0
30	Education and Training	7	5
34	Finance	2	1
35	Treasury and Stores	1	0
40	Labour and Social Security	2	0
41	Public Service	3	0
43	Information Communication and Technology	4	0
45	Health	7	2
46	Justice and Constitutional Affairs	2	1
48	Judiciary	2	1
49	Correctional Services	2	0
50	Home Affairs	2	1
53	Public Works and Transport	1	0
56	Sports, Culture and Youth Affairs	1	0

The table and diagram below depict response rate to my reference sheets. There is a slight improvement on the response rate this financial year. Controlling Officers are encouraged to respond to all reference sheets issued.

Financial Year	Outstanding Reference Sheets
2014/15	25%
2013/14	31%
2012/13	37%



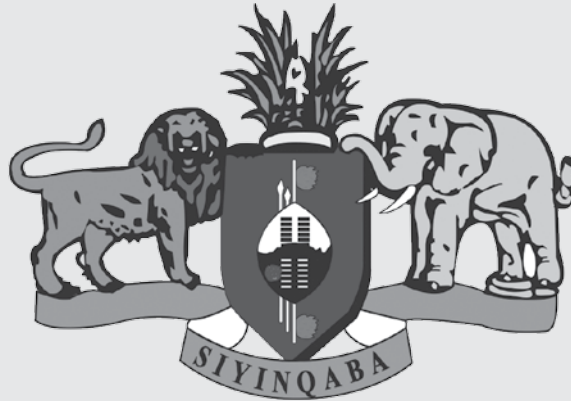
Summary of Findings

My audit for the financial year ended 31st March 2015 revealed the following findings:-

- Reported fraudulent cases have not yet been concluded, that depicts lack of deterrent to protect government resources from loss.
- Reimbursement of revenue by public officers is on the rise despite that Ministries and departments were made aware of the Financial and Accounting No. 0708, which requires the Controlling Officers to conduct regular surprise checks, not exceeding one month. Even the Accountant General has a responsibility to exercise supervision over revenue collections, set up controls and strengthen them when need be, as laid out in the regulations.

- Due to lack of reconciliation, the bank accounts reflect overdrawn balances in the Government Accounting System when in actual fact at the bank there are funds available.
- Due to negligence, the repayment of public debt was not paid on time thus attracted penalty charges for late payment which are unnecessary expenses.
- Domestic public debts are not disclosed in detail in the Treasury's Books of Accounts.
- The quarterly service expenses/charges for the hedge accounts for a third party under certain loans are not disclosed in the public debt account.
- SRA continues to release lump sums of revenue collection without classification in accordance with the budgeted revenue estimates for service delivery activities by government, this conceals measurement of performance, per activity.
- Revenue in respect of SRA collections and dividends was not disclosed in the Treasury's Book of Accounts.
- Poor record keeping of the public debts and returns in respect of shareholding investments in public companies by the Ministry of Finance.
- Funds for capacity building have not been utilised for a period of nine (9) years.
- Public Service delay authorities for the resignation and retirement of public officers who exit without settlement of the debts.
- Ministry of Public Service authorises reduced notice to officers who leave the service without ensuring that officers pay the salaries of three months in lieu of notice.
- The Ministry of Public Service authorises officers to exit the public service, long after the officers have left the service.
- Officers accommodated in government houses did not pay rent while at the same time received housing allowances.
- The Ministry of Public Service drafted two different lease agreements for one leased property that was allocated to one official.
- Double payments continue from the Phalala (Special Care Medical Aid) Fund in the Ministry of Health.
- Obsolete stock value was reduced in the Books of Accounts without the support of the destruction certificate.
- Oil Companies' under-remits or late remits the fuel oil levies to the Strategic Oil Reserve Fund, in the Ministry of Natural Resources and Energy.

- Officer from the Ministry of Natural Resources and Energy was seconded to SWADE but continued to receive full salary at the Ministry, without delivery of any services.
- The issue of non-staggering of salaries for officers on long-term study leave still prevails in different Ministries and Department.
- Material purchased through Regional Development Fund (RDF) was abandoned and found lying idle.
- Duplication of payments of certificates for the SWADE project which were never accounted for.
- Workmen's Compensations continues to be mismanaged.
- The Micro Project Unit was handed over to Government, but personnel costs for Micro-Project Unit staff continue to receive remunerations which are outside the government salary scales.
- Contractor failed to complete the rehabilitation building of the Ministry of Justice, Health and Home Affairs and abandoned the project.
- Mismanagement of school funds still prevails despite my reports pointing out the control weaknesses.



The Kingdom of Swaziland

PART B

MINISTRIES AND DEPARTMENTS

**HEAD: 03
PRIVATE AND CABINET OFFICES**

Objectives:

To operate and support the offices of the Prime Minister and Cabinet.

Over Expenditure on Recurrent Vote

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

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

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

Head	Item	Released Budget (E)	Actual/ Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
03	Durable materials and Equipment	421,800.00	1,251,589.30	829,789.30	196.72

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

The Controlling Officer submitted that the over expenditure was due to error in posting by the Treasury Department, as if the expenditure was incurred in the 2014/15 budget instead of 2013/14 accrued amount, leading to the over expenditure in the financial year 2014/15.

The Ministry requested authority to pay during the accrual period and was granted the authority by the Ministry of Finance and the payment was eventually made on the 30th April 2014 through electronic transfer.

The clarification from the Controlling Officer is appreciated. However, this error was a result of the non-reconciliation of the transactions. If the reconciliation was done the error would have been detected early enough and rectified within the accrual period.

It is advisable that both the Treasury and the Ministry concerned are equally responsible to reconcile the transaction to ensure that they have been properly processed. Therefore the Controlling Officer after requesting the Treasury to transfer the funds should have ensured that the transaction was processed as requested.

HEAD: 04
MINISTRY OF TOURISM AND ENVIRONMENTAL AFFAIRS

Objectives:

Tourism – To promote and sustain development of the Tourism Section.

Environment – To preserve the environment.

Over Expenditure on Recurrent Vote

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

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

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

Head	Item	Released Budget (E)	Actual/ Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
04	CTA Vehicle Charges	1,135,254.00	2,871,441.75	1,736,187.75	152.93

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

The Controlling Officer did not respond to the concerns raised, the Controlling Officer violated the Financial and Accounting Instruction number 0315 (ii) which states that “it is duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

Overtime for Airport Staff

I reported to the Controlling Officer that overtime claims, amounting to E5,429.62 were paid without authorisation because cabinet approval was not sought. Establishment Circular No. 8 of 2010 that prescribed Freezing of Overtime Payment to Public Servants, which stated that prior to engaging staff to work overtime, cabinet approval should be obtained, was violated. The cabinet paper should provide detailed reasons and justification why the overtime is necessary and why the staff cannot be compensated by allowing them time off.

The unauthorized overtime expenditure is depicted in the table below;

Period	Employment Number	Amount Paid (E)
03-12-12 to 31-01-13	4272764	2,591.76
02-01-13 to 30-01-13	9208494	611.23
01-01-13 to 27-01-13	9820616	2,226.63
Total		5,429.62

In his response, referenced TEA/NMS/1.2.2 and dated 23rd July 2015, the Controlling Officer stated that he was aware of the contents of Establishment Circular No. 8 of 2010, hence a request to pay overtime was made to the Ministry of Public Service that was accompanied by a draft Cabinet Paper. He further stated that in November 2012, the Ministry received authority from the Ministry of Public Service to engage the staff on overtime basis.

The response was not satisfactory because the authority from the Ministry of Public Service, which he cited, clearly advised the Controlling Officer, Ministry of Tourism and Environmental Affairs to undertake the requisite process necessary, to bring his request to fruition. The process referred to was that Cabinet Approval should be sought by a Cabinet Paper, justifying the overtime and why the affected staff could not be compensated by allowing them to take time off. I do not understand why the draft Cabinet Paper which accompanied the request to the Ministry of Public Service was not forwarded to Cabinet for approval yet the Circular was clear that approval should be sought from Cabinet.

The Ministry of Public Service endorsed that all requirements should be fulfilled about authorization of the overtime.

On further investigation, I discovered that other overtime payments amounting to **E21,922.60**, were made to the same officers in this manner, also, without seeking and obtaining Cabinet approval either. This is a common practice by this Ministry to pay unauthorized overtime, that sideline Regulations.

The table below depict such unauthorized payments.

Employment No. 4272764		
Period of overtime	Payment Date	Amount Paid (E)
24-03-2014 to 29-06-2014	22-10-2014	1,882.60
02-02-2013 to 31-10-2013	21-03-2014	4,859.79
	Total Amount Paid	E6,742.39
Employment No 9208494		
Period of overtime	Payment Date	Amount Paid (E)
22-03-2014 to 29-02-2014	22-10-2014	1,339.28
01-02-2013 to 30-10-2013	21-03-2014	4,093.60
20-11-2012 to 31-11-2012	24-04-2013	1,311.18
	Total Amount Paid	E6,744.06

Employ. No : 9820616		
Period of Overtime	Payment Date	Amount Paid (E)
01-05-2014 to 30-07-2014	22-07-2014	942.48
11-02-2013 to 29-10-2013	21-03-2013	5,153.06
19-11-2012 to 30-12-2012	24-04-2014	2,340.61
	Total Amount Paid	E 8,436.15
Grand Total		E21 922.60

I am therefore concerned that the Ministry of Public Service authorized payment of the time barred unauthorized overtime, without considering if the whole process required was indeed followed, as advised by the Ministry. This demonstrates inefficiency and lack of due care, in the use of funds.

It should be noted that according to the Circular on Freezing of Overtime Payments (Circular No. 8 of 2010), any controlling officer who disregards the directive and engages staff to work overtime, shall be regarded as having acted in excess of his/her authority and having authorized improper expenditure, and as such will be personally responsible for that expenditure.

The Controlling Officer admitted the need to abide by the set Accounting Procedures and stated that it was thorough consultations made with the Ministry of Public Service on this matter. As a result a draft Cabinet Paper was submitted to the Ministry of Public Service for onward processing. Subsequently the Ministry received the authority to pay the overtime.

On the issue of time barred overtime allowance, consultations were made and the authority was granted through a memo referenced EG10/7/90 dated 3rd June 2014.

The response did not address the non adherence Circular Number 8 of 2010 with regard to Cabinet approval.

The Controlling Officer alleged that the Draft Cabinet Paper was submitted to the Ministry of Public Service for onward processing. In my report I pointed out that there was no evidence that the Cabinet Paper was approved by Cabinet. Therefore the Ministry of Public Service granted the authority without Cabinet Approval.

I am left in the wilderness about this issue because on the one hand the Ministry of Public Service advised the Ministry of Tourism to seek Cabinet approval which it believed was fulfilled through submission of a Draft Cabinet Paper, that though not approved was used as the basis for approval. Ultimately I consider the payment of the overtime as not authorized.

Over Expenditure on Project W37199– Integrated Climate and Weather observation Systems

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

This is further supported by Financial and Accounting Instructions 0202 (ii) that endorse that it should be ensured that no amount is spent in excess of the amounts specified in Treasury warrants .

Project Code	Name of Project	Purpose of Project	Funds Released [E]	Actual Expenditure [E]	Variance (E)
W37199	Integrated Climate and Weather observation System	Local funds for Capacity building and design of a climate observation building	1,640,000.00	2,368,394.00	-728,394.00

An amount of E1,640,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 2,368,394.00 resulting to an over expenditure of (E1,640,000.00 - E2,368,394.00) E728,394.00(44.4 %)

The Controlling Officer is expected to explain the authority that allowed him to spend beyond the released funds and further update the Auditor General on the current status of the project.

The Controlling Officer stated that, to his understanding the overexpenditure arose from two cheques that were cancelled and the transaction was not reconciled.

The payment in respect of the cancelled cheques was made in the next financial year on 25th May 2015 and 1st June 2015, through bank transfers.

I am concerned that the records, were distorted to reflect that these transactions were made twice, in 2014/15 financial year and 2015/16 financial year.

Also, the Ministry did not provide me with the authority that allowed it to transfer the funds in to the following year, after the lapse of the budget at the end of 2014/15 financial year. This means the payment was made from unauthorized provision.

HEAD: 05 NATIONAL COMMISSIONER OF POLICE

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

Cash Survey at Siteki Police Station

A cash survey was conducted at Siteki Police Station and I communicated my findings to the National Commissioner of Police through my memorandum referenced P12 VOL.V/80, dated 22nd September 2015.

The National Commissioner of Police concurred with the Audit findings and stated that the anomalies had been already uncovered. Hence thorough investigations were at an advanced stage.

Delayed banking of revenue

I expressed my concerns about revenue, amounting to E41 260.00, which was collected from seven (7) general receipt books that consisted of 100 pages each but was not promptly brought to account.

All the general receipt books were issued to Siteki Police Station, by the Siteki Regional Revenue Office, during the period from 22nd December 2014 to 10th February 2015.

The general receipts were fully used by 13th February 2015 but banking of revenue collected using the receipts except for one general receipt book was delayed until finally eventually into the bank on the 27th April 2015.

The Lubombo Regional Revenue Officer, then wrote a memorandum on 6th March 2015, referenced LR/7/4, to the Lubombo Regional Commander, requesting for the return of the seven (7) general receipt books, since it was towards the end of the financial year (31st March 2015).

It was only after the request from the Regional Revenue Officer that the police officer who is responsible for collection, custody and banking of revenue, started to deposit revenue collected from the general receipt books. Worth to mention is that, revenue was deposited at intervals yet all the general receipts were fully used by 10th February 2015.

This implies the revenue had been used unlawfully for personal use. I am upon request of the receipt books by the Revenue Office, the officer strived to repay the money at intervals, to cover up the fraudulent behavior.

During the audit, on 25th May 2015, I was disappointed to discover that only six (6) general receipt books had been returned to Siteki Revenue Office and one general receipt book with serial numbers 6079901 – 6080000 had not been returned and also revenue collected there on, amounting to E9 385.00, from the receipt book was not deposited to the consolidated fund.

Date Collected	General Receipt Book Number	Date When General Receipt Book Was Fully Used	Date Of Banking And Return Of Receipt Book To Revenue Office	Returned By Employee No.	Total Revenue Collected (E)
22/12/2014	5968901-5969000	29/12/2014	31/03/2015	8749039	6 280.00
29/12/2014	5969301-5969400	02/01/2015	31/03/2015	8749039	4 755.00
02/01/2015	6079901-6080000	28/01/2015	Not returned		9 385.00
29/01/2015	6080301-6080400	07/02/2015	27/04/2015	8749039	4 795.00
04/02/2015	6080501-6080600	08/02/2015	30/03/2015	8749039	5 325.00
04/02/2015	6080601-6080700	11/02/2015	30/03/2015	8749039	5 030.00
10/02/2015	6080701-6080800	13/02/2015	07/04/2015	8749039	5 690.00
Total Amount					41 260.00

I am concerned about the delayed banking of revenue, as it deprives government of cash flow, yet such resource needed so much these days for national development initiatives. Frequent banking is required by Financial and Accounting Instructions 0702, which states “where there is a daily banking service, collections must be banked daily, where the service is less frequent collections must be banked on each occasion the service is available. In other circumstances collections must be banked as frequent as possible but not less than once every two weeks.”

It is apparent from the above scenario that the officer gained, individually, from the public funds by borrowing himself the money or had loaned it out, which is probably the reason for the delayed banking. This is evident by the fact that the revenue was brought to account at intervals when the receipt books were recalled. Also, worth noting is that the revenue which was collected from the general receipts, as reflected in the above analysis, was collected during a peak season between December and February. During that period there is the festive season and also opening of schools and hence there is pressure for celebrations of the season and also payment of school fees. Government regulations prohibit the use of public moneys for personal use.

I am disturbed about the Controlling Officer’s silence on this matter because no prompt action was taken against the officer. It is apparent that the Controlling Officer is lax in his duties, whose role is to ensure that all moneys due to government are properly accounted for and promptly brought to account. Also, I am concerned that if surprise checks were carried out, this scenario should have been detected early.

Also the Accountant General cannot be left out in this issue, whose role is to ensure that a limited number of receipt books are issued out to Ministries each instance and returned first before issuing another one. In this scenario, receipt books were issued to the police officer on top of other receipt books which were not returned. Such is evidence of a poor control system at the Revenue Office.

It was revealed that on the 6th March, 2015, a theft case was registered for investigation at Siteki Police Station, as Criminal RCCI 441/2015 and is actively investigated by Lubombo Fraud and Commercial Unit. The registration arose from a formal request for the Lubombo Regional Revenue Office for the return of 7 general receipt books that were issued to the Siteki Traffic Section.

The investigation revealed that Revenue amounting to E41,260.00 were receipted and unbanked.

Two Officers serving under Siteki Traffic Section are suspects to the unaccounted for revenue.

One of the implicated Officers has repaid an amount of E31,875.00 and has made arrangements to settle the balance amounting to E9,385.00 by the end of February 2016.

A thorough Criminal investigation is in progress and the criminal case requires forensic handwriting examination, a process carried out externally. On the other hand disciplinary proceedings against one of the two implicated officers have been instituted and are at an advanced stage determined subject to the Forensic Science handwriting investigation.

The fully used general receipt books including one serial number, 6079901 – 608 0000 are kept as an exhibit for the Criminal case.

Forged amounts on receipts

On another note, three fully used general receipt books were found in the government safe at the Police Station under the custody of the Traffic Officer in charge. The general receipt books sequence numbers were; 5719901 – 5720000, 5720101 – 5720200 and 5719801 – 5719900.

Procedurally general receipt books when fully used, are to be returned to the Regional Revenue Office for custody, and for preservation until 5 years has elapsed.

According to the master stock register at Siteki Revenue Office, all the general receipt books were all collected by the Traffic Officer from Siteki Revenue Office on 22nd April 2014 and were returned after they were fully used on 30th April 2014 and on 6th May 2014.

The general receipt books had to be returned to the Police Station, by the Regional Revenue Officer, following an investigation of suspected fraudulent activities concerning the amounts collected and brought to account, on receipt books. The officer who was responsible for collecting revenue had forged amounts on some receipts, that is, brought to account less revenue than collected. Hence all the receipt books had to be investigated. A sample of original receipts from the public reflected amounts which were different from the amounts reflected on duplicate and triplicate copies.

Below is an analysis of the sample receipts:

Receipt no.	Original receipt Amount (E)	Duplicate Receipt Amount (E)	Triplicate Receipt Amount (E)	Difference Amount (E)
5719806	120.00	20.00	20.00	100.00
5720120	400.00	60.00	60.00	340.00
5720125	1000.00	60.00	60.00	940.00
Total	1520.00	140.00	140.00	1380.00

I am disturbed by the fraudulent activities which have been uncovered in the Police Station in respect of collection of traffic fines. It is evident that such practice went on for a long time, unnoticed. When taking into account the sample receipts reflected above, it is apparent that the population size of receipts which could not be obtained, also contained the same anomalies.

Such a practise is tantamount to fraud of public moneys, since revenue which was deposited to the consolidated fund was less than the traffic fines actually received from the the public.

I am therefore concerned as to how much has been misappropriated by police officers who are responsible to collect revenue. This is clear indication that proper controls do not exist in handling and accountability of public funds.

The response stated that the cases related to the under receipting of Public Revenue were reported accordingly and investigated under Siteki RCC’s 1129/2014 and 1128/2014 and completed. The Dockets were forwarded to the Local Prosecution Office in Siteki for Appropriate Action.

From the response it is apparent that more than 12 months has elapsed but the cases have not been finalised or heard in court.

While the Commissioner of Police completed the process under his jurisdiction, that there has not been any verdict passed on the cases reveals weak controls in the Administration and Safeguarding of Government resources that allows further drainage of resources in this fashion, because there is no deterrent to those who might follow suit.

Cash Survey at Siphofaneni Police Station

A cash survey was conducted at Siphofaneni Police Station and I communicated my findings to the National Commissioner of Police through my memorandum referenced P12 VOL.V/75, dated 14th September 2015. The Controlling Officer did not respond to my findings despite a reminder referenced P12/Vol.V/81, dated 10th October 2015.

Unbanked Revenue – Undisclosed Amount

I brought to the attention of the Controlling Officer, that revenue which was collected from eighty seven (87) general receipt books between the periods 2011 to 2015, was not accounted for and brought to account. As a result the amount of the revenue was unknown.

The 87 general receipt books, in total, consisted of 8700 single receipts (87x100), were collected from Matata Revenue Offices by the Police Officer responsible for collection, custody and banking of revenue, who is stationed at Siphofaneni Police Station.

According to the master stores records at the Revenue Office, the 87 general receipt books were not returned. The Police Officer also confirmed that she did not return the government receipts to the revenue office but alleged to have destroyed them.

Below is an analysis of the general receipt books:

Date Taken (Matata Revenue Office)	General Receipt Numbers
20/06/2011	4551001-4583100
26/07/2011	4583001-4583100
09/05/2012	4920501-4920600
12/06/2012	4938901-4939000
03/07/2012	4960501-4960600
20/07/2012	4967201-4967300
30/07/2012	4967701-4967800
08/08/2012	4972601-4972700
21/08/2012	4973101-4973200
30/08/2012	4973901-4974000
07/09/2012	5006001-5006100
07/09/2012	5006101-5006200
07/01/2013	5166001-5166100
07/01/2013	5166203-5166300
30/01/2013	5206201-5206300
15/02/2013	5207301-5207400
25/02/2013	5208001-5208100
07/03/2013	5224101-5224200
19/03/2013	5224801-5224900
24/04/2013	5236401-5236500
18/10/2013	5485601-5485700
23/10/2013	5486001-5486100
23/10/2013	5486001-5486200
29/10/2013	5486501-5486600
17/02/2014	5629101-5629200
03/03/2014	5630201/5630300
12/03/2014	5630801-5630900
12/03/2014	5630901-5631000
12/03/2014	5631001-5631100
26/03/2014	5673801-5673900

Date Taken (Matata Revenue Office)	General Receipt Numbers
04/04/2014	5674801-5674900
14/04/2014	5675301-5675400
22/04/2014	5676101-5676200
30/04/2014	5739301-5739400
06/05/2014	5739901-5740000
14/05/2014	5740801-5740900
22/05/2014	5778001-5778100
02/06/2014	5778701-5778800
16/06/2014	5779801-5779900
16/06/2014	5779901-5780000
27/06/2014	5812501-5812900
04/07/2014	5812501-5812900
04/07/2014	5812901-5813000
11/07/2014	5813401-5813500
23/07/2014	5813701-5813800
23/07/2004	5813801-5813900
01/08/2014	5814501-5814600
05/08/2014	5814801-5814900
14/08/2014	5850301-5850400
14/08/2014	5850401-5850500
01/09/2014	5851001-5851100
02/09/2014	5851101-5851200
10/09/2014	5851801-5851900
24/09/2014	5888101-5888200
02/10/2014	5888501-5888600
02/10/2014	5888601-5888700
14/10/2014	5889301-5889400
20/10/2014	5902001-5902100
20/10/2014	5902201-5902300
10/11/2014	5926751-5926800
10/11/2014	5926801-5926900
20/11/2014	5927401-5927500
20/11/2014	5961501-5961600
28/11/2014	5962001-5962100
09/12/2014	5962901-5963000
09/12/2014	5963001-5963100
09/12/2014	5963101-5963200
11/12/2014	5963401-5963500
22/12/2014	5964301-5964400

Date Taken (Matata Revenue Office)	General Receipt Numbers
22/12/2014	5964401-5964500
22/12/2014	5964451-5964500
24/12/2014	5969601-5969700
24/12/2014	5969701-5969800
24/12/2014	5970401-5970500
12/01/2015	5999201-5999300
20/01/2015	5999701-5999800
20/01/2015	5999801-5999900
27/01/2015	6009501-6009600
05/03/2015	6075301-6075400
05/03/2015	6075401-6075500
05/03/2015	6075501-6075600
11/03/2015	6075901-6076000
19/03/2015	6076601-6076700
01/04/2015	6077601-6077700
01/04/2015	6077701-6077800
08/04/2015	6078301-6078400
23/04/2015	6079101-6079200
23/04/2015	6079301-6079400

The destruction of government valuable records by a Police Officer who is quite knowledgeable about destruction procedures of government properties was intended to conceal the revenue collected. Also the boldness to admit to such an offence. Such an act demonstrates that the officer has no remorse for her evil actions which apparently were intentional to defraud government of all the revenue which was collected from the general receipt books. Such a practice is fraudulent.

I further drew the attention of the Controlling Officer about the misleading revenue collection records which were kept by the same Police Officer. According to the traffic offences register, a total amount of E130 015.00 was found recorded as revenue collected and banked between the periods from 26th August 2011 to 9th November 2011. An in depth audit of the alleged amount banked, revealed that the revenue was not banked and the records were fabricated.

I am very much disturbed by the officer's ability and shamelessness to prepare false records which do not represent a true picture and further present such misleading records to my office. It further reveals lack of cooperation from the officer to enable the organization to achieve objectives and lack of passion for the job but only the love of money.

There is a clear indication that this Police Officer is not trustworthy and competent to be entrusted with handling of public funds when taking into consideration the anomalies that arose as a result of her misconduct. The Controlling Officer has not put in place internal controls to safeguard and ensure that revenue under his care is promptly brought to account as per the

dictates of the law. It is obvious that the Police Officer is not supervised and surprise checks of revenue are not done, otherwise such malpractice would not have progressed for such a long time without being discovered.

Also, the Accountant General is liable, whose role amongst others is to exercise supervision over all public officers entrusted with the collection of public moneys through taking precautions and maintain efficient checks against the occurrence of fraud, embezzlement and carelessness. General receipt books issued to Ministries/Departments or Sub Collectors are returned before a new one is issued to Ministries. If proper controls were adhered to, in the issue and return of receipt books, misappropriation of government revenue would have been discouraged or prevented.

The Commissioner of Police revealed that on 22nd May, 2015 and 24th June, 2015 Criminal investigations commenced. This was after Matata Revenue Office had made an Official request for the return of general receipt books. The investigation uncovered that 87 general receipt books had not been returned to Matata Revenue Office and not accounted for by the Siphofaneni Police Office.

The general receipts have not yet been recovered.

There are valuable internal records which are relied on as they connect the implicated officer with misappropriation of the Public Revenue.

From this scenario I have concluded that there were collusion practices between the Police Officer and the revenue offices who issue new general receipts to the Police Station.

The control measures that, before new general receipts are issued returns should be made and the used receipts should have been accounted for, were deliberately not observed.

Missing Cash Exhibits

Cash exhibits, to the total amount of E1 911.50, were found missing during the audit, on 28th July 2015. The exhibits were under the custody of the Station Administrator and were kept for criminal cases, which occurred during the year 2010 and are still not finalized but pending in a court of law.

Exhibit Number	Case Number	Occurrence Book No:	Amount (E)
197/2010	821/10	1174/05	1 594.00
422/10	1630/10	3240/10	117.50
262/10	1093/10	686/07	200.00
Total Amount			1 911.50

The missing cash exhibits, amounting to E1 911.50, weakens the State’s valid criminal case against the suspects and also destroys valid evidence, which may result to unnecessary and legal responsibilities against government, in future.

One of the major control weaknesses is the delay in finalizing long pending court cases, as reflected in the above scenario.

I am very much disappointed by the lack of discipline demonstrated by the Police Officers. Mismanagement or loss of exhibits under the police custody compromises confidence and trustworthiness in the police force, as whole. Such fraudulent practices tarnish the image of the National Commissioner of Police's office, where discipline, integrity and accountability should be the core values in order to gain the public trust.

At the time of compiling this report there were no corrective actions taken by the National Commissioner of Police.

The National Commissioner of Police stated that the issue was under active investigation, under Enquiry File Number 56/2015. He further explained that the case was jointly investigated with the case referred to, above, because both cases involve the same implicated officer. He promised internal disciplinary measures would be instituted against the officer.

Over Expenditure on Recurrent Vote

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

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

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

Head	Item	Released Budget (E)	Actual/ Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
05	CTA Vehicle Charges	97,790,434.00	107,649,354.51	9, 858,920.51	10
05	Grants and Subsidies – Internal	1,734,360.00	2,399,060.42	664,700.42	38

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

The Controlling Officer did not respond to the concerns raised, the Controlling Officer violated the Financial and Accounting Instruction number 0315 (ii) which states that “it is duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

Cash Survey at Lubuli Police Station

A cash survey was conducted at Lubuli Police Station and a memorandum referenced P12 VOI.V/78, dated 17th September 2015 was issued to the National Commissioner of Police. The Controlling Officer did not satisfactorily address my concerns.

Custody of Revenue – Traffic Section

I brought to the attention of the Controlling Officer that there was neither a safe nor cash box to keep Government revenue, at the above station, Traffic Section. General receipts and stamps were kept in a file cabinet. Cash amounting to E4 200.00, was found kept in the pockets of the Officer in Charge.

This act is viewed as a security risk of public moneys and is a violation of Financial and Accounting Instruction of 1975, No. 0701 which states that, “all cash, cheques, stamps, receipts, accounting records and other documents of value will be held in a safe or strong room. Public moneys kept for convenience in cash boxes must be carefully safeguarded by the Officers responsible for their custody.”

I further noted that the last date of banking was on 14th July 2015, therefore the amount of E4 200.00 was revenue which was collected after the last date of banking.

Noteworthy is that the audit was carried out on 5th August 2015, which was three weeks from the last date of banking. I concluded that the Officer kept the money in his pockets for about three weeks yet banking services are located at Matata, which is within proximity of the Police station.

I am concerned about the delayed banking of revenue when Government is in need of money for cash flow purposes. It is apparent, that the officer lends himself the money or loans it before it is deposited into the Government account. Government regulations forbids the use of cash for personal use. It is even more disappointing when such regulations are breached by law enforcers.

It should be noted that the tendency, by public officers to collect revenue into their pockets has become prevalent. Unless strict measures are taken against this government coffers will run dry, at the expense of the tax payers.

The Controlling Officer in his response acknowledged my findings that indeed a traffic officer was found in possession of cash amounting to E4 200.00. He further stated that the cash was being prepared for banking following a verbal instruction from the Revenue Officers, that the Police Officers are to deposit the money after completion of every fifty leaflets in the General receipt book and the said amount was deposited with the revenue offices. However, the Controlling Officer did not furnish my office with evidence that indeed the revenue in question was finally deposited into the government account.

I am puzzled by the Controlling Officer’s response, that instead of correcting the anomaly by providing a government safe to the Police Station, he supports the current situation of keeping government money in an employee’s pockets and further condones the banking arrangement when it flouts government accounting regulations.

From the above position, which is not in line with government financial and accounting instructions, the officer gains illicitly from the public funds by lending himself the money or loaning it out while awaiting the completion of the fifty receipts, which is probably through delaying the banking.

It should be noted that frequent banking of revenue is required by “Financial and Accounting Instruction 0702 which states that “where there is a daily banking service, revenue collections must be banked daily, where the service is less frequent, banking must be done on each occasion the service is available. In other circumstances, collections must be banked as frequently as possible, but not less than once every two weeks”, as a control measure against theft and loss as well as temptation to utilize the money without authority.

I am disturbed by the Controlling Officers laxity in his duties, whose role is to ensure that all moneys due to government are properly accounted for and promptly brought to account. Surprise checks is one of the tools to ensure adherence to instructions on collection of revenue.

The response revealed that a cash safe had then been provided as well as a lockable cabinet for safe keeping of the cash. The money that was with the Police Officer was deposited at the Revenue Office in bundles of E50.00 leaflets. Supporting documents of the deposits were attached as proof.

The Controlling Officer cited, without being specific the practice by the Treasury Department Revenue, had created this anomaly, in breach of Accounting Instructions.

In my view, it should be a joint effort of all ministries entrusted with the safe guarding of public funds, to ensure that proper management and accountability of public monies, is maintained.

Cash Survey at Mbabane Police Station

A cash survey was conducted at Mbabane Police Station and a memorandum, referenced P12 VOL.V/73, dated 21st August 2015, was issued to the National Commissioner of Police. The Controlling Officer’s response referenced NATCOM/11/1/11/61, dated 1st September 2015 did not satisfactorily address my concerns.

Cash Surplus

The attention of the Controlling Officer was drawn that a cash surplus of E141.00 was discovered during a cash survey which was conducted on 2nd July 2015, at Mbabane Police Station, Traffic Section. There was no justification by the Traffic officer, to account for the cash surplus. However, it was made good on general receipt number 6289125 on 2nd July 2015. I indicated that a cash surplus is as bad as a cash shortage since both instances reflect that public moneys are not appropriately managed. A cash surplus indicates that traffic fines were collected from the public and an official receipt was not issued. Hence this case by context should be taken seriously.

It should be noted that where money is involved accuracy is crucial either way.

This has become a common trend practiced by the station where cash surpluses are discovered each time I conduct cash surveys. Evident to that, was a cash surplus of E150.00 which was discovered during a cash survey conducted on the 26th February 2014. The surplus was also brought to account on GR 5687659, dated 26th February 2014. Even in that instance, reasons for the cash surplus were not stated by the department. I am worried about cash which arises from daily surpluses from traffic fines and ends up not being accounted for. Surprisingly though

surpluses are common, there was no instance where I found the surplus already receipted. This means no surprise checks are conducted and where there are surpluses they might be pocketed and not properly accounted for, by receipting as per Financial Instructions.

The Controlling Officer alleged that the cash surplus of E141.00 was a donation for one of the officers in the Traffic Section who had lost a relative and that other officers were still contributing. He further stated that the surplus of E150.00 was money remaining from contributions made by the entire traffic department for hosting their end of year party which was held in mid-January 2014. He also mentioned that the officers were still to meet and decide what they were to do with that remaining money.

I am puzzled by the Controlling Officer's ability to provide justification without evidence, to my findings. This demonstrates that there is no truth given by those responsible for the cash in the matter, otherwise such justification would have been provided to the Auditors during the audit.

Again, it should be noted that Financial and Accounting Instruction 0707 of 1970, prohibits keeping of private money or property in an official safe. The Accounting principle states that if private property is found in an official safe, such items will be confiscated and the proceeds paid into the consolidated fund.

I am puzzled by the Controlling Officers response, wherein the cash surpluses are explained as cash which does not belong to government but was still kept in an official safe and official cashbox. The alleged private cash which was found in the safe was rightfully considered as cash surpluses.

The Controlling Officer concurred with my observation and assured me that a strategy was being rolled out to all Police stations on proper management of cash to minimize cases of this nature.

I have found it significant to point out that any discrepancy, either way, surplus or shortage, should be taken seriously because it may get out of proportion resulting in severe mismanagement of funds. Hence, accuracy is crucial to ensure accountability.

Cash Survey at Mhlumeni Police Post

A cash survey was conducted at Mhlumeni Police Post and I communicated my findings to the National Commissioner of Police through my memorandum referenced P12 VOL.V/79, dated 21st September 2015. The Controlling Officer did not respond to my findings despite a reminder referenced P12 VOL. V/81, dated 10th October 2015.

Background

Revenue at the above police post is collected as fines paid by immigrants who have overstayed in Swaziland. According to the Immigration Act of 1982, the penalty charge for overstayed immigrants is E500.00

Mhlumeni Police Post was tasked to collect such penalties from the immigrants and then issue general receipts to the immigrants for exit purposes. The penalties are then deposited

to the consolidated fund, as revenue. However, the police officers collected E120.00 from the immigrants as admission of guilt, and the immigrants were released to exit Swaziland.

Control Weaknesses in Accounting for Revenue

In my report referenced above, I brought the attention of the Controlling Officer about loopholes in controls of revenue collection at the above police post, which resulted to revenue partly brought to account.

I mentioned to the Controlling Officer that the system which was designed to collect revenue at the Police Post was open to abuse of public moneys. I was disturbed to note foremost that there was no government safe or cash box to safe keep government revenue and official documents as required by Financial and Accounting Instructions no. 0701 of 1970, which states that, "all cash, cheques, stamps, receipts, accounting records and other documents of value will be held in a safe or strong-room."

Below are some of the control weaknesses which were observed:

- General Receipt books which were used to collect revenue were not directly received from Siteki Revenue Office by the Police Officer responsible to account for revenue, but were received via Siteki Police Station. Revenue also collected from the general receipts was submitted to Siteki Police Station for banking purposes.
- There was a sole dependency from the Immigration officers in identifying overstayed immigrants, it is therefore apparent that some overstayed immigrants exited the country without paying the fines.
- After payment of fines, the original receipts were not given to the payees but were submitted by the police officers to the immigration officers where they were finally kept. The immigration officers only wrote the receipt numbers on the immigrants travelling documents and this practice resulted in multiple use of same receipt numbers.

Among the possible causes for this situation was the lack of supervision of both government offices, a leeway to mismanagement of public funds.

Unaccounted for General Receipt Book

I expressed concern about a receipt book, that contained receipts numbers 5546401 to 5546500 that was issued by the Station Administration Officer (Siteki Police Station) to Mhlumeni Police Post on 21st December 2014 for collection of revenue.

The last receipt was used on 23rd December 2014, and it was allegedly handed over, by the Police Officer stationed at Mhlumeni Police Post to Siteki Police Station, for the purpose of banking the revenue collected. However, at the time of audit, 20th to 22nd May 2015, the revenue collected from the general receipt book was not brought to account and the general receipt book was not returned back to Siteki Revenue Office, who is the custodian of used receipt books and for preservation for audit purposes.

The Administration Officer at Siteki Police Station, denied knowledge of the receipt book when questioned about its whereabouts. Records and also copies of receipts retained at Mhlumeni

Immigration Office were enough proof that the general receipt book was indeed collected at Siteki Revenue Office and used. In spite of such evidence, the Administration Officer continued to deny that the receipt book was collected at Revenue Office.

I observed that this receipt book was one of the three (3) general receipt books that consisted of receipts from 5546201 to 5546300, 5546401 to 5546500 and 5546301 to 5546400, which were issued by the Siteki Revenue Office to the Administration Officer at Siteki Police Station, on 18th December 2013.

Only two of the general receipt books were signed for, with receipts numbers 5546201 to 5546300 and 554646401 to 5546500. The general receipt book with receipts numbers 5546301 to 5546400 was not signed for. Hence it was not traceable from the record of the Siteki Revenue Office.

Procedurally, when general receipt books are issued by Revenue Office to Ministries/ Departments who are entrusted with the collection of revenue. The recipients acknowledge receipt by signature on the master stock records. This is a significant control measure to ensure that the receipt are traceable. Once fully used the receipt books, with triplicate copies should be returned. It should be ensured that the revenue collected is brought to book and properly accounted for before the revenue collector may be issued a new receipt book.

The other two receipt books, 5546201 to 5546401 and 5546301 to 5546400 had been duly returned to Siteki Revenue Office. Amongst the two receipt books which were returned, was the one which was not initially signed for by Siteki Administration Officer, receipt numbers 5546301 to 5546400. This was proof enough that indeed three receipt books had been initially collected by the Siteki Administration Officer on 18th December 2014 from Siteki Revenue Office.

This demonstrates that initially there were illicit intentions behind, when the Administration Officer signed for two general receipt books instead of three. However, the evil intentions caught up with him when he forgot which one was signed for and which one was purposely omitted to conceal its destination.

One Receipt Issued to Various Individuals

I reported that the same receipt book, 5546401 to 5546500 contained receipts which were used to collect revenue from more than one immigrant. Revenue amounting to E28 920.00, collected from the receipt book was also not brought to account.

Below is analysis of the multiple use of general receipts:

General Receipt Date	General Receipt Number	Payee	Amount (E)
21/12/2013	5546401	Nhachale Alberto	120.00
21/12/2013	5546401	Vilanculos Afonso	120.00
21/12/2013	5546402	Langa Americo	120.00
21/12/2013	5546402	Baloi Nilza	120.00
21/12/2013	5546402	Mentete Fransisco	120.00

General Receipt Date	General Receipt Number	Payee	Amount (E)
21/12/2013	5546402	Sitole Moses	120.00
21/12/2013	5546402	Mabunda Rosario	120.00
21/12/2013	5546403	Machaua Amando	120.00
21/12/2013	5546403	Suthu Jordan	120.00
21/12/2013	5546403	Bhila Julias	120.00
21/12/2013	5546404	Majenje Beto	120.00
21/12/2013	5546405	Codione Jamar	120.00
21/12/2013	5546405	Nguenhla Sergio	120.00
21/12/2013	5546405	Makama Engel	120.00
21/12/2013	5546405	Manatu Fatima	120.00
21/12/2013	5546405	Magwagwa James	120.00
21/12/2013	5546406	Magwagwa Nelson	120.00
21/12/2013	5546406	Manyisa Constantinho	120.00
21/12/2013	5546406	Mathombeni Sandra	120.00
21/12/2013	5546406	Chauke Matia	120.00
21/12/2013	5546406	Masiya Lucky	120.00
21/12/2013	5546407	Manjate Sergio	120.00
21/12/2013	5546407	Sitoe Tomas	120.00
21/12/2013	5546407	Mashaba Enepsto	120.00
21/12/2013	5546408	Letui Victoria	120.00
21/12/2013	5546408	Novela Henriqueta	120.00
21/12/2013	5546408	Utui Tinheco	120.00
21/12/2013	5546411	Macovela Leonardo	120.00
21/12/2013	5546411	Gumba Eduardo	120.00
21/12/2013	5546411	Gonu Queteria	120.00
21/12/2013	5546411	Gumbi Diogo	120.00
21/12/2013	5546412	Tote Domingos	120.00
21/12/2013	5546412	Gose Francisco	120.00
21/12/2013	5546412	Mauze Alfredo	120.00
21/12/2013	5546412	Cumbane Alexandre	120.00
21/12/2013	5546412	Cumbane Marciso	120.00
21/12/2013	5546413	Ngola Sebastiao	120.00
21/12/2013	5546413	Nuchisse Abelando	120.00
21/12/2013	5546413	Lihani Simiao	120.00
21/12/2013	5546413	Ngovane Carlos	120.00
21/12/2013	5546413	Lihani Hermenegildo	120.00
21/12/2013	5546414	Vilaculos Jose	120.00
21/12/2013	5546415	Okwane Rigilo	120.00

General Receipt Date	General Receipt Number	Payee	Amount (E)
21/12/2013	5546415	Chivite Fatima	120.00
21/12/2013	5546415	Banze Rodrigues	120.00
21/12/2013	5546416	Munjuri Arao	120.00
21/12/2013	5546416	Banze Lucia	120.00
21/12/2013	5546416	Mahagaja Octavia	120.00
21/12/2013	5546417	Chivinoje Sousa	120.00
21/12/2013	5546418	Samuel Bazilio	120.00
21/12/2013	5546418	Mulingwe Ana	120.00
21/12/2013	5546419	Mbenzane Fenias	120.00
21/12/2013	5546420	Nhampulo Aurilio	120.00
21/12/2013	5546421	Gongolo Crizalo	120.00
21/12/2013	5546420	Muchave Hortencia	120.00
21/12/2013	5546422	Dumingo Magwagwa	120.00
21/12/2013	5546422	Khoza Elizah	120.00
21/12/2013	5546422	Langa Wilson	120.00
21/12/2013	5546423	Sigauqwe Julio	120.00
21/12/2013	5546423	Sigauqwe Salamao	120.00
21/12/2013	5546424	Nhauoto Anselmo	120.00
21/12/2013	5546424	Macotane	120.00
21/12/2013	5546424	Tune Nelson	120.00
21/12/2013	5546424	Mamba Alberto	120.00
21/12/2013	5546424	Lissane Hortencia	120.00
21/12/2013	5546425	Mawoco Zelia	120.00
21/12/2013	5546425	Mawoco Leonilda	120.00
21/12/2013	5546425	Mawoco Lilia	120.00
21/12/2013	5546425	Mulavele Carmelia	120.00
21/12/2013	5546425	Lissane Pedro	120.00
21/12/2013	5546426	Magwagwa Samuel	120.00
21/12/2013	5546426	Mondlane Andrias	120.00
21/12/2013	5546426	Nhamahango Quiteria	120.00
21/12/2013	5546426	Masango Antonio	120.00
21/12/2013	5546426	Mause Elda	120.00
21/12/2013	5546427	Mombe Anastancia	120.00
21/12/2013	5546428	Hatusse Eneque	120.00
21/12/2013	5546429	Mula Orpa	120.00
21/12/2013	5546429	Xilundzo Bernardo	120.00
21/12/2013	5546429	Alunzo Gildo	120.00
21/12/2013	5546429	Muwabu Maria	120.00

General Receipt Date	General Receipt Number	Payee	Amount (E)
21/12/2013	5546430	Cossa Julio	120.00
21/12/2013	5546430	Dingwene Juloino	120.00
21/12/2013	5546430	Madlazi Alfonso	120.00
21/12/2013	5546430	Mashaba Norman	120.00
21/12/2013	5546431	Matavel Adao	120.00
21/12/2013	5546431	Matsovele Hilario	120.00
21/12/2013	5546436	Timbe Azaria S	120.00
21/12/2013	5546436	Timbe Antonio	120.00
21/12/2013	5546436	Manyate Eusebio	120.00
21/12/2013	5546437	Requinio Lissane	120.00
21/12/2013	5546437	Lindo Lissane	120.00
21/12/2013	5546437	Gilbert Lissane	120.00
21/12/2013	5546437	Anseliho Lissane	120.00
21/12/2013	5546439	Muchanga Joao	120.00
21/12/2013	5546439	Ysal Ngomla	120.00
21/12/2013	5546440	Celestino Madumbe	120.00
21/12/2013	5546440	Alfredo Dique	120.00
21/12/2013	5546440	Eugino Maguel	120.00
21/12/2013	5546440	Armarn Bule	120.00
21/12/2013	5546441	Arlutino Manuel	120.00
21/12/2013	5546441	Raffael Dique	120.00
21/12/2013	5546441	Mauro Swadique	120.00
21/12/2013	5546441	Jossefa Jossias	120.00
21/12/2013	5546442	Constantia Nhabomba	120.00
21/12/2013	5546442	Juanaga Manuel	120.00
21/12/2013	5546442	Gusebu Ziaannas	120.00
21/12/2013	5546442	Fatima Gulengwe	120.00
21/12/2013	5546443	Orlando Ndzanhu	120.00
22/12/2013	5546444	Jissica Mwabsa	120.00
22/12/2013	5546445	Xolani Meyiwa	120.00
22/12/2013	5546446	Elias Mnate	120.00
22/12/2013	5546447	Julia Folige	120.00
22/12/2013	5546447	Laina Gulima	120.00
22/12/2013	5546447	Laiza Gulima	120.00
22/12/2013	5546447	Surgio Foline	120.00
22/12/2013	5546450	Manyisa Augusto	120.00
22/12/2013	5546456	Guna Antonio	120.00

General Receipt Date	General Receipt Number	Payee	Amount (E)
22/12/2013	5546456	Chiboleca Edwardo	120.00
22/12/2013	5546456	Chiboleka Arcelso	120.00
22/12/2013	5546456	Novel Ernesto	120.00
22/12/2013	5546458	Saloma Muzime	120.00
22/12/2013	5546458	Jento Magaya	120.00
22/12/2013	5546459	Magaia Alfredo	120.00
22/12/2013	5546460	Macamo Alberto Pedro	120.00
22/12/2013	5546460	Matimaculo Ismael	120.00
22/12/2013	5546460	Mula Graca	120.00
22/12/2013	5546460	Manhila Jose	120.00
22/12/2013	5546460	Chuquela Francisco	120.00
22/12/2013	5546460	Ngove Albertina	120.00
22/12/2013	5546461	Manuel Pedro	120.00
22/12/2013	5546461	Chiuoze Essitera	120.00
22/12/2013	5546461	Cara Dlakudze	120.00
22/12/2013	5546462	Manhica Joaquim	120.00
22/12/2013	5546462	Mabote Sergio	120.00
22/12/2013	5546462	Mabote Americo	120.00
22/12/2013	5546462	Gove Antonio	120.00
22/12/2013	5546463	Guirugo Joaomateus	120.00
22/12/2013	5546463	Massango Francisco	120.00
22/12/2013	5546464	Madlaze Julio	120.00
22/12/2013	5546464	Cumbane Manuel	120.00
22/12/2013	5546464	Cumbane Orlando	120.00
22/12/2013	5546464	Lazaro Jose	120.00
22/12/2013	5546464	Ngovene Afonso	120.00
22/12/2013	5546465	Massango Leonon	120.00
22/12/2013	5546465	Sevene Inacio	120.00
22/12/2013	5546465	Marime Leonardo	120.00
22/12/2013	5546465	Nhamuswa Esmeria	120.00
22/12/2013	5546465	Muchanga Milton	120.00
22/12/2013	5546466	Tivane Francisco	120.00
22/12/2013	5546466	Novela Artur	120.00
22/12/2013	5546466	Mucoto Ernesto	120.00
22/12/2013	5546466	Tembe David	120.00
22/12/2013	5546466	Machava Sergio	120.00
22/12/2013	5546467	Zidue Matsinhe	120.00
22/12/2013	5546467	Erozet Sitole	120.00

General Receipt Date	General Receipt Number	Payee	Amount (E)
22/12/2013	5546468	Miambo Grancisca	120.00
22/12/2013	5546469	Simango Julieta	120.00
22/12/2013	5546470	Pedro Eristiano	120.00
22/12/2013	5546470	Moiane Jose	120.00
22/12/2013	5546470	Gumalo Jossias	120.00
22/12/2013	5546471	Alfredo Zitha	120.00
22/12/2013	5546471	Almerirco Macuacua	120.00
22/12/2013	5546471	Felizardo Magaya	120.00
22/12/2013	5546471	Adeua Shampula	120.00
22/12/2013	5546472	Mucavele Felizado	120.00
22/12/2013	5546473	Cumbane Paulino	120.00
22/12/2013	5546473	Munguambe Silva	120.00
22/12/2013	5546473	Nhachengo Carlos	120.00
22/12/2013	5546473	Cumbane Nelson	120.00
22/12/2013	5546473	Micondo	120.00
22/12/2013	5546473	Mhachengo	120.00
22/12/2013	5546474	Nhachengo Aderito	120.00
22/12/2013	5546474	Nhachengo Angelica	120.00
22/12/2013	5546474	Nhachicuto Martha	120.00
22/12/2013	5546476	Sitole Antonio	120.00
22/12/2013	5546476	Guambe Sergio	120.00
22/12/2013	5546476	Sitoe Anastancia	120.00
22/12/2013	5546477	Ngwela Angelina	120.00
22/12/2013	5546477	Rafael Armindo	120.00
22/12/2013	5546477	Siquile Jaquim	120.00
22/12/2013	5546477	Deco Mario	120.00
22/12/2013	5546477	Liculo Armando	120.00
22/12/2013	5546477	Lhopo Beatuz	120.00
22/12/2013	5546477	Amosse Sergio	120.00
22/12/2013	5546478	Chapo Gabriel	120.00
22/12/2013	5546478	Alfinete Micaeca	120.00
22/12/2013	5546478	Gingo Gulamo	120.00
22/12/2013	5546481	Manhiqwe Osualdo	120.00
22/12/2013	5546481	Masinga Milas	120.00
22/12/2013	5546481	Nyatsolo Gushitoto	120.00
22/12/2013	5546481	Bila Reginaldo	120.00
22/12/2013	5546482	Khumalo Martinho	120.00
22/12/2013	5546484	Langa Bernet	120.00

General Receipt Date	General Receipt Number	Payee	Amount (E)
22/12/2013	5546484	Mahumane Noberto	120.00
22/12/2013	5546485	Cossa Alfredo	120.00
22/12/2013	5546485	Macamo Lizeto	120.00
22/12/2013	5546486	Vante Saulina	120.00
22/12/2013	5546486	Hondlane Americo	120.00
22/12/2013	5546486	Matauel Domingos	120.00
22/12/2013	5546486	Macie Arome	120.00
22/12/2013	5546486	Vilanculos Tomas	120.00
22/12/2013	5546488	Macao Manuel	120.00
22/12/2013	5546489	Maundja Paulo	120.00
22/12/2013	5546490	Ndaba Enock	120.00
22/12/2013	5546490	Guiwuta Horracio	120.00
22/12/2013	5546490	Vilaculo Emido	120.00
22/12/2013	5546490	Mahlalela Isaac	120.00
22/12/2013	5546490	Mkubu Julius	120.00
22/12/2013	5546491	Moiane Tiago	120.00
22/12/2013	5546491	Madumba Benedito	120.00
22/12/2013	5546491	Shisiko Juawa	120.00
22/12/2013	5546491	Chissico Nelson	120.00
22/12/2013	5546492	Mabongo Mauchino	120.00
22/12/2013	5546492	Gumbi Lucia	120.00
22/12/2013	5546492	Massingwe Isaura	120.00
22/12/2013	5546492	Gumbi Lucia	120.00
22/12/2013	5546492	Cumbane Ruben	120.00
22/12/2013	5546492	Massingwe Isaura	120.00
22/12/2013	5546492	Gumbi Bernado	120.00
22/12/2013	5546494	Gonsalves David	120.00
22/12/2013	5546493	Gove Eusebio	120.00
22/12/2013	5546493	Gumbane Sebastino	120.00
22/12/2013	5546493	Gumbane Amina	120.00
22/12/2013	5546493	Gumbane Crimilda	120.00
22/12/2013	5546495	Mulavele Raimundo	120.00
22/12/2013	5546495	Yhamussa Rute	120.00
22/12/2013	5546496	Canhe Luis	120.00
22/12/2013	5546496	Ernest Mbanze	120.00
22/12/2013	5546497	Antonio Ricardo	120.00
23/12/2013	5546498	Massangaie Joaojustino	120.00
23/12/2013	5546499	Vilanculo Bartelomeu	120.00

General Receipt Date	General Receipt Number	Payee	Amount (E)
23/12/2013	5546499	Nhantumbo Gildo	120.00
23/12/2013	5546499	Lissane Reginaldo	120.00
23/12/2013	5546499	Nhamahango Ercilia	120.00
23/12/2013	5546499	Nhanengue Luisa	120.00
23/12/2013	5546500	Nhacuila Teixeira	120.00
23/12/2013	5546500	Alex Langa	120.00
23/12/2013	5546500	Carlos Langa	120.00
23/12/2013	5546500	Denis Chau	120.00
23/12/2013	5546500	Alice Chau	120.00
Total			28 920.00

I also reported that some original copies of general receipts which were part of the sequence analysed above, were missing at Mhlumeni Police Post and Mhlumeni Immigration Office. These copies are usually retained at Mhlumeni Immigration Office after fines have been paid by immigrants at the Police Post. It is apparent that the revenue which was collected using this receipt book was more than the amount reflected, in the above analysis.

Below is a list of the receipts which were missing:

5546409	5546448	5546457
5546410	5546449	5546475
5546432	5546451	5546479
5546433	5546452	5546480
5546434	5546453	5546483
5546435	5546454	5546487
5546438	5546455	

The practice demonstrated by the Police Officers was that the government receipts were used a multiple times to collect revenue for various individuals. As if it was not enough, the revenue collected from the receipt book was not brought to account and the receipt book was not returned to Siteki Revenue Office.

It is apparent from the above matter that integrity, discipline and trustworthiness no longer exist within the Police Force, otherwise such criminal activities would not have advanced without being discovered.

The Controlling Officer cannot be left out whose role is to ensure that proper controls exist over the collection of revenue under his custody and that revenue is promptly and all brought to account.

I am further enlightened that the root cause for this problem is lack of proper screening mechanism for recruitment of the Police force.

Under Banking

I also reported about an amount of E91 920.00 which was recorded on the Occurrence Book at Mhlumeni Police Post as revenue collected between the periods from 23rd December 2013 to 31st December 2013. The Occurrence Book serves as a register to account for daily revenue collections and it is maintained by the Police Officer responsible for collecting revenue.

Below is an analysis of revenue recorded on Occurrence Book:

Date	Time	Amount (E)
23/12/2013	16:10	15240.00
24/12/2013	14:35	22200.00
24/12/2013	19:15	8040.00
25/12/2013	08:25	9480.00
26/12/2013	17:00	14400.00
28/12/2013	08:10	5880.00
30/12/2013	09:00	10920.00
30/12/2013	15:30	5760.00
Total Amount		91 920.00

When deposit slips and collectors receipts were audited for the period stated above, it was discovered that the actual amount which was deposited to the consolidated fund, for the period was E57 600.00. Therefore, there was a difference of **E34 220.00** which is to under banking of revenue.

The table below is an analysis of banking as per collectors’ receipts:

Date Of Banking	Collector’s Receipt No.	General Receipt Numbers	No. Of Receipts	Amount Banked (E)
31/12/2013	152623	5579701 to 5579800	100	23640.00
31/12/2013	152623	5579801 to 5579900	100	20760.00
31/12/2013	152623	5579901 to 5580000	100	13200.00
Total Amount				57 600.00

When taking into consideration the fraudulent practises at Mhlumeni Police Post, which involves the multiple issue of single receipts by multiple individuals, it is evident that not all revenue collected from the multiple use of receipts is brought to account, but only single receipts are presented for banking. The multiple use of single receipts is only a tactic to defraud government its revenue.

It is apparent that surprise checks are not conducted despite the dictates of the Parliamentary resolutions.

The National Commissioner of Police confirmed my observations as correct.

He re affirmed his acknowledgement of the concerns raised and relayed the action taken to have been to open an investigation on the matter.

He stated that, on 25th March, 2014 an enquiry file docket number E/F 627/14 was registered with the police in Siteki, for investigations that are currently handled by the Fraud and Commercial Unit. The Controlling Officer also relinquished the officer's duties which involved handling revenue of any form in the Police Organisation. The National Commissioner of Police was in the process of recovering the unaccounted for revenue from the Officer.

He revealed the investigations were being finalised to have the officer face criminal charges for the fraudulent act.

The Commissioner of Police humbly regretted the irregularities noted and further informed me that he was currently engaged with his Counterpart at the Immigration Department so as to put in place corrective measures for proper management of Government Revenue and adherence to Government Policies and instruction.

He reiterated any intention to allow and conceal any misconduct of any member of the Organisation as it is well known for honesty and integrity.

The action taken is applauded.

However, it is apparent that the investigation commenced in 2014, as it was cited that the irregularities had already been noted but to date has not been finalised. In the meantime no disciplinary action was taken about the officer involved. Hence, no deterrent to other employees who might follow his steps.

The issue of abuse of Government General Receipts needs stringent measures to control such irregularities.

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

Objectives:

To operate and support the office of the Tinkhundla.

Over Expenditure on Project S34799– Complex for the Physically Challenged people at Mankayane

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

This is further supported by Financial and Accounting Instructions 0202 (ii) that endorse that it should be ensured that no amount is spent in excess of the amounts specified in Treasury warrants.

Project Code	Name of Project	Purpose of Project	Funds Released [E]	Actual Expenditure [E]	Variance
S34799	Complex for the Physically Challenged People at Mankayane	Local funds for the construction of phase 1 at the Mankayane village	1,000,000.00	4,000,000.00	-3,000,000.00

An amount of E1, 000,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E4, 000,000.00 resulting to an over expenditure of (E1, 000,000.00 - E4, 000,000.00) – E3, 000,000.00 (300 %)

The Controlling Officer is expected to explain the authority that allowed him to spend beyond the released funds and further update the Auditor General on the current status of the project.

The Controlling Officer did not respond to the concerns raised, the Controlling Officer violated the Financial and Accounting Instruction number 0315 (ii) which states that “it is duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

Under Expenditure on Project S33399 – Assistance for the Disabled II

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

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

Project Code	Project Title	Purpose of the Project	Funds Released (E)	Actual Expenditure (E)	Variance (E)
S33399	Assistance for the Disabled II	Local funds for drafting the National Disability Bill, developing a database for people living with disabilities and for interventions targeted at people with disabilities.	1,414,000.00	935,995.79	478,004.21

An amount of E 1,414,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E935,995.79 resulting to an under expenditure of (E1,414,000.00 – E935,995.79) E478,004.21 (33.8%).

Worthy of note is that for the financial year ended 31st March 2014 the project had underspent by 33.8% which shows slow implementation.

The Controlling Officer is expected to explain these savings and the cause of slow implementation and to further update my office on the current status of the project.

The Controlling Officer did not respond to the concerns raised, the Controlling Officer violated the Financial and Accounting Instruction number 0315 (ii) which states that “it is duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

Salary Overpayment – Employment No. 4269865

A memorandum referenced D20/Vol.I/68 was issued to the Controlling Officer, in the Deputy Prime Minister’s Office. The Controlling Officer did not respond to the matter, thereon.

I observed that an officer, employment no. 4269865, was overpaid a total amount of E14,768.13 in July 2015. The officer who passed away on the 13th of July 2015, received full salary for the month of July, 2015. Since the officer worked for 13 days, she was entitled to a salary amounting to E10 665.87, shown in the table below.

Month	Entitled Salary (E)	Salary Paid (E)	Overpaid Salary (E)
July 2015	10,665.87	25,434.00	14,768.13

I am concerned that the controlling officer did not demonstrate vigilance to recover the salary related to the period after the 13th of July,2015, from the bank. This is despite the Financial and Accounting Instruction 0509 that dictates prompt recovery of overpayments.

At the time of compiling this report, I am not aware if the overpayment was recovered.

The Controlling Officer did not respond to the concerns raised, the Controlling Officer violated the Financial and Accounting Instruction number 0315 (ii) which states that “it is duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

HEAD: 07

MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION

Objectives:

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

None utilization of Project Funds on Project No G59299-Purchase of Staff Houses in Pretoria

Capital Projects are destined to improve the country's economic growth through the development of its communities.

An amount of E4,000 000.00 was approved and released for the procurement of staff houses in Pretoria.

However, the released amount of E4, 000, 000.00 was not utilized thus resulting in a 100% savings and that retards the development of the country.

The ministry is expected to explain and give reasons for the non-implementation of the projects as the project will become expensive in future.

The Controlling Officer did not respond to the concerns raised. Thus he violated Accounting Instruction 0315 (ii) which states that "it is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General....."

**HEAD: 08
DEFENCE**

Objectives:

To ensure the security of the country.

Under Expenditure on Project P30499- Rehabilitation of Mbuluzi Water Canal and Water Treatment Plant

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

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

Project Code	Name of Project	Purpose of the Project	Funds Released (E)	Actual Expenditure (E)	Variance (E)
P30499	Rehabilitation of Mbuluzi Water Canal and Water Treatment Plant	Local funds for completion the Rehabilitation of Mbuluzi Water Canal and Water Treatment Plant	2,091,503.00	787,163.20	1,304,339.80

An amount of E 2,093,000.00 was approved and E 2,091,503.00 released for the implementation of the above-mentioned project.

Actual expenditure amounted to E787,163.00 resulting to an under expenditure (E2,091,503.00 – E787,163.20) E1,304,339.80 (62.3%)

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

The Controlling Officer concurred with my observation. He stated that Treasury was instructed in June 2015 to pay the Swaziland Water Services Corporation with regard to the Project and the payment was charged on the 2015/16 budget instead of the 2014/15 budget.

In my view, there was no way Treasury could transfer the funds from the 2014/15 Financial Year budget because by June 2015 the 2014/15 budget provision had lapsed. There is no evidence that the Controlling Officer requested authority to transfer the 2014/15 provision into the 2015/16 Financial Year in order to pay the unfinished work that had been budgeted for in the previous year. It is possible that the funds utilized from the 2015/16 Financial Year Budget were meant for other purposes under the same project which might result in over expenditure in 2015/16.

HEAD: 09
MINISTRY OF TINKHUNDLA AND REGIONAL DEVELOPMENT

Objectives:

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

Kubuta Inkhundla

An audit was conducted at Kubuta Inkhundla and I communicated my findings to the Principal Secretary in the Ministry of Tinkhundla Administration and Development through my memorandum referenced E28/Vol V/16, dated 7th April 2015.

The Controlling Officer in her response referenced TNKH 2/3 VOL 11, dated 28th April 2015, concurred with my findings. The following concerns were inadequately addressed.

Regional Development Fund

I drew the attention of the Controlling officer building materials, amounting to E253 967.34, which were purchased by the Kubuta Inkundla and delivered in respect of two projects but ended up not being used. Some of the materials were found missing.

Unused Materials

Dumbe Police Post and Clinic Construction Project

Building material, amounting to E117 386.50, was purchased from T & S Enterprises on 30th April 2013, through order numbers 517651 and 517652, and paid through voucher number 040034, cheque number 007566. The material was delivered on 24th May 2013 through delivery notes 0239 and 0240. Below are the items purchased;

Qty	Item Description	Unit Price (E)	Total Amount (E)
9	Ventilators (internal)	12.10	108.90
9	Ventilators (external)	21.90	197.10
15	Diamond mesh fence 1.8x30m	2500.50	37 507.50
90	Y standards	104.99	9449.10
12	Stays 2.4m	403.92	4 847.04
1	8 gauge galvanized wire 50kg	1504.91	1504.91
1	Double gate 3.6x1.2m	1890.50	1890.50
1	Single gate 1x3.6m	924.50	924.50
2	Door frames 813x2033	438.18	876.36
2	Door frames	438.18	876.36
3	6 inch brick force	41.26	123.78

Qty	Item Description	Unit Price (E)	Total Amount (E)
1	395 mesh wire	4016.14	4016.41
1	250 micro gum plastic 3x30m		664.90
2	NE 1 window frames		255.06
21	Fascia board 10x150mm	243.68	5117.28
9	Window cills	122.04	1098.36
6	Meranti doors	2043.75	12262.50
3	Sapele doors	611.76	1835.28
23	Ceiling 1.2x3.6m	191.59	4406.57
30	Meranti cover strips	50.50	1515.00
16	Cover strips 25mmx3.6m	50.50	808.00
16	Roofing sheets 1.8m	183.51	2936.16
10	115x38x6m treated timber	134.88	1348.80
2	Box roofing screws	39.75	79.50
11	50x76x6m treated timber	156.78	1724.58
2	Roofing screws washers	41.40	82.80
3	5 inch	25.21	75.63
4	3 lever mortice lock sets	172.10	688.40
4	2 lever mortice lock sets	99.92	399.68
18	C2h glasses set window panel 4mm	141.03	2538.54
7	Window frames C2H	365.15	2556.05
VAT			14 415.89
Total Amount			117,386.50

During a physical verification of the material, in February 2015 (almost 2 years since the material was delivered), the material was found lying idle at a certain community member's residence and some were kept outside being exposed to all kinds of weather conditions and theft.

The Committee members revealed that the materials were to be used to renovate a dilapidated house and extend it into a Community Clinic and Police Post, but the project stalled. The challenges faced were that at a later stage it was discovered that the house was not compact for the project and there was no land allocated for the project.

Other challenges faced, were that the material was purchased without involving the relevant technical experts to assist in the project design. The technical experts were only consulted after the material had been delivered, and as a result the technicians disapproved the whole project idea due to the state of the house and hence the project was stalled.

I drew the attention of the Controlling Officer that the Community Development Officer (CDO) and the Accounts Officer could not be absolved from this matter. They displayed gross negligence through undertaking the procurement process without ensuring that proper logistics were put in place.

In her initial response, referenced TINK/2/3/Vol.I dated 27th April 2015, the Controlling Officer concurred with my findings. She revealed that she discovered that the Community was not even aware of the Project. The listed people in the application form denied any involvement in the project.

Following the discovery of this anomaly she reported the matter to the Royal Swaziland Police for investigation in a memorandum ref. TINKH/3/28/Vol.I, dated 23rd April 2015. Also the association and her team resolved that the material should be removed from the community homestead, after it transpired that the material was not legitimately obtained.

Consequently, she removed the material to Nhlangano Regional Government Store Room, for safe keeping until it is redeployed to deserving Associations.

In my follow-up audit conducted on 18th May 2015 to authenticate the relocation of the material, I pointed out that there was no record of the material that was stored at Nhlangano Regional Government Stores. Loads of Building material from different locations were kept in one room and mixed up. There were also no records such as the Stores Inward Book, to account for the movement of stores. As a result the items that were transferred could not be identified, for authentication.

The Controlling Officer acknowledged the concern and informed me that the material was recorded in a combined Requisition and Issue record, which is kept at the Headquarters. She apologized and promised to provide inward books for the Regional Centres. She assured me that the Procurement process was duly observed and the Ministry was under the impression that land was allocated for the project.

I am concerned that anomalies of this kind still persist despite the previous Public Accounts Committee (PAC) recommendation that instances of unused material should be avoided. The Public Accounts Committee Recommendations for the year ended 31st March 2012 advised the Controlling Officer to set up a Project Monitoring and Evaluation Unit that would act as an effective supervisory tool. The Controlling Officer was urged to continuously monitor, evaluate and submit its progress reports to avoid repeat of unused materials and minimize abandonment of projects. Also, government funds were wasted in a non-starter project at the expense of other projects which were stalled, thus delaying development.

This is a clear indication of negligence, uneconomical use of scarce public funds and weak controls in taking care of the funds allocated for the Regional Development Fund.

As a result government has suffered a loss of E117,386.50 through injecting funds for the non-existing project.

Following my findings, the Controlling Officer engaged the Accounts Officer and Community Development Officer with regard to the unused material. The two officers revealed that the supporting documents which were attached to the application form looked genuine. However, they later discovered that the documents were not genuine since they were not signed by the relevant members of the association but were signed by someone else on their behalf. Also revealed was that the association was non-existent.

The Controlling Officer further revealed that the matter was reported to the police after the former Member of Parliament failed to respond to the issue of the project site being the alleged barrier to the project commencement.

On the issue of non-accountability of the material at Nhlanguano Regional Office after being moved by the Ministry from the project site, the Controlling Officer concurred with my findings. She apologised to my office for non-availability of records to account for the material which was moved to Nhlanguano Regional Office.

At the time of compiling this report, there was no corrective action taken by the Ministry to curb the loss of E117 386.50 in respect of a non-existent project which was funded by government.

Macinakazane Water Project

Material amounting to E136 580.83 was supplied by T & S Enterprises on 30th September 2013 for a water project. The material was purchased for the above association and was intended to provide clean water to 40 homesteads which are under Kubuta Inkhundla.

Qty	Description	Unit Price (E)	Total Amount (E)
14	Class 6 pipe 110mmx100m	6 579.73	92 116.22
2	Class 6 pipes 90mmx100m	4 538.30	9 076.60
8	Class 6 pipes 63mmx100m	2 140.00	17 120.00
1	Class 6 pipe 50mmx100m	1 540.75	1 540.75
8	Class 6 pipes 25mmx100m	870.00	6 960.00
25	Cement	90.00	2 250.00
3	Plason couplings	82.00	246.00
16	Gate valves 40mm	332.90	5 326.40
3	Female adaptors 50mmx50mm	53.00	159.00
2	Female adaptors 50mmx40mm	53.00	106.00
1	Female adaptor 63mmx50mm	58.65	58.65
1	Female adaptor 90mmx63mm	276.05	276.05
1	Female adaptor 40mmx40mm	42.00	42.00
1	Female adaptor 40mmx32mm	42.00	42.00
2	Female adaptor 40mmx25mm	42.00	84.00
1	Female adaptor 110mmx50mm	350.00	350.00
1	Female adaptor 32mmx25mm	51.25	51.25
1	Female adaptor 25mmx25mm	26.60	26.60
5	Stand pipes blocks	55.85	279.25
2	Complete stand pipes with taps	141.65	283.30
2	Elbows	7.55	15.10
2	Taps	85.83	171.66
Total Amount			136 580.83

During the physical verification on the existence of the project, I discovered that the project commenced in 2013 but was abandoned during the same year when it was at its inception stage. Most of the material was found lying idle at a certain homestead and exposed to all weather conditions.

The Controlling Officer in her response dated 28th April 2015 acknowledged my findings and assured me that the project would resume and be completed in a period of two months.

During a follow-up inspection conducted on 24th June 2015, I was disappointed to find the situation still the same. The project had not resumed as promised and the material was still lying idle.

I am concerned about the waste of public funds which are injected into projects which end up not implemented.

It should be noted that access to clean water is not only a benefit to the Community but also to the nation as a whole since it is the nation's goal to provide clean water for all Swazi citizens.

The Controlling Officer concurred with my findings that the project had not resumed during a follow up audit conducted 24th June 2015. She stated that unforeseen challenges led to delays in the completion of this project to date. In mitigation the Ministry re-engaged technicians under the land development department in the Ministry of Agriculture and they were on site to complete the water irrigation scheme.

I am very much worried about the frequent loss of government funds through material purchased and not utilised. Even though it is usually indicated that corrective action has been taken, subsequent follow up audits have proved that most of the time this ends up not being the case. Thus, best practice is to avoid purchasing materials before the viability of a project has been ensured.

Missing Material

I drew the attention of the Controlling Officer to material worth E9 767.26, for the same water project, quoted above, which was found missing but was allegedly delivered, as per the delivery note. The material was not availed at the time of audit.

Below is the list of the items:

Qty	Description	Unit Price (E)	Total Amount (E)
25	Cement	90.00	2 250.00
3	Plason couplings	82.00	246.00
16	Gate valves 40mm	332.90	5 326.40
3	Female adaptors 50mmx50mm	53.00	159.00
2	Female adaptors 50mmx40mm	53.00	106.00
1	Female adaptor 63mmx50mm	58.65	58.65
1	Female adaptor 90mmx63mm	276.05	276.05
1	Female adaptor 40mmx40mm	42.00	42.00

Qty	Description	Unit Price (E)	Total Amount (E)
1	Female adaptor 40mmx32mm	42.00	42.00
2	Female adaptor 40mmx25mm	42.00	84.00
1	Female adaptor 110mmx50mm	350.00	350.00
1	Female adaptor 32mmx25mm	51.25	51.25
1	Female adaptor 25mmx25mm	26.60	26.60
5	Stand pipes blocks	55.85	279.25
2	Complete stand pipes with taps	141.65	283.30
2	Elbows	7.55	15.10
2	Taps	85.83	171.66
Total			9 767.26

The Controlling Officer disputed my findings and alleged that the material was on site and was in good condition except for the 25 bags of cement, that was spoilt and kept at the project site and assured me that it would be replaced by the end of April 2013.

During a follow-up inspection on 24th June 2015, I was surprised to find some of the material already on site yet. What puzzled me was why the material was not availed during the audit, when it was requested.

When the physical count of the material was conducted I discovered that there was still a shortfall of the material and some of the items were not in good condition. Material worth E1 328.00, in respect of gate valves was still missing and the 25 bags of cement worth E2 250.00 were found spoilt and not replaced.

I am concerned about the Ministry's continued practice to purchase material for non starter projects only to remain lying idle for years and exposed to all kinds of weather conditions and being at risk of theft. This practice that has caused government to suffer losses due to theft of items and also items getting spoiled or damaged, need urgent control measures to arrest anomalies of this nature.

At the time of compiling this report there were no corrective actions taken by the Ministry.

The Controlling Officer reassured me that the missing material had been replaced and that the 25 bags of cement were utilised for the construction of the water source for the project.

Ultimately, she invited my office to inspect the work accomplished using the 25 bags of cement as well as the gate valves which were replaced. To endorse this, she attached copies of invoices as proof that the material was replaced.

The Controlling Officer's efforts to ensure that the items were replaced is applauded, however, I am yet to conduct further audits to confirm the assertions.

Salary Overpayment – Employment number 3479793

My memorandum referenced S17 VOL.IX/10, dated 11th September 2015, was issued to the Principal Secretary in the Ministry of Tinkhundla Administration and Development in relation to the above subject. However, the Controlling Officer did not address my concerns satisfactorily.

I drew the attention of the Controlling Officer about an officer (employment number 3479793) who retired on medical grounds but her salary was not ceased promptly, resulting in an overpayment of salary, amounting to E107 810.04.

The Civil Service Commission has correspondence, referenced CSC/PF 17790, dated 3rd March 2015, issued a directive to stop the officer’s salary with effect from 4th February 2015, following the officer’s retirement on medical grounds, on the same date.

The Ministry failed to stop the salary immediately, but was only stopped on 1st June 2015 which was four (4) months after the retirement date.

The delay to stop the salary action resulted to a total amount of E107 810.04 overpaid to the officer, for no service delivery, which is a loss to government.

According to the correspondence dated 1st June 2015, the Ministry had previously engaged the officer in a telephone conversation whereby the officer declared to settle the amount in full since she had not spent the money and was available in her bank account.

Below is an analysis of the salary overpaid:

Salary Pay Date	Amount Overpaid (E)
22/05/2015	27 950.75
22/04/2015	27 950.75
23/03/2015	27 950.75
23/02/2015	23 957.79
Total Amount	107 810.04

In her response, referenced TINKH 2/3 VOL 1, dated 16th September 2015, the Controlling Officer concurred with my findings. She confirmed that the Ministry after realising the overpayment (four months later), stopped the officer’s salary on 1st June 2015. The Ministry also engaged and wrote a letter to the officer requesting her to pay back the money she was overpaid and she agreed to repay it.

The officer requested to pay the money in monthly instalments of E10 000.00, and attached a general receipt number indicating that she had already paid one instalment of E10 000.00. The Ministry did not accept the offer to pay in instalments and advised her to pay the amount in full not later than 30th June 2015.

Furthermore, the Principal Secretary alleged that she sent the officer a final demand directing her to pay the outstanding amount by 30th September 2015.

While I appreciated the efforts made by the Controlling Officer to demand settlement of the debt at once and the stoppage of the salary. I am also concerned about the Human Resource Officer's laxity who did not take immediate action to stop the salary in order to avoid such unnecessary conflicts, whereby prompt recovery of the monies become impossible once at the disposal of the officer despite being aware she did not deserve it. As a result Government suffer unnecessary losses..

My concern was the balance of E97 810.04 which had not been recovered from the officer in spite of the final demand which was directing her to settle the amount by 30th September 2015, yet she claimed the money lied intact in her bank account, reflecting a weakness of intergrity.

The update received was that following the final demand, by the Ministry, the officer stated that she had no money to settle the debt at once. She maintained the request to pay in monthly instalments of E10 000.00. It was revealed with evidence that, at the time, an amount of E50 000.00 had already been paid, leaving a balance of E57 000.00, which the officer agreed to settle by the end of April 2016. In mitigating laxity on the part of the Ministry, oversight was quoted as the cause.

I am concerned about the officer's resistance to repay the whole sum overpaid at once, when earlier on she cited that the money was in her bank account. This implies she forcefully borrowed the money, without authority, knowing very well it was deposited by error and did not belong to her.

In the event the Ministry had not discovered the error the officer was bound to demonstrate trust and responsibility to alert the Ministry about the overpayment.

Mtsambama Inkhundla

An audit was conducted at Mtsambama Inkhundla and I communicated my findings to the Principal Secretary, Ministry of Tinkhundla Administration and Development, through my memorandum referenced E28/Vol. V/17 and dated 9th April 2015. The Controlling Officer's response, referenced TINK/2/3/Vol. 1, dated 27th April 2015, did not adequately address my concerns.

Unused Fencing Material Mavukutfu Livestock Farmers Association

I expressed my concerns regarding fencing material, to the value of E291 326.38, which was purchased for the fencing of grazing lands, but some of the material worth E31 020.00 was found unused.

The material was purchased through order no. 517665, dated 2nd July 2013, from L.S.M. Distributors, and was paid for through voucher number 060036, dated 17th September 2013 by cheque number 007655. The material was delivered on 9th August 2013.

Below are the items:

Quantity	Item Description	Unit Price (E)	Total Cost (E)
33	Barbed Wire 50kg	1 900.00	62 700.00
646	Treated Poles	250.51	161 829.46
11	Diamond Mesh 100m x 1.8m	2 820.00	31 020.00
	VAT		35 776.92
Total Amount			291 326.38

A physical verification of the fencing project was conducted on 2nd February 2015, and it was discovered that, all the 11 rolls of diamond mesh 100m x 1.8m fence worth E31 020.00, were not used, hence the project was not completed.

The unused material 11 rolls of diamond mesh fence, valued at E31 020.00, were found lying idle and exposed to all weather conditions, at a homestead. Reason given for not using the material was that, the type of fence which was delivered was not the specifications which had been requested, by the Association. The Association alleged to have requested 11 rolls of veld span fence, which is suitable for grazing lands.

I am disappointed about the carefree attitude which was displayed by the Ministry’s officials, when instant action was not taken to correct the matter upon receiving the wrong material, but left the material lying idle indefinitely for approximately 18 months, at a homestead.

The Controlling Officer concurred with my findings, yet on the other hand disputed that the Inkhundla had purchased the wrong type of fence. She alleged that the Association confirmed to her that, they had wrongly requested the diamond mesh fence instead of the veld span fence. The Controlling Officer also stated that the Association was ill advised by an Agricultural Extension Officer, who prescribed the kind of fencing material that was purchased. In an effort to ensure the safe custody of the fence, the Controlling Officer informed me that the fence had been moved from the homestead where it was kept and was stored at Mtsambama Inkhundla.

On the issue of not taking instant action to rectify the matter, the Controlling Officer stated that the Ministry never got the feedback from the Inkhundla that they had been supplied with wrong material, otherwise the Ministry would have taken the necessary actions immediately.

This revealed laxity on the part of Evaluation and Monitoring Unit which did not monitor or make follow ups on the progress of projects which were funded by the Regional Development Fund. Instead of conducting such follow ups to ensure that there is progress and success of projects, the Ministry shifts the blame to the Association for having ordered the wrong material and not notifying the Ministry about the wrong material in time. If the projects were constantly evaluated and monitored by the Ministry, such an anomaly would have been realized early and the material would have been exchanged timely. As a result of such laxity on the part of the Ministry, government suffered a loss of E31 020.00 in respect of the wrong material which was

purchased and not used immediately. Consequently, objectives of the funding/project were not met.

The Controlling Officer, in her response, also informed me that she wrote letters to the officers concerned so that they would justify their actions for not conducting a follow up on the progress of the project, and also state why they should not be surcharged for the waste of funds.

The Ministry, as a solution removed the material from the Associations homestead and it was reallocated to Ekwendzeni Umphakatsi for fencing purposes.

Matsanjeni South Inkhundla

An audit was conducted at Matsanjeni South Inkhundla and a report referenced E28 VOL V/20, dated 4th May 2015 was issued to the Principal Secretary, Ministry of Tinkhundla Administration and Development. The Controlling Officer's response referenced TINK/2/3/, dated 28th May 2015 did not satisfactorily address my concerns.

Unused Material- Matsanjeni High School

I expressed my concerns about building material amounting to E290 014.73 that was purchased for the construction of classrooms at the above school, but the material was found lying idle, depreciating and some items were already spoiled.

The building material was purchased from Lucky's Ark Investments and was paid for, through voucher 080005 by cheque number 007707, after being delivered on 2nd October 2013. The material consisted of the following items:

Qty	Description	Unit Price (E)		Total Price (E)	
50	IBR sheets 6m	235	00/m	70 500	00
3	IBR ridging 6m	142	50/m	2 556	00
5	90mm Roofing screws	110	00/kg	550	00
20	Hooping iron	49	00	980	00
6	Brick Force	97	00	582	00
8	Round wire nail 75mm	43	20/kg	345	60
12	Round wire nails 100mm	23	00/kg	276	00
5	Round wire nails 150mm	23	80/kg	119	00
3	32mm clout nails	86	00/kg	258	00
4	C2H window frame	669	00	2 676	00
5	D12FH Window frame	2 157	00	10 785	00
74	38x38m timber	23	20/m	1 716	80
81	38x150x6m timber	53	65/m	26 073	90
140	50x76x6m timber	40	60/m	34 104	00
4	38x114x6m timber	42	77/m	1 026	48

Qty	Description	Unit Price (E)		Total Price (E)	
20	Meranti cover ship 6m	39	00/m	4 680	00
2	Messonite cornice 6m	32	00/m	384	00
18	Ceiling 3.6x1.2m	75	90m2	5 901	98
3	Ceiling 2.4x1.2	75	90/m2	6 55	78
1	Meter box	978	60	978	60
1	3x20 way flush DB	1 269	00	1 269	00
8	100x50m gem box	5	85	46	46
4	4x2 PVC gem box	5	85	23	40
30	20mm conduit pipe	14	60	438	00
1	20mm spraque PVC tubing	13	65	13	65
1	20mm adaptor PVC/100	195	00	195	00
100	2mm coupling PVC	195	00	19 500	00
30	Box round	5	20	156	00
30	20mm 3way box PVC	5	25	157	50
25	Loop in box 20mm	5	25	131	25
60	M4x30screw	1	20	72	00
60	35x30 screw	1	20	72	00
5	DB blanks	0	98	4	90
5	DB labels	0	98	4	90
1	Insulation tape	15	60	15	60
1	Earth spike	192	40	192	40
100	Galvanised saddles	38	35	3 835	00
4	1.5mm x 100 house wire red, black, white	2 604	00	8 256	00
4	2.5mmx100 house wire red, black, white	2 508	00	10 032	00
1	100m underground cable	15 008	00	15 008	00
4	Lamp bulk leads	257	00	1 028	00
4	Bulk head 2D	259	35	1 037	40
18	Flourescent tube	386	88	6 963	84
9	Double florescent fittings	825	50	7 429	50
1	Lever ways	118	75	118	75
1	2 Lever ways	118	75	118	75
1	3 lever ways	118	75	118	75
4	Cover	15	00	15	00
1	Stove isolator	158	65	158	65
1	Earth spike	192	40	192	40
1	Earth leakage	1649	00	1 649	00
2	20A circuit breaker	383	95	767	90

Qty	Description	Unit Price (E)		Total Price (E)	
5	Lugs 6x10	99	95	499	75
1	Solvent cement	169	00	169	00
100	Bags 50kg cement	95	60	9 560	00
	SUBTOTAL			254 398	89
	VAT@ 14%			35 615	84
	TOTAL AMOUNT			290 014	73

The purpose of the material was to redevelop an existing structure in order to divide it into classrooms. Before the request of the material was submitted to the Inkhundla, by the school committee, technical experts were not involved to examine if the existing building was strong enough for the construction developments. It was only after the material had been delivered at the school that the technical experts were consulted and in the process, the technical experts condemned the existing building and issued an order for its demolition, which caused the project to be stalled.

The school did not return the material to the Inkhundla but decided to keep it for the purpose of completing another project that was already in progress then, for building teacher's quarters.

A physical inspection revealed that cement amounting to E9,560.00, was already spoilt at the time of audit, 12th February 2015 since it is perishable.

I pointed out to the Controlling Officer, that the cause for the anomaly was that the material was purchased first without involving the relevant experts.

The Controlling Officer concurred with my findings. She stated that the school was granted authority by the Inkhundla to use the building material for the other project (teacher's houses building project), after the government technical experts disapproved the initial idea of redeveloping a dilapidated building into classrooms.

I have noted the Controlling Officer's ability to rectify anomalies after my reports, when such anomalies should be addressed instantly before loss or damage of material occur. The material was delivered on 2nd October 2013 and had been lying idle for almost 18 months before it was used. I was not given any explanation as to why the material had been kept lying idle for such a long time. Moreover the Ministry has an Evaluation and Monitoring Unit which should monitor the progress of the projects and update the Controlling Officer on time, for instant action.

I am not convinced that realistically spoiled cement could be used fruitfully. I have reservations about the safety of the structures that are built using old and spoiled cement.

It should be noted that government injected funds into the Regional Development Fund, to enhance development at constituencies. Therefore, accountability of the funds should be ensured and development should be monitored at the constituencies to obtain value for money.

The Controlling Officer in her response informed me that the tentative date to complete the project was no longer December 2015, as informed by the former Head Teacher at the school during the Ministry’s site visit. She stated that due to changes in the school’s Management the project’s time schedule was affected, she informed me that the project has now reached the roofing stage and will be completed before the end of Government Financial Year (March 2016).

Excess Fencing Material – Hlushwana Primary School

The Ministry purchased fencing material, amounting to E203,176.00, from Live Well Investments, for fencing the premises at the school.

The material was delivered at the school on 11th November 2013 and was paid for through voucher number 080010, cheque number 007709.

The material consisted of the following items:

Qty	Description	Unit Price (E)	Total Amount (E)
50	Diamond mesh	2 270.50	113 500.00
20	Barbed wire 50kg	1 725.00	34 400.00
80	Treated poles	195.00	15 600.00
1	Double gate	2 500.00	2 500.00
50	Clout u nails per kg	45.00	2 250.00
7	Plain galvanised 12 gauge	1 425.00	9 975.00
	SUBTOTAL		178 225.00
	VAT @14%		24 951.00
	TOTAL AMOUNT		203 176.00

Notably the project was duly completed, but out of the total paid for the goods of E203,176.00, excess material worth E22,190.00, was found lying idle during the physical inspection of the fencing project.

Qty	Description	Unit Price (E)	Total Amount (E)
7	Diamond Mesh	2270.50	15890.00
2	Barbed Wire	1725.00	3450.00
2	Galvanised Wire	1425.00	2850.00
Total Amount			22 190.00

I expressed my concerns about the excess material which was left lying idle, at the school, for more than 12 months. I pointed out that the major cause of the excess material was that technical experts were not involved to prescribe the required material before it was purchased. As a result, government funds were wasted and the Ministry had not been informed in time so that the material could be relocated to other needy projects.

The Controlling Officer concurred with my findings. She stated that during an investigation, which was conducted by the Ministry, it was discovered that the project application form, on the part of a government technician, was signed by the Shiselweni Regional Officer, (REO) since this was a school project.

It was not proper to engage the REO to authorise the purchase of the material, instead of the relevant technical experts, who possess the required expertise, such as construction Technicians or Architects.

The Controlling Officer informed me that a government technician was involved during the delivery of the material and a delivery note was also signed by the government technician.

This means the government technician mission was only to authenticate the material against the delivery note without considering whether the material was in line with the necessary quantities.

She stated that the school's Principal apologised for not involving the relevant government technicians.

The excess fencing material had been returned to the Inkhundla Centre and the Inkhundla Council had re allocated it to Mpandesane Primary School.

While I appreciated the Ministry's efforts to move the material to the Inkhundla for safekeeping, I am concerned about the careless spending of government funds. The funds tied in the unused material would have been used for other government projects.

Mpandesane Primary School

Building material amounting to E145 874.15, was purchased to complete an existing building project, at the above school.

The material was delivered at the school on 2nd October 2013 and paid for through voucher number 080000, cheque number 007703. The material consisted of the following items:

Qty	Description	Unit Price (E)	Total Price (E)
10	Rolls fence	3 470.00	34 700.00
15	Treated poles	220.00	3 300.00
40	Cement bags	95.60	3 824.00
10	12x6m corrugated iron	225.00/m	13 500.00
1	Double gates	4000.00	4 000.00
6	38x152x6m timber	53.65/m	1 931.40
10	20L paint bottle green	3029.00	30 290.00
6	5L golden brown paint	1523.00	9 138.00
5	20L cream paint	1234.00	6 170.00
78	50kg cement	95.60	7 456.80

Qty	Description	Unit Price (E)	Total Price (E)
12	Corrugated iron 4.2m	225.00/m	11 340.00
7	114x38x6m timber	42.77/m	1 796.34
2	115x38x6m timber	42.77/m	513.24
	SUBTOTAL		127 959.78
	VAT @ 14%		17 914.37
	TOTAL		145 874.15

A physical inspection revealed that the construction project was almost complete. The only remaining phase was to complete the fencing of the school premises. Apparently, the fencing of the school was not completed due to that government technicians were not involved before fencing material, was purchased, and the fencing material was short supplied.

The Controlling Officer acknowledged my findings. She stated that there was an error in the estimation of the quantity of fencing material, required, because irrelevant technicians were engaged and prescribed the wrong quantities of the fencing material. The Controlling Officer further informed me that the fencing material purchased was in excess of the requirement which was contrary to my findings.

I am concerned this information was concealed during the audit. I am disturbed about the intention behind the non-completion of fencing of the school premises when the Controlling Officer alleged that there was excess of fencing material for the project. The alleged excess fencing material was hidden for over 12 months for the benefit of certain individuals.

I have reservations about the Ministry's care free attitude in not ensuring that the relevant technicians were involved before issuing an order to the suppliers. This proves that there were ill intentions behind overriding the procedures and rushing to purchase the items without scrutinizing that the quantities were in line with the requirements.

I reported that some of the paint which was purchased was found not used. The reason given was that it was excess material. The paint was kept at the school indefinitely and as a result was spoiled.

Below is an analysis of the items:

Qty	Description	Unit Price (E)	Total Price (E)
6	20L bottle green	3 029.00	18 174.00
1	20L cream paint	1 234.00	1 234.00
2	5L golden brown paint	1 523.00	3 046.00
Total Amount			22 454.00

I pointed out that the excess purchase of the paint listed above, resulted from the same irregularity which is the non-involvement of the government technicians to prescribe the correct quantities to be purchased.

The Controlling Officer concurred with my findings, yet on the other hand disputed that the paint was spoiled. She stated that the Ministry conducted a physical inspection with a technician from the Ministry of Public Works and Transport and that the paint was found in good condition. She assured me that the paint would be used to paint the school toilets by the end of June 2015.

I would advise that as soon as it is confirmed that excess material was purchased it should be reported to the Ministry to relocate the material to avoid losses, theft and spoilage.

The final update from the Controlling Officer assured me that the fencing material had been utilized for the completion of fencing of the school and the paint was utilized for painting the school and the teachers' quarters.

A physical verification is yet to be conducted by my office.

Leased Houses, Swaziland Property Market (SPM)

A physical inspection of leased houses to government conducted at Siphofaneni on 4 June 2015, and a report referenced E28 VOL VI/7 dated 8th July 2015 was issued to the Controlling Officer, Ministry of Tinkhundla Administration and Development.

Details of the houses are as follows;

House no Block 1- Three Bedroomed House

This house was leased to Government through SPM for a period of 12 months from 1st April 2010 to 31st March 2011. As per lease agreement, government was charged E3 000.00 rent per month for the first twelve months, and 9% increase per annum on renewal. For the financial year ending 31st March 2015, Government was paying a monthly rental of E3, 514.50.

House no Block 47- Siphofaneni

House no Block 47 is a one bedroomed house with a garage and was leased to Government for a period of 12 months from 1st August 2010 to 31st March 2011. Terms of the lease agreement were that, the rental charges were E1 800.00 per month for the first twelve months, and 9% increase per annum on renewal.

I have noted that the correct period of the lease should be August to July, not August to March, which is stated in the lease agreement.

For the financial year ending 31st March 2015, Government was paying a monthly rental of E2 108.70 to SPM.

The audit revealed that employee 5082975, who was Senior Regional Officer in Lubombo region, occupied two government houses at Siphofaneni, Block 1 which was a three bedroomed house and Block 47 which was a one bedroomed house, with a garage.

Explanation given was that the one bed roomed was used as a servant’s quarter. It transpired that the occupant was the housing officer in the region.

Information obtained from the Ministry of Public Service, which is responsible for leased houses, revealed that both houses were leased to government by SPM, who represented the Landlord. Since each house had its own lease agreement, government paid rentals for two houses in respect of one officer.

According to government housing rental rates, Block No 1 which is a three bed roomed house is classified under category E government subsidized with rentals of E87.00 per month and E1 560.00 market rent per month. Block 47 which is a one bed roomed house with a garage is classified under category G with subsidized monthly rentals of E52.00 and E1040.00 market rent. When checking through the computer government accounting system, I noted that the officer paid E153.00 rental per month, which is applicable for a three bed roomed house with a servant’s quarter. I was not furnished with the allocation/commencement of rental deduction form, to confirm if the former employee was allocated both houses, whose rentals would sum up to E139.00 per month.

The Controlling Officer, in her response, dated 21st July 2015, referenced TNKH 2/3 VOL 1, stated that the officer was allocated the three bed roomed house in August 2010 with a rental of E26.00 which was later adjusted to E153.00 from September 2011. There was no explanation what the adjustment entailed.

This implied that the officer paid rent for one house, the three bed roomed house. No rentals were paid towards the one bed roomed house which has a separate lease to government.

The Controlling Officer concurred with my observation. She stated that she liaised with the Ministry of Public Service. The attached correspondence, from in the Ministry of Public Service, referenced OG. 51/43, dated 15th July 2015, stated that it was an oversight on its Housing Section to separate the lease agreements for the houses. The lease agreement was terminated at the end March 2015.

I am concerned that for four years, from August 2010 to March 2015, Government paid rentals for house no Block 47, amounting to a total of E 105,908.40, as a separate house, yet it was used as a servant’s quarter and attached to another leased house, no Block 1. Under normal circumstances servants quarters are leased together with the main house.

In my view, leasing of this structure costed government more than it would, had it been considered as a servants quarter to the main house and linked to one lease.

The rentals for Block number 47 were;

Period	Rate x Months	Total (E)
August 2010-March 2011	E1,800.00 x 8	14,400.00
April 2011-March 2012	E1,800.00 x 12	21,600.00
April 2012-March 2013	E1,800.00 x 12	21,600.00
April 2013-March 2014	E1,917.00 x 12	23,004.00
April 2014-March 2015	E2,108.70 x 12	25,304.40
Total		105,908.40

The Ministry regretted that the allocation slip could not be located. The Controlling Officer explained that the E153.00 rental was charged in respect of a three bed roomed house and a servant's quarter. The employee moved in after promotion to the next position. The officer paid E26.00 as rental for the house she occupied before she was promoted to the position of Senior Regional Officer, which is the high position.

There was no comment of the separate lease, in respect of the servants quarters, which resulted in higher rentals charged to government.

Another observation made was that the former Senior Regional Officer did not vacate the government houses promptly after her retirement date which was on 13 November 2014. The house was vacated on 27 February 2015, three months later.

This means that government paid a total of E10 543.50 for a pensioner at E3 514.50 per month. The former employee did not pay any rentals for the months of December 2014, January and February 2015 since her stop pay date was November 2014.

I am disturbed that the tax payer's money was used to pay rentals on behalf of an officer who was no longer rendering any service to government.

My observations were confirmed as correct. The Ministry informed me that the retired officer agreed to pay back the amount of E10 543.50 over a period of six months, beginning from August 2015. On 17th July 2015, the Controlling Officer further stated that an amount of E543.00, was paid on receipt no 06318243 as the first instalment, leaving a balance of E10 000.50. I am not aware if any other instalments were paid there after.

I am concerned that the Regional Secretary did not take responsibility to make sure that the officer vacated the government quarter, on time.

Pertaining the delay in vacating the house after retirement, the ex employee concerned agreed to pay the sum of E10 543.50 rental arrears, at E2 000.00 monthly instalments. The arrangement was that by January 2016 the repayment would be completed.

Also raised in my inspection report was that the current Senior Regional Officer, employee 23434418, revealed that when she assumed her duties at Siphofaneni, she received the keys for house, number Block 1, from the Landlord, at the beginning of May 2015. My concern is that the house was vacated by the then Senior Regional Secretary on 27 February 2015, but the keys were collected from the Landlord at the beginning of May 2015. I concluded that government used the taxpayer's money to pay for a vacant house that was handed over to the Landlord. It is not clear why the house was in the custody of Landlord.

Based on the lease agreements, government lost a total of E9 137.70 through payment of rent for vacant houses, as follows;

House No	Period	Rent paid per month (E)
Block 1	March 2015	3,514.50
	April 2015	3,514.50
Block 47	March 2015	2,108.70
Total		9,137.70

The Controlling Officer informed me that the keys were handed over to the acting Regional Secretary, employee 4702632, not the Landlord. Also, the current Senior Regional Officer signed the occupation slip on 1st March 2015 and moved into the house at beginning of May 2015. The explanation given was not convincing because it was contradictory to the explanation by occupant of the house who delayed occupation.

A conclusion was reached about the delay to occupy the house and the officer committed himself to pay the rental over a period of 4 months.

Even though the officer agreed to pay the subsidized rental for two months (E230.00 on receipt no 6318741 dated 20 July 2015) in respect of the three bedroomed house and one month in respect of the one bedroomed house, I still stand by my report that the house was vacant, and exposed to vandalism which would lead to exorbitant cost to repair/renovate.

Piggs Peak Government Houses

An audit inspection was conducted at Piggs Peak region, and a report referenced E28 VOL dated 28 May 2015 was issued to the Controlling Officer, Ministry of Tinkhundla Administration and Development.

The Controlling Officer, in her memorandum referenced TNKH 2/3, dated 16th June 2015, concurred with my observations.

However, corrective action had not been taken on the following issues raised.

Unauthorised Housing Allowances and Owed Rent

Some some civil servants in the Piggs Peak region received housing allowances, which had accumulated to E234 424.00, from January 2008 to March 2015, yet they were occupying government houses. Housing allowances, according to General Order A778 (1), are compensation for officers who are not housed by government. Also, it was found that rent was not deducted from their salaries, resulting in rent owed accumulating to E30 264.00.

The Controlling Officer, stated that in a bid to address this anomaly, a reminder was sent to Departmental Heads to ensure that officers housed in government houses do not receive housing allowances, and that the appropriate rent should be paid when housed by Government. The commencement of rent deduction slips/forms were issued to all the officers from 8th June 2015.

However, records revealed that the officers continued drawing housing allowances from government.

I appreciated the action taken by the Controlling Officer in that commencement slips to deduct monies due to government were issued to all the implicated officers, because the continued payment of unauthorized housing allowances was a result of resistance and was confirmed that this practice was deliberate and intended to defraud government.

When checking through the Government Computer Accounting System, I noted that as at 31st August 2015, deductions, from some officers, totalling to E 82 021.00 in respect of unlawful housing allowances, amounting to E 63 224.00 and rent outstanding amounting to E 18 797.00, had not commenced, yet deduction slips were issued to the officers from 8th June 2015.

The non-collection of rentals and payments of unauthorised housing allowances, deprive government its revenue. In addition, payment of housing allowances to underserving officers unjustifiably increases the wage bill and is tantamount to fraud. Stricter punitive measures should be considered as deterrent to this malpractice.

The table below shows the officers whose deductions on unauthorised housing allowances received and owed rent had not commenced.

Employment No.	Ministry/ Department	House No.	Occupation Date	Total Housing Allowances Received (E)	Total Rent Owed (E)	Total Due to Government (E)
4706571	Education	PA 102	March 2012	Nil	4 100.00	4 100.00
300083741	Health	PSE 033	February 2015	4 326.00	329.00	4 655.00
2555764	Health	PSE 031	August 2011	28 848.00	1 440.00	30 288.00
3490259	Education	PA 139	December 2013	12 020.00	1 200.00	13 220.00
3469811	Education	PA 102	August 2009	Nil	4 320.00	4 320.00
3487745	Agriculture	A4	April 2014	6 611.00	660.00	7 271.00
4776361	Health	PA 154	November 2008	Nil	4 860.00	4 860.00
9346048	Health	PSE 032	January 2014	11 419.00		11 419.00
9127061	Health	PSE 035	March 2007	Nil	988.00	988.00
300161793	Health	PSE 036	December 2014	Nil	900.00	900.00
Total				63 224.00	18 797.00	82 021.00

Underpayment of Rent

Some officers were found to be underpaying rentals due to government yet it is clearly stated in the General Order A761 (1) that the rent for government quarters shall be collected by means of monthly deductions, at the appropriate rates, from an officers salary. In an effort to correct this anomaly, the Controlling Officer re-issued the rent commencement slips to adjust the rent in accordance with the General Orders. Some of the officers responded positively, and were already paying the correct rent, while other officers have not adjusted their rentals.

A follow up audit revealed that as at 31st August 2015, rent adjustments amounting to E38 372.00 were not effected.

The table below shows details of rentals that have not been adjusted;

Employment No:	Ministry/ Department	House No	House Category	Date Occupied	Rate/ Month (E)	Rent Paid (E)	Rates x Months	Total Owning (E)
3416624	Health	PA93	3 B/R	Feb 2009	153.00	26.00	E127.00 x 73	9,906.00
2222952	Education	PA 160	3 B/R	Jan 2015	111.00	60.00	E51.00 x 2	102.00
4452052	Education	PSE 051	2 B/R	Nov 2005	60.00	26.00	E34.00 x 113	3,842.00
3618455	Fire & Emergency	PA 84	2 B/R	Jan 2006	60.00	41.00	E19.00 x 110	2,090.00
4630953		PA 72	2 B/R	Jan 2006	60.00	26.00	E34.00 x 110	3,740.00
3683848	Education	PA 98	3 B/R	July 2010	100.00	87.00	E13.00 x 56	728.00
3818387	Health	PA 155	2 B/R	March 2009	60.00	47.00	E13.00 x 72	936.00
7200438	Health	PA 152	2 B/R	Nov 2007	60.00	26.00	E34.00 x 88	2,992.00
2274997	Health	PSE 034	2 B/R	Dec 2002	60.00	13.00	E47.00 x 153	7 191.00
4657848	Public Works	PA 073	3 B/R	Aug 2014	87.00	60.00	E27 x 13	351.00
2470447	CTA	PSE 051	2 B/R	July 2012	60.00	26.00	E34 x 44	1 496.00
2543347	Health	PA 78	2 B/R	June 2014	60.00	14.00	E46 x 15	690.00
3793837	Education	Lot 59	3 B/R	Sept 2014	43.50	32.5	E10 x 12	120.00
300168006	Health	Lot 194	2 B/R	Sept 2014	60.00	17.00	E43 x 12	516.00
2801546	Health	Lot 64/65	4 B/R	Nov 2013	153.00	Nil	E153 x 24	3 672.00
Total								38 372.00

It is worrying why correction of this anomaly is dragging despite the effort made. The delay in repayment will increase the amount owed which is a drain to government financial resources. It should be noted that employees are also responsible to ensure that they fully comply with housing regulations.

Occupation of Government House by Swaziland National Court Employees

The inspection revealed that three of the houses in Piggs Peak were occupied by Swaziland National Court Employees. The Controlling Officer in her response concurred with the following findings.

House No PA 73- Bahloli Location

This house was found to be occupied by an employee of the First National Bank, Piggs Peak. Information gathered from the Kings Office revealed that the house was allocated to an ex employee, who was dismissed from work. According to their records he was last paid, salary on 16th June 2006. This means that the house was occupied illegally for the past eight years. In accordance with General Order A779 (1), officers who occupy government quarters beyond their last date of service should be charged open market rental. In this case the ex employee was supposed to pay E1 300.00 per month since the house occupied was a two bedroomed house under category F. Therefore rent owed over the past eight years, from June 2006 to June 2015, had accumulated to E140 400.00 , at the time of reporting.

The response revealed that upon investigating this issue, the then employer, Kings Office, informed the Ministry that the employees dismissal was being handled by the court.

The response was silent on the house being occupied without payment of rent while the tenant is no longer in employment.

I was not advised how the rent owed would be recovered.

House No PA 70 - Bahloli Location

This three bedroomed house was occupied by, an employee of the Swazi National Treasury (SNT) Court Clerk, from 15th August 2013. According to the allocation slip that was issued by the Regional Office, rentals amounting to E100.00 per month, were to be paid from August 2013. Enquiries from the Swaziland National Treasury revealed that the occupant did not pay any rent, thus rent due to Government from August 2013 to August 2015 amounted to E2500.00 (E100.00 x 25 months).

The Controlling Officer in her response stated that she informed the SNT by an unreferenced letter dated 15 June 2015 to effect rental deductions from this officer's salary.

There was no evidence, furnished, to confirm if the rental deductions commenced.

House No PA 141 - Bahloli Location

Employee number 555665 who was employed by SNT as Ndabazabantu, was housed in a two bedroomed house, number PA 141, with effect from March 2014, without payment of rent. The Controlling Officer, in her response, concurred with my finding and a commencement of rental deduction form was re issued to Swaziland National Treasury for action, on 9th June 2015.

Though the Controlling Officer attached copies of commencement of rental deduction forms, my office was not furnished with documented proof that rent collected from the officers was remitted to government coffers.

Illegal occupation of Government House

During the physical inspection of government quarters on 5th March 2015, a three bedroom house, number PA M10 located at Mhlatane was found to be still occupied by employee no 4410683 who is the former Principal of Mhlatane High School. A letter from the Teaching Service Commission (TSC) dated 27th August 2014, referenced TSC 11845, was issued to the then Principal, terminating his services. Also stated in the letter was that he should vacate the house within seven days from the date he received the letter.

The former Principal continued to stay in the government house without paying rent since his salary was stopped, at the end of August 2014. As a result the Senior Regional Officer, Piggs Peak, in his letter dated 17th February 2015, six months later, advised him to vacate the house and hand back the keys to his office.

In terms of General Order A779 (1), an officer who occupies a government quarter beyond his/her last day of service should be charged open market rental. In this case the former Principal was supposed to pay E2 600.00 per month. Therefore, E31 200.00 was due to government for occupying a government house illegally, from September 2014 to August 2015.

The Controlling Officer in her response, concurred with my observations. A letter, referenced TNKH12/21, dated 8 June 2015, was issued by the Controlling Officer to the Former Principal requesting him to vacate the government house, but the house was still not vacated.

At the time of reporting I am not aware if the Controlling Officer has reported this matter to the Attorney General who have powers to evict illegal occupants from government houses.

Vacant Houses

I drew the attention of the Controlling Officer that there were vacant houses located at various sub- stations under the Ministry of Agriculture. The houses were in good condition and fit for occupation.

The Controlling Officer informed me that the Extension Officer at Mayiwane/Herefords RDA, in his letter dated 9th June 2015, stated that the houses were spared for seasonal tractor operators, and are occupied during the ploughing and cropping seasons.

My concern is that due to non-occupation, the houses are exposed to vandalism and illegal occupation. Furthermore, government expenditure on maintaining these houses after being vandalised, will be high. There was no assurance of any measures taken to safeguard the houses from any controllable risks.

The following table shows the vacant houses.

House No.	Location	Category
PBLA09	Ebulandzeni Agriculture	2 bedroomed
PMK09	Mkhuzweni RDA	1 bedroomed
PAK 045	Mkhuzweni RDA	2 bedroomed
PMK 017	Mkhuzweni RDA	1 room
PH059	Mpofu Agriculture	2 bedroomed
Un-numbered	Ntfontjeni RDA	2 bedroomed
Un-numbered	Balekane Agriculture	2 bedroomed

Vandalised Houses

There were houses which were vandalized and no longer fit for human habitation. The structures had deteriorated beyond economic repairs. I raised concern in the previous year that government resources were used to construct houses which in turn were never utilized and protected from damage.

The Controlling Officer informed me that she wrote to the Ministry of Public Works and Transport and Ministry of Agriculture alerting them about the condition of the houses. She also promised to liaise with the Ministry of Public Service.

The status of the houses is as follows;

Location	Category	Type of Damage
Mkhuzweni RDA	2 bedroom	Windows broken Doors burnt to ashes Ceiling broken
Mabiya Veterinary	2 bedroom	Windows broken Kitchen door handle removed Stove removed
Gucuka	2 bedroom	Doors were removed Windows broken Roofing was damaged Stove removed
Hhelehhele farmers house	2 bedroom	Doors were removed Windows broken Roofing was damaged Electric cables removed Gate fallen down
Two houses next to Nkambeni Primary School	2 bedroom each	Windows broken Doors removed Drainage covers removed

Housing Committee

I communicated to the Controlling Officer, that the Regional Housing Committee was no longer active. The Senior Regional Secretary and his Personal Secretary were responsible for the allocation of government houses. According to the minutes presented to me, their last meeting was held on 11th October 2011.

The response revealed that the Ministry of Tinkhundla has established a housing committee which is chaired by the Senior Regional Officer, assisted by the Human Resource Officer from the Ministry of Public Service based in Piggs peak region. The committee members are the Heads of Departments from the various Departments.

The action taken by the Controlling Officer to revive the housing committee is commended as this will enable the allocation of government houses to be conducted efficiently.

I cannot avoid to express my deepest disappointment in the manner government houses are managed, considering that the citizens are taxed their meagre resources to construct the houses, that, eventually, are not kept properly. Hence the concern about government houses needs to receive the attention it deserves.

Somntongo Inkhundla

An audit was conducted at Somntongo Inkhundla and a report referenced E28 VOL V/26, dated 13th May 2015 was issued to the Principal Secretary, Ministry of Tinkhundla Administration and Development. The response referenced TINK/2/3/, dated 28th May 2015 revealed the following concerns absolutely.

Regional Development Fund

I drew the attention of the Controlling Officer about plumbing material amounting to E963 337.69 which was purchased for Somntongo Inkhundla in respect of two projects but ended up not used and some of the material were found missing.

Unused Material

Zondamavila Community Garden Association

Plumbing material valued, at E262 430.81, was purchased from LSM Distributors in respect of the above association and was delivered on 23rd September 2013 through delivery notes 21667 & 21666. The material was paid for on 27th November 2013 through voucher number 080011, cheque number 007708. The material consisted of the following:

Qty	Description	Cost per item (E)	Total (E)
504	M 110mm Pvc pipes	81.12	40 884.48
1	110mm Pvc adapter	317.95	317.95
1	110x90mm reducer Pvc	565.20	565.20
8	90mm HDPE pipe 50m class 10	4 306.24	34 449.92
8	75mm HDPE pipe 50m class 10	2 973.75	23 790.00
9	50mm HDPE pipes 100m class 10	2 642.25	23 780.25
4	40mm HDPE pipes 100m class 10	1 716.00	6 864.00
4	32mm HDPE pipes 100m class 10	1 131.00	4 524.00
6	25mm HDPE pipes 100m	936.00	5 616.00
1	90x75mm reducer	503.55	503.55
1	75x50mm tee reducer	460.01	460.01
2	50x40mm tee reducer	138.55	277.10
2	40x32mm tee reducer	93.89	187.78
4	50mm reducer	138.55	554.20
2	50x25mm tee reducer	138.55	277.10
2	50x32mm tee reducer	138.55	277.10
10	32 x 20mm tee reducer	56.55	565.50
3	50mm Pvc bend	162.63	487.89
4	50mm gate valve	430.95	1 723.80
2	25mm gate valve	153.76	307.52
3	32mm gate valve	220.94	662.82
26	20mmx500m galvanized stand pipes	46.46	1 207.96
26	20mm garden taps	282.95	7 356.70
5	10 000 litres water tank	13 300.00	66 500.00
150	50kg cement	99.95	4 997.50
2	90mm Pvc bend	379.41	758.82
4	75mm Pvc bend	274.56	1 098.24
4	75mm Pvc tee	301.77	1 207.08
Total amount			262 430.81

During a physical verification of the material, conducted on 12th February 2015, I discovered that the project had not commenced. Some of the material amounting to E129 591.17 were found lying idle, at the Inkhundla Centre and items worth E132 839.64 were missing.

Below is the list of the material which was found lying idle:

Quantity	Description	Unit Price (E)	Total Amount (E)
50	50 kg cement	99.95	4 997.50
5	10 000 litres water tanks	13 300	66 500.00
7	50mm HDPE pipes	2 642.25	18 495.75
3	40mm HDPE pipes	1 716.00	5 148.00
8	90mm HDPE pipes	4 306.24	34 449.92
Total amount			129 591.17

Zondamavila Association’s members were interviewed about the challenges which stalled the project, and it was gathered that the plumbing material was purchased for two water projects which were represented by two sub-committees namely; Mahalibhomeni and Mbangweni, that report to the main association which is Zondamavila Association.

The Zondamavila Association alleged that some of the found missing material were issued to one of the sub-committees, which is Mahalibhomeni. There was no record provided to me to prove that the material was indeed issued to the sub-committee, and the sub-committee members were not available during the audit, despite that an appointment was made prior to the audit.

A pile of water pipes was found damaged by fire at the Inkhundla Centre, the quantity of the pipes could not be ascertained since they were destroyed and stacked to each other.

I drew the attention of the Controlling Officer that one of the major control weaknesses which led to the project being stalled was that, the material was purchased without involving the technical experts for designing the map of the water project and prescribe the required material. As a result the project could not be executed without the designs and was stalled.

I pointed out that the Community Development Officer (CDO) and Accounts Officer could not be left out from this matter, since the officers displayed gross negligence by rushing to a procurement process without ensuring that the project design was available and that, correct quantities and specification of material was prescribed.

The Controlling Officer informed me that following her physical inspection, she discovered that some of the material was indeed issued to the sub-committee, Mahalibhomeni Project, and the project had already started.

She disputed that the procurement process was undertaken without involving the project experts, and informed me that according to the Association, as well as the project application form submitted for funding, an Irrigation Officer, from the Ministry of Agriculture was engaged as a Technician. He also signed the project application form. The design was alleged to be in the possession of the Technician and the former Member of Parliament.

The Controlling Officer further revealed that the neglect of the project was due to a dispute between the Associations, but assured me that the dispute had been resolved, following her visit. The members of the Association assured the Ministry that the material would be utilized and the project should be completed by the end of July 2015.

The Controlling Officer also submitted that, following her enquiry about the damaged pipes, she discovered that 15 pipes were accidentally burnt when the Inkhundla was clearing the yard. She then reported the matter to the Royal Swaziland Police.

During a follow-up audit conducted on 26th November 2015, to authenticate progress on the project was found not completed as yet. One of the projects had started but was abandoned at its early stage.

Some project material had been moved to certain homesteads and it was being used for other purposes apart from the intended water project.

I noted that five of the water tanks and pipes were allocated to 5 different homesteads, which resulted to the water project being abandoned.

The members of Bandlancane were interviewed, and it transpired that the tanks were distributed to the five homesteads in an effort to curb drought in the area since there was water shortage. This action was taken without the authority from the Ministry.

I am concerned about such a practice, whereby the project material, was distributed to homesteads for other purposes instead of being used to complete the project. The practice of diverting project material for other purposes hindered the development of the Community. As a result the objective of the project was not achieved.

The project monitoring process is necessary to identify project challenges early, for prompt action. The monitoring unit services should be proactive as opposed to being re active.

It is expected such anomalies would have been addressed in time, and loss of material and stalled projects would have been resolved before the audit.

The Public Accounts Committee Recommendations for the year ended 31st March 2012 advised the Controlling Officer to set up a Project Monitoring Unit and evaluation Unit that would act as an effective advisory tool. The Controlling Officer was urged to continuously monitor, evaluate and submit progress reports, to avoid the same audit queries of unused material, and minimize the abandonment of projects.

The Controlling Officer informed me that, on the issue of the cement that was found lying idle, information gathered from the Association was that, the cement was being used in the construction of a water tank slab and moulding of building blocks for the construction of the water tank.

The Controlling Officer only communicated what she heard from the association. According to the report the materials found lying idle were delivered on 23rd September, 2013. I was not

assured if the cement being used was still in good condition and the construction would be of the required quality.

An update from the Controlling Officer was that after her visit and discussions with the Association the materials had been moved from site and the Project commenced. During the audit team's visit some of the pipes had already been used,

Information gathered from Zondamavila Association was that they had allocated some of the material to the Mahalibhomeni Association, for a water project. During the audit team's first visit some of the materials had already been used.

On the issue of the pipes that were burnt, the Controlling Officer apologized on behalf of the Inkhundla, and stated that 15 water pipes were damaged, and the matter was reported to Police. The police report dated 21st May, 2015, reflected that the pipes were accidentally burnt when a Labourer burnt the grass to tide up the compound.

The Controlling Officer further apologized that the project had not been completed as promised, which she had been assured by the Association. She further revealed that after receipt of the Notification to include the matter in the Audit report she once again engaged the Association on all the issues raised. The Association again assured her that the Project would be completed in the following 2 weeks upon receipt of the couplings.

Following my last follow up audit on 26th November 2015, whereby the project was found incomplete, the Controlling Officer revealed that information she gathered from the association was that the project was ongoing. She assured that she had instructed the Monitoring and Evaluation Unit to closely monitor this project to its completion.

According to the information submitted by the association the causes for non completion of the project included wrong items that were delivered for the project. The association promised that since the right items had then been received the project would be completed.

On the issue of the water tanks which were distributed to homesteads, indeed there was no authority sought from the council to distribute the tanks outside the purpose intended.

The justification was that the tanks would be used to harvest water to mitigate the drought situation in the Lavumisa area and return them, the association apologized for this act.

Regarding the monitoring of the projects the Controlling Officer assured me that this project was already funded when the Public Accounts Committee recommended the establishment of the Monitoring and Evaluation Unit, which the Ministry has set up.

From this premise I expected that by the time this Inkhundla was audited the Controlling Officer would have visited it and addressed the challenges before my visit. Though the project had already been funded there was a need to a certain its status.

There was no plan of action submitted, that included this Inkhundla, to confirm that the Controlling Officer was in the process to evaluate all the projects in line with Parliaments resolutions.

Khanyisani Indlela Kayibonwa Water Project

Plumbing material, amounting to E700 906.88, was delivered at Somntongo Inkhundla by the supplier, Lucky's Ark Investment on 11th July 2013 for a water project in respect of the above association. The material was paid through voucher number 050000 and by electronic transfer to the supplier, on 2nd August 2013.

Below are the items which were purchased:

Qty	Description	Cost per item (E)	Total (E)
30	50mm HDPE pipe 100m	32.20	96 600.00
29	50mm plasson coupling	145.00	4 205.00
20	40mm HDPE pipe 100m	26.60	53 200.00
19	40mm plasson coupling	108.00	2 052.00
1	50x40 reducer	130.00	130.00
20	32mm HDPE pipe 100m	16.90	33 800.00
19	32mm Plasson coupling	67.20	1 276.80
1	40x32 reducer	86.80	86.80
10	Standpipes 1m	106.00	1 060.00
20	20mm galvanized elbow	46.00	920.00
10	20x25 MI adaptor	29.00	290.00
20	Thread seal tape	9.00	180.00
1	50mm gate valve	700.00	700.00
10	20mm gate valve	307.00	3 070.00
20	20mm Garden taps	439.00	8 780.00
3	SP-8A-50-380V	44 000.00	132 000.00
3	SP-8A-44-N380V	43 000.00	129 000.00
3	SP-8A-30-W380V	29 000.00	87 000.00
4	SP-8A-12-380V	15 120.00	60 480.00
VAT			86 076.28
Total Amount			700 906.88

During a physical inspection of the status of the project on 12th February 2015 (almost two years after the material was delivered), I discovered that the project was a non-starter. The material was found lying idle at the Inkhundla Centre.

When the Committee members were interviewed about the challenges that stalled the project, it transpired that the material was purchased without the involvement of technical experts from Rural Water Supply to prescribe material specifications and quantify the material for the project. The Committee members revealed that the supplier convinced them that his company had qualified technicians and offered to facilitate the construction of the project. After the

delivery of the material on 11th July 2013, the supplier was alleged to have disappeared and his whereabouts were unknown to the Committee and the Inkhundla officers.

Following the disappearance of the supplier, the Committee members then decided to engage Rural Water Supply to assist in the project design and execution of the project. The technicians, from Rural Water, disqualified the types of engines which had been supplied after they realized that the capacity of the engines was not appropriate for the water project, and as a result the project was stalled.

The Controlling Officer confirmed that the project was indeed stalled but disputed that technicians were not involved at the inception of the project. She cited that the project was an existing project that needed rehabilitation and there was no need for new designs. The material was quantified by a qualified technician from Ministry of Natural Resources. There was no supporting evidence for this assertion.

The Controlling Officer submitted that, in an effort to address the matter the Ministry wrote to the supplier to enquire on the matter. The supplier through his response, dated 27th May 2015, alleged that the project was stalled due to non-availability of electricity power on the site to facilitate the project. The Committee members were requested to install electricity but alleged that they did not have funds to cater for the installation of electricity, as a result the supplier was unable to install the water pump. The project should be completed by the end of July 2015.

It was a seriously oversight to purchase materials, for the project, before the electricity was installed. The development projects like any other business require feasibility studies to be carried out with prioritization of activities done accordingly to achieve the objectives.

A follow-up audit conducted on 26th November 2015, revealed that the project had not been completed. Noteworthy and appreciated was that the Committee had eventually installed electricity at the project site on the first week of November. The supplier had also delivered four water pumps on 22nd May 2015 in addition to the pumps which were initially delivered.

This revealed there was no mechanism to report the challenges to the relevant authorities. Such challenges would have been addressed promptly. If there was a continuous follow up of the project, the Ministry would be able to ensure that projects are executed efficiently and completed in time to achieve the objectives. The challenges would have remained unknown to the Ministry had it not been for my inspection, the project would be stalled indefinitely and the material would end up damaged or stolen, with the project dying a natural death.

The Controlling Officer acknowledged the assertion that the anticipated completion date of the project had been July 2015. She stated that upon further engaging the association and the supplier on this issue, it transpired that initially there was a complaint that the engine delivered was a wrong engine. The supplier insisted that the engine requested was no longer in the market and that the one supplied was much bigger and much better than the one the association had ordered. He argued that the engine was designed specifically for that project by a Consultant from South Africa.

Upon installation the engine could not be tested because the community took too long to install electricity. It transpired that another hindrance was that when the technicians from the Ministry of Natural Resources were engaged it was found that the panel needs to be upgraded to suit the engine.

To alleviate the challenges faced at the Somntongo Inkhundla the Ministry directed the following:

- (a) That the Zondamavila water tanks be returned for the implementation of the water project.
- (b) The labourer be held accountable for the burnt government property.
- (c) The Monitoring and Evaluation Unit to produce monthly progress reports on the projects.
- (d) The Ministry has engaged the supplier on the issue of disappearance and he has been cooperative in assisting the community with the water project.

The effort made by the Controlling Officer is commendable. It should be considered that more vigilance and cooperation amongst those responsible for the projects including the prospective beneficiaries, from initiation to completion is crucial to accomplish the intended objectives. The activity for monitoring the project should consider embracing all parties concerned or responsible for the project.

This includes interaction with the association, which should not be left alone once the materials have been purchased. The other aspect is the lack of accountability for the projects. The maintenance of records to keep track of the progress of projects is necessary.

It is essential that everyone becomes aware that, the funds/items should be fully accounted for and traceable. Diversion of the items without authority is not allowed as it diverts the projects from the purposes intended and retards development. Non implementation of the projects circumvent the objectives of the fund, to improve lives of the communities and the nation at large at the expense of the tax payers.

The Controlling Officer concurred with my findings. She revealed that the project has once again encountered an unexpected hindrance. Following the engagement of the technicians from the Ministry of Natural Resources, it was found that the association would have to upgrade the panel which they had have in order that it may suit this engine.

The completion of the project was dragging, since hindrances kept arising and thus hindered the success of the project.

My advice to the Ministry is that, such hindrances would be minimized if planning is properly done and a risk management strategy is put in place at the beginning of the project

Gege Inkhundla

An audit was conducted at Gege Inkhundla and a report referenced E28/Vol V/18, dated 15th April 2015 was issued to the Principal Secretary, Ministry of Tinkhundla Administration and Development. The Controlling Officer's response referenced TINK/2/3/Vol. 1, dated 27th April 2015 did not satisfactorily address my concerns.

Fencing Projects

I drew the attention of the Controlling Officer about fencing material valued at **E784 746.16** in total, purchased by the Ministry through the Regional Development Fund in respect of four fencing projects. The fencing material included amongst other items, gates. The description, prices and sizes of the gates were not in accordance with the specifications which were on the approved government tenders.

I pointed out that some of the government orders which the Ministry prepared did not reflect the explicit details as well as prices when the items were ordered. The suppliers charged government according to their approved tenders yet most of the items which were delivered were not included in the tenders.

The physical verification of the items revealed that the gates which were delivered were smaller in size yet government was invoiced and paid the cost of the bigger gates. As a result government was overcharged for the items which were delivered.

The discrepancies are described below:

Mboto Grazing Land

Fencing material worth E191 685.00 was purchased from Lucky's Ark investments through government order no. 514442, dated 30th April 2013. The items were delivered through delivery note no. 099 on 11th May 2013 and the supplier was paid on 14th May 2013 through voucher no. 020003, cheque no. 007463.

A physical verification revealed that the gates which were delivered were not the ones which were invoiced and paid for. The government order did not state the sizes of the gates which were ordered let alone the prices. The gates which were invoiced comprised of 5 double gates, which were 6.0m wide x 3.0m high, costing E20 000.00 @ E4 000.00 each. The gates which were delivered by the supplier were 4.0m wide x 1.8 m high which were, unfortunately not listed in the approved tender.

The price charged for the small gates equated that of the bigger gates. Practically prices should be linked to sizes of the items. The cost of the gates was not authentic and considered to be inflated.

Below is an analysis:

Qty	Description	Unit Price (E)	Total Price (E)
230	Treated poles	220.00	50 600.00
35	50kg Barbed wire	2 393.00	83 755.00
5	Double gates	4 000.00	20 000.00
10	40mm wire staples	1 379.00	13 790.00
	VAT		23 540.30
Total Amount			191 685.30

The Controlling Officer instituted an inquest to the supplier regarding the overcharge to government. The supplier acknowledged the overcharge and as per his undated letter of apology, expressed commitment to pay back the extra amount paid, amounting to E6 940.00 for both orders.

He further revealed that the price stated in the tender document was that of a 6.0m wide x 3.0m high, amounting to E4 000.00 each. The price for a 4.0m wide x 1.8m high double gate amounting to E2 900.00 plus 14% VAT, amounting to a total of E3 306.00 each was not reflected in the tender document.

This reveals negligence on the part of the staff who were responsible for the procurement and receipt of the items, who did not ensure that the prices and the items delivered were in accordance with the authorized tender document.

Following my concern on this matter, the Controlling Officer engaged the supplier to explain why he overcharged government. The supplier (Lucky's Ark) extended his apologies for overcharging government and promised to repay the extra charge.

The supplier later paid to government through a payment made to the Central Bank of Swaziland on the 24th of April 2015.

The Controlling Officer is being applauded for her efforts in recovering the government funds from the supplier.

Ncokolwane Association

Fencing material amounting to E244 032.00 was purchased through order no. 514443, dated 30th April from L.S.M Distributors (PTY) LTD. The material was delivered by delivery note no. 22171 on 29th May 2013 and the supplier was paid on the 15th July 2013, by cheque number 007565 and voucher number 040033.

A physical verification revealed that the supplier delivered the correct size of gates as prescribed on the government order, but charged government a higher cost for the size of the gates.

According to the government order 4 gates with measurements 3.6m wide x 1.2m high costing E3 960.00 @ E990.00 each, were purchased. Government was invoiced for gates, whose measurements were 6.0m wide x 2.4m costing E11 920.00 @ E2 980.00 each. As a result

government overpaid an amount of **E7 960.00**. This means the lump sum paid to the supplier was inflated.

Below is an analysis:

Qty	Description	Unit Price (E)	Total Price (E)
40	50kg Barbed Wire	1 900.00	76 000.00
500	Creosoted Poles 2.4m	250.51	125 255.00
4	Double Gates 3.6 x 1.2m	2 980.00	11 920.00
6	U-Nails	148.10	888.60
	VAT		29 968.90
Total Amount			244 032.50

The Controlling Officer engaged the supplier who delivered the gates and the supplier apologized and promised to do everything in their power to ensure that this type of error does not recur.

There was no indication if the supplier would reimburse government the money over charged. This means the matter has not been addressed.

The Controlling Officer engage the supplier (L.S.M. Distributors) to respond on why they overcharged government. The supplier promised to repay the overcharged amount back to Government. This, he later did through a payment made to the Central Bank of Swaziland on the 28th of April 2015.

The Controlling Officer again commended for recovering the government funds from this supplier.

Mahlabatsini Grazing Land

The Ministry purchased fencing material amounting to E275 275.80 through government order no. 517696 dated 6th August 2013 from Lucky's Ark Investment (PTY) Ltd.). The material was delivered on 15th August 2013 through delivery note number 307 and the supplier was paid on the 26th August 2013, by cheque number 007620 and voucher number 050034.

A physical verification revealed that, the order reflected 5 double gates without prescribing the measurement, but the supplier delivered 5 double gates measuring 4.2m wide and 1.8m high double gates, which were not listed in the tender document. Government was invoiced as per the measurements of 6.0m wide and 3.0m high costing E20 000.00 @ E4 000.00 each. As a result, government paid for bigger gates than the ones which were delivered. As a result the cost of these gates was inflated.

Below is an analysis of the material as per order:

Qty	Description	Unit Price (E)	Total Price (E)
600	Treated Poles	110.60	66 360.00
60	50kg Barbed Wire	2 393.00	E143 580.00
5	Double gates	4 000.00	20 000.00
10	Galvanized Wire	1 153.00	11 530.00
	VAT		33 805.80
Total Amount			E275 275.80

The supplier apologized and promised to reimburse government the money overpaid.

The Controlling Officer assured me that the Ministry instituted a disciplinary committee that comprise its Heads of Departments and chaired by the Under Secretary. The core mandate is to investigate all irregularities discovered by the Auditor General and report to the Principal Secretary.

The action taken by the Controlling Officer is applauded and it is hoped this will be fruitful to arrest the malpractices and suggest stringent measure to prevent such anomalies to recur.

It should be noted that due to the common revelations where payments do not conform to purchases it becomes difficult to accept the differences as genuine error.

The Controlling Officer concurred with my findings that the supplier inflated the costs of the gates by E6 940-00. The Controlling Officer engaged the supplier (Lucky's Ark) to explain the inflated costs. The supplier extended his apologies and later paid the inflated funds through the Central Bank of Swaziland on the 24th of April 2014.

To stop this continuous overcharges to government by suppliers, the Controlling Officer later assured me that the Ministry instituted a Disciplinary Committee comprising of the Ministry's Heads of Departments and chaired by the Under Secretary. The core mandate of this committee is to investigate and ensure that all procurement procedures are adhered to.

Hlanganani Mlindazwe

Fencing material, amounting to E600 556.56, was purchased through government order no. 517685, dated 6th August 2013, from L.S.M Distributors (PTY) LTD. The material was delivered by delivery note no. 21679 on the 22nd August 2013 and paid for through voucher, number 060038, on the 23rd September 2013.

The specification as per order was, 3 double gates size 3.6m, the gates were not fully described in the government order because the height was not stated. The tender document consisted of double gates, with measurements 3.6m wide and 1.2m high, which cost E990.00 each.

A physical verification revealed that the supplier delivered 3 double gates measuring 3.6m wide and 1.8m high, which were not listed in the tender document. In the event Government paid for 6.0m wide and 2.4m high gates, which amounted to E8 940.00 in total @ E2 980.00 each. An overpayment of **E5 970.00** occurred.

Below is an analysis of the material ordered:

Qty	Description	Unit Price (E)	Total Price (E)
900	Creosoted poles 2.4m	250.51	225 459.00
35	50kg Barbed wire	1 900.00	285 000.00
3	Double gates 3.6m	2 980.00	8 940.00
50	kg U-Nails	148.10	7 405.00
	VAT		73 752.56
Total Amount			600 556.56

It is disturbing to note that both suppliers and the Accounting Personnel failed to detect that government was overcharged and that the items which were delivered were not the correct specifications.

The transactions passed through the Accountant Checking Section at the Treasury Department that is responsible to scrutinize all transactions, before payments are passed. The officers should have detected that the gates which were invoiced were not the ones that were prescribed in the government order, and even the ones which were not tendered would have been detected. The overcharge was a result of negligence which was intentionally done to defraud government, by the officers concerned, through collusion with the suppliers. The officers who were involved in the whole chain should not be absolved from responsibility of the loss.

This scenario, illustrates that there was concealment of inflation of prices to defraud government. These suppliers have proved that their business dealings with Government are not reliable and authentic. Therefore, Government should consider blacklisting them from the list of government tender awards to protect its resources from the risk of abuse in the future and deterrent to other suppliers.

In her response, the Controlling Officer acknowledged my findings and informed me that she engaged the suppliers who agreed to reimburse Government the overcharged amount.

The response revealed that LSM Distributors reimbursed government the overcharge amounting to E13 930.00 whilst Lucky's Ark Investments deposited only E6 940.00. I am not content about the reimbursed amount from Lucky's Ark Investment since the gates which were supplied were not tendered and the overcharged amount is not known.

The efforts made to resolve this matter are highly commendable. The Ministry is advised to strengthen the controls in the procurement section and also ensure that delivered items are thoroughly inspected to avoid such fraudulent transactions.

I would advise that a review team be established to confirm accuracy of the transactions at ministerial level.

It was confirmed that government was indeed over charged. The Controlling Officer assured me that, after verification from the officer and the supplier, she was informed

that the overcharge was an oversight. The supplier and officers sincerely apologized and remained adamant that there was neither collusion nor intention to defraud government.

Affidavits were drawn to endorse their sentiments and attached.

I was also informed that the action taken, by the Controlling Officer to prevent this anomaly in future was to set up a procurement committee. The committee is chaired by the Principal Accountant and comprise the section heads.

The Ministry has resolved to engage the relevant technical experts during invitation and implementation of the project.

Regarding the recommendation to consider blacklisting of the companies that proved to be unreliable with government business dealings, the Controlling Officer assured me that such list was submitted in the past as per Public Accounts Committee for necessary action.

The Controlling Officer further informed me that the investigative committee was engaged to verify the findings of the Auditor General, that were supported by minutes to all the parties involved.

The Ministry also engaged the Internal Audit Office to give a presentation on the Government Procurement Process.

- **The Ministry set up a Disciplinary Committee comprising Heads of Departments and chaired by the Under Secretary to investigate all irregularities raised.**
- **The Procurement Committee chaired by Principal Accountant comprising section Heads is responsible to ensure adherence to procurement procedures.**
- **The Ministry resolved to engage the relevant technical experts during the invitation and implementation of projects.**

The action taken to institute preventative measures to anomalies in future is appreciated. The remaining aspect is no punitive measures have been established as deterrent to those who default during the procurement process and cause government losses.

In her response, following my concerns, the Controlling Officer acknowledged my findings that Government was indeed overcharged for the fencing material by E5 970.00. The Controlling Officer then engaged the supplier (L.S.M. Distributors) to explain in a letter why they had overcharged government. Again the supplier in an annexed letter, extended his apologies and later paid the overcharged amount through the Central Bank of Swaziland on the 28th of April 2015.

The Controlling Officer assured me that besides establishing the Disciplinary Committee in trying to stop the continuous overcharges to government, the Ministry has also engaged the relevant technical experts during the initiation and implementation of projects.

Zombodze Inkhundla

An audit was conducted at Zombodze Inkhundla and a report referenced E28/Vol V/31, dated 20th May 2015 was issued to the Principal Secretary, Ministry of Tinkhundla Administration and Development. The response referenced TINK/2/3/, dated 1st June 2015, did not adequately address my concerns.

Regional Development Fund

Unused material for Ngwenyameni – Mhlahlandlela Water Project

I expressed my concerns about plumbing material, amounting to **E1 264 335.01**, which was purchased and was delivered at six (6) different locations, but was found lying idle for approximately 2 years.

The material was purchased through order numbers 517734 and 517735 on 7th October 2013 from Lucky's Ark Investments (Pty) Ltd and was delivered without a delivery note. The date of delivery was not known. Below are the items which were purchased.

Qty	Description	Unit Price (E)	Total Amount (E)
8	10 000 litres water tank	12 905.00	103 240.00
60	75mm Pvc pipes 100m	75.60	453 600.00
60	75mm coupling	307.50	18 450.00
40	50mm Pvc pipes 100m	33.50	134 000.00
40	50mm couplings	145.00	5 800.00
40	40mm Pvc pipes 100m	21.40	85 600.00
40	40mm couplings	108.00	4 320.00
40	32mm Pvc pipes 100m	18.00	72 000.00
40	32mm coupling	67.20	2 688.00
60	Standpipe 1m	165.00	9 900.00
60	20mm garden tap	439.00	26 340.00
60	Elbows	72.00	4 320.00
60	Pvc FI elbows	72.00	4 320.00
2	Pumps water SP 8A-44-380V	44 000.00	88 000.00
60	Cement bags 50kg	95.60	5 736.00
6	Mesh wire	2 310.00	13 860.00
1	75-50 reducer	250.00	250.00
1	50-40 reducer	130.00	130.00
1	40-32 reducer	86.80	86.80
10	75mm gate valves	800.00	8 000.00
25	50mm gate valve	700.00	17 500.00
50	50mm MI adaptor	76.50	3 825.00
10	40mm gate valve	589.00	5 890.00

Qty	Description	Unit Price (E)	Total Amount (E)
20	40mm MI adaptor	67.20	1 344.00
10	32mm gate valve	525.00	5 250.00
20	32mm MI adaptor	37.00	740.00
200	Thread sealing tape	9.00	1 800.00
20	25mm Pvc pipe 100m	9.80	19 600.00
60	25x20 MI adaptors	44.80	2 688.00
40	25mm couplings	44.80	1 792.00
1	32-25 reducer	60.00	60.00
15	50mm tee	150.00	2 250.00
10	75mm tee	346.00	3 460.00
30	25mm tee	74.20	2 226.00
	VAT		155 269.21
Total Amount			1 264 335.01

During a physical verification of the material, carried out on 24th February 2015 (approximately 15 months after delivery) it transpired that the material was delivered without a delivery note. There was no record to confirm the distribution to six different locations namely; Zombodze Clinic, Inkhundla Centre and to 4 different homesteads.

The material was distributed to the six different locations as per the analysis below:

- 8 x 10 000L water tanks were delivered at Zombodze Clinic
- 2 water pumps and its accessories, gate valves, water taps couplings, garden taps etc. were found scattered at the Indvuna YeNkhundla's office.
- It was impossible to conduct a physical count of the items due to the manner in which they were stored.
- Different sizes of water pipes were found lying on the ground at 4 different homesteads, exposed to all weather conditions and also at risk of being stolen.

I observed that amongst the delivered items, 60 bags of cement, amounting to E5 736.00 were, allegedly, loaned to a cement, blocks businessman from the Community, without the authority from the Ministry.

The Regional Development Fund's procedures were contravened because the plumbing material was purchased for Shiselweni Region using an order book which was allocated to Manzini Region. Procedurally, each region is allocated its own government order books, as a control measure. Also, each holder of a receipt has to account for all the revenue received.

The source documents such, as vouchers, order and delivery note, in respect of the plumbing material were not availed to my office prior to the audit. As a result, the project was not listed in the audit plan. It was only during the course of the audit that, the project was discovered, after part of the project material was found lying idle at the Indvuna yeNkhundla's office.

Several attempts were made to obtain the source documents, but the Indvuna yeNkhundla only availed the supplier's invoice (number 461, dated November 2013) to my office, on the third visit on 24th February 2015.

Copies of the government order numbers 517734 and 51773 were later obtained from Nhlanguano Police Station, Fraud Section. These government orders were borrowed from the order book that was allocated to Manzini Region.

I observed that these particular orders had both duplicate and triplicate copies still attached on the order book. Procedurally, the original copy of the order is issued to the supplier, the duplicate copy is used to process payment and the triplicate copy is retained in the order book for reference purposes.

I reported to the Controlling Officer that during the course of the audit, there were several interruptions experienced from the Accounts Officer stationed at the Shiselweni Region. As a result some source documents, which were still being used for audit purposes, were collected from my office, by the Accounts Officer and were not returned for over 4 weeks. Among the documents was the order book in question.

I pointed out to the Controlling Officer that there was a high possibility that the supplier was not paid according to the procurement procedures. I noted in my past audits that the Ministry processed payment using photocopied government orders instead of duplicate copies.

I am not convinced that the supplier was not paid when taking into consideration that approximately 2 years has passed since the project material was delivered. The supplier would not been quiet all this time, without demanding the payment of **E1 264 335.01** from the Ministry.

One of the major limitations to gain access to the Ministry's payment records is that, the system used by the Ministry is from in the government accounting system and therefore, all the source documents are retained by the Ministry. As a result, some source documents might be deliberately withheld since there is no linkage to the government accounting system. The stand alone system is open to abuse of the public funds.

The Controlling Officer informed me that the order book for Shiselweni Region was exhausted, thus an internal arrangement was entered between the two regions in respect of the two sheets of orders (No. 5117734 and 5117735). She further stated that the Ministry was still in the process to requisition the government order book for Shiselweni Region which necessitated the use of the order book in question. A copy of a requisition form dated 11th October 2013, requesting supply of 4 order books, was annexed to confirm the assertion.

The explanation was not supported by evidence to confirm that indeed it was an authentic arrangement to interchange order books between regions. I am not convinced that all the order books for Shiselweni Region were fully utilized when taking into consideration that the government orders from Manzini region were prepared on 7th October 2013, yet the requisition form was prepared on 11th October 2013 (4 days later). Procedurally, stores should be requisitioned before they are fully used. Also, the government order books which are allocated

to each region are usually more than one, to enable smooth operations and to avoid full usage of order books before requisitioning.

It would be appropriate to return and requisition a new order book after one order book has been fully utilized.

The Controlling Officer acknowledged that there was no batch record for the government order, since it was not paid. She cited that the copy of the order which was found at Nhlanguano Police Station was being investigated following a report by the Regional Office to the Police, about an irregularity whereby the supplier who had been recommended by the Association and approved by the Inkhundla council (Lucky's Ark Investments) was substituted for another one (LSM Distributors).

The reason given for the material to be delivered without a delivery note was that the material was not officially received by the Ministry. She cited that the Ministry has not established, who made the bill of quantities and the quotation for the project material, and hence the Ministry resolved not to acknowledge receipt of the material until a design would be put in place. The Controlling Officer assured me that the design would be complete by end of June 2015.

The Ministry acknowledged my finding that 60 bags of cement were loaned to a community businessman. It was alleged the loaning was due to the unavailability of the design, the project had to be stalled and there was a concern from the Inkhundla Council that the cement would be spoiled. The Inkhundla Council then solicited authority from the Regional Secretary to loan the 60 bags of the cement to the business man, who was to repay it once the construction of the project commenced. The Controlling Officer confirmed that the authority was granted.

There was no evidence submitted to my office to justify the transfer of the cement to the businessmen. Again, I am not content on the justification by the Controlling Officer that, the delivery note was not accepted by the Ministry. It is surprising that the Ministry accepted the invoice from the supplier and also kept the material under the Inkhundla's custody for almost 2 years yet on the other hand the Ministry alleged to have not acknowledged receipt of same. Furthermore, the Inkhundla loaned out the material (cement) which was allegedly not acknowledged. I am left to wonder as to how practical it is to use material which has not been accepted and paid for. I am induced to believe that the Ministry is being mean with the facts surrounding this matter.

This is a clear oversight on the part of the Controlling Officer, who has the responsibility to ensure that suppliers are paid in time, projects are initiated and completed timely and that challenges are rectified promptly.

The Ministry concurred with my observation that the delivery note was missing. She assured me that as per PAC recommendation controls have been put in place to ensure that no payment should be made until all the requirements of a project have been fulfilled. This arrangement includes suppliers, associations and community development officers.

She assured me that all the parties concerned were made aware of the changes in the control process that are meant to protect government from losses.

I was apprised that all the material had since, been delivered and the delivery note was signed and all project requirements were fulfilled and the Ministry was now ready to process the payment. The delivery note was attached to confirm the situation.

Regarding the material that was distributed to six different Tinkhundla Centres the reason given was that this was done for security reasons as the locations were closest to the project site, due to lack of security fencing at the Inkhundla Centre.

Some material were removed to Zombodze Inkhundla for safe keeping.

The six water tanks are kept at the nearby government clinic at Zombodze. The two water pumps and its accessories, gate valves, water taps couplings, garden taps are safely kept at the Indvuna Yenkhundla office.

The design was completed and all the material will be used towards the implementation of the project.

The Ministry of Natural Resources Technical experts have been engaged to undertake the pump testing.

Based on the facts given, that caused the material to be lying idle. I would recommend that acquisition of material, before associations are ready to implement the project, should be discouraged. This lands government in multiple disadvantages in that losses are incurred, funds are tied up for no benefit, at the expense of other needs while the lives of the citizens do not improve. It should be noted that material keeping for no use is equivalent to wastage of resources.

The reason given for the use of the Manzini Order book in respect of Shiselweni Region was to expedite the procurement while awaiting the new order book, since the old one had been fully used.

There was negligence on the part of the Accountant who had been aware that the Order book was nearing exhaustion. The reason why the Order book was not requisitioned on time was not stated.

It should be noted that the use of another Inkhundla Order book result in the Ministry losing track of the transactions.

The Ministry confirmed that the payment of the plumbing material that was purchased in 2013 had not been made as yet, hence the duplicate copies of orders 517734 and 51773 were not issued.

This implies that there were no payment vouchers prepared for this transactions.

The Controlling Officer further informed that the supplier had been engaged about the changes in the control process and was cooperative.

I have noted with concern the long period taken to resolve this issue. The budget provision for the purchase of the plumbing material was made in 2014 financial year and lapsed on 31st March 2014. As a result this pending transaction has late payment implications that has its own requirement.

Also the challenges faced have dismally delayed the implementation of the project

The justification for non payment of the material was that there was no delivery note to confirm the material purchased against the Order. There was no explanation given about the suppliers failure to provide the delivery notes.

Pertaining the interruptions by the accounts officer who consistently collected the Order book, during the audit, the Ministry apologized citing the reason to have been the need to process other payments.

It should be noted that it is the unbecoming behaviour demonstrated in the past where fraudulent payments were made without adherence to regulations to defeat the control systems create difficulties in future, since once trust is damaged, it becomes impossible to regain.

The Controlling Officer apologized for the delay in execution of the project which she alleged that it was due to unavailability of the project design, which was the same reason she cited for the late payment of the supplier. She informed me that the project shall commence soon since the design has been submitted to the Ministry on 10th December 2015.

At the time of compiling this report, the project had been executed.

Mpolonjeni Inkhundla

An audit was conducted at Mpolonjeni Inkhundla and a report referenced E28/Vol V/11, dated 17th September 2015 was issued to the Principal Secretary, Ministry of Tinkhundla Administration and Development. The Controlling Officer's response referenced TINK/2/15, dated 17th September 2015 did not satisfactorily address my concerns.

Regional Development Fund and Empowerment Fund

I drew the attention of the Controlling Officer about my concerns with regard to building material to the total amount of E183 188.72 which was purchased for Mpolonjeni Inkhundla, in respect of two projects but ended up not used.

Unused material

Sigaweni Community Hall- Regional Development Fund

Building material amounting to E163 085.57 was purchased from Lucky's Ark Investments, through order number 514199, dated 26th August 2013. The material was delivered at Mpolonjeni Inkhundla. The source documents (delivery note, payment voucher and invoice) were not availed to my office, hence the unit price of the items was not known.

Quantity	Item Description
40	Ceiling 3.6m x 1.2m
3	Meranti doors 1451 x 3032mm
6	Window frames SS43
2	Window frames D22FH
20	Bishop strips 230mm x 38mm
15	Fascia boards 15 x300mm
10	Fascia boards joints
25	Cornice pine 75mm
4	Clout nails 25mm
8	Roofing screws 90mm
30	IBR sheets 6m Ditto
40	IBR closures
4	Ridges 462mm girth
22	Hoop iron 1.5m long

During a physical inspection conducted on 21st August 2015, I was concerned to find that the material was delivered at the Inkhundla, without a delivery note. The project had not commenced and the material was found lying idle, for almost two years.

It was gathered that the Association had only requested for building material to construct the hall. The Association did not specify the quantity and descriptions of material which was requested. It was alleged that the material was not enough for the project. One major control weakness was that the request was approved without involving the relevant technical experts to prescribe and quantify the required material for the project. As a result the project was a non- starter.

I expressed my concerns to the Controlling Officer about the negligence which was displayed by the Community Development Officer and Accounts officer who rushed to a procurement process, without ensuring that the correct quantities and specifications of the material was prescribed by a technical expert.

The Controlling Officer concurred with my findings. She informed me that the delivery note had been misplaced at the time of audit and that the payment voucher was being kept at the Regional Office, hence the Inkhundla could not have it.

The Controlling Officer further stated that the Ministry had challenges with the operations of the Regional Development Fund prior to the new Regulations. The challenges were alleged to be the cause of the material to lie idle. She assured me that the material is kept safely at the Inkhundla and that the project should resume in the last week of October 2015.

On the issue of undertaking the procurement process without involving the project experts, the Controlling Officer acknowledged that the project application form which was availed to my office by the Inkhundla officers was not signed by the Technician and the Community Develop-

ment Officer. The completed form was kept at the Regional Offices. The Controlling Officer alleged that the Inkhundla Secretary photocopied the form before it was signed by the Technician and the Community Development Officer and hence, she disputed my findings that the project material was not quantified and prescribed by the Technical expert, notwithstanding that my finding relied upon records provided by the officers at the Inkhundla, when requested for audit purposes.

The Ministry should be cautious and ensure that the forms are filed after all the appropriate information has been recorded, to avoid incongruous data. The completed form provided by the Controlling Officer could be misconstrued to have been updated after my report.

It is important to note that all documents that support transactions should be kept on site for accountability purposes. Those kept by the Controlling Officer should be utilized as back up information.

During a follow-up audit conducted on 24th November 2015, I discovered that the project was not completed, as promised that it would be executed on the last week of October 2015. The material was still lying idle, at the Inkhundla.

As a result, government has suffered a loss of E163 085.57, by funding the non-existing project and this contributes immensely to the waste of resources.

The Controlling Officer apologized for not availing the delivery note. She stated that during the audit there was a transition period of officer, hence the new Inkhundla Secretary could not identify the necessary document.

The update on the progress on implementation was that the project commenced during the month of October 2015 and is at foundation stage.

Ka Ndzangu Community Gogo Centre – Empowerment Fund

Building material amounting to E20 103.15 was purchased from Emalangeni Hardware, through order number 514802, dated 10th November 2010, for the Community Gogo Centre. The material was delivered at a pre-school. However, the source documents (delivery note, payment voucher and invoice) were not availed to my office, hence the unit prices of the items were not known.

Below are the items which were delivered:

Quantity	Item Description
1	Door frame 6 inch
4	Window frame C4H
12	Brick Force
6	Reinforce 6 inch
3	Galvanized wire 8 guage 1kg
16	Corrugated sheets 3m
85	50kg cement bags

During a physical inspection conducted on 21st August 2015 to verify existence of the material. I was disturbed to discover that the material was lying idle at a preschool premises for almost 5 years, after delivery.

The Controlling Officer apologised and stated that the documents were kept at the Ministry. The invoice was attached, to the response.

She confirmed that the project never took off due to insufficient funds. She revealed that the Project had since commenced with the assistance of NERCHA, that delivered building material on 14th October, 2015.

The anticipated completion date was no longer December 2015 but the end of February 2016, as per the Builder contracted by NERCHA.

I observed that 85 bags of cement that were delivered were missing. The Association alleged that the cement was used to make concrete blocks. The alleged concrete blocks were found broken and scattered at the preschool yard, and they were not in good condition to be used.

Regarding the matter of the broken concrete blocks I was assured that the community had agreed to replace the concrete blocks.

The Controlling Officer concurred with my findings but stated that some blocks were broken while others would be used by NERCHA in completing the Gogo Centre.

I further drew the attention of the Controlling Officer that the supplier did not deliver the correct measurements of corrugated iron sheets as prescribed by the order. The corrugated iron sheets which were delivered were 16 x 3 meters instead of 8 x 6 meters.

The Controlling Officer informed me that the Ministry had engaged the supplier who agreed to supply the correct corrugated iron sheets.

The Ministry regretted having not availed the source documents and assured me that such an anomaly shall not occur again. She only furnished me with a delivery note and a faint payment voucher and informed me that, the Ministry was still working on establishing regulations for the Empowerment Fund that will ensure that a systematic manner of keeping documentation is adhered to.

During a follow-up audit conducted on 24th November 2015, to authenticate the project status, I was impressed to discover that the project had indeed commenced although, it was still at the foundation stage. The supplier had replaced the corrugated iron sheets with the correct measurements, as specified. The material which was to be delivered in two weeks, then (Mid October 2015) by NERCHA was still not delivered.

According to my assessment, the project would not be completed by the end of December 2015 as envisaged by the Controlling Officer.

Such a delay of almost 5 years to execute a project displays laxity on the part of the Ministry, otherwise the Ministry would have solicited the assistance which was offered by National Emergency Response Against HIV and Aids (NERCHA) a long time ago, rather than having to wait for my findings. As a result, government suffered a loss of approximately E7 650.00 in respect of the 85 bags of cement which was wasted on broken cement blocks. This reveals that vigilant monitoring of the project is necessary.

The evidence of the material requested for the construction was furnished by copy of the application form. The Controlling Officer revealed the Ministry wrote to all Tinkhundla Secretaries to keep copies of the application forms in safe places, provided.

She disputed my conclusion that there was negligence through non-involvement of technical experts to ensure correct quantities and specifications of the material. The information she gathered from the Community Development Officer was that the technical expertise was sought from the Ministry of Public Works and Transport, as per letter from the Inspector of Works Siteki, dated 14th December, 2015.

The authentication by the Inspector of works is accepted. However, there was no evidence of the request and occurrence of the technical expert services, at the inception of the project.

This reflects poor record keeping by the Inkhundla that translates to inefficiency and lack of transparency and accountability.

Matsanjeni Inkhundla (Lubombo Region)

An audit was conducted at Matsanjeni Inkhundla and a report referenced E28 VOL VI/13, dated 23rd September 2015 was issued to the Principal Secretary, Ministry of Tinkhundla Administration and Development. The response referenced TINK/2/15, dated 10th October 2015 did not satisfactorily address my concerns.

Regional Development Fund

Unused Material- Magwanyana Secondary School

I expressed my concerns about building material amounting to E219 347.27 that was purchased for construction of three classrooms at the above school, but the material was found lying idle, depreciating and some items were already missing.

The material was purchased from LSM Distributors and was delivered on 17th March 2010 through delivery notes number 135 and 136. The supplier was paid through voucher number 120091 by cheque number 66560, dated 23rd March 2010.

The material consisted of the following items:

Qty	Description	Cost Per Item (E)	Total Amount (E)
36	IBR sheets 5.4m	128.51	24 982.20
36	IBR sheets 4.8m	128.51	22 206.60
3	6m IBR ridge	95.45	1 718.10
12	IBR closers	40.95	491.40
6	Verandah posts 2.7m	158.90	2 574.18
15	Window frames	1 504.00	22 560.00
180	Window glasses	55.15	9 927.00
1	50kg putty	1 950.00	1 950.00
36	Timber 38x152x5.4m	62.55	12 159.72
36	Timber 50x76x4.8m	78.25	13 521.60
24	Timber 38x114x6m	62.55	9 007.20
72	Timber 38x38x6m	20.31	8 773.92
3	Meranti doors	1 209.55	3 628.65
3	Door frame	1 231.00	3 693.00
60	Internal airvent	23.40	1 404.00
60	External airvent	23.40	1 404.00
3	Mortice lock	275.00	825.00
500	50kg cement	87.00	43 500.00
60	Asbestos ceiling 1.2x3.6	62.21	16 125.00
60	Bishoff strips 3.6m	97.31	5 838.60
60	Cover strips 3.6m	97.31	5 838.60
10	Clout nails	66.55	665.50
40	Hoop iron 3m	52.00	2 080.00
10	100mm nails	66.55	665.50
10	125mm nails	66.55	665.50
10	150mm nails	66.55	665.50
10	Roofing screws	247.65	2 476.50
Total Amount			219 347.27

A physical verification carried out on 15th July 2015, to ascertain the project status, revealed that the project was not executed. Part of the material, amounting to E153 640.81 was found lying idle, at the school and Magwanyana Farmers Association's premises, for over five years. Material worth E65 706.52 was missing.

Below is the list of material found lying idle:

Qty	Description	Cost per item (E)	Total Amount (E)
20	IBR sheets 5.4m	128.51	13 879.08
18	IBR sheets 4.8m	128.51	11 103.26
3	6m IBR ridge	95.45	1 718.10
12	IBR closers	40.95	491.40
6	Verandah posts 2.7m	158.90	2 574.18
15	Window frames	1 504.00	22 560.00
180	Window glasses	55.15	9 927.00
1	50kg putty	1 950.00	1 950.00
36	Timber 38x152x5.4m	62.55	12 159.72
36	Timber 50x76x4.8m	78.25	13 521.60
24	Timber 38x114x6m	62.55	9 007.20
72	Timber 38x38x6m	20.31	8 773.92
3	Meranti doors	1 209.55	3 628.65
3	Door frame	1 231.00	3 693.00
60	Internal airvent	23.40	1 404.00
60	External airvent	23.40	1 404.00
3	Mortice lock	275.00	825.00
60	Asbestos ceiling 1.2x3.6	62.21	16 125.00
60	Bishoff strips 3.6m	97.31	5 838.60
60	Cover strips 3.6m	97.31	5 838.60
10	Clout nails	66.55	665.50
40	Hoop iron 3m	52.00	2 080.00
10	100mm nails	66.55	665.50
10	125mm nails	66.55	665.50
10	150mm nails	66.55	665.50
10	Roofing screws	247.65	2 476.50
Total Amount			153 640.81

A stock count of the items delivered, revealed that material to the value of E65 706.52 was missing.

Below is the list of the missing items

Qty	Description	Cost per item (E)	Total Amount (E)
500	50kg Cement	87.00	43 500.00
16	IBR Sheets 5.4m	128.51	11 103.26
18	IBR Sheets 4.8m	128.51	11 103.26
Total Amount			65 706.52

When the Association was interviewed about the challenges which stalled the project and about the missing material, there was no reason given why the project stalled. The missing items were allegedly not known to the association.

The sixty (60) asbestos ceiling sheets were not found at the school but were delivered at Mangwanyana Farmers Association's premises. I expressed my concerns about the environment where the ceiling was kept. The place was remote, not secured and the material was at a high risk of being stolen.

The Controlling Officer concurred with my findings. She informed me that when the school received the material, the School Committee realized that there was an urgent project that the school had to execute first, which was the construction of sanitation facilities and a kitchen. The kitchen project was initiated to enable the students to benefit from the government feeding scheme since majority of the students were alleged to be orphans and travelled long distances to the school. The school also prioritized the construction of a school storage facility. As a result the material which was reported to be missing was alleged to have been diverted for projects which were not initially planned for.

The Controlling Officer further stated that the project was initiated and material was requested by the previous School Committee, the current Inkhundla and the Community. She alleged that when the material was delivered to the school, a new school Principal had been appointed, hence there was a transition in the school administration as well as in the school committee. The new Principal and School Committee, were alleged to have come in with a totally new vision from that of the previous administration, hence the construction of classrooms project was stalled.

On the issue of the storage of the material, the Controlling Officer concurred with my findings that, the ceiling was stored at a place where it is not appropriate to store government material. She assured me that the material shall be moved to the school. On the issue of the material which was found lying idle at the school, the Controlling Officer assured me that the material was stored in a secure storage facility and the school was alleged to have hired a security guard. She finally assured me that the initial project shall be executed and that the material shall be utilized by end of December 2015.

I am concerned about the School Committee's action to divert government material for other projects without authority from the Ministry. Although the other projects were essential to the school the Ministry had to grant authority for diverting material. As a result of such an anomaly, the initial project (building of classrooms) was stalled and material was left lying idle for over five years.

The Controlling Officer was urged to continuously monitor, evaluate and submit progress reports, to avoid the audit queries of unused material and minimize the abandonment of projects.

Lomahasha Inkhundla

An audit was conducted at Lomahasha Inkhundla and a report referenced E28 VOL VI/14, dated 5th October 2015 was issued to the Principal Secretary, Ministry of Tinkhundla Administration and Development. The Controlling Officer’s response referenced TINK/2/15, dated 15th October 2015 did not satisfactorily address my concerns.

Regional Development Fund

Purchase of Building Material for Mafucula Secondary School

I expressed concerns about building material amounting to E213 208.47 that was purchased for construction of an administration block at the above school, but some of the material was not delivered yet it was paid for.

The material was purchased from Wendu Hardware and was delivered on 28th January 2011 through delivery notes 3560, 3561 and 3562. The material was paid for through voucher number 120014.

The material consisted of the following items:

Quantity	Detailed Description	Unit Price (E)	Total Amount (E)
360	Cement	87.50	31 500.00
2	Green plastic	1 192.00	2 384.00
4	DPC 225mm	195.00	780.00
5	DPC 300mm	259.00	1 295.00
10	Brick force y5mm	50	500.00
15	Brick force 150mm	50	750.00
20	Ref 193 /m	69.00	19 872.00
50	Reinforce Y12/m	20.81	6 243.00
20	Reinforce R8/m	23.25	2 790.00
1	Bailing wire	1 490.00	1 490.00
40	Hoop iron	49.00	3 920.00
47	Masonite cornice /m	17.50	2 961.00
18	T/timber 38x38x6m /m	16.50	1 782.00
10	Clout nails	62.50	625.00
15	Air brick	32.00	480.00
15	Air vent	23.00	345.00
12	Door frame 6”	840.00	10 080.00
2	Door frame 15” x2032	1,273.00	2 546.00
8	Meranti door	1,604.00	12 832.00
6	Sapele door	698.00	4 188.00
2	Wood screws	195.00	390.00
14	Mortice lock	323.00	4 522.00
10	T/timber 38x114x4.2m /m	42.77	1 796.34

Qty	Detailed Description	Unit Price (E)	Total Amount (E)
20	T/timber 38x114x4.8m /m	42.77	4 105.92
93	T/timber 38x114x6.0m /m	42.77	23 865.66
4	T/timber 38x114x 6.6m /m	42.77	1 129.15
40	T/timber 50x76x6.0m /m	40.60	9 744.00
8	IBR sheet 6.0m /m	139.00	31 692.00
10	IBR sheet 4.2m /m	139.00	5 838.00
8	Roofing screws	302.00	2 416.00
2	IBR ridge 6.0m	126.50	1 518.00
2	IBR ridge 3.6m	126.50	910.80
96	IBR closure	35.00	3 360.00
19	Nails 125mm /kg	23.00	437.00
20	Nails 100mm /kg	23.00	460.00
5	Concrete nails 75mm /kg	84.00	420.00
3	Concrete nails 50mm /kg	84.00	252.00
18	Abestos fascia 306m /m	64.00	4 147.20
1	USB green plastic	1 192.00	1 192.00
19	Window sills 1.5x1.75x2.0 /m	201.30	7 649.40
Total Amount			213 208.47

During a physical verification of the material, conducted on 12th August 2015, it was discovered that the project was completed. It also transpired during an interview with the Committee members that amongst the building material which was delivered, 360 bags of cement worth E31 500.00 were not delivered yet they were signed for on the delivery note.

It was alleged that, the supplier was consulted about the incomplete delivery of material. According to records, only 150 bags of cement were then delivered on 2nd March 2011 and the balance, 210 bags of cement, worth E18 375.00, have been outstanding to date.

It is worth to mention that the 150 bags of cement were not supplied by the awarded supplier, Wendu Hardware, but were delivered by Multi-Purpose Distributors on behalf of the supplier (Wendu Hardware).

I pointed out to the Controlling Officer, that the Head Teacher was negligent when handling this matter. The delivery note was signed by the Head Teacher without verifying if all the goods were delivered contrary to procurement regulations. Practically considering the best practice signing of delivery note suggests that the items were authenticated as received and correct. As a result the delivery note which was signed for indicated that the 360 bags of cement were delivered. I expressed discontentment that the school did not take immediate action to rectify this matter. The Inkhundla was not notified promptly about the challenges encountered with regard to the cement. Regardless of the short supply (150 bags instead of 360 bags of cement) the school managed to complete the project. I perceived that the quantity of cement exceeded the requirements.

The Controlling Officer acknowledged my findings that the 360 bags of cement were not delivered. She alleged that on the date of delivery (28th January 2011) after it was discovered that some goods were not supplied, the supplier told the School Committee and the Inkhundla that his transportation was too small, and was yet to deliver the remaining goods. Nonetheless, the delivery note was signed by the Head Teacher regardless of the undelivered goods.

It was alleged that the supplier had been contacted on numerous occasions to deliver the goods, but he only delivered 150 bags of cement through another supplier (Multi-purpose Distributors) instead of 360 bags of cement.

After the School Committee concluded that the supplier was not fulfilling his promise, the school then requested parents to contribute towards the purchase of the cement, in order to complete the project.

The Controlling Officer confirmed the assertion that parents were requested to contribute towards the purchase of the undelivered cement which was 210 bags of cement, in order to complete the project. I was not convinced by this justification, since I was not furnished with evidence that parents purchased the cement. I would also expect that the parent's contributions were properly accounted for, if they were not used for the 210 bags of cement. Failure to provide my office with evidence of the contributions and parents meeting minutes means that there was no short supply of cement in the first place.

Furthermore, the School Committee notified the Inkhundla about the supplier's uncooperative behavior and a decision was then taken, to report the matter to the Police, on 7th November 2012, but was still pending in court.

I was not convinced that the supplier was reported to the Police on the cited date, 7th November 2012, otherwise the Auditors would have not been denied access to the police report when requested during the audit. The Controlling Officer also did not provide me with evidence of the alleged correspondence dated 7th November 2012 and the initial police report.

The Controlling Officer assured me that, the Principal insisted that the delivery note, she signed, excluded cement bags. She further retaliated that the quantity of cement bags ordered (360 bags) exceeded the requirements.

At the time of compiling this report, there was still no refund to government for the 210 bags of cement worth E18 375.00 which were paid for but were allegedly not delivered.

It should be noted that Government regulations disallow payment before delivery of goods. This is a preventative control measure to avoid non delivery of items in order to protect Government from unnecessary losses.

Hence this scenario arose from negligence for which those responsible should be held accountable as per Financial and Accounting Instructions 0204 (i).

My observations were confirmed as correct.

The investigation carried out by the Controlling Officer further revealed that, after the school committee discovered that there was no cement another request for cement was made to the Inkhundla.

The Inkhundla, on verification of the delivery note drew the attention of the school committee that, cement had been delivered and allegedly acknowledged as received, which the committee denied.

Subsequently, discussions held between the Inkhundla and the supplier resulted in the delivery of the 150 cement bags.

As a result of the supplier's failure to fulfill his promise to deliver the 210 outstanding bags the matter was reported to the Swaziland Police on 7th November 2012. The implicated person was arrested on 5th August, 2014 and the next trial would be held on 23rd February, 2016 at Siteki Magistrate Court.

As a result parents contributed towards the purchase of the cement to complete the structure.

In my view this predicament resulted from negligence through the continued non adherence to Government Regulations that are meant to prevent such circumstances. This is despite numerous reminders that before delivery notes are signed it should be ensured that the items have been delivered and are in accordance with the specifications.

Consequently, the parents were made to shoulder the cost to rescue the situation while the perpetrator, did not participate and steadfastly denied the negligence.

Shiselweni 11 Inkhundla

An audit was conducted at Shiselweni 11 Inkhundla and a report referenced E28/Vol V11/52 dated 21st October 2015 was issued to the Principal Secretary, Ministry of Tinkhundla Administration and Development. The Controlling Officer's response referenced TINK/2/15, dated 4th November 2015 concurs with my findings.

Regional Development Fund

Abandoned project- Gosheni Development Scheme

I drew the attention of the Controlling Officer about building material, amounting to E90 182.70, which was purchased for the above Association for purposes of constructing a bridge for the Community.

The material was purchased through order number 514435, from Nobsi Investments. The source documents which were; payment voucher, invoice and delivery note were not availed for audit purposes.

Below are the items which were purchased:

Qty	Description	Cost Per Item (E)	Total Amount (E)
14	Ringforce high tensil Y16 x 6m	127.18	10 682.70
200	Cement	95.00	19 000.00
12	Weld mesh 395	4 800.00	57 600.00
10	Nails 75mm	89.00	890.00
3	Bailing wire	670.00	2 010.00
Total amount			90 182.70

During a physical inspection, carried out on 3rd February 2015, to ascertain the status of the project, it was discovered that the material was delivered. I discovered that the project had commenced but was abandoned at an early stage. Some of the material were found lying idle at the homestead of the Chairman of the Association and 171 bags of cement worth E16 245.00, were already spoilt.

Below is the material found lying idle:

Qty	Description	Cost Per Item (E)	Total Amount (E)
5	Ringforce high tensil Y16 x 6m	127.18	3 815.40
171	Cement (damaged)	95.00	16 245.00
8	Weld mesh 395	4 800.00	38 400.00
10	Nails 75mm	89.00	890.00
3	Bailing wire	670.00	2 010.00
Total amount			60 360.40

The Association members alleged that there was shortage of material, particularly “culverts” which were necessary for the project. They alleged that they were later promised, the culverts by an anonymous donor and the culverts were received very late when the cement was already spoiled.

I pointed out to the Controlling Officer that one of the major control weakness which led to the project being stalled was that, the material was purchased without the involvement of a relevant technical expert advice.

In her response the Controlling Officer cited that “technicians from the Land Department in the Ministry of Agriculture were also involved when the project started; they monitored the initial stages of the project but stopped at the stage where culverts were required.

She alleged that technical experts were only involved when the material was already available. The purpose of their involvement at that stage was allegedly for the purpose of designing the bridge and also facilitate the execution of the project.

When the culverts were available, attempts to re-engage the technical experts proved futile hence the project was forced to come to a standstill.” This sentiment signals that the stalling of the project was linked to the former Honourable M.P.

She informed me that the project was initiated during the time of the former Member of Parliament. The culverts had not been ordered.

In a bid to complete the project, the current Inkhundla Council was alleged to have requested a donation of the culverts. She further stated that there was also an issue of cement that had expired, which ultimately led to the project being delayed. In an effort to revive the project, the Association had pledged to replace the spoiled cement through a contribution, and that E2000.00 had already been deposited to the government account on 3rd November 2015. The Controlling Officer assured me that the association is expected to finish paying before the end of the financial year (by 31st March 2016).

The Controlling Officer also informed me that the material had been moved from the Chairperson’s homestead to the Inkhundla on 28th October 2015.

The Controlling Officer then informed me that the Ministry has since engaged Micro Projects to survey, design and supervise the bridge construction on the 4th November 2015.

During a follow-up audit conducted on 26th November 2015, to assess the status of the project, I was disturbed to discover that the state of affairs was still the same, that is construction had not commenced, except that the material had been moved from the Chairperson’s homestead to the Inkhundla.

I am worried about the rate in which the contributions towards the purchase of cement are paid, when taking into consideration that that the project is now long overdue. It is unreasonable having to wait for four more months (December 2015 to March 2016) for the project to be revived. I am also not certain if the Association shall comply towards paying the contributions in full by 31st March 2016, when taking into account that they should have made the necessary contributions a long time ago, rather than to wait for my findings. It is therefore, apparent that the project is not a priority to the community but the Association was forced to endure it since it was already initiated by the former Member of Parliament, as alleged by the Controlling Officer.

The latest development communicated to me about the project was that the project has been handed over to Micro Projects, and the designing and survey were done as indicated in the previous response.

I am worried about the Ministry’s act of shifting the responsibility to Micro Projects as if the Organization is the Liberator of project challenges. I foresee this project as a non-starter.

In her response to my concerns on why there were no specific dates of re-execution and completion of the bridge construction project, the Controlling Officer was apologetic for not including such important information. She re-assured me that according to technical experts from Micro Projects and the Community Development Officer, the work will be executed upon completion of the tendering process for the engagement of a contractor. On my concerns

about the Ministry’s act of shifting responsibilities to Micro Projects when the Ministry failed to develop a monitoring strategy of funded projects, she assured me that the Ministry has since come up with strategies that will ensure that government funded projects are monitored through to completion.

Unused Roofing Material – Makhwelela Canaan Development Scheme

Roofing material, worth E152 512.82, was purchased from T&S Enterprises for the roofing of Makhwelela Canaan Hall. The material was delivered on 4th November 2013, through delivery note 0756 and was paid on 21st November 2013 through payment voucher 080004 by cheque no. 007705. The material consisted of the following items:

Qty	Description	Cost Per Item (E)	Total Amount (E)
96	6m roofing sheets @ 101.95/m	611.70	58 723.20
78	4.8m roofing sheets @ 101.95/m	489.36	38 170.08
119	38 x 150 x 4.8m timber @26.87m	128.98	15 348.62
50	50 x 76 x 6m timber @ 26.13	156.78	7 839.00
6	6m roll top ridge	300.00	1 800.00
10	90mm roofing screws	39.75	397.50
10	Roofing washers	41.40	414.00
25	150mm wire nails	25.21	630.25
12	100mm wire nails	25.21	302.52
28	1.5m hoop iron	23.50	658.00
100	Cement bags	95.00	9 500.00
	VAT		18 729.65
Total Amount			152 512.82

During the physical verification of the project status, carried out on 3rd February 2015, I discovered that the roofing was completed. However, I was disappointed to find out that 92 corrugated iron sheets, worth E56 276.40, had remained after the completion of the project and the corrugated iron sheets had been lying idle for over 12 months. The corrugated iron sheets were at risk of being stolen or damaged by rust. It transpired that the Inkhundla was not informed by the Association that there was material which remained unused.

The Controlling Officer acknowledged that indeed 92 corrugated iron sheets remained after the completion of the project and they were kept idle. She informed me that the remaining material was then utilized for the completion of Nhlanguano Central High School hall.

I pointed out to the Controlling Officer that technical experts were not involved to prescribe the correct quantity of roofing material. As a result, the roofing material, purchased exceeded the requirement.

The Controlling Officer disputed my findings. She submitted a completed form which was not availed during the audit, as evidence that indeed a technical expert was involved.

During a follow-up audit conducted on 26th November 2015, I discovered that indeed the hall at Nhlanguano Central High School was complete. However, I was not convinced that all the alleged 92 corrugated iron sheets which were repossessed from Makhwelela Canaan Hall were used for the Hall. There was no record produced as evidence that the stores removed from Makhwelela Canaan Hall were relocated to the school, except for a letter of acknowledgement of the corrugated iron sheets which was signed by the alleged recipient (Nhlanguano Central High School's Principal).

I noted that there was also no request which had been initially sent by Nhlanguano Central High School to the Inkhundla, requesting roofing material. I am induced to conclude that the corrugated iron sheets and without proof that the 92 roofing materials were all used by Nhlanguano High School. The corrugated iron sheets amounting to E56 276.40 remain unaccounted for.

In response to my concerns about the roofing material that was allegedly given to undeserving associates, the Controlling Officer responded by attaching a letter of request for the material from Nhlanguano Central High School's Principal. The letter was proof that the material was indeed needed and properly requested. The letter was dated 9 July 2015 and it was addressed to the Regional Administration Office. A letter from the Inkhundla Council dated 31 July 2015 permitting the school to take the material was also attached.

Missing Material – Asibambisane Youth Association

Catering material, amounting to E364 260.78, was purchased for the above Association from Separated Investments. The items were delivered on 30th April 2013 through delivery note 208. The purpose of the material was to provide hiring services for the community's functions. However, the payment voucher was not availed for audit purposes and the details of the payment were not verified.

Below is the list of the items which were purchased:

Qty	Description	Cost per item (E)	Total amount (E)
35	Sponges	1 950.00	68 250.00
4	Aluminium big pots	1 035.00	4 140.00
1	4 burner gas stove	8 537.00	8 537.00
3	25kg legged pots	6 450.00	19 350.00
200	Plastic chairs	241.50	48 300.00
3	6m x 12m tents	35 000.00	105 000.00
1	Generator	14 950.00	14 950.00
200	Sunflower chairs	255.00	51 000.00
VAT			44 733.78
Total amount			364 260.78

A physical inspection was carried out to determine the existence of the material and project viability, on 3rd February 2015, I was disturbed to discover that items worth E108 337.50 were missing and not traceable on the Association's lease records. The members of the Association also did not know the whereabouts of the items.

Below is the list of the items which were missing:

Qty	Description	Cost /item (E)	Total (E)
35	Sponges	1 950.00	68 250.00
1	Legged Pots	6 450.00	6 450.00
1	Aluminum Pots	1 035.00	1 035.00
135	Plastic Chairs	241.50	32 602.50
Total			108 337.50

My conclusion was that the items were misappropriated by the Association. There was no theft reported to the police. I further expressed my dissatisfaction about the members' questionable behavior which was demonstrated throughout the cause of the audit interview. The association members displayed a care free attitude in handling government property, their records were not properly maintained and they also failed to avail the association's bank book for audit purposes.

The Controlling Officer concurred with my findings that the items were missing. However, the Controlling Officer allegedly discovered discrepancies of some missing items from the quantities which were reported by me. The discrepancies were;

- 28 sponges worth E54 600.00 were missing, instead of 35 sponges.
- 2 aluminium pots worth E2 070.00 were missing, instead of 1 pot
- 159 plastic chairs were missing instead of 135

Therefore, the cost of the missing items as per the Controlling Officer's verification was E101 518.50.

The Controlling Officer further informed me that the matter of the missing items had since been reported to the Royal Swaziland Police. The Ministry repossessed all the items which were with the Association due to non-functionality of the Association and items were allegedly kept at the Inkhundla Centre. On the issue of the 400 plastic chairs which were delivered by the supplier, the Controlling Officer informed me that the Ministry had ordered 200 plastic chairs and 200 sunflower chairs, however the supplier delivered 400 plastic chairs. She further informed me that the supplier was engaged to reimburse government the difference amounting to E2 700.00, hence the supplier concurred as per the evidence of a deposit slip dated 3rd November 2015. She further alleged that the Ministry also discovered that the supplier had delivered wrong size of tents and wrong gas-stove. However, the supplier was alleged to have corrected the discrepancies by supplying the correct items.

The Controlling Officer concurred with my findings that the Association had not reported the missing material to the police. The alleged reason for not reporting the matter was that, the association had assumed that the items were leased out. Apparently, upon verification the Association discovered that two of their members had taken the items for their own personal gain.

During a follow-up audit conducted on 26th November 2015, to authenticate the corrective measures on the anomalies, I appreciated to find that the items were repossessed from the Association and kept at the Inkhundla. The supplier had eventually delivered the correct items and that the missing items had been reported to Police. However, I am worried about the

indefinite keeping of the repossessed items at the Inkhundla, since the Controlling Officer did not inform me about the ultimate solution in respect of the repossessed items.

While I am aware that at the time the project was established the Monitoring and Evaluation Unit had not been set up. It is expected that by 2015 all the projects could have been visited to monitor progress and functionality of funded projects. Theft of project items would have been discovered before my audit. This scenario reveals that the coordination between those responsible for the Community Development and the Association cease once the funding has been provided. The formation of the Association was intended to obtain the findings.

The Controlling Officer concurred with my findings on the events of the issue of Asibambisane Youth Association. She alerted me that since the matter has been reported to the Royal Swaziland Police, the Regional Secretary was advised by the police that it would not be proper to reallocate the material to other associations as the matter is still pending in court.

She further acknowledged that the monitoring of projects was inadequate. She also appreciated the assistance received from my office in identifying anomalies in Regional Development Fund projects. She stated that to curb these problems, the Ministry is in the process of conducting outreach activities. In these, they engaged Tinkhundla councils and associations whereby they would explain the operation of the Regional Development Fund, the Community Reduction Fund and the Empowerment Fund.

Moreover, the Controlling Officer stated that the Ministry has engaged the Ministry of Public Service on the issue of strengthening the monitoring and evaluation unit within the Community Development on numerous meetings.

Nkwene Inkhundla

An audit was conducted at Nkwene Inkhundla and a report referenced E28 VOL.V/27 dated 2nd November 2015 was issued to the Principal Secretary, Ministry of Tinkhundla Administration and Development. The Controlling Officer's unreferenced response dated 4th November 2015 concurred with my findings.

Regional Development Fund

Purchase of Plumbing Materials for Ekuphumuleni Water Project

Plumbing material amounting to E158 519.53 was purchased, for the above project. The materials consisted of pipes and fittings. The Ministry issued a Government order number 517686 to Lucky's Ark Investment (Pty) Ltd for the supply of plumbing material. The material was delivered through delivery note number 333 dated 2nd October 2013 and the supplier was paid through voucher number 080002 by cheque number 00770.

The material purchased are shown below:

Qty	Detailed Description	Unit Price(E)	Total Amount (E)
4	75mm HDPE pipe class 10x100m	63.00	25 200.00
3	75mm Couplings	307.50	922.50
13	50mm HDPE pipe class 10x100m	28.00	36 400.00
11	50mm Couplings	145.00	1 595.00
15	40mm HDPE pipe class 10x100m	19.60	29 400.00
13	40mm Couplings	108.00	1 404.00
25	32mm HDPE pipe class 10x100m	12.60	31 500.00
23	32mm Couplings	67.20	1 545.60
60	Cement bags 50kg	95.60	5 736.00
30	20mm brass stop cock	190.00	5 700.00
	VAT		19 516.43
Total Amount			158 919.53

During the physical verification conducted on 2nd February 2015, I was disturbed to find that the project had commenced but was later abandoned due to lack of material. The material purchased was not enough to complete the project because the project was not evaluated by government technicians before acquisition of the material.

No material was found on site as the project coordinators alleged to have used all the material on the project.

I noted that the Ministry proceeded to issue a government order to the supplier while quite aware that the Regional Development Fund procurement procedures were not adhered to, resulting in the project being abandoned.

The Controlling Officer informed me that the project was implemented and completed at the time of audit. She revealed that plumbing was done and technical expertise were engaged. She alleged that, the only challenge to the project was that water tanks which were part of the project were confiscated, had it not been for this confiscation of the six water tanks, the project would be up and running and that the community would have benefited greatly.

She cited that six water tanks were confiscated by Farm Chemicals, who had delivered the water tanks at the Inkhundla on behalf of No.1 Investments. She alleged that the water tanks had been initially purchased from No.1 Investments, but the supplier (No.1 Investments) had not paid Farm Chemicals from whom he had obtained the six tanks hence Farm Chemicals later confiscated the tanks from the Inkhundla. However, the Controlling Officer did not provide the source documents in relation to the procurement of the water tanks, since they were not part of the purchased items listed above.

During a follow up audit conducted on 24th November 2015 to authenticate the status of the project, I discovered that there was still no progress on the project and there was no indication that it shall resume soon, due to that the matter was still in court.

The Controlling Officer apologized to the Auditor General for not providing the source documents in relation to the procurement of the water tanks. However, she did not advise on the current status of the matter and about the actions taken by the Ministry to ensure that the project is completed.

I am concerned about the projects which end up being stalled or abandoned yet government injected funds for the development of communities and ultimately improve the lives of citizens.

It should be noted that access to clean water is not just necessary to the Community but to the nation as a whole since it is the nation's mission to improve health for all Swazi citizens.

Plumbing Material for Sidlalamahle Water Project

Plumbing material, amounting to E186,484.53, was purchased by the Ministry through order number 517697, dated 6th August 2013 from L.S.M Distributors (PTY) LTD. The material was delivered through delivery note number 21665 and was paid for through voucher number 070006 by cheque number 007687.

Below is the analysis of the material which was supplied:

Qty	Item Description	Unit Price (E)	Total Amount (E)
35	5mm HDPE pipe class 10	2 642.25	92 478.75
18	50mm Couplings	88.24	1 588.32
15	40mm HDPE pipe class 10	1 716.00	25 740.00
8	40mm Couplings	64.74	517.92
10	32mm HDPE pipe class 10	1 131.00	11 310.00
5	32mm Coupling	37.73	188.65
10	25mm HDPE pipe	936.00	9 360.00
5	25mm Coupling	31.01	155.05
15	Garden tap 20mm	282.95	4 244.25
3	5000 litres water tank	6 000.00	18 000.00
	VAT		22 901.61
Total Amount			186 484.55

During the physical inspection, conducted on 2nd February 2015, I was disappointed to note that the project had started but was later abandoned before its completion. The alleged reason for the abandonment was shortage of material. One major challenge cited was that government technicians were not involved in the project design, hence material was not quantified and prescribed by a technical expert. As a result the material bought was not enough to finish up the project.

The chairman of the Association revealed that they had since engaged the services of rural water supply to draw the design in an effort to resume and complete the project.

I expressed my concerns to the Controlling Officer about the Ministry's officers who rushed into procurement of the material without ensuring that the project application form was endorsed by the technical experts and that the project design was in place.

The Controlling Officer informed me that the project was stalled due to shortage of material, specifically couplings. She stated that the association had since purchased the couplings and committed to completing the project by 20th November 2015. She disputed my findings that technical experts were not involved at the inception of the project. She alleged that Technician's from the Rural Water Supply Department were engaged from the inception of this project to evaluate the feasibility of this project.

The response did not address the issue of insufficient quantities. It only confirmed that the feasibility study had been undertaken as per requirement.

During a follow up audit conducted on 24th November 2015 to verify the status of the project, I appreciated to discover that the project was indeed completed and that the Community had access to clean water, as per the assurance by the Controlling Officer. However, I am not content by the Ministry's tendency of not monitoring projects that results inefficiency and wastage of funds.

The effects from the delay in acquisition of some of the materials can not be over looked since the prices of materials would have escalated by the time the purchase of the items takes place. Also had it not been for my office to conduct an inspection, the project would have been unnecessarily stalled yet the Association had the capacity to purchase the material to cover the short supply.

It is surprising what the duties of the community development officers entail, if the challenges faced by associations are never reported and addressed on time by the responsible Ministry. As a result the funds appropriated for the RDF are not properly accounted for. As if the process ends with the allocation of the funds to projects, the achievement of the objective of the funds are ignored.

The Controlling Officer apologized for the delay on the completion of the project and assured the Office of the Auditor General that since the Ministry had established a monitoring and evaluation unit, the said anomaly will be eliminated in future.

Mawelawela Community Pre-School

Building and Fencing material amounting to E95 207.62 was purchased from Lucky's Ark Investments through government order number 517745 for installation of fence around the pre-school and for rehabilitation of an existing community pre-school. The material was delivered through delivery note / invoice number 333, dated 4th December 2013. The payment voucher was not furnished to the audit team, for verification.

Below are the items which were purchased:

Quantity	Detailed Description	Unit Price (E)	Total Amount (E)
80	50kg cement bags	95.00	7 600.00
30	Treated poles 2.4m	220.00	6 600.00
15	4.2 corrugated iron	225.00	14 175.00
5	Diamond mesh	3 470.00	17 350.00
1	Double gate	4 000.00	4 000.00
4	White paint 25L PVA	1 234.00	4 936.00
5	Yellow paint 25Lsecond coat	1 650.00	8 250.00
2	4.5 inch brick force	97.00	194.00
4	2.4m veranda post	279.00	2 678.40
5	6.0 m x 50 x 76 timber	40.60	1 218.00
5	4.2m x 150 x 38 timber	53.65	1 126.65
2kg	6 inch nails	43.20	86.40
1kg	Roofing screws 90mm	110.00	110.00
1kg	Bolts and nuts 10mm	640.00	640.00
4	Hoop iron	49.00	196.00
1	5000L water tank	11 336.00	11 336.00
1	Black dulux paint 25L	3 019.00	3 019.00
	Sub total		83 515.45
	VAT		11 692.17
Total Amount			95 207.62

During the physical inspection of the status of the project, conducted on 2nd February 2015, I discovered that the project was successfully completed. However, I was disturbed to note that some of the material were not used and were found lying idle, at the Preschool.

Below is the analysis of unused material;

Quantity	Detailed Description	Unit Price (E)	Total Amount (E)
1	White paint PVA 25L	1 234.00	1 234.00
2	Yellow paint 25L second coat	1 650.00	3 300.00
4	Corrugated iron	225.00	900.00
	Sub-total		5 434.00
	VAT		760.76
Total amount			6 194.76

I observed that 3 of the 25 litres of paint worth E4 534.00, had already expired and obsolete. I expressed my concerns to the Controlling Officer that, one major control weakness which led into the over purchasing of material was that the relevant technicians were not involved to quantify the required material and this resulted to waste of public funds. The paint could have been returned to the Inkhundla Centre to be reallocated to other projects.

The Controlling Officer concurred with my findings. She informed me that the Pre-School sincerely apologized that the paint was bought in excess. However, she disputed my findings that the paint had already expired at the time of audit (14 months after delivery), stating that the paint would be used before the end of November 2015. She stated that she verified with assistance of Technical experts from the Ministry of Public Works and Transport, that the paint was not spoiled as yet.

I am concerned that the beneficiary never reported the paint to the relevant authorities. It was only after my report that the Ministry became aware of this matter. In reality the beneficiary is also responsible to ensure efficiency in the use of resources. Therefore, there should be cooperation between all the parties involved in the projects.

On the issue of the four corrugated iron sheets, the Controlling Officer informed me that the Pre-school explained that the intention was to construct a teacher's ablution block later. This was in line with the standards laid by the Ministry of Education that teachers should not share ablution facilities with infants. She alleged that the pre-school had informed the Ministry that they requested permission from the Inkhundla to utilize the corrugated iron sheets for an alternate project, which is the roofing of the ablution block.

She also stated that the material had been moved from Mawelawela Pre-school to the Inkhundla premises.

During a follow up audit, conducted on 24th November 2015, to verify the status of the project, I discovered that the preschool had been repainted. Only one of the 25 litres of paint had remained and it was alleged that it would be used for the ablution block. The corrugated iron sheets were still not used and they were kept at the Inkhundla Centre.

I am concerned about the Ministry's failure to monitor the funded projects. Such challenges would have been addressed early, if there was a continuous follow up of the project by the Ministry. The Ministry's tendency of having to wait for my findings first before challenges are rectified demonstrates there is no monitoring plan or programme that embrace all funded projects to ensure the objectives are fulfilled.

I would advise that a monitoring strategy be drawn such that all parties involved participate in the management of the projects.

The Controlling Officer apologized to the Auditor General about the delay in addressing challenges, which is caused by the Ministry's failure to assess and monitor projects.

On the issue of the 25 litres of paint and the four corrugated iron sheets, she assured me that they will be used to complete the ablution block.

Ngudzeni Inkhundla

An audit was conducted at Ngudzeni Inkhundla and I communicated my findings to the Principal Secretary in the Ministry of Tinkhundla Administration and Development through my memorandum referenced E28/VoIV/18 and dated 14th October 2015. The Controlling Officer

in her response referenced TNKH 2/15 dated 09th December 2015 concurred with my findings.

Regional Development Fund

I drew the attention of the Controlling Officer to building material, amounting to E1 226 133.04, which was purchased by the Ministry in respect of three Associations and later repossessed through court orders.

Purchase of Material for Masibonisane Farmers Association

Records revealed that building material was purchased from L.S.M. Distributors (PTY) LTD and delivered through delivery notes number 22179, 22180, 22181, 22184, 22191 and 22189, at the above mentioned Inkhundla and were acknowledged as received and signed for by the Secretary from the association, is from the 16th to 28th of May, 2013.

The order form, invoice and payment voucher, which are source documents, were not availed to my office, hence the prices/unit cost of these items were not known and could not be verified.

Below is an analysis of the items:

Quantity	Description
25	Garden forks
25	Garden steel rakes
13	Pipes class 6,75mm
12	75mm Couplings
13	HDPE Pipe class 6,63 mm x 100
12	Couplings 63mm
10	Veldspan 1,8x100m
5	25kg Galvanized wire
680	Cement bags
30	Mesh wire ref 193
150	Reinforce R10x6m
40	Damp course 9inches
40	Damp course
12	Couplings 50mm
13	HDPE pipe class 6,50mmx100m

The Controlling Officer, informed me that the material, amounting to E364,733.88 were purchased in respect of Ngudzeni Inkhundla yet they were not related to the request of the association, as stated in the copy of the police report.

During a physical inspection conducted on 10th February, 2015, I discovered that the Association had only requested garden tools, 25 garden forks and 25 garden steel rakes, from the Inkhundla. The garden project was found to be fully operational.

Following the request, different types of material, fencing, plumbing and building material were purchased together with the garden tools by the Inkhundla yet the material was not part of the

request. Eventually, a court order was issued in favour of the Ministry to repossess all the unauthorized material.

Pursuant to the court order the police together with officials from the Ministry, repossessed part of the items whilst some items were left lying idle and some were found missing.

The police among other items repossessed 400 bags of cement instead of 680 bags.

The 280 bags of Cement were found kept at a certain homestead and already expired. Pipes were also found lying idle and exposed to all weather conditions at the Inkhundla premises.

I also discovered that 4 rolls of 100m veldspan fence that were not included in the list of items which had been repossessed, were found missing.

In her response, referenced TNKH2/15 dated 9th December, 2015, the Controlling Officer concurred with my findings. She regretted having not furnished my office with the source documents in respect of the purchase of the material, and allegedly stated that the payment voucher was submitted by the Ministry to the Royal Swaziland Police for investigations of a case.

She confirmed that the request for the purchase of the material never passed through the Inkhundla. The initial request that passed through the Inkhundla from Masibonisane Farmers Association Committee was only for 25 garden forks and 25 garden steel rakes.

However, the application which was later received by the Ministry, included the building material which was worth E364 733.88 and later suspected that someone had forged the application hence the matter was then reported, on 21st October, 2015, to the police, for further investigation. The matter is allegedly under investigation.

The Controlling Officer concurred with my findings that only 400 bags of cement were repossessed, and were distributed to a number of schools namely: Edulini Primary School, Mkhondvo Primary School, Sidlangatsini Primary School and Nhlanguano Central High School.

She apologised for not giving an analysis of the distribution of the cement bags among the schools. She further stated that the cement bags were collected from a number of associations where it was found lying idle, and they added up to 1040 bags, of which the 400 bags of cement in question formed part of the collection stock. As a result, the 400 bags of cement could not be distinctly traced.

With regard to the 280 bags of cement which were left to rot at a homestead the Controlling Officer confirmed that these were already spoilt.

On the issue of the pipes which were found lying idle, the Controlling Officer stated that following the receipt of the Auditor's report, the Ministry conducted a survey of all material that were lying idle at the different Tinkhundla, across the country. The alleged plan was to collect all

these for use by the Micro projects unit under the Regional Development fund projects. She mentioned that, there was currently a procedure clearly spelt out in the RDF procedures that guides the process of repossessing all government material if it is found lying idle and unused. She informed me that the process has already started and would be concluded before the end of the financial year 2015/16.

On the issue, of 4 rolls of 100m veldpan fence that were missing, she concurred with my findings and informed me that the matter was reported to the police.

When reconciling letters of acknowledgement from the schools which allegedly received the 400 repossessed bags of cement, I noted that the quantity of cement allegedly received by the different schools from the Ministry was 1040 bags of cement in total. I am therefore concerned that the 400 bags of cement were not accounted for. The distribution of the 400 bags could not be traced, distinctly to any of the schools.

Below is the analysis of as per annex 2 of the response:

Name Of School	Number of bags
Nhlangano Central High	250
Sidlangatsini High School	400
Mkhondvo Primary School	90
Edulini Primary School	300
Total	1040

I expressed concern about the process of reallocation of repossessed material since such a process lacks accountability since the material collected from all the Tinkhundla is put together before being reallocated without any source information. When repossessing the material proper records such as inward and issue books were not maintained.

On the process of reallocation of repossessed material and discrepancies on records, the Controlling Officer apologised and stated that the Ministry did not have proper records in the past, but has since issued all Tinkhundla centres with inward books.

Additionally, she stated that the Ministry is in the process of training some of the Tinkhundla Secretaries on Project Management and records keeping through the assistance of the Swaziland Local Government.

The Controlling Officer revealed that to curb this problem, the Ministry had engaged the Swaziland Institute of Management and Public Administration (SIMPA) to capacitate the Tinkhundla Secretaries on similar skills as mentioned above. This would include minutes writing, communication as well as computer skills.

Regarding the issue of the 280 bags of cement which were already spoilt, the Controlling Officer did not state as to how the loss to government shall be recovered.

Building Material for Free Evangelical High School

Records revealed that on the 16th June 2013, building material, amounting to E528 732.91 was delivered, at the above mentioned Inkhundla for the construction of teachers' quarters and was supplied through delivery note no: 22174 and 22175. The material was purchased on the 30th April 2013, through order numbers 514436 and 514437, from L.S.M. Distributors and paid through voucher number 060030 dated 23rd September 2013.

Below is an analysis of the Material;

Quantity	Description	Unit price (E)	Total Amount (E)
24	IBR closers	40.95	982.80
72	IBR sheets	128.51	44 413.20
72	IBR sheets 5.4m	128.51	49 964.40
6	IBR ridges 6m	95.45	3 436.20
72	Timber 38x152x5.4m	62.55	24 319.44
72	Timber 50x76x4.8m	66.45	22 965.12
30	SS43 window frames	1 523.50	45 705.00
48	Timber 38x114x6m	62.55	18 014.40
144	Timber 38x38x6m	20.31	17 547.84
6	Meranti doors	1 396.75	8 380.50
14	9 inch door frame with fanlight	558.05	21 812.70
60	Internal air vent	23.40	1 404.00
60	External air vent	23.40	1 404.00
40	Hoop iron 3m(ditto100)	66.55	2 662.00
10kg	100mm nails (36mm)	66.55	665.50
10kg	125mm nails (50)	66.55	665.50
10kg	150mm nails	66.55	665.50
10kg	Roofing screws	247.65	2 476.50
1360	Bags of cement	95.00	129 200.00
12	Weld mesh ref 193	1 600.00	19 200.00
40	Brick force 6"(ditto 100mm)	62.40	2 496.00
40	Brick force 4.5 (ditto 38mm)	44.85	1 794.00
40	Damp course 4.5 (ditto 150)	62.40	2 496.00
40	Damp course (rotary wash line)	87.75	3 510.00
4	Gunplus sheets	705.90	2823.60
100	R10 Reinforce 6m	18.99	11 394.00
12	4.5"door frames	761.05	9 132.60
20kg	90mm roofing screws	247.65	4 953.00
20kg	4"nails (36mm)	66.55	1 331.00
20kg	5" nails (50mm)	66.55	1 331.00

Quantity	Description	Unit price (E)	Total Amount (E)
20kg	6"nails (63mm)	66.55	1 331.00
80	Hoop iron (ditto 100)	66.55	5 324.00
	VAT		64 931.95
Total Amount			528 732.91

When a physical inspection was conducted on 10th February 2015, to ascertain the progress of the project. The project was found to be a non-starter. Also, the material had been repossessed by the Regional Office through a court order. The reason for repossessing the material was that the school had only requested 400 bags of cement from the Inkhundla, not the building material which was delivered.

Following my investigation on the final destination of the material, I discovered that the material was kept at Nhlanguano Regional Stores, indefinitely.

During a physical inspection at Nhlanguano Regional Stores, conducted on 11th March 2015 to ascertain if all the repossessed material were there, I was disappointed to discover that there was no distinct record of the material, since there were no records maintained. It was impossible to distinguish the material from the loads of material which were also alleged to have been repossessed from other Tinkhundla centres. The disorganized manner in which the items were stored also proved to be a limitation factor to gain access to physically count the material.

The Controlling Officer concurred with my findings. She informed that, following further investigations, it transpired that the school did not order any of the above listed material. The school had only requested 400 bags of cement. The application form submitted for processing had been fiddled with.

It was revealed that, the Inkhundla was not aware of this application, regardless of the fact that the application form had the Inkhundla stamp which made it appear authentic. The application form was allegedly submitted to the Regional Office for processing by the former Member of Parliament. The Ministry alleged to have been aware of this fraudulent act, following a warning from the Chairperson of the school Committee at Free Evangelical School. This was only after the material had been delivered. This matter was then allegedly reported to the police by the Regional Secretary. The police were alleged to have repossessed the material. The matter was still under investigation.

The Controlling Officer concurred with my findings that indeed building material was repossessed from the school.

In her response, she stated that the matter was reported to the Royal Swaziland Police and was still pending. A memorandum dated 14th December 2015, written by the Regional Commissioner to the Regional Secretary, Shiselweni, confirming the report was attached by the Controlling Officer.

Purchase of Building Material for Mphelandzaba High School

Records revealed that the Ministry purchased building material, amounting to E332 667.13, through government order no. 514439, 514440 and 514441 from T&S Enterprises. The material was delivered at Mphelandzaba High School, through delivery note no. 0520, 0521 and 0522, in May 2013. The material was paid for on the 26th August 2013, through voucher number 050038 and cheque number 007616.

Below is an analysis of the material:

Quantity	Description	Unit price (E)	Total Amount (E)
21	Sapele door	611.76	12 846.96
27	Motice Lock three Lever	172.10	4 646.70
60	Meranti cover strips 3.6m @ 14.03/m	50.51	3 030.60
40	Cornice mesonite 3.6m @ 11.72/m	42.19	1 687.60
21	Plastic airvent internal	12.10	254.10
21	Plastic airvent external	21.90	459.90
40	Meranti slating 3.6m @ 14.00/m	50.40	2 016.00
40	Meranti quadrant 3.6m @ 7.75/m	27.90	1 116.00
6	Curtain track 2.5m @ 207.91/m	519.78	3 118.68
6	Curtain track 2.0m @207.91/m	415.82	2 494.92
6	Curtain track 1.5m @ 207.91/m	311.87	1 871.22
3	Wash through 510mm	1 805.00	5 415.00
16	Welded wire mesh 2.4mx6m @81.89/m	1 179.22	18 867.52
180	Tiles 228x228mm @208.85/m	209.85	37 773.00
22	Adhesive wall tile	104.39	2 296.58
20	Grant whisle	183.25	3 665.00
32	Tile 150x150mm @ 209.85/m	209.85	6 715.20
6	Window frame d4fh	800.23	4 801.38
3	Window frame CIH	320.46	961.38
6	Window frame C2H	365.15	2 190.90
3	Window frame NG11	902.52	2 707.56
38	IBR roof sheets 4.2m @ 101.95	428.19	16 271.22
37	Door frame 83/mm x 2032	438.18	16 212.66
6	Micro gun3x60m	664.90	3 989.40
60	Reinforcement rods 12m @ 15.55/m		5 601.66
60	IBR sheets 6m @ 109.95/m	611.70	36 702.00
	VAT		40 853.86
Total Amount			332 667.13

During the physical verification, conducted on 10th February 2015, I discovered that the material was delivered and received for by the Head Teacher. I was disturbed to discover that the material was later repossessed by the Regional Office through a court order. The Regional

Secretary alleged that the origin of the material could not be established. The Bucopho alleged that he was not aware of the material and the project application form, as per the procedure. The purchase of the building material was not authentic, according to the Regional Secretary.

In an interview with the CDO, it was gathered that the material was moved to the Nhlanguano Government Stores for safe keeping and redistribution to other Associations.

During a follow- up audit, conducted on 11th March 2015 to ascertain the existence of the repossessed material at Nhlanguano Government Stores, I discovered that the material was not accounted for on records, and again I had difficulty to access all the material due to the disorganised storage.

The Controlling Officer concurred with my findings. In her response she stated that, following further investigations, it was discovered that Bucopho, Inkhundla Council and School Committee were not aware of the project request. It was alleged that the former Member of Parliament crafted this project request on their behalf without their knowledge and involvement. She revealed that the school wrote a letter to the Inkhundla (Ngudzeni) requesting for any assistance, for building material, for the construction of teacher's houses and agriculture laboratory. The school was alleged to have not completed and submitted the project application form, as per the procedure. As a result the school allegedly received material that was not prescribed.

I am concerned about the procurement process which was not followed when the material was purchased. This is a clear indication that certain individuals processed the purchase of the building material for their ill-intensions.

In my view this situation resulted from the non-monitoring of projects and mismanagement of government scarce funds by the Ministry. It should also be noted that limited resources are wasted through weak controls in the procurement process by the Ministry, as a result government suffers losses through negligence. Again, it is pathetic that such wastages occurred during the time when there was an economic meltdown in the country.

However, it should be a joint effort by all parties including beneficiaries to ensure proper management of the resources through honesty and appropriation of the objective to improve their lives.

In response to my concerns, the Controlling Officer agreed that in the past there were weak monitoring systems in the Ministry and these have been strengthened by engaging, the Micro Project Unit. This unit has been assigned the responsibility for the procurement and management of all the Regional Development Fund Projects which should eliminate or reduce the wastages incurred by government.

Mhlume Inkhundla

An audit was conducted at Mhlume Inkhundla and a report referenced, E28 VOL.VI/22, dated 26th October 2015, was issued to the Principal Secretary, Ministry of Tinkhundla Administration and Development. The Controlling Officer's response referenced TINK/2/15 dated 4th November 2015 concurred my observations.

Employment of Bucopho

I drew the attention of the Controlling Officer about Bucopho officers, who are permanently employed by the Royal Swaziland Sugar Corporation whilst at the same time being on government payroll system. Due to the full time employment, the activities, at the Inkhundla, were neglected by the Bucopho, namely;

- Bucopho of Tabankhulu, employed by Tabankulu RSSC
- Bucopho of Simunye, employed by Simunye RSSC
- Bucopho of Mhlume, employed by Mhlume RSSC
- Bucopho of Tshaneni, employed by Tshaneni RSSC

The attention of the Controlling Officer was drawn about the challenges faced by the audit team during the audit of the above constituencies. This was despite that prior to the audit visit, an appointment was made with the Inkhundla, and the above Bucopho were requested to avail themselves during the audit but never turned up.

I discovered that the Bucopho usually attended to the Inkhundla duties only on Tuesdays and that is usually the day when sitting allowances would be claimed.

This practice demonstrates that the responsibilities at their constituencies are not taken care of, but they are only concerned about the benefits of sitting allowances, which are claimed after attending meetings on Tuesdays.

I was also disappointed during the meeting at the Inkhundla about a telephone conversation, when one of the Bucopho was contacted by the Indvuna, on his mobile phone, and was put on loud speaker. The Bucopho from Simunye was overheard saying that he was still to seek permission from his superiors to come to the Inkhundla centre. This was regardless of the fact that the team had made an appointment two weeks earlier. This further demonstrated that the Inkhundla activities are not a priority to the Bucopho.

This is a clear indication that Bucopho who are employed by companies are paid for non-delivery of services by government since it is impossible to swing between the two jobs.

As a result of the absence of the officers, on the date of inspection (12th August 2015), only one project was visited since the Bucopho from Vuvulane constituency was the only available Bucopho. The audit team had to reschedule the inspection in order to be able to audit the other constituencies where the Bucopho were not available.

The audit of the other constituencies was later carried out on 30th September to 1st October 2015, which was quite expensive for the audit office.

The Controlling Officer, informed me that arrangements were made by the Bucopho with their constituencies to conduct Inkhundla development activities after working hours, since that is the time when people are available, as most of them are employees of the same company. An agreement was reached between the Bucopho and their employer (RSSC) that when they attend to the Inkhundla duties, they should request unpaid leave.

Practically the arrangement that was made was not convincing, whereby the Bucopho alleged to perform their constituency duties after hours, more especially since there was no evidence presented to my office, to support this justification. Noteworthy was that the Inkhundla office is usually closed after hours and therefore the Inkhundla officers (Secretary, Typist and the Indvuna) would be available to facilitate the meetings with the Bucopho and members of their constituencies.

The records revealed that the agreement reached between the Bucopho and their employer (RSSC), was that;

- The Bucopho were to apply for unpaid leave. The RSSC, operational requirements would take precedence over the Bucopho political appointments for the approval of the leave.

The Controlling Officer stated that the Inkhundla duties were not affected by the employment of the Bucopho. However, based on the conditions which were set out by the company, it is evident why the Bucopho officers failed to attend the meeting which was arranged by my office, with the Inkhundla.

I have reservations about the salaries that are drawn by the Bucopho from government for non-delivery of services.

Empowerment Fund

Purchase of Building Material for Asisebenteni Association- Vuvulane

I drew the attention of the Controlling Officer to catering equipment, amounting to **E7 827.00**, supplied by Elco Solutions Pty LTD. The items were purchased by order number 51227,1 dated 15th March 2010 and paid through voucher number 120119, cheque number 002037. The material was delivered on the same date, 08th April 2010, to Asisebenteni Association. The project was funded by the Tinkhundla Empowerment Fund.

The material consisted of the following items;

Quantity	Description	Unit price (E)	Amount (E)
2	1.8 steel tables 1.2m x 90cm	1 740.00	3 480.00
1	Gas stove	3 567.00	3 567.00
1	Gazebo 3m x 3m	780.00	780.00
Total Amount			7 827.00

During the physical verification, of the items, conducted on 12th August 2015, I discovered that amongst the items purchased, equipment (Gas stove) worth E 3,567-00, as reflected above, was not delivered at the premises of the Association, yet it was paid for. The whereabouts of the stove remained unknown.

The Bucopho signed the delivery note, as though all the items were received. It is apparent that such was done intentionally to illicitly gain from government, otherwise such would have been corrected earlier. As a result Government was charged an amount of E3 567.00 for an item that was not delivered.

The Controlling Officer, disputed my findings. She informed me that the Chairperson of the Association alleged that the Gas stove was delivered to the Association but had been rented out during the audit. She further stated that during her site visit to the Association, the same stove was again rented out, which suggests that the Controlling Officer also did not physically see the stove in question.

The Controlling Officer only furnished my office with a picture of the stove as evidence.

I am not convinced that the stove is actually the one which was paid for by government. It should be noted that during the audit, the chairperson of the association alleged that the stove was not delivered and its whereabouts were not known. I am therefore puzzled by such contradictory statements whereby the chairperson changes tune without providing evidence that indeed the stove was loaned out and evidence in form of a loan records receipt of money paid in respect of the loaned stove.

There was no evidence in the form of a copy of the Association’s lease book to substantiate the justification.

The Association informed me, during the audit, that the whereabouts of the stove were not known, and their lease records were not availed to my office for audit. The failure to account for the stove by the Association on the spot rightly means that the stove was not delivered or it was stolen by certain individuals for illicit gain.

In the absence of the evidence, I am induced to believe that the stove had not been initially delivered.

Regional Development Fund

Delivery of Building Material - Vuvulane Primary School

Building material worth **E59 562.48** was purchased from L.S.M. Distributors by order number 515862 dated 09th May 2011. Payment was made on 11th June 2011 through voucher number 030005, cheque number 007242. The material was to be used for the construction of a kitchen, at the above-mentioned school.

The material consisted of the following items;

Quantity	Description	Unit Price (E)	Amount (E)
1	Gun plus sheet	705.90	705.90
2	Welded mesh	1 600.00	3 200.00
4	6” brick force	62.40	249.60
2	6” damp course	87.75	175.50
10	Reinforce 6m	18.99	1 139.40
10	Ulterior air vents	23.40	234.00
10	Exterior air vents	23.40	234.00
20	4.8m IBR sheets	128.51	12 337.00
16	Timber 38*114*4.8m	62.55	4 803.84

Quantity	Description	Unit Price (E)	Amount (E)
10	Timber 50*76*5.4m	78.25	4 225.50
2	90mm roofing screws	247.65	495.30
2	6" nails	66.55	133.10
2	5" nails	66.55	133.10
10	3m hoop iron	66.55	665.50
2	6" door frame	803.95	1 607.90
2	Meranti doors	1 396.75	2 793.50
1	Window frame D4H	1 073.05	1 073.05
1	Window frame G4	1 268.05	1 268.05
1	50kg putty	1 950.00	1 950.00
18	Window glass	118.62	2 135.16
150	50kg cement	87.00	13 050.00
6	Fascia board 3.6m	124.80	2 695.68
1	Water tank 5000L	4 000.00	4 000.00
1	Gutters 6m	257.40	257.40
Total Amount			59 562.48

During the physical inspection, conducted on the 12th August 2015, to authenticate the project status, I discovered that the project was not executed. The material was lying idle (4 years after delivery) at the school premises and cement, worth E13 050.00, was eventually used to make concrete bricks, for another project, not for the kitchen project.

Below is the list of material which was found lying idle:

Quantity	Description	Unit Price (E)	Amount (E)
1	Gunplus sheet	705.90	705.90
1	Welded mesh	1 600.00	1 600.00
3	6" brick force	62.40	187.20
2	6" damp course	87.75	175.50
1	Reinforce 6m	18.99	18.99
10	Reinforce 6m	18.99	1 139.40
10	Ulterior air vents	23.40	234.00
10	Exterior air vents	23.40	234.00
20	4.8m IBR sheets	128.51	12 337.00
16	Timber 38*114*4.8m	62.55	4 803.84
10	Timber 50*76*5.4m	78.25	4 225.50
2	90mm roofing screws	247.65	495.30
2	6" nails	66.55	133.10
2	5" nails	66.55	133.10
10	3m hoop iron	66.55	665.50

Quantity	Description	Unit price (E)	Amount (E)
2	Meranti doors	1 396.75	2 793.50
1	Window frame D4H	1 073.05	1 073.05
1	Window frame G4	1 268.05	1 268.05
18	Window glass	118.62	2 135.16
6	Fascia board 3.6m	124.80	2 695.68
1	Water tank 5000L	4 000.00	4 000.00
1	Gutters 6m	257.40	257.40
Total Amount			41 311.17

A further investigation revealed that part of the material, worth E16 775.36, that was meant for the kitchen project was used for other projects at the school. Namely: school sanitation facilities. The material is shown below;

Quantity	Description	Unit price (E)	Amount (E)
1	Meranti doors	1396.75	1396.75
1	6" brick force	62.40	62.40
9	Reinforce 6m	18.99	170.91
1	Welded mesh	1 600.00	1 600.00
2	90mm roofing screws	247.65	495.30
150	50kg cement	87.00	13 050.00
Total Amount			16 775.36

Even though the material was used for a good purpose (school toilets), I am concerned that the material was diverted from the kitchen project without authority, from the Ministry. As a result, the project was not executed, allegedly, due to shortage of material and hence material, worth E59 562.48, has been kept idle for over four years. The diversion of the materials is tantamount to misappropriation of resources.

I expressed concern about the negligence on the part of the Community Development Officer (C.D.O), in performing his/her duties, which among others includes, monitoring progress on projects which were funded by the Inkhundla. Such challenges would be rectified earlier, than having to keep government material lying idle for a long period of time and being exposed to all weather conditions and risk of theft. This further revealed that the kitchen was not needed but used to solicit funds from the Regional Development Fund

The Controlling Officer concurred with my findings. She informed me that, the Head Teacher of the school alleged that he joined the school during the year 2013 and found the material lying idle. He alleged that a handover was not done and the school committee had been dissolved by the time of his arrival. As a result the intended use of the building material was not known. In the absence of the handover, the Head Teacher together with the new school committee were alleged to have decided to use some of the material to address priority needs of the school, namely, the school latrines and a water reservoir.

The head teacher reassured the Ministry that the kitchen would be constructed by the year end, 31st December 2015. He further furnished the Ministry with letters from different organisations that pledged to support the construction of the school's kitchen. The drawing for the kitchen was alleged to be available. He further informed the Ministry that the school had also solicited support from Micro Projects unit to assist in the completion of the project.

During a follow up audit, conducted on 24th November 2015, I noted that the project had still not commenced and the material was still lying idle. I was not practical that the project would be completed by the end of the year.

The Controlling Officer reaffirmed that indeed the building material was diverted for another project without authority from the Ministry. She informed me that the initial project which she had assured me that it would be completed by 31st December 2015 had not commenced due to the delays of supply of additional material by the sponsors who had pledged. As a result material worth E41 311.17 was still lying idle.

Building Material Vuvulane Clinic

Building material, amounting to E593 961.69, was purchased on 13th October 2010 for the construction of a clinic, at the above Inkhundla. The material was purchased from L.S.M Distributors by order number 513542, dated 4th October 2010 and paid by voucher, number 070064, dated 22nd October 2010, cheque number 006868.

The material consisted of the following items;

Quantity	Description	Unit Price (E)	Amount (E)
22	Pvc gutter 6.0m	257.40	5 662.80
10	Stop end	29.15	291.50
20	Union clips	33.05	661.00
130	Fascia bbrackets gutter	29.78	3 871.40
9	Offset	167.52	1 507.68
9	Downpipes	134.55	1 210.95
9	Gutter shoe	97.50	877.50
9	Gutter outlet	29.15	262.35
2	Glazing putty 50kg	1 950.00	3 900.00
123	38*152*5.4m treated timber	62.55	41 545.71
23	38*152*4.8m treated timber	62.55	6 905.52
75	50*76*6.0m treated timber	62.55	28 147.50
74	IBR sheets 5.4m	128.51	51 352.30
15	IBR ridge 6.0m	95.45	8 590.50
84	IBR sheets 4.8m	128.51	51 815.40
100	150mm round wire nails	66.55	6 655.00
100	125mm round wire nails	66.55	6 655.00
50	120mm roofing screws	247.65	12 382.50

Quantity	Description	Unit Price (E)	Amount (E)
36	Fascia board 3.6m	124.80	16 174.08
14	Fascia joiner	29.25	409.50
10	5l universal under	450.00	4 500.00
600	50kg cement	87.00	52 200.00
40	Airvent interior	23.40	936.00
40	Airvent exterior	23.40	936.00
93	Nutec ceiling 3.6*1.2	62.21	24 993.75
120	Mersonite cornice 3.6m	25.25	10 908.00
80	Boshoff strips 3.6m	97.31	7 784.80
5	40mm clout nails	66.55	332.75
5	65mm fluted nails	66.55	332.75
11	Hand basin	356.85	3 925.35
11	Steel sink	1 062.75	11 690.25
1	Shower tray	1 062.75	1 062.75
50	75mm brickforce	62.40	3 120.00
50	150mm brickforce	62.40	3 120.00
30	Welded reinforce	1 600.00	48 000.00
4	Dpm sheet green	705.90	2 823.60
5	75mm damp course	87.75	438.75
5	230mm damp course	87.75	438.75
95	Reinforcement y12*6m	19.50	11 115.00
7	230*813*2032 doorframe left hand	981.40	6 869.80
3	230*813*2032 doorframe right hand	981.40	2 944.20
8	115*813*2032 doorframe left hand	803.95	6 431.50
7	115*813*2032 doorframe right hand	803.95	5 627.65
1	Meranti 8panel door	2 009.05	2 009.05
25	Meranti doors	1 396.75	34 918.75
25	Union mortice locks	299.00	7 475.00
2	Wood screws	193.05	386.10
5	Double door frames	1 558.05	7 790.25
5	Double door white	4 454.00	22 270.00
11	Basin courier	586.95	6 456.45
20	35*35 ceramic flouritiles	418.40	8 368.00
10	Tylone tile adhesive	381.90	3 819.00
10	Alcolin contact adhesive 5l	381.90	3 819.00
15	20l pva white	1 400.00	21 000.00
19	C2h window frame	644.05	12 236.95
17	Ne2 window frame	571.90	4 003.30
22	Pvc gutter 6.0m	257.40	5 662.80

Quantity	Description	Unit Price (E)	Amount (E)
10	Stop end	29.15	291.50
20	Union clips	33.05	661.00
130	Fascia brackets gutter	29.78	3 871.40
9	Offset	167.50	1 507.50
9	Downpipes	134.55	1 210.95
9	Gutter shoe	97.50	877.50
9	Gutter outlet	29.15	262.35
2	Glazing putty 50kg	1 950.00	3 900.00
123	38*152*5.4m treated timber	62.55	41 545.71
23	38*152*4.8m treated timber	62.55	6 905.52
75	50*76*6.0m treated timber	62.55	28 147.50
74	IBR sheets 5.4m	128.51	51 352.60
15	IBR ridge 6.0m	95.45	8 590.50
84	IBR sheets 4.8m	128.51	51 815.40
Total Amount			593 961.69

It was observed that more building material, amounting to E132 291.81, was alleged to have been requested and delivered. The request was approved despite that the project had not started. As a result the building material which was purchased for the clinic project eventually amounted to E725 613.95.

The additional material, amounting to E132 291.81, was purchased from the same supplier L.S.M Distributors, by order number 513548, dated 4th October 2010 and paid for by voucher number 070063, dated 22 October 2010, cheque number 006871 and delivered on 13th October 2010, for the same clinic.

The material purchased consisted of the following items;

Quantity	Description	Unit Price (E)	Amount (E)
15	4" round wire nails	66.55	998.25
20	3"round wire nails	66.55	1 331.00
4	32mm clout nails	66.55	266.20
3	32mm fluted nails	66.55	199.65
16	Nutec ceiling 3.6*1.2	62.21	4 300.00
12	Bishoff strip 3.6m	97.31	1 167.72
24	Marsonite 60mice 3.6m	25.25	2 181.60
24	Meranti skirting 3.6m	46.61	4 027.20
3	20l white paint	1 400.00	4 200.00
1	Pva white paint 20l	1 400.00	1 400.00
2	20l super acrylic pva cream	1 400.00	2 800.00
2	5l pva golden brown	450.00	900.00

Quantity	Description	Unit Price (E)	Amount (E)
6	Shelfpine 455*1.8*119mm*1.2m	664.95	3 989.70
11	38*144*4.8m treated timber	62.55	3 302.64
18	38*114*6.6m treated timber	62.55	7 430.00
72	38*38*6.0m treated timber	20.31	8 773.92
12	Fascia board 3.6m	124.80	5 391.36
6	Fascia corner	29.25	175.50
11	Fascia straight	29.25	321.75
8	Airvent interior	23.40	187.20
8	Airvent exterior	23.40	187.20
12	Round bar R8 X 6M	16.02	1 153.44
22	Reinforcement R8 X 6M	19.50	2 574.00
15	150mm round wire	66.55	998.25
2	Duf window frame	1 073.05	2 146.10
1	Dh fh window	1 076.95	1 076.95
1	Batch trap 50mm	179.60	179.60
2	Mini trap 50mm	70.72	141.44
1	Batch with handle	1 062.75	1 062.75
1	Cisten universal white	586.95	586.95
1	Cisten basin white	586.95	586.95
25	125mm rand wire nails	66.55	1663.75
1	Eithl window frame	562.15	562.15
18	Window cills 2.4m	291.10	12 752.52
1	wash through	1 062.75	1 062.75
2	Double steel sink	1 550.25	3 100.50
1	Toilet seat	586.95	586.95
1	Soap dish	178.87	178.87
1	Toilet roll holder	196.95	196.95
2	Vacuum breakers	179.40	358.80
1	150kg horizontal gyser	4 118.40	4 118.40
1	Kwikflo valve 400kpm	947.13	947.13
4	5l vinyl tile adhesive	381.90	1527.60
22	38*152*5.4m treated timber	66.45	7 894.26
11	38*114*4.2 treated timber	62.55	2 889.81
5	Welded reinforcement timber	1 600.00	8 000.00
1	Dpc sheet	705.90	705.90
6	9" damp course	87.75	526.50
30	6" brick force	62.40	1 872.00
6	75mm brick force	62.40	374.40
120	50kg cement	87.00	10 440.00

Quantity	Description	Unit Price (E)	Amount (E)
2	813*2032 left hand door frame	981.40	1 962.80
4	813*2032 right hand door frame	981.40	3 925.60
2	230*2032 left hand door frame	981.40	1 962.80
1	C2fh window frame	644.05	644.05
Total Amount			132 291.81

A physical verification of the project revealed that the project was never executed and the material was not found at the proposed premises of the clinic, where it was alleged to have been delivered.

Efforts to meet the project committee for interview purposes were futile as they were not found on site during the inspection, despite having promised to be available.

When the Inkhundla Secretary was interviewed about the whereabouts of the material and the challenges which led to the non-execution of the project, he alleged that, during the year 2012, the Community Development Officer removed the material from the proposed premises, Vuvulane Clinic, to the Inkhundla premises. He further stated that the Regional Secretary gave an instruction, that all the material of the Clinic which was repossessed should not be reallocated to other associations until the auditors have done a physical inspection. Surprisingly, on the day of the inspection (12th August 2015), I discovered that part of the material, which amounted to E702 378.17, had been allegedly removed from the Inkhundla by the Community Development Officer a day before the audit. I was disturbed to note that there were no records to account for the material which was removed. The destination of the material was not revealed to my office.

During the physical count, I discovered that the material which remained at the Inkhundla was worth E23 235.60. Below is the list of material:

Quantity	Description	Unit Price (E)	Amount (E)
8	6m Pwc pipes	257.40	2 059.20
25	6m Ridge	95.45	2 386.25
3	NE2 window frames	571.90	1 715.70
48	150mm brick force	62.40	2 995.20
23	9" brick force	62.40	1 435.20
7	6" brick force	62.40	436.80
4	Wooden double door frames	1 558.05	6 232.20
3	9" door frames	87.75	263.25
2	6" door frames	62.40	124.80
4	Meranti white doors	1 396.75	5 587.00
Total Amount			23 235.60

I also discovered that 4 Meranti white doors, worth E5 587.00 which were kept at the Inkhundla were already damaged by weather conditions due to the long period, they remained unutilised.

I expressed my concerns to the Controlling Officer, about the purchasing of two batches of material when there was no indication that the project would be executed. I was also not informed if the Ministry of Health was involved in the project initiation since such a project should be approved by the Ministry of Health.

The Controlling Officer, disputed my findings that the request was submitted twice for the same project. She informed me that the existing clinic had been condemned by the Ministry of Health, hence the project was needed by the Community.

She stated that the project could not be executed due to heavy rains. In addition, there was a shortage of resources to hire personnel to execute the job hence Micro Projects was engaged. Even after engaging Micro Projects, the Ministry discovered that the Regional Development Funding would not be adequate to complete the project.

The Controlling Officer further informed me that, the Ministry also gathered that land was an issue in this project. Initially there was land earmarked for the clinic, but at a later stage the Town Board came in and said they could not have such a project in that designated space. When the project was initiated, the town was not in existence.

It was confirmed that the material was removed without a record. An unofficial list was prepared as a record to relocate the material from the proposed clinic premises to the Inkhundla Centre. She revealed that the same applied when the material was moved from the Inkhundla to other deserving projects, even at this stance the material was reallocated using unofficial documents, and not the official stores allocation forms (combined requisition and issue voucher). The material was alleged to have been moved to the following associations:

- Makhewu Community Hall
- Lubuli Inkhundla for construction of Sicilweni clinic
- Christian family church international care points for construction of kitchen and preschool situated around Mlume.
- Mhlume Primary School for roofing of classrooms.
- Lunkuntu Community Hall to repair the Hall that was affected by the heavy rains.

On the issue of the four (4) meranti doors worth E5 587.00, the Controlling Officer acknowledged my findings, however, she did not state how the Ministry intended to recover the loss incurred.

During a follow-up audit, conducted on 24th November 2015 to verify if all the material which was reallocated to the various associations was accounted for, I was disappointed, after conducting a physical count, to discover that material, worth E232 105.37, was not accounted for, which suggest that it was missing.

DESCRIPTION	UNIT PRICE (E)	AMOUNT (E)	Makhewu	Khomba	Lukhunfu	Mhlume High	Mhlume Primary	Sicelweni	Inkhundla Centre	Total	Amount (E)
115*813*2032 doorframe left hand	803.95	6,431.50	3	2			2		1	0	-
115*813*2032 doorframe right hand	803.95	5,627.65		7						0	-
120mm roofing screws	247.65	12,382.50		2						48	11,887.20
125mm rand wire nails	66.55	1,663.75								25	1,663.75
125mm round wire nails	66.55	6,655.00	1							99	6,588.45
150kg horizontal gyser	4,118.40	4,118.40						1		0	-
150mm brickforce	62.40	3,120.00							48	2	124.80
150mm round wire	66.15	998.25								15	992.25
150mm round wire nails	66.55	6,655.00	1							99	6,588.45
20l pva white	1,400.00	21,000.00		8	1					6	8,400.00
20l super acrylic pva cream	1,400.00	2,800.00								2	2,800.00
20l white paint	1,400.00	4,200.00								3	4,200.00
230*2032 left hand door frame	981.40	1,962.00							1	1	981.40
230*813*2032 doorframe left hand	981.40	6,869.80	1						3	3	2,944.20
230*813*2032 doorframe right hand	981.40	2,944.20								3	2,944.20
230mm damp course	87.75	438.75		5						0	-
3"round wire nails	66.55	1,331.00								20	1,331.00
32mm clout nails	66.55	266.20					1			3	199.65
32mm fluted nails	66.55	199.65								3	199.65
35*35 ceramic flouritiles	418.40	8,368.00		20						0	-
38*114*4.2 treated timber	62.55	2,889.81								11	688.05
38*114*6.6m treated timber	62.55	7,430.00	18							0	-
38*144*4.8m treated timber	62.55	3,302.64	11							0	-
38*152*4.8m treated timber	62.55	6,905.52								23	1,438.65
38*152*4.8m treated timber	62.55	6,905.52	23							0	-
38*152*5.4m treated timber	62.55	41,545.71								123	7,693.65
38*152*5.4m treated timber	62.55	41,545.71	123							0	-
38*152*5.4m treated timber	66.45	7,894.26		3						19	1,262.55
38*38*6.0m treated timber	20.31	8,773.92								72	1,462.32
4" round wire nails	66.55	998.25	1		1					13	865.15
40mm clout nails	66.55	332.75								5	332.75
50*76*6.0m treated timber	62.55	28,147.50	75							0	-
50*76*6.0m treated timber	62.55	28,147.50								75	4,691.25
50kg cement	87.00	52,200.00		172						428	37,236.00
50kg cement	87.00	10,440.00								120	10,440.00
5l pva golden brown	450.00	900.00								2	900.00
5l universal under	450.00	4,500.00								10	4,500.00
5l vinyl tile adhesive	381.90	1,527.60								4	1,527.60

Report of the Auditor General for the Financial Year 31st March 2015



DESCRIPTION	UNIT PRICE (E)	AMOUNT (E)	Makhewu	Khomba	Lukhuntfu	Mhlume High	Mhlume Primary	Sicelweni	Inkhundla Centre	Total	Amount (E)
6" brick force	62.40	1,872.00		8					7	15	936.00
65mm fluted nails	66.55	332.75								5	332.75
75mm brick force	62.40	374.40							3	3	187.20
75mm brickforce	62.40	3,120.00				30			20	0	-
75mm damp course	87.75	438.75		5						0	-
813*2032 left hand door frame	981.40	1,962.00				2				0	-
813*2032 right hand door frame	981.40	3,925.60	1			3				0	-
9" damp course	87.75	526.50		6						0	-
Airvent exterior	23.40	936.00	20							20	468.00
Airvent exterior	23.40	187.20								8	187.20
Airvent interior	23.40	936.00								40	936.00
Airvent interior	23.40	187.20								8	187.20
Alcolin contact adhesive 5l	381.90	3,819.00								10	3,819.00
Basin courier	586.95	6,456.45						11		0	-
Batch trap 50mm	179.60	179.60						1		0	-
Batch with handle	1,062.75	1,062.75								1	1,062.75
Bishoff strip 3.6m	97.31	1,167.72		1						11	1,070.41
Bishoff strips 3.6m	97.31	7,784.80		14		66				0	-
C2fh window frame	644.05	644.05								2	1,288.10
C2h window frame	644.05	12,236.95								19	12,236.95
Cisten basin white	586.95	586.95						1		0	-
Cisten universal white	586.95	586.95						1		0	-
D4f window frame	1,073.05	2,146.10		2						0	-
Dh fh window	1,076.95	1,076.95	1							0	-
Double door frames	1,558.05	7,790.25		1					4	0	-
Double door white	4,454.00	22,270.00								5	22,270.00
Double steel sink	1,550.25	3,100.50								2	3,100.50
Downpipes	134.55	1,210.95		9						0	-
Downpipes	134.55	1,210.95		3						6	807.30
Dpc sheet	705.90	705.90								1	705.90
Dpm sheet green	705.90	2,823.60		1						3	2,117.70
Eithl window frame	562.15	562.15								1	562.15
Fascia board 3.6m	124.80	16,174.08			8					28	3,494.40
Fascia board 3.6m	124.80	5,391.36								12	1,497.60
Fascia brackets gutter	29.78	3,871.40		32						0	-
Fascia brackets gutter	29.78	3,871.40					24			106	3,156.68
Fascia corner	29.25	175.50								6	175.50
Fascia joiner	29.25	409.00								14	409.50
Fascia straight	29.25	321.75								11	321.75
Glazing putty 50kg	1,950.00	3,900.00		1						1	1,950.00
Glazing putty 50kg	1,950.00	3,900.00								2	3,900.00

DESCRIPTION	UNIT PRICE (E)	AMOUNT (E)	Makhewu	Khomba	Likhunffu	Mhlume High	Mhlume Primary	Sicelweni	Inkhundla Centre	Total	Amount (E)
Gutter outlet	29.15	262.35								9	262.35
Gutter outlet	29.15	262.35								9	262.35
Gutter shoe	97.50	877.50								9	877.50
Gutter shoe	97.50	877.50								9	877.50
Hand basin	356.85	3,925.35						11		0	-
IBR ridge 6.0m	95.45	8,590.50							15	0	-
IBR ridge 6.0m	95.45	8,590.50							10	5	477.25
Kwikflo valve 400kpm	947.13	947.13								1	947.13
Marsonite 60mice 3.6m	25.25	2,181.60								24	606.00
Meranti 8panel door	2,009.05	2,009.05	1							0	-
Meranti doors	1,396.75	34,918.75		10		8			4	3	4,190.25
Meranti skirting 3.6m	46.61	4,027.20		18						6	279.66
Mersonite cornice 3.6m	25.25	10,908.00								120	3,030.00
Mini trap 50mm	70.72	141.44								2	141.44
Ne2 window frame	571.90	4,003.30	7	3					3	4	2,287.60
Nutec ceiling 3.6*1.2	62.21	24,993.75		16		37	40			0	-
Nutec ceiling 3.6*1.2	62.21	4,300.00		14						2	124.42
Offset	167.50	1,507.68								9	1,507.50
Offset	167.50	1,507.68								9	1,507.50
Pva white paint 20l	1,400.00	1,400.00								1	1,400.00
Pvc gutter 6.0m	257.40	5,662.80		16						6	1,544.40
Pvc gutter 6.0m	257.40	5,662.80					6		8	8	2,059.20
Reinforcement	19.50	2,574.00								22	429.00
Reinforcement y12*6m	19.50	11,115.00		20		59				16	312.00
Round bar	16.02	1,153.44								12	192.24
Shelfpine 455*1.8*119mm*1.2m	664.95	3,989.70								6	3,989.70
Shower tray	1,062.75	1,062.75						1		0	-
Soap dish	178.87	178.87								1	178.87
Steel sink	1,062.75	11,690.25						11		0	-
Stop end	29.15	291.50						10		0	-
Stop end	29.15	291.50						10		0	-
Toilet roll holder	196.95	196.95						1		0	-
Toilet seat	586.95	586.95						1		0	-
Tylone tile adhesive	381.90	3,819.00		10						0	-
Union clips	33.05	661.00								20	661.00
Union clips	33.05	661.00						10		10	330.50
Union mortice locks	299.00	7,475.00								25	7,475.00
Vacuum breakers	179.40	358.80								2	358.80
wash through	1,062.75	1,062.75						1		0	-
Welded reinforce	1,600.00	48,000.00		16		14				0	-

DESCRIPTION	UNIT PRICE (E)	AMOUNT (E)	Makhewu	Khomba	Likhuntfu	Mhlume High	Mhlume Primary	Sicelweni	Inkhundla Centre	Total	Amount (E)
Welded reinforcement mesh	1,600.00	8,000.00		4						1	1,600.00
Window cills 2.4m	291.10	12,752.52		12						6	1,746.60
Wood screws	193.05	386.10								2	386.10
Total		726,518.11									232,105.37

The response revealed various reasons that hindered implementation of the project. On one hand the Controlling Officer stated that the resources were not adequate to execute the project. Also, there was a challenge of land. This was a clear indication that the project was initiated without proper planning, including the involvement of the relevant expertise to survey the land and quantify the needed material.

I am concerned about the loss suffered by government when material is purchased and left to lie idle for a long period of time. Such practice demonstrates negligence on the part of the Community Development Officer whose role is to ensure that executed and completed. There is lack of prudence in the spending of funds without due care whether any benefit will be achieved. I am bound to conclude that the rush to purchase the materials, by those responsible, is intended to obtain illicit favours for personal gain through the transactions, without value for money.

I expected that challenges of this kind were alleviated through the Public Parliaments Resolution of the year ended 31st March 2012, that advised the Controlling Officer to set up a Project Monitoring Unit and Evaluation Unit that would act as an advisory tool. The Controlling Officer was urged to continuously monitor, evaluate and submit progress reports, to avoid among others, wastage through non implementation of projects and the same audit queries of unused material and minimize the abandonment of projects.

This is a clear indication that the Controlling Officer, in executing the PAC recommendations did not visit some of the affected projects. There was no programme of action provided to me, as evidence that, the above project had been included in the monitoring exercise that could unveil the status of the project.

It is surprising what the duties of the Community Development Officers and the roles of the Chairpersons of the Associations entail if projects challenges remain unattended and projects stalled, without reporting to the Controlling Officer. The success of projects ends with acquisition of materials.

This reveals non cooperation by the span of control, with the Controlling Officer, that needs to be strengthened. It should be noted that the success of projects requires in hard work commitment and joint efforts.

The Controlling Officer stated that she engaged the Community Development Officer on the issue of removing the government material a day before the audit. The Community Development Officer alleged that the process of reallocating of material had been

ongoing and the material was purportedly reallocated to various associations. However, on the issue of the material which was discovered missing during a follow up audit at the various associations, the Controlling Officer did not account for the missing material worth E232 105.37.

She agreed that the material was removed without records to account for it. However however she assured me that the anomaly had since been rectified by using correct allocated stores forms.

She further concurred with my findings of the four (4) meranti doors worth E5 587.00 which were found damaged. Again, she informed me that the Ministry has written to the Chairperson of the Association to request that they reimburse government for the loss suffered.

Lubuli Inkhundla

An audit inspection was conducted at the above Inkhundla and a report referenced E28/ VOL VI/15, dated 5th October 2015, was issued to the Principal Secretary Ministry of Tinkhundla Administration and Development. The response, referenced TINK/2/15, dated 10th November 2015 did not satisfactorily address to my concerns.

Purchase of Building Material for Sicilweni Clinic

I drew the attention of the Controlling Officer about building material, amounting to E184,538.00, which was purchased by the Ministry, for the construction of a community clinic but was diverted to another project.

The material was purchased through order no: 514191, from Nobsi Investments (Pty) Ltd. The material was supplied on the 12th of November 2013 through delivery note number 136 and paid for through voucher number 060003 and cheque number 007797.

The material consisted of the following items:

Quantity	Detailed Description	Unit Price (E)	Total Amount(E)
300	50 Kg cement bags	95.00	28 500.00
18	Brick force	45.00	810.00
24	Welded Mesh ref: 395	990.00	23 760.00
30	Reinforcement 32mmx3.6m	45.00	4 860.00
15	Doorframe size 1359x2032mm	1 201.00	18 015.00
5	Doorframe size 1524x1981mm	1 201.00	6 005.00
57	IBRX7.2M	210.00	86 184.00
8	D22FH Window Frame	1 126.00	9 008.00
3	D22FH Window Frame	1 100.00	3 300.00
2	D22FH Window Frame	1 096.00	2 192.00
1	SS32 Window Frame	954.00	954.00
1	SS32 Window Frame	950.00	950.00
Total Amount			184 538.00

During a physical verification conducted on 30th July 2015 to assess the project status, I found that the project had been executed. Some of the material had been used for the construction of nurses' quarters which was a different project, from the one was initially proposed. The rest of the material worth E161 706.00, was found lying idle at two different locations namely; a certain shop premises and also at a certain homestead.

There was no authority produced for the diversion of the material to another project.

Below is an analysis of the material which was found lying idle at the two locations:

Quantity	Item Description	Unit price (E)	Total Amount (E)
104	50kg cement bags	95.00	9 880.00
24	Welded mesh ref:395	990.00	23 760.00
9	Reinforcement 32mm x 3.6m	45.00	1 458.00
15	Doorframe size 1359 x 2032mm	1 201.00	18 015.00
5	Doorframe 1524 x 1981 mm	1 201.00	6 005.00
8	D22FH window frame	1 126.00	9 008.00
3	D22FH window frame	1 100.00	3 300.00
2	D22FH window frame	1 096.00	2 192.00
1	SS 32 window frame	954.00	954.00
1	SS 32 window frame	950.00	950.00
Total amount			75 522.00

Material kept at a certain homestead:

Quantity	Item description	Unit price (E)	Total amount (E)
57	IBR x 7.2 m	210.00	86 184.00
Total Amount			86 184.00

Comparison between the total cost of material, E184 538.00 which was purchased for the project, against the total cost of material which was found lying idle, E161 706.00 revealed that material, worth E22 832.00 was diverted for the building of nurses quarters.

During a physical verification of the new project, nurses quarters, conducted on the same date, 30th July 2015, the project was found in progress but still at a foundation stage.

When the Committee members were interviewed about the reason behind diverting the material for another project and about the material lying idle at different locations, it was gathered that the material that had been purchased was not suitable for the construction of a clinic.

The Indvuna yeNkhundla alleged that the diversion of the material to the nurse's quarters' project was approved by the Regional Health Administrator.

I reminded to the Controlling Officer, about the major control weakness which led to the initial project not being executed that was the material was purchased without the involvement of the

relevant technical expert who would prescribe the right material required. The other reason was that the Ministry of Health was also not involved to facilitate the project. As a result the project was not feasible without the Technical experts.

The Controlling Officer concurred with my findings. She stated that, the reason for keeping government material in a private property was that, the project site was quite far from the Inkhundla hence the reasoning behind was to bring it closer to the project site. The Ministry corrected the anomaly and resolved to move the material to the Inkhundla Office premises.

She acknowledged my findings on the diversion of the material to the construction of the nurses quarters. The Regional Health Administrator refuted that he had approved the diversion of the project material and alleged that he only advised as an alternative to the material getting spoiled and damaged.

During the Ministry's site visit, it was discovered that the material which was purchased was informed by a design that did not meet the current model/standard for construction of a clinic. The Regional Health Administrator alleged that the costs for the construction of the clinic would have amounted to about E9 Million as a result the Regional Health Administrator solicited funding from the World Bank. The detailed designs for the clinic commenced and the proposed completion date of the design would be the end of March 2016.

The Controlling Officer also informed me that the Ministry established that there was a small clinic at the Ekhwezi Mission that is within close proximity to the nurses' quarters currently being constructed. The clinic is too small to service the entire community. The arrangement, by the Ministry was that it should be constructed very close to the small clinic location, hence their plan was to move the clinic staff to the new facility whilst awaiting adequate funding to construct the new clinic. The unavailability of accommodation for the clinic staff members also necessitated the diversion of the clinic. The clinic personnel travel daily from far, hence the clinic operates from 0900hrs to 1400hrs. As a result the service delivery to the Community members is greatly affected.

A follow up audit, conducted on 25th November 2015 to assess the progress of the project revealed that there was no progress in the construction of nurses' quarters. However, I was disturbed to discover that more material had been delivered at the Inkhundla for the non starter project. The material was repossessed from Mhlume Inkhundla under Vuvulane Clinic Building project, and part of the material was reallocated to Lubuli Inkhundla for the construction of the clinic (Sicilweni Clinic).

Below are the items which were reallocated to Lubuli Inkhundla from Mhlume Inkhundla:

Quantity	Item Description	Unit Price (E)	Total Amount (E)
1	150kg horizontal geyser	4 118.40	4 118.40
11	Basin courier	586.95	6 456.45
1	Batch trap 50mm	179.60	179.60
1	Cisten basine white	586.95	586.95
1	Cisten universal white	586.95	586.95
11	Land basin	356.85	3 925.35
1	Shower tray	1 062.75	1 062.75
11	Steel sink	1 062.75	11 690.25
10	Stop end	29.15	291.50
10	Stop end	29.15	291.50
1	Toilet roll holder	196.95	196.95
1	Toilet seat	586.95	586.95
10	Union clips	299.00	2990.00
1	Wash through	1 062.75	1 062.75
Total Amount			34 026.40

I observed that the Ministry had to supply more material for the construction of the clinic, when the Controlling Officer in her memorandum stated that the project had been funded by the World Bank and also the detailed designs of the project had not been completed. It was not clear why the Ministry supplied material to the project which already had an external funding.

The Controlling Officer concurred with my observation that there was no authority sought to divert the materials.

The reasons cited for the diversion of the funds were inadequate that the initial designs, were at a later stage, found to be incompatible with the standard for the construction of a clinic.

I was also informed that the Ministry had since informed the Inkhundla to desist from keeping Government materials on premises that are not Government owned.

An update received about this issue was that the material was then removed to the Inkhundla for safekeeping.

The Controlling Officers promised me, there was improvement in the pipeline to ensure proper management in the implementation of the Tinkhundla projects because the revised regulations have put in place a number of committees that assess the viability of the projects.

It was alleged that the Ministry of Health representatives had been involved in the project.



Report of the Auditor General for the Financial Year 31st March 2015

From the intricate challenges faced by the Ministry in the distribution of the Regional Fund, it is apparent that the root causes for the failure of the projects have not yet been uprooted.

It is apparent that funds are released before the planning of the project has considered all the elements required and completed.

In my opinion the Ministry is subjected to pressure from within and outside for ulterior motives to draw the money from government. This confirms the need for the Ministry to be afforded the cooperation it deserves to enable the achievement of the projects, to attain development.

HEAD: 10
MINISTRY OF NATURAL RESOURCES AND ENERGY

Objectives:

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

Over Expenditure on Recurrent Vote

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

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

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

Head	Item	Released Budget (E)	Actual/ Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
10	Grants and Subsidies – Internal	13,856,000.00	16,922,383.00	3,066,383.00	23

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

The Controlling Officer did not respond to the concerns raised, the Controlling Officer violated the Financial and Accounting Instruction number 0315 (ii) which states that “it is duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

None utilization of Project Funds

Capital Projects are destined to improve the country’s economic growth through the development of its communities.

The following projects funds were not utilized thus resulting in a 100% savings and that retards the development of the country.

Project Code	Project Name	Details	Revised Provision (E)	Funds Released (E)	Funds Unutilised (E)
M30999	Review of Mining Legislation	Local and donor funds for completing the review and implantation of the diamond act	500 000.00	500 000.00	500 000.00
M33499	Mining & Geological Data Management System	Local funds to establish a mining and geological data management system	637 000.00	636 967.00	636 967.00
W31199	Water Resource Management Institutional Reforms	Local funds for the setting up the reminder of the River Basin Authority and Komati as well as other industry irrigation Districts	3 020 000.00	3 020 000.00	3 020 000.00

The ministry is expected to explain and give reasons for the non-implementation of the projects as it will become expensive in the future.

The under expenditure was attributed to the slow pace to implement by the officers who were assigned the task after disbanding the Mining Legislation Drafting Committee (MLDC). The justification cited was the increased work load who the Controlling Officer alleged undertook other assignments as per the Mandate of the Mines and Minerals Act and also carried out the reforms that were in the Investor Road Map (IRM) that included the Technical Cabinet Sub-Committee on Investments Groups and Sub-Group. One Officer is also a member and Secretary of the Minerals Management Board (MMB) and his workload became overstretched. The Controlling Officer further stated that currently there were serious discussions with the Ministry of Public Service to adequately carpacitate the Department in this Financial Year to be able to avert this situation in future.

It was revealed that a cabinet paper was submitted for approval to establish a task force to complete the outstanding work and the Ministry was advised to solicit an Independent Consultant – which it secured with the Commonwealth Secretariat; Oceans and Natural Resources and a draft report from the Scoping Mission was submitted in December for review by all stakeholders.

The response revealed that the Controlling Officer undertook the project without prior arrangement and realized the challenge with capacity to pursue the project, too late,

after funds were already provided and failed to accomplish the objective of the Project. The funds were being used elsewhere for other development issues.

It is essential to plan properly before soliciting funds, to ensure efficiency and effectiveness.

The reason given for the under expenditure was that the Financial Year, 2014/15 ended before the procurement process was completed. The Controlling Officer put on record that the procurement process was influenced by the processes of the Department Computer Services and the Stakeholders that included the Ministry of Economic Planning and Development and tendering Committees in the Ministry of Finance. Another reason, cited was that the Management under this department was a bit constrained.

I was not updated about the status of the Project.

I have noted seriously, the tendency to solicit funds before knowledge of the Sources/Suppliers of the equipment which also delays the procurement process.

It is advisable that matters that are within the Ministries Jurisdiction should be addressed prior to budget provision to allow adequate time for the procurement process.

The explanation, given, was that the Ministry of Natural Resources made a request to transfer the funds, amounting to E3,000,000.00 that was shared between the River Basin Authorities and Irrigation Districts for the Financial Year 2014/2015.

The Ministry attached a copy of the requisition for Authority to incur expenditure dated 2nd December, 2014, confirmed the transfer.

Evidence of some implementing's Agencies who acknowledged receipt of the funds, amounting to E1,110,000.00 was provided. This was in respect of:

Siphofaneni Irrigation District	-	E325,000.00
Emandla Ekuphila Water User District	-	E430,000.00
Komati Basin Authority	-	E355,000.00

		E1,110,000.00

Based on the response the underexpenditure reflected under this project was a result of non – reconciliation of the Accounts by the Treasury and the Ministry of Natural Resources. The purpose of reconciling accounts is to ensure that the transactions have been duly executed and the accounts depict a true state of affairs.

Under Expenditure on Project W37099 – Feasibility Study – Mkhondvo and Mbuluzi Dams

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

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

Project Code	Name of Project	Purpose of Project	Funds Released [E]	Actual Expenditure [E]	Variance
W37099	Feasibility Study – Mkhondvo and Mbuluzi Dams	Local funds for the completion of Ethemba Dam	7,878,150.00	4,042,009.65	3 836 140.35

An amount of E 8,000,000.00 was approved and E7,878,150.00 released for the implementation of the above-mentioned project.

Actual expenditure amounted to E4,042,009.00 resulting to an under expenditure of (E7,878,150.00 - E4,042,009.00) E3,836,140.35.00 (44.4 %)

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

The explanation received from the Controlling Officer was that the request to transfer the funds to Micro Projects account was not successful.

The Controlling Officer stated that two memoranda were forwarded to the Accountant General requesting the transfer of the funds amounting to E3,816,141.00 but they were not implemented. As a result the project was halted and awaited the budget provision for the 2016/17 financial year.

Evidence provided revealed that the initial request to the Accountant General was made on 25th March 2015 requesting the transfer from accruals.

The Controlling Officer on 10th June 2015 discovered that the request was queried and not processed. As a result another request was issued to the Accountant General but was not successful.

I have observed that the funds that were requested were released on 9th March 2015 as per Capital Release Warrant number 369 2014/2015, which the Ministry received on 12th March 2015.

The response revealed the transactions occurred towards the end of the financial year.

There was no evidence that the Ministry of Natural Resources requested authority to carry over the funds to the next financial year to enable expenditure from the previous years provision.

The fact that the Ministry discovered that the request had been queried very late, 10th June 2015 revealed that no follow up was made on the request. There was no diligence to monitor the process to ensure that the work is achieved.

Lack of efficiency in the work attributed to the halting of this project.

I am not aware of the queries that were raised by the Accountant General on the initial request. There was no evidence in this regard.

I am concerned about the stalling of this project as it retards development.

Under Expenditure on Project X49899- Procurement of Tools and Equipment for Potable Water Schemes

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

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

Project Code	Name of Project	Purpose of the Project	Funds Released (E)	Actual Expenditure (E)	Variance (E)
X49899	Procurement of Tools and Equipment for Potable Water Schemes.	Local funds for procurement of tools and equipment for potable water schemes.	500,000.00	404,379.20	95,620.80

An amount of E 500,000.00 was approved and released for the implementation of the above project.

Actual expenditure amounted to E404,379.20 resulting to an under expenditure (E500,000.00 – E404,379.20) E95,620.80 (19.1%)

I have observed that, in the financial year ended 31st March 2014 the same project had underspent by 95.8%. The reason given was the delay in the procurement process and as a result the Financial Year elapsed before it was completed. The present under expenditure of 19% indicates a slow implementation rate of the project which will end up costly for government.

The Ministry is expected to explain these savings and further update my office on the current status of the project and the cause of slow implementation.

The Controlling Officer regretted the under expenditure.

He pointed out that the correct actual expenditure to be E440,809.40 instead of E404,379.20 that resulted to underexpenditure (E500,000.00 – E440,809) E59,190.60

(11.8%) not E95,620.80 (19%) that I quoted. The details of the items procured, amounting to E440,809.40 that were attached included an amount of E36 430.20 that was not reflected as spent in the Government Accounting System, causing the 19% under expenditure, I reported to the Controlling Officer that the alleged payment was made by journal voucher (JV) without JV number, to the account, number 434160161143 in respect of Microsoft 2013 and Microsoft operating system CAL. The JV was not attached as evidence.

A further verification proved futile as this transaction was not found in the accounts. As a result the 19% under expenditure remained unchanged.

Audit of Payroll – Ministry of Natural Resources and Energy

An audit of payroll of the Ministry of Natural Resources and Energy was carried out for the fiscal year ended 31st March 2015.

A memorandum, referenced N19/Vol.VI/31, dated 28 September 2015 was issued and the Controlling Officer responded through a memorandum, dated 8th October 2015, referenced NRF/98A promised to rectify the anomaly.

Underpayment of Rent

I reported that three employees who were housed by Government at Mnjoli dam underpaid rent. These officers paid rent at E5.00, per month, instead of the prescribed rent for the houses occupied. As a result, Government was deprived of revenue, from rentals, amounting to E 29,980.00. The Ministry violated General Order A.761 (1), which states that the rent for Government quarters shall be by means of monthly deductions, at the appropriate rates, from an officer's salary.

There was no reason given for the monthly rental deductions shown in the table below:

Employment Number	House No	House Category	Date occupied	Rate/ Month	Rent paid (E)	Rent unpaid(E)	No of Months	Total Due (E)
5252453	PX653	3bedroom	07/02/99	87.00	5.00	82.00	192	15,744.00
99687007	PX651	3bedroom	05/02/03	87.00	5.00	82.00	148	12,136.00
9402076	PX649(A)	bedsitter	03/01/07	26.00	5.00	21.00	100	2,100.00
Total								29,980.00

The Controlling Officer acknowledged my findings and stated that the Ministry was in the process of thoroughly checking the facts of the matter. She also stated that she was engaging all the concerned officers to make arrangements on how the Government money would be paid back and further promised to furnish me with acknowledgement of debts agreement forms signed by all affected officers, on how payments would be made monthly to recover the said amount.

It should be noted that it is the duty of the Ministry to ensure, at occupation of the house, that appropriate rental deductions are effected on the employees allocated Government houses.

I am concerned that the anomaly is only receiving attention because it was raised by my audit yet the Ministry has human resource officials who are responsible for ensuring that housing regulations are complied with and to make occupants of government quarters aware of their responsibility to ensure that rentals are promptly and accurately deducted from their salaries as and when they are allocated government housing.

At the time of writing this report, recoveries of rent had not been made.

The Controlling Officer confirmed my observations as correct. He informed me that arrangements were made with the officers concerned to correct and harmonize the problems. And all officers were paying the rent and housing allowances have been stopped for those who do not deserve it.

Unauthorised Overtime Allowances

I also expressed my concern regarding a Planning Officer / Economist, employment number 8847285, who was paid overtime allowances, amounting to E28, 257.71 in January 2015 without authorization.

The dictates of General Order A250 (2) as amended and Establishment Circular No.8 of 2010 on freezing of overtime, that require authority to be obtained from the Ministry of Public Service and Cabinet, respectively, were violated.

Records revealed that the officer worked the overtime while stationed at the Ministry of Health but was paid after he had been transferred and stationed at the Ministry of Natural Resources.

I noted with concern that when the Ministry of Health requested a waiver of General Order A250 (2) to be granted authority to pay the overtime, the Ministry of Public Service did not grant the authority. The reason given was that the Ministry of Health did not comply with Regulations when the officer was engaged to work overtime. The Ministry of Public Service resolved to waiver General Order 302 and recommended that the officer should be granted 47 days, off in lieu of overtime worked, spread over the financial year.

The Controlling Officer totally ignored the instruction and compensated the officer in monetary terms, without authority.

In her response, the Controlling Officer stated that she re-affirmed her Ministry's earlier commitment which was that of ensuring that the Planning Officer pays back all that is due to government. She further cited that her Ministry had since written to the Ministry of Health conveying my comments with regard to those officers who were negligent when processing the claim which resulted to the unauthorized payment. She also stated that due to ongoing commitments that the officer currently had, he summarily requested for an annuity payment that would commence in January 2016 over a period of 36 months with a payment of E525.89, deducted monthly and that since the officer would be paying back the money, the Ministry would allow him to take leave equivalent to the 47 days.

I am still concerned that the Ministry of Natural Resources and Energy, under unexplained circumstances, did not consider the advice of the Ministry of Public Service and resolved to

pay the officer. I am not satisfied why no action was taken against those who effected the unauthorized payment, hence subjecting the Government to an unnecessary payment.

Above all, I am not aware of the reason for the Ministry of Natural Resources to incur this expenditure for overtime worked at the Ministry of Health, apparently in 2012 financial year. There was no evidence of any communication between the two Ministries on this matter.

The Ministry re-affirmed its commitment to ensure that the officer employment number 8847285 repays the money. Deductions would commence in February 2016.

The Ministry would further establish why the officer was paid from its coffers instead of the Ministry of Health and identify the officers who were negligent when processing this claim.

The response is appreciated. However, it should be ensured, at all times that due care is exercised prior to spending to avoid losses to government.

Outstanding Rent

The attention of the Controlling Officer was drawn that rental fees, amounting to E 15 695.50 and E4,754.00, were not collected from employees deployed at Mnjoli Dam and the Rural Water Department, respectively. The requirement to pay rent which is clearly stated in General Order No A761 (2) was therefore violated.

The General Order prescribes that an officer on his own interests should ensure that rent deductions are being made from his / her salary. Where officers neglect payment of rent for a period of 6 months, it shall be within the view of the appropriate House Allocation Authority to decide on repossession and reallocation of the quarter.

Mnjoli Dam Section

Employment No:	House No:	House Category	Occupation Date	Rental Defaults		
				No. of Months	Rate (E)	Amount (E)
5229305	PX650	3 bedroom	10/06/10	36	87.00	3 132.00
5216011	PX654	2 bedroom	04/01/09	60	30.00	1 800.00
3434936	PX654	2 bedroom	07/01/11	48	30.00	1 440.00
39841845	PX652	3 bedroom	15/01/13	29	43.50	1 261.50
2620295	PX652	3 bedroom	31/07/13	23	43.50	1 000.50
4790167	PX656	3 bedroom	07/01/09	66	29.00	1 941.00
40560388	PX656	3 bedroom	15/07/14	11	29.00	319.00
8931531	PX656	3 bedroom	04/01/09	66	29.00	1 914.00
10034514	PX655	3bedroom (sharing)	04/01/09	66	29.00	1 914.00
9510740	PX655	3 bedroom (sharing)	04/01/09	66	29.00	1 914.00
30011811	PX655	3bedroom (sharing)	21/06/14	12	29.00	348.00
Total						16 984.80

Rural Water Department

Employment no:	House No.	House Category	Occupation Date	Rental Defaults		
				No. of Months	Rate (E)	Amount (E)
5146853	PX650	3 bedroom	May 2015	2	87.00	174.00
5257991	PX654	2 bedroom	2012	43	60.00	2,580.00
6240235	PX654	One room	2012	43	5.00	215.00
6335812	PX652	One room	2015	7	5.00	35.00
8206970	PX652	One room	1996	211	5.00	1,055.00
6715300	PX656	One room	Dec 2003	139	5.00	695.00
Total						4,754.00

The Controlling Officer stated that the Ministry was in the process of thoroughly checking the facts of the matter. The Ministry was also engaging all the concerned officers to make arrangements on how the Government money should be paid back. She also promised to furnish my office with acknowledgement of debts forms by all affected officers, on how payments would be made monthly to recover the said amount.

I am concerned that the anomaly received attention after it was raised by my audit yet the Ministry has human resource officials who are responsible for ensuring that housing regulations are complied with and to make occupants of government quarters aware of their responsibility to ensure that rentals are promptly and accurately deducted from their salaries as and when they are allocated government housing.

It is worth mentioning that rental issues have been reported in my previous audit reports to alert Ministries on this discrepancy and as such all Ministries are expected to take precautional measures to rectify and prevent such occurrences in their respective Ministries. I am disappointed that Ministries await my audits before issues are addressed.

At the time of compiling this report, the outstanding rent amount had not been recovered and had accumulated to E16,689.50 and E5,422.00 for the officers deployed at Mnjoli dam and Rural Water, respectively.

Unlawful Housing Allowances

The Ministry paid housing allowances, amounting to E73,964.00 and E69,219.00 to officers deployed at Mnjoli Dam and Rural Water Department yet they were housed by the government. The Ministry violated General Order A778 (1) which instructs that employees who are housed are not entitled to claim housing allowances since housing allowances are a compensation for employees who are not housed by the employer.

I recommended that the unlawfully paid housing allowances should be promptly recovered.

The table below reflects the employees who unlawfully received housing allowances.

Mnjoli Dam Section Mnjoli Dam Section

Employment No:	Allocation Date	Vacation Date	House No	House Category	Unlawful Housing Allowance		
					Months	Housing Allowance (E)	Amount (E)
5229305	10/06/10	July 2013	PX650	3 bedroom	36	601.00	21,636.00
3434936	07/01/11	Not vacated	PX654	2 bedroom -sharing	53	601.00	31,853.00
39841845	15/01/13	Not vacated	PX652	3 bedroom - sharing	29	325.00	9,425.00
2620295	31/07/13	Not vacated	PX652	3bedroom - sharing	23	325.00	7,475.00
40560388	15/07/14	Not vacated	PX656	3bedroom - sharing	11	325.00	3,575.00
Total							73,964.00

Rural Water Department

Employment No:	Allocation Date	Vacation Date	House Category	Unlawful Housing Allowance			
				Months	Housing Allowance (E)	Amount (E)	
6240235	2012	Not vacated	One room	43	325.00	13,975.00	
6335812	2015	Not vacated	One room	7	325.00	2,275.00	
8206970	2013	Not vacated	One room	28	601.00	16,828.00	
2620295	31/07/13	Not vacated	One room	139	601.00	36,141.00	
Total							69,219.00

In her response, the Controlling Officer stated that she appreciated and noted the findings made on the unlawful housing allowances, however the Ministry was in the process of thoroughly checking the facts of the matter. She further stated that the Ministry was also engaging all the concerned officers to make arrangements on how the Government money should be paid back. She also promised to furnish my office with acknowledgement of signed agreement of debts forms by all affected officers, on how payments would be made monthly to recover the said amount.

I am worried that at the time of compiling this report, the unauthorised housing allowance paid had still not been recovered and the signed agreements of debt forms had not been submitted. These employees continue to benefit unlawfully from Government since they are still housed, not paying housing benefit tax, and continue to receive housing allowances which have since accumulated to E76,627.00 and E75,767.00 in respect of the Mnjoli Dam and Rural Water Department employees, respectively. The employees can not be absolved since they deliberately benefit from the anomaly.

Unauthorized Inducement Allowance

An officer who is a Swazi citizen, with employment number 5061945 who was employed on contractual basis in the Ministry of Natural Resources and Energy as a Design Engineer was paid an inducement allowance, from January 2013 to date, amounting to E 30,919.41 despite that there was no instrument granting authority for such privilege in the employment contract.

I advised the controlling officer that according to General order D280, inducement allowances were only payable to male expatriates and upon satisfaction of certain pre-conditions to female expatriates.

The Controlling Officer stated that the inducement allowance paid to the officer formed part of the agreement of employment, as per article 2 of the contractual obligation entered into by the Government of Swaziland and the incumbent officer which may to date subsist unless advised otherwise, which may require on the contractual agreements thereof with a possibility of litigation in the variation of terms and conditions of service inevitable if and when done. She further stated that she would discuss the issue with the Civil Service Commission and request their advice on the issue of inducement.

The response was not satisfactory because the cited article 2 of the contract of service agreement, states that the payment for inducement allowance was not included. Part C of the article only stated that the officer would be eligible for such allowances and other benefits as are applicable to him under the laws, regulations and general orders for the time being in force. The Controlling Officer did not provide me with any law, regulation, and General Order authorizing the payment of inducement allowances to non-expatriates, or waiver thereof.

I am further concerned that the controlling officer is more worried about the possibility of litigation instead of addressing the root cause which is negligence and lack of due care by the responsible officers.

The drain on government resources from those circumstances is no issue. In my view the responsibility to control government expenditure is ignored.

Unjustified Payment of Inducement Allowances

Inducement allowances amounting to E32,765.56 were paid to two non-expatriate officers, employment numbers 5061945 and 4128902, much against the dictates of the General Orders during the year under review. The inducement allowance at a rate of 10% of the basic salary was unjustifiably embedded as part of their remuneration package in the contracts. This was a violation of General Order D280 which dictated that inducement allowances are payable only to expatriates.

The Controlling Officer stated that the inducement allowance paid to the officers formed part of their agreements of employment as per article 2 of the contractual obligation entered into by the Government of Swaziland and the incumbent officers which may to date subsists unless advised otherwise which may require on the contractual agreements thereof with a possibility of litigation in the variation of terms and conditions of service inevitable if and when done. She further stated that she would discuss the issue with the Civil Service Commission and request for their advice on the issue of inducement.

I am not satisfied with the response because she failed to justify why the non-expatriate officers were deserving such allowances, which according to the General Orders, were only meant for expatriates.

Overpayments of Salaries

Salary overpayments amounting to E20, 069.75 occurred to officers with employment numbers 4165125 and 101932956. The employee 4165125 retired on the 18th of January 2015 but continued to receive full pay in January 2015 and February 2015 resulting in a total salary overpayment of E5, 526.37.

The other officer employee 101932956 resigned from the civil service, to pursue a 3 year full time primary teachers diploma at Ngwane Teacher’s College and resumed classes on the 4th of August 2014. The the officer continued to receive full pay in August 2014, September 2014, and October 2014 resulting to a total salary overpayment of E14, 543.38, as shown in the table below.

Employment No	Pay Month	Overpayment (E)
4165125	February 2015	3,893.58
	January 2015	1,632.79
Total		5,526.37
101932956	August 2014	3,794.72
	September 2014	5,199.33
	October 2014	5,199.33
Total		14,193.38

In her response the controlling officer stated that the officer, employment number 4165125, managed to repay an amount of E1,632.79 in February 2015 and that the Ministry was trying by all means to recover the outstanding amount of E3,893.58. She also stated that a process to recover the funds from the officer had been initiated earlier, but all to no avail, and promised to continue to locate the officer in order to recover the money. The update on this issue revealed that the officer had not been engaged to repay the outstanding amount as yet. The Controlling Officer only promised that she would engage the officer about the error.

Regarding the overpayment of salary to the officer with employment number 101932956, the controlling officer stated that the Public Service Pension Fund (PSPF) used the officer’s contribution to pay E5,884.11 and the balance was now E8,669.27. She further stated that the officer had not paid the balance because he was pursuing his studies at Ngwane College and therefore could not pay the balance. She promised that the balance would be deducted from the officer’s salary when he resumes employment by Government as a teacher after completing his studies. An update on this issue revealed that the officer had since acknowledged the overpayment and promised to repay all outstanding monies as soon as he assumed his teaching position and that he has been made to sign a debt acknowledgement form.

I am concerned that officers continue to draw salaries from the government even after leaving the service which unnecessarily drains government coffers. This demonstrates lack of due care on both the Ministry and fraud by the officers concerned, who fail to declare the overpayments, knowing very well that they are not entitled to the salary. I am also worried that government might permanently lose the overpaid amounts if efforts to locate the retired officer are not successful and if the officer, eventually is not employed by the government.

The Ministry confirmed the occurrence of overpayment of salary to employment number 4165125 and would engage the officer to correct the error and recover the outstanding amount of E3,893.58.

He assured me that salaries would be terminated promptly in future.

I am concerned that there were no supporting evidence for the assertions pertaining this officer, to convince me that the officer has been located. The Controlling Officer in his previous response had promised to locate the officer in order to recover the money.

Non- Repayment of Housing Allowances

I also reported that three officers from the Ministry drew housing allowances totaling to E167 808.28 from January 2005 to December 2014 yet they were housed by Government much against General Order A778 (1). The General Order instructs that employees who are housed whether by Government or by any Institution are not entitled to claim housing allowances since housing allowances are a compensation for employees who are not housed by the employer.

I acknowledged all the efforts that were made by the former Principal Secretary in trying to recover the undue payments from the officers through a memorandum dated 19th January, 2015 wherein he clearly stated that the money would be deducted from each of the implicated officers, as from February 2015 in instalments of E601.00, as detailed below:

Employment No	Total Undue Housing Allowance (E)
4573285	55 008.64
3137804	57 791.00
4329615	55 008.64
Total	167 808.28

In her response the controlling officer stated that when the officers were engaged to adhere to the audit query, they then took their grievance to the Industrial Court where it was referred back to CMAC. She also stated that the matter was then referred back to the Ministry whereby both parties agreed the matter should be further discussed internally. She further stated that the matter was still being deliberated and hopefully it would be resolved soon.

At the time of writing this report, I am not aware of the outcome of the internal deliberations and if the loss to government will be recovered.

The Controlling Officer stated that the matter was referred back to the Ministry by CMAC wherein it was agreed that a solution must be sought. The Ministry was in the process

of engaging the Ministry of Public Works and Transport in order to inspect the houses as the affected officers argued that the houses are not fit for human habitation. The Ministry has also requested the valuation section to evaluate the status of the houses. He promised to update me once the report has been completed.

It is disappointing to note that the issue of the condition of the houses is only taken up when the officers have been discovered to be defaulting payment of rent. There is no evidence that the matter was reported to the relevant Ministry which is responsible to maintain the houses. Instead the officers continued to stay in the houses that had not been declared inhabitable, while the dilapidation became worse.

Double Remuneration to Officer

In my management memorandum, I reported to the Controlling Officer that a Public Health Engineer with employment number 3226973 who was employed on permanent and pensionable terms at the Ministry and earning an annual gross salary of E246,228.96 which is E20,519.08 per month, was found to be receiving another salary amounting to E360,000.00 annually, E30,000.00 per month from the Swaziland Water and Agricultural Development Enterprise (SWADE) which is a 100% owned government company (Parastatal). According to an employment offer for the position of Water and Sanitation Engineer by SWADE dated 6th July 2010, to the officer, the employment offer was accepted by the officer on the 8th of July 2010. The officer then received double salaries for 54 months starting from July 2010 to December 2014.

I advised the controlling officer that it was not possible for the officer to fully perform his normal duties at the Ministry, for which he was faithfully paid for, whilst at the same time working for SWADE and drew her attention to Section A.1022 (1) of the Swaziland Government General Orders where it is clarified that an officer's remuneration is fixed on the assumption that his whole time is at the disposal of the employer.

I reminded the controlling officer about General Order A.212 which succinctly states that an officer who absents himself from duty without permission, except in the case of illness or unavoidable circumstances, shall forfeit the whole of his salary for the whole period of absence, or such proportion as may be determined by the Principal Secretary, Ministry of Public Service in light of the circumstances of the case and the implicated officer shall, in addition, render himself liable to summary dismissal from the service and to the loss of all retiring benefits.

Logically, the implicated officer had to be absent from work in order to fulfil his contractual obligations with SWADE and hence the salary payments amounting to E1, 055,502.80 which were received by the officer from the Government whilst working for SWADE and simultaneously receiving pay in excess of E1, 625,000.00 from them as well were unjustified and therefore unwarranted.

I also notified the controlling officer that whilst the officer took vacation leave during periods prior to his engagement with SWADE, an examination of his leave records revealed that during the period from the 2010 to 2014 financial years, no vacation leave was consumed, which was an indication of his absence from duty.

I further advised the controlling officer of numerous other irregularities surrounding the matter which I observed, for instance; the remuneration package from SWADE included housing allowances yet the officer was also paid a housing allowance by government; it also included contributions to a staff provident fund yet the government was also contributing to the pension fund for the officer. Furthermore, according to SWADE's internal memorandum dated 7th June 2010, a meagre E32, 000.00 per annum all inclusive package was proposed by the Project Director to the Chief Executive Officer, however a month later on the 6th of July 2010 an offer with a lucrative package of E360, 000.00 plus E5, 000.00 settlement allowance was made by SWADE and accepted by the implicated officer. Finally, the initial offer was to run from 1st July 2010 to 30th June 2012 yet the officer continued to receive salary payments from SWADE up to December 2014.

I therefore expressed my concern to the controlling officer that it appeared the anomaly harboured various elements of fraud, theft, misconduct, collusion, lack of close supervision and monitoring, and cover-up.

In her response, the controlling officer stated that the Ministry appointed a preliminary investigation committee on the 2nd December 2014 to investigate why the matter was reported after four years. She further stated that a report was compiled by the committee after its findings and a memorandum was handed to the Attorney General's Office on the 17th February, 2015 as per the recommendations made by the committee to press charges and advise the Ministry. She concluded that the matter was still awaiting the Attorney General's response.

I am not satisfied with the response by the controlling officer because she did not address why the preliminary investigation was instituted 4 years later. Since the officer abandoned his official duties and accepted employment by SWADE without authority from the Ministry of Public Service as employer, disciplinary proceedings should have been immediately instituted.

I am also worried that while the report on the Departmental Preliminary Investigation found that the officer indeed absconded from work during the period between 2009-2014 and that he was simultaneously employed by Government and SWADE between July 2010 to December 2014 and earning a salary at both entities; disciplinary action has still not been taken against the officer for absconding from government work, moonlighting, and defrauding government. Moreover, no action has been taken against those who were tasked with supervising the officer but failed to take necessary action hence resulting in the loss to government.

The Ministry reported that the Attorney General has drafted and submitted to it charges pertaining to the matter. The Ministry was in the process of serving the officer with the charges and implementing disciplinary action as well as the involvement of the Civil Service Commission.

The draft of charges was not provided to confirm the action taken.

Audit of the Strategic Oil Reserve Fund

An audit of the Strategic Oil Reserve Fund was carried out for the fiscal year ended 31st March 2014.

A management letter, referenced N19/2 and dated 31st December 2014 was issued to the Controlling Officer, Ministry of Natural Resources and Energy. The Controlling Officer responded through a memorandum dated 14th January 2015 and referenced NRF/E/75. After analysis and evaluation of the responses, another memorandum, dated 20th May 2015, ref. N19/Vol. VI/24, highlighting unsatisfactorily addressed issues, was issued to the controlling officer, on the following issues:

Late Remittance of Oil Levies

I reported that oil companies, on various instances, oil levies due, were remitted late, which was not in compliance with the Fuel Oil Levy Act of 1980 and the Administration of the Strategic Oil Reserve Fund Regulations of 2005. A review of the bank statements for the 2013/2014 and 2012/2013 financial years had revealed that the oil companies deposited their oil levies later than the 14th days after the end of certain months and as a result attracted late payment charges, totaling E390,597.22, as per section 8 of the Fuel Oil Levy Act (1980). I further advised the controlling officer that as a result of flouting the law by the oil companies and failure to enforce the law, by the Ministry, total amounts of E316, 891.72 and E73,705.48, penalties were charged to government as at the financial year end dates of the 2013/2014 and 2012/2013 fiscal years, respectively

Oil Company	Interest Due (E)		Total (E)
	2013/2014	2013/2012	
Chevron Swaziland (Pty) Ltd	8,141.15	22,489.76	30,630.91
Engen Swaziland (Pty) Ltd	204,935.56	5,188.40	210,123.96
Exel Petroleum (Pty) Ltd	15,854.43	4,481.28	20,335.71
Galp Swaziland (Pty) Ltd	87,960.57	40,620.63	128,581.20
Total Swaziland (Pty) Ltd	0.00	925.43	925.43
Totals	316,891.72	73,705.48	390,597.21

According to section 5(l)(b) of the act, the oil companies were supposed to remit to records of their sales and levy payable and paid to the Ministry of Finance payable not later than the 14th days after the end of each month. Likewise, Section 4(2) of the regulations emphasizes that every supplier should upon sale of any fuel, record the levy payable and not later than the 14th day after the end of each month remit its record to the Principal Secretary, Ministry of Finance and the Fuel Price Controller, and deposit into the fund the total amount of the levy payable. Section 8 of the Fuel Oil Levy Act (1980) clearly states that any person who fails to pay the levy within the time frame prescribed shall be liable to pay interest on the amount of any payment or part thereof, not made on the due date, calculated at the rate of 1 % per month.

I also reminded the controlling officer that in the Auditor General’s report for the year ended 31 March 2012 a similar audit query wherein total outstanding interest charges amounting

to E94,410.94 during the 2010/2011 fiscal year and E101, 825.68 in the 2009/2010 financial year were reported. There was no evidence that the monies due had been recovered despite the Public Accounts Committee resolution to do so. While letters were sent to the defaulting oil companies in February 2013 there was no evidence of any follow-ups thereafter. At that time interest charges due from Chevron Swaziland and Galp Energia had accumulated to E101,825.68 and E565,492.45, respectively.

In his response, the controlling officer acknowledged that indeed the levies were remitted late and hence had written notification letters to the oil companies. He further advised me that in trying to understand the interest calculations, I had erroneously converted the stipulated monthly rate to a daily rate which he observed to be lenient. As such he had come up with different amounts. The Outstanding amounts demanded by the Ministry from the Oil Companies and recoveries made so far, are shown in the table below:

Oil Company	Interest Due (E)			Recovered Amount (E)	Outstanding Amount (E)	Details
	2013/2014	2012/2013	Total			
Chevron	19,170.34	60,858.66	80,029.00	0.00	80,029.00	No recoveries made
Engen	46,464.83	42,144.15	88,608.98	0.00	88,608.98	No recoveries made. Some remittances were wrongly paid to the SRA – VAT Account
Exel	81,886.66	24,639.95	106,526.61	0.00	106,526.61	No recoveries made. Some remittances had unspecified references hence remained in Central Bank Suspense Account
Galp	196,605.86	100,105.76	296,711.62	296,711.62	0.00	Debt fully Recovered
Total	0.00	9,254.24	9,254.24	0.00	9,254.24	No recoveries made
Totals	344,127.69	237,002.76	581,130.45	296,711.62	284,418.83	

I am concerned about the continued non collection and delayed collection of the late payments interest charges in spite of my previous recommendations and resolution of the Public Accounts Committee. This depicts disregard of government regulations by the Ministry which unfortunately is depriving the fund of revenue and potential interest which would have enhanced achievement of the fund’s objectives. Section 0501 of the Financial and Accounting Instructions clearly states that it is the duty of accounting officers to ensure that revenue due is collected promptly and properly brought to account.

These instructions further stipulate that when dues are outstanding for more than thirty days, accounting officers should issue a reminder to the defaulter, stating that legal action will follow if the amount due is not paid within 14 days. If payment is still not made, the matter must then be referred to the Accountant General. In addition, part (iii) of the section implores accounting officers to acquaint themselves with all laws and regulations governing revenue which is collected by them.

Moreover, even in instances when remittances were wrongly deposited into the SRA – VAT Account or were arrested in the Central Bank’s Suspense Account. It is my belief that since the

error was a result of the oil companies' negligence of either failing to specify the account to be credited or specifying the wrong account, they are therefore liable. I am also concerned that seemingly, reconciliations were not properly done at the Ministry, because if they were, such errors would have been detected early, followed up, and rectified sooner. At the time of writing this report I am not aware when the outstanding amounts will be recovered and if further action has been taken to recover them.

Late Remittance of Oil Levis 2009/2010 and 2010/2011

The Controlling Officer stated that all the Oil Companies were informed about the interest due and requested to make the necessary payment. He promised to remind them to pay.

Late Remittance of Oil Levis 2012/13 and 2013/14

Excel Swaziland

The response was that no recovery of interest due to government has been made as yet. The Ministry has since written again bringing the attention of the Company to Section 10 (i) of the Fuel Oil Levy Act that states that any person who fails to pay a levy within the time prescribed by Section 5 shall be guilty of an offence.

Chevron Swaziland

The Ministry assured me that Chevron Swaziland paid the late payment interest amounting to E80 029.00 which was communicated in its memorandum of 29th October 2015. He attached supporting evidence to confirm this assertion.

Total Swaziland

This Company has not paid the late payment interest amounting to E 9 254.24. The Ministry has written again to Total Swaziland to bring to their attention Section 10 (i) of the Fuel Levy Act that states that any person who fails to pay a levy within the time prescribed by Section 5 shall be guilty of an offence.

Remittances not reflected in the Bank Statement

I also reported that total deposits of oil levies due by oil companies, amounting to **E5,084,263.88** during the 2013/2014 financial year and to **E4,586,974.39** during the financial year 2012/2013, for which remittance records were submitted by the oil companies to the Ministry, were mysteriously not reflected in the bank statements. The table below shows the amounts which were not credited to the Strategic Oil Reserve Fund bank account which is held with the Central Bank of Swaziland.

Company	Month	Undeposited Levy
Engen Swaziland	October 2012	676,421.99
Engen Swaziland	November 2012	795,847.60
Engen Swaziland	December 2012	669,749.80
Engen Swaziland	January 2013	605,923.40
Engen Swaziland	September 2013	788 225.20
Engen Swaziland	October 2013	832 611.94
Engen Swaziland	November 2013	807 982.30

Company	Month	Undeposited Levy
Engen Swaziland	December 2013	771 993.38
Engen Swaziland	January 2014	805 238.25
Engen Swaziland	February 2014	654 693.81
	Total	7,408,687.67
Excel Petroleum Swaziland	January 2014	423 519.00
Chevron Swaziland	April 2012	588,651.40
Chevron Swaziland	May 2012	624,553.80
	June 2012	622,826.40
	Total	1,836,031.60
Grand Total		9,668,238.27

I reminded the controlling officer that even in the 2011/2012 fiscal year levy payments for January 2012, which amounted to E605, 923.40, by Engen Swaziland were not disclosed in the Strategic Oil Reserve Fund account. Likewise, in the 2010/2011 fiscal year, levy payments by Total Swaziland, which amounted to E1, 068,027.80 for November 2010 were also not reflected in the fund's bank statement. Therefore the total amount not reflecting in the fund's account over the years amounted to E11, 342,189.47.

In his response, the controlling officer agreed that the reported levies were not deposited into the Strategic Oil Reserve Fund instead they were erroneously deposited into the Swaziland Revenue Authority Account (SRA) – Value Added Tax (VAT) Account, which is used for fuel tax remittances. He further stated that the implicated oil companies had been reminded to remit such funds to the right account in the future and that the Swaziland Revenue Authority had been requested to reimburse the funds. On another note he stated that some deposits by Engen Swaziland were indeed deposited into the right account but were mysteriously not reflecting in the bank statement thus he had requested the Accountant General's assistance in tracing the lost funds. The table below depicts recovered levies through reimbursements by the Swaziland Revenue Authority and credits from the Central Bank of Swaziland (CBS) and amounts which remain outstanding.

Month	Levy payable (E)	Reimbursements / Recoveries		Levies Due (E)
		Date	Amount (E)	
Engen Swaziland				
October 2012	676,421.99	-	0.00	676,421.99
November 2012	795,847.60	-	0.00	795,847.60
December 2012	669,749.80	-	0.00	669,749.80
January 2013	605,923.40	-	0.00	605,923.40
September 2013	788 225.20	09/10/2015	788 225.20	0.00
October 2013	832 611.94	09/10/2015	832 811.94	0.00

Month	Levy payable (E)	Reimbursements / Recoveries		Levies Due (E)
		Date	Amount (E)	
November 2013	807 982.30	09/10/2015	807 982.30	0.00
December 2013	771 993.38	09/10/2015	771 993.38	0.00
January 2014	805 238.25	09/10/2015	805 238.25	0.00
February 2014	654 693.81	09/10/2015	654 693.81	0.00
Total	7,408,687.67		4,660,944.88	2,747,942.79
Exel Petroleum Swaziland				
January 2014	423 519.00	09/02/2015	423,519.00	0.00
Chevron Swaziland				
April 2012	588,651.40	09/10/2015	588,651.40	0.00
May 2012	624,553.80	-	0.00	624,553.80
June 2012	622,826.40	-	0.00	622,826.40
Total	1,836,031.60	-	588,651.40	1,247,380.20
Grand Total	9,668,238.27		5,673,115.28	3,995,322.99

The response was not satisfactory because evidence supporting the assertion that all the funds were deposited into the SRA VAT Account was not provided.

Furthermore, I have not been apprised of the dates when the levies outstanding will be reimbursed to the Strategic Oil Reserve Fund Account. Moreover, I am not aware of the outcome regarding the tracing of the lost levies.

I am concerned that the non deposit of levies in the Strategic Oil Reserve Fund not only reduces the financial resources which could have been fruitfully used to achieve the objectives of the fund, but also robs the fund of interest which would have accrued.

It is also disappointing to note that reconciliations were not regularly done as required by government regulations, as a result, such irregularities were not detected and not until I audited the account.

The response revealed was still in the process to resolve the issue of swapping between Excel and Galp.

Unauthentic Levy Remittances

An examination of the records maintained by the Oil Companies against the returns that were submitted to government for the assessment of levies due to government, revealed that some of the returns submitted, understated the sales made. It is obvious that the intention behind was to evade and pay less levies than required.

It is discouraging to note that it is such practices that reduces the revenue deposited into the Strategic Oil Fund.

It should be noted that this act cripples the good purpose of the fund to which all motorists/ consumers, contribute whenever they purchase fuel in this country. This fund is used to subsidize the cost of fuel, to the benefit of the motorists. Therefore, the lower remittances made to the fund through evasion to pay, the lesser subsidy on fuel, and the higher the cost of fuel to the citizens of this country.

I reported to the controlling officer that Total Swaziland (Pty) Ltd and Exel Petroleum Swaziland (Pty) Ltd did not fully remit their sales, hence the fund was deprived of revenue amounting to E950, 297.40 in oil levies. This was a violation of the Fuel Oil Levy Act which requires Oil Companies to fully remit their fuel sales and pay levy at the rate of 20 cents per liter sold.

Under Remittances by Total Swaziland

I clarified that during the month of November 2013 Total Swaziland paid oil levy amounting to E1,035,670.80 instead of E1,040,407.80 resulting in an underpayment of E4,737.00. The remittance record which was submitted to the Ministry of Natural Resources and Energy reflected that 5,178,354 litres of sales volume was remitted hence the E1,035,670.80 levy payment. However, the company's stock report reflected that the company had sold 5 202 039 litres during the month of October 2013 and hence should have paid levy amounting to E1,040 407.80 in November 2013.

Under Remittances by Exel Petroleum Swaziland (Pty) Ltd

Exel Petroleum Swaziland (Pty) did not remit sales of 4,727,802 litres of fuel which was sold to Galp Swaziland (Pty) Ltd) during the year under audit. Non remittance of the sales volume therefore deprived the fund total revenue of E945 560.40 in fuel oil levies.

Below is an illustration of the unremitted sales and levy due to government.

Month	Sales volume (Litres)	Levy Due @ 20 cents/Litre (E)
April 2013	120663	2,432.60
May 2013	423333	84,666.60
June 2013	302846	60 569.20
July 2013	357192	71 438.40
August 2013	358404	71 680.80
September 2013	356890	71 378.00
October 2013	394193	78 838.60
November 2013	792429	158 485.80
December 2013	394473	78 894.60
January 2014	433691	86 738.20
February 2014	395768	79 153.60
March 2014	397920	79 584.00
Total		945 560.40

The controlling officer was further advised to note that the fuel oil levy which was due from Exel Petroleum Swaziland had as at the financial year end attracted interest charges for late payment of levies amounting to E47,263.54.

The controlling officer stated that through verbal communication, Total Swaziland had acknowledged the error and promised to remit the underpayment with interest. He further stated that a letter would also be written to Total Swaziland to confirm the verbal communication.

Regarding the reported under remittances by Exel Swaziland, the controlling officer stated that after investigation, the Ministry discovered that Galp and Exel Swapped products which its fuel oil levies were to be remitted by the company which eventually sold the swapped product to the public. He further requested more time to further investigate the issue with both Exel and Galp and to advise the companies to remit any shortfalls and improve their accounting of the same.

While I appreciate the controlling officer's efforts in trying to resolve the issue, I am concerned that the shortfalls were not identified by the Ministry. This is an indication that reconciliations were not appropriately done. Moreover, while the controlling officer indeed wrote a letter to Total Swaziland demanding a payment of E9,254.24 as late payment interest charges, unremitted oil levy of E4,737.00, and interest on the under remitted levy of E613.18, there is no evidence that the monies have been recovered.

I am also not satisfied by the controlling officer's response pertaining to the reported shortfalls by Exel Swaziland because evidence indicating that the swapping of products between the two companies did not amount to a sale, as per the dictates of the Oil Levy Act was not provided. Especially because the fuel exchanges were reflected as sales in Exel Petroleum Swaziland's records. Moreover the controlling officer did not provide any documentation detailing the terms, conditions and legalities surrounding the swapping of products by the two companies.

Total Swaziland

The Ministry informed the Company about the under payment of E4 739.00. The Ministry also drew the attention of Total Swaziland to Section 10 (i) of the Fuel Oil Levy Act which states that any person who fails to pay a levy within the time prescribed by Section 5 shall be guilty of an offence.

Unexplained transfers

Unexplained transfers were made from and into the fund. On the 19th August , 2013, **E32,088,920.39** was transferred from the fund and on the same date E31,461 415.98 narrated as payment of principal, and E627,504.41, narrated as payment of interest (totaling to E32,088,920.39) was deposited into the fund. On 9th February 2014, E32,088,920.39 narrated as payment of principal, and E647,053.30 narrated as payment of interest (totaling E32,735,973.69) was deposited into the fund and on 10th March 2014, a month later, **E32,735,973.69** was transferred from the fund. The monies transferred from the fund as new contract, were equal to the total monies deposited into the fund as payment of principal and interest.

I expressed my concern that explanations regarding the movement of the funds and supporting documentation authorizing the transfers from the Ministry of Natural Resources and Energy, were not provided. Enquiry from the Treasury Department revealed that there was an agreement between the Treasury Department and the Ministry of Natural Resources and Energy, that the

funds would be invested on behalf of the Ministry of Natural Resources and Energy, though documented evidence of such agreement was not provided as well.

It is disturbing to note that while section 5(l) (a) of the Administration of the Strategic Oil Reserve Fund Regulations (2005) clearly states that the fund shall be administered by the Principal Secretary, Ministry of Natural Resources and Energy, the Ministry of Natural Resources and Energy was ignorant about the reasons for the cash movements in the fund.

The controlling officer was advised that as a result of the lack of documentation and explanations regarding the transfers, I was not able to determine the authenticity of the transfers and whether any benefit was derived from them.

In his response, the controlling officer stated that the Ministry had requested clarity on the transfers from the accountant general to which the Ministry of Finance had requested a meeting, however the suggested date was not suitable to the Ministry of Natural Resources. The Ministry then requested another date to which the Ministry of Finance did not respond.

I am concerned that the Ministry which is legally supposed to manage the fund did not have full knowledge about the movement of funds in the account. Such ignorance compromised decision making and hampered the Ministry's ability to effectively manage the fund.

At the time of writing this report, I am still in the dark about these transfers hence cannot confirm their legitimacy.

Unexplained transfers the reply did not explain the transfers as required. The Ministry only brought to the attention of the Auditor General, Section 6 (i) of the Administration of the Strategic Oil Reserve Fund Regulations 2005 where the Accountant General in consultation with both the Controlling Officer and the Principal Secretary, Ministry of Finance is mandated to invest any unused balances. As a result the Ministry is working with the Treasury Department to generate the agreement.

The response was not satisfactory because it meant the transfers occurred without following the Regulationis and without any agreement between the relevant parties.

Denied Access to Documents - Chevron Swaziland (Pty) Ltd

I also raised my concern that my audit visit to Chevron Swaziland (Pty) Ltd to request retrieval of information about their fuel sales volumes, from their database system, in order to confirm the remittances submitted to the Ministry, proved futile. The company failed to provide the information requested. The company alleged that it was on a transition process thus they no longer had access to the system which was now the property of the takeover company.

I advised the controlling officer that section 10(2)(a) of the Fuel Oil Levy Act (1980) stated that any person who fails to provide any information or return required under the Act, shall be liable to a fine of E500.00 or six months imprisonment. Consequently, the audit scope was significantly limited by the non-provision of the information.

In his response, the controlling officer stated that he tried to assist the audit team in this regard and that the company promised to avail the documents. He further stated that on visiting the company's office, he was informed that the company had availed all documents in hard copies but could not assist the auditors with information which was in their system because they could not access it due to the ongoing transition of the company. The controlling officer further explained that the Ministry urged the company to make good of the Auditor General's request and to be aware of the consequences of such actions.

I am not satisfied by the controlling officer's response because up to now, the information has not been provided. As a result I am not able to ascertain the accuracy and completeness of remittances by the company.

The Ministry informed me that Chevron still failed to avail the records due to the take over by Puma Swaziland but the Ministry would still take the necessary action against the company for failing to avail the documents.

The act by this company is quite worrying as it implies non compliance with Regulations.

Deposit of Master of the High Court Funds

I informed the controlling officer that funds, amounting to E160 394.16, which were to be deposited in the Master of the High Court Account were erroneously deposited into the Strategic Oil Reserve Fund account. I raised my concern that while the error occurred in June 2013, the correction had still not been made which was a clear indication that reconciliations were not performed at the Ministry

I reminded the controlling officer that section 0303 of the Financial and Accounting Instructions dictates that monthly statements for each bank account should be obtained from the bank and reconciled with the relevant cashbook.

In his response, the controlling officer stated that he had noted the reported amount but failed to see the queried E160,394.16 in the June 2013 bank statement. He stated that, instead an amount of E3,000.00 was deposited to the Master of the High Court.

The controlling officer's response was not satisfactory because, in spite of the fact that in my audit memorandum, dated 20th May 2015, ref. N19/Vol.VI/24, I directed him to the statement number and transaction date of the queried transactions, corrections have still not been made. I am concerned that this scenario was misleading as it overstated the funds bank account balance. Moreover, these funds are held up in a wrong account instead of being transferred to where they would be useable for the intended purposes.

I was informed the transaction was reversed on the 14th of December 2014 and the supporting documents, were attached.

Under Expenditure on Project F01986–Fuel Marking and Quality Assurance

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

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

Project Code	Project Name	Purpose of the Project	Funds Released [E]	Actual Expenditure [E]	Variance (E)
F01986	Fuel Marking and Quality Assurance	Local funds for establishing the long term programme for monitoring of fuel volumes, revenue and fuel quality assurance for training and fuel quality workshops.	2, 026,046.00	1,045,776.99	980 269.01

An amount of E3000,000.00 was approved and E 2,026,046.00 released for the implementation of the above-mentioned project.

Actual expenditure amounted to E1,045,776.99 resulting to an under expenditure of (E2,026,046.00 – E1,045,776.99) E 980,269.01(48.3%)

Noted, in the last financial year 2013/2014 the same project had underspent by 93.5%. These indicates a slow implementation rate in the project which in the end will cost government.

The Ministry is expected to explain the cause of these high savings.

The explanation given was that, the under expenditure resulted from a local transfer to Microproject that was processed late, on the 2nd April 2015, by the Accountant General, following the Ministry’s request dated 11th December 2014. The delay affected the 2015/16 budget and also delayed implementation of the project.

HEAD: 20 MINISTRY OF AGRICULTURE

Objectives:

To formulate policy and administer all legislation related to agriculture and the organisation and management of co-operative societies; to develop and implement plans in pursuit of the agricultural development policy especially in the area of rural development and subsistence farming

Overpaid Salary to an absconded Officer-Employment Number 9269255

In my correspondence referenced A 15 VOL.X/4, dated 22nd June 2015, I drew the attention of Controlling Officer, Ministry of Agriculture about an officer whose employment number is 9269255, who was overpaid salaries to the total amount of E378 759.09 whilst on unauthorised study leave.

The Controlling Officer's response, referenced ACC 8 dated 06th July 2015 did not satisfactorily address my concern because the only action taken was to stop the salary without any explanation how this anomaly arose and whether there were any future plans to prevent such occurrence.

I pointed out that the officer who is employed by the Ministry of Agriculture, as an Assistant Extension Officer since 1st August 2008, proceeded on study leave to pursue a Master's Degree in Taiwan, without being granted authority by the Ministry of Public Service and external travel authority from Prime Minister's Office to depart the country. The period of the unauthorised study leave was (2) two years, commencing from 27th August 2011 to July 2013.

Upon his return in July 2013, the officer again applied for another study leave with pay to pursue his Phd in Taiwan from September 2013 to 2016 which was also not granted. He again proceeded on an unauthorised study leave on 6th September 2013.

I further highlighted to the Controlling Officer that, the period of the officer's absence from duty was tantamount to absconding from duty, which warrants the Controlling Officer to execute disciplinary actions against the officer. However, this was not the case.

During the periods of absence the officer continued to draw salaries from Government knowing very well that his study leave was not authorised. The Controlling Officer also remained untroubled by the unjustified salaries which were paid to the absconded officer. The officer's salary was only stopped on July 2015, following my report. As a result, an overpayment of salary, amounting to E378 759.09, occurred.

The overpayment was as follows:

Period	No. of months	Monthly Salary (E)	Total Amount (E)
September 2011 to March 2012	7	7 545.17	52 816.19
April 2012 to March 2013	12	7 771.50	93 258.00
April 2013 to March 2014	12	8 160.08	97 920.96
Once off payment – July 2013	1	4 406.44	4 406.44
April 2014 to March 2015	12	8 690.50	104 286.00
April 2015 to June 2015	3	8 690.50	26 071.50
Total Amount			378 759.09

It is surprising how the Ministry could allow salary payment when it was evident that the officer had absconded from duty. It is apparent that the officer’s salaries were deliberately released for ill intentions.

It is also worth to mention that the officer’s name was not included in the Ministry’s training plan which is evident that the officer’s training was not a priority to the Ministry and therefore in his absentia no officer was assigned to execute his duties.

I am greatly concerned by the actions of Principal Secretary which condoned the officer’s absenteeism from work while he knew very well that the officer was not nominated by government to go on study leave.

In his response, the Controlling Officer only mentioned that the officer’s salary had been stopped. However, he did not mention how the overpaid amount shall be recovered from the officer and also if the Ministry had instigated disciplinary actions against the officer.

While I appreciate that the salary has been stopped, I am also equally disappointed that the Controlling Officer did not state how the loss to government will be recovered from the officer concerned.

Most disappointing is that a similar issue was reported in my previous audit report and deliberated publicly by PAC. It is expected that the Controlling Officer should have taken heed and addressed this matter even before I reported it to him. It should be noted that the issues raised and discussed at Parliament should be an eye opener to prevent similar irregularities in their respective Ministries and Departments, in future.

At the time of compiling this report the overpaid amount was still outstanding.

The Controlling Officer did not respond to my reference sheet at the time of reporting. The Controlling Officer therefore, violated the Financial and Accounting Instruction number 0315 (ii) that states “it is duty of all Accounting Officers to reply promptly to

any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

Over Expenditure on Recurrent Vote

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

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

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

Head	Item	Released Budget (E)	Actual/ Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
20	Drugs	23,151.00	25,942.89	2,791.89	12

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

The Controlling Officer acknowledged the over – expenditure as correct.

He regretted the anomaly citing its occurrence to have been error whereby item 034 (drugs) that had no budget was charged with the expenditure instead of the relevant item 064 (drugs, medicines and other medicines).

He further stated that the Ministry was not able to notice this on its accounts reconciliation.

It is advisable that the transactions should be monitored closely at occurrence to avoid oversight during monthly reconciliations where the volumes of work could be increased.

Audit of Manyonaneni Beef Trading Account - Appendix 41

An audit of the above trading account was conducted and a report referenced A15/Vol.XI/08, dated 2nd December 2015 was submitted to the Principal Secretary, Ministry of Agriculture. The Controlling Officer did not respond to my findings.

Purchase of Fencing Poles

I brought to the attention of the Controlling Officer, that incorrect specification and poor quality fencing poles, amounting to E380 045.22, were purchased for a fencing project at Manyonaneni cattle breeding station. The fencing project involved renovations of the kraals and subdivision of livestock camps.

The Ministry purchased through government order number 95006006, dated 12th December 2014, creosoted transmission poles from MC All Investments. The items were delivered on 24th January 2015 by delivery note number 030. The supplier was paid on 5th February 2015, through voucher 110229, cheque no.203774. The items purchased consisted of the following:

Qty	Description	Cost Per Item (E)	Total Amount (E)
300	Creosoted transmission poles 8.1m	1051.81	315 543.00
100	Creosoted transmission poles 2.59m 4-5 tops	178.30	17 830.00
	Sub total	333 373.00	
	14% VAT	46 672.22	
Total Amount			380 045.22

During a physical inspection on the 24th November 2015, to verify the project status, (10months after delivery), I was disturbed to discover the material lying idle on the ground at the farm premises.

I was also disturbed to discover that the poles which were delivered were not treated poles (creosoted transmission poles) but they were poles of poor quality as compared to the normal treated poles.

When the farm manager was interviewed about the unused material (poles), he confirmed that the poles were of poor quality and as a result he opted to cut indigenous trees in the farm to facilitate the fencing project. He stated that he only used a few of the poor quality poles to renovate part of the kraal and a considerable number remained idle and cannot be of good use.

I am concerned about the waste of public funds when poor quality material was purchased and paid at a higher costs. This is a clear demonstration of negligence on the part of the Ministry which should ensure that correct material is delivered and it is at the agreed price. The breeding station manager also failed to report the matter to the Ministry so that the supplier would be consulted to correct the anomaly, but he opted to cut indigenous trees.

Also, the Controlling Officer cannot be left out for failure to ensure that such projects are monitored and evaluated to avoid losses and wastages to government through abandonment of projects and unused material. As a result of non-monitoring of the project, government suffered a loss of E380 045.22 through purchase of poor quality material.

Missing Livestock

I drew the attention of the Controlling Officer, that 39 cattle to the total value of E136 500.00 @ E3 500.00 each, were found missing during a physical herd count of livestock conducted on 11th November 2015.

According to the livestock herd count a total number of 872 cattle were found. However, according to the field working list (master livestock record/livestock inventory) after adjustments of; new born calves, sold cows, missing and dead cows; the total number of 985 cattle existed in the farm. The closing stock as at 31st March 2015 reflected a total number of 1024 cattle

which were counted by stock verifiers. A comparison of the above; closing stock against current livestock inventory, (1024 less 985) unveiled that a total number of 39 cattle were missing which were not accounted for, on records.

When the farm manager was interviewed about the whereabouts of the missing cattle, since they were not reported missing, he alleged that they might have died in the camps due to severe drought without being noticed. I was surprised by such a revelation by the farm manager, since the dipping register did not indicate any missing cattle or the last dates of dipping of the cattle.

This is a clear indication of laxity on the part of the Farm manager whose role is to ensure that cattle camps are visited daily, before dipping all livestock are brought out of their camps, physically counted, and that they all attend dipping. In case some cattle are missing, he has to make sure that they are reported immediately to the Police after having ensured that they have not died inside the farm. The allegation by the farm manager clearly demonstrates that he is not taking care of the livestock under his care.

One of the major control weaknesses which was observed, was that there is no segregation of duties at the breeding station. Reports of cattle deaths, missing cattle, dipping register, calve births, pregnancy diagnoses and cattle sales records (debit notes); are all maintained by the Farm Manager. As a result of the non-separation of duties, it is probable that livestock may be reported missing without verification by another personnel. It should be noted that the same matter was reported in my past Audit Report for the year ended 31st March 2013, but I was disappointed to realize that the situation is still the same and not corrected.

This is a clear indication that my reports are not taken seriously by the Ministry and the PAC recommendations were not implemented by the Ministry.

Unauthorized Expenditure

An amount of E178 257.72, in respect of unauthorized expenditure, was incurred by the Ministry and charged to the above trading account, to cater for activities which were not related to the management of Manyonyaneni Breeding Station.

Below is an analysis of the expenditure

Date of Payment	Voucher No.	Cheque No.	Payee	Amount (E)
23/07/2014	040343	139496	Farm Services	19 992.00
16/09/2014	060328	160569	Farm Services	19 992.00
13/10/2014	070230	163991	V & H Agrivet	19 919.22
28/01/2015	120212	203621	Swaziland Electricity Company	12 510.00
10/03/2015	120539	230093	Ithuba Investments	85 851.63
19/03/2015	120687	222342	V & H Agrivet	19 992.87
Total Amount				178 257.72

When the Senior Animal Husbandry, in the Ministry of Agriculture was interviewed about the expenditure, he alleged that the expenditure was incurred to cater for other ranches' activities.

I pointed out that the purpose of the trading account is solely for the smooth operations of the Manyonani farm and not for other ranches since they have their own budget allocation.

As a result of the unauthorized expenditure, the trading account for Manyonani Breeding Station for the year ended 31st March 2015 does not reflect a true picture of the actual expenditure incurred for the breeding station. Therefore, the total expenditure was overstated by E178 257.72.

I also expressed my concerns that since an adjustment voucher was not prepared to correct the overstatement and charge the relevant budget, such a misstatement will have a negative effect towards budget projections for the following year.

At the time of compiling this report, there were no corrective actions taken by the Ministry of Agriculture

The Controlling Officer did not respond to my reference sheet at the time of reporting. The Controlling Officer therefore, violated the Financial and Accounting Instruction number 0315 (ii) that states "it is duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired".

Project A32399-Komati Downstream Development Project (KDDP)

An audit was carried out on the above project and a memorandum dated 11th June 2015 was issued to the Principal Secretary, Ministry of Agriculture.

The responses by the Controlling Officer, in his unreferenced response dated 26th June 2015 were not satisfactory on the following paragraphs.

In his response the Controlling Officer maintained that there was nothing sinister above the variations of previous certificate amounts during the life of the project.

He assured me that as a result of the system adopted in preparing the final certificate of work done, it is not possible to "conceal" or to overpay any of the Contractors.

At the end of the contract a final measurement is made on that which has been done and the amount due to the Contractor is determined, and offset the actual amounts paid.

He promised that he noted my concern and has since put in place appropriate safeguard at each project to ensure that the preparation and recording of interim payment certificates is done correctly and consistently to eliminate room for error and fraud if any.

While the action to put in place appropriate safeguards is appreciated the controlling officer was mean with information on which amounts would be reflected on the Actual Certificate,

since my concern was the variances of previous amounts on the subsequent certificates.

Interim Payment Certificates

The project Engineer approved and authorized payments of certificate number 7 of contract SWADE 2003/IRR/PI (PMN Joint Venture) in favour of Heptagon Civils and certificate no. 3 of SWADE 0182 in favour of Roots Civils yet amounts shown on the previous certificates were different from amounts actually paid. The certificate amounts shown on certificate 7, representing amounts of the previous certificate that were paid varied from the actual amounts paid and reflected on the interim certificates.

The previous certificates, number 4 that claimed an amount of E296,965.18 was reflected as E295,560.14 on certificate 7, certificate number 6 claimed E56,611.92 was reflected as E55,432.00 on certificate 7 and certificate number 3 claimed E416,477.16 was reflected as E341,427.16 on certificate number 7, as depicted in the table below.

Below are details of the payment certificates;

Certificate No. 7

Contract No.	Previous Certificate No.	Actual Amount paid for each certificate (E)	Amount shown on certificate No. 7 (E)	Variance (E)
SWADE/2003/IRR/P1	4	296,965.18	295,560.14	1,405.04
SWADE/2003/IRR/P1	6	566,611.92	554,432.36	12,179.56

Certificate No. 3

Contract No.	Previous Certificate No.	Actual Amount paid for each certificate (E)	Amount shown on certificate No. 3 (E)	Variance (E)
SWADE 0182	2	416,477.16	341,427.16	75,050.00

The Controlling Officer concurred with my observation and stated that interim certificates were meant for cash flow purposes during the life of the contract and adjustments are taken into account in the final certificate.

The response was not satisfactory because the amounts on certificates are certified as correct, by the relevant experts, before payment. My understanding is that the purpose of reflecting previous certificates amounts is to disclose the total project expenditure up to that level and progress of the project. The variances in previous certificate amounts from those that were actually paid conceal the true picture in the amount spent and expose the project funds to fraud.

Unaccounted for Funds

Records revealed that in 2010/11 and 2011/12 Financial Years double payments, amounting to E538,067.00 occurred in respect of two certificates numbers 2 and 4 regarding claims for two Contractors, Root Civils and Heptagon Civils respectively.

During the financial year 2010/11 through certificate number 4 claimed an amount of E121,590.00 on 2nd November 2011 which was deposited into the bank account of SWADE on 30th April 2012

Again on 16th March 2012 the same certificate number 4 was claimed for the same amount of E121,590.00 that was deposited into the same bank account of SWADE on 10th July, 2012.

On the 25th February 2011 certificates number 2, claimed in respect of Roots Civils claimed an amount of E416 477.66 that was deposited into the bank account on 22nd August 2011. The second claim of the same amount was made on the same date 25th February and deposited into the bank account on 29th June 2011.

In my view the two contractors claimed twice for the same certificates. Hence a double payment occurred as shown in the table below.

Date Certificate paid	Date Certificate claimed	Amount claimed (E)	Certificate Number	Payee	Date claim deposited to account
18/10/2011	02/11/2011	121 590.00	4	Heptagon Civils	30/04/2012
	16/03/2012	121 590.00	4	Heptagon Civils	10/07/2012
04/02/2011	25/02/2011	416 477.16	2	Roots Civils	22/08/2011
	25/02/2011	416 477.16	2	Roots Civils	29/06/2011
TOTAL		1 076 134.00			

The Controlling Officer acknowledged the double claims. He said funds were used to finance the budget shortfall for 2012/2013 Financial Year. The response is not convincing, in my view the funds were not authorized and were not accounted for.

The Controlling Officer assured me that the invoices that were double claimed did not result in double payment to any contractor.

He alleged my conclusion that the funds were not accounted for.

Despite the assurance by the Controlling Officer I can not be convinced that the manner in which the funds were drawn from Government was appropriate. And in the absence of evidence of the details of expenditure from these funds, the money was not accounted for.

Construction Engineer

An expatriate Construction Engineer was engaged for a 12 month period with effect from 1st June 2009 at a monthly remuneration of E40 000.00, which totaled E1,160 000.00 but there was no written agreement that spelled out the terms and conditions of the engagement.

I noted with concern that the salaries were not paid through the normal payroll system that reflects the deductions thereon. Instead he, himself, issued invoices in lieu of his salaries that were deposited in his bank account.

As a result there was no evidence that taxes due to government were deducted from the salary, which deprived government its revenue.

In his response the Controlling Officer, stated that the burden of paying tax was upon the contractor engaged in this case as far as records are concerned the engineer was employed as an individual not a company and if he was a company there was no mention of a registered company he was representing, therefore SWADE was supposed to collect as from the Engineer on behalf of government.

The Controlling Officer concurred with my observation and assured me that though the agreement was regulated by an unsigned Consultancy contract there was an agreement in that an offer of engagement was made and was accepted which constitutes a legally binding agreement.

He submitted that the Engineer was at all material times paid for work done upon submission of a monthly invoice.

He stated that it was an oversight that the Engineer was left to account for his earnings and pay for taxes due with Government.

Following my concern SWADE had taken necessary precautions to safeguard occurrence in future.

He promised arrangements were made with the party concerned to remind them of their tax obligations.

The response did not address my concerns because no evidence were provided to support the assertions. Regarding employment Agreement, the offer of employment that constitutes legality was not provided. Regarding the taxes due to Government, which he earlier stated were paid by the organization, there was no evidence provided to confirm that the taxes, in respect of the Engineer were indeed paid.

HEAD: 23
MINISTRY OF ECONOMIC PLANNING & DEVELOPMENT

Objectives:

- Planning** • To assist Government in deciding upon and implementing economic policies and measures that will best accomplish its major economic and other objectives. To prepare economic and social development plans and programme for Government’s approval; to follow up implementation of approved programmes.
- Statistics** • To collect and provide statistical information needed for the formulation and implementation of economic and social policies.

Audit of the Micro Projects Coordination Unit (MPCU) - Administration

An audit of the Micro Projects Coordination Programme Unit (Administration) which is administered under the Ministry of Economic Planning and Development was carried out for the fiscal year ended 31st March 2014.

My memorandum referenced S62AVol.IV/35 dated 29th December 2014 was issued to the Controlling Officer in the Ministry of Economic Planning and Development of which the following issues were not addressed satisfactorily.

Overpayment of Cell phone Allowances

I reported to the Controlling Officer that an officer from the Micro Projects Coordinating Unit overspent his authorised cell-phone allowance limit by E7,138.16. The Unit made payments, amounting to E31,138-16 on behalf of the officer during the 2013/2014 financial year which was a violation of Establishment Circular No.2 of 2010 (Revised guidelines for the provision of mobile telephones and residential telephones). The Circular clearly states that the cell phone allowance for the officer in question (Grade E6) should not exceed E24,000.00 per financial year.

The expenditure for the year is shown in the table below:

Period	Voucher No.	Payment (E)	Allowable Limit (E)	Overpayment (E)
April 2013	020414	2 391.72	2 000.00	391.72
May “	030452	2 249.51	2 000.00	249.51
June “	050221	2 975.04	2 000.00	975.04
July “	050402	2 803.67	2 000.00	803.67
August “	060467	3 029.01	2 000.00	1 029.01
September “	070480	2 821.98	2 000.00	821.98
October “	080462	2 751.58	2 000.00	751.58
November “	100264	2 677.76	2 000.00	677.76
December “	100391	2 381.96	2 000.00	381.96

Period	Voucher No.	Payment (E)	Allowable Limit (E)	Overpayment (E)
January 2014	120213	2 612.35	2 000.00	612.35
February "	120400	2 218.47	2 000.00	218.47
March "	020231	2 225.11	2 000.00	225.11
Total		31 138.16	24 000.00	7 138.16

In his response, the Controlling Officer stated that the officer had repaid the money owed, amounting E10 000.00 back to Government coffers through General Receipt number, 05722978, dated 6th August 2014.

I am not convinced about the response that the officer paid an amount of E10 000.00 yet he owed E7, 138.16 and as a result an amount of E2, 861.84 was paid in excess of the amount owed. It is unlikely that an officer would voluntarily overpay the Government without justification. I also brought to the attention of the Controlling Officer, that the implicated officer had also made other cash repayments of E5, 000.00 and E10, 000.00 which were brought to account, on receipt numbers 05500231, dated March 2014 and 05587769, dated May 2014, respectively. This, implies that the officer may have had other obligations with the Government. The Controlling Officer failed to provide justification for the repayments and evidence linking the excess repayments to the money owed.

Salaries to Officers on Secondment

I also reported to the Controlling Officer that salary overpayments, amounting to **E58,505.21**, were made to officers, with employment numbers, 6711492, 8721318 and 5219038. These officers who were formerly deployed to the Ministries of Labour and Social Security, Ministry of Agriculture, and Ministry of Education and Training respectively, prior to their secondment to the Micro-Projects Coordinating Unit, continued to receive their salaries even after secondment. I recommended to the Controlling Officer that the overpaid monies should be promptly recovered, in line with section 0509 of the Financial and Accounting Instructions of 1970 which states that overpaid amounts should be recovered, immediately.

Below is an analysis of the unauthorised salaries.

Date of Secondment	Pay Month	Undue Salary (E)
Employment No. 6711492		
08/11/2012	November 2012	5,512.46
08/11/2012	December 2012	7,517.00
	Total	13,029.46
Employment No. 5219038		
14/06/2010	June 2010	4,197.16
14/06/2010	July 2010	7,406.75
14/06/2010	August 2010	7,713.00
14/06/2010	September 2010	7,713.00
	Total	27,029.91

Date of Secondment	Pay Month	Undue Salary (E)
Employment No. 8721318		
01/01/03	January 2003	5,438.50
01/01/03	February 2003	5,438.50
01/01/07	January 2007	7,565.84
	Total	18,442.84
Grand Total	58,502.21	

The Controlling Officer acknowledged the finding as true and stated that the officers, in question, had already committed themselves to repaying the overpayments, over a period of twenty four months.

I have found it to be unusual that the letters of commitment were addressed to the Senior Accounts Officer at the Micro-projects Programme Coordinating Unit, as the officer does not have the jurisdiction to effect deductions on her own without the authority of the Controlling Officer. It is disappointing to note that the funds deducted are not being remitted back to the Government Consolidated Fund, as per my advice. Instead, the unit has kept the funds recovered in their coffers yet they relate to prior fiscal years and to other Ministries.

Moreover, the implicated officers did not mention in their respective letters of acknowledgement and commitment to pay, how the funds would be recovered in the event their employment contracts are terminated.

Unauthorised Increase of MTN Cell-phone Vouchers Limit

I also expressed my concern regarding the increasing MTN Cell-phone vouchers for Project Officers by the Micro-projects Programme Coordinating Unit without prior authorisation from the Ministry of Economic Planning and Development, which was contrary to normal procedure. According to a correspondence from the Ministry of Economic Planning and Development, dated March 2014, Ref ECO/16/3, authority to increase the limit of project officers' airtime vouchers from E60.00 to E90.00 was granted with effect from March 2014. However the increase was effected prematurely in February 2014, a month earlier, resulting in the payment of an unauthorised sum of **E2, 700.00**.

The Controlling Officer concurred with my observation but justified the action to be due to the increased volume of work and responsibility from various Ministries that increased tremendously during the financial year under review.

I am not satisfied with the justification because it does not address how the loss will be recovered and what action will be taken against those responsible, for the loss. Moreover, the increase of work load does not justify the flouting of government regulations.

Overpayment of Gratuity

I observed that gratuity payments to the Micro-Project's Coordinating Unit's employees had been overpaid by **E172, 360.26**. According to the employment contracts of the officers employed by the Unit, the gratuity payment was supposed to be a specified percentage of the total basic

salary plus 10% of the inducement allowance earned over the period of the contract, subject to a minimum contract period of one (1) year. The gratuity paid to the officers was computed on the gross salary instead of the basic salary plus the whole of inducement allowances instead of 10% earned during the period as stated in the contracts. Breaching of the employment agreements resulted in undue gratuity overpayments, amounting to E172,350.26, as depicted in the table below.

Employment Numbers	Gratuity Paid (E)	Entitled Gratuity (E)	Overpayment (E)
6832742	142 093.12	124 168.62	17 934.50
3729098	113 837.58	96 579.57	17 258.01
9456518	85 249.73	75 972.74	9 276.99
8721318	116 916.05	109 830.21	7 085.84
3862104	36 674.65	32 142.31	4 532.34
300001709	52 564.79	44 596.29	7 968.50
4398710	118 861.85	96 579.57	22 282.28
3297953	120 628.51	102 942.63	17 685.88
3729098	113 837.58	96 579.57	17 258.01
5137329	130 426.78	113 976.98	16 449.80
10126686	101 190.06	88 790.90	12 399.16
3780567	113 837.58	96 579.57	17 258.01
6122751	39 405.74	34 434.80	4 970.94
Totals			172 360.26

I advised the controlling officer to recover the overpaid amounts and to always comply with clauses in employment contracts.

In his response the Controlling Officer agreed that the inclusion of additional benefits when calculating gratuity was not procedural but stated that different interpretations could be deduced from the gratuity clause which he said were subject to agreement with the audit team. He further explained that when the Swaziland Government took over the Micro-projects Programme, from the European Union in 2007, the Unit inherited gratuity payments from the EU, without considering either the Government procedure or the dictates of the employment contracts.

I am concerned that the controlling officer seems to condone the irresponsible act of inheriting gratuity payments from the European Union and applying them to a government unit without considering government procedures. Such an act depicts lack of due care, and prudence and is negligence by Management, especially when considering that the hand-over occurred over 7 years ago. The underlying principle here is failure to comply with what is stipulated in the employment contracts rather than what is provided for them. It is noteworthy that the controlling officer cites the apparent ambiguity of the gratuity clause in contracts which were offered by his Ministry to the officers as justification for the overpayments. This emphasizes the lack of responsibility and due care by management as it appears the error was only realised after my audit.

At the time of compiling this report, I am not aware of any efforts to recover the undue payments and if any action has been taken against those responsible.

Inducement Allowances

I drew the attention of the Controlling Officer to the fact that the Micro-projects Programme Coordinating Unit had granted non-expatriate employees inducement allowances, much against the dictates of the General Orders. As a result, the unit made unjustified payments, amounting to **E784 444.57**, during the year audited. When crafting the employee's contracts the Ministry embedded the payment of inducement allowances at a rate of 10% of the basic salary, as part of their remuneration packages yet according to General Order D280, inducement allowance is paid only to male expatriates and conditionally, to female expatriates.

The Controlling officer in his response justified the Ministry's actions as due to the fact that when the Micro-projects funding from the European Union ended in 2007, the conditions of service were inherited into the Micro-projects operations by Government, yet they differed and clashed with Government policies. The contracts issued by the EU regulations included inducement of 10% of the basic salary for all staff and it was claimed that this has been the guiding principle regarding inducement allowances given as part of all staff contracts. The controlling officer further updated my office that it had since consulted the Attorney General's Office and the Ministry of Public Service, concerning the drafting of new service contracts that will adhere to the Government's General Orders.

I am not satisfied by the Controlling Officers response because he did not furnish my office with documentary evidence supporting his assertion or even provide any instrument authorising the Ministry to inherit EU policies as they were. My efforts to acquire the takeover documents between the EU and the Swaziland Government from the Ministry for verification proved futile and I am disappointed that a Unit of such a magnitude responsibility for the development of the country could lack such documents.

In my opinion, Government policies were flouted by inheriting the EU's procedures without seeking authority to waiver government General Orders. The advice offered by the Attorney General's Office and the Ministry of Public service only addresses the drafting of new contracts and not the unjustified payments. The controlling officer failed to justify why local employees deserved inducement allowances which were only meant for expatriates, according to the Government General Orders.

Section 0204(ii) clearly states that if at any time there is a loss of public moneys by reason of neglect or fault of any officer, the responsible officer will be liable to be surcharged with the amount, and any sums due to him by government may be withheld in satisfaction of such surcharge.

The Controlling Officer did not respond to my reference sheet at the time of reporting. The Controlling Officer therefore, violated the Financial and Accounting Instruction number 0315 (ii) that states "it is duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired".

Under Expenditure on Project G57699– The Swaziland Inter-Census Survey

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

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

Project Code	Name of Project	Purpose of the project	Funds Released (E)	Actual Expenditure (E)	Variance (E)
G56799	The Swaziland Inter-Census Survey	Local Funds to conduct the Swaziland Inter-Census Survey	2,777,000.00	359,678.66	2,417,321.34

An amount of E2, 777,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E359,678.66 resulting to an under expenditure of (E2,777,000.00 – E359, 678.66) E2,417,321.34(87.0 %)

Worth of note, is the slow implementation of the project because in the financial year ended 31st March, 2014 the project had savings of 17.3%. The reason given was that the Ministry failed to get authority to engage enumerators on an overtime basis.

During the year under review the savings were 87.0% on the same project. Therefore the project will end up costly for Government.

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

The Controlling Officer concurred with my observation.

He explained that the Ministry had anticipated to spend the entire E2,777,000.00 through the engagement of the personnel for data cleaning and coding, retreats for report writing, printing and dissemination of the reports. This was not achieved due to the prolonged data processing exercise, which delayed the rest of the activities.

He informed me that report writing commenced in the last week of October 2014. The key findings were printed and disseminated whilst the report is ready for printing.

The Controlling Officer was not explicit with some of the information and it was not clear about the dates and provision from which the other activities were financed after the lapse of the initial funds released and the remaining funds for the printing of the final report.

I was not absolutely furnished with the state of affairs about this project.

Under Expenditure on Project G57599 – The Swaziland Agricultural Survey

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

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

Project Code	Project Name	Purpose of the Project	Funds Released (E)	Actual Expenditure (E)	Variance (E)
G57599	The Swaziland Agriculture Survey	Local funds to conduct the Swaziland Agricultural Survey	8,488,000.00	4,788,586.22	3 699 413.78

An amount of E8, 488,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E4, 788,586.22 resulting to an under expenditure of (E8, 000,000.00 – E4, 788,586.22) E3, 699,413.78 (43.5 %)

In the financial year ended 31st March, 2014, the same project underspent by 14.6%. This indicates a slow implementation rate on the project.

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

The Controlling Officer informed me that the under expenditure was caused by delayed authority to engage field workers, that was anticipated to commence the survey with effect from 1st November 2014. He revealed that the Ministry’s request was dated 12th September 2014 whilst the Ministry of Public Service granted the authority to engage the field workers in March 2015 through a memorandum dated 9th March 2015.

The situation, depicted, indeed, contributed immensely to the delay in the commencement of the survey. That it took the relevant authority more than four months to grant the authority reflect serious inefficiency in the operations of the Ministry of Public Service as well as the implementation of the project.

Audit of Community Development Special Fund - Appendix 26 (2014/15)

An audit of the Community Development Special Fund was carried out for the fiscal year ended 31st March 2015.

A management letter referenced A2/14/15/49, dated 15 December 2015 was issued to the Controlling Officer, Ministry of Economic Planning and Development. The Controlling Officer responded through a memorandum, referenced ECO/MPP-CDSF-AQ-02/15 and the following issues were not satisfactorily addressed.

Non- Reconciliation of Bank Statements

I reported that, an amount of E20,000,000.00, was transferred into the Community Development Special Fund Account on 01st August 2014 yet according to the instruction from the Accountant General, dated 30 July 2014, only E2,000,000.00 was supposed to be transferred into the account. Therefore, the excess amount, of E18,000,000.00, was unauthorized. The E18,000,000.00 remained in the Community Development Special Funds Account for 6 months since the difference was eventually reversed from the account, on 30th January 2015.

The attention of the Controlling Officer was drawn, that it took 6 months to reverse the transaction, resulting in interest being generated in the wrong account and the funds being arrested yet they could have been used elsewhere for the intended purpose. This was a clear indication that monthly reconciliations were not performed.

In his response, the controlling officer acknowledged my finding and stated that the Micro-projects Unit's financial and accounting system was linked to the Ministry of Economic Planning and Development (accounts section) which further linked to the Treasury department. He explained that given the long accounting and reporting system, the Unit was prohibited from dealing directly with the Central Bank which delayed collection of bank statements. He further stated that the Unit relied on the Treasury department, which had the authority to source bank statements from the Central bank and also that they usually got bank statements after 2 months from the Treasury, hence delaying monthly reconciliation. He then stated that he had previously communicated the reconciliation challenges to the Treasury Department but there had been no improvement.

I was not satisfied with the response because it did not address why the error was not promptly rectified, and what measures were put in place to ensure it would not recur. Furthermore, if bank statements were received after two months, why were reconciliations not immediately performed? Moreover, the controlling officer did not state what would happen to the interest which unduly accrued to the fund's account and at the disadvantage of the General account.

I am therefore very concerned that the importance of performing reconciliations and the severe consequences, thereon, are still not recognized so that corrective action is promptly taken.

Non- Submission of Financial Statements

I also drew the attention of the controlling officer to the fact that funds amounting to E209,526,759.96 were not accounted for. These comprised of a total amount of E 89,005,404.63 which was transferred to the Micro-projects Coordinating Unit account no. 100016207022 for the undertaking of capital projects under the Ministry of Health and a total amount of E 120,521,355.33 which was transferred to account no. 1000116207021 for capital projects under the Ministry of Education. The financial statements, reporting on the performance of these two accounts for the year ended 31st March 2015, were not prepared and presented for audit.

I am therefore concerned that the non-submission of the accounts limited my audit scope and ability to give assurance that the funds, transferred, were used for the intended purposes, spent economically, efficiently and effectively, and in compliance with government regulations.

The Controlling Officer did not respond to my reference sheet at the time of reporting. The Controlling Officer therefore, violated the Financial and Accounting Instruction number 0315 (ii) that states “it is duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

Under Expenditure on Project G42299- Implementation of Development Strategies

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

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

Project Code	Name of Project	Purpose of the Project	Funds Released (E)	Actual Expenditure (E)	Variance (E)
G42299	Implementation of Development Strategies	Local funds for the review of the NDS, Review of the National Population Policy, Support operations of the National Population Unit, maintenance of the CBMS, Development of the National Monitoring and Evaluation System, Macroeconomic Modelling and Economic Recovery Strategy activities	8,000,000.00	6,040,626.17	1,959,373.83

An amount of E 8,000,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E6,040,626.17 resulting to an under expenditure of (E8,000,000.00 – E6,040,626.17) E1,959,373.83(24.4%)

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

The Controlling Officer acknowledged my sentiments that under expenditures are as undersireable as over expenditures and submitted that the under expenditure was due to factors beyond the control of the Ministry.

He cited one of the major activities that was budgeted for to be the printing of the NDS and the translation of the same document to SiSwati and Braille. This activity was not done until the Cabinet approved the draft and the Ministry is awaiting the approval.

The response quoted the draft of the National Development strategy was completed and awaiting approval from Cabinet. It was not clear whether this was the only remaining activity under this project.

HEAD: 24
MINISTRY OF HOUSING AND URBAN DEVELOPMENT

Objectives:

To initiate and draft policies and development objectives relating to housing and urban development.

Over Expenditure on Recurrent Vote

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

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

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

Head	Item	Released Budget (E)	Actual/ Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
24	Drugs	Nil	1,840.43	1,840.43	100

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

The Controlling Officer concurred with my observation and stated that this transaction of Drugs was wrongly posted into this vote.

The requisition of drugs, amounting to E1 840.43 belonged to the Ministry of Public Service, Head 41, responsibility Centre 2202, item 03401, for PSHACC Department, based at SIMPA.

He regretted to discover the anomaly after the period to do the necessary adjustments has elapsed and promise that action would be taken in future.

The invoice, that was drawn in the name of the Ministry of Public Service, dated 28th January 2015 and the requisition dated 19th January 2015 were attached to confirm the anomaly.

There was no evidence of communication between the two ministries, Housing and Urban Development and the Ministry of Public Service on this anomaly.

There was no evidence if the Ministry of Public Service acknowledged the error.

Following the response, by the Ministry of Housing and Urban Development. I drew the attention of the Controlling Officer, Ministry of Public Service since he was implicated in the matter.

As if it was not enough, **the Controlling Officer, Ministry of Public Service, revealed that his Ministry requisitioned the drugs and received the consignment but never received the invoice to pay, the Central Medical Stores. The assumption was that the invoice was misdirected to the Ministry of Health, who then paid it.**

He recommended to engage with the Ministry of Housing to re-imburse the amount in question.

However, I am concerned why the Ministry of Public Service did not request the invoice from the supplier to ensure that the Ministry paid for the drugs. The anomaly could be uncovered then.

In my view the anomaly revealed yet another irregularity where a Ministry paid for drugs it never received. Hence the over expenditure was not genuine.

This is a serious negligence and inefficiency where the Financial and Accounting Regulationis and the Stores Regulations were not observed. The Ministry of Housing and Urban Development honoured and paid the invoice without ensuring that the items were received and in accordance with its requirement and specification.

Had the Ministry of Housing and Urban Development exercised due care it could have discovered the error in good time. This would enable the relevant Ministry to rectify the error within the relevant financial year.

I would advise Ministries to ensure all the Regulations pertaining procurement were observed before authorizing payments.

I have on several occasions reminded Controlling Officers to carry out monthly reconciliation, for early detection of errors to enable correction within the relevant financial period.

Had it not been for my audit both Ministries were not aware of the distortion of their books through this error.

Under Expenditure on Project X49299- Sikhuphe Local Authority Development

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

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

Project Code	Name of Project	Purpose of the Project	Funds Released (E)	Actual Expenditure (E)	Variance (E)
X49299	Sikhuphe Local Authority Development	Local funds for the completion of Sikhuphe Civic Centre, Designs and Construction of Staff houses and Purchase of Office Furniture and Equipment	1,995,000.00	926,960.00	1,068,040.00

An amount of E 5,000,000.00 was approved and E 1,995,000.00 released for the implementation of the above project.

Actual expenditure amounted to E 926,960.00, resulting to an under expenditure (E1,995,000.00 – E 926,960.00) E 1,068,040.00 (53.5%)

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

The Controlling Officer acknowledged the under expenditure.

The reason given for the under expenditure was the delay to complete the negotiations with the site owner where the authority will be constructed.

The Controlling Officer assured me that the negotiations had since been completed for a cash payment of E280 000.00 with the site owner, as compensation. The project will take off on completion of the tendering process.

The response is appreciated but does not absolve the Ministry from withholding funds for a non – starter project, when the funds could have been used for other projects and enhanced the economic growth of this country,

It is advisable that Ministries should request funds when the negotiations for the basic requirements have been concluded.

I have observed, in the past that, challenges emanating from land disputes have prevented projects to take off while funds were already allocated for the projects.

National Fire and Emergency Services

An audit inspection was carried out at the National Fire and Emergency Services for the 2013/14 and 2014/15, financial years.

A report, referenced F17 / Vol. II/25, dated 26th October, was issued to the Principal Secretary, Ministry of Housing and Urban Development. The response referenced F5/298, dated 6th October, 2015, concurred with my observations.

The audit revealed that vehicle parts, amounting to E38, 802.93 were fraudulently requisitioned from the Central Transport Administration (CTA).

I observed that vehicle parts that are used for the maintenance of the National Fire and Emergency vehicles were requisitioned from the Central Transport Administration (CTA), which is responsible for the acquisition and issuance for repairs and maintenance, when necessary. The CTA also records the parts, issued, in the job cards, in accordance with the jobs required.

A verification of the requisitions in the Central Transport Administration records, revealed that the vehicle parts, valued at E38 802.95 were not requisitioned by the National Fire and Emergency Services. The serial numbers, quoted, did not correspond with those of the requisition books that were issued to the National Fire and Emergency Services.

As a result the spares, that were alleged to have been requisitioned and issued to the Fire and Emergency Services, did not appear in its books, such as Inward Book, and requisition books. There were also no job cards found which authenticated the use of these spares.

On further enquiry, The National Fire and Emergency Services, confirmed that the requisition books, used, were not known.

Below is an analysis of the fraudulent requisitions.

Job No.	Requisition No.	Date	Vehicle Make	CTA Workshop Invoice	Amount (E)
11522	330397	30.06.14	020 FE	184951	165.50
925297	111972	30.06.14	089FE	184952	890.43
925355	111973	02.07.14	033FE	184953	1 500.00
925449	111979	07.07.14	089FE	184955	6 967.28
923013	111981	09.07.14	006FE	184956	58.00
923021	014089	10.07.14	054FE	184957	223.90
923092	111970	14.07.14	008FE	184958	3 145.45
923091	111964	14.07.14	100FE	184959	2 510.00
923129	111984	15.07.14	008FE	184960	5.00
923158	014099	15.07.14	081FE	184961	246.00
923227	111985	21.07.14	005FE	184962	896.95
923323	014104	25.07.14	040FE	195001	118.50
923352	111987	28.07.14	111FE	195002	1 168.00
923358	111988	28.07.14	040FE	195003	232.00
923354	111989	28.07.14	006FE	195004	58.31
923012	111980	28.07.14	089FE	195005	3 083.45
923404	111990	29.07.14	113FE	195006	569.74

Job No.	Requisition No.	Date	Vehicle Make	CTA Workshop Invoice	Amount (E)
923489	111991	01.08.14	068FE	195007	1 546.90
923092	111970	05.08.14	008FE	184963	998.30
922562	111994	05.08.14	068FE	184964	110.00
21485	088674	22.10.14	065FE	195009	4 106.97
21376	330434	27.10.14	ISUZU D TEC	195010	2 170.00
20894	330441	11.12.14	NISSAN 2.4	195016	1 506.00
21074	330444	19.12.14	069FE	195008	90.00
	323410	23.03.15	Nissan	195025	3 276.00
	323401	12.02.15	Quantum	195022	3 160.25
Total					38,802.93

I am concerned how the spares were removed from the CTA Premises without an invoice/ gate pass that controls the movement of the stores. This situation implies that some collusion practices to steal the spares exist at the CTA.

In response, the Controlling Officer concurred with my observation that there were some anomalies in the workshop section. He further stated said that the Chief Fire Officer was in the process of investigating the issue.

The Chief Fire Officer stated that the officer involved in this issue had been transferred to the Department of Geology Mines and Survey. As a results of the investigation, on the 18th November, 2015, the officer wrote a letter requesting to be allowed to pay E650.00 per month, for a period of 60 months (five years) as his net salary was E2,700.00, in relation to the anomaly.

At the time of writing this report, an amount of E646.72 had already been recovered, and a balance of E38, 156.21 was still outstanding.

It is disturbing to note that the arrangement to repay the money over such a long period was accepted by the controlling officer, and that no disciplinary action was taken against the officer, despite the fact that the fraud was committed, intentionally and had criminal implications.

In my view, despite that the employee admitted the fraud, the recovery alone is not adequate to address this matter.

I am further worried by the fraud of this nature which is not possible to be the first instance, rendering this extent of the fraud, that is currently revealed, to be only a tip of an iceberg and warrant an in depth investigation.

The Controlling Officer echoed that the officer agreed to repay the money. There was no other arrangement made to reduce the period of five years to a lesser time frame.

He requested an extension of one week to seek legal advice from their legal advisor.

There was no comment on the issue of disciplinary action that I raised in the reference sheet.

At the time of reporting I had not received any update in this matter.

HEAD: 29
MINISTRY OF COMMERCE INDUSTRY AND TRADE

Objectives:

- Industrial Development** - To ensure and promote efficient and sustained Development of the industrial and commercial Sectors of the economy.
- Labour Regulations** - To develop labour relations policy and administer regulations.

Purchase of Arm Chairs

An audit inspection was conducted at Ezulwini National Handicraft Training Centre for two financial years 31st March 2013 and 31st March 2014. A report referenced E31 Vol. II/34 dated 17th August 2015 was issued to the Principal Secretary. The response referenced MCIT/18/3/4 dated 28th August 2015, was not satisfactory on the supply of office furniture.

Office furniture, amounting to E180 685.44 that were purchased from Modex Pty (LTD) on the 25th February 2014 were not recorded after delivery, as required. Hence the items shown below were not brought to the ledger account yet public funds were utilized and tied on these durable items. When a physical verification was conducted the furniture was found available except the 24 Executive leather mid back swivel arm chairs. The items purchased were:

Type of Supply	Quantity	Price (E)	Total (E)
Exceptionally senior comfortable chair	(1) One	3 510.00	3 510.00
Executive leather mid back swivel armchair	(24) Twenty Four	3 000.00	72 000.00
Office chairs no arms padded seat	(55) Fifty Five	870.00	47 850.00
Secretary desk with 3 drawer	(4) Four	5 229.00	20 916.00
Typist chair with height and single adjustment	(4) Four	970.00	3 880.00
3 seater steel banches	(2)	Two	5 170.00
Vat	(1)	One	22 189.44
Total			180 685.44

The Controlling Officer concurred with my observation and assured me that the matter was, then, being addressed and a request for the post of store-man was submitted to the Ministry of Public Service. But I have not been apprised on the outcome on this issue.

I further drew the attention of the Controlling Officer that the examination of the tender, awarded, revealed that, amongst the office furniture purchased, there were visitors arm chairs that were

purchased and delivered, under the pretext of 24 executive leather mid back swivel chairs that were tendered and specified on government order, number 94007605, dated 12th February 2014.

The value of the 24 swivel armchairs amounted to E 72 000.00 excluding the 14% Value Added Tax (VAT), hence the cost of each chair, excluding VAT, was E3 000.00. The unit price charged for the arm chairs was equivalent to the swivel chairs, as per Tender No. 13 of 2011/2012, that was revalidated on 25th March 2014, after the purchase had been made on 25th February 2014, the implication being that the purchase was made before authorisation. The price of the visitor's chairs could not be established because the tender excluded these chairs. In the absence of evidence the price of the arm chairs was inflated to defraud government. There were also, elements of collusion with the supplier who supplied items that were different from the specification and without justification of the price charged. I consider the purchase of the arm chairs as not authorised and irregular.

The Controlling Officer acknowledged the anomaly and stated that the supplier had undertaken to replace the chairs with those placed in the order. I have not been updated whether the anomaly was rectified.

Further noted was that out of the 24 visitor's armchairs, only 23 chairs were found during the physical inspection. Since the items were not recorded in any of government stores records when they were received, it could not be established whether the missing chair was ever delivered.

Stores Regulation Part 1 of 1975 no. 04401 which requires that "when stores are received, they shall be unpacked and properly checked against invoice/delivery note for quantity, quality and condition and immediately brought to ledger account" And Stores Regulation Part I of 1975 number 0604 states that "A ledger shall be maintained to show the quantity, the unit of issue and the balance of each item in stock" were violated.

I am concerned about the continued non adherence to government procurement regulations despite numerous reports on huge losses incurred through procurement of goods/services in the public sector.

The update received from the Controlling Officer was that;

- (a) **The chair that was found missing during the physical inspection had since been found in one of the College workshops and returned to the Conference room.**
- (b) **On the issue of the chairs that were delivered and did not conform to the specification the Ministry concurred in this regard. A letter was written to the Supplier – Modex (PTY) Ltd requesting it to pay back the amount of E22 779.36 that resulted from the price difference.**

On the 21st October 2015, the supplier disputed the amount citing that she estimated the difference between what was delivered and what was ordered to be close to E2 000.00. Eventually she stated, in her letter, that the difference was E3 091.00 not the E22 779.00.

After numerous attempts to get the supplier to resupply the order the Ministry referred the matter to the Attorney General's office to execute legal proceedings.

The Attorney General's office caused summons to be issued against the supplier on Thursday 27th November 2015, at Mbabane Magistrates Court Case Number 288/2015 and the matter is still pending.

On the 30th November 2015 the supplier through her Attorneys filed a Notice of Intention to Defend the suit. At the same time requested that they sit down and explore settlement of the matter. The Ministry is still awaiting feedback from the Attorney General's office on the settlement offer.

On the issue of the request for the post of storeman from the Ministry of Public Service, the Ministry has been granted the post but awaiting information about the post number.

The action taken by the Ministry is applauded.

I have noted that the Ministry has not informed me if the furniture has since been recorded. The Stores Regulations allows a Ministry to identify an officer who will be responsible for carrying out the stores activities even when there is no post of Storeman. Hence the excuse that there was no storeman is not convincing.

HEAD: 30
MINISTRY OF EDUCATION AND TRAINING

Objectives:

To provide facilities and training for the purpose of increasing the general level of education.

Emlalatini Development Centre- Institutional Houses

An audit inspection on Government houses was carried out at Emlalatini Development Centre, and a report referenced E19 Vol 1/1 dated 10th April 2014 was issued to the Principal Secretary, Ministry of Education.

The Principal Secretary's response dated 27th May 2014 promised to recover the monies and attached evidence to support his assertion.

Unauthorised Housing Allowances and Outstanding Rent

I drew the attention of the Controlling Officer that some officers housed at Emlalatini Development Centre received housing allowances and at the same time they did not pay rent. I reported that a total amount of **E82 337.00**, at E601.00 per month, based on period of stay had been paid as housing allowances to the underserving officers, from fourteen months to one hundred and twelve months, between the periods May 2010 to March 2014. The same officers never paid rent even though they occupied Government houses, thus the rent due to Government had accumulated to **E10 882.00**, as follows:

Employment No	Unauthorised Housing Allowance (E)	Rent Owed (E)	Total Loss to Government (E)
3273944	28 247.00	1 222.00	29 469.00
2589208	9 015.00	900.00	9 915.00
22052270	21 035.00	2 100.00	23 135.00
5273823	24 040.00	-	24 040.00
5217438	-	6 660.00	6 660.00
Total	82 337.00	10 882.00	93 219.00

As a result of this anomaly, Government lost a total of E93 219.00. I also pointed out that these officers were not employed under the Ministry of Education but they occupied institutional houses at Emlalatini Development Centre, which is under the Ministry of Education.

The Controlling Officer, in his response, dated 27th May 2014, concurred with my observation. He stated that the officers were working at Emlalatini Development Centre when they occupied these houses, however, upon transfers they did not vacate the houses. He further informed me that employee 3273994 was transferred to the Ministry of Economic Planning and Development in February 2005, employee 2205270 was transferred to the Ministry of Information, Communication and Technology in April 2009 and employee 5273823 was transferred to the Ministry of Health in February 2011.

However, the officers agreed to repay the money owed to Government and arrangements were made to facilitate deductions from their monthly salaries. Accompanying the response were the salary advice forms (casualty) that had been prepared to effect deductions from the employees' salaries on dates, ranging from 2nd April 2014 to 19th May 2014.

Also, he clarified to me that, employee 5273823 received E325.00 for forty three months instead of E601.00 that I had used in computing the amount due for the whole period concerned, thus the correct total unauthorised housing allowance as at 31st March 2014 for this officer was E17 587.00 and not E24 040.00, as indicated in my initial report.

As at 31st July 2015 the total housing allowance received was E102 535.25 while the total outstanding rent was E14 241.30.

A follow up audit inspection revealed that as at 31st July 2015, an amount of E3 986.64 had been recovered from employee 5217438 and the outstanding balance was E2 847.56. An amount of E7 935.89 had been recovered from employee 2589208 and the outstanding balance was E958.46. Thus a total of E11 922.53 has been recovered from both officers and the total outstanding balance, as at 31 July 2015, was E3 806.02. The Controlling Officer stopped the payment of housing allowances to these officers in April 2014.

Deductions in respect of recovery of the unauthorised housing allowances received by the other three officers, employees 3273944, 2205270 and 5273823 had not commenced. Thus the housing allowances due as at 31st July 2015 had accumulated to **E93 908.00** while the rent owing had been reduced to **E7 140.00** since part of the rent owing had been recovered. The total amount owed to Government from rentals and housing allowances as at 31st July 2015 was **E101 048.00**.

Therefore, as at 31st July 2015, the total housing allowance together with rent owed due to Government had accumulated to E104 854.02 (E101 048.00 in respect of the three officers plus E3 806.02 outstanding balance from the officers whose deductions had commenced) as shown below.

Employment Number	Unauthorised Duration	House Number	Occupation Date	Total Outstanding Rent (E)	Total Housing Allowance Received (E)	Rent/ Housing Allowance Recovered (E)	Total Outstanding Rent and Housing Allowance (E)
5217438	112 months	MX 13	January 2005	6 834.20	Nil	3 986.64	2 847.56
2589208	14 months	MX 19	January 2013	267.10 11/31xE20 = E7.10 plus E20 x 13 months = E260.00	8 627.25 11/31 x E601 = E213.25 plus E601 x 14 months = E8 414.00	7 935.89	958.46
3273944	62 months	MX 17	May 2010	E60 x 62 months =		Nil	40 982.00
2205270	50 months	MX 8	May 2011	E30 x 50 months =		Nil	31 550.00
5273823	57 months	MX 8	November 2010	E60 x 7 months = E420.00 plus E30 x 50 months = E1 500.00	E325 x 43 months = E13 975.00 plus E601 x 21 months = E12 621.0	Nil	28 516.00
Total				14 241.30	102 535.25	11 922.53	104 854.02

It is worth mentioning that the officers violated General Order no A761 (2), which states that, an officer who is housed by Government should ensure that rent deduction is being made from his salary. Instead they enjoyed the unauthorized free stay knowing very well that they should be paying rent, which compromised their integrity.

I am concerned that after I had reported the matter, the Controlling Officer did not comply with Financial and Accounting Instructions 0501 (i), which states that it is the duty of the Accounting Officers to ensure that revenue due is promptly collected. Also, the Principal at Emlaladini Development Centre, as the warrant holder of the responsibility centre, did not take the initiative to deduct rent from these officers whilst employed at Emlaladini Development Centre.

The Controlling Officer did not respond to my reference sheet at the time of reporting. The Controlling Officer therefore, violated the Financial and Accounting Instruction number 0315 (ii) that states “It is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

Project E34499 – Construction of Schools Toilets

An audit inspection of the above project, under the Ministry of education, was carried out and unreferenced report dated 10th June 2014 was issued to the Principal Secretary, Ministry of Education.

The Controlling Officer in his response, dated 10th July 2015, concurred with my findings.

The government of Swaziland, through the Ministry of Education and Training initiated a program of building pit latrines/toilets, for schools around the country, especially those in the rural areas.

The standard toilets to be built were: five (5) boys’ toilets and five (5) girls’ toilets or four (4) boys’ toilets and four (4) girls’ toilets and two teachers’ toilets. The Ministry provided the design.

Each school was provided with building material, worth E55 126.46, after submitting a requisition to the Ministry. Each school was expected to provide its own builder.

I drew the attention of the Controlling Officer about irregularities in the construction of the schools toilets.

Records revealed that building material intended to build toilets at five schools amounted to approximately to E261 286.73 plus 1 665, 6 inch building blocks valued at E13 520.00, using an estimated unit cost of E8.00, were found lying idle in classrooms and some in store-rooms. Building material that were found missing cost approximately E17 153.25.

The details are reflected in the following paragraphs;

Makhosini Primary School – Shiselweni Region

Records revealed that the school requested building material, amounting to E31 873.10 for construction of toilets. The building material was delivered at Mbukwane High School, on the 18th September 2013, and 8th October 2013, respectively.

The relevant school, Makhosini Primary School, subsequently collected some of the material. The other material was left lying idle at Mbukwane High School, until I conducted the audit.

Amongst the materials, collected, there were 50 bags of cement, and information gathered was that the school committee resolved to loan 48 bags to some members of community, as shown below;

Name	Number Of Cement Bags Received	Cost Per Bag (E) (E88.00)
Mduduzi Mbhamali	11	968.00
Norman Simelane	15	1,320.00
Mduduzi Gama	12	1,056.00
Delisile Gama	10	880.00
Total	48	E4,224.00

The two cement bags valued at E176.00 were unknown and therefore not accounted for. There was no authority provided to me to authenticate the loaning.

The uncollected building material is shown below;

Quantity	Description	Unit Price (E)	Total (E)
2	Welded mesh		1 987.20
90	Alfa cement	88.00	7 920.00
1	Roofing screws	110.00	110.00
9	38x115x6m timber	165.54	893.88
10	Ditto but medium	604.00	6,040.00
3	Ditto (cream)	1 230.00	3 690.00
1	Ditto (brown)	1 234.00	1 234.00
14	50X76X3.6 purline	119.52	1 673.28
Total			23 548.36

I expressed concern about the spending of tax payer’s hard earned money on material which is not used by the schools and end up missing.

Ngcoseni High School – Manzini Region

Building material, amounting to E39,423.60, was delivered on the 16th September 2013 at the above school for construction of school toilets and was found still lying idle at the school premises.

The material consisted of the following items;

Quantity	Description	Unit Price (E)	Total (E)
10	Pine Doors	782.00	7820.00
10	Mortice locks	269.00	2690.00
2	Welded mesh	993.60	1987.20
10	Ditto but medium	604.00	6040.00
3	20l ditto cream	1234.00	3702.00
1	20l ditto brown	1234.00	1234.00
8	Brick force	50.00	400.00
18	3.2m corrugated sheets	355.20	6393.60
10	Door frames	840.00	8400.00
3	100mm mild post	215.60	646.80
1	Roofing screws	110.00	110.00
Total			39, 423.60

Galile BEA Primary School – Shiselweni Region

Building material amounting to E45 392.46 was delivered on the 12th September 2013 for construction of toilets of the school.

The building material consisted of the following, items;

Quantity	Description	Unit Price (E)	Total (E)
10	Pine Doors	782.00	7,820.00
4	Mortice locks	269.00	1,076.00
9	38x115x3.6m rafters	99.32	893.88
5	38x115x6m timber	165.54	827.70
14	50x76x3.6m timber	119.52	1,673.28
2	6x2.4m welded mesh	993.60	1,987.20
10	Toilet pans	604.00	6,040.00
50	50kg Cement bags	88.00	4,400.00
3	20l Ditto (cream)	1230.00	3,690.00
1	20l Ditto (brown)	1234.00	1,234.00
4	6" brick force	50.00	200.00
18	3.2m corrugated sheets	355.20	6,393.60
10	Door frames	840.00	8,400.00
3	100mmx3m mild post	215.60	646.80
1	75mm Roofing screws	110.00	110.00
Total			45, 392.46

After two years from the date of delivery, the building material was still lying idle in the school premises.

The Controlling Officer revealed that the Ministry had assigned a new officer who would be responsible for monitoring the project. There was no mention of what would happen to the unused material.

Mabhensane Primary School – Lubombo Region

Building material, amounting to E54 778.46, for construction of toilets for the school was delivered on the 24th October 2013. During the physical verification, it was established that the building material had not been used, hence development was stalled.

The building material consist of the following items;

Quantity	Description	Unit Price (E)	Total (E)
3	3.5m x 100mm dia pipe E61.60/m	215.60	646.80
10	762 x 2032 x 150mm door frame	840.00	8,400.00
10	Pine door	782.00	7,820.00
10	3 lever mortice lock	269.00	2,690.00
9	3.6x38x115mm rafter t/timber	99.32	893.88
5	6mx38x115mm treated timber	165.54	827.70
14	3.6x76x50mm treated timber	119.52	1,673.28
2	2.4x6m welded mesh	993.60	1,987.20
10	Toilet pan	604.00	6,040.00
18	3.2m corrugated sheets	335.20	6,033.60
1	75mm roofing screws	110.00	110.00
3	20l PVA white paint	1234.00	3,702.00
1	20l PVA brown paint	1234.00	1,234.00
8	6" brick force	50.00	400.00
140	50kg Afrisam cement	88.00	12,320.00
Total			54, 778.46

Further investigations revealed that the school benefited twice in two years. Building material for construction of toilets amounting, E37 587.80, was again delivered on the 23rd October 2014.

Quantity	Description	Unit Price (E)	Total (E)
9	38x115x3.6m rafters	372.60	3,353.40
5	38x115x6m	621.00	3,105.00
10	Meranti doors	1,265.00	12,650.00
10	762x2032 door frames	920.00	9,200.00
1	Roofing screws	55.00	55.00
10	Ditto but medium	410.00	4,100.00
18	3.6x0.5 corrugated sheets	284.80	5,126.40
Total			37, 589.80

The two above scenarios show that the school got building materials for construction of toilets amounting to E 92 368.26 in total. Worth mentioning is that all this material were still lying idle at the school. The project never took off.

Mvembili Lutheran Primary School – Hhohho Region

During the audit inspection it was discovered that building material amounting to E48 229.31 was delivered on the 8th August 2013 for construction of toilets. After two years the building material was still lying idle at the school premises.

The material comprised the following items;

Quantity	Description	Unit Price (E)	Total (E)
152	50kg Afrisam Cement	99.95	15,192.40
10	Door Frame	981.40	9,814.00
10	Pine Doors	1073.05	10,730.50
10	Mortice locks	179.40	1,794.00
9	Timber 38x114x3.6m	225.18	2,026.62
5	Timber 38x114x6m	375.30	1,876.50
4	Timber 40x76x3.6m	239.22	956.88
18	3.6m corrugated sheets	300.10	5,401.80
8	Brick force	44.85	358.80
1	75mm Roofing screws	77.81	77.81
Total			48,229.31

I am concerned about the spending of taxpayer's money on material which were never needed by the different schools. This is violation of Financial and Accounting Instructions 0401 which states that "money must not be spent merely because it has been authorized by Parliament. Controlling Officers should encourage economy by the careful distribution of funds....."

Unused/Missing Material

Ngololweni Primary School – Shiselweni Region

Records revealed that the Ministry of Education delivered building material worth E59 778.46 on the 8th October 2013.

The response stated that the school ultimately constructed 5 (five) toilets instead of ten toilets.

The same response revealed that after two years had elapsed the same material that was requested by the school, supplied and paid for with the tax payers hard earned money, was still lying idle at the school premises. The material is worth E37 685.50.

The material is shown below;

Quantity	Description	Unit Price (E)	Total (E)
3	Brick Force	50.00	150.00
13	Corrugated Iron Sheets	355.20	4 617.60
5	Meranti Doors	782.00	3 910.00
5	Rafters	99.32	496.60
5	Ditto but medium P/L	1 230.00	6 150.00
5	Door Frames	840.00	4 200.00
5	38 x 115 x 6m timber	165.54	827.70
1	Welded Mesh	993.60	993.60
1665	6" inch Brick Force	8.00	13 320.00
5	Toilet Pans	604.00	3 020.00
Total			37 685.50

Missing Material

During the audit inspection it was also discovered that 10 mortice locks, worth E 2 690.00 and one steel bolt and nut items which were amongst the delivered items were not accounted for. This was also confirmed in the response. There was no evidence that the missing materials were reported to the police so that the culprits could be brought to books.

Nhlanhleni Methodist Primary School – Hhohho Region

Building material, amounting to E8 645.25 was found missing, in the above cited school and the Controlling Officer concurred with my finding and informed me that the matter had been officially reported to the police, for investigation but the report was not produced, as evidence.

The missing materials were;

Quantity	Description	Unit Price (E)	Total (E)
4	Door frame	981.40	3,925.60
3	Pine door 685x1750	1073.05	3,219.15
5	Corrugated iron sheets	300.10	1,500.50
Total			8,645.25

Beaconkop Anglican Primary School – Hhohho Region

Building material was delivered on the 18th September 2013 for construction of school toilets and was partly used. Unused material worth E 5 818.00 was not accounted for.

The missing material consisted of the following;

Quantity	Description	Unit Price (E)	Total (E)
60	50kg Afrisam cement	88.00	5,280.00
2	Mortice locks	269.00	538.00
Total			5,818.00

The Controlling Officer concurred with my finding and informed me that the issue had been reported to the police for investigation, but police report could not be provided as evidence.

It is surprising that the material disappeared under the custody of the school officials and its whereabouts are allegedly not known.

I am concerned about the rush to override the procurement procedures by requisitioning material first without having all the logistics of executing the projects, put in place, which resulted in the material lying idle, for over two years.

During the audit inspection it transpired that some of the schools could not provide the builders, thus the building material after two years was still lying idle in the school premises. In some schools it went missing without trace.

These discrepancies look minute but very serious because they hamper sustainable development.

During the exit conference the Controlling Officer promised to conduct an investigation on my findings but at the time of reporting, there was no update on the outcome of the proposed investigation.

In view of the above observations, it is evident that the Ministry of Education did not monitor the projects and there were no controls over the use and storage of the materials.

Also, there was no monitoring or follow up on whether the project was implemented. The situation reveals that there was neither cooperation nor communication between the schools and the Ministry. Interaction ended with issuance of the materials.

This scenario indicates serious negligence and inefficiency in the management of this project.

The Controlling Officer did not respond to my reference sheet at the time of reporting. The Controlling Officer therefore, violated the Financial and Accounting Instruction number 0315 (ii) that states “It is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

Under Expenditure on Project E33599 – Schools Furniture

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

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

Project Code	Project Name	Purpose of the Project	Funds Released (E)	Actual Expenditure (E)	Variance (E)
E33599	Schools Furniture	Local funds for the purchase of schools furniture [decks and chairs] for selected secondary /high schools throughout the country	8,000,000.00	6,517,792.80	1 482 207.20

An amount of E8, 000,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E6,517,792.80 resulting to an under expenditure of (E8,000,000.00 – E6,517,792.80) 1,482,207.20(18.5 %)

I have observed that in the financial year, ended 31st March 2014, the same project had 100% savings, that is funds were not utilized while during financial year under review the project under spent by 18.5%.

The implementation process in this project is slow and might end up costing government dearly.

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

The controlling Officer did not respond to the concerns when raised in 2013/2014 unutilized expenditure query. Thus the Financial and Accounting instructions No. 0315 (ii) that calls for prompt reply and explanation to queries raised was violated.

With regard to 2015 financial year, the Controlling Officer confirmed the underexpenditure. He explained that it arose as a result of failure by the approved supplier, Rapid Stationers Pty Ltd, to complete delivery of the furniture purchased. The supplier delivered 720 units instead of 2450 units single combined desk and chair and was paid E590,464.80 out of E2,009,220.50 that was committed for the expenditure.

The Ministry, on realizing the supplier failed to fulfill the promise to complete delivery of the items 90 days later, by the 9th December 2015, sought authority to use the next cheapest supplier, SYNC Agency Pty, Ltd. Though the Ministry received the furniture it was not able to pay the latter supplier during the accrual period.

Ntsinini Primary School

An audit inspection was conducted, at the above school, for the calendar year ended 31st December 2014 and an audit inspection report, referenced P10A Vol.XII/4, dated 18th June 2015, was issued to the Principal Secretary, Ministry of Education and Training.

The Controlling Officer did not address the following concerns:

Cancelled Cheques

I observed that cheques, amounting to E3 100.30, were reflected as cancelled on cheque stubs, but the actual cheques were never cancelled, and exposed to fraud. At times, even the reason for cancelling them was never clear, i.e. they had no errors on them.

This is despite the schools regulations that state the cheque leaf where a cheque has been written and it is found necessary to cancel it, the face of the cheque should be clearly crossed with two bold lines and the word 'cancelled' written in between the lines. The cancelled cheque should be neatly folded and stapled to the respective cheque stub (Schools Accounting regulations of 1992, section 7 subsection 10).

The following are examples of such cheques:

Cheque No.	Date	Payee	Amount (E)	Reason for cancellation	Signed by:
2528	29/07/14	Ephraem Manikela	900.00	Not clear	Both signatories
2544	15/09/14	Pick Yours Supermarket	702.70	Amount in words (E702.00) differs from amount in figures (E702.70).	Head teacher only
2561	25/09/14	William & Sons Investment	548.80	Amount in words (E548.00) differs from amount in figures (E548.80).	Both signatories
2562	26/09/14	Si.... (name incomplete)	548.80	Pen used to write cheque did not have enough ink.	Both signatories
2617	17/02/15	Jeremiah Dlamini	400.00	Not clear	Both signatories
Total			3100.30		

Signing of Blank Cheques

Evidence obtained when scrutinizing the cancelled cheques, revealed that cheque signatories sometimes sign blank cheques. For instance, cheque number 2562 was already signed by both signatories but later cancelled. There were no details of expenditure or payee.

I advised the Controlling Officer that cheques should be signed after all information has been filled in, to avoid risks of fraud whereby the signed cheques may fall into the hands of unscrupulous individuals, who may withdraw any amount to defraud the school.

Unsupported Cheque Payments

The controlling officer was made aware that cheque payments for the year, amounting to E60 563.70, had absolutely no supporting documents, attached to them, which made it impossible to ascertain the purpose of the expenditure.

School's accounting regulations, section 13, clearly states that the Head teacher will record all expenditure incurred, by the school and ensure there is a supporting voucher for each item of expense. Where expenses are paid for by cheque, receipts, invoices and delivery notes should be attached at the back of each cheque, to support the payments.

The following cheques had no supporting documents:

Cheque #	Date	Payee	Amount (E)
2453	03/02/14	Peter Malambe	350.00
2461	06/03/14	Ephraem Manikela	1000.00
2468	27/03/14	Thandekile Dlamini	2000.00
2477	08/04/14	Dlamini Thembisile Sindi	5450.00
2481	10/04/14	Ephraem Manikela	5000.00
2482	11/04/14	SPTC	500.00
2484	16/04/14	Thandekile Dlamini	2000.00
2487	29/04/14	Ephraem Manikela	1345.00
2489	5/4/2014	Abel Dlamini	150.00
2493	12/05/14	Celumusa Shongwe	4700.00
2494	13/05/14	Abel Dlamini	150.00
2499	5/19/2014	Agrippa Silombo	1400.00
2504	5/22/2014	Thandekile Dlamini	2000.00
2506	5/25/2014	Mahlalela Lomthandazo V.	4500.00
2509	6/5/2014	Peter Malambe	500.00
2514	6/20/2014	Lungile Vilakati	1201.00
2515	6/23/2014	Sptc	700.00
2519	6/30/2014	Abel Dlamini	1500.00
2521	7/9/2014	Ephraem Manikela	500.00
2529	7/31/2014	Thembinkosi Kunene	1418.76
2531	8/7/2014	Ephraem Manikela	1500.00
2532	8/8/2014	Agrippa Silombo	300.00
2533	8/11/2014	Thandekile Dlamini	1000.00
2536	8/14/2014	Ephraem Manikela	1100.00
2539	9/10/2014	Abel Dlamini	180.00
2541	9/10/2014	European Union	1400.00
2549	9/16/2014	Ephraem Manikela	1000.00
2550	9/16/2014	Celumusa Shongwe	520.00
2552	9/16/2014	Abel Dlamini	180.00

Cheque #	Date	Payee	Amount (E)
2553	9/18/2014	Mahlalela Sikelela	600.00
2558	9/24/2014	Abel Dlamini	230.00
2563	9/26/2014	Siboniso Trading	548.80
2564	9/30/2014	Abel Dlamini	180.00
2565	10/3/2014	Abel Dlamini	180.00
2566	9/30/2014	Ephraem Manikela	900.00
2569	10/7/2014	Jeremiah Dlamini	400.00
2574	10/10/2014	Ephraem Manikela	500.00
2578	10/16/2014	Thembinkosi Kunene	2881.64
2580	10/23/2014	Lungile Vilakati	500.00
2582	10/27/2014	M.N. Hlophe	198.50
2583	10/27/2014	Abel Dlamini	200.00
2592	11/13/2014	Peter Malambe	1000.00
2598	11/21/2014	Ephraem Manikela	700.00
2612	12/17/2014	Abel Dlamini	8000.00
Total			60563.70

Payments made to the School Committees Chairperson and Deputy Principal

Cheques amounting to E30 485.00, were drawn in the names of the Deputy Principal and the chairperson of the school's committee. The explanation given, was that these monies were used to run school errands. Most of the cheques did not have supporting documents to prove that the monies were used to the benefit of the school.

The payments were made, as follows:

Deputy Principal

Out of a total of E12 590.00, cheques drawn, the supporting documents amounted to E1 490.00, leaving a total of E11 100.00 unaccounted for. Only petrol receipts for fuel for his personal vehicle, were attached as supporting documents.

Below is the full illustration of the payments made

Cheque No.	Date	Face Value Of Cheque (E)	Total Amounts On Supporting Documents (E)	Description
2450	24/01/14	650.00	500.00	Units
2456	21/02/14	150.00	150.00	Petrol For ASD128AS
2458	25/02/14	150.00	150.00	Petrol For ASD128AS
2460	04/03/14	150.00	150.00	Petrol For ASD128AS
2465	10/03/14	390.00	390.00	Petrol For ASD128AS
2489	5/4/2014	150.00	Not supported	No description

Cheque No.	Date	Face Value Of Cheque (E)	Total Amounts On Supporting Documents (E)	Description
2494	13/05/14	150.00	Not supported	No description
2511	6/9/2014	150.00	150.00	Petrol For ASD128AS
2519	6/30/2014	1500.00	0	None
2539	9/10/2014	180.00	0	None
2552	9/16/2014	180.00	0	None
2558	9/24/2014	230.00	0	None
2564	9/30/2014	180.00	0	None
2565	10/3/2014	180.00	0	None
2583	10/27/2014	200.00	0	None
2612	12/17/2014	8000.00	0	None
		12590.00	1490.00	
Variance			11100.00	

Chairman of the School Committee

A total of E17 895.00 cheque payments were made to the Chairman but the supporting documents, attached, amounted to only E4 050.00, leaving a total variance of E13 845.00, unaccounted for.

Cheque No	Date	Face Value Of Cheque (E)	Total Amount Of Supporting Documents (E)	Description
2446	16/01/14	650.00	650.00	Transport To Msahweni
2448	20/01/14	700.00	700.00	Transporting Exercise Books
2459	28/02/14	300.00	0	None
2461	06/03/14	1000.00	0	None
2481	10/04/14	5000.00	0	None
2487	29/04/14	1345.00	0	None
2508	5/28/2014	900.00	900.00	Transporting Food From Matsapha
2521	7/9/2014	500.00	0	None
2530	8/5/2014	900.00	900.00	Transporting Food From Matsapha
2531	8/7/2014	1500.00	0	None
2535	8/11/2014	900.00	900.00	Transporting Food From Manzini
2536	8/14/2014	1100.00	0	None
2549	9/16/2014	1000.00	0	None
2566	9/30/2014	900.00	0	None
2574	10/10/2014	500.00	0	None
2598	11/21/2014	700.00	0	None
		17 895.00	4 050.00	
Variance			13 845.00	

Payments Made to Build-It

I communicated to the controlling officer that transactions made between Ntsinini Primary School and their supplier, Build- It (Buhleni Branch) looked ambiguous.

When the receipts and delivery notes, were scrutinized, the accounting officer explained that the supplier charged a certain amount over and above the value of the hardware in respect of transport hire charges, instead of refunding the school. It was not clear why the school did not hire transport, or attach separate transport receipts to support the payments.

The school issued the following cheques in respect of building material purchased from Build-it – Buhleni:

Cheque No.	Date	Payee	Amount On Cheque (E)	Amount On Shop Receipt (E)	Amount Charged For Transport (E)
2556	9/22/2014	Build It	3864.11	3407.99	150.00
2567	10/6/2014	Build It	3929.70	3720.80	208.90
2577	10/15/2014	Build It	1431.54	1281.54	150.00
2599	11/25/2014	Build It	1912.55	1662.55	250.00
2600	11/26/2014	Build It	2735.29	2485.00	250.00
2602	12/1/2014	Build It	4510.35	4260.37	250.00
Total			18 383.54	16 818.25	1 258.90

I recommended that all supporting documents to cheques should be attached, and in this case all transport receipts should have been made available by the supplier.

Unaccounted for Change

Two teachers, employees 9893959 and 7311686 were entrusted with school funds to run school errands, but they did not exhaust the monies given and at the same time they did not remit change to the school.

Following is an illustration:

Cheque No.	Date	Employee	Amount On Cheque (E)	Total Supporting Documents (E)	Purpose	Unaccounted For Change (E)
2496	13/05/14	9893959	7000	4256.95	Sports	2743.05
2534	8/14/2014	7311686	685	495	Seminar	190.00
Total			7685.00	4751.95		2933.05 Change Missing

I reminded the Controlling Officer that all supporting documents should be attached, as per schools accounting regulations, section 13, and on circumstances where the funds are not fully utilized, the funds should be deposited back into the school account, and the bank deposit slip should be attached with the other supporting documents.

It is worth mentioning that the Schools Accounting Regulations should be referred to, at all times, as a guide in the Accounting and Management of the school fund

Undelivered Goods

The attention of the Controlling Officer was drawn that on the 01st of April 2014, food items worth E4 679.00, were bought from Pickyours Supermarket and paid for, by cheque number 2474, but the items delivered only amounted to E2 144.70, as per the delivery note, attached. Items worth E2 534.30 were not accounted for.

It should be noted that Government does not allow payments before delivery to avoid wastage of funds through paying for goods that might end up undelivered. All payments should be based on delivery notes and not on goods, ordered.

Teachers Not Paying Rent

Four teachers, employment numbers; 2738471, 2739717, 2261878, 2782906 and 9917477, occupying government houses at the school, never paid rent. The monies owed to government amounted to E3 094.00, at the end of March 2015, as shown in the table below:

Teacher's Employment numbers	Date of allocation	Rent amount	Total amount owed
2763471	February 2015	E26.00	(E26.00*2 months) = E52.00
2739717	October 2011	E26.00	(E26.00*41 months) = E1 066.00
2261878	January 2012	E26.00	(E26.00*38 months) = E988.00
9917477	January 2013	E26.00	(E26.00*26 months) = E676.00
2782906	March 2014	E26.00	(E26.00*12 months) = E312.00
Total			E3 094.00

It is disappointing to note that the queries have been raised with other schools before. This means the Ministry is not taking any corrective measures, as a control against mismanagement of school funds. The Ministry only concentrates on the schools that were revealed in the audit report, instead of disseminating the information to all schools, as a warning against similar errors, and correction if already exist.

The Controlling Officer did not respond to my reference sheet at the time of reporting. The Controlling Officer therefore, violated the Financial and Accounting Instruction number 0315 (ii) that states "It is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired".

Manzini Central Primary School

An audit inspection was carried out at Manzini Central Primary School, and a report, referenced M4AVOL VII/10, dated 14 July 2015, was issued to the Principal Secretary, Ministry of Education and Training.

The attention of the Principal Secretary was drawn to the following irregularities which were not addressed.

Swaziland Posts and Telecommunication Cooperation (SPTC) Receipts for the Year 2013

I reported to the Controlling Officer that the school made an arrangement to deposit school funds with the Swaziland Post and Telecommunications (SPTC) and produce a batch list reflecting all students who deposited school fees at SPTC. At the end of each month the Post Office transfers the revenue, collected, to the schools bank account.

The SPTC would issue a receipt to each student, per deposit, to submit at the school to confirm payment of the fees.

The school issued school receipts to students, as per SPTC receipts. A verification of the receipts against the SPTC batch listing revealed that the under listed receipts were not reflected in the batch list, produced by SPTC.

Receipts by SPTC

School Receipt Number	Dated	Amount (E)	Name of Student	Grade	Receipt issued by SPTC	Dated
356969	23-1-2013	100.00	Dlamini Precious	3B	OF 54216	22-1-2013
356970	23-1-2013	100.00	Ndwandwe Sifiso	1C	OF 54214	22-1-2013
356984	23-1-2013	100.00	Nhlabatsi Thandeka	1	OF 54196	22-1-2013
356985	23-1-2013	100.00	Majaha Mkhathswa	5	Of 54189	22-1-2013
356991	28-1-2013	1382.00	Dlamini Mncobi	7	Of 20094	28-1-2013
356994	28-1-2013	480.00	Phephisile Nhlabatsi	6B	OF 19556	22-1-2013
356997	28-1-2013	500.00	Nkambule Melokuhle	7	OF 19795	24-1-2013
357000	31-1-2013	100.00	Magongo Saneliso	1C	OF 20247	30-1-2013
357001	29-1-2013	100.00	Mazibuko Sanele	1	OF 20020	26-1-2013
357005	29-1-2013	100.00	Masiphile Gadlela	5	OF 19846	25-1-2013
357009	29-1-2013	100.00	Kunene Nolwazi	6	OF 54461	24-1-2013
357010	25-1-2013	400.00	Magagula Sizwe	6	OF 12698	25-1-2013
357012	29-1-2013	100.00	Dlamini Mbalenhle	5A	OF 54795	28-1-2013
357013	29-1-2013	100.00	Dlamini Lindokuhle	5A	OF 54796	28-1-2013

School Receipt Number	Dated	Amount (E)	Name of Student	Grade	Receipt issued by SPTC	Dated
357026	30-1-2013	100.00	Nzima Nkosinathi	3	OF 54560	25-1-2013
357034	30-1-2013	100.00	Matsamo Shongwe	3B	OF 19765	24-1-2013
357035	30-1-2013	100.00	Simelane Nokubongwa	4	OF 19987	26-1-2013
357039	30-1-2013	100.00	Mamba Sakhasizwe	4C	OF 19871	25-1-2013
357040	30-1-2013	100.00	Nomcebo Sihlongonyane	1B	OF 19873	25-1-2013
357041	30-1-2013	728.00	Nhlonipho Dlamini	7	OF 54541	25-1-2013
357042	30-1-2013	100.00	Tfwala Lindelwa	5	OF 54487	24-1-2013
357048	31-1-2013	962.00	Mnyakeni Desebo	7	OF 54529	25-1-2013
357049	1-2-2013	100.00	Nxumalo Siyabonga	1C	OF 54802	28-1-2013
357050	1-2-2013	100.00	Ndwandwe Sibusiso	5C	OF 54803	28-1-2013
357051	1-2-2013	100.00	Dlamini Bonkhe	3	OF 54947	31-1-2013
357054	4-2-2013	100.00	Luyanda Ndzimandze	5	OF 20333	31-1-2013
357055	4-2-2013	100.00	Mpendulo Ndzimandze	5	OF 20334	31-1-2013
357056	4-2-2013	1000.00	Nomcebo Ndzimandze	6	OF 20335	31-1-2013
357061	4-2-2013	100.00	Shongwe Nothando	5	OF 20278	30-1-2013
357097	20-2-2013	100.00	Mathabela Nomcebo	4	OF 54527	25-1-2015
419204	4-3-2013	1000.00	Mavimbela Nothando	7	OF 54964	31-1-2013
419223	15-4-2013	582.00	Nhlabatsi Thandolwethu	7B	OF 55607	26-2-2013
419228	15-4-2013	100.00	Sandra Dzima	4	OF 12625	24-1-2013
419229	15-4-2013	100.00	Dulce Dzima	3	OF 12626	24-1-2013
419260	6-6-2013	100.00	Magongo Sakhile	1	OF 20275	30-1-2013
419261	6-6-2013	100.00	Magongo Sentelo	1	OF 20274	30-1-2013
470323	5-8-2013	100.00	Ginindza Lindokuhle	1	OF 20613	5-2-2013
470368	15-8-2013	420.00	Sibusiso Lukhele	6A	OF 23147	14-8-2013
470370	15-8-2013	710.00	Dlamini Wandile	6A	OF 28516	26-7-2013

School Receipt Number	Dated	Amount (E)	Name of Student	Grade	Receipt issued by SPTC	Dated
470378	10-8-2013	900.00	Sambo Bheki	6C	OF 54171	22-1-2013
470379	10-8-2013	900.00	Sithole Nosipho	6C	OF 54172	
470380	10-8-2013	900.00	Mamba Thabsile	6C	OF 54173	22-1-2013
470396	16-9-2013	100.00	Hadzebe Luyandza	2	OF 20081	22-1-2013
Total		13,784.00				

In his response; the controlling officer stated that the SPTC was following the matter up and would advise the school when completed.

This implies that the school did not reconcile with the SPTC batch listing, to confirm if all the income deposited was transferred to the school bank account.

It is necessary that the school, reconciles the SPTC list with the receipts produced to the school on a monthly basis so that errors may be detected early for redress.

School Receipts Without Proof of Payment

The records revealed that some school receipts were issued to students but the SPTC receipts were not attached to confirm that the deposits were made at the post office.

The deposits related to the receipts did not appear in the SPTC Batch listing and the bank statement.

The implication from this situation is that the revenue was collected and utilized before it was banked. There were no supporting documents produced to substantiate its expenditure. The monies collected were not accounted for.

Receipt Number	Dated	Amount (E)	Name of Pupil	Grade
419219	14-3-2013	370.00	Zamokuhle Sibandze	5B
419241	24-4-2013	900.00	Andiswa Mashabane	6B
419263	17-6-2013	482.00	Mabuza Phumelele	7A
419266	20-6-2013	710.00	Sandiswa Gamedze	6A
419295	24-7-2013	100.00	Manyatsi Siphesihle	5
357071	7-2-2013	100.00	Lindokuhle Ginidza	1
419287	5-7-2013	100.00	Vilakati Senamile	6C
419288	9-7-2013	100.00	Gule Colani	1
470366	15-8-2013	230.00	Mlotsa Ayanda	7A
472446	7-10-2013	100.00	Mnisi Lindokuhle	4C
472494	13-11-2013	100.00	Luciel Pereira	1

Receipt Number	Dated	Amount (E)	Name of Pupil	Grade
472499	18-11-2013	300.00	Nyoni Thabo	6B
357100	20-2-2013	100.00	Simelane Yinkosi	2
419216	11-12-2013	100.00	Sandra Dzimba	4
419217	11-12-2013	100.00	Dulce Dzimba	3
356962	22-1-2013	962.00	Manana Siphwe	7
356978	22-1-2013	1000.00	Shabangu Busisiwe	7
356994	28-1-2013	480.00	Nhlabatsi Phephile	6B
470360	2-4-2013	1382.00	Shabangu Sebenele	7B
472489	11-11-2013	742.00	Noncedo Mkhalihi	6C
477617	-	100.00	Dlamini Siphephile	1
477627	30-12-2013	188.00	Mtsetfwa Linda	7
419269	25-6-2013	180.00	Ndzabandzaba Simphiwe	6
419276	2-7-2013	100.00	Maziya Sibahle	5
477648	21-1-2014	100.00	Dlamini Siphosethu	5
477649	21-1-2014	100.00	Dlamini Samketi	1
477695	21-1-2014	100.00	Shongwe Matsamo	3
477696	21-1-2014	100.00	Mathabela Nompumelelo	5
477700	21-1-2014	100.00	Shongwe Nomcebo	2
419298	24-7-2013	100.00	Wenzile Ngwenya	2
419300	30-7-2013	100.00	Shabangu Lungisani	-
470352	6-8-2013	100.00	Tsabedze Lihle	1
472441	7-10-2013	100.00	Lakhani Zubuko	4A
472442	7-10-2013	100.00	Sandzisile Zubuko	3A
Total		10, 026.00		

The response by the controlling officer was not clear. He cited that there was no way a learner could be issued with a receipt without SPTC proof of payment and this was one of the issues the SPTC was working on, as to why the monies were never deposited into the bank.

There is a high risk of misappropriation of funds in instances such as these, whereby revenue collected is utilised before it is deposited into the schools bank account. It was therefore difficult to ascertain whether the funds were utilised for the benefit of the school or not.

Schools Accounting Regulations of 1992, section 6, subsection 1 clearly states that, each school is required to deposit all monies received into its current account at the bank. The use of revenue collections before banking is prohibited.

Revenue Underbanked

In the year 2013, the total amount received by the school, amounted to E905 533-00, yet deposits made into the bank account amounted to E719 464-78. Revenue, amounting to E186 068-22, was not deposited into the bank.

It should be noted that the E186 068.22, included an amount of E2 480.00, that was deposited in the post office in 2012 but had been receipted in 2013, and E13 864.00 receipted amounts omitted from the SPTC batch list, which brings down the 2013's total deposits to E889 189.00, and undeposited receipts to E169 724.22.

Below are illustrative tables:

Used receipts in 2013

Receipt Number	Usage Dates	Total Amount Received (E)
356949-357000	7-1-2013 to 31-1-2013	19 162.00
357001 -357100	29-1-2013 to 20-2-2013	41 747.00
419201-419300	28-2-2013 to 30-7-2013	499 764.00
470301- 470400	5-7-2013 to 18-9-2013	34393.00
472401 -472500	30-9-2013 to 18-11-2013	31 821.00
477601 -477631	22-11-2013 to 15-12-2013	278 646.00
Total		905 533.00

SPTC Deposits for the year 2012 receipted in year 2013

SPTC Receipt No.	Date of Deposit at SPTC	School Receipt No.	Date	Amount (E)	Name of Child
OF 15668	29-12-2012	356961	22-1-2013	480.00	Nhlanhla Mkhwanazi
OF 15602	28-12-2012	357011	29-1-2013	1000.00	Motsa Tengetile
OF 15182	17-12-2012	419245	21-5-2013	1000.00	Dlamini Phephile
Total				2480.00	

Bank Deposits - 2013

Month	Total Amount Deposited (E)
January	45375.00
February	238272.78
March	12731.00
April	51992.00
May	11110.00
June	252912.00
July	40854.00
August	13623.00
September	19606.00
October	15827.00
November	9158.00
December	8004.00
Total	719 464.78

SUMMARY

Total Amount Received in year 2013	E905,533.00
Less Total Deposits at Bank	(E719 464.78)
Received Amount not deposited at bank	(E186 068.22)
Less deposits at SPTC in year 2012	(E 2 480.00)
Less SPTC receipts not reflected in the SPTC batch list	(E 13 864.00)
Total receipts not deposited in the bank	E169 724.22

The controlling officer, in his response, stated that some parents never brought SPTC receipts to the school for receipting, whilst SPTC deposited a lesser amount of E14 664.00, and further assured me that this issue was being followed.

The response was not satisfactory since the concerns raised were not rectified.

Zondle School Feeding

I drew the attention of the Controlling Officer that a consignment of food stuffs that were delivered at the school, for Zondle feeding scheme, were stolen and not recovered.

The details, as per the records were summarized as follows:

Type of food	Total number of units delivered	Total number of units missing	Total units consumed by pupils
Maize	288 x 50 kg	45 x 50 kg	243 x 50 kg
Rice	49 x 50 kg	28 x 50 kg	21 x 50 kg
Beans	49 x 50 kg	28 x 50 kg	21 x 50 kg
Cooking oil	6 x 20 Litres	None	6 x 20 Litres
Peanut Butter	2 x 20 kg	None	2 x 20 kg

Minutes of the School Committee, dated 27-10-2014, revealed that the Chairperson reported to the Members that the Head teacher reported, to him, that food consignments had gone missing in the school, as per minutes dated 1-11-2014, the Chairperson reported that an instruction was issued by the Regional Education Office’S (REO) Office requesting a report on missing food consignment, and committee members compiled the report as follows:

- 28 x 50kg bags of rice
- 28 x 50kg bags of beans
- 45 x 50kg bags of maize

These food items went missing over the school holidays, as per the school committee minutes, and no Police Report was produced. The Committee Members resolved that the Head teacher and the Grounds man should replace the missing food because both of them were responsible for the keys to the store room.

Below are the delivery notes, which were produced at the school, pertaining to Zondle School Feeding:

Delivery Note	Dated	Type of food Delivered	Quantity Received
24	2-7-2014	White Maize 50kg	99
	2-7-2014	Rice 50kg	26
	2-7-2014	Beans 50kg	26
	2-7-2014	Cooking Oil 20lt	4
	2-7-2014	Peanut Butter 20kg	1
Receipt No.3331	3-7-2014	White maize 50kg	49
Receipt No.3334	3-7-2014	White maize 50kg	50
Receipt No.5333	13-11-2014	White maize 50kg	45
Delivery Note No. 878	13-11-2014	Rice 50kg	23
Delivery Note No. 878	13-11-2014	Beans 50kg	23
Delivery Note No. 878	13-11-2014	Cooking Oil 20lt	2
Delivery Note No. 878	13-11-2014	Peanut Butter 20kg	1
Delivery Note No. 197	13-11-2014	White maize 50kg	45

There was no adherence to the Stores Regulations Part I section 0605, which states that tally cards should be maintained for each item of stores held in stock, therefore food items purchased for Zondle School Feeding were not recorded and the stock levels were not monitored.

Food items as well as cleaning material should be recorded in tally cards so they can be easily managed. They should be updated as soon as a receipt or issue of stock takes place.

The controlling officer in his response pleaded that he should not be held liable for this matter, since he had taken the initiative to report the issue to the school committee, and when he started on investigations, the grounds man escaped to his home country- Mozambique.

Cheque Payments Supported with Cash Receipts of Pen Carbon Book

Cheque payments drawn for maintenance expenditure were supported with unstamped carbon book cash receipts, and there was no evidence that these were the suppliers' cash receipts. Over and above that, petty cash vouchers signed by the supplier, head teacher, and school chairman, were not attached to confirm the payments.

The receipts only reflected a lump sum payment to the supplier without any form of job card to quantify the service provided.

The Schools Accounting Regulations paragraph 13.0 states that there should be a supporting voucher for each item of expense. The payments regarding Maintenance and amounting to E81,100-00 are illustrated below:

Cheque No.	Date of Cheque	Amount Paid (E)	Payee	Description of Payment in cash receipt	Cash Receipt No.
3183	24-1-2013	3,200.00	Phumlani G.Kunene	Clearing trees	33 dated 24-1-2013
				Growing around	
				Teachers quarters	
3187	26-1-2013	4,500.00	Nelson Simelane	Cutting small trees around the school and teachers quarters	51 dated 26-1-2013
3199	31-1-2013	2,000.00	Mboni M.Dlamini	Maintaining teachers toilets	22 dated 31-1-2013
3195	15-2-2013	4,300.00	Phumlani G. Kunene	Fixing new poles for goalkeepers	34 dated 15-2-2013
3201	16-2-2013	3,300.00	Mashaba Nkosingiphile	Maintaining teachers toilets	22 dated 31-1-2013
3202	18-2-2013	5,300.00	Mboni M.Ntiwane	Maintaining blockage on boys and girls toilets and substations	23 dated 18-2-2013
3203	19-2-2013	3,400.00	Machava Antonio	Welding school chairs,frames and fitting tops	11 dated 19-2-2013
3331	5-8-2013	3,000.00	Vusumuzi Bhembe	Paving school yard	10 dated 5-8-2013
3473	4-4-2014	1,500.00	Mcolisi Mavuso	Maintaining school hall	15 dated 4-4-2014
3491	17-4-2014	3,800.00	Sifiso Matsebula	Maintaining toilets	19 dated 17-4-2014
3416	21-2-2014	3,200.00	Ncamiso Tfumbatsa	Cutting grass In the borehole site and outside the school	26 dated 21-2-2014

Cheque No.	Date of Cheque	Amount Paid (E)	Payee	Description of Payment in cash receipt	Cash Receipt No.
3205	26-2-2013	3,000.00	Edward Mondlana	Digging out big stones on the sport ground. On 23-3-2012, New Horsings Investments was paid an amount of E16, 500-00 by cheque number 2982 to level the sports ground. The payment covered ground levelling, earthwork, Truck loading, labour and supervision. It was therefore not clear why was E3,000-00 paid since the work had been done by New Horsings Investments	46 dated 26-2-2013
3218	5-3-2013	3,700.00	Phumlani Kunene	Clearing Sports field	35 dated 5-3-2013
3220	6-3-2013	5,300.00	Ntiwane Mboni	Maintaining french drain for the kitchen	24 dated 6-3-2013
3225	7-3-2013	5,000.00	Nelson Simelane	Cleaning the bush near the school	52 dated 7-3-2013
3230	11-3-2013	4,600.00	Edward Mondlane	Fixing and Fitting school fence	05 dated 11-3-2013
3232	12-3-2013	4,500.00	Machava Antonio	Welding the school gate	13 dated 12-3-2013
3240	18-3-2013	4,300.00	Ntiwane Mboni	Maintaining sustains for boys and girls	25 dated 18-3-2013
3252	30-4-2013	8,000.00	Vusumuzi Bhembe	Paving school yard	07 dated 30-4-2013
3258	14-5-2013	2,000.00	Phumlani Kunene	Cutting grass in sport field and school yard	49 dated 19-6-2013
3286	19-6-2013	3,200.00	Mboni Ntiwane	Maintaining Teachers toilets	57 dated 19-6-2013
Total		81,100.00			

In the absence of legitimate receipts, it is difficult to authenticate whether the service paid for was actually rendered in the school, especially when over the counter receipts are used to support payments.

In his response, the accounting officer stressed that the receipts were submitted by the suppliers, since the school never makes payments until suppliers draw receipts. He also mentioned that the chairman never signs receipts issued by suppliers. The response was silent about the receipts not having been stamped by the suppliers to prove ownership.

It should be noted that without endorsement, by the supplier, cash slips cannot be accepted to be authentic because open cash slips are risky and open to abuse. Therefore unless the receipts are properly endorsed the expenditure is deemed to be unaccounted for.

Unsupported Cheque Payments

One of the requirements stipulated in the school payment voucher is that a supporting invoice or receipt should be attached to the payment voucher, yet only the cheques depicted below were attached the School Payment Voucher without invoices, therefore the description of items purchased were not known.

The total amount paid was E22, 305-65, as illustrated below:

Cheque No.	Date of Cheque	Amount Paid (E)	Payee	Description of Payment in receipt
3184	25-1-2013	2,200.00	Msolombane Tfumbatsa	Maintenance
3196	29-1-2013	2,250.00	Nkosingiphile Mashaba	Maintenance
3228	8-3-2013	4,400.00	Nkosingiphile Mashaba	-
3234	11-4-2013	4,300.00	Senzo Tfumbatsa	Maintenance
3243	11-4-2013	400.00	Jabulile R.Hleta	-
3334	6-8-2013	4,000.00	Moses Dlamini	Building
3407	20-2-2014	1,500.00	Fuzuwena Mavimbela	-
3441	10-3-2014	3,255.65	M.M.Stationery	Stationery
Total		22,305.65		

There was no convincing explanation forwarded by the controlling officer, instead he attached maintenance receipts, that were irrelevant to this finding.

Classroom Rentals

The school's classrooms were leased out to a number of private entities, especially during weekends and school holidays. The Head teacher could not find the record of the lessees and the auditors could only rely on a piece of paper he submitted written the names of the private entities, as well as the rentals they paid monthly.

The school violated Schools Accounting Regulations section 25.8 (VI), which states that "all schools are required to use the official form of receipt approved and issued by the Ministry". The Controls governing the issue of these official receipts are stringent and every receipt used must be accounted for.

It was only in December 2014 when one church, House of Mercy, was receipted an amount of E388-00 in the Schools official receipt book, receipt number 486753, dated 2-12-2014.

In his response; the controlling officer informed me that the monies collected as rent, were utilised before banking, to buy vegetables, kitchen utensils such as wooden spoons, and to

transport maize to be milled into samp and mealie meal. The response did not substantiate the expenditure because no records of such were produced.

Below is the list of entities submitted by the Headteacher:

Name of lessee	Period	Rental per month (E)
House of Mercy	August 2013 to December 2013	300.00
	Year 2014	400.00
Life in Christ Ministry	May 2012 to December 2012	300.00
	Year 2014	400.00
Message Believers	April 2013 to December 2013	300.00
	Year 2014	300.00
Present of Christ	August 2013 to December 2013	300.00
	Year 2014	300.00
Old Apostle	May 2012 to December 2012	300.00
	Year 2014	400.00
Dlamini Church	Year 2013	300.00
Total		3 600.00

Petty Cash

The school drew cash cheques to cater for the school's petty cash expenses, but the cash drawn was not kept securely in a lockable tin box, as per requirement of Schools Accounting Regulations section 14.0, instead the Head teacher kept the cash himself, after it had been drawn from the bank.

Schools Accounting Regulations 14.0 also stresses that the school should arrange to have a Petty Cash Float, the amount of which will be agreed by the School Committee or Manager but which should not exceed E500, but the head teacher withdrew monies more than the set limit, without any authority from the school committee.

The petty cash was not replenished, as per requirement of Schools Accounting Regulations section 14.6 and 14.8. That is, as the amount of the cash of the float reduces it becomes necessary to top this by the total vouchers held. Hence the management of the petty cash did not conform to the Schools Regulations.

Illustrated below, are cash cheques that were not fully supported.

Cheque No.	Dated	Payee	Cheque Amount	Attachments Amount	Amount Unaccounted for
3179	18-1-2013	Cash	1500.00	1470.00	30.00
3180	19-1-2013	Cash	1500.00	1405.85	94.15
3204	20-2-2013	Cash	2000.00	1970.00	30.00
3236	14-3-2013	Cash	4000.00	3800.00	200.00
3242	10-4-2013	Cash	500.00	480.00	20.00
3264	29-5-2013	Cash	800.00	670.00	130.00
3269	5-6-2013	Cash	1800.00	1770.00	30.00
3274	12-6-2013	Cash	1000.00	906.00	94.00
3328	30-7-2013	Cash	1362.00	1342.00	20.00
3362	10-10-2013	Cash	1000.00	959.60	40.40
3376	13-11-2013	Cash	300.00	270.00	30.00
3374	1-11-2013	Cash	700.00	631.90	68.10
Total			16,462.00	15,675.35	786.65

Overriding of the above mentioned controls can result to an abuse of school funds.

Payments of Telephone Bills

The head teacher made pre-payments for telephone bills, and the payments were based on estimations, which led to an overpayment of E4 565.58 in 2013 and E2 848.52 in 2014, respectively.

Payments of Telephone Bills for the year 2013 are illustrated below:

Invoice Number	Date of Invoice	Telephone No.	Charges of Telephone Calls (E)	Amount Paid (E)	Cheque No.	Date of Cheque
101920734	31-1-2013	26825052818	100.93	NIL	-	-
101948495	28-2-2013	26825052818	100.93	NIL	-	-
101976198	31-3-2013	26825052818	100.93	NIL	-	-
102003916	30-4-2013	26825052818	100.93	NIL	-	-
102031959	31-5-2013	26825052818	100.93	NIL	-	-
102059769	30-6-2013	26825052818	100.93	5,777.99	3291	24-6-2013
102074128	31-7-2013	2682502818	164.71	NIL	-	-
102101933	31-8-2013	26825052818	230.37	NIL	-	-
102129546	30-9-2013	26825052818	301.44	NIL	-	-
102210611	31-10-2013	26825052818	277.17	900.00	3359	14-10-2013
102238381	30-11-2013	26825052818	361.90	NIL	-	-
102266221	31-12-2013	26825052818	171.24	NIL	-	-
		TOTAL	2,112.41	6,677.99		

Payments of Telephone Bills for the year 2014 are illustrated below:

Invoice Number	Date of Invoice	Telephone No.	Charges of Telephone Calls (E)	Amount Paid (E)	Cheque No.	Date of Cheque
102294182	31-1-2014	26825052818	408.94	800.00	3398	31-1-2014
102322216	28-2-2014	26825052818	522.79	NIL	-	-
102349906	31-3-2014	26825052818	818.08	1,000.00	3445	10-3-2014
102376764	30-4-2014	26825052818	530.17	NIL	-	-
102404089	31-5-2014	26825052818	531.64	NIL	-	-
102431262	30-6-2014	26825052818	642.49	1,000.00	3503	10-6-2014
		26825052818		258.70	3504	17-6-2014
102458271	31-7-2014	26825052818	792.13	2,000.00	3539	18-7-2014
102511683	31-8-2014	26825052818	597.99	NIL	-	-
102591874	30-9-2014	26825052818	719.02	1,500.00	3564	19-9-2014
102619186	31-10-2014	26825052818	1,146.83	1,000.00	3579	15-10-2014
		26825052818		1,000.00	3590	10-11-2014
102672987	30-11-2014	26825052818	1,216.10	2216.00	3611	23-12-2014
Total			7926.18	10774.70		

At the time of the audit efforts to recover the overpayments had not been made, yet the funds could have been utilised for the benefit of the school.

The head teachers response was unsatisfactory, since he stated that telephone bill invoices are delayed by two months, so they paid in advance to avoid switch offs, yet the post office never cuts off its services before an invoice is issued.

Bank Overdraft

The Headteacher issued cheque exceeding the balance held at the school bank account which resulted in bank overdrafts, without an authority.

The Schools Accounting Regulations section 7.3 states clearly that “it is a serious offence to write a cheque when there are insufficient funds in the current account, since the bank charges for this are penalising and the integrity of the school is tarnished”.

Bank charges amounted to E13,995-27 and E9,976-46 for the years 2013 and 2014, respectively.

The bank overdrafts are illustrated below:

Date	Cheque No.	Available Balance (E)	Cheque Amount (E)	Bank Balance (E)
18-3-2013	3237	4005.61	4948.01	942.40 DR
11-2-2013	3197	122.71	1700.00	1577.29 DR

In his response, the head teacher indicated that these overdrafts were a result of bank charges applied without the schools knowledge, which reflected poor management of the school funds, since charges for the bank of their choice should be known to the school.

School Committee Allowance

The School Committee minutes for a meeting that was held on 8-1-2014; revealed that the Headteacher reported that members had not been getting their transport allowances, for attending school committee meetings and said they should be paid what was due to them.

I am not aware of any instrument that authorizes school committee members to receive transport allowances. The allowances were not budgeted for, so funds that were meant for other school needs were misappropriated.

Depicted below are School Committee Members who received transport fees for attending committee meetings:

Cheque No.	Date	Amount (E)	Payee	Details of payment
3427	7-3-2014	400.00	Busisiwe T.Dlamini	Dlamini Busisiwe transport fee for attending committee meetings
3429	8-3-2014	400.00	Zungu Siphon	Zungu Siphon transport fee for attending committee meetings
3428	8-3-2014	400.00	Nkosinathi Bhembe	Bhembe Nkosinathi transport fee for attending committee meetings
3430	8-3-2014	400.00	Ndzinisa Richard	Ndzinisa Richard
3431	8-3-2014	400.00	Magagula Samkelisiwe	Magagula Samkelisiwe
3433	8-3-2014	800.00	Mavuso Johannes	Transport fee for attending school committee meetings
Total		2,800.00		

Minutes of the School Committee meeting held on 19-6-2014, however, revealed that the Head teacher reported to the Committee members that the transport fees for attending school meetings were not allowed, instead members should get something to drink e.g.tea. The Committee Members agreed to cooperate, in this regard.

It was disturbing to note that payments of transport fees for attending school committee meetings were again made to the following School Committee Members:

Cheque No.	Date	Amount (E)	Payee	Details of payment
3518	26-6-2014	100.00	Mavuso Johannes	Mavuso Johannes transport fee for attending School Committee meetings
3519	26-6-2014	100.00	Sipho Zungu	Zungu Sipho transport fee for attending school committee meetings
3520	26-6-2014	100.00	Nkosinathi Bhembe	Bhembe Nkosinathi transport fee for attending school committee meeting
3521	26-6-2014	100.00	Samkelisiwe Magagula	Samkelisiwe Magagula transport fee for attending school committee meeting
3522	26-6-2014	100.00	Richard Ndzinisa	Ndzinisa Richard transport fee for attending school committee meeting
Total		500.00		

The head teacher failed to justify his actions.

School Uniform

In the year 2013 only three students paid for T-shirts with a total amount of E192-00, yet payments made towards uniforms amounted to E8 780.00. This means that a total of E8 588.00 was diverted from the school fund.

Below are tables illustrating the amounts received from pupils and amount paid for uniforms:

The School Receipt Book:

Receipt No.	Date	Name of Pupil	Grade	Amount Paid (E)	Description
356952	17-1-2013	Dose Rivaldo	5A	70.00	T-Shirt
356956	21-1-2013	Motsa Falakhe	7	62.00	T-Shirt
356957	21-1-2013	Nkambule Thabiso	5	60.00	T-shirt
Total				192.00	

School Uniform Payments:

Cheque No.	Date	Amount (E)	Payee	Description
3326	23-7-2013	3,780.00	Temahlanti Dressmaker	54 school T-shirts @ E70-00 each. This was reflected in invoice no.11 dated 22-1-2013
3308	9-7-2013	5,000.00	Burning Bush	Tracksuits. (Received in Receipt No.6529 Dated 9-7-2013)
Total		8,780.00		

No record was maintained where the recipients signed to acknowledge the receipt of T-Shirts.

The head teacher stated that twenty tracksuits and fifty four T-shirts were purchased under the Voice of the Churches (VOC) programme, and this was deemed, an unsatisfactory response because these were not donations, but school funds were used to pay for the T- shirts.

School Trip

In the year 2014 the school had an educational trip to Durban, for which they departed on the 19th August 2014. The pupils and teachers were booked for accommodation at the Durban Sands Hotel for four nights. Each pupil was expected to pay E1, 600-00 for the trip, and the money was receipted in a pen carbon book. The total amount receipted was E57,417-00 as illustrated below:

Receipt No.	Date	Name of Pupil	Grade	Amount Paid (E)	Balance (E)
1	11-3-2014	Mbuli Nolwethu	6B	1,000.00	600.00
2	25-3-2014	Khumalo Zama	-	300.00	1,300.00
3	25-3-2014		-	300.00	1,300.00
4	31-3-2014	Msimango Silindile / Bandile	7B	300.00	1,300.00
5	4-4-2014	Vilakati Senamile	7B	300.00	1,300.00
6	7-4-2014	Dlamini Simangaliso	7A	400.00	1,200.00
7	7-4-2014	Zwane Asande	6C	300.00	1,300.00
8	15-4-2014	Mashaba Andiswa	7A	300.00	1,300.00
9	14-5-2014	Tsabedze Mbalenhle	7A	400.00	1,200.00
10	22-5-2014	Mkhabela Nokuphila	6C	300.00	1,300.00
11	23-5-2014	Nxumalo Tebenguni	6A	400.00	1,200.00
12	27-5-2014	Gumedze Nokwanda	-	400.00	1,200.00
13	27-5-2014	Wamukelo Mtsetfwa	-	300.00	1,300.00
14	23-5-2014	Manyatsi Siphesihle	6C	300.00	1,300.00
15	26-5-2014	Khumalo Lwazi	-	600.00	700.00
16	26-5-2014	Khumalo Zama	-	600.00	700.00

Receipt No.	Date	Name of Pupil	Grade	Amount Paid (E)	Balance (E)
17	2-6-2014	Gumedze Nokwanda	-	300.00	1,300.00
18	2-6-2014	Mtsetfwa Wamukelo	-	300.00	1,300.00
19	2-6-2014	Vilakati Senamile	7B	300.00	1,100.00
20	2-6-2014	Fakudze Tsepo	6B	500.00	1,100.00
21	2-6-2014	Fakudze Pitso	6A	500.00	1,100.00
22	2-6-2014	Fakudze Tsepiso	5B	500.00	1,100.00
23	3-6-2014	Masimula Busisiwe	6B	500.00	1,100.00
24	14-6-2014	Ndzimandze Sihle	7A	300.00	1,300.00
25	16-6-2014	Msimango Balindile	7B	400.00	900.00
26	18-6-2014	Shabangu Ketso	7	1,600.00	NIL
27	-	Cancelled – Original Receipt not attached			
28	19-6-2014	Nkomo Phelele	7B	300.00	1,300.00
29	-	Cacelled			
30	23-6-2014	Hlatshwako Phelele	7B	300.00	1,300.00
31	23-6-2014	Zwane Asanda	6C	500.00	800.00
32	26-6-2014	Dlamini Ncamiso	5C	200.00	1,400.00
33	26-6-2014	Mrs Ncobile Mthembu	-	600.00	500.00
34	27-6-2014	Shongwe Khulekani	5B	1,600.00	NIL
35	27-6-2014	Mkhabela Nokuphila	6C	200.00	1,100.00
36	27-6-2014	Dvube Noncedo	6C	1,600.00	NIL
37		Duplicate Receipt blank			
38	Cancelled				
39	30-6-2014	Khumalo Zama	-	600.00	100.00
40	4-7-2014	Mtsetfwa Samkelo	-	1000.00	NIL
41	30-6-2014	Zwane Nkululeko	6C	700.00	900.00
42	28-6-2014	Ndzimandze Sihle	-	600.00	700.00
43	3-7-2014	Malindzisa Bongani	6B	300.00	1,300.00
44	3-7-2014	Fakudze Tsepo	-	334.00	766.00
45	3-7-2014	Fakudze Pitso	-	333.00	767.00
46	3-7-2014	Fakudze Tsepiso	-	300.00	500.00
47	4-7-2014	Zwane Asande	-	300.00	500.00
48	7-7-2014	Tsabedze Mbalenhle	-	500.00	700.00
49	7-7-2014	Lindelwa Mkhathjwa	-	600.00	1,000.00
50	7-7-2014	Manyatsi Siphesihle	-	300.00	1,000.00
51	7-7-2014	Dlamini Nkosephayo	-	200.00	1,400.00
52	7-7-2014	Maziya Sibahle	-	1,000.00	600.00
53	8-7-2014	Mavuso Khethinlanhla	-	200.00	1,400.00

Receipt No.	Date	Name of Pupil	Grade	Amount Paid (E)	Balance (E)
54	8-7-2014	Sihlongonyane Siviwe	3	300.00	1,300.00
55	8-7-2014	Dlamini Simangaliso	7A	300.00	900.00
56	8-7-2014	Cebile Msibi	6B	1,600.00	NIL
57	9-7-2014	Temasiko Dlamini	6B	300.00	1,300.00
58	9-7-2014	Bongumenzi Maseko	-	1,600.00	NIL
59	10-7-2014	Nxumalo Mphumalanga	6C	1,600.00	NIL
60	11-7-2014	Nxumalo Tebenguni	-	400.00	800.00
61	10-7-2014	Masimula Busisiwe	-	450.00	650.00
62	11-7-2014	Mshini Samuel	4A	200.00	1,400.00
63	15-7-2014	Shabangu Lindelwa	5A	300.00	1,300.00
64	16-7-2014	Msimango Silindile	7B	300.00	600.00
65	16-7-2014	Duplicate cancelled-Original not attached			
66	16-7-2014	Simelane Sindiswa	-	300.00	1,300.00
67	17-7-2014	Malindzisa Bongane	-	500.00	800.00
68	18-7-2014	Nhleko Mpila	6C	1,600.00	NIL
69	29-7-2014	Manyatsi Siphesihle	6C	700.00	NIL
70	18-7-2014	Hlatshwako Phelele	7B	1,000.00	300.00
71	21-7-2014	Dlamini Khetselo	7A	1,600.00	NIL
72	21-7-2014	Mthembu Ncobile	-	200.00	300.00
73	23-7-2014	Mkhatshwa Majaha	6B	1,600.00	NIL
74	23-7-2014	Gumedze Nokwanda	-	1,000.00	NIL
75	23-7-2014	Motsa Lindelwa	7A	1,600.00	NIL
76	24-7-2014	Nxumalo Tebenguni	-	400.00	400.00
77	24-7-2014	Zwane Asande	7A	500.00	NIL
78	28-7-2014	Nkambule Mbali	6A	1,000.00	400.00
79	28-7-2014	Zwane Nkululeko	6C	600.00	300.00
80	28-7-2014	Dlamini Ncamiso	5C	1,000.00	400.00
81	28-7-2014	Manyatsi Sphesihle	6C	300.00	700.00
82	-	Duplicate Receipt Blank			
83	31-7-2014	Nxumalo Nomvuselelo	7A	500.00	400.00
84	28-7-2014	Mthupha Simisile	7B	1,000.00	600.00
85	28-7-2014	Tsabedze Mbalenhle	7A	200.00	500.00
86	28-7-2014	Tsabedze Mbalenhle	7A	200.00	500.00
87	4-8-2014	Senamile Vilakati	7B	300.00	800.00
88	4-8-2014	Msimango Balindile	7B	600.00	NIL
89	5-8-2014	Maziya Sibahle	5B	600.00	NIL
90	6-8-2014	Maziya Nonjabulo	7A	1,600.00	NIL

Receipt No.	Date	Name of Pupil	Grade	Amount Paid (E)	Balance (E)
91	6-8-2014	Malindzisa Bongani	6B	800.00	NIL
92		Original Receipt does not reflect amount paid			
93	7-8-2014	Sikhondze Thubelihle	5C	1,000.00	600.00
94	7-8-2014	Dlamini Siphosethu	5C	1,400.00	200.00
95	8-8-2014	Simelane Sindiswa	-	1,300.00	NIL
96	11-8-2014	Nxumalo Tebenguni	6	400.00	NIL
97	12-8-2014	Mtfupha Simisile	7B	600.00	NIL
98	11-8-2014	Masimula Busisiwe	6B	300.00	350.00
99	11-8-2014	Dlamini Simangaliso	7A	400.00	NIL
100	11-8-2014	Nkomo Musa	7B	700.00	NIL
Total				57,417.00	

The School Committee minutes, for a meeting held on 8-3-2014, revealed that the School Committee requested a sum of E10, 000-00 from the school fund, to secure a place in the hotel in Durban. The amount of E10, 000-00 was drawn by cheque no.3465, dated 26-3-2014. Therefore the total income for the trip was **E67,417-00, (E57 417.00 + E10 000.00)**.

According to the trip's financial statement; money collected for the trip, amounted to E96, 375.00, yet the collections supported, amounted to E67,417.00, which meant that a total of E28 958.00 collected, was not brought to books.

Over and above that, total expenditure incurred for the trip amounted to only E89, 279.28, yet the financial statement confirmed that E96 375.00 was collected, so a variance of E7 095.72 was left un-accounted for. Its use was not known.

The breakdown of the amount of E96-375-00 is illustrated below:

INCOME

<u>Number of Pupils</u>	<u>Rate per Person</u>	<u>Total Collected</u>
46 pupils	@ E1600 each	E73 600-00
6 pupils	varying amounts	E 7 110-00
Top up from school	-	E10,000-00
Fundraising	-	E 4 865-00
Payment (1 teacher)	-	E 800-00
Grand Total		E96 375-00

Documents submitted, pertaining to expenditure for the trip, amounted to E89,279-28 as illustrated below:

Cheque No.	Date	Amount (E)	Payee	Description of payment
Cheque No.3465	26-3-2014	10, 000.00	Flexi Club Africa Markerting	1st Instalment payment – Education Excursion to Durban -19 th to 23 rd August 2014
Receipt No. 0293 -06-2014	21-6-2014	6,000.00	Flexi Club Africa Marketing	Part of 1 st Instalment payment – Education Excursion to Durban -19 th to 23 rd 2014. (Cash payment)
Receipt No. 0174/07/2014	8-7-2014	10,000.00	Flexi Club Africa Marketing	Part of 1 st Installment payment - Educational Excursion to Durban -19 th to 23 rd August 2014
Cash Receipt no.17	10-7-2014	4,000.00	Lokuhle Transport	Transport to Durban
Cash Receipt No.34	17-7-2014	6,000.00	Lokuhle Transport	Transport to Durban on the 19 th to 23 rd August 2014
Cash Receipt No.70	-	1,000.00	Lokuhle Transport	Transport to Durban
Cash Receipt no.69	18-8-2014	4,000.00	Lokuhle Transport	Transport to Durban
Receipt No. 04140/07/2014	31-7-2014	6,000.00	Flexi Club Africa Marketing	Part of instalment payment - Educational Excursion to Durban -19 th to 23 rd August 2014. (cash payment)
Tax invoice No.23	1-8-2014	3,000.00	Incent Jacksom	Flyers Distributors & Marketing Promotions (cash payment)
0358-08-2014	18-8-2014	14,157.50	Flexi Club Africa Marketing	Final payment -Educational Excursion to Durban -19 th to 23 rd August 2014.(Cash payment)

Cheque No.	Date	Amount (E)	Payee	Description of payment
336-07-2014	25-7-2014	5,000.00	Flexi Club Africa Marketing	Part of 1 st instalment-Educational Excursion to Durban -19 th to 23 rd August, 2014
Cash Receipt No.64	12-8-2014	10,000.00	Lokuhle Transport	Transport to Durban
Tax Invoice	20-8-2014	623.10	Seapoint Super Spar	Grocery items
Tax Invoice	20-8-2014	337.00	MacDonald's Old Fort	Grocery items
Tax Invoice	20-8-2014	1,899.90	Mc Donald's Old Fort	Grocery items
Tax Invoice	21-8-2014	2,660.30	Garlitos Wheel	Grocery items
Tax Invoice	21-8-2014	1,180.00	Durban Sands	59 - People Bring & Brai
Receipt	-	404.10	Thembeke Meats	Beef brisket wors brai
Tax Invoice	21-8-2014	359.80	Seapoint Super Spar	Grocery items
Tax Invoice	22-8-2014	1,410.10	(Payee not clear)	Food for 59 people
Tax Invoice	20-8-2014	442.23	Ushaka Kwilespar	Grocery items
Receipt	22-8-2014	53.19	Ushaka Kwikspar	Grocery items
Receipt	21-8-20014	199.40	Ushaka Kwilespar	Grocery items
Receipt	23-8-2014	267.19	Ushaka kwilespar	Grocery items
Receipt	20-08-2014	275.47	Ushaka kwilespar	Grocery items
Receipt	20-08-2014	10.00	Ushaka Kwilespar	Grocery items
Total		89,279.28		

The head teacher stated that proof of payments for car hire in Durban, and E50.00 allowances given to students for lunch were attached, yet these were not found during the examination, of the records.

School Financial Report as at 31st October,2013

The Financial Statement that was availed for Audit purposes did not reflect a true position. I concluded that it was deliberately made to deceive the financiers of the school that the funds were used efficiently and for the purposes intended.

The balance carried down, amounting to E6852-86, was equal to the balance reflected by the bank statement as at the end of October 2013, however some amounts reflected in the Financial Report were understated and others overstated so as to balance with the bank statement. The forgery of records to conceal the true state of affairs should not be taken likely, and it is tantamount to fraud.

Illustrated below is the financial report prepared by the school versus figures calculated by auditors:

	School Figures	Audit Figures
Opening balance	347,56 DR	347,56 Dr
Deposits	702,302.78	702,302.78
Gross Income	701,955.22	701,955.22
Expenditure		
Building Material	113,028.94	102,583.96
Home Economics	19,398.50	19,799.50
Stationery	84,764.05	72,318.00
Equipment	37,195.00	18,730.00
Uniform	8,780.00	8,780.00
Transport	6,600.00	8,700.00
Cleaning material	107,150.00	95,355.53
Agriculture	5,818.95	5,818.95
Sports	6,550.00	7,750.00
Salary	79,416.40	96,954.20
Maintenance	93,397.76	127,477.28
Cash payments	27,362.00	29,862.00
Zondle	38,612.00	49,712.00
Refund	7,860.00	1,700.00
Examination	35,442.00	35,442.00
Utility (Telephone & Electricity)	11,977.99	13,677.99
Bank charges	11,748.77	13,995.27
Total Expenditure	695,102.36	708,656.68
Balance c/d	6,852.86	6,701.46

SUMMARY of FINDINGS

- Building material was overstated by E10, 444.98
- Stationery, overstated by E12, 446.00
- Equipment overstated by E18, 465.00
- Cleaning material overstated by E11, 794.47
- Refund overstated by E6, 160.00
- Home Economics was understated by E401.00
- Transport understated by E2, 100.00
- Sports understated by E1, 200.00
- Salaries understated by E17, 537.80
- Maintenance understated by E34, 079.52
- Cash payments understated by E2, 500.00
- Zondle understated by E11, 100.00

Utility (Telephone & Electricity) understated by E1, 700.00

Bank charges understated by E2246.50

Stakeholders who relied on these financial statements to make any financial decisions were misled, since the financial statements did not reflect a true and fair view of the schools financial position.

Overpayment

Cheque no.3529, dated 9-7-2014, amounting to E1, 400.00, was paid to a certain individual. An invoice, dated 5-8-2013, amounted to E1,200.00. There was therefore an overpayment of E200.00.

In his response, the head teacher stated that the extra E200.00 was a payment for vegetables, yet no supporting documents were attached to confirm so, and at the time of the audit. No documentary evidence was available to show that confirm monies were recovered.

The Controlling Officer did not respond to my reference sheet at the time of reporting. The Controlling Officer therefore, violated the Financial and Accounting Instruction number 0315 (ii) that states “It is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

Mphofu High School

An audit inspection was conducted at the above-mentioned school for the 2014 school year and a report, referenced PIOB Vol. IX/24, dated 24th September 2015, was issued to the Principal Secretary, Ministry of Education and Training.

The Controlling Officer did not address the following concerns:

Unsupported Payments

I communicated to the Controlling Officer that cheque payments, amounting to **E107 990.00**, did not have any supporting documents, such as invoices of receipts, attached to them, except for the school payment vouchers.

The relevant supporting documents are required to authenticate the expenditure. This practice was a violation of Section 13.0 of the Schools Accounting Regulations, which states that the Head Teacher will record all expenditure incurred by the schools and ensure that there is supporting vouchers for each item of expense.

It should be noted that the payment voucher instructs that a supporting invoice or receipt should be attached to the payment voucher. I have noted that schools often ignore this Instruction.

It is worth mentioning that concealing the details of expenditure poses a high risk since the funds could be used for purposes not related to the school needs, which is tantamount to misappropriation of funds. The authenticity of the expenditure could not be easily ascertained on the following transactions because of lack of supporting documents.

Unsupported Payments;

Date	Cheque No.	Payee	Item Description	Amount (E)	Designation
26.03.14	5294	Tsabedze Andreas	Builder	6,000.00	
25.03.14	5295	Alize Mtetwa	Culture Day	5,000.00	Teacher
28.03.14	5296	Dlamini Vini	Wiring Teachers Quarters	5,000.00	
31.03.14	5301	Tsabedze Phumzile	Petty cash	3,000.00	Secretary
03.04.14	5303	Mlotshweni Investments	Unknown	2,305.00	
04.04.14	5305	Khoza Elson	Agriculture Seedlings	850.00	
07.04.14	5307	Mhlanga Lungile	Unknown	920.00	
07.04.14	5309	Khoza France	Plumber	1,400.00	
08.04.14	5310	Dlamini Vini	Electrician	250.00	
08.04.14	5314	Shongwe Bonginkosi	Unknown	400.00	
14.04.14	5316	Emacusi Catering	Sports	1,820.00	
15.04.14	5326	Dlamini Nathi	Petty Cash	2,000.00	Security
30.04.14	5333	Dlamini Nathi	Petty Cash	4,000.00	Security
14.05.14	5339	Swazi post	Electricity	3,500.00	
14.05.14	5340	Dlamini Nathi	Petty cash	2,000.00	Security
22.05.14	5344	Khuba traders	Plumbing Material	3,500.00	
28.05.14	5354	Ginindza Thembisile	Petty Cash	1,500.00	Teacher
28.05.14	5355	Ginindza Thembisile	Sports	1,500.00	Teacher
30.05.14	5357	Majozi Investments	Computer in secs office	5,300.00	
04.06.14	5363	Dlamini Vini	Electric Maintenance	600.00	
16.06.14	5373	Nathi Dlamini	Petty Cash	2,000.00	Security
25.06.14	5398	Masilela Sithembile	Transport for H.E	700.00	H.E. Head Of Dept.
25.06.14	5400	Nxumalo Malamlela	Transport for H.E	700.00	Teacher
02.07.14	5402	Isiphiwo Bus Service	N/A	2,000.00	
02.07.14	5404	Tsabedze Phumzile	Petty Cash	2,100.00	Secretary
02.07.14	5405	Tsabedze Phumzile	N/A	2,000.00	Secretary
16.07.14	5414	Mlipha Thembi	Petty Cash	2,000.00	Teacher
29.07.14	5428	Khoza France	Plumber	1,000.00	
30.07.14	5429	Magagula Mandla	N/A	700.00	

Date	Cheque No.	Payee	Item Description	Amount (E)	Designation
28.07.14	5430	Dlamini Nathi	Petty cash	2,000.00	Security
18.08.14	5438	Magagula Lucky	N/A	1,910.00	Groundsman
13.08.14	5443	Masilela Sithembile	Transport for H E	700.00	H.E. Head Of Dept.
13.08.14	5445	Dlamini Nathi	Petty cash	2,000.00	Security
21.08.14	5446	Dlamini Mcolisi	N/A	8,731.00	
11.09.14	5452	Tsabedze Phumzile	petty cash	1,000.00	Secretary
16.09.14	5458	Dlamini Nathi	petty cash	2,000.00	Security
02.10.14	5475	Pick Yours Cash & Carry	N/A	7,105.00	
04.10.14	5476	Real Image Internet	N/A	2,999.00	
09.10.14	5478	Masilela Sthembile	N/A	1,000.00	H.E. Head Of Dept.
14.10.14	5481	Dlamini Nathi	N/A	3,000.00	Security
14.10.14	5482	Tsabedze Andreas	Builder	5,000.00	
22.10.14	5491	Dlamini Nathi	petty cash	2,000.00	Security
22.12.14	5536	Magagula Mfanawenkosi	N/A	4,500.00	
Total				107, 990.00	

I recommended that the accounting officer should, at all times, record all expenditure incurred by the school and ensure there is a supporting voucher with invoice/receipts attached, for each item of expense. Where expenses are paid for by cheque, as in this particular case; receipts, invoices and delivery notes are to be attached at the back of each cheque to support the payments, as per the requirement of Schools Accounting Regulations, section 13.

Un-authorized Cheque Payments

The Controlling Officer was made aware that the school made unlawful cheque payments of up to E28, 878.00, to school teachers employed by the Teaching Service Commission, on a permanent basis as well as the schools Secretary employed by the school, on permanent basis.

These payments were made in respect of examination invigilation fees, head of department allowances, oral recordings, bookshop allowances and transport for home economics, that led to these teachers being double paid.

There was no authority produced that entitled the teachers to these allowances, for activities carried out during the normal working hours.

Regarding transport allowances for Home Economics teacher, the Schools Accounting Regulations state clearly that government will pay transport allowances and schools are relieved of this expenditure.

There was no convincing justification given during the audit.

Below is a breakdown of the unauthorized payments:

Invigilation Fees

The Head teacher, Teachers and Secretary were paid invigilation fees, amounting to E5 725.00, by cheque number 5506.

The cheque drawn amounted to E 5,725.00, but only a total of E4,728.00 was accounted for with petty cash vouchers, thus a variance of E997.00, was not accounted for, as shown in the table below;

Invigilation Fees

Date	Petty Cash Voucher No.	Payee	Item Description	Designation	Amount (E)
07.11.14	7059	Dlamini Zanele	Invigilation Fee	Teacher	591.00
07.11.14	7060	Tsabedze Phumzile	Invigilation Fee	Secretary	591.00
07.11.14	7058	Mtetwa Alice	Invigilation Fee	Teacher	591.00
07.11.14	7057	Mamba Phumzile	Invigilation Fee	Teacher	591.00
06.11.14	7086	Dlamini John	Invigilation Fee	Head Teacher	591.00
07.11.14	7061	Bhembe Mncedisi	Invigilation Fee	Teacher	591.00
07.11.14	5758	Dlamini John	Invigilation Fee	Head Teacher	591.00
07.11.14	7062	Sibandze Lucky	Invigilation Fee	Teacher	591.00
Total					4,728.00

Teachers Paid Oral Recording Allowances

The teachers were paid oral recording allowances, amounting to E3 000.00 as shown in the table below;

Date	Cheque No.	Payee	Item Description	Amount (E)
10/11/2014	5507	Howe Martin Sifiso	Oral Recordings	500.00
10/11/2014	5508	Bhembe Nondumiso	Oral Recordings	500.00
10/11/2014	5508	Howe Martin Sifiso	Oral Recordings	500.00
10/11/2014	5509	Dlamini Zanele	Oral Recordings	500.00
10/11/2014	5509	Bhembe Nondumiso	Oral Recordings	500.00
10/11/2014	5509	Dlamini Zanele	Oral Recordings	500.00
Total				3,000.00

Teachers paid bookshop allowances

Date	Cheque No.	Payee	Item Description	Amount (E)
05.02.14	5226	Lukhele Sebenele Sayinile	Bookshop Allowance	1,500.00
05.02.14	5235	Mtetwa Alice	Bookshop Allowance	1,500.00
05.02.14	5497	Lukhele Sebenele Sayinile	Bookshop Allowance	1,500.00
05.02.14	5498	Mtetwa Alice	Bookshop Allowance	1,500.00
10/11/2014	5511	Lukhele Sebenele	Bookshop Allowance	1,500.00
10/11/2014	5511	Lukhele Sebenele	Bookshop Allowance	1,500.00
TOTAL				9,000.00

Authorization controls are put in place to prevent any individual, especially those who have access to school funds, from abusing or misappropriating monies meant for the development of the school.

Ignoring these controls mean that the opportunity for funds embezzlement is increased. I recommended that the Controlling Officer should ensure that all illegitimate payments/ claims are recovered from the individuals who benefited from this anomaly and schools should always adhere to the stipulated set of laws at all times.

At the time of reporting the anomalies were not rectified.

Insufficient Supporting Documents

The Controlling Officer was informed that cheque payments, amounting to E52 069.39 that were made to suppliers did not have all the required supporting documents. Only vouchers were attached to support the expenditure. Invoices/receipts were not attached to authenticate the expenditure.

Date	Cheque No.	Item Description	Amount (E)	Comments
06.02.14	5238	Welding	5,000.00	Unstamped receipt and invoice
04.03.14	5267	Transport for HE	600.00	No transport slip and no signatures on petty cash voucher.
14.04.14	5282	Electrician	300.00	No supporting petty cash voucher
21.03.21	5284	Sports Ground	455.00	No supporting petty cash voucher
07.04.14	5306	Fabricating Tank Stand	1,250.00	Unstamped invoice, no receipt
08.04.14	5311	Building Materials	4,230.80	No invoice and delivery note
14.04.14	5327	Fabricate & Install Tank Stand	5,764.15	Receipts not available
30.04.14	5330	Machine Service	8,808.54	No invoice
17.04.14	5331	Pellets	559.90	Receipts not available

Date	Cheque No.	Item Description	Amount (E)	Comments
03.07.14	5371	N/A	15,263.00	no invoice and delivery note
13/09/14	5453	Stationery	6,834.00	no invoice and delivery note
07.01.14	5186	Riversand	3,000.00	no receipt and delivery note
Total			52,065.39	

In the absence of the relevant supporting evidence, a payment is not considered to be adequately supported unless it has a fully completed payment voucher with all the details of payment supporting it. All the relevant documents such as invoice and receipts should be attached to the payment voucher, as per schools Financial and Accounting Regulations.

There could also be an uncertainty of the actual quantities and prices of the goods or services delivered to the school, particularly if delivery notes and invoices are not provided by suppliers.

I recommended that the accounting officer should ensure that the expenditure is fully accounted for. School payment vouchers, quotations, invoices, delivery notes and receipts should be attached for each item of expense, as per the requirement of Schools Accounting Regulations, 13.0, of 1992.

Proceeds from Egg Sales

The Controlling Officer was informed that eggs produced by the schools agriculture department were sold and monies collected and submitted to the school's Accounting Officer, amounting to **E4 125.00**, were neither receipted nor banked. The funds collected were not accounted for.

The record from the school's agriculture department revealed that the following sales, amounting to E4 125.00, were made.

Date	Name of Buyer	Quantity	Amount (E)
31.03.14	Mrs Tsabedze	20	20.00
31.03.14	Mrs Mamba	12	12.00
31.03.14	Mrs Nyoni	10	10.00
31.03.14	Mrs Tsabedze	30	30.00
01.04.14	Mrs Shiba	30	30.00
02.04.14	Happy Dlamini	50	50.00
03.04.14	Phindokuhle	1	1.00
04.04.14	Bongi Matfonsi	5	5.00
04.04.14	Mkhuleko Dlamini	3	3.00
04.04.14	Phindokuhle	1	1.00
05.04.14	Mrs Mtsetfwa	30	30.00
05.04.14	Nokuthula	30	30.00
05.04.14	Gcinile Ndlovu	4	4.00
07.04.14	Mrs Magagula	60	60.00

Date	Name of Buyer	Quantity	Amount (E)
07.04.14	Sinenhlanhla Malindzisa	25	25.00
07.04.14	Mrs Mnisi	30	30.00
07.04.14	Mrs Mamba	30	30.00
07.04.14	Mr M. Dlamini	12	12.00
07.04.14	Mr Nxumalo	5	5.00
07.04.14	Mr Magagula	30	30.00
07.04.14	Mr Nxumalo	20	20.00
07.04.14	Miss Lukhele	12	12.00
08.04.14	Nozipho Shiba	15	15.00
08.04.14	Masilela Celane	12	12.00
09.04.14	Nkambule Hleliwe	30	30.00
09.04.14	Celmusa	30	30.00
09.04.14	Mrs Tsabedze	10	10.00
10.04.14	Mrs Mtsetfwa	30	30.00
10.04.14	Masilela Celane	12	12.00
10.04.14	Mrs Tsabedze	20	20.00
11.04.14	Mrs Shiba	30	30.00
12.04.14	Mrs Shiba	30	30.00
12.04.14	Nipho Shiba	24	24.00
12.04.14	Thaba Shongwe	30	30.00
13.04.14	Buhle Magagula	6	6.00
14.04.14	Xelane	25	25.00
14.04.14	Nokwanda	2	2.00
14.04.14	Sitakele Mavuso	10	10.00
14.04.14	Khulile Mhlongo	10	10.00
15.04.14	Gcinile Ndlovu	6	6.00
16.04.14	Angie Magagula	12	12.00
16.04.14	Nothando	30	30.00
17.04.14	Bandile	25	25.00
17.04.14	Sphesihle Khoza	2	2.00
18.04.14	Mrs Malindzisa	10	10.00
18.04.14	Mr Magagula	3	3.00
18.04.14	Mrs Lamvubu	35	35.00
18.04.14	Mr Malindzisa	20	20.00
18.04.14	Mrs Shiba	30	30.00
20.04.14	Senzo Mdluli	20	20.00
20.04.14	Mrs Hlophe	30	30.00
20.04.14	Thaba Shongwe	20	20.00

Date	Name of Buyer	Quantity	Amount (E)
21.04.14	Sizwe Dlamini	60	60.00
21.04.14	Nombuso Shiba	30	30.00
22.04.14	Mr. Manana	30	30.00
23.04.14	Sphephelo Magagula	6	6.00
24.04.14	Snaye Malindzisa	5	5.00
24.04.14	Mrs Mtsetfwa	30	30.00
24.04.14	Simanga Mdluli	24	24.00
25.04.14	Lazulu	6	6.00
25.04.14	Tam Fakudze	30	30.00
26.04.14	Nosikelelo Tsabedze	15	15.00
26.04.14	Oscar	30	30.00
26.04.14	Sabelo Magagula	10	10.00
27.04.14	Nomcebo Mdluli	30	30.00
27.04.14	Moren Mdluli	30	30.00
28.04.14	Nomcebo Mdluli	30	30.00
28.04.14	Bongi Matfonsi	5	5.00
28.04.14	Vukile Fakudze	20	20.00
29.04.14	Gogo Vo	6	6.00
29.04.14	Bethusile Mdluli	20	20.00
30.04.14	Mzwandile Magagula	4	4.00
30.04.14	Thembela Dlamini	60	60.00
02.05.14	Nokuphila Dlamini	10	10.00
02.05.14	Alphos Shiba	30	30.00
03.05.14	Snaye	10	10.00
03.05.14	Molen Mdluli	30	30.00
04.05.14	Snaye Malindzisa	5	5.00
04.05.14	Moren Mdluli	30	30.00
04.05.14	Gcebile Magagula	2	2.00
05.05.14	Mrs Tsabedze	7	7.00
05.05.14	Nozipho Shiba	60	60.00
06.05.14	Mrs Shiba	30	30.00
07.05.14	Nokuphila Dlamini	30	30.00
08.05.14	Thandiwe	30	30.00
09.05.14	Nkosikhona	30	30.00
09.05.14	Snaye Malindzisa	10	10.00
09.05.14	Fana Magagula	20	20.00
10.05.14	Mrs Nxumalo	30	30.00
11.05.14	Miss Dlamini	30	30.00

Date	Name of Buyer	Quantity	Amount (E)
11.05.14	Mr Nzima	20	20.00
12.05.14	Bonginkhosi	20	20.00
16.05.14	Mr Malinga	30	30.00
16.05.14	Mrs Tsabedze	12	12.00
16.05.14	Gcinile Ndlovu	30	30.00
19.05.14	Sitakele	5	5.00
20.05.14	Thokozane	30	30.00
20.05.14	Madam Matsenjwa	30	30.00
21.05.14	Mlandvo Kunene	30	30.00
22.05.14	Muzi	30	30.00
22.05.14	Mr Howe	30	30.00
23.05.14	Thaba Shongwe	30	30.00
24.05.14	Thandiwe	30	30.00
24.05.14	Nozipho Shiba	30	30.00
26.05.14	Thandiwe	30	30.00
27.05.14	Thandiwe	30	30.00
27.05.14	Thandekile Mtsetfwa	30	30.00
29.05.14	Mfanafuthi Mamba	20	20.00
30.05.14	Colane Howe	30	30.00
30.05.14	Mlindvo	30	30.00
31.05.14	Nombuso Shiba	10	10.00
31.05.14	Gogo Vobobo	30	30.00
31.05.14	Thandekile Mtsetfwa	30	30.00
08.06.14	Mr Manyisa	30	30.00
08.06.14	Mrs Malindzisa	30	30.00
08.06.14	Mzwandile Dlamini	27	27.00
09.06.14	Masilela Celane	60	60.00
11.06.14	Mr Maduna	30	30.00
13.06.14	Bethusile Mdluli	30	30.00
14.06.14	Thabo Jele	10	10.00
14.06.14	Sne	50	50.00
15.06.14	Thandiwe	30	30.00
15.06.14	Kokosh	5	5.00
16.06.14	Tuck – Shop	15	15.00
19.06.14	Mr SS	20	20.00
20.06.14	Bonsile	30	30.00
29.06.14	Lamtsetfwa	10	10.00
29.06.14	Tamu	30	30.00

Date	Name of Buyer	Quantity	Amount (E)
01.07.14	Mrs Lukhele	12	12.00
04.07.14	Angel Ndlovu	30	30.00
05.07.14	Celmusa	15	15.00
06.07.14	Make Tsabedze	30	30.00
12.07.14	Sanele 2010	10	10.00
13.07.14	Mzwandile Dlamini	30	30.00
13.07.14	Nompendulo Shiba	20	20.00
15.07.14	Akhona Matsebula	30	30.00
15.07.14	Secretary	10	10.00
04.08.14	Mlahleki Monica	50	50.00
06.08.14	Sindiso Ndlovu	30	30.00
07.08.14	Samkeliso Fakudze	20	20.00
07.08.14	Mrs Khumalo	30	30.00
07.08.14	Nkambule Hleliwe	30	30.00
11.08.14	Scelo Mvubu	30	30.00
13.08.14	Nozipho Shiba	30	30.00
15.08.14	Pumlane	6	6.00
16.08.14	Nonhle	7	7.00
17.08.14	Sicelo Mvubu	30	30.00
19.08.14	Mrs Lukhele	6	6.00
19.08.14	Mrs Zatzat	6	6.00
19.08.14	Mr Lucky Magagula	10	10.00
20.08.14	Make Hlophe	30	30.00
21.08.14	Sibonelo	30	30.00
22.08.14	Nonhle	30	30.00
23.08.14	Calsile	50	50.00
24.08.14	Njula	30	30.00
25.08.14	Lucky Magagula	6	6.00
25.08.14	Gogo Mataleni	5	5.00
26.08.14	Bhekmusa Malindzisa	6	6.00
27.08.14	Sindiso Ndlovu	30	30.00
27.08.14	Tematja	30	30.00
28.08.14	Lusanda	5	5.00
29.08.14	Lucky Magagula	5	5.00
30.08.14	Winile Dlamini	30	30.00
01.09.14	Tam Fakudze	30	30.00
03.09.14	Sibonelo Shiba	30	30.00
03.09.14	Takhona Nkambule	22	22.00

Date	Name of Buyer	Quantity	Amount (E)
04.09.14	Sthembiso Masilela	6	6.00
05.09.14	Gogo Vo	10	10.00
07.09.14	Camson Mavuso	30	30.00
08.09.14	Nathi Dlamini	30	30.00
08.09.14	Bhekisisa Hlophe	30	30.00
11.09.14	Bavumile	20	20.00
12.09.14	Mrs Mtsetfwa	30	30.00
15.09.14	Wandile Matsenjwa	30	30.00
15.09.14	Khulile Mhlongo	20	20.00
18.09.14	Wandile Matsenjwa	20	20.00
18.09.14	Mbali Slindza	20	20.00
29.09.14	Winile Dlamini	30	30.00
01.10.14	Sibonelo Shiba	30	30.00
02.10.14	Nkosingphile Dlamini	20	20.00
04.10.14	Ntombizile Dlamini	30	30.00
06.10.14	Welile Ndzimandze	30	30.00
Total			4,125.00

There was no explanation given about the whereabouts of the money, which means the funds were missing. This is despite the Schools Financial and Accounting Instruction which stipulates that all revenue collected should be receipted and deposited in the school bank account. As a result the use of the funds could not be traced to ascertain whether they were used for the school needs.

I recommended that the proceeds be recovered by the accounting officer. This is required by Financial and Accounting Instruction 0509, which state that "Immediate action must be taken to recover any amounts overpaid".

School Committee Tenure

The attention of the Controlling Officer was drawn that the school committee had remained in office for more than 10 years in the office, which is more than three terms. The School Committee was elected in 2005.

I recommended that members of the school committee should be elected with immediate effect since members of the school committee should remain in the office for only three years, and ensure that the school committee constitution; article 5.1 is followed.

Non Payment of Rent

It was also communicated to the controlling officer that ten teachers occupied government houses without paying rent, the total arrears amounted to **E12, 336.00** in violation of Government General Order A.753;

The General Order specifies that if an officer is allocated and occupies a quarter which has been certified as sub-standard by the competent authority, that is, the Principal Secretary, Public Works and Transport, acting on the advice of the Ministry of Health, he shall be required to pay rent in terms of paragraph 5 of Appendix A.18.

Below is an illustration.

Employment number	No. of Months	Monthly rental (E)	Housing Allowance Received	Date of Allocation	Amount Owed (E)	Comments
4646972	88	26.00	0	March 2005	2 288.00	Stopped rental payment November 2007
3528488	60	13.00	0	May 2010	780.00	
3932465	28	13.00	0	January 2010	364.00	
3790968	25	13.00	0	March 2013	325.00	
3768691	49	13.00	0	January 2010	637.00	
6937768	25	13.00	0	March 2013	325.00	
9093582	11	13.00	618.00	June 2014	6 941.00	Received housing allowance as well
300252228	11	13.00	0	June 2014	143.00	
300062498	14	13.00	0	March 2014	182.00	
2739252	27	13.00	0	March 2012	351.00	
Total					12, 336.00	

Employee number 4646972, had been occupying a government house since March 2005, and had been faithfully paying rent until November 2007 when he stopped paying the rent, for unknown reasons and he claimed to be still paying the rent.

One teacher in the school with employment number 9093582, never paid and rent since June 2014, and was receiving housing allowance of E618.00 per month, yet General order A 778(1) states that; only an officer who is not accommodated in a government quarter, institution, mission, community house shall be entitled for receiving housing allowance.

I recommended that the unauthorized housing allowance should be recovered from the employees. This is required by Financial and Accounting Instruction 0509, which states that “Immediate action must be taken to recover any amounts overpaid”.

Revenue Not Received

The Controlling Officer was informed that Income received by the school amounted to E1, 308,500.20; however a total amount of **E341, 520.37** was not receipted. The Schools Accounting Regulations (section 5.2) prescribes that all income received by the school must be properly receipted using the official receipt form, issued by the Ministry of Education.

The income not receipted is depicted below:

Income as Per School Receipt

Receipt Number	Amount (E)
276834 – 276900	83,272.40
381701 – 381800	135,221.20
381601 – 381700	124,325.55
381501 – 381600	115,822.37
381001 – 381100	94,507.00
384501 – 384600	128,166.00
388601 – 388700	107,390.00
377601 – 377700	75,076.00
377501 – 377600	103,199.31
Total	966,979.83

Income as Per Bank Statement

Month	Amount (E)
January	264,720.55
February	77,043.40
March	98,659.67
April	281,038.35
May	50,967.72
June	160,801.82
July	50,533.75
August	23,958.85
September	215,830.40
October	63,887.49
November	4,715.00
December	16,343.20
TOTAL	E1,308,500.20

SUMMARY

Income per school receipt	966,979.83
Income per bank statement	1,308,500.20
Income not receipted	E341,520.37

Anonymous School Bank Account

The Controlling Officer was informed that the school had two current bank accounts, account number 0140036379001 and 0140036379002, with Standard Bank, Piggs Peak branch. The

latter account, which had a balance of E49 000.00 at the time of the audit, was only known to the Chairperson and the Head teacher. Efforts to get bank statements of the account were not successful and eventually the audit team was not able to scrutinize it the bank accounts, which limited the audit scope. The head teacher at the school only highlighted that the account in question was opened by the retired head teacher hence it was one of the school accounts that were existing when he took over the office.

Section 6.3 of Schools Accounting Regulations states that “the Head of School in liaison with the School Committee and/or Schools Manager shall decide on whether separate current bank accounts should be operated”, and this regulation has been violated.

I recommended that the account should be closed and the funds should be transferred to the other account, number 01440036379001.

I have noted, with concern that most of the irregularities raised were found in other schools and were communicated on several occasions in my previous audit reports. This means there is lack of dissemination of information to other to prevent similar errors to occur in future. Only the schools reported are instructed to address the errors which means no corrections are actually made by the Ministry in the management of school funds.

The Controlling Officer did not respond to my reference sheet at the time of reporting. The Controlling Officer therefore, violated the Financial and Accounting Instruction number 0315 (ii) that states “It is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

St Marks Primary School

An audit inspection was carried out at St. Marks Primary School, for the calendar year ended 31st December, 2013 and a report, referenced P10A.Vol. VX11.3, dated 5 June 2015, was issued to the Principal Secretary, Ministry of Education and Training.

The attention of the Principal Secretary was drawn to the following irregularities which were not addressed.

Use of Unauthorised Receipts

The school receipted income, amounting to E41,700.00, using unauthorised receipts, that is, receipts not issued by the Regional Education Office, in respect of the school books. The receipts used were not found at the school, as a result admission forms were eventually used to compile the amount not accounted for. Thus accountability was not demonstrated regarding income collected at the school.

In his response; the controlling officer cited that official receipts were lost from the Regional Education Officer, which is not relevant to my finding.

Unaccounted for Income:

Grade	No. Of Pupils	Admission Fee	Total Amount Received (E)
2	24	300	7 200.00
3	38	300	11 400.00
4	29	300	8 700.00
5	31	300	9 300.00
6	17	300	5 100.00
Total	139		41 700.00

Unauthorised Top Up Fees

The school charged parents top up fees without approval from the Ministry of Education, as stated in section 12 (1) and 12(2) of The Free Primary Education Act No.1 of 2010.

The Act requires that a Committee of a public primary intending to ask parents to top up school fees over and above the fees to the school by the Government should submit a written request, with justification to the Minister, for his approval before implementing such top up and the Committee shall only implement the top up after it receives the approval of the Minister, in writing.

Since the Ministry did not approve top up fees, and was not aware of the monies actually collected, the funds collected were not authorised.

The top up fee amounted to E631 371.00 for the year 2013 as shown below:

Grade	Amount (E)
1	50 174.00
2	139 755.00
3	159 401.00
4	139 655.00
5	142 386.00
Total	631 371.00

Unsupported Expenditure

The school made cheque payments, amounting to E214 198.31, that had no supporting documents, such as; invoices and receipts that would reflect the items purchased. The school made payments without preparing school payment vouchers or issued cash payments without any supporting evidence. The expenditure was therefore not accounted for. My concern was that I could not ascertain if the expenditure incurred and goods paid for benefited the school.

Payments, amounting to E27 000.00, were made to two suppliers; Cornerstone Pharmacy, and Pocket Hailer Investments, yet no supporting documents were attached to substantiate the transactions.

In his response, the controlling officer, attached receipts that reflected the total amount charged and the description of goods purchased, only. The quantities of goods, unit prices and total cost per item were not reflected. As a result the response was not satisfactory.

Pursuant to the response, a follow up audit was carried out and it was alleged that the signature of the officer responsible to acknowledge receipt of items was actually forged. This information was revealed by the same officer, who was initially implicated to have acknowledged receipt of the goods purchased, that are shown below.

Date	Cheque No.	Payee	Description	Amount (E)
27.05.2013	3171	Cornerstone Pharmacy	Medication for First aid kit	7 000.00
27.05.2013	3173	Pocket Hailer Investments	Cleaning materials and Toilet Paper	20 000.00
TOTAL				27 000.00

Cheque Payments Not Filed

The school failed to produce appropriate supporting documents/receipts yet for previous engagements, with the same companies, all the relevant information was properly reflected.

I observed that cheques amounting to E101,883.30 were drawn but there were no supporting evidence to substantiate the expenditure, fully.

The returned cheques and invoices/receipts, were not kept in the expenditure file. hence had no supporting evidence showing the details of the expenditure. As a result it was not possible to confirm the relevance of the expenditure to the school needs.

This expenditure was not accounted for and transparency was not demonstrated in the use of the school funds. Overriding of internal controls is highly risky, as it may result in misappropriation of school funds, through acquisition of items/services not related to school activities.

Below is the list of expenditure not filed:

Date	Cheque No	Payee	Cheque Amount (E)
13.05.2013	3158	Olcrod Investments	11 675.00
22.05.2013	3162	Jessica Investments	15 441.34
27.05.2013	3163	F.Samina Plumbing	14 791.96
04 .06.2013	3181	Dexter Project	40 475.00
07.08.2013	3196	Emavulane Transport	11 500.00
	3247	Petty Cash	4 000.00
10.12.13	3251	Petty Cash	4 000.00
Total			101 883.30

Unaccounted for Cheques

Expenditure, amounting to **E18 760.32**, was incurred using cash cheques but the invoices and receipts attached were below the cost of the items purchased and the remainder was not remitted back to the school fund.

Below are cash payments that were not supported:

Cash payments

Date	Cheque No.	Payee	Cheque Amount (E)	Unsupported Amount (E)
06.02.2013	3080	Cash	5 000.00	37.05
19.06.2013	3189	Cash	5 000.00	4 200.00
21.08.2013	3203	Cash	5 150.00	4 000.00
07.09.2013	3208	Cash	7 000.00	7 000.00
07.09.2013	3209	Cash	4 000.00	1 845.20
10.10.2013	3223	Cash	7 000.00	1 678.07
Total				18 760.32

In my previous reports I pointed out that cash payments should be discouraged because it has often been difficult for the schools to account for cash cheques. I am disappointed that the Ministry chose to continue with this kind of expenditure without developing any system to ensure that this money is fully accounted for.

Pastel Accounting Software

The school purchased Pastel Partner Accounting Software, amounting to E17 395.12, in April, 2013 when I visited the school for audit purposes the software was not functional.

The Pastel Xpress actually supplied costs less than Pastel Partner that was paid for. The school incurred expenses which eventually did not benefit the, school fully, as the software was allegedly operational for a short period.

The school violated section 12.1 of The Schools Accounting Regulations that states that it should be incumbent on the Head of School to ensure that all funds under his control are spent wisely and for proper purposes.

In his not so convincing response; the accounting officer explained that the software was not functional at the time of the audit because it was tampered with when the computers were removed from their original positions.

According to my knowledge computer software is not easily tampered with by mere change of position.

The Two Payments Towards the Software Purchased, were:

Date	Cheque	Payee	Amount (E)	Details
22.04.13	3130	Zwemart Investment	10 000.00	Pastel Accounting Partner
22.05.13	3160	Zwemart investment	7 395.12	Pastel Accounting Partner
Total			17 395.12	

Computer Equipment and Other Supplies

I observed that computer equipment, amounting to E19 943.00, were purchased and allocated to the Headteacher, allegedly to use for the school duties.

Electronic Items Allocated

The equipment comprised a desktop, a laptop and a tablet. In my view all three items perform the same functions.

Therefore there was no value for money in the use of funds in this expenditure since all the equipment was in possession of one individual.

I noted with concern that the laptop was not found at the school at the time of the audit and was requested on two different days. The response from head teacher was that it was at home on both counts yet school property should be kept at the school at all times. The reason given was that it was used at home for school duties. There was no evidence in the committee minutes authorising the head teacher to buy a Tablet using school funds therefore, economical use of funds was not demonstrated.

The schools Accounting Regulation section 12.0 clearly states that the Head of school must take action to ensure that resources from parents for educational purposes are expended and used efficiently for that purpose. Section 12.1 states that it is incumbent always on the Head of school to ensure that all funds under his control are spent wisely and for proper purposes.

The three Computer Equipments are shown below;

Description	Qty	Unit Price (E)
Desktop computer	1	7 100.00
Lap top HP CelB820 GB 15	1	4 344.00
Sumsung Tablet -32GB 4G and wifi	1	8 499.00
Total		19 943.00

Other Equipment Not Found

Other equipment, amounting to **E 7 516.00**, were purchased from Exline Investments consisting of a projector BenQ ,Two(2) Digital Cameras and two (2) HP all in one printer were not found at the school, at the time of the audit.

When a physical check was done against the asset register, the projector was not found on the day of inspection but later the officer in charge availed it. However, the brand names did not

match. The invoice reflected that it was a BenqQ but the officer brought a black samsung for physical verification which was later not found at the school, after 2 days. When it was enquired from the head teacher, he said the projector was white in colour, which was in contrast to the one availed to the audit team.

This implied that the project was not available and the team was deceived that the projector was missing.

The above findings are in contrast to Stores Regulation 0810 of 1975 which requires head of department to be responsible for maintaining control of stores items and should be kept on inventories. If any discrepancies are found, a report to the supervising officer should be made.

Below is the list of the items not found at the school:

Description	Quantity	Unit Price (E)	Total Price (E)
Projector BenQ MS502 2700 ANSI SVGA 800X	1	3.008.00	3 800.00
Digital cameras Genuis RS,G-SHOT507 12 M	2	799.00	1 598.00
HP Destjet 1050A all in one printer	2	1 059.00	2 118.00
Total			7 516.00

Undelivered Electronic Items

Records revealed that the school paid for 14 computer desk tops and 5 mecer UPS, Uninterrupted Power Supply, amounting to E109,800.00, that were not delivered.

The school purchased items worth E139 150.00 from Bandzi and Sandzi Investments (PTY) Ltd on the 18th of December 2013, but the 14 computer desktops worth E100,800.00, and 5 mecer UPSs (Uninterrupted Power Supply), amounting to E9 000, were not found at the time of the audit.

Following the controlling officer's response a follow up audit revealed that on January 2015, an extra E55 000. 00 had been paid to Bandzi and Sandzi Investments (PTY) Ltd.

Five (5) Mecer UPS's (Uninterrupted Power Supply) amounting to E9 000.00, were also not found at the school. According to the asset register 3 of the UPS were purchased in 2008. Computers shown to the audit team were the ones purchased from Exline Investments (Pty) Ltd, at the beginning of the year 2013, and 25 computers received as a donation in 2007, found at the lab, that were mostly not in good condition.

Budget for Computers

The budget presented to the audit team by the school revealed that E12 000.00 was budgeted for computers for the year, but the school spent E 150 227.98. As a result of not following the budget plan the school found itself in huge debts that were still outstanding, at the time of the audit.

Below are payments made towards hardware procured in the year 2013 which amounts to E150 277.98:

Date	Cheque No.	Payee	Amount (E)	Details
23.01.13	3056	Exline Investments	60 000.00	Computers and computer supplies
	3074	Exline Investments	60 277.98	Computers computer supplies
23.01.2014	3406	Bandzi and Sandzi Investments	30,000.00	Computers computer supplies
Total			150 277.98	

There was no evidence whether the school budget that included funds for computers had been approved by the Ministry after assessing the E12,000.00 could not meet the requirement of the school. I am not aware of the authority that allowed the school to utilize funds budgeted for other items to buy the computers.

Payment of Deposit Prior to Delivery

The school purchased desks and chairs, amounting to E146 250.00 and paid an amount of E60 000.00, as deposit, before the furniture was delivered, knowing very well that Government Regulations do not allow payments before goods are delivered.

The school issued a cheque number 3023, amounting to E60 000.00 to the supplier Pocket Hailer Investments, as deposit. The delivery date was 15th January 2013 and the cheque date was 11th January 2013. The final payment was made on 29th January 2013 by cheque 3067, amounting to 86 250.00.

Below is the illustration of payment dates

Date of Payment	Delivery Date	Details	Cheque No.	Payee	Amount E
11.01.2013	15.01.2015	Depost Desk and Chairs	3023	Pockethailer Investment (PTY) Ltd	E60,000.00
29.01.2013	15.01.2015	Balance – Desk and Chairs	3067	Pockethailer Investment (Pty) Ltd	E86.250.00
Total					146,250.00

The school issued cheques to the supplier, Pocket hailer Investments, prior to delivery. The delivery date was 11.01.2013 whilst cheque date was 15.01.2013. This poses a high risk of non delivery of the items since the supplier might end up not providing the service. The school actually involved an unnecessary middle men which is more expensive to the school, since they could have bought the furniture directly from the shop. There was no school economy in the use of funds.

Payment Before Delivery

Stationery worth E29,251.10 was paid for before it was delivered at the school.

The same supplier,, Pockethailer Investments (Pty) Ltd was paid for stationery, amounting to E220 000.00 in full, before all items Invoiced were delivered. Even though some of the deliveries were made at the school, some of the items or the delivery note amounting to E29 251.10, had not been delivered as at the time of the audit.

The items delivered were:

Date of Payment	Cheque No.	Payee	Amount (E)	Details
11.01.13	3032	Pockethailer(pty) ltd	80,000.00	Stationery
23.01.13	3053	Pockethailer(pty) ltd	80,000.00	Stationery
23.01.13	3054	Pockethailer(pty) ltd	60,000.00	Stationery
Total			220,000.00	

Undelivered items were:

Product Description	Quantity Ordered	Quantity Invoiced	Quantity Not Delivered	Unit Price	Value Of Undelivered Items (E)
Brown cover	500	500	70	3.50	245.00
Plastic covers	500	500	70	4.13	289.10
Bic pen-blue	90 boxes	62	42 boxes	462.00	19 404.00
Bic pen –Red	90 boxes	38	Boxes	462.00	
Bic pen -Black	0	26	7 boxes	462.00	3 234.00
Exam pad	135	103	0	11.90	0
Permanent marker-Black	100	17	0	50.00	0
Permanent marker-red	100	59	30	50.00	1500.00
Permanent marker Blue	100	200	60	50.00	1800.00
Permanent marker –green	100	158	39	50.00	1950.00
Stationery tape	350	350	74	3.50	259.00
Punctures	45	29	0	84.70	0
Staplers	45	36	6	95.00	570.00
Erasers	225	286	0	3.80	0
Total					29 251.10

I am concerned about the loss deliberately incurred by the school through non-adherence to regulations that disallow payment for goods before delivery. At the time of reporting the school had not recovered the overpayment from the school.

A follow up on the controlling officers response, further revealed that an additional amount of E160 00.00 was paid to Pocket Hailer Investment in two equal instalments of E80 000.00 each. The unsupported payments were alleged to have been for stationery. Of great concern the stationery was not available at the school and there was no convincing explanation given. The payments were made on the 14th and 28th January 2014 respectively for stationery that was not delivered. This was a reflection of not adhering to the prudent concept to spend wisely and further implies that the alleged purchase was not made according to need hence it did not benefit the school.

Section 12.0 of the School's Accounting regulation states that "The Head of School must take action to ensure that funds collected from parents for educational purposes as a condition of attendance are expended and used efficiently solely for that purpose".

Unsupported Trip Expenditure

The School undertook several trips both locally and outside Swaziland during the year ended 31st December 2013. The school bank account held with Standard bank, Mbabane branch, Account No.0140090228102 was used specifically for school trips moneys. Each time the school had a trip, pupils paid the trip fees directly to the bank. The head teacher was authorized to withdraw cash from the trip account to pay any trip expense at any time the need arose.

I noted that cash cheques, amounting to E75 835.08, were drawn from the trip account for trip expenses, in the year under review. There was no supporting evidence to substantiate this expenditure.

I am concerned that hard cash was used without being accounted for. I have on several occasions pointed out the reason why cash payments are discouraged. The schools continue to issue cash cheques but fail to account for the expenditures.

I also raised my concern about a payment, amounting to E25 000.00 that was made by cheque number 0038 dated, 07th September 2013 to Emavulane Transport in respect of transport for a school trip. Again a cash cheque, number 0037 also dated 07th September 2013 was drawn and cashed by the Head teacher was also alleged to have paid the same transport services provided and paid for in the first cheque narrated above.

The above situation depicted non adherence to section 12.1 of the school accounting regulation which states that it is incumbent always on the head of the school to ensure that all funds under his control are spent wisely and for intended purpose". However the head teacher withdrew two cheques on the same day that paid one supplier without considering the bank charges to be incurred. Furthermore, at the time of the audit there was no documented evidence that the transport company benefited in that payment.

In response, the controlling officer stated that all the cheques were drawn in the name of headteacher but the expenditure were for the school trips both internal and external varying from different classes in the school. He also submitted that receipts were submitted to the accounts office, but unfortunately the accountant responsible for filing left the school and the receipts were not filed properly.

Below is an illustration of the Cash Cheques

Date	Cheque No.	Payee	Amount (E)	Unsupported (E)
17.06.13	23	Cash- Albert S Fakudze	8 000.00	490.06
20.06.13	25	Cash- Albert S Fakudze	4100.00	336.80
25.07.13	30	Cash- Albert S Fakudze	15 500.00	6 500.00
07.09.13	36	Cash- Albert S Fakudze	49 219.00	32 575.34
07.09.13	37	Cash- Albert S Fakudze	25 000.00	25 000.00
30.09.13	201	Cash- Albert S Fakudze	500.00	500.00
02.10.13	205	Cash- Albert S Fakudze	7 000.00	7 000.00
07.10.13	207	Cash- Albert S Fakudze	14 000.00	3 432.88
Total			123 319.00	75 835.08

The Controlling Officer did not respond to my reference sheet at the time of reporting. The Controlling Officer therefore, violated the Financial and Accounting Instruction number 0315 (ii) that states “It is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

In conclusion, I have observed that there is still no improvement in the management of school funds, since similar errors continue to recur.

**HEAD: 34
MINISTRY OF FINANCE**

Objectives:

To ensure that Government is prudently advised on all fiscal matters and that annual estimates and appropriation drafts are prepared and processed as required.

Undisclosed Dividends Received

An examination of the detailed Statement of Revenue was carried out and a memorandum, referenced A2/2014/2015/30, dated 26th October, 2015, was issued to the Principal Secretary, Ministry of Finance. The Controlling Officer in his response referenced Fin 4/016/Vol.2, concurred with my observations but there was no corrective action taken.

I raised my concern, with regard to revenue collected, amounting to E86,160,124.50, for the financial year ended 31st March, 2015. The income collected was in respect of dividends declared and released by Category B Enterprises. This amount was not disclosed in the Government accounting records but bank statements confirmed that dividends were deposited into the Government General Account. As a result revenue collected for the year ended 31st March 2015 was understated by E86,160,124.50.

Misclassified Revenue

Government Accounting records revealed that only E10,369,374.19 was collected under Account Number 351/2115/21944, in respect of revenue from dividends remitted by Nedbank Swaziland yet the same amount was remitted by Royal Swaziland Sugar Corporation.

Included in the amount disclosed, as dividends, in the Treasury books of account, was an amount of E67,543.60 which was received from Swaziland Business Growth Trust. The money was misclassified because it was proceeds from liquidation of the Trust.

However, total dividends declared and remitted during the financial year ended 31st March 2015 were E96 461 955.09 collected from the following Category B Public Enterprises:

Public Enterprises	Date dividend Received	Amount of Dividend Received
Standard Bank Swaziland	1-Jul-2014	E10,000,000.00
Royal Swaziland Sugar Corporation		E10 301 830.59
Standard Bank Swaziland	17-Dec-2014	E10,000,000.00
NedBank- Swaziland	15-May-2014	E5,506,234.00
Swaziland Royal Insurance Corporation	9-Jul-2014	E53,464,000.00
MSNP Pty Ltd (Macmillan)	13-Aug-2014	E6,149,890.50
AON Swaziland	30 July 2014	E1,040,000.00
Total Undisclosed Dividend Received		E96 461 955.09

Financial and Accounting Instruction number 0501 (i) requires the Controlling Officer to ensure that revenue due is collected promptly and properly brought to account'.

Failure to account for all revenues received might affect fiscal planning for crucial National Development initiatives and misinform public policy makers as they may obliviously think that investing in the local companies is not beneficial to the government whereas the Government benefited E96, 461,955.09 from these local investments. It will also provide an opportunity for misstatements, arising from error or fraud, to occur.

A dividend is declared by passing a resolution in a meeting of a Board of Directors which comprises public officials, mainly from the Ministry of Finance who represent government. Having government representatives in the Public Enterprises makes it possible to keep records of resolutions passed on dividends. However, I am disappointed that the Ministry of Finance does not maintain records of dividends declared and paid to the Government of Swaziland by the Public Companies. Consequently, the Treasury Department failed to reconcile the dividends received with related source documents, causing the above revenue to remain undisclosed in the year 2014/2015.

Under normal circumstances, a list of all shareholders is prepared and shared with registered shareholders for the purpose of payment of dividends. This list contains names of the shareholders, their addresses, the shares held by them whether ordinary or preference shares, the amount paid on the shares, the amount of dividend, and any deduction on account of taxes. However, lack of records deprives citizens of significant information on these public investments, such as dividend numbers, dividends declared per share and type of shares on which dividends are declared, whether ordinary or preference shares.

The recommended remedial action is to keep source records such as Board Resolutions on Dividends, dividend warrants; perform reconciliations in time, and include all dividends received in the Detailed Statement of Revenue, in order to avoid none-disclosure of revenue and major adverse consequences such as financial losses and disputes.

The Controlling Officer revealed that he has held consultative meeting with the companies to develop strategies to address the discrepancies.

Audit of the Statement of Public Debt (2014/2015)

An audit of the Statement of Public Debt was carried out for the fiscal year ended 31st March 2015.

A management memorandum, referenced A/2/2014/2015, dated 17th December 2015 was issued to the Controlling Officer, Ministry of Finance and the matters raised in the paragraphs below were not addressed satisfactorily.

It is a pleasure to commend and appreciate the Ministry of Finance's efforts in successfully establishing the Public Debt Unit in November 2014. Public Debt is the core element of the country's Economic Sustainability and Development strategic goals and remains an important feature of the country's citizens and all concerned stakeholders. Hence financial reporting on

public debt requires responsibility, transparency, accuracy and completeness.

I observed that the unit was still faced with teething challenges with regard to record keeping. The following issues which were raised in my report should be addressed immediately.

- Lack of source documents to be used for the preparation and presentation of financial statement resulting in the non-procedural usage and full reliance on the Central Bank of Swaziland statements as the only source when preparing the Statement of Public Debt. The Central Bank statements should confirm the financial status as per Government records.
- Lack of human resources capacity to enable the Public Debt Unit to meet its mandate
- Poor record keeping from negotiation, initiation, disbursement, and repayment of loans, as well as from projects' initiation to completion.
- Lack of project payments' and loan disbursements direct payments' documentation.
- Non-compliance with the Public Debt Policy since the required Investment Committee and Debt Co-ordinating Committee were still not formulated.
- Non-disclosure of foreign exchange differences
- Unavailability of Bank/Financiers Statements to confirm balances
- Unavailability of Central Bank proof of transfers on public debt payments per transaction

I am concerned that in the absence of proper record keeping, assurance that the financial statement of public debt presents the true state of affairs cannot be given. Proper record keeping is key to financial reporting.

Penalty Payments

I reported to the controlling officer that the Ministry incurred penalty charges, amounting to E24,167.18, as a result of late loan repayments.

This demonstrated negligence since the unit failed to accurately and promptly pay-off government's obligations as they became due, causing losses of public funds through the penalties for late payments.

The controlling officer, concurred with the observation and alleged that the value of penalty charges had been substantially reduced compared to other previous periods.

The comments by the Controlling Officer were disturbing because incurring needless costs which are avoidable is not acceptable as the funds lost cannot be recovered and would otherwise have been used to fulfil other planned government needs. Also, defaulting on loan repayments reflects badly on the country's credit worthiness to investors and prospective financiers.

Defunct Computer System (CS-DRMS)

I reported about a computer system software termed CS-DRMS that was donated to the Public Debt Unit by the Common Wealth Secretariat in 2008, and was then damaged and destroyed in 2011, resulting in it being redundant. The CS-DRMS computer system assisted in the recording of financial and accounting information, and also in effective and efficient reporting on public debt within Common Wealth member states. The non-functionality of the computer software resulted in the Public Debt Unit's inability to salvage and capture public debt

financial information and performance since 2011, hence the unavailability of financial source documents and records.

I also raised my concerns to the Controlling Officer about the unavailability of a formal incident report about the crashing of the system and whether a back-up system was in place at the time of the incident to salvage public debt information. I relayed my worry that it had taken over four years for the Ministry to revive and restore the system and that the current scenario painted a bad picture of the country to the international community.

In his response, the Controlling Officer pointed out that the software was a stand-alone system supported and manned by COM-SEC, therefore could not be integrated with any government or treasury accounting system. The Principal Secretary attested that an incident report was forwarded to the Common Wealth Secretariat and the latest version of CS-DRMS has been received by the Public Debt Unit to be installed, and that Public Debt Unit officials were trained in April 2015 on the new version.

I am not satisfied by the Controlling Officer's response because my concern on whether a back-up system was in place to ensure that all the data from 2011 would be recouped and that new information from 2011 would be captured to update the public debt data was not addressed. Moreover, since the system is used for monitoring and managing the public debt financial records, I am worried that the report on public debt may not be accurate or complete.

Omission/Exclusion of Domestic Debt in Financial Statements

I also brought to the attention of the controlling officer that Domestic Debt was excluded from the Statement of Public Debt. According to the Public Debt Unit Director's report dated 31st March 2015, domestic debt was reported to be at E 3.05 billion.

I further advised the controlling officer that the domestic debt amount which appeared in the Detailed Statement of Liabilities (Appendix 3) differed significantly from the E3.05 billion. According to the Statement of Liabilities, domestic debt amounted to E1, 514,211,166.58 and therefore it reflected an over E1.5 billion discrepancy or unexplained differences.

Further to that, I raised my concern at seeing an asset item (Code 50119 - Swaziland Government 5yr Bond) bearing an overdraft balance of E154 000 000.00 in the Statement of Assets (Appendix 2). This was despite the fact that such did not constitute acceptable accounting practice as the overdrawn amount would now sensibly represent a liability.

The controlling officer, in his response, stated that domestic debt would be reported in detail as a separate financial statement in the next financial year (2015/2016). He further acknowledged the discrepancy of the overdrawn balance of E154 million on domestic debt and promised that it would be duly corrected.

I am not convinced with the controlling officer's response because he has not corrected the overdraft of E154 million which was wrongly classified as an asset, he did not explain why there was a variance between the values of domestic debt as reported by the Director of Public Debt and as reported in the Statement of Liabilities. Moreover, failure to report in detail on the domestic debt renders the Statement of Public Debt incomplete.

Exclusion of Domestic Debt that Generated Investments

I also conveyed to the controlling officer my concern that information on investments generated through Domestic Public Debt was not disclosed. The Central Bank of Swaziland a government bank responsible for repayment of the Public Debt, invests domestic borrowings on behalf of the Swaziland Government if the need to utilise them has not risen. If the Government requires utilising the invested funds, the Central Bank of Swaziland allows the government to borrow from the invested funds and in turn reimburse them with time. This practice is in accordance with the Treasury Bills and Government Stocks Act, 1994 subsection 11 (Investment of Funds) as amended.

I also reported that source documents and financial reports concerning the financial performance of these Financial Instruments were not available for audit purposes.

The controlling officer stated that the Cash Management and Public Debt Management function was still being developed and therefore the current model was the most efficient as capacity was developed. The controlling officer also stated that the debt policy would be reviewed from its current form to take into account the constitutional changes especially the issue of the Investment Committee whereby all investment accounts were moved to Central Bank in 2005, by the Constitution.

While I acknowledge the fact that the Public Debt Unit has recently been established, however, I believe that this aspect of public debt should be disclosed. I am concerned that the management of the financial assets and liabilities arising as a result of domestic debt is solely dependent on the bank (the Central Bank of Swaziland) as no corresponding source documents and reconciled documents were obtained from the controlling officer.

Even though an amount of E899 395 084.91 had been included as Treasury Bills CBS Investment (Control Item code 52174) in the Detailed Statement of Assets, it was summarised and moreover, it is not known whether or not it represents all domestic debt generated investments.

Funds, invested, are a Financial Asset for the Government and therefore have to be always reported on, in the Financial Statements. Best practice relating to the recognition, classification, criteria and accounting for financial instruments (Assets and Liabilities) which requires that they should be clearly accounted for and reflected in the Financial Statements should be adhered to.

Non – Disclosure of Sinking Fund

I also reported about the non-disclosure of the sinking fund which was set aside to accommodate an expected heavy payment for the Maguga Dam project whereby deposits would on intervals be made on the fund, to cushion for the value of money depleting over time. This on the part of the Government was a visionary and prudent action that is commendable.

I expressed my concern that I was concerned that the financial performance and reports of the fund were not disclosed. Moreover, documents pertaining to the establishment and management of the fund were not availed for audit inspection.

In his response, the controlling officer indicated that the Sinking Fund falls under special funds as it was opened by government in order to meet the obligations of Maguga Dam project when it falls due in 2027 and this was done according to section 12 of Finance Management and Audit Act of 1967. Hence reports on it should be under special accounts but not Public Debt. The controlling officer promised that he would advise the Treasury Department on the inclusion of the notes to the financial statement disclosing the Sinking Fund.

The response was not satisfactory because I was not furnished with the documents and contracts pertaining to the fund to ascertain the appropriateness of the management of the fund. I am also not aware of the performance of the sinking fund investment.

Non-Disclosure of the Hedge Fund with JP Morgan

The attention of the controlling officer was drawn that information on the performance of the foreign currency hedge fund which was entered into with JP Morgan on the 11th of April 2005 to protect the Lilangeni from fluctuating/appreciation foreign currency risk, spanning over a 40 year period was not disclosed. A sum of E44 380 000.00 is remitted to the JP Morgan hedge fund on a quarterly basis, where in turn the contracted company pays or delivers a sum of foreign currency at a contracted rate to the Public Debt Unit's creditors.

In my report, I expressed my concern that I was not furnished with statements showing the financial performance of the hedge fund and clearly state the exchange losses or gains where relevant, and all transacted disbursements.

According to the contract the foreign currency payment schedule by JP Morgan for the financial period 2014/2015 was as follows:

Date	Amount payable by JP Morgan
15 June 2014	US\$ 3 807 285
15 December 2014	US\$ 3 052 408
15 June 2014	EU€ 746 701
15 December 2014	EU€ 790 062
15 June 2014	JP¥ 156 035 271.16
15 December 2014	JP¥ 153 605 542.57
15 June 2014	CHF 25 240.06
15 December 2014	CHF 16 123.70

I advised the controlling officer about the importance of reconciling the above-mentioned foreign currency amounts with payments made towards them and in turn disclosing the results.

The controlling officer stated that the hedge was a long term financial derivative whereby it was too early to realise losses and gains on the hedge. He further stated that the Government would pay E44.38 million quarterly from 2005 to 2020 while JP Morgan would continue to service the hedged debt to 2044.

I am not content with the controlling officer's response because he has not addressed why information on the performance of the hedge fund was not disclosed. Moreover, documentation depicting payments remitted to JP Morgan, payments forwarded to the Swaziland Government's creditors and as well as proof of receipt of payment from the creditors including statements from JP Morgan as at 31st March 2015 was not availed for audit verification.

Non-Disclosure of On-Lending Liabilities

I raised my concern that information regarding On-Lending liabilities which arose as a result of the Swaziland Government signing warranties attesting to be a Guarantor, on behalf of borrowing Public Enterprises. The underlying condition would be that if for any particular reason, the borrowing Public Enterprises failed to make repayments to financiers, the Government would bail them out and pay on their behalf and in turn the Public Enterprises would re-reimburse Government.

The On-Lending Liabilities where the Government had acted as a Guarantor were not disclosed and neither contracts nor repayment schedules and other supporting documentation were availed for audit. I advised the controlling officer that if regular reporting on compliance with the agreed terms of the On-Lending facility with Public Entities was not done, the beneficiaries being the Public Enterprises would end up not paying back their debts into Government coffers and hence exposing government to undue obligations.

The controlling officer advised that the On-Lending funds are reported in the Treasury Annual report – under Appendix 15.

I am not satisfied with the controlling officer's response because documentation on government guaranteed loans to Public Enterprises and information on reimbursements by Public Enterprises was not provided for audit purposes. I am therefore concerned that the government could be subjected to undue debts because of non-record keeping.

Differences in External Debt Closing Balances on 31st March 2015

I also expressed my concern that in the Financial Statements produced by the Treasury Department, the closing balance of external debt was reported as E 3.6039313 billion, whereas according to the Monthly report for March 2015 the same was reported as E 3.65 billion resulting in an unexplained variance of E46,086,700 in the reported balance.

I advised the controlling officer that the inconsistency in the reported closing balances created doubt in the truthfulness of the Financial Statements as source documents had not been provided, proper records not kept, and reconciliations not done. The controlling officer was also advised to consult the Treasury Department so that the anomaly could be addressed and corrected.

The controlling officer, explained that the anomaly was due to that the exchange rates used by the Public Debt Unit were spot rates as per the records of the Central Bank of Swaziland yet the Treasury Department used the end of period rates.

The response was not convincing since the spot rate and end of period rate as at the 31st March 2015 was the same, which means that the closing balance should have been the same.

The discrepancy and inconsistent reporting has not been corrected and justified and could be misleading.

Multiple Loan Repayments in Different Currencies

I noted with concern that when loan repayments were made, multiple payment directives were issued out on the same date, within a few days or short periods of time for the same invoices, project numbers and to the same financiers.

I drew the attention of the controlling officer that my efforts to obtain evidence from the Ministry of Finance, of the actual transfers of funds made by the Central Bank of Swaziland in order, to ascertain if the payments were not duplicated proved futile. The possible risk to government is duplication of payment which is a loss to government that will never be detected or recovered. Such repayments are analysed below:

BADEA

Date	Project	Principal Amount (\$)	Interest Amount (\$)
04.02.2015	Nhlangano – Lavumisa	302,000	28,158.25
26.03.2015	Nhlangano – Lavumisa	306,000	26,830.83
04.02.2015	Sicunusa – Nhlangano	-	5,928.60
03.03.2015	Sicunusa – Nhlangano	-	5,807.25

EUROPEAN INVESTMENT BANK (EIB)

Date	Project	Principal Amount (\$)	Interest Amount (\$)
27.05.2014	Main Irrigation Canal (80016)	64,688.47	2,970.42
02.06.2014	Main Irrigation Cana (80016)l	64,688.47	2,970.42

KOBWA

Date	Project	Principal Amount (E)	Interest Amount (E)
27.06.2014	Maguga Dam Project	-	5,579,816
27.06.2014	Maguga Dam Project	-	10,706,896
28.12.2014	Maguga Dam Project (Nedcor)	-	5,579,816
28.12.2014	Maguga Dam Project (RMB)	-	10,706,895

KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT

Date	Project	Principal Amount	Interest Amount (KD)
21.01.14	Mbadlane – Sikhuphe Loan Agreement No.787	-	1,570,392
23.01.14	Mbadlane – Sikhuphe Loan Agreement No.787	-	1,570,392

INTERNATIONAL COOPERATION AND DEVELOPMENT FUND (ICDF)

Date	Project	Principal Amount (\$)	Interest Amount (\$)
04.02.2015	Two International Roads SWZ-01-0411	107,816.16	17,825.77
04.02.2015	Two International Roads SWZ-01-0411	107,816.16	17,825.77

In his response, controlling officer ignored the concern raised and did not address the issue.

I am concerned about the repayments made for each project at short intervals. In the absence of evidence that reconciliations were performed to ensure that loan repayments were in accordance with loan agreements, the preparation of payment directives in duplicate, without justification, may result in over-repayments. I am also worried that all efforts to obtain proof of bank transfers in respect of the loan repayments were unsuccessful, limiting my audit scope.

Loan Repayments Made in Different Currencies

I also reported that loan repayments were issued using different currency denominations for the same projects. I raised my concern that making one payment in different currencies was quite cumbersome, expensive for the Government and an unusual dealing in foreign exchange payments. I further requested for a justification of the method of payments in this regard.

The multiple payments made in different denominations for same projects are depicted in the tables below:

Date	Project	Principal Amount	Interest Amount
24.06.2014	Education Programme F/SWA/EDU-1/94/8	JP¥2,129,061.00	JP¥1,436.11
24.06.2014	Education Programme F/SWA/EDU-1/94/8	€27,425.34	€18,495.78
24.06.2014	Education Programme F/SWA/EDU-1/94/8	\$5,393.05	\$4,120.15
24.06.2014	Education Programme F/SWA/EDU-1/94/8	CHF9,197.17	CHF6,189.12
24.06.2014	Mhlambanyatsi Road F/SWA/ROD/88/5	JP¥ 53,570.00	JP¥9835.00
24.06.2014	Mhlambanyatsi Road F/SWA/ROD/88/5	\$ 98,102.59	\$ 17,999.14
24.06.2014	Mliba – Mafutseni CS/SWZ/TR (RD)/86/3	JP¥252,610.00	JP¥43,559.00
24.06.2014	Mliba – Mafutseni CS/SWZ/TR (RD)/86/3	CHF6,979.65	CHF1,202.70
24.06.2014	Mliba – Mafutseni CS/SWZ/TR (RD)/86/3	DKK34,663.40	DKK5,975.17
24.06.2014	Mliba – Mafutseni CS/SWZ/TR (RD)/86/3	€17,135.61	€2,952.72
24.06.2014	Mliba – Mafutseni CS/SWZ/TR (RD)/86/3	NOK42,442.20	NOK7,317.46
24.06.2014	Mliba – Mafutseni CS/SWZ/TR (RD)/86/3	SEK19,192.32	SEK3,307.91
24.06.2014	Mliba – Mafutseni CS/SWZ/TR (RD)/86/3	\$19,859.07	\$3,422.12
24.06.2014	Mkhondvo – Mahamba CS/SWZ/TR/78/2	\$ 80,124.23	\$12,316.61
24.06.2014	Mkhondvo – Mahamba CS/SWZ/TR/78/2	\$123,606.14	\$13,943.79
24.06.2014	Main Roads Rehab F/SWA/ROD/89/6	JP¥8,496,856.00	JP¥1,623,210.00
24.06.2014	Main Roads Rehab F/SWA/ROD/89/6	\$20,912.35	\$3,992.39
24.06.2014	Transport Sector Project	JP¥3,163,794.00	JP¥686,760.00
24.06.2014	Transport Sector Project	€61,189.18	€13,274.70
24.06.2014	Transport Sector Project	\$92,943.68	\$20,163.69

AFRICAN DEVELOPMENT BANK (ADB)

Date	Project	Principal Amount	Interest Amount
24.06.2014	Two International Roads B/SWA/2-ROD/96/9	\$1,073,003.43	\$255,702.30
24.06.2014	Two International Roads B/SWA/2-ROD/96/9	€9,785.25	€ 2,178.27
10.12.2014	Two International Roads B/SWA/2-ROD/96/9	€9,785.25	€1,864.63
10.12.2014	Two International Roads B/SWA/2-ROD/96/9	\$10,073,003.43	\$218,886.53

In his response the controlling officer, explained that the multiple currency payments were spelt out in the loan contracts where the government agreed to pay in different currencies and as at the due date, agreed upon during the loan negotiations. The controlling officer also attested that the payments formed part of loan terms of the agreements which were accepted by government at the time the loans were signed

I was not furnished with the evidence in the form of loan contracts, hence I was neither able to confirm the controlling officer's assertion nor authenticate the payments. Documentary evidence of the circumstances that led the government agree to such expensive payment terms, at the expense of public funds, was not provided to me.

From the above statusquo it is apparent that the significance of date as the basis for transparency and accountability has not been adopted adequately to satisfy by the needs of all the stakeholders.

The Controlling Officer did not respond to the concerns raised. The Controlling Officer violated the Financial and Accounting Instruction number 0315 (ii) which states that "It is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired".

**HEAD: 35
TREASURY AND STORES**

Objectives:

Government Accounting – To maintain Central Government Accounts and other records. Collection and accounting for revenue due to Government, including the operation of five District Revenue Offices.

Systematic review of procedures within the Treasury and within Ministries and Departments to ensure adherence to the Financial and Accounting Instructions issued in accordance with the Finance and Audit Act.

Store – To provide effective buying services to supply goods and services at minimum cost to Government.

Under Expenditure on Project G51599- Computerization of Embassy Accounts II

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

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

Project Code	Name of Project	Purpose of the Project	Funds Released [E]	Actual Expenditure [E]	Variance [E]
G51599	Computerization of Embassy Accounts II	Local funds for the continuation of embassy accounts computerization and capacity building	420,000.00	317,437.00	102,563.00

An amount of E 600,000.00 was approved and E 420,000.00 released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 317,437 resulting to an under expenditure (E 420,000.00 – E 317,437.00) E 102,563.00(24.4%)

The Accountant General is expected to explain these savings and further update the Office of Auditor General on the current status of the project.

The Ministry confirmed the under expenditure as correct. The Accountant General stated that the under expenditure arose from the savings due to airfares obtained from the Royal Swazi Airways and savings from subsistence allowances. The savings from subsistence allowances to the efficient management of the flow activities at the Embassy that resulted in the completing the assignment earlier than anticipated.

HEAD: 40
MINISTRY OF LABOUR AND SOCIAL SECURITY

Objectives:

- Labour Regulations - To create, maintain and improve an environment for Sustainable development through decent work and to Promote social protection and social justice.

Fraudulent Workman's Compensation Claim LAB/C/3/Case File
No.1/9457/26/06/08 EMPLOYEMNT No. 3855160

The examination of the workman/s compensation case number 1/9457/26/06/08, amounting to E51 155.51, revealed that government paid the claim for the same accident in 2009.

The Labour Commissioner in a bid to justify the processing of the claim attested to the Auditor General that the 'workman was not paid his compensation by reason that his documents were misplaced by my office.'

The Labour Commissioner further stated that his office had eventually found the allegedly missing documents and that the Auditor General should approve the claim. This is per the Labour Commissioner's memorandum, ref: LAB/C/9451/26/06/2008, dated 4th February, 2015 that was addressed to the Auditor General

In my memorandum, Ref W6/VolXIII/27, I communicated my disapproval of the payment of the compensation to the workmen, employee number 3855160, that I considered to be an attempted fraud. The records revealed that the same police officer had previously submitted two workmen compensation claims, amounting E11, 367-92 and E51, 155-63 which were paid, on 5th March, 2009 through Cheque number 354924 and on 6th January, 2010 through Cheque number 503626, respectively. The two payments totaling **E62, 523.55** were in respect of an injury which he had suffered as a result of a motor vehicle accident that occurred on 26th June, 2008.

However, in my 2012 audit report, I pointed out that the officer was not entitled to the Temporary Disability Compensation because he did not suffer any temporary loss of earnings since he continued to earn his salary during the period of absence due to the injury. However, I am not aware if this anomaly was rectified.

An unfinished investigation to ascertain whether the officer claimed from the Motor Vehicle Accident Fund (MVA), as well, had not been concluded.

All the payments quoted above, were processed by the Labour Commissioner and were charged from the Workmen Compensation Fund, which is under the Vote of the Ministry of Labour and Social Security, but the Ministry has processed another claim for the same workmen, amounting E51, 155-63, in respect of the same accident.

It is puzzling that the same police officer had the audacity to lodge a third workmen compensation claim for the same injury knowing very well that the act was illegal and that the Labour Commissioner who was supposed to reject the fraudulent claim, approved the claim.

From the documents, I observed some indicators of doubtful authenticity of the case. The Labour Commissioner alleged that the injury was reported to his office by Report of Accident number 29945, but that report was not attached to support the claim. The attached report was "Report of Injury or Dangerous Occurrence number 9451" and "Road Traffic Accident Lobamba R.T.A 141/2008". Also, the Lobamba Police Report submitted, as the letter from the Station Commander, was not signed by the Station Commander. The resubmission of this claim was a well calculated ploy aimed at defrauding government. The documents which supported the previous claims were strategically removed from the case file when it was submitted to the Auditor General, for approval, to conceal the earlier payments. Amongst the concealed documents were , the Memorandum, ref. W6/Vol X11/63, dated 12th February, 2009 that authorized a six months temporary disability of E11, 367.92 and memorandum, ref. W6/Vol 11/63, dated 15th July, 2009, that authorized a permanent disability of E 51, 155.63.

The Controlling Officer, in her response, did not address the concerns raised. She requested the case file to forward to the police who were already conducting the investigation on this issue.

At the time of reporting, I am not aware of the outcome of the investigation.

The Controlling Officer requested an extension of time to look into the issue due to its complexity.

**Workmen Compensation Claim LAB/C/3/1445/07 Case File No. 1445 of 2007:
Employment No. 3322024**

Background

A workmen compensation claim worth **E114, 227-96** for workman employment number 3322024, who was employed as a Teacher at Swazi National High School at that time, was submitted by the Labour Commissioner to the Auditor General in August 2010 as per the Labour Commissioner's memorandum, ref. LAB/C/3/1445/07, dated 25th August, 2010. The claim was a result of an injury that was allegedly suffered by the officer on 6th November, 2007, at the Swazi National High School. The accident was reported through Report of Injury or Dangerous Occurrence form, No. 10608, which was filled by the Senior Human Resources Officer, at the Ministry of Education on 23rd June, 2009 in an attempt to compensate the workman on the disablement.

Uncertainty of Accident Occurrence

The First Medical Certificate indicated that the workman was examined by the Medical Practitioner at the Mbabane Government Hospital on 6th November, 2007, whereas the date of signature on the First Medical Certificate was 23rd June, 2009. According to the Disablement Report dated 23rd June, 2009, the teacher had suffered **permanent disablement Osteoarthritis of the Right Ankle**, hence a 25% loss of earning capacity arising from the disablement. It should,

however, be noted that according to Section 36 (2) of the Workmen Compensation Act, any case or claim that is based on complications or diseases that may arise as a result of an injury, is automatically referred to the Workmen Compensation Medical Board.

Processing a workmen compensation includes verification, by the Labour Commissioner, of the authenticity of the claim case, validity and legality of the percentage disability, for which compensation is being claimed and the accuracy of the computation of the compensation amount. The following documents are prerequisite before a legal workmen compensation may be paid out:

- a) First Medical Certificate
- b) Certificate of Medical Practitioner
- c) Final Medical Certificate
- d) Disablement Report

My examination of the four documents, named above, on which the 25% loss of earning capacity arising from the disablement was based, raised serious concerns, particularly, the date of examination by the Medical Practitioner. The Certificate of Medical Practitioner attested that the Medical Practitioner had examined the workman on 6th November, 2007, that is, on the day of the accident, at the Mbabane Government Hospital. However, there was no proof submitted by her as evidence that this important examination had in fact occurred, at the Mbabane Government Hospital, on 6th November, 2007. This missing information was necessary to authenticate the Certificate of Medical Practitioner, otherwise the document is deemed to be misrepresenting facts, thus increasing the need to take the case to the Workmen Compensation Medical Board. Actually, she attested to have been examined by Dr. J.F. Dlamini of Bonginkosi Medical Centre in Manzini on the next day after the accident, on 7th November, 2007 but there was not a single document submitted confirming her being attended to, at the Mbabane Government Hospital on the 6th November, 2007.

The Certificate of Medical Practitioner specifies the injury received in a particular accident and the corresponding Disablement Report must be based on that specific injury. Otherwise, other injuries besides the injury that was examined as per the Certificate of Medical Practitioner may fraudulently be used to claim workmen's compensation. Thus the need to scrutinize each workmen compensation claim to vigilantly guard against unlawful, invalid and duplications of submitted claims.

Inconsistency of the Compensation Rate

Preliminary examination of the claim by the Auditor General revealed that the twenty five percent (25%) disablement assessment was not in accordance with the Workmen Compensation Act's Second Schedule. Subsequently the Auditor General advised the Labour Commissioner to refer the case to the Workmen Compensation Medical Board. This is in accordance with Section 32 of the Workmen Compensation Act. The Auditor General communicated the request to the Labour Commissioner on 25th February, 2011 as per ref. W6 Vol XII/359. However, the Commissioner of Labour did not respond to the Auditor General on the matter, for more than four years until April, 2015, when he resubmitted the claim together with a Court Order.

On further enquiry, it was established that investigations revealed that the teacher had been examined by the Occupational Health Specialist on 24th May, 2012, for the purpose of medical

underwriting. That assessment concluded that there was no compensable disability arising from the injury, that is, 0% compensable disability and that the case had become a disease - Osteoarthritis. The underwriter and his client (the teacher) mutually decided that the case be referred to the Workmen Compensation Medical Board because of the disparity in the assessments.

My audit revealed that the teacher did not avail herself to the Workmen Compensation Medical Board but took the matter to the Industrial Court, instead. I also observed that the Labour Commissioner did not take any legal steps to compel the teacher to present herself to the Workmen Compensation Medical Board.

The teacher's deliberate act, of bypassing the Workmen Compensation Medical Board, is a clear indication that she believed that the Workmen Compensation Medical Board would not uphold the 25% claim but would rather arrive at a lesser compensation rate or even concur with the Occupational Health Specialist's assessment. That was the reason why she pursued the matter at the Industrial Court. Taking the matter to the Industrial Court by the teacher without having exhausted all the legal procedures, appearing before the Workmen Compensation Medical Board, was a breach of the legitimate processes, which should not have been allowed. Refer to Section 32 (2) of the Workmen Compensation Act No. 7 of 1983, which states that **"The Board shall give a decision in writing to the Labour Commissioner on any matter or dispute referred to the Board by him and that decision shall be final and binding on the Labour Commissioner and on the parties concerned"**.

It is of great concern to me, that the Auditor General, who had an interest in the matter since it was actually her office that had raised concerns on the workmen compensation claim, was neither informed nor involved in defending the court case. It seems the Auditor General was deliberately sidelined until a judgement was passed, in an effort to weaken government's defense on the matter. It is not surprising that government lost the case and that the Labour Commissioner did not bother to inform the Auditor General about the ruling until after the period for pursuing an appeal to the court of law had elapsed. It was also observed that the judgment itself did not intend to circumvent the law which stipulates the processes that a workmen compensation claim undergoes before it is passed for payment. Instead the ruling intends ***"1. Compelling the 1st Respondent (Commissioner of Labour) to facilitate the Payment of Workmen's Compensation for the Applicant Ntombikayise Simelane. 2. Directing the 2nd Respondent (Teaching Service Commission) to take all the steps necessary in ensuring payment of the workmen's Compensation for the Applicant."***

Conflict of Interest

There was an apparent conflict of interest in this case as the Commissioner of Labour who is entrusted with the administration of the compensation claims neglected the provisions of the Workmen's Compensation Act No. 7 of 1983 and other Workmen's Compensation Regulations in processing compensation of claims. Instead of complementing the services of the Auditor General in ensuring that Government funds were spent correctly and in compliance with the compensation Act and Procedures, the Commissioner of Labour argued that the Auditor General was not the rightful employer representative, in processing of workman's compensation claims. However, the Auditor General was given a directive to just append signature, as a rubber stamp

and authorise the claims for payment by the Commissioner of Labour Legal Adviser, without verification and following the necessary procedures in processing of compensation claims.

Interestingly, the Teaching Service Commission chairman, who the Commissioner of Labour's Legal Advisor fervently supports to be the true employer representative happens to be the workman's (Teacher's) Lawyer in the Industrial Court case against Government. The assumption is that the Chairman of Teaching Service Commission TSC is supposed to be on the side of the employer (Government), but surprisingly, is the one representing the workman (teacher) in court against TSC. However, this was conveniently never disputed by the Commissioner of Labour. It would seem that there was a lot of conflict of interest, in this case, hence the case was not adequately defended in court.

Moreover, the Commissioner of Labour's Legal Adviser has previously unlawfully benefited E 22, 585.92 that was paid for loss of earnings due to temporary disablement whereas he never lost his earnings since Government continued to pay his salary in full, during the temporary disablement. As Auditor General I had recommended that the Commissioner of Labour should recover the entire amount paid as it was double payment and Financial and Accounting Instruction of 1970 no. 0509 (i) states that immediate action must be taken to recover any amount overpaid. However this amount has not been recovered up to date.

In conclusion, I have observed with great concern the attempt by the Labour Commissioner to coerce the Auditor General to "endorse payment of a sum of E114, 227-96, to the Teacher without further delay..." – Labour Commissioner's memorandum, ref. LAB/C3/1445/2007, dated 24th June, 2015 refers. The audacity to remind the Auditor General that the matter was addressed in a court of law and that "the Auditor General did not file any papers in support of referral of the case to the Medical Board" and that government lost the case on the same point, is disturbing because the Auditor General was systematically kept out of the picture during the court case.

The intentions are clear, as they have been confirmed by the attitude of the Labour Commissioner, throughout the case. Unfortunately the whole fiasco involves the loss of scarce public funds through the abuse of the Workmen Compensation Fund by unscrupulous government employees as well as the very government officials that have been entrusted to safeguard public resources. It is a pity that when the Auditor General carries out her constitutional mandate to promote accountability in government processes and in preventing unlawful spending of public funds, she is deemed an obstacle. The role of the Auditor General was to advise, truthfully, whether payment of this compensation was right and appropriate.

I have observed that no attempt was made by the Labour Commissioner to appeal the judgement of the Industrial Court. However, I strongly believe that the matter should be pursued further with the relevant courts because there is a need to correct the previous judgement against government. Leaving the situation as it is would set an unacceptable and unworkable precedent, which would open the floodgates to similar workmen compensation claims that would result in great losses to government and extensive serious repercussions to the whole nation, through economic disasters, as comprehensively articulated through my concerns on the whole matter in this report.

It may transpire that the Labour Commissioner is out of time to lodge such an appeal but still the court may be approached to condone the Labour Commissioner's delay in lodging the appeal by stating valid reasons. Another alternative would be requesting for a review of proceedings because of irregularities in the court processes. In fact, there is a need for Judicial Review of all the Workmen Compensation judgements as they have set a precedent which may perpetrate misuse of the Workmen Compensation Fund.

The Controlling Officer was notified that government could not afford to lose the **E114, 227.96**, amount in lieu of payment of an unjustified workmen compensation claim and E26, 798.18 for cost of suit without holding the Controlling Officer and other responsible officers liable for the loss. Furthermore, the Controlling Officer will be called upon to account and recover any loss resultant from unjustified court case costs, resultant from the workmen compensation claim, by the workman.

The Controlling Officer requested extension of time to look into the matter due to its complexity.

HEAD: 41 MINISTRY OF PUBLIC SERVICE

Objectives:

The Ministry's responsibility is Personnel Administration of the Public Service . To meet staffing requirements of ministries/departments in accordance with Civil Service Commission Regulations. To control the size and rates of pay of the public service and to improve its overall quality; to provide the necessary training for civil servants and adequate manpower for public service needs; to provide central advisory administrative and technical services to Government agencies

Occupation of Government Quarter Beyond Retirement Age - Employment No. 3270099

A report referenced E26 VOL II/45, dated 29th October 2015 was issued to the Principal Secretary, Ministry of Public Service, where I expressed my concern that employee 32700099, who retired from the civil service on 8th March 2015, continued to occupy a Government house beyond her retirement date without authority and paying rent.

The Controlling Officer, in his memorandum, referenced OG 51/54, dated 11th November 2015, concurred with my observation.

According to General Order A779 (i), an officer who continues to occupy government quarter beyond his/her last day of service is violating the General Order and should be charged open market rentals. According to the General Order the house is classified under category A with a subsidized rental fee of E153.00 per month and E2600.00, commercial rate.

My observation was that whilst illegally occupying the government house, the former employee did not pay the stipulated market rent of E2600.00 per month. Therefore, the rent arrears from April 2015 to September 2015, accumulated to E15 600.00 (E2 600.00 x 6 months).

It is also worth mentioning that the former employee was Human Resource Officer in the Ministry of Public Service, Housing Section. Therefore, she was quite aware that she was supposed to vacate the government quarter on the due date.

The Controlling Officer, in his response, stated that the Ministry engaged the services of the Attorney General's Office to ensure that the officer was evicted from the Government house. The response further stated that the office of the Attorney General was successful in evicting the officer with a court order, dated 12th October 2015 and it is in the process of recovering the rent arrears, from the former employee.

I noted that the Court Order stated that the amount to be recovered was E10 400.00 that is from March 2015 to July 2015 yet the officer vacated the house in October 2015, thus the amount still due to government was E15 600.00.

I appreciate the action taken by the Controlling Officer to take legal action, regarding this matter but the recovery of the rent arrears is not yet effected.

I also drew the attention of the Controlling Officer that rent deductions from the former employee's salary was E87.00, from January 2012 to March 2015, when her salary was stopped, instead of E153.00, as stated in the General Orders. This implies that the rent was underpaid by E66.00 and the rentals outstanding since January 2012 to March 2015, amounts to E2 574.00 (E66.00 x 39 months). Ultimately, the rent due to government has accumulated to **E18 174.00** (E15 600.00 including E2 574.00).

I am concerned that every year I report about retired officers who continue occupying Government quarters beyond their retirement date without the payment of the correct rental yet the Ministry is notified in time about retiring officers. The worst with this employee is that she was under the control of the Controlling Officer, responsible for housing government employees.

It should be noted that serving officers are desperately in need of government accommodation, but pensioners continue occupying the government quarters. Occupation of government quarters by the pensioners increases expenditure in paying housing allowances to employees who are not accommodated, thus affecting the wage bill negatively.

The Controlling Officer did not respond to my reference sheet at the time of reporting. The Controlling Officer therefore, violated the Financial and Accounting Instruction number 0315 (ii) that states "It is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired".

Deferred Retirements and Resignations

Records were examined and memoranda, referenced E26 VOL II/41, dated 17th September 2015 and E26 VOL II/43, dated 26th October 2015, were issued to the Principal Secretary, Ministry of Public Service.

I expressed my concern about the continuous granting of authorities to officers to deferred retirement whilst they owed government, and the authorities were granted late or long after employees had left the service.

A number of employees left the civil service with the monies due to government or uncleared advances, thus violating General Order A1001 read in conjunction with Financial and Accounting Instructions 0506, which states that all employees should pay all government dues/debts before they leave the service.

In my report, referenced E26 VOL II/41, dated 17th September 2015, I stated that the uncleared advances or monies due to government for the period 31st October 2002 to 30th November 2015, amounted to E656 954.49, comprising E419 663.20 deferred retirements, E129 505.81 resignations and E107 785.48 early retirements.

Details of the debts are as follows.

Deferred Retirements

Employment Number	Date Employed	Ministry/ Department	Last Day of Service	Compulsory Retirement Date	Type of Loan	PSPF Contributions	Outstanding Amount (E)
10141139	27/11/2001	Police	31/07 2013	12/12/ 2040	Overpayment of Salary	36 324.15	126 548.30
9267301	19/12/2001	Police	30/06/2013	02/02/2042	Overpayment of Salary	36 132.14	127 082.26
3583724	08/02/1994	Education	31/07 2010	16/06/2032	Salary Advance	30 468.70	1 000.00
3594078	07/09/2004	Education	31/01 2010	14/06/2030	Overpayment of Salary	54 450.84	13 373.58
9020861	05/12/2002	Treasury	30/09/2013	21/05/2038	FDS Tax Due	40 611.43	183.79
3583078	01/11/1999	Audit	30/06/2013	20/10/2032	Car Servicing Advance	44 923.17	22 581.50
2424439	23/05/1994	Public Service - SIMPA	30/09/2006	13/07/2021	Study Loan	28 074.16	14 733.90
5105131	01/01/1988	Education	31/10/ 2002	28/12/ 2021	Car Servicing Advance	22 958.37	39 086.54
8384939	01/12/1987	Agriculture	30/08/ 2014	09/08/2019	Overpayment of salary	194 170.77	67 458.84
8618694	01/11/1993	Agriculture	31/03/2007	25 November 2022	Overpayment of salary	8 874.53	2 461.25
4863902	15/09/1992	Agriculture	31/01/ 2009	23 October 2029	Long-term study loan	33 022.74	5 153.24
Total						530 011.00	419 663.20

Resignations

Employment Number	Date Employed	Ministry/ Department	Last Day of Service	Compulsory Retirement Date	Type of Loan	PSPF Contributions (E)	Outstanding Amount (E)
101967161	Internal Audit	2013/09/17	30/11/ 2014	23/08/2046	Long-term study loan	6 876.42	76 838.37
9069543	Information Communication and Technology	01/09/2004	30/06/ 2013	14/08/2037	Long-term study loan	44 988.26	14 460.45
					Rent		2 200.00
9210529	Information Communication and Technology	01/02/2007	30/06/2013	10/04/2042	Long- term study loan	36 621.56	26 623.17
300043185	Information Communication and Technology	05/05/2010	31/07/ 2010	10/04/2043	Overpayment of salary	1 375.62	6 182.58
9912386	Agriculture	26/11/2008	16/01/ 2013	11/04/2045	Overpayment of salary	7 734.11	3 201.24
Total						97 595.97	129 505.81

Early Retirement

Employment Number	Ministry/ Department	Date Employed	Compulsory Retirement Date	Last Day of Service	Type of Loan	PSPF Contributions (E)	Outstanding Amount (E)
4058311	Agriculture	02/05/1975	05/10/2012	30/11/2009	Overpayment of salaries	95 215.05	107 785.48
Total						95 215.05	107 785.48

The Controlling Officer, in his response, referenced ES36/58, dated 2nd October 2015, stated that as a ministry they ensure that monies advanced to employees are paid back to government. It is also the responsibility of the parent ministry to ensure that the employees meet the requirement before the request for authority is submitted to the Ministry of Public Service.

In addition, the Controlling Officer stated that most of the officers quoted in my report, made arrangements with government on how the outstanding monies would be paid back except for the following who left the service without being authorised. It means that they absconded from the service.

This indicates that those entrusted with safeguarding of government monies against losses and abuse are not vigilant enough to protect the monies, and the unfortunate result is the cash constraint the government ends up experiencing from this negligence. The officers concerned, themselves, have the responsibility to ensure all debts are repaid as honest, devoted and ready to support their country, patriotic.

A follow up audit revealed that the outstanding monies were never repaid to government.

Employee Number	Ministry/ Department	Date Employed	Last Day of Service	Amount Outstanding (E)
10141139	Police	27/11/2001	31/07/2013	126 548.30
5105131	Education	01/01/1988	31/10/2002	39 086.54
9267301	Police	19/12/2001	30/06/2013	127 082.26
Total				292 717.10

I am concerned that recovery debts which occurred whilst officers were 45 or 50 years of age have to be recovered after 15 or 10 years when, the employee is 60 years, is not cost effective or economically viable. Also noted were small amounts of debts that were also deferred, reflecting negligence and abuse of the deferring of settlement of the debt, without reasoning, through the acknowledgement of debt. On another note, there were instances where pension monies against the deferred settlement of debts were below the amounts owed to government. The evasion to honour indebtedness reflects serious gaps in individual financial management skills and needs to be addressed.

I have noted that this scenario might be due to the letter of acknowledgement of debt as per the PAC resolutions of the year ended 31st March 2013, that to my understanding, was misconstrued. The resolution stated to the Accountant General employees who are left with two or three months to retire should not be granted advances and must ensure that they sign

an acknowledgement of debt. To my understanding this is appropriately linked to compulsory retirement, though not clearly pronounced and is open to abuse. This arrangement was made to enable deduction of the debt from the employees' pension due to the current Retirements Funds Act of 2005 that disallows general deductions from terminal benefits unless directed by the pensioner. It was not meant to strengthen evasion to pay debts in order to drain government its resources.

I further raised my concern that the Controlling Officer is granting authority to employees to serve three months' notice in order for them to proceed on early/deferred retirement and resignations long after the employees had left the civil service.

The delay in granting authority leads to officers leaving the service with debts due to government and it is construed as having absconded from the service, and the authorities being only cover ups.

However, the officers themselves are expected to be responsible enough to ensure settlement of their debts without being chased as they know early, their intentions to leave the service.

The table below reflects the officers whose authorities were granted after they had left service

Employment Number	Ministry	Date Authorised	Last Day of Service	Comments
3526929	Public Service (SIMPA)	07 October 2015	31 March 2013	Authority was granted on 7 th October 2015. This is two years later.
3530939	Public Works and Transport	18 August 2014	31 July 2006	Authority was granted on 18 th August 2014. This is eight years later.
8591283	Public Works and Transport	29 July 2014	31 August 2010	Authority was granted on 29 July 2014, four years later.
101967161	Internal Audit	28 July 2015	30 November 2014	Authority was granted on 28 July 2015, eight months later.
4897611	D.P.M	07 May 2014	31 December 2014	Authority was granted on 7 May 2014, five months later.
8884518	Registrar of the High Court	24 June 2014	20 February 2014	Authority was granted on 24 June 2014. This is four months later.
3592313	Information, Communication and Technology	13 November 2014	30 April 2014	Authority was granted on 13 November 2014. This is seven months later.

Employment Number	Ministry	Date Authorised	Last Day of Service	Comments
2583910	Health	08 October 2015	30 September 2015	Authority was granted on 8th October 2015, one month later.
101772642	Health	08 October 2015	30 September 2015	Authority was granted on 8 October 2015, one month later.
101851396	Labour and Social Security	12 October 2015	31 August 2015	Authority was granted on 12 October 2015. This is two months later.
10007936	Health	08 October 2015	30 September 2015	Authority was granted on 8 October 2015, a month later.
	Registrar of the Supreme Court	27 October 2015	31 October 2015	Authority was granted four days before officer leaves service.

The Controlling Officer, in his memorandum, referenced ER 29/2 dated 29th October, 2015, stated that late applications for deferred/early retirements and resignations is due to that officers requesting reduced notice have a difficulty to pay cash, the balance in lieu of notice. Authority is then granted after the payment in lieu of notice.

Worth noting was that there was no evidence furnished to confirm payments in lieu of notice except for employee number 3592313, who paid E12,628.62, on receipt number 5682865, dated 11th July, 2014 and employee number 101772642, who paid E7,216.17, on receipt number 6344408 dated 3rd August, 2015. And it should be noted that such monies should be paid, promptly, before exit just as government is expected to pay employees, promptly, in lieu of notices, if their services were terminated without notice. This implies deferring payment does not apply to issues of notice.

This scenario is a pure demonstration of inefficiency on the part of the Ministry of Public Service and a breach of laid down regulations.

The Controlling Officer revealed that there were various reasons that contributed to the delay to issuance of the authorities. The major reasons quoted were, late submission of requests by line Ministries and inadequate information about the applicants.

He assured me that the Ministry of Public Service does not grant authority to exit to officers who owe government. He absolved himself from being held responsible for officers who leave the service without authority. The line Ministry should ensure the employees do not exit if they have not received the authority.

He promised he would soon issue a circular to remind Ministries about the processes around retirements.

The response only furnished the challenges faced. However my major concern surrounded the granting of authorities after the employees have already exited the civil service. This indicates the employees never served the notices they requested or pay in lieu of the notices.

In my view the situation faced depicts gross inefficiency that need to be ironed out from all angles, including the Ministries and their applicants/employees.

My plea to the Ministry of Public Service, is to take it upon itself to curb such inefficiencies, since it is responsible for the Terms and Conditions governing the civil service.

Technical Assistance, Capacity Building

The statement of Grants, was examined and a memorandum, referenced A2/14/15/40 dated 2nd December 2015, was submitted to the Principal Secretary, Ministry of Public Service.

The attention of the Controlling Officer was drawn about the grant, amounting to E3 154 890.38, for technical assistance, capacity building, which has not been utilized.

The Accounting records revealed that the grant was received in the financial year 2008.

I expressed my concern about this grant as it had been lying idle for more than eight years.

It is disturbing to note that the purpose of the grant was not achieved yet there is a high demand for the continuous Human Resource development, in government.

The Controlling Officer, in his response referenced HRD 84/1, dated 11th December 2015 stated that the ministry was working around the clock trying to get all relevant facts regarding the issue.

At the time of reporting there was no information provided by the relevant authority, Ministry of Public Service. Instead, the Controlling Officer requested an extension of 4 weeks, to pursue the matter.

This indicated that the ministry had no clue about this grant yet it was released to the Ministry. This implies that the Ministry does not reconcile its books of accounts and ensure that all monies are spent for purposes intended. It is evident that the Ministry is not vigilant in ensuring Human Resource Development for attainment of relevant and appropriate, skills in the Public Sector.

It should be noted that Human Resource Development is essential to enhance efficiency and improve service delivery in the Public Sector.

The Controlling Officer concurred with my observations that the grant was not utilized under this project.

He informed me that the project, funded, emanated from the National Skills Survey of 2005, from which government needed to have a National Human Resource Development

Planning Programme that would guide the alignment of the Educational Programmes under the pre and inservice settings.

He revealed that this was a huge programme with a total of 15 thematic projects. The project would be implemented over an approximated period of 3 years at an estimated revised cost of E8 000 000.00.

An amount of E3.5 million was to come as a commitment from the Swaziland Government difference of about E5 million from the Common Wealth Fund for Technical Cooperation (CFTC).

The unutilized E3 154 890.38 was released for the development of a sound programme implementation unit, under the Ministry of Public Service. It was intended to support the ground work, facilities, furniture in setting up the programme implementation unit and planning expenses for the technical working group, to which the technical expert from CFTC was a member and adviser.

Due to various challenges, cited by the Controlling Officer, the project failed to take off, hence the underexpenditure.

However, the Ministry revealed its intention to utilize the money elsewhere, and requested the background information from the Accountant General in order to determine where on what other activity it could be utilized.

HEAD: 43 INFORMATION, COMMUNICATION AND TECHNOLOGY

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

Salary Received Whilst on Secondment- Employee 9156641

A memorandum, referenced I6 Vol. II/73, dated 31st July 2015, was issued to the Principal Secretary, Ministry of Information, Communication and Technology about an unauthorized payment to an employee, who was on secondment.

The officer, whose employment number, was 9156641 and employed at Swaziland Broadcasting and Information Services (SBIS) was, according to a letter, referenced CSC/PF 27510, dated 19th November 2014, seconded to the Swaziland Television Authority-Cultural Unit, with effect from 1st December 2014 to 30th November 2016. The officer received full salary for the month of December 2014, amounting to E11 534.50 yet he was no longer entitled to earn salary from government.

The response, referenced ICT/16/8, dated 10th August 2015, concurred with my observation and informed me that the money overpaid was repaid on receipt, no 06350384, dated 6th August 2015.

Upon verification of the transaction, I noted with concern that the repayment was not properly classified in the books of account and as a result the ministry's salaries account for the year 2015/16 was overstated by this amount.

The salary repaid was deposited into the Ministry's budget and classified under 432/...../01101, salaries account instead of item 21990, miscellaneous revenue account.

The Controlling Officer did not conform to the Appropriation Act requirement that monies related to a financial year lapse at the end of each financial year because government operates on a cash basis.

The repayment should have been classified under the item 21990, miscellaneous revenue account since the repayment occurred in the year, 2015/2016 and not 2014/2015, in which the anomaly occurred.

It is worth noting that the significance to closely monitor the financial transactions is to enable prompt action on errors, prior to the end of a financial year to avoid the overlaps of the transactions.

The Controlling Officer admitted the error in depositing the salary repayment, amounting to E11,584.50, that related to 2014/15 Financial Year.

To correct the error the Ministry prepared a Journal Voucher and forwarded it to the Accountant General to adjust the transaction in the Miscellaneous Revenue Account.

At the time of reporting I had not been updated if the adjustment occurred.

It is advisable that the Ministry ensures at all times that all its transactions were processed in line with the Appropriation Act as per Financial Year in which they occurred.

Over Expenditure on Recurrent Vote

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

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

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

Head	Item	Released Budget (E)	Actual/ Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
43	CTA Vehicle Charges	5,287,859.00	6,814,821.51	1,532,162.51	29

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

The Controlling Officer confirmed my observation as correct.

He cited acquisition of a new fleet of the digital migration and the long distances to the transmitter sites to have caused the over expenditure.

He assured me that the Ministry had since adjusted its budget to cater for the extra cars.

He was silent on the issue of Authority to overspend.

Based on the assertion that the causes were new cars and long distances which were not anticipated the Ministry could never foresee the overexpenditure as soon as these circumstances came up, the Ministry is surely conversant of government regulations and procedures to follow in the event of unforeseen overexpenditure. In this case the Controlling Officer did not obtain authority to curb the overexpenditure. This indicates that there is no monitoring of the expenditure. This is despite the Monthly Financial Management statements that are prepared each month to reflect the pattern of expenditure under each Ministry.

It is advisable that these statements are used to identify possible areas that need to be addressed before anomalies occur.

Under Expenditure on Project G55799- Development of a Document Management System

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

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

Project Code	Name of Project	Purpose of the Project	Funds Released (E)	Actual Expenditure (E)	Variance (E)
G55799	Development of a Document Management System	Local funds for the procurement of equipment, training and for consultancy fees	2,660,000.00	1,186,056.89	1,473,943.11

An amount of E 2,660,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E1,186,056.89 resulting to an under expenditure (E2,660,000.00 – E1,186,056.89) E1,473,943.11 (55.4%)

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

The Controlling Officer confirmed the under expenditure, amounting to E1 473 943.16 (E55.4%).

He revealed that after the procurement process was completed, when the evaluation process was carried out, non of the tenders met the requirements of the Ministry.

The request to extend the utilization of the funds was not successful with the Accountant General because the financial year 2014/15 was closed.

The response is appreciated. However, it is advisable to start the procurement process at the beginning of a financial year to allow all challenges to be addressed within the budget year.

In my view the procurement process started late in the year.

The approval of the Ministry’s request to purchase the computers was dated 19th December 2014, 9 months from the beginning of the financial year. It would be impossible to complete the long procurement process within a short period.

Under Expenditure on Project T51099–Digital Migration

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

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

Project Code	Project Name	Purpose of the Project	Funds Released (E)	Actual Expenditure (E)	Variance (E)
T51099	Digital Migration	Local funds to equip transmitter sites with transmission equipment and provide extensive microwave signal routing equipment	101,997,378.00	83,307,140.22	17,690,237.78

An amount of E 101,000,000.00 was approved and E 101,997,378.00 released for the implementation of the above-mentioned project.

Actual expenditure amounted to E83, 307,140.22 resulting to an under expenditure of (E 101,997,378.00 – E83,307,140.22) E17,690,237.78 (17.5%)

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

The Ministry confirmed the under expenditure as correct.

The explanation, by the Controlling Officer revealed that the funds were paid after the final stage of the implementation of the project was completed, as per arrangement with the contractor.

By the end of the financial year the contractor had not finalised the project. The Ministry requested authority to utilize the funds during the accrual period but still the contractor had not reached the agreed stage to receive the payment. Hence the under expenditure occurred.

**HEAD: 45
MINISTRY OF HEALTH**

Objectives:

To improve and preserve the state of health of the citizens of Swaziland and also provide relief, emergency and social services.

Over Expenditure on Recurrent Vote

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

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

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

Head	Item	Released Budget (E)	Actual/ Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
45	CTA Vehicle Charges	48,030,914.00	53,116,502.00	5,277,033.13	11
45	Rentals (Land, Buildings and Computer Equipment)	1,615,000.00	1,808,596.38	193,596.38	12

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

The Controlling Officer confirmed the facts as correct.

He alleged that the Ministry was constantly monitoring the CTA expenditure but missed the target due to the Central Transport Administration lagging behind in capturing the fuel usage. He informed me that the ministry was in the process of installing, tracking devices in an effort to curb the misuse of vehicles and some of the vehicles have been installed with the gadgets.

On rentals he admitted the over expenditure was due to expenditure that was not budgeted for but due to demand by the landlord for refundable deposits, the ministry had to over spent.

He promised that in future such over expenditures will not recur.

The responses were not convincing on both issues because, on the CTA charges ministries have always quoted delays by CTA to provide information on fuel charges and the PAC urged all ministries to devise ways to monitor, closely, expenditure under this item, to avoid over expenditure. The CTA has developed its system to deal with these issues in that ministries are allocated the consumption levels permitted, which enables ministries to know before hand whether they have enough resources to meet the expenditure.

On the issue of rentals, the lease contains all requirements to be fulfilled by the lessee prior to approval, including the refundable deposits, there was no room for the landlord to enforce the refundable deposits that were excluded from the legal instrument.

Over Expenditure on Project H33899– Institutional Housing for Newly Built Health Facilities

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

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

Project Code	Name of Project	Purpose of Project	Funds Released (E)	Actual Expenditure (E)	Variance (E)
H33899	Institutional Housing for Newly Built Health Facilities	Local funds for the construction of Institutional Housing for Newly Built Health Facilities	9,000,000.00	15,000,000.00	-6000,000.00

An amount of E9, 000,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E 15, 000,000.00 resulting to an over expenditure of (E9, 000,000.00- E15, 000,000.00) E6, 000,000.00(66.6 %)

The Controlling Officer is expected to explain the authority that allowed the ministry to spend beyond the released funds and further update the Office of Auditor General on the current status of the project.

The Controlling Officer disputed the over expenditure. It was agreed that the funds allocated amounted to E9 000 000.00 but the actual expenditure, todate, was E494 257.07 and not E6 000 000.00, reflected in the accounts. The variance was E494 257.07. He further informed me that the variance would be used for the payment of the ongoing single staff house.

The response is appreciated. It is my privilege to endorse that the project status referred to was obtained from the government accounts. The disparity between the reports was due to non reconciliation of records. As a result the true status of the Project was concealed.

Over Expenditure on Project H33099–Rehabilitation of Mbabane Government Hospital

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

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

Project Code	Name of Project	Purpose of Project	Funds Released (E)	Actual Expenditure (E)	Variance (E)
H33099	Rehabilitation of Mbabane Government Hospital	Local funds for the Rehabilitation of Mbabane Government Hospital	16,000,000.00	20,000,000.00	-4,000,000.00

An amount of E10,000,000.00 was initially approved and was revised to E16,000,000.00 and was released for the implementation of the abovementioned project.

Actual expenditure amounted to E20,000,000.00 resulting to an over expenditure of (E16, 000,000.00 - E20, 000,000.00) E4, 000,000.00 (25.0 %)

The Controlling Officer is expected to explain the authority that allowed him to spend beyond the released funds and further update the Office of Auditor General on the current status of the project.

The Controlling Officer refuted the over expenditure, amounting to E4 000 000.00 under project H33099.

He stated that the Ministry was allocated a sum of E10 000 000.00 and a reallocation of E 6 000 000.00 was approved from Lubombo Regional Hospital Phase I to the project. Another E14 000 000.00 was reallocated from the Filter Clinic for the same project. A further E10 000.00 was reallocated from the recurrent budget and transferred to Micro Projects to complete the project. The total provision of the Project was E40 000 000.00.

Documents pertaining reallocations made and approved together with the certificates of the works done were attached to confirm the expenditure.

I was not informed about the final status of the Project. The Controlling Officer did not update me about the total expenditure, after all the reallocations that were made under this expenditure.

I concluded that the over expenditure reflected in the accounts was due to non-reconciliation of the expenditure. This deprives the external stakeholders of the true status of the Project and may mislead budgetary decision on similar projects in future.

The Controlling Officer did not respond to the concerns raised, the Controlling Officer violated the Finance and Accounting Instruction number 0315 (ii) which states that “it is duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

Under Expenditure on Project H33999– Water and Sanitation Projects II

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

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

Project Code	Name of Project	Purpose of the Project	Funds Released (E)	Actual Expenditure (E)	Variance (E)
H33999	Water and Sanitation Project ii	Local funds for the provision of potable water and construction of pit latrines in several locations in the country	1,945,000.00	1,635,301.00	309,698.22

An amount of E2, 500,000.00 was approved and E1, 945,000.00 released for the implementation of the above-mentioned project.

Actual expenditure amounted to E1,635,301.00 resulting to an under expenditure of (E1,945,000.00 - E1,635,301.00) E309,698.22(15.9 %)

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

Over Expenditure on Project H34599–provision of Water in Health Facilities

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

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

Project Code	Name of Project	Purpose of Project	Funds Released (E)	Actual Expenditure (E)	Variance (E)
H34599	Provision of Water in Health Facilities	Local funds for the provision of water in health facilities	5,000.000.00	6,995,865.32	-1,995,865.32

An amount of E5, 000,000.00 was approved and released for the implementation of the above-mentioned project.

Actual expenditure amounted to E6,995,865.32 resulting to an over expenditure of (E5,000,000.00 - E6,995,865.32) E1,995,865.32(39.9 %)

The Controlling Officer is expected to explain the authority that allowed him to spend beyond the released funds and further update the Office of Auditor General on the current status of the project.

The Controlling Officer did not respond to my reference sheet at the time of reporting. The Controlling Officer therefore, violated the Financial and Accounting Instruction number 0315 (ii) that states “It is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

Overdrawn Fund; Special Care Medical Aid Fund

I drew the attention of the Controlling Officer that double payments amounting to E207 540.78, in respect of payments, which were made from the Special Care Medical Aid Fund, under the Ministry of Health. I pointed out that through the vouchers, /batching system, the Ministry paid the service providers twice, per invoice, as illustrated in the table below:

Date of Payme-Nt	Invoice No.	Voucher No.	Cheque	Payee	Amount (E)	Overpayment (E)
2014/06/17	110414ISH	00020344		Intercare Suba Acute Hospital	110 415.91	
2014/05/15	110414ISH	00020344		Intercare Sub Acute Hospital	110 415.91	110 415.91
2014/11/05	21422390	00080038	175526	Mbabane Clinic Private Hospital	23 903.82	
2014/12/16	21422390	00090821	191281	Mbabane Clinic Private Hospital	23 903.82	23 903.82
2014/10/09	21421921	00060461	160838	Mbabane Clinic Private Hospital	17 835.45	

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Date of Payment-Nt	Invoice No.	Voucher No.	Cheque	Payee	Amount (E)	Overpayment (E)
2014/12/09	21421921	00090572	185521	Mbabane Clinic Private Hospital	17 835.45	17 835.45
2014/11/05	21422308	00080036	175524	Mbabane Clinic Private Hospital	13 664.44	
2014/12/16	21422308	00090825	191285	Mbabane Clinic Private Hospital	13 664.44	13 664.44
2015/02/03	21423080	00110824	207090	Mbabane Clinic Private Hospital	11 505.81	
2015/02/13	21423080	00110824	207090	Mbabane Clinic Private Hospital	11 505.81	11 505.81
2014/10/14	16	00070524	170532	Ad Mazibuko Orthopaedic Pty Ltd	5 600.00	
2014/10/15	16	00070575	170535	Ad Mazibuko Orthopaedic Pty Ltd	5 600.00	5 600.00
2014/11/05	379	00080038	175526	Mbabane Clinic Private Hospital	5 103.51	
2014/12/16	379	00090821	191281	Mbabane Clinic Private Hospital	5 103.51	5 103.51
2015/03/17	303	00121188	229366	Mbabane Clinic Private Hospital	4 431.80	
2014/07/24	303	00040279	132733	Orthopaedic & Trauma Services	4 431.80	4 431.80
2014/10/15	3	00070555	163445	Ad Mazibuko Orthopaedic (Pty)	3 310.68	
2014/10/15	3	00070577	170537	Ad Mazibuko Orthopaedic Pty Ltd	3 310.68	3 310.68
2015/02/16	33	00110831	206952	Mbabane Clinic Private Hospital	3 020.95	
2015/02/13	33	00110826	207092	Mbabane Clinic Private Hospital	3 020.93	3 020.93
2014/10/15	6	00070555	163445	Ad Mazibuko Orthopaedic (Pty)	2 277.56	
2014/10/15	6	00070577	170537	Ad Mazibuko Orthopaedic Pty Ltd	2 277.51	2 277.51
2015/02/03	36	00110145	205849	Mbabane Clinic	2 004.86	
2015/02/13	36	00110824	207090	Mbabane Clinic Private Hospital	2 004.86	2 004.86
2014/10/20	54/14	00070588	163676	Mbabane Clinic	1 871.28	
2014/11/21	54/14	00080881	175541	Dr H Y Owolade	1 871.28	1 871.28
2014/12/10	1327633	00090567	183574	Manzini Clinic Private Hospital	1 617.53	
2014/12/16	1327633	00090812	192171	Manzini Clinic Private Hospital	1 617.53	1 617.53

Date of Payme-Nt	Invoice No.	Voucher No.	Cheque	Payee	Amount (E)	Overpayment (E)
2014/12/10	1327673	00090567	183574	Manzini Clinic Private Hospital	977.25	
2014/12/16	1327673	00090812	192171	Manzini Clinic Private Hospital	977.25	977.25
Total					415 081.63	207 540.78

It is worth mentioning that I reported about double payments in my 2013/2014 Audit Report, but the duplication of payments recur.

This is a clear indication that my findings are not taken seriously and also the Parliament resolutions are not implemented by the Ministry, otherwise such an anomaly would have been avoided.

The Accountant General cannot be left out in this matter, whose role is to ensure that a proper system which detects overpayments exist in Treasury Accounting System. I have reservations about the Accountant General’s officers who were involved in processing the payments since they are knowledgeable about the double entry principle and reconciliation of transactions. Hence such an anomaly would not have occurred when executing their duties diligently.

The Controlling Officer concurred with my observation.

He informed me that the local service providers acknowledged the double payments and attributed it to the delayed processes by Government. He further stated that the Ministry of Health was in the process of recovering the monies that appear as an overpayment through the Electronic System.

Pertaining the South African Service Provider, Inter care Sub-Acute Hospital, the Controlling Officer stated that the Case Managers, Health Share Solution was following the issue with the Service Provider.

He promised to furnish me with a full report as soon as the money has been recovered.

It is my prayer that the money be successfully recovered back to the Consolidated Fund. The adverse past experience is that once the money is paid by error it becomes arrested for other issues that would be better resolved on their merits.

I am inclined to conclude that the anomaly was due to negligence through non adherence to Government payment procedures and inefficiency, rather than, the delayed payment processes by Government, as alleged by the Controlling Officer.

This indicates lack of monitoring of the expenditure at the expense of the taxpayers.

There is no reconciliation done to ensure that all transactions were properly executed and detect errors on time, to reduce the losses to Government.

Audit of Drugs Trading Account - Appendix 39

I drew the attention of the Controlling Officer to an unexplained/unjustified decrease in the value of E4,473,609.48, in respect of obsolete stock.

According to the Drugs Trading Account, for the last financial year, 2013/2014, the value of obsolete stock was E16,223,171.73, and this amount represented expired stock, which had been cumulative and not destroyed over the past years.

The Drugs Trading Account for the financial year, under review, ended 31st March 2015 reflected an amount of E11 549 562.25, as deficit which represented the value of obsolete stock.

The variance between these two amounts, of E16,223,171.73 and E11,549,562.25, for the two financial years mentioned above, respectively indicates a decreased value of E4,673,609.48, in respect of obsolete stock. There was no evidence produced to justify the decrease in the obsolete stock.

On another note, a physical inspection which was conducted at the Central Medical Stores on 16th December 2015, revealed that the actual value of obsolete stock for the financial year ended 31st March 2015 was E5 771 704.58. The obsolete stock which was counted and rendered redundant by stock verifiers at the end of the financial year 31st March, 2015, was supported with the list of redundant stores, stock sheets which was endorsed by stock verifiers on 22nd June 2015.

In my view, for the year under review, I expected the value of obsolete stock that was disclosed in the account, to take into account the confirmed obsolete stock of E5,777,704.58 and add on the previous accumulated stock of E16,223,171.73 and increase the stock to E21,994,876.31.

It should be noted that a decrease in obsolete stock or discrepancy can only be justified by a destruction certificate of drugs issued by the Board of Survey. In this case, there was no destruction certificate to account for the decrease. In the absence of such certificate, expired drugs are not destroyed but retained and stored until a certificate of destruction is issued.

I am concerned about the unexplained decrease of obsolete stock valued at E4,673,609.48 and also the value of obsolete stock of E5,777,857.67 which was verified but not taken into account in the financial year ended 31st March, 2015.

Such discrepancies of obsolete stock implies that the expired drugs were stolen and probably sold out. Such occurrence is hazardous to health.

Evident to that was my sheer observation of access control weaknesses to the warehouses at the Central Medical Stores.

Procedurally only the store keepers, pharm technicians and security officers should be eligible to access the storerooms. However, I was disturbed to discover that access to store rooms was also allowed to orderlies who would be asked from time to time to collect drugs from the store room. I was further disturbed when I observed that there were change rooms situated inside

the warehouse as well as a canteen. This means during the day all employees in the unit have access, to the warehouse for drugs, when going to either the change rooms or canteen.

I am concerned that, the Controlling Officer seemingly does not realize the seriousness of this anomaly, instead of investigating the matter and respond to my findings, the Controlling Officer maintained a care free attitude.

It is worrisome, to say the least, for the Controlling Officer, to neglect his duties, whose role amongst others is to ensure improvement and preserve health of the citizens of Swaziland. To achieve such an objective, the Ministry has to ensure that strict controls are in place where drugs are stored and to ensure that expired drugs are not accessible but are kept securely until their destruction is authorised to avoid reuse.

The lack of access controls is a serious concern as the drugs may go missing and become a threat to lives. These drugs will not be accounted for without being proven and certified as disposed off.

The Controlling Officer absolved himself from the issues of closing stock, citing the Treasury Department as the one responsible for compilation of the financial statements.

He disputed my observation that the expired drugs were not securely kept and alleged that the obsolete stocks were properly kept until approved for destruction in accordance with environmental disposal guidelines.

HEAD: 46
MINISTRY OF JUSTICE AND CONSTITUTIONAL AFFAIRS

Objectives:

Administration of Justice through the various courts; the drafting of new legislation and amendments to existing laws and registration of companies, property rights and vital statistics.

Re- instatement of Employee, Number 3534184

The attention of the Controlling Officer was drawn about employee, number 3534184 who was awarded a Pre-service Scholarship which she did not deserve, because she was already employed by government. Civil servants, where applicable, are entitled to in-service training scholarship.

She was employed as a Clerical Officer, on pensionable terms, with effect from 01-01-2002. The pre-service Scholarship was awarded to pursue a Bachelor of Law Degree (LLB), at the University of Swaziland from the 16th August, 2008 to May, 2012. The Course was not relevant to her duties and she was not nominated by Government.

During the period of absence this employee continued to earn salaries unlawfully, in violation of Government Regulations.

General Order A.371(1) states that '.....if an officer wishes to undertake a course of training or instruction which is primarily in his own interest and for which he was not nominated by government, he shall be required to do so during a period of vacation leave. If the leave is insufficient may be, exceptionally, be permitted an additional period of leave without pay, although normally the officer would be expected to resign his appointment or retire from service provided his age so allows.

The response stated that the officer was belatedly placed on a staggered salary.

The pre-service scholarship applies to qualifying individuals who are sponsored to tertiary education before they are employed. In-service scholarship deals with capacity building and employees career development.

Since the officer was awarded the pre-service scholarship staggering was not pertinent because no salary is drawn under this scholarship. I advised the Controlling Officer that the total amount of E159 549.20, in respect of salaries, paid during her studies, should be recovered.

Below are the monthly salaries the officer received paid during the period of absence.

Month	Year 2008 (E)	Year 2009 (E)	Year 2010 (E)	Year 2011 (E)	Year 2012 (E)
January		3273.67	3627.50	3776.08	3776.08
February		3273.67	3627.50	3776.08	3776.08
March		3273.67	3627.50	3776.08	540.69
April		3273.67	3627.50	3776.08	1187.77

Month	Year 2008 (E)	Year 2009 (E)	Year 2010 (E)	Year 2011 (E)	Year 2012 (E)
May		3273.67	3627.50	3776.08	
June		3273.67	3627.50	3776.08	
July		3580.52	3917.42	4014.84	
August (16/31x3273.67)	1689.64	5042.83	4370.41	3776.08	
September	3273.67	3627.50	3776.08	3776.08	
October	3273.67	3627.50	3776.08	3776.08	
November	3273.67	3627.50	3776.08	3776.08	
December	3273.67	3627.50	3776.08	3776.08	
Total	14 784.32	42 775.37	45 157.15	45 551.72	9 280.62

Pursuant to my recommendation the Officer pledged to repay the amount owing over a period of 159 months, 13 years. After I had expressed my concern on the long repayment period, the response was that a review of the amount to be repaid was made from the initial E2 000.00 to E2 700.00, per month, bringing the period to 59 months, approximately 5 years.

When checking the officer’s salary in November 2015 the E2 700.00 monthly repayment had not been effected as promised.

I am concerned about the delay to commence recovery, of the money, that will still prolong the repayment period, practically.

Whilst it is appreciated that it has been resolved to recover the overpayment of salary, it is advisable for the Controlling Officer to always exercise due care to prevent such circumstances. It should be noted that other Swazi Citizens who deserved to benefit from the pre-service scholarship were deprived this opportunity, through diversion of the funds. As a result the expenditure purportedly related to pre-service scholarship was over stated. The funds released for pre-service scholarship is not appropriately used for the purpose intended.

Unauthorised Pre-service Scholarship

I revealed to the Controlling Officer that the employee was not entitled to the pre-service scholarship. Hence the scholarship amounting to E41 426.40 was not authorized and has to be recovered. I expressed concern over the delay to recover the scholarship.

Also the diversion of the funds to unauthorized beneficiaries deprived the relevant Swazi Citizens the opportunity to access training.

In response to my inspection report, the Controlling Officer stated that the matter had been referred to the Ministry of Labour and Social Security. At the time of reporting I am not aware of any action taken.

The Controlling Officer did not respond to my reference sheet at the time of reporting. The Controlling Officer therefore, violated the Financial and Accounting Instruction number 0315 (ii) that states “It is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

HEAD: 48 JUDICIARY

Objectives:

- To provide administration and timely delivery of justice to all the people of Swaziland

Audit of Standing Cash Advance

An audit inspection of Standing Cash Advance, held at the Judiciary and financial records was carried out, for the period beginning 1st April 2015 to 15th September 2015, and a management letter dated 22nd October 2015 was issued to the Controlling Officer.

There was no response to my management letter, dated 22nd October 2015 as well as my reminder that was dated 7th November 2015.

The government accounting system revealed that the Judiciary was allocated an amount of E10, 000.00, as standing cash advance. The purpose of the standing cash advance was to cater for reimbursement of travelling expenses and food for witnesses in courts.

I raised my concern about irregularities in the management of the standing cash advance, in the Judiciary Service Department, that revealed complete non adherence to regulations and serious mismanagement of the advance that resulted in the following anomalies.

Shortage of Cash

The cash count resulted in a shortage amounting to E1,663.92, computed as follows;

Cash on hand as at 15 October 2015	E 6 000.08
Reimbursements claimed	<u>E 2 336.00</u>
	E 8 336.08
Standing Cash advance	<u>E10 000.00</u>
Shortage	E 1 663.92

There was no evidence whether any surprise checks were ever conducted as a tool to monitor proper utilization and management of the standing cash advance.

This is despite the Public Accounts Committee's Recommendations on Auditor General's Report for financial year ended 31st March, 2012, under General Recommendation number 14, that stated that 'All Controlling Officers were urged to conduct surprise checks, in compliance with Financial and Accounting Instructions 0708'.

I also expressed my disappointment on the unbecoming behavior of the officer, who is responsible for the standing cash advance, who failed to comply with any of the regulations and procedures pertaining the advance.

The officer entrusted with the standing cash advance, initially, denied me access to the cash when I requested it to undertake the cash count. She alleged that she left the key to the drawer in which the money was kept, at home, in violation of the Financial and Accounting instructions.

When offered a car, she made excuses until police were contacted. She eventually handed over a brown envelope containing E6,000,00, as the standing cash advance, without having collected any key from home. It could not be ascertained whether the money that was submitted, for count, was indeed the department’s standing cash or borrowed to replace the cash, given the behavior of the Officer.

I observed that the custodian kept the money in an unlockable desk drawer. A further inquiry to the supervisor revealed that she refused to use the safe, which is in the supervisors office despite that she is the one who keeps the key to the safe. The security of the cash was not adequate, as a result it was concluded that the controls in place were not observed. Financial Regulations dictate that all cash should be kept in a safe.

The officer responsible for the standing cash advance processes all the transactions that pertains to the standing cash which include re-imbursements to witnesses, buying food and securing receipts, preparing payment, submitting to treasury, collecting and cashing of cheques. In essence, there was no segregation of duties and as such no internal checks.

There was no record maintained wherein witnesses who applied for reimbursements were listed and acknowledged receipt, thus it could not be ascertained whether the money reached the rightful owners. This implied that the standing cash advance is never accounted for.

It is disappointing to note that there was no supervision on the utilization of the Standing Cash Advance and as a result the officer did as she pleased with the public funds.

Replenishment of the Standing Cash Advance

I noted with concern that the re-imbursements were not properly accounted for. The reimbursements were not balanced against standing cash on hand, at the time.

There was no Standing Cash Advance cash book maintained yet the Financial and Accounting Instructions (1408) states that the Standing Cash Advance must be balanced at least once a week using the Standing Cash Advance, cash book and that the cash held must agree with the balance on hand. This means, the expenditure incurred together with the balance on hand, should add up to the cash advance limit. In this case the cash was not controlled as per the laid down regulations.

The reimbursement vouchers revealed that re-imbursements were processed before the standing cash advance had reduced. It was not clear how much cash was available when the standing cash advance was replenished. This system exposed the standing cash advance to abuse.

The replenishment frequency is highlighted as follows:

Month	Batch Number	Processing Date	Amount (E)
02	022	12.05.2015	1 724.70
02	519	26.05.2015	2 155.00
04	085	09.07.2015	2 371.92
05	014	08.08.2015	1 833.14
05	068	13.08.2015	2 942.10
06	013	02.09.2015	4 270.82

The serious implication from this situation was that the money was diverted for unauthorized purposes and more money was requested whenever there were claims on hand. This was confirmed by the resistance demonstrated by the officer when the cash was requested for audit purposes.

The following anomalies were noted, during the audit:

Claims Overdue

Claims amounting to E7, 195.95 that belonged to the previous year, 2014/2015, and should have been processed for replenishment before the year end, 31 March 2015. Some of the claims were kept for a period of 10 months before the replenishments were processed. There was no justification for the delay to process reimbursements. Also, there was no evidence to confirm that the recipients were genuine witnesses because the claims were not signed for. It would be irrational to believe that those witnesses who attended the hearings, travelled specifically to obtain the claims long after the hearings took place. This reflects instances where the witnesses were not re-imbursed promptly, yet replenishments should be carried out promptly as the cash reduces, to ensure prompt payment of the claims.

The following reimbursements were allegedly made in year 2015/2016 instead of the previous year, 2014/2015.

Date Claimed/ (Month)	Treasury Date/(Month)	Payee	Period Gap	Item	Amount
01.12.14 (09)	12.05.15 (02)	Khuza Mamba	05 months	Bus fare	96.00
01.12.14 (09)	12.05.15 (02)	Lungile Shabangu	05 months	Bus fare	10.00
01.12.14 (09)	13.08.15 (05)	Joseph Dlamini	08 months	Bus fare	60.00
01.12.14 (09)	12.05.15 (02)	Hlengiwe Mavuso	05 months	Bus fare	10.00
01.12.14 (09)	12.05.15 (02)	Siboniso Thabo Matsenjwa	05 months	Bus fare	320.00
10.02.15 (11)	12.05.15 (02)	Thobile P. Dube	03 months	Bus fare	147.00
10.02.15 (11)	27.05.15 (02)	Qondile Mahlangu	03 months	Bus fare	369.00
03.02.15 (11)	27.05.15 (02)	Zintombi L.Ndwandwe	03 months	Bus fare	90.00
05.03.15 (12)	08.08.15 (05)	Vusi Khumalo	05 months	Bus fare	51.00
06.10.14 (07)	12.05.15 (02)	Sikhumbuzo Fakudze	07 months	Bus fare	100.00
07.03.15 (12)	08.08.15 (05)	A&B Investments	05 months	Bread	9.50
08.03.15 (12)	08.08.15 (05)	A&B Investments	05 months	Bread	9.50
09.03.15 (12)	08.08.15 (05)	Sayinile Dlamini	05 months	Bus fare	160.00
09.03.15 (12)	08.08.15 (05)	Irene Z. Hlatshwako	05 months	Bus fare	30.00
09.03.15 (12)	02.09.15 (06)	Eric Z. Bhembe	06 months	Bus fare	30.00
10.09.14 (06)	09.07.15 (04)	Busie G. Nhleko	10 months	Bus fare	120.00
10.03.15 (12)	02.09.15 (06)	Stephen V. Mdluli	06 months	Bus fare	16.00
10.03.15 (12)	02.09.15 (06)	Eric Z. Bhembe	06 months	Bus fare	30.00
10.09.14 (06)	27.05.15 (02)	Esaw Nxumalo	08 months	Bus fare	120.00

Date Claimed/ (Month)	Treasury Date/(Month)	Payee	Period Gap	Item	Amount (E)
17.09.14 (06)	09.07.15 (04)	Esaw Nxumalo	10 months	Bus fare	120.00
10.09.14 (06)	09.07.15 (04)	Busie G. Nhleko	10 months	Bus fare	480.00
18.03.15 (12)	08.08.15 (05)	Simiso Matsebula	05 months	Bus fare	147.00
11.03.15 (12)	27.05.15 (02)	Nomphumelelo Magagula	02 months	Bus fare	119.00
11.03.15 (12)	02.09.15 (06)	Stephen Velaphi Mdluli	06 months	Bus fare	16.00
14.04.15 (01)	02.09.15 (06)	Eric Z. Bhembe	05 months	Bus fare	30.00
11.03.15 (12)	08.08.15 (05)	Wezi's Kitchen	05 months	Meals	46.00
12.02.15 (11)	12.05.15 (02)	Wezi's Kitchen	03 months	Meals	66.00
12.03.15 (12)	08.08.15 (05)	Machawe Dlamini	05 months	Bus fare	48.00
12.03.15 (12)	09.07.15 (04)	Wezi's Kitchen	04 months	Meals	115.00
12.12.14 (09)	13.08.15 (05)	Sicelo M. Maseko	08 months	Bus fare	60.00
12.12.04 (09)	13.08.15 (05)	Thuli Shongwe	08 months	Bus fare	60.00
14.03.15 (12)	08.08.15 (05)	A&B Investment	05 months	Bread	9.50
14.03.15 (12)	08.08.15 (05)	A&B Investment	05 months	Bread	4.75
15.10.15 (07)	12.05.15 (02)	Cebile Matsenjwa	07 months	Bus fare	96.00
15.10.15 (07)	27.03.15 (12)	Sibusiso Matsenjwa	05 months	Bus fare	30.00
17.09.14 (06)	12.05.15 (02)	James Mabuza	08 months	Bus fare	40.00
17.02.15 (11)	08.08.15 (05)	Lomcwasho Nkwanyane	06 months	Bus fare	60.00
17.03.15 (12)	08.08.15 (05)	Wezi's Kitchen	05 months	Meals	150.00
17.09.14 (06)	27.05.15 (02)	Mfanufikile Mabuza	08 months	Bus fare	40.00
18.02.15 (11)	27.05.15 (02)	Dumisani Zwane	03 months	Bus fare	130.00
18.02.15 (11)	27.05.15 (02)	Mduduzi Dlamini	03 months	Bus fare	39.00
18.02.15 (11)	27.05.15 (02)	Vivian Mtsetfwa	03 months	Bus fare	120.00
18.02.15 (11)	27.05.15 (02)	Bhekinkhosi Matfonsi	03 months	Bus fare	120.00
18.02.15 (11)	27.05.15 (02)	Sibusani Mhlanga	03 months	Bus fare	106.00
18.02.15 (11)	08.08.15 (05)	Vusana E. Mhlanga	06 months	Bus fare	106.00
18.02.15 (11)	08.08.15 (05)	Nolwazi P. Mhlanga	06 months	Bus fare	106.00
18.02.15 (11)	08.08.15 (05)	Moses Magagula	06 months	Bus fare	100.00
18.02.15 (11)	13.08.15 (05)	Luke J. Magagula	06 months	Bus fare	100.00
18.02.15 (11)	12.05.15 (02)	A&B Investments	03 months	Bread	19.00
18.03.15 (12)	02.09.15 (06)	Nomfundo Nene	06 months	Bus fare	49.00
18.03.15 (12)	02.09.15 (06)	Author Msibi	06 months	Bus fare	49.00
18.03.15 (12)	09.07.15 (04)	Ephraem Kunene	04 months	Bus fare	49.50
18.03.15 (12)	09.07.15 (04)	Simangaliso Silawula	04 months	Bus fare	49.50
18.03.15 (12)	09.07.15 (04)	Nonhlanhla Mhlanga	04 months	Bus fare	49.00

Date Claimed/ (Month)	Treasury Date/(Month)	Payee	Period Gap	Item	Amount (E)
18.03.15 (12)	09.07.15 (04)	Sipho Mpapane	04 months	Bus fare	99.00
18.03.15 (12)	09.07.15 (04)	Ben Sthole	04 months	Bus fare	30.00
19.02.15 (11)	12.05.15 (02)	Lucky Lukhele	03 months	Bus fare	79.00
19.02.15 (11)	12.05.15 (02)	Happy Bhembe	03 months	Bus fare	24.00
19.02.15 (11)	12.05.15 (02)	Jessica Dacunha - Rudd	03 months	Bus fare	40.00
19.02.15 (11)	12.05.15 (02)	Bongekile Thwala	03 months	Bus fare	24.00
19.02.15 (11)	12.05.15 (02)	Elizabeth Shongwe	03 months	Bus fare	40.00
19.02.15 (11)	12.05.15 (02)	Wezi's Kitchen	03 months	Meals	100.00
19.02.15 (11)	12.05.15 (02)	A&B Investments	03 months	Bread	19.00
22.10.14 (07)	09.07.15 (04)	Bhekumusa K. Madlopha	03 months	Bus fare	49.00
24.03.15 (12)	27.05.15 (02)	Siboniso T. Matsenjwa	02 months	Bus fare	90.00
24.03.15 (12)	08.08.15 (05)	Calvin S. Shongwe	05 months	Bus fare	102.00
24.03.15 (12)	27.05.15 (02)	Norah Sdudla Phumlile	02 months	Bus fare	450.00
24.03.15 (12)	27.05.15 (02)	Thobile P. Dvuba	02 months	Bus fare	30.00
24.03.15 (12)	27.05.15 (02)	Sandile Matsenjwa	02 months	Bus fare	39.00
24.03.15 (12)	27.05.15 (02)	Sibusiso Mabuza	02 months	Bus fare	39.00
24.03.15 (12)	27.05.15 (02)	Nomsa Mulima	02 months	Bus fare	39.00
24.03.15 (12)	09.07.15 (04)	Wezi's Kitchen	04 months	Meals	192.00
24.03.15 (12)	08.08.15 (05)	A&B Investments	05 months	Bread	19.00
24.03.15 (12)	27.05.15 (02)	Maniki Simelane	02 months	Bus fare	39.00
24.11.14 (08)	08.08.15 (05)	Nomphumelelo Magagula	09 months	Bus fare	90.00
24.11.14 (08)	13.08.15 (05)	Bongiwe Dlamini	09 months	Bus fare	70.00
10.02.15 (11)	27.05.15 (02)	Qondile Mahlangu	03 months	Bus fare	86.00
25.02.15 (11)	12.05.15 (02)	Zakhele Mndzebele	03 months	Bus fare	76.00
25.02.15 (11)	12.05.15 (02)	Mandela B. Mndzebele	03 months	Bus fare	76.00
25.02.15 (11)	12.05.15 (02)	Mcoshwa L. Dludlu	03 months	Bus fare	64.00
25.03.15 (12)	27.05.15 (02)	Machawe Dlamini	02 months	Bus fare	60.00
28.11.14 (08)	09.07.15 (04)	Simangele Ndzinisa Mthembu	08 months	Bus fare	143.00
28.11.14 (08)	09.07.15 (04)	Elias M. Shabangu	08 months	Bus fare	42.00
13.02.15 (11)	12.05.15 (02)	All Stationery	03 months	Clear A4 plastic	77.24
24.02.15 (11)	12.05.15 (02)	Build It	03 months	Plugtop, coverplate	161.46
Total					7,195.95

I am concerned about the inefficiency demonstrated through delays in compensating the witnesses, which in turn compromise the service by government.

Double Claim

I noted with concern that fraudulent expenditure, amounting to E1 495.00 occurred from the standing cash advance.

A receipt from Galito's, dated 28th July 2015 was double claimed and also reimbursed twice. At first a till slip was used and the narration for reimbursement was that the money had been used to buy meals for support staff, who were writing judgments and transporting staff of the Supreme Court 1st session and the second re-imburement was processed using a hand written receipt, number 13 of the same, purchased items and the details were to buy meals for Supreme Staff, working till late. As a result the claim worth E747.50 was actually reimbursed, as E1, 495.00. The first claim voucher was processed on the 13 August 2015 and the second one was processed on the 2nd of September 2015. This activity indicated elements of fraud because the purpose of the standing cash advance does not cover food for staff who work overtime. The tactic used here was to split the supporting slips for one transaction into two. The till slips were used for the first claim and the cash slip was used for the second claim. This practice is sheer diversion of funds and fraud.

In my view, this act, by its context is very serious and should not be taken lightly. Also, this might not be the only instance where the money was stolen in this manner.

Fictitious Certificate of Attendance

One of the documents used by the witnesses to support bus fare claims is a certificate of attendance which is produced and certified, by signature by the courts personnel to confirm actual attendance and bus fare reimbursement amount, of that particular witness. However, I noted that among the attachments, there was an unsigned certificate of attendance, amounting to E480.00, that was allegedly written by the assistant accountant. Issuance of the certificates of attendance is not the responsibility of the assistant accountant.

This certificate was not authentic and I observed that the handwriting strikingly resembled the hand writing on the payment voucher, which is normally prepared by the assistant accountant. The certificate was attached together with a properly authorized certificate, amounting to E120.00, for a return trip that corresponds with the subpoena for a certain witness, who resides in Nhlngano, in respect of a trial that commenced from the 10th to 25th of September 2014. This reimbursement was inflated by E480.00, which is fraud.

I am worried about the various tactics employed to siphon money from government.

Use of Documents Not Endorsed

Some certificates were neither signed nor stamped with the stamp from the courts as a way of authenticating. Other questionable attachments, noted, were duplicate copies of subpoenas instead of originals as well as original subpoenas and certificates that were authenticated using a stamp from the accounts section, for the period 01 April 2015 to 15 September 2015.

The following transactions that were considered not authentic took place:

Event	Total Amount Involved
Reimbursements using unstamped certificates	E9,075.00
Reimbursements using subpoenas and certificates stamped with the accounts section stamp	E248.00
Reimbursements using subpoenas that are not originals	E852.00
Total	E10,175.00

Lump Sum Reimbursements

Expenditure amounting to E1 026.00 were not incurred prior to delivery of services.

The objective of the standing cash is to re-imburse witnesses their travelling expenses for specific days, which are subsequently supported with certificates of attendance reflect specific court appearances that correspond to the dates appearing on the subpoenas.

During the examination of the records, it was noted that some of the witnesses were reimbursed in lump sums for various days/dates before travelling for hearings, instead of hearings already attended.

The reimbursements were made prior to attendance to the hearing that is before delivery of service. This practice is against Financial Regulations that disallow payments to be made before delivery of service/goods.

The certificates of attendance reflect consecutively the dates of the hearings each witness is invited to attend and entitled to receive reimbursement for travel and food expenses. But this does not guarantee attendance, hence pre-emption of attendance was not appropriate.

Reimbursements before attendance pose a risk that witnesses might not show up for future cases in the event they use the money for their private needs. Also, it raises questions whether the claims were genuine.

There was no proof that these monies were given to their rightful owners, the authenticity of these claims remained uncertain.

The lump sum payments, amounting to E1, 026.00, were as follows:

Case No.	Date	Payee	Destination	Return trip per day	Total Amount
42/07	18.03.15	Ben Sithole	Mahwalala	10.00	30.00
320/07	03.02.15 09.02.15 10.02.15	Qondile Mahlangu	Mzaceni	123.00	369.00
320/07	03.02.15 09.02.15 10.02.15	Thobile Patricia Dube	Lusushwana	49.00	147.00
420/10	11 to 17.09.14	Busie G. Nhleko	Nhlangano	120.00	480.00
Total					1,026.00

Also noted was that some days reflected on the certificate of attendance were not reimbursed. There was no record maintained as a master register for attendance to justify why there were no claims made in respect of the other dates reflected on the certificates of attendance. Accountability on the re-imburements was not complete.

Frequent Absenteeism

During interviews with the Senior Officials it transpired that when witnesses requested re-imburements for travelling expenses, the officer would often report that she left the key to her desk, at home. Further, it transpired that Sometimes the officer would absent herself, without authority, and would report her absence by phone.

A further verification, of this allegation, revealed that ever since the officer joined the Judiciary Service Department she never took any leave. The last time she took official leave was on 12th February to 13th March 2009, when she was still stationed at Matsapha Revenue office.

As a result her office mates when faced with this ordeal, were forced by the circumstances to make out of pocket cash contributions to provide the witnesses with the travelling money and they were never reimbursed their monies. In some instances, some witnesses left without being reimbursed and it is possible that their certificates might be used to claim money that never reached the rightful applicants hands since there is no separate document where witnesses confirm the receipt of late reimbursements by signing.

Following the challenges faced with the officer responsible for the standing cash it was revealed that in September 2013, she was transferred to the Treasury Department but up to the time of the audit (September 2015) the transfer had not been effected. There was no explanation why she had remained at the Judiciary.

The Principal Accountant revealed that the officer had been requested, on several times, to relinquish this duty to him the supervisor. She refused to do so, stating that the money was released in her name. There was no evidence of any involvement of the Controlling Officer in this issue.

In my view this was not reasonable ground because the Financial and Accounting Instructions 0309 provides handing over procedures to support changes of this nature. It was not clear whether the matter was reported to the Accountant General for redress.

However, most disturbing was that despite the misconduct this officer demonstrated, there was no disciplinary action taken against her. Even the immediate supervisor never took any action to warn her against this behavior.

The above scenario reflects that the standing cash advance is not properly used in this unit. The instance that the auditors were not provided with the cash on the spot reflects diversion of the money for unauthorized purposes and that the cash eventually handed in the envelopes was obtained somewhere to cover up the diversion.

The Controlling Officer did not respond to my reference sheet at the time of reporting. The Controlling Officer therefore, violated the Financial and Accounting Instruction

number 0315 (ii) that states “It is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

Over Expenditure on Recurrent Vote

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

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

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

Head	Item	Released Budget (E)	Actual/ Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
48	CTA Vehicle Charges	1,304,693.00	3,549,188.45	2,246,995.45	172

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

The response stated that the cause for the over expenditure was, provision of a fleet of vehicles for the Chief Justice and sitting of the Supreme Court for May and November sitting.

There was no explanation, given about the authority to spend beyond the budget provision and Parliament Appropriation Act.

The Financial and Accounting Instructions, 0202, prohibit expenditure beyond budget provision because such expenditure is not authorized.

It is crucial that a ministry when faced with challenges to spend beyond provision should adhere to regulations and follow the right procedures and ensure authority is obtained before incurring the expenditure.

**HEAD: 49
DEPARTMENT OF CORRECTIONAL SERVICES**

Objectives:

Operation of the Penal System -To administer sentences imposed by the Courts and to prepare inmates for their return as useful citizens in the community.

Over Expenditure on Recurrent Vote

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

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

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

Head	Item	Released Budget (E)	Actual/ Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
49	CTA Vehicle Charges	22,308,177.00	26,134,519.12	3,882,642.12	17

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

The Controlling Officer regretted the over expenditure and cited the reason to have been insufficient funds allocated under this item.

He revealed that authority to overspend was sought through a memorandum dated 13th August, referenced CHQ/3/2 Vol.TV/109, that cited the errands to be covered but there was no response.

As a result the department ended up overspending and its mandatory duties made it difficult to avoid the over expenditure. The activities included conveying inmates to courts, hospitals and support services.

The over- expenditure occurred despite all control measures being instituted.

Under Expenditure on Project P31399- Radio Communication System and Remote Remand II

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

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

Project Code	Name of Project	Purpose of the Project	Funds Released [E]	Actual Expenditure[E]	Variance [E]
P31399	Radio Communication System and Remote Remand II	Local funds for Remote Remand, Case Management, Digital Radio Communication, integrated security and facilities	9,980,000.00	4,161,528.56	5,818,471.44

An amount of E 10,000,000.00 was approved and E 9,980,000.00 released for the implementation of the above-mentioned project.

Actual expenditure amounted to E4,161,528.56.00 resulting to an under expenditure of (E9,980,000.00 – E4, 161,528.56.00) E5,818,471.44.00 (58.3%)

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

The Controlling Officer acknowledged the under expenditure, and explained that it was due to the various processes, involved.

He revealed that the payments were not processed because no deliveries had been made and the system was not commissioned.

Amongst the causes, quoted, were that the contractor for the consultant was awarded in October, 6 months into the financial year, the equipment supplied had a long lead time from order to delivery since it was procured from Spain, Germany and the USA. Some needed to be configured and those found incorrect were shipped back. The surge protection equipment arrived late and therefore some of the installation could not be commissioned on time.

The response it appreciated. However, for some processes the dates of occurrence were not revealed to justify the delays encountered.

I was not updated on the present status of the project.

**HEAD: 50
MINISTRY OF HOME AFFAIRS**

Objectives:

To provide relief, emergency and social services and provide sporting and recreational activities. Administration of legislation pertaining to immigration, citizenship and refugees.

Over Expenditure on Recurrent Vote

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

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

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

Head	Item	Released Budget (E)	Actual/ Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
50	CTA Vehicle Charges	5,130,120.00	14,393,578.64	9,286,609.64	181

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

The Controlling Officer acknowledged the over expenditure on CTA Vehicle charges.

He cited the fleet of vehicles that were hired from other Ministries during the National events and charged the maintenance and fuel under its vote, to have caused the overexpenditure.

He was silent on the issue of authority to spend beyond the budget provision.

In spite of the Ministry knowing that it would be necessary to hire more vehicles for national events, there was no evidence that a budget to cover the temporary vehicle costs to avoid over expenditure or seek supplementary budget for this expenditure as an alternative to a huge fleet to embrace National events.

In my view the large fleet of vehicles may result in being under utilized or abuse of the vehicles while drawing fuel and maintenance charges and hard to manage.

Ministry of Home Affairs

During the financial years 2013/2014 and 2014/2015, expenditure totalling E327 698.56, was incurred in respect of Board members sitting allowances and car mileage allowances, yet there had been either no board meetings held or dates on which the members did not attend.

The Controlling Officer, in her response, referenced 083HA, dated 9th September 2015, stated that for some of the dates, quoted in the inspection report, there were minutes to prove that there were sittings on those dates. Those that were without the minutes amounted to E90 982.60 instead of the E327 698.56, without indicating how the loss would be recovered.

The verification of the minutes furnished by the Controlling Officer, revealed that for both financial years 2014 and 2015, the correct amount that was not accounted for was E115,477.12, as depicted below:

Claims Paid Whilst no Meetings were held

Below is the expenditure, amounting to E102,810.15, that was incurred to pay allowances to Board Members during the financial years 2013/14 and 2014/15 yet there were no meetings held.

2013/2014

Employment No.	Dates Claimed for	Sitting Allowances (E)	Car Mileage Claimed (E)	Total Claimed (E)
408790	05 Apr 2013	1200.00	148.68	1348.68
224116		1000.00	Nil	1000.00
3076510		1000.00	Nil	1000.00
5076561		1000.00	148.68	1148.68
4442493		1000.00	148.68	1148.68
4355797		1000.00	237.18	1237.18
4464314		1000.00	Nil	1000.00
408790		09 May 2013	1200.00	148.68
224116	1000.00			1000.00
3076510	1000.00			1000.00
5076561	1000.00		148.68	1148.68
4442493	1000.00		148.68	1148.68
4355797	1000.00		237.18	1237.18
4464314	1000.00			1000.00
408790	03, 17, 24 June 2013		3600.00	446.04
224116		3000.00	Nil	3000.00
3076510		3000.00	Nil	3000.00
5076561		3000.00	446.04	3446.04

Employment No.	Dates Claimed for	Sitting Allowances (E)	Car Mileage Claimed (E)	Total Claimed (E)
4442493		3000.00	446.04	3446.04
4355797		3000.00	711.54	3711.54
4464314		3000.00	Nil	3000.00
408790	29 July 2013	1200.00	148.68	1348.68
224116		1000.00	Nil	1000.00
3076510		1000.00	Nil	1000.00
5076561		1000.00	148.68	1148.68
4442493		1000.00	297.36	1297.36
4464314		1000.00	Nil	1000.00
408790		21, 26 August 2013	2400.00	297.36
224116	2000.00		Nil	2000.00
3076510	2000.00		Nil	2000.00
5076561	2000.00		297.36	2297.36
4442493	2000.00		297.36	2297.36
4355797	2000.00		474.36	2474.36
4464314	2000.00		Nil	2000.00
408790	14, 28 January 2014	2400.00	297.36	2697.36
224116		2000.00	Nil	2000.00
3076510		2000.00	Nil	2000.00
5076561		2000.00	297.36	2297.36
4442493		2000.00	297.36	2297.36
4355797		1000.00	237.18	1237.18
4464314		2000.00	Nil	2000.00
408790	04 February 2014	1200.00	148.68	1348.68
224116		1000.00	Nil	1000.00
3076510		1000.00	Nil	1000.00
5076561		1000.00	148.68	1148.68
4442493		1000.00	148.68	1148.68
4355797		1000.00	237.18	1237.18
4464314		1000.00	Nil	1000.00
Total Amount		77200.00	7189.74	84389.74

2014/2015

Employment No.	Dates claimed for	Sitting Allowances (E)	Car Mileage Claimed (E)	Total Claimed (E)
408790	08 September 2014	1200.00	326.76	1526.76
224116		1000.00	Nil	1000.00
3076510		1000.00	Nil	1000.00
5076561		1000.00	331.80	1331.80
4442493		1000.00	492.24	1492.24
4355797		1000.00	522.60	1522.60
4464314		1000.00	340.20	1340.20
408790	11 February 2015	1200.00	323.40	1523.40
224116		1000.00	Nil	1000.00
3076510		1000.00	Nil	1000.00
5076561		1000.00	330.12	1330.12
4442493		1000.00	494.76	1494.76
4355797		1000.00	519.92	1519.92
4464314		1000.00	339.00	1339.00
Total Amount		14400.00	4020.80	18 420.80

(a) Allowances paid where Board members were absent

Details of the amount of E12,666.58 that was paid to the Board members as sitting and car mileage allowances yet according to the register they did not attend the meetings, are shown below;

2013/2014

Employment No.	Dates claimed for	Sitting Allowances (E)	Car Mileage Claimed (E)	Total Claimed (E)
4355797	07.05.2013	1000.00	237.18	6185.90
	08.05.2013	1000.00	237.18	
	28.05.2013	1000.00	237.18	
	26.06.2013	1000.00	237.18	
	11.12.2013	1000.00	237.18	
5076561	19.09.2013	1000.00	148.68	1148.68
4442493	11.02.2014	1000.00	148.68	1148.68
Total Amount				8483.26

2014/2015

Employment No.	Dates Claimed for	Sitting Allowances (E)	Car Mileage Claimed (E)	Total Amount (E)
4355797	04.03.2015	1000.00	352.92	1352.92
4442493	22.04.2014	1000.00	491.40	2830.40
	03.03.2015	1000.00	339.00	
Total Amount				4183.32

I am disturbed about the dishonesty portrayed, in these instances, where money was illegally drawn from government, without any services rendered, which in turn is a fraudulent act.

The Controlling Officer did not respond to my reference sheet at the time of reporting. The Controlling Officer therefore, violated the Financial and Accounting Instruction number 0315 (ii) that states “It is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully any particulars or information desired”.

HEAD: 53 MINISTRY OF PUBLIC WORKS AND TRANSPORT

Objectives:

- Roads • To construct and maintain the country's road network.
- Building • To construct, maintain and administrate Government buildings.
- Transport • To provide and maintain facilities for ensuring availability of adequate transportation.

Rehabilitation of the Ministry of Justice, Health and Home Affairs Building

An audit inspection was carried out on the above capital project and a management letter was issued on the 8th September 2015.

The responses, by the Controlling Officer, were not satisfactory on the following paragraphs.

Rehabilitation of Justice, Health and Home Affairs Building

Records revealed that the Tender Award of the project was for a period of 13 calendar months commencing from the 30th April 2010 to 31st May, 2011

Interim Certificate No. 10th – 18th March 2011

I raised concern over the non-payment of certificate number 10 amounting to E4 625 265.00. The payment was related to an interim certificate that had been prepared after the Contractor, Phuthuma Construction had done some construction works.

The interim certificate number 10 dated 18th March 2011 had been prepared by the authorized Quantity Surveyor, Emozane Cost Consultant and certified by the Architect Chambers and Associates and approved by the Chief Building Engineer. The Ministry of Public Works and Transport withheld the certificate to disallow payment to the Contractor.

Clause 31.9 of the Joint Building Committee states that the employer shall pay to the contractor the amount certified in an interim certificate within 7 calendar days from the date of issue of the payment certificate.

There was no evidence provided as the justification to withhold payment.

The documents that were used as the basis for the preparation of the certificate were also not provided to me, to authenticate the certified amount. Such documents reflect the works done together with the claims made and valuation details. Non provision of the documents implied limitation in the scope of audit.

I pointed out that by withholding the certificate government could be liable for default penalty, in the absence of lawful justification for non performance. There was no clear proof why this contractor deserved denial for payment while certain works were done.

In the response dated 21st September 2015 the Controlling Officer stated that

Interim payment certificate Number 10, amounting to E4 625 265.00, dated 18th March 2011, was an advance payment to the contractor. The certificate could not be honoured since the contractor did not provide an advance payment bond. The certificate was finally cancelled.

In my view I was not given a convincing answer that warranted denial of payment.

The response was not satisfactory because there were no documents furnished to support this assertion.

I also noted, that it had been after nine interim certificates from this contractor, when the ministry had to pay the contractor an advance payment. During this phase the Contractor had received E10 618 055.00 in respect of the nine certificates.

There were no documents produced to confirm the issue of advance payment. I was only informed that advance payment does not necessarily have to be paid at the beginning of the operations of the contractor. Proof of the request, for advance payment, was not provided.

Pursuant to the unsatisfactory response, in my own effort, I eventually obtained the valuation report that confirmed the works done, from another source. I was disturbed to note that there was still no evidence of any bad performance or relationship to the application for the advance payment, alleged as the ground for denial to pay.

This scenario implies concealment of the facts why the contractor was not paid. This is endorsed by the non-provision of evidence supporting this stance. I am quite worried why there is no transparency in this matter if it had been reasonable and intended to protect government resources from abuse.

Termination of Contract – Phuthuma Construction

I observed that the Ministry of Public Works and Transport terminated Phuthuma Construction's contract, through a letter, dated 23rd August 2011. The reason cited for the termination was that the contractor did not perform well.

There was no evidence provided to confirm if the termination followed advice by the relevant expert.

Interim Certificate No. 10th – 5th August 2011

Following the termination of Contract another interim certificate, number 10, amounting to E82,250.00, was prepared by the authorized Quantity Surveyor Emozane Cost Consultant allegedly to pay sub-contractors. It was not clear whether the payments were eventually passed and expenditure incurred.

I was informed, by the Controlling Officer, that the other certificate, number 10, amounting to E82 250.00, dated 5th August 2011, was for payment of rentals for temporary parking for staff and the public during construction.

However there was no evidence of any expenditure for this purpose.

Material on site – Phuthuma Construction

Certificate number 12 dated 8th August 2011 reflected that material on site, after the termination of the contract, was valued at E445 063.43. There was no material found on site, during the inspection.

I was not furnished with the records that reflected the value of material on site, which is a summary sheet when I requested it, for verification of the materials, left on site.

The Controlling Officer stated that the records were submitted to the Arbitrator for arbitration purposes and were not returned.

He further explained that when the contractor was terminated he challenged the termination and refused to vacate site. When he lost the case 2 months later, he unceremoniously vacated without following proper procedures. There was virtually no material on site.

I was not furnished with the arbitration report to review the findings and recommendations on the arbitration. Thus the Scope of the audit was limited. There was no explanation given in this regard. Therefore the response was not satisfactory.

The responses on these issues were neither convincing no sufficient to put the matter to rest. There was no other effort made to authenticate the assertions. Building material, is an attractive item and on always a needed resource and had to be properly accounted for since public funds were expended to acquire the materials.

Engagement of Duvan Developers

Approximately, 3 years later, after the termination of the first contractor Phutfuma Construction, a new contractor Du-van Developers, was engaged to finish the works that were left unfinished, at a tender amount of E48 565 820.44, contract No. 02/2014/15, to resume on the 7th July 2014 to 7th June 2015. A physical verification revealed that the building was still far from being completed and the contractor's progress was at a slow pace, on site.

The Ministry concurred with my observations and explained that the delay was caused by a number of factors mainly inadequate budget, delayed payments to the contractor.

Irrelevant Payments - Du-van Developers

The evaluation progress report attached to interim certificate Number 10 dated 21st March 2015 reflect schedules of payments, amounting to E416 925.51, for capital projects, which are not related to the audited project, Rehabilitation of Justice, Health and Home Affairs Building.

The funds were diverted to execute other projects shown below.

Project Name	Amount (E)
Alteration and rehabilitation of Somhlolo Stadium	216 855.93
Mpisi Farm, B hamsakhe and Lobamba	179 223.31
Adjustment due to completion	20 846.28
Total	416 925.52

I also pointed out that payments not related to the project could lead to project failures and unnecessary cost escalations, due to delays in the completion of the relevant project. The funds were not used for purposes intended

The response was that **the payments referred to were correct. The contractor was requested to undertake the works at short notice. There was no budget allocated for the works, yet the works had to be undertaken.**

It is disturbing to note that the ministry undertook works which had no budget and appointed contractors to do the works without the tender board sanction.

I also noted that the ministry cited inadequate budget when the very same ministry used some of the funds in other un-budgeted projects, without authority.

I am concerned about the mismanagement of huge funds and maladministration depicted in the execution of capital projects that have a major impact in the Development of the country. This inefficiency does not only drain the economy but also retards development at the expense of the tax payers and other stakeholders.

The Controlling Officer assured me that the termination of the contract had been recommended by the relevant architect. He informed me that it was impossible to undertake the stock taking of the materials on site because the contractor refused to vacate. After the contractor had left there was no material found on site.

HEAD: 56
MINISTRY OF SPORTS, CULTURE AND YOUTH AFFAIRS

Objectives:

To ensure Youth Development through promotion of Sports, Arts and Cultural activities so as to address the socio-economic challenges faced by the youth.

Over Expenditure on Recurrent Vote

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

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

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

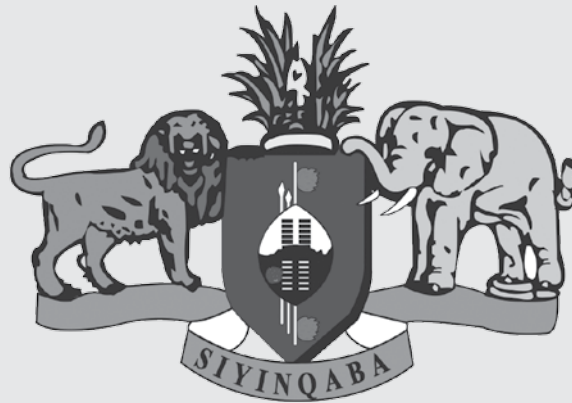
Head	Item	Released Budget (E)	Actual/ Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
56	Grants and Subsidies – External	763,992.00	869,656.50	105,664.50	14

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

The Controlling Officer disputed that there was an overexpenditure of E105,664.50 (14%) under this project. He revealed in the table that the total amount spent was E714 234.44 which resulted in underexpenditure of E49 757.56 (E763,992.00 – E714,234.44), resulting to 7% underexpenditure.

The verification of the matter, again, through the Government Computer Accounting System, transactions, revealed that the overexpenditure occurred.

I am not aware if the Ministry undertook any reconciliation with the Treasury Accounts when compiling its response.



The Kingdom of Swaziland

PART C

APPENDICES

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH 2015

ASSETS	Consolidated Fund E	Trust Fund E	Consolidated Figures E
Bank Accounts	-4,850,402,356.36		-4,850,402,356.36
Cash Accounts	2,293,286,622.32		2,293,286,622.32
Employee Advances	243,890,835.70		243,890,835.70
Ministry & Departmental Advances	74,932,053.32		74,932,053.32
Other Advances	-6,059,624.37		-6,059,624.37
Sundry Investments	3,281,460,700.77		3,281,460,700.77
Other Investments	259,342,557.56		259,342,557.56
Treasury Bills	393,543,790.64		393,543,790.64
Fairview Township		70,703.93	70,703.93
Police Reward Fund		48,904.36	48,904.36
Prison Officers Reward Fund		21,060.48	21,060.48
Ngwane Park Township		183,397.56	183,397.56
Disaster Relief Fund		4,865,589.91	4,865,589.91
Sibhimbi Fund		1,079,241.86	1,079,241.86
Water Relief Fund		512,411.67	512,411.67
Strategic Oil Reserves		282,312,661.89	282,312,661.89
Total Assets	1,689,998,775.58	289,093,971.66	1,979,088,551.24

LIABILITIES	Consolidated Fund	Trust Fund	Consolidated Figures
Capital Funds	286,174,585.09		286,174,585.09
Capital Fund-Other	24,615,019.80		24,615,019.80
Capital Fund- Direct Payments	38,177,568.42		38,177,568.42
Accounts Payable	702,616,587.44		702,616,587.44
Sundry Deposits	-33,858,244.29		-33,858,244.29
Customs	286,541,249.35		286,541,249.35
Special Fund	1,902,920,840.02		1,902,920,840.02
Accrued Liabilities and Deductions	-166,456,692.24		-166,456,692.24
Reserves	396,851,542.76		396,851,542.76
Treasury Bills	885,619,053.10		885,619,053.10
Government Stock	445,146,439.67		445,146,439.67
Special Fund Cont.	2,942,333.67		2,942,333.67
Consolidated Fund	-3,223,865,779.74		-3,223,865,779.74
Trading accounts-Sundry	142,574,272.53		142,574,272.53
TOTAL	1,689,998,775.58	289,093,971.66	1,979,088,551.24

Public Debt as at 31st March 2015 amounted to E 3,603,931,300.00

Contingent Liabilities as at 31st March 2014 amounted to E 843,694,453.39

THE STATEMENT DOES NOT REFLECT THE FOLLOWING INVESTMENTS HELD BY THE SWAZILAND GOVERNMENT.

1. **160** Shares of one Lilangeni in AON Swaziland Insurance Brokers LTD.
2. **5 506 234** Shares of fifty cents each in Ned Bank.
3. **3 651 187** Shares of one Lilangeni each in Standard Bank.

4. **6 262 511** Shares of one Lilangeni each in Royal Swd. Sugar Corporation.
5. **2 401** Shares of one Lilangeni each in S.E.D.C.O.
6. **600 000** Shares of one Lilangeni each in Swazi Can.
7. **615 000** Shares of one Lilangeni each in S.R.I.C.
8. **7 580 000** class "A" Shares of one Lilangeni each in S.I.D.C.
8. **845 000** class "B" Shares of one Lilangeni each in S.I.D.C.
9. **54 861 000** Shares of one Lilangeni each in Swazi Bank.
10. **220** Shares of \$1000 each in International Finance Corporation.
11. **18** Shares of \$10 000 each in A.D.B.
12. **132** Subscription shares of \$1 000 each in the International Bank for Reconstruction and Development.
13. **750** Shares of one Lilangeni each in R.S.N.A.C.
14. **320** Subscription shares of \$1000 each in International Development Association.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES.

1. The Credit Capital Funds Figure reflect amounts receivable to Government from Donor Agencies.
2. There is a deliberate double accounting on the Trust Funds on both Assets and Liabilities sections of the balance sheet to ensure disclosure of them while they are under trusteeship of Government.
3. Equity for Trust Funds is E 195,375,150.87 and is included in the Sundry Investments under Assets.
4. The trading account figure is a credit balance of E142, 574,272.53 this financial year yet last financial year 2013/2014 it was E7,910,575.12. This difference owes to several trading accounts which have made savings, these include; Matsapha industrial estate, Statutes Revision Manyaneni beef ranch, Tractor Hire.
5. Total pure consolidated fund amounts to E 3,223,865,779.74
6. Total Assets amounts does not balance with total Liabilities amount. There is a variance of E4, 196.00 which has to be verified and adjusted on the Capital and Suspense summary transactions for the current reporting year.
7. Public Debts figure as at 31st March 2015 has been erroneously reported as E 3,306,931.30 instead of E3,306,931,300.00.

APPENDIX 5

SURPLUS AND DEFICIT ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

	CAPITAL FUND	E
Balance b/d 01/04/2014	150,285,949.62	
Receipts	203,934,462.10	
Local Funds	2,413,834,904.13	
	2,768,055,315.85	
Direct Receipts	24,534,269.00	
	2,792,589,584.85	
		24,534,269.00
		2,443,702,942.34
		2,468,237,211.34
Balance overdrawn as at 31/03/2015	-324,352,373.51	
	2,468,237,211.34	
		2,468,237,211.34
		2,468,237,211.34

	CONSOLIDATED FUND	E
Revenue	13,861,977,271.95	
		2,952,871,618.74
Balance as at 01/04/2014		11,719,137,225.32
Recurrent expenditure		2,413,834,904.13
Local fund capital contribution		2,413,834,904.13
	3,223,866,476.24	
Balance b/f 31/03/2015	17,085,843,748.19	
		17,085,843,748.19

Notes

1. Closing balance for last year was stated as E24,630,645.07 overdrawn instead of balance on hand of E150,285,949.62

STATEMENT OF PUBLIC DEBT FOR THE YEAR ENDED 31 MARCH 2015

DESIGNATION	NO	AUTHORITY	OPENING BALANCE FX 000s	PAYMENTS PRINC FX 000s	INT FX	COMMI FX	DRAWD FX	FOREIGN CU	EMALANGENI 000s	PARTICULARS OF PAYMENTS
International Dev Association Loan US\$ 3,373,186	20	Proclamation no. 9 of 1962	65.3	0.0	0.0	0.0	0.0	0.0	795.8	Capital and interest repayable in 28 annuities commenced on 1st Jan 1980
USAID RDA'S 645/T/004A US\$4,600,000	84		1,288.0	101.4	31.2	0.0	0.0	1,186.6	14,460	Interest repayment commenced on the 20th October 1983
USAID LOAN	17		205.0	0.0	0.0	0.0	0.0	205.2	2,500.7	Capital repayment period 1982-2012
E.E.C Loan Main sugar project ECU 3,500 000	99		767.2	130.7	5.5	0.0	0.0	636.5	8,348.9	Capital, interest repayable in 60 half yearly instal commencing in 1988 - 2018
USAID Loan No. 645-k-003 R.D.A's Infrastructure US\$5,400,000	100		1,311.6	193.8	33.2	0.0	0.0	1,117.8	13,622.1	Capital and interest repayable in 60 half instalments commencing in 1988 - 2018
A.D.F Loan cs/swz/tr/78/2 Mkhondo-Mahamba rd/ADF 8,000,000 AUA	102	Kings Order in Council no.27	3,590.0	146.2	18.6	0.0	0.0	3,443.8	56,340.9	Capital repayable in 50 annuities of UA 40,000 commencing 1989
USAID Small Farmer Agric .518,263. \$	16		100.3	37.7	1.3	0.0	0.0	62.6	762.9	Period 1985-2015

Report of the Auditor General for the Financial Year 31st March 2015



DESIGNATION	NO	AUTHORITY	OPENING BALANCE FX 000s	PAYMENTS PRINC FX 000s	INT FX	COMMI FX	DRAWD FX	FOREIGN CU	EMALANGENI 000s	PARTICULARS OF PAYMENTS
EIB Fourth Feeder- S.E.B US\$ 15,000,000			7,661.3	492.6	217.6	0.0	0.0	7,168.7	94,031.6	Commencing 2001 and ending 2021
International Dev assoia to promote educational objective US\$5,000,000	518	Kings order of 1975	2,050.3	138.1	9.6	0.0	0.0	1,912.2	23,303.0	Repayments commenced in 1985-2024
BADEA TWO INTERNATIONAL US75,000,000			2,584.0	599.0	60.8	0.0	0.0	1,985.0	24,190.2	Repayment commencing in 2003 - 2014
Mkhondo/Mahamba Rehabilitation AUA5,000,000	142		2,742.6	279.5	35.8	0.0	0.0	2,463.1	40,296.6	Repayment commenced in 1994
Matsapha Vocational Training Centre ECU 3,200,000	143		1,307.4	43.9	3.9	0.0	0.0	1,263.50	16,573.2	Repayment commencing in 1996-2026
A.D.F Loan Matutseni/Mliba Rd AUA 3,380,000	150A		1,772.2	19.4	91.4	15.7	0.0	1,680.8	27,498.1	Capital repayable in 80 equal bi-annual payments commencing 1997 - 2037
EIB Loan Human Resources dev prog ECU 5,000,000	202		2,838.1	156.5	13.4	0.0	0.0	2,681.6	35,174.3	Payments commencing in 2000 - 2029

DESIGNATION	NO	AUTHORITY	OPENING BALANCE FX 000s	PAYMENTS PRINC FX 000s	INT FX	COMMI FX	DRAWD FX	FOREIGN CU	EMALANGENI 000s	PARTICULARS OF PAYMENTS
K.F.W Hlatikhulu Hospital Rehab DM 5,000,000	203		193.1	101.2	12.8	0.0	0.0	91.9	1,205.4	Capital and interest repayable in 60 equal bi-annual payments commencing 1999 - 2029
A.D.B Mbabane/ Mhla AUA 5,200,000			3,923.1	135.4	24.8	0.0	0.0	3,787.7	61,967.2	Semi-annually commencing in 1998 - 2038
K.F.W Matsapha Ind Park DM 17500000			3,871.0	241.3	12.8	0.0	0.0	3,629.7	47,610.4	Semi-annually commencing in 2000 - 2030
A.D.F Main Rd Rehab A.U.A 5,680,000			3,471.2	134.0	25.6	0.0	0.0	3,337.2	54,596.9	Capital repayable over 40 years commencing in 2000 - 2040
IBRD Urban Develop 3807 SW \$			5,323.3	175.0	8.0	0.0	0.0	5,148.3	62,739.8	Commencing 2000 - 2014
ADF Transport Sector F/Swa/T RA-SEC/92/17 AUA 9,200,000			6,834.0	276.1	59.9	0.0	0.0	6,557.9	107,287.9	Commencing 2003 - 2043
BADEA Mbadlane Sikhuphe			4,435.5	0.0	67.7	0.0	1,259.3	5,694.8	69,399.1	Commencing 2011 - 2028

Report of the Auditor General for the Financial Year 31st March 2015



DESIGNATION	NO	AUTHORITY	OPENING BALANCE FX 000s	PAYMENTS PRINC FX 000s	INT FX	COMMI FX	DRAWN FX	FOREIGN CU	EMALANGENI 000s	PARTICULARS OF PAYMENTS
KUWAIT Mbadlane Sikhuphe Road			3,199.0	108.0	43.6	0.0	1,544.0	4,635.0	186,104.1	Commencing 2011 - 2028
SA Loan Komati Maguga dam			142,241.9	0.0	27,338.8	0.0	0.0	142,241.9	142,241.9	Commencing 2003 - 2012
SA Hambros Bank/ Maguga			21,659.5	10,125.0	20,250.0	0.0	0.0	11,534.5	11,534.5	Commencing 1997 - 2027
ADB Two International Roads			4,795.3	1,490.6	328.3	0.0	0.0	3,304.7	54,065.2	Commencing 2001 - 2016
ICDF Two International Roads \$			2,111.4	323.4	55.1	0.0	0.0	1,788.0	21,789.5	Commencing 2003 - 2018
ADF Education project AUA	9211		4,178.0	118.6	45.5	0.0	0.0	4,059.4	66,412.2	Commencing 2004 - 2034
ADB Road Network Studies AUA			1,008.30	34.6	0.0	0.0	0.0	937.7	15,929.8	Commencing 1998 - 2018
KFW Electricity Grid Rehab DM	135		69.1	26.6	0.8	0.0	0.0	42.5	556.9	Commencing 1995 - 2015
Kuwait Two International Rd 3,100,000			1,216.2	91.4	9.1	0.0	0.0	1,124.8	45,162.9	Commencing 2003 - 2018

DESIGNATION	NO	AUTHORITY	OPENING BALANCE FX 000s	PAYMENTS PRINC FX 000s	INT FX	COMMI FX	DRAWD FX	FOREIGN CU	EMALANGENI 000s	PARTICULARS OF PAYMENTS
Italian Rehabilitation East West Line ECU 1,447,179,203.00			9,937.0	0.0	79.3	0.0	0.0	9,937.2	130,345.3	Commencing 2027 - 2040
Japan JBIC Northern MR5 & 6 JPY			3,796,569.4	100,862.0	111,965.8	0.0	0.0	3,695,707.4	374,704.2	Commencing 2001 - 2041
ADB Komati Downstream Dev Project			13,308.4	514.4	381.5	0.0	0.0	12,794.0	209,311.6	Commencing 2008 - 2023
ADB Mbabane by pass road project			23,962.4	1,391.3	1,389	675.7	0.0	22,571.1	369,265.5	Commencing 2008 - 2024
S.A. DBSA LUSIP			93,792.7	0.0	0.0	0.0	0.0	93,792.7	93,792.7	Commencing 2003 - 2011
ICDF (RoC) Relending project 10,000,000.0			4,000.0	0.0	0.0	0.0	0.0	4,000.0	48,746.0	Commencing 2012 - 2019
EXIM IT Park 20,000,000.0			5,999.5	28.9	59.7	0.0	0.0	5,970.6	72,760.7	Commencing 2011 - 2024
Exim Agriculture 20,000,000.0			216.0	34.5	30.8	0.0	11,924.4	12,105.9	147,528.6	Commencing 2012

Report of the Auditor General for the Financial Year 31st March 2015



DESIGNATION	NO	AUTHORITY	OPENING BALANCE FX 000s	PAYMENTS PRINC FX 000s	INT FX	COMMI FX	DRAWD FX	FOREIGN CU	EMALANGENI 000s	PARTICULARS OF PAYMENTS
OFID NHLANGANO SICUNUSA ROAD			3,498.0	0.0	0.0	0.0	1,144.0	4,642.0	56,569.7	Commencing 2009
ADB Two - International Road Suppl 113,000,000.00			5,475.2	460.2	280.6	0.0	0.0	5,015.0	82,045.8	
IFAD RJRAL FINANCE & DEVELOPMENT 4,050,000.00			2,025.0	208.0	6.9	0.0	0.0	1,817.0	30,557.8	Commencing 2010 - 2028
IBRD Health, HIV/ AIDS & TB Projects 20,000,000.00			2,504.7	0.0	9.2	0.0	1,228.8	2,504.7	30,523.5	Commencing 2011 - 2030
IBRD Local Government Project 20,000,000.00			3,804.3	0.0	27.6	0.0	2,944.7	3,804.3	46,361.0	Commencing 2011 - 2030
BADEA Nhlangano - Sicunusa Road 8,000,000.00			5,468.4	0.0	11.8	0.0	1,802.1	7,270.5	88,601.9	Commencing 2009 - 2032
OFID Water Supply Project 14,160,000.00			0.0	0.0	122.3	0.0	3,661.8	3,661.8	44,624.5	Commencing 2012 - 2032

DESIGNATION	NO	AUTHORITY	OPENING BALANCE FX 000s	PAYMENTS PRINC FX 000s	INT FX	COMMI FX	DRAWD FX	FOREIGN CU	EMALANGENI 000s	PARTICULARS OF PAYMENTS
SA. DBSA SEB			8,082.0	1,469.5	570.4	0.0	0.0	6,612.5	6,612.5	
IFAD LUSIP SDR			4,700.0	754.0	24.2	0.0	707.6	4,653.2	78,256.1	
BADEA LUSIP \$			9,891.5	500.0	211.9	0.0	0.0	9,391.5	114,449.5	
ADB-NTF Komati downstream			3,574.3	287.6	166.0	0.0	0.0	3,286.7	53,770.8	
ADB LUSIP AUA			4,069.5	407.4	305.2	0.0	0.0	3,662.1	59,912.8	
EIB LUSIP (ECU)			10,311.8	1,529.0	412.1	0.0	0.0	8,782.8	115,203.1	
ICDF LUSIP			3,715.4	147.1	55.5	0.0	0.0	3,568.3	43,485.1	
									3,603,931.3	

End Period rates:

E/GBP	18.0823
E/US\$	12.1865
E/AUA	16.3601
E/ECU	13.1169
E/DM	13.1169
E/R	1.0000
E/DKK	1.5109
E/BF BF LOAN NOW DENOMINATED IN EUR	13.1169
E/SDR	16.8177
E/JPY	0.1014
E/KWD	40.1519

APPENDIX 15

STATEMENT OF CONTINGENT LIABILITIES AS AT 31ST MARCH 2015

	E
Non-negotiable non-interest bearing notes issued in favour of the International Development Association	255,270.32
Swaziland Development and Savings Bank deposits guaranteed in terms of Law no.4 of 1973	795,288.00
International Bank of Reconstruction and Development promissory Note	1,461,121.96
International Monetary Fund	718,551,891.95
Common Fund for Commodities: Promissory Note 1	846,589.49
Promissory Note 2	3,386,338.14
Standard Bank	29,868,135.89
Swaziland Farmers Co-operatives Union Guaranteed with Fincorp	67,667,609.00
	843,694,453.39

APPENDIX 17

STATEMENT OF WRITE OFFS OF, LOSS OF CASH, STAMPS, STORES AND ABANDONED CLAIMS AND LOSSES DUE TO ACCIDENTS ON VEHICLES FOR THE YEAR ENDED 31ST MARCH 2015

Particulars	Ministry/Department	Head	Authority	Amount
NIL	NIL	NIL	NONE	NIL

NOTE: There was no activity under the current year in review

APPENDIX 44

C T A TRADING ACCOUNT AS AT 31ST MARCH 2015

RECEIPTS	E	PAYMENTS	E
Revenue Income	5,214,955.66	Personnel Emoluments	27,314,421.30
Capital Income	116,004,733.87	C.T.A. Charges	7,521,243.56
	<u>121,219,689.53</u>	Travel Transport & Comm.	1,458,596.04
Fuel Sales	129,421,075.89	Drugs	0.00
Repairs & Maintenance	195,128,383.55	Professional Services	66,278,102.22
Self-Accounting Bodies	1,911,242.44	Rentals	7,564,310.62
Auction Sales	5,715,432.65	Consumables	287,154,672.63
Driver Training Fees	42,092.00	Durables	280,659,731.31
Sundry Fees	103,437.00		
Deficit	224,409,724.62		
	<u>677,951,077.68</u>		<u>677,951,077.68</u>

SURPLUS AND DEFICIT ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

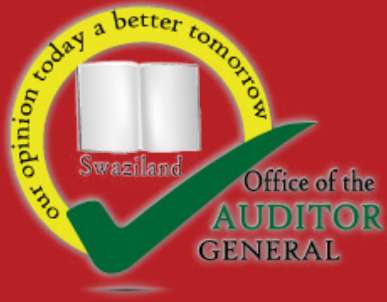
Surplus b/f	348,851,326.50	E	124,441,601.88
Less: Trading Deficit	224,409,724.62		
	<u>124,441,601.88</u>		<u>124,441,601.88</u>
Surplus carried forward			

PLANT & VEHICLES RENEWALS FUND AS 31 MARCH 2015

Surplus b/f	625,523,680.09	E	279,735,549.83
Accumulated Replacement Income	116,004,733.87		461,792,864.13
	<u>741,528,413.96</u>		<u>741,528,413.96</u>
Capital Expenditure 2014/2015			

NOTES:

1. In the past years from 2009 to 2014 Capital Expenditure has been charged in the Trading Account instead of The Plant and Motor Renewals Account. This reporting year adjustments have been made to correct this error.



Sustainable Development

Wise-Spending

Integrity

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