



REPUBLIC OF ZAMBIA

REPORT

OF THE

COMMITTEE ON LOCAL GOVERNMENT ACCOUNTS

ON THE

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

FOR THE

FIRST SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY

APPOINTED ON 16TH SEPTEMBER, 2021

Published by the National Assembly of Zambia

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TABLE OF CONTENTS

1.0 Composition	1
2.0 Functions of the Committee	1
3.0 Meetings of the Committee	1
4.0 Procedure Adopted by the Committee	1
5.0 Arrangement of the Report	1
PART 1	3
SUBMISSION BY THE SECRETARY TO THE TREASURY	3
Introduction	3
Scope of Audit	3
Constraints	3
i) Transport	3
ii) Information and Communications Technology Equipment	3
iii) Corona Virus Disease 2019 (COVID-19)	3
Audit Methodology	4
Reporting Process	4
Establishment and Mandate of Councils	4
Governance - The Council	4
Management	4
Sources of Funds	5
Information and Communication Technology	5
Financial Statements	5
PART 2	6
SUBMISSIONS BY THE ACCOUNTING AUTHORITIES	6
Chadiza Town Council	6
Chama Town Council	11
Chasefu Town Council	18
Chiengi Town Council	25
Chililabombwe Municipal Council	43
Chingola Municipal Council	32
Chinsali Municipal Council	38
Chipata City Council	46
Chirundu Town Council	54
Chisamba Town Council	58
Chitambo Town Council	64
Choma Municipal Council	71
Chongwe Municipal Council	82

Isoka Town Council	88
Kabompo Town Council	92
Kabwe Municipal Council	94
Kafue Town Council	105
Kalabo Town Council	112
Kalomo Town Council	118
Kalulushi Municipal Council	124
Kapiri Mposhi Town Council	130
Kasama Municipal Council	136
Katete Town Council	142
Kawambwa Town Council	146
Kazungula Town Council	149
Kitwe City Council	156
Limulunga Town Council	162
Livingstone City Council	165
Luangwa Town Council	172
Luanshya Municipal Council	178
Lufwanyama Town Council	185
Lukulu Town Council	189
Lusaka City Council	194
Luwingu Town Council	211
Mambwe Town Council	214
Mansa Municipal Council	218
Mazabuka Municipal Council	222
Mbala Municipal Council	228
Mkushi Town Council	234
Mongu Municipal Council	241
Monze Town Council	256
Mpika Town Council	266
Mporokoso Town Council	276
Mpulungu Municipal Council	284
Mufulira Municipal Council	290
Mufumbwe Town Council	302
Mumbwa Town Council	307
Mungwi Town Council	314
Mwense Town Council	325
Mwinilunga Town Council	328
Nakonde Town Council	330
Namwala Town Council	334
Nchelenge Town Council	340
Ndola City Council	347
Petauke Town Council	360
Samfya Town Council	367
Senanga Town Council	371
Senga Hill Town Council	377
Serenje Town Council	384
Sesheke Town Council	391

Shangombo Town Council	397
Shiwang'andu Town Council	404
Siavonga Town Council	411
Sinazongwe Town Council	414
Solwei Municipal Council	420
Zambezi Town Council	423
Zimba Town Council	427
Part III	434
LOCAL TOUR TO CONSTRUCTION PROJECT SITES OF SELECTED COUNCILS	434
Committee's Observations and Recommendations	445
FOREIGN TOUR TO BOTSWANA	448
Committee's Observations and Recommendations	454
CONCLUSION	455
Appendix 1	457
Appendix II	458

REPORT OF THE COMMITTEE ON LOCAL GOVERNMENT ACCOUNTS ON THE REPORT OF THE AUDITOR GENERAL ON THE AUDIT OF ACCOUNTS OF LOCAL AUTHORITIES FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2020 FOR THE FIRST SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY, APPOINTED ON 16TH SEPTEMBER, 2021

1. Composition

The Committee consisted of: Mr Darius Mulunda, MP (Chairperson); Rev Given Katuta Mwewa, MP (Vice Chairperson); Dr Chitalu Chilufya, MP; Mr Misheck Mutelo, MP; Mr Masauso Kazungula Tembo, MP; Mr Harry Kamboni, MP; Mr Misheck Nyambose, MP; Mr Wesley Kolala, MP; Mr Luka Simumba, MP; and Mr Kabaso Kampampi, MP.

The Honourable Madam Speaker
National Assembly
Parliament Buildings
LUSAKA

Madam, the Committee has the honour to present its Report on the Report of the Auditor General on the Audit of Accounts of Local Authorities for the Financial Year Ended 31st December 2020.

2.0 Functions of the Committee

The functions of the Committee are set out in Standing Order 197 (h) of the National Assembly Standing Orders, 2021. In this regard, the main focus of the Committee is to:

- i. consider the reports of the Auditor General on the accounts of local authorities; and
- ii. consider the reports of the Auditor General on the management of the Constituency Development Fund and grants to local authorities.

3.0 Meetings of the Committee

During the period under review, the Committee held thirty three meetings to consider the Report of the Auditor General on the Audit of Accounts of Local Authorities for the Financial Year Ended 31st December 2020.

4.0 Procedure Adopted by the Committee

With technical guidance from the Auditor General, the Committee considered both oral and written submissions from local authorities that were cited in the Report of the Auditor General on the Audit of Accounts of Local Authorities for the Financial Year Ended 31st December, 2020.

5.0 Arrangement of the Report

The Report is in three parts, as follows: Part I deals with the response from the Secretary to the

Treasury; Part II captures the responses from Accounting Authorities (Sub Warrant Holders) on the individual audit queries; and Part III is a combined report on local and foreign tours, while Part IV highlights overall recommendations from the Auditor General's Report and the response by the Controlling Officer.

Appendix 1, is a list of officials, Appendix is 2, is an attachment containing a special report to the Local Government Service Commission on Staff related issues.

PART 1

SUBMISSION BY THE SECRETARY TO THE TREASURY

The Secretary to the Treasury submitted that comments of the Auditor General on the Accounts for the Local Authorities for the Financial Year Ended 31st December, 2020 were appreciated. The process of interacting and communicating with the council principal officers whose accounts were audited was acknowledged as it provided an opportunity for the principal officers to clarify and take corrective action on the audit findings so that matters were resolved during the process of the Audit. Outlined below is the Secretary to the Treasury's submission on the said accounts.

Auditor General's Preamble

Introduction

Paragraph 1

Response by the Secretary to the Treasury

The facts were correctly stated by the Auditor General that the said Report was tabled before the National Assembly in accordance with the provisions of Article 250 of the Constitution of the Republic of Zambia.

Scope of Audit

Paragraph 2

Response by the Secretary to the Treasury

The facts on the Audit scope were as stated by the Auditor General.

Constraints

Paragraph 3

i) Transport

Response by the Secretary to the Treasury

The transport challenge being experienced by the Office of the Auditor General was noted and the Treasury would engage the Auditor General to address the matter.

ii) Information and Communications Technology Equipment

Response by the Secretary to the Treasury

The matter was noted, and the Treasury would engage the Auditor General to see how best the Treasury can help in dealing with the ICT gap.

iii) Corona Virus Disease 2019 (COVID-19)

Response by the Secretary to the Treasury

The facts were as stated by the Auditor General, that the COVID-19 pandemic affected various Government programmes due to the Public Health Guidelines issued by the Ministry of Health and the restrictions of activities and staffing levels by Cabinet Office.

Audit Methodology

Paragraph 4

Response by the Secretary to the Treasury

The Treasury appreciated the risk-based approach methodology adopted by the Auditor General since it targeted the key risk areas of the local authorities so that the audit provided reasonable assurance on the utilisations and management of public resources by local authorities.

Reporting Process

Paragraph 5

Response by the Secretary to the Treasury

The Secretary to the Treasury submitted that the facts were as stated by the Auditor General on the audit stages and timelines provided to Principal Officers and the Controlling Officer to respond to audit queries. In order to improve the management of the audit by Principal Officers, the Ministry of Finance and National Planning in liaison with the Local Government Service Commission and the Ministry of Local Government and Rural Development would be undertaking public finance management process orientation in Local Authorities.

Establishment and Mandate of Councils

Paragraph 6

Response by the Secretary to the Treasury

The facts were as stated by the Auditor General regarding the establishment and mandate of Councils, under Article 152 (3) of the *Constitution of Zambia (Amendment) Act No. 2 of 2016* read together with the *Local Government Act No. 2 of 2019*.

Governance - The Council

Paragraph 7

Response by the Secretary to the Treasury

The facts were as stated by the Auditor General.

Management

Paragraph 8

Response by the Secretary to the Treasury

The facts were as stated by the Auditor General.

Sources of Funds

Paragraph 9

Response by the Secretary to the Treasury

The facts were as stated by the Auditor General.

Information and Communication Technology

Paragraph 10

Response by the Secretary to the Treasury

The matter was noted and the Treasury was working with the Ministry of Local Government and Rural Development; and Smart Zambia Institute to develop a standardised integrated financial management information system for local authorities. The Secretary to the Treasury reported that the requirements for the development of the system had already been formulated and the Treasury was sourcing for funds to implement this system starting with a pilot before rolling it out to all the 116 local authorities.

Financial Statements

Paragraph 11

Response by the Secretary to the Treasury

The matter was noted and the Treasury had taken measures to address the challenges that local authorities were facing in preparing the financial statements, which include the ones outlined hereunder.

- i) In 2019, the Treasury developed the Local Authorities Accounting Polices (LAAPs) based on the International Public Sector Accounting Standards (IPSAS) Cash Basis Accounting in order to standardise the production of Financial Statements. The LAAPs were rolled out to all Local Authorities and this facilitated the preparation of the 2018 and 2019 financial statements.
- ii) The Treasury was in the process of developing a standardized integrated financial management information system for local authorities that would enhance internal controls and create efficiency in financial reporting.

The Committee was, however, asked to note that the timelines for submission of an audited financial report not later than 3 months of the end of the previous financial year may not be attainable at the moment until the issues of lack of capacity in local authorities was addressed. It was therefore the intention of the Government to amend section 45 (1) and (2) of the *Local Government Act No. 2 of 2019* to bring it in line with the *Public Finance Management Act No 1 of 2018* on submission of an audited financial report, by not later than 6 months of the end of the previous financial year.

In conclusion, the Secretary to the Treasury stated that the Treasury was committed to enhancing transparency and accountability in Local Authorities in order to improve local service delivery, and where officers were found wanting, sanctions for financial misconduct were applied in line with the provision of the Public Finance Management Act.

PART 2

SUBMISSIONS BY THE ACCOUNTING AUTHORITIES

Chadiza Town Council

Paragraph 12

Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income K3,173,288

Response by the Accounting Authority

The Accounting Authority submitted as set out below.

i. Local Taxes

The Accounting Authority submitted that the Local Taxes Budget amounting to K225, 000 was made up of K25, 000 personal levy and K200, 000 grants in lieu of rates. A total of K23, 447 was collected against personal levy, representing 93.8% collection, while a balance of K200, 000 grant in lieu of rates was not received from Central Government as national support in the year under review. A database for all business houses in the District had been created for the purpose of enhancing the collection of personal levy. In light of the unwillingness of the public to pay, the Council would intensify the sensitisation of the public on the services that it provided to the community and the need to pay for such services in order for the Council to continue providing the services. The Council would also continue engaging the business community for compliance.

ii. Fees and Charges

The Committee was informed that the Fees and Charges Budget, amounting to K3, 183, 248 comprised charges for parcels of land amounting to K2, 600, 000 and the remaining amount of K583, 248, was for other fees and charges. A total of K498,924 was collected out of which K251,665.81, was for plot fees representing 10% collection efficiency, whereas K247,258.19 was for other fees and charges representing 42% collection efficiency. The under collection on plot fees was as a result of poor response from the public on advertised plots. The under collection on other fees and charges was as a result of COVID-19 pandemic which negatively affected business. The Council assessed the impact of COVID-19 on revenue collection and therefore embarked on sensitising the public on the dangers of COVID-19 epidemic and carried out intensive disinfections in public places to create a safe and conducive business environment. In light of the unwillingness of the public to pay, the Council would intensify the sensitisation of the public on the services that it provided to the community and the need to pay for such services in order for the Council to continue providing the services. The Council would also continue engaging the business community for compliance.

iii. Levies

The Accounting Authority submitted that the Council collected K1,624,390 on levies against the budget of K1,335,068, representing 122% in revenue collection efficiency, which was due to the fact that Chanida Border remained open during the period under review when other border posts were closed due to Covid-19. As a result, most of the cross border travellers opted to use Chanida Border as an alternative route.

iv. Permits

The Committee heard that the underperformance on permits of K145,505 was due to COVID-19 which negatively affected business. The Council assessed the impact of COVID-19 on revenue collection and therefore, embarked on sensitising the public on the dangers of the COVID-19 pandemic and carried out intensive disinfections in public places to create a safe and conducive business environment. In light of the unwillingness of the public to pay, the Council would intensify the sensitisation of the public on the services that it provided to the community and the need to pay for such services in order for the Council to continue providing the services. The Council would also continue engaging the business community for compliance.

v. Licences

The Accounting Authority submitted that the underperformance on licences of K10, 626 was due to COVID-19 pandemic, which negatively affected business. The Council assessed the impact of COVID-19 on revenue collection and therefore embarked on sensitising the public on the dangers of COVID-19 pandemic and carried out intensive disinfections in public places to create a safe and conducive business environment. In light of the unwillingness of the public to pay, the Council would intensify the sensitisation of the public on the services that it provided to the community and the need to pay for such services in order for the Council to continue providing the services. The Council would also continue engaging the business community for compliance.

vi. National Support

On National Support, the Accounting Authority responded that the Council received K8, 335, 190 as Local Government Equalization Fund (LGEF) from the Central Government, representing 99% of the budgeted amount of K8, 419,011, while under other grants, the Council budgeted for K700,000 but only received K301,000 from the Central Government representing 43% of the total.

Committee's Observation and Recommendation

The Committee observes, with concern, the failure by the Council to generate own revenue despite grappling with liquidity problems. It is disheartening to learn that the Council was planning to enhance their efforts after audits despite having all available options under their disposal. The Accounting Authority is directed to devise and implement strategies expeditiously to counter this unintended effect. The Committee is convinced that lack of aggressiveness on the part of officers tasked with the responsibility has resulted in this state of affairs. The Committee will await a progress report on the matter until considerable improvement is observed in revenue collection.

b) Failure to Manage Dumpsite

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditors' observations and submitted that the Council did not fence off the dumpsite as the Zambia Environmental Management Agency (ZEMA) did not approve it as a legitimate place for dumping garbage. The Council engaged the traditional leaders for the purpose of acquiring land for appropriate dumpsites. Two (02) ideal pieces of land for dumpsites were identified in His Royal Highness Chief Zingalume's Chiefdom and His Royal Highness Chief Mlolo's Chiefdom. The Chiefs had already agreed to the request by the Council. The Council would soon start to develop the land earmarked for the new dump sites. The Council would ensure that once established, the new dumpsites were well secured with fencing to prevent unauthorised access, put up warning signs and compact the waste regularly.

Committee's Observations and Recommendations

The Committee notes, with concern, the failure by the Council to secure a permanent dumpsite which is a serious omission. The Committee directs the Accounting Authority to ensure that the process of acquiring a new dumpsite is finalised with the local leadership and the dumpsite equipped with all the requirements without any further delay. The Committee awaits a progress report on the matter.

c) Failure to Fill Vacant Positions - 25

Response by the Accounting Authority

The Accounting Authority submitted that at the time of audit, some staff positions were filled, while others were vacant. The Committee was informed that the Council did not fill all the vacant positions because of the liquidity challenges faced by the Council. The Council requested the Local Government Service Commission (LGSC) to employ on its behalf the following officers: two clerical officers; one registry supervisor; two revenue collectors; one Community Development Officer; and one Health Inspector to which the Commission responded. However, the Council would request the Commission to employ more officers for some other key positions such as Land Surveyor, Environmental Planner and the Building Inspector, once the 2022 budget was approved by the Ministry of Local Government and Rural Development, as these had been provided for under the 2022 budget. The Council would ensure that the vacant key positions that had been budgeted for were filled in during 2022.

Committee's Observations and Recommendations

The Committee takes exception that the Accounting Authority is only being reminded to fill the vacant positions after the audit as efforts to fill up the positions is only seen after the said period. The Accounting Authority is cautioned to desist from this *laissez-faire* approach to issues of great importance. He is also urged to impress upon the Local Government Service Commission to fill up the key vacant positions. The Committee will await a progress report on the matter.

d) Management of Assets

i. Lack of Title Deeds

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations that the Council did not secure title deeds for fifteen (15) parcels of land on which properties such as the market, bus station, council rest house and the civic centre were located because the properties were not captured and numbered for titling. The properties were captured, numbered and the site plans were produced and submitted to the Ministry of Lands, Natural Resources and Environmental Protection for the processing of offer letters and subsequent title deeds. A quotation of K102,000, was issued to the Council for processing of Invitation to Treat (ITTs) by the Ministry after the submission. The Council was yet to make the payment by 28th February, 2022. The Council would ensure continuity in the titling of all properties.

Committee's Observations and Recommendations

The Committee notes the submission but urges the Accounting Authority to ensure that all properties are secured with title deeds by the date promised without further delay. All documents in support of the submission should be availed to the Auditor General's Office for verification. The Committee resolves to await a progress report on the matter.

ii. Failure to Insure Motor Vehicles - Seven (7) Motor Vehicles

Response by the Accounting Authority

The Accounting Authority submitted that the vehicles were not insured because there were no values for the motor vehicles. Management engaged a qualified independent valuer to come up with estimated values of the motor vehicles for the insurance company to use for the computation of insurance covers for the motor vehicles. Madison Insurance Company had been engaged and the Council was assured to receive the insurance covers by the end of February, 2022. The Council would ensure continuity in valuing and providing insurance covers for the Council assets.

Committee's Observations and Recommendations

The Committee expresses concern that the Council did not adhere to Local Authorities Financial Regulation No.154, which requires that the Treasurer should take out insurance cover against losses; damages; risks; and liabilities which the Council may incur and must regularly review such cover in consultation with departmental heads. The Committee is unhappy with the reactive manner in which this matter was handled. The Committee cautions the Accounting Authority and strongly urges him to ensure that all vehicles are secured with insurance cover, without further delay, to avoid loss in case of unforeseen circumstances. The Committee awaits a progress report on the matter.

e) Local Government Equalisation Fund - Failure to Recover Advance Payment K63,934

Response by the Accounting Authority

The Accounting Authority informed the Committee that the Council had not recovered the advance paid to the contractor from the time the contract was terminated owing to the fact that the Council lost contact with the contractor. A letter of demand was written to the contractor to refund K63, 934 to the Council to which the Contractor acknowledged and made a commitment to pay in four instalments, starting with the month of September, 2021. The Contractor did not honour the obligation despite the commitment and so a follow up letter dated 20th January, 2022, was written reminding him to pay. The Contractor had not paid so far and had been given up to the end of February, 2022 to pay back in full. The Council would ensure that the Contractor was not engaged again in future contractual arrangements with the Council.

Committee's Observations and Recommendations

The Committee is disappointed that the Accounting Authority took the liberty to allow an extension for the contractor to refund the advance payment who has proven beyond reasonable doubt that he is unable to do so. It is not clear as to why the contractor is being treated with some speciality, despite defaulting for over a year. The Accounting Authority is, therefore directed to recover the amount using all available options without further delay. Otherwise, the matter must be reported to law enforcement agencies for further probe. The Committee resolves to await a progress report on the matter.

f) Management of Liabilities

i. Failure to Remit Statutory Obligations K4,577,440

Response by the Accounting Authority

The Accounting Authority acknowledged that the amount totalling K4,577,440 in respect of tax, pension and union contributions were not remitted. However, the Accounting Authority stated that the non-remittance was due to liquidity challenges faced by the Council. Management had entered into a Memorandum of Understanding (MoU) with Zambia Revenue Authority (ZRA), where the Council would be paying K10, 000 on a monthly basis towards the arrears. The Accounting Authority had also entered into another Memorandum of Understanding (M.O.U) with the Local Authority Superannuation Fund (LASF) of K10, 000 per month towards the arrears. A Debt swap arrangement involving land was yet to be concluded with NAPSA. The Council had also factored in the Budget for 2022 an amount of K440, 000 payable towards statutory obligations. The Council had devised a strategy of paying a certain amount towards the outstanding debt, whilst at the same time paying, in full, the current bills as and when they fell due to avoid further accumulation of the arrears.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Council to remit statutory obligations resulting in a huge accumulation over the years. The Accounting Authority is urged to ensure that all available options are employed, including debt swaps, to ensure that the debt is dismantled without further delay. The Committee resolves to await a progress report on the matter.

ii. Failure to Settle Staff Obligations K811,137

Response by the Accounting Authority

The Accounting Authority informed the Committee that the Council acknowledged that it owed former and existing employees amounts totalling K811, 137 in respect of settling-in allowances, terminal benefits and long service bonus. However, he stated that the unsettled staff obligations were due to liquidity challenges faced by the Council. The Council had also devised a payment plan for clearing the outstanding staff obligations and so far, an amount of K60,236 had been paid towards the outstanding debt, leaving a balance of K750,901 outstanding, as at 31st December, 2021, whilst paying the current obligations as and when they fell due to avoid further accumulation of the debt. The Council had also factored in the 2022 Budget an amount of K202, 000 payable for statutory obligations. The Council had devised a strategy of paying a certain amount towards the outstanding debt whilst at the same time paying in full the current bills as and when they fell due to avoid further accumulation of the arrears.

Committee's Observations and Recommendations

While noting the efforts made, the Committee observes, with concern the failure by the Council to pay staff obligations resulting in a huge accumulation over the years. The Accounting Authority is urged to ensure that all available options are employed to ensure that the debt is dismantled without further delay. The Committee resolves to await a progress report on the matter.

Chama Town Council

Paragraph 13

An Examination of accounting and other records maintained at the Council for the financial year ended 31st December 2020 and physical inspection of selected projects revealed the following to which the Accounting Authority responded as set out below.

13.1 Audit Findings

a) Budget and Income - (Negative Variance K876,060)

Response by the Accounting Authority

The Accounting Authority informed the Committee that the huge negative variance on the fees and charges, was due to over budgeting as the Council anticipated to sell residential and commercial plots to the general public but the response was very poor. The Council Management had taken action to ensure that the plots were re-advertised in the media to the general public and the Council would review the plot premium to realistic levels. Further, Management would

endeavour to make a realistic budget in future from the predictable sources of income available. Management would also endeavour to explore due diligence and come up with realistic plot premiums for all categories which the majority of the people could afford.

Committee's Observations and Recommendations

The Committee is displeased by the huge budget deficit, compared to the actual collections. The Committee directs the Accounting Authority to ensure that turn-around strategies are formulated without further delay. The Committee urges the Office of the Auditor General to keep the matter in view during future audits.

b) Weaknesses in Managing Constituency Development Fund (CDF) Projects

i. Failure to Implement Approved Projects K550, 000 -Drilling of Boreholes in Chama North

Response by the Accounting Authority

The Accounting Authority informed the Committee that the query was caused by failure by the contractor to mobilise during rainy season as most of the sites were not accessible by the rig machine and a vehicle carrying materials could not reach the site due to poor road network in Chama District. The Council Management had taken action by ensuring that the contractor mobilised on the site in September 2021 to drill boreholes in the District and so far he had drilled six boreholes of which one had collapsed after it was drilled successfully due to the nature of the soil which was mostly sandy. However, other areas were still not accessible and unfortunately, the rig broke down when going to other sites. The contractor had since been engaged to repair the rig so that the remaining boreholes could be drilled. Documentation was available for audit verification. The Accounting Authority further informed the Committee that they had come up with a strategy of ensuring that when the contractor re-mobilised on site, monitoring and evaluation of activities during drilling of boreholes in the district was to be strengthened. Besides, in future due to the fragile nature of the soil in the valley, Management would endeavour to engage experienced companies with special mad-drilling machines.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to ensure that project monitoring and evaluation is prioritised to ensure value for money. It is disheartening to learn that one borehole collapsed due to the failure by the officers responsible to carry out feasibility studies before engaging the contractor and also ensure that casing was provided throughout the depth of the borehole. What worries the Committee is that no one was held accountable for this failure. The Committee urges the Accounting Authority to surcharge the officers responsible for this failure and further that all the remaining boreholes are drilled and handed over without any further delay. The Committee awaits a progress report on the matter.

ii. Misapplication of Funds K59,500

Response by the Accounting Authority

The Accounting Authority informed the Committee that the query was caused by the fact that after the CDF Committee sat and allocated the remaining balance from the total allocated funds and approved an amount of K1, 100,000 meant for borehole drilling. According to the engineers estimates, the contract signed by the Contractor was K872, 000 and the difference was the one the CDF Committee approved to implement the transportation of relief mealie-meal among others.

The Council Management had taken action by making the follow up of the resolution made by the CDF Committee which was submitted to the Ministry of Local Government and Rural Development for approval. However, at the time of submission for approval, Parliament had already been dissolved and the Minister was not available for approval. Going forward, the Council Management would ensure that the all process of CDF guidelines was followed by obtaining approvals promptly from the Minister of Local Government and Rural Development.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to adhere to the *Constituency Development Fund Act No. 11 of 2018*. It is disappointing to note that the Accounting Authority did not even state clearly why CDF could be diverted to fund a project under the Disaster Management and Mitigation Unit (DMMU). The Committee sternly cautions the Accounting Authority to desist from diverting funds without prior authority. He is also directed to ensure that the said funds are reimbursed without further delay. The Controlling Officer is further urged to ensure that disciplinary action is instituted on all Accounting Authorities (Sub-Warrant Holders), who wilfully failed to adhere to laid down procedure. A progress report is being awaited.

iii. Unapproved Project K27,467

Response by the Accounting Authority

The Accounting Authority informed the Committee that the query was caused by the fact that after the CDF Committee sat and allocated the remaining balance from the total allocated funds and approved amount of K1, 100,000 meant for borehole drilling, according to the engineers estimates of the contract signed by the Contractor was K872, 000 and the difference was the one the CDF Committee approved to implement the transportation of relief mealie-meal among others. The Council Management had taken action by making the follow up of the resolution made by the CDF Committee which was submitted to the Ministry of Local Government and Rural Development for approval. However, at the time of submission for approval, Parliament had already been dissolved and the Minister was not available for approval. Going forward, the Council Management would ensure that the all process of CDF guidelines was followed by obtaining approvals promptly from the Minister of Local Government and Rural Development. Otherwise, the implementation of the above project was due to extenuating factors.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to adhere to the Constituency Development Fund Act No. 11 of 2018. As observed in i) above it is disappointing to note that the Accounting Authority did not even state clearly why the CDF Committee was not guided on the requirements and approval process of projects. The Committee sternly cautions the Accounting Authority to desist from funding unapproved projects. The Controlling Officer is urged to ensure that disciplinary action is instituted on the Accounting Authority (Sub-Warrant Holder) for wilfully failing to adhere to laid down procedure. A progress report is being awaited.

iv) Project Physical Inspection

i. Drilling of Boreholes in Chama North

Response by the Accounting Authority

The Accounting Authority informed the Committee that the query was caused by the fact that the contractor who was awarded the contract to drill the boreholes could not mobilise during rainy season, as most of the sites during that time were not accessible by the rig machine and a vehicle carrying materials could not reach the site due to poor road network in Chama District. The Council Management had taken action by ensuring that the contractor mobilised in September 2021 to drill boreholes in the District and so far he had drilled six boreholes of which one had collapsed after it was drilled successfully due to the nature of the soil which was mostly sandy. However, other areas were not accessible and unfortunately the rig broke down when going to other sites. The contractor had since been engaged to repair the rig so that the remaining boreholes could be drilled. Documentation was available for audit verification. The Accounting Authority further informed the Committee that they had come up with a strategy by ensuring that when the contractor re-mobilised, monitoring and evaluation of activities during drilling of boreholes in the District would be strengthened. Besides, in future, due to fragile nature of soil in the valley Management would endeavour to engage experienced companies with special mud-drilling machines.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to ensure that project monitoring and evaluation is prioritised to ensure value for money. It is disheartening to learn that one borehole collapsed due to the failure by the officers responsible to carry out feasibility studies before engaging the contractor and also ensuring that casing is provided throughout the depth of the borehole. What worries the Committee is that no one was held accountable for this failure. The Committee urges the Accounting Authority to surcharge the officers responsible for this failure and further that all the remaining boreholes are drilled and handed over without any further delay. The Committee awaits a progress report on the matter.

ii. Rehabilitation of 1×3 CRB at Lundu Primary School

Response by the Accounting Authority

The Accounting Authority informed the Committee that the query was caused by the fact that, at the time of audit inspection, the contractor had not done the above-mentioned works. The Council Management had taken action by ensuring that the contractor was made to put the floor on the building, and the installation of window frames and painting was being done. The remaining works included glazing. The facility was ready for audit inspection. The Council Management would ensure that the contractor finished the remaining painting works by providing close monitoring and evaluation.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to ensure that project monitoring and evaluation is prioritised to ensure value for money. What worries the Committee is that efforts to recall the contractor are only seen after audit and no one was held accountable for this failure. The Committee urges the Accounting Authority to ensure that disciplinary action is taken against officers responsible and further that all the remaining works are completed without any further delay. All documents supporting the Accounting Authority's submission must be submitted to the Auditor General's Office for verification. The Committee awaits a progress report on the matter.

iii. Construction of Chikwa Local Court

Response by the Accounting Authority

The Accounting Authority informed the Committee that the query was caused by site inaccessibility. There was also a misunderstanding on where the site of the project should be located and the community could not provide the upfront materials to date. The Council Management had taken action by ensuring that the contractor was on site and the current status of the project was that the building was being roofed and the facility was ready for audit verification. The Council Management would ensure that the contractor finished the remaining works through close monitoring and evaluation exercise by the engineering department.

Committee's Observations and Recommendations

As in the previous query, the Committee observes, with concern, the failure by the Accounting Authority to ensure that project monitoring and evaluation is prioritised to ensure value for money. It is disappointing to see that efforts to recall the contractor are only seen after audit and no one is held accountable for this failure. The Committee strongly urges the Accounting Authority to ensure that disciplinary action is taken against officers responsible and further that all the remaining works are completed without any further delay and that all documents supporting the Accounting Authority's submission are made available to the Auditor General's office for verification. The Committee awaits a progress report on the matter.

iv. Renovation of Nangwa 1X2 CRB Class room Block and Staff House

Response by the Accounting Authority

The Accounting Authority informed the Committee that the construction of the 1x2 class room block had not been completed as the works on the construction of a staff house were still outstanding. The Accounting Authority informed the Committee that although the structure had been completed, as per the Bill of Quantities (BoQs), there was need to allocate more funds by the Constituency Development Committee (CDFC) in order to have the staff house painted, among other things, and the facility would be ready for audit verification. The Council Management assured the Committee that they would ensure that more funds were allocated to the project by the CDFC in order to finish up the remaining works.

Committee's Observations and Recommendations

In noting the submission, the Committee urges the Accounting Authority to lobby for more funds to complete all the remaining works without any further delay. The Committee also directs the Accounting Authority to desist from partially funding projects, as this leaves most projects incomplete for a long period. It is the view of the Committee that all projects must be funded completely to avoid stalling works and attract vandalism. The Committee awaits a progress report on the matter.

v. Renovation of Staff House at Chigoma Health Post and Construction of VIP Latrine

Response by the Accounting Authority

The Accounting Authority acknowledged that some works were still outstanding on the renovation of Chigoma Health Post and construction of VIP latrine. The Accounting Authority informed the Committee that the structure had been completed as per the Bill of Quantity (BoQ) and the facility was available for audit verification.

Committee's Observations and Recommendations

The Committee observes, with concern, the reactive manner in which the Accounting Authority treated this matter and the failure to ensure that project monitoring and evaluation is prioritised to ensure value for money. The worry of the Committee is that efforts to recall the contractor are only seen after the audit and no one was held accountable for this failure. The Committee, therefore, urges the Accounting Authority to ensure that disciplinary action is taken against officers responsible and further that all the remaining works are completed without any further delay. The Committee awaits a progress report on the matter.

vi. Construction of a Laboratory at Chifunda Day Secondary School

Response by the Accounting Authority

The Accounting Authority acknowledged that the project had not been completed in that some works were outstanding. The Accounting Authority informed the Committee that the structure had

been roofed and plastering was underway, while finishes were to be undertaken after plastering (that is, painting and drainage). The contractor acknowledged the over payment after a reconciliation, and the commitment letter had been written to the Council indicating that the contractor would make a refund. The Committee was informed that the contractor had since made an initial payment of K 25,000 towards the overpayment. Documents were available for audit verification. The Council Management would ensure that the contractor was on site to finish the remaining works and the Council Management would intensify its monitoring and evaluation activities.

Committee's Observations and Recommendations

The Committee observes, with concern, the manner in which payments regarding this one contractor were handled, resulting in three overpayments. The Committee urges the Controlling Officer, to ensure that the matter is probed further and if need be is reported to law enforcement agencies, as circumstances leading to the same contractor being repeatedly overpaid, are not clear. The Committee awaits a progress report on the matter.

vii. Construction of Chimphamba Primary School 1x3 Classroom Block, Phase 1

Response by the Accounting Authority

The Accounting Authority informed the Committee that the query was caused by the fact that, some works were still outstanding on the construction of Chimphamba Primary School 1x3 Classroom Block, Phase 1. The Accounting Authority informed the Committee that the outstanding works were done and the structure had been completed, as per the BoQ and the facility was ready for audit verification.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to ensure that project monitoring and evaluation is prioritised to ensure value for money. The Committee urges the Accounting Authority to ensure that officers responsible for the lapse are cautioned for this failure. The Committee resolves to close the matter, subject to audit verification.

viii. Construction of Nkhoka 1x3 Secondary Classroom Block, Phase 2

Response by the Accounting Authority

The Accounting Authority informed the Committee that the query was caused by the fact that, some works were still outstanding on the construction of Nkhoka Secondary School 1x3 Classroom Block, Phase 2. The Accounting Authority informed the Committee that, as per the Bill of Quantities, the following was the scope of works; substructure, superstructure, roofing and ironmongery. The above works had been done except for ironmongery, which was to be concluded after which it would be ready for audit verification. The Council Management to ensure that the contractor was on site to finish up the remaining works and the Council Management would intensify its monitoring and evaluation activities.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to ensure that project monitoring and evaluation is prioritised to ensure value for money. The Committee expresses grave concern at the reactive manner in which that matter was handled, as efforts to recall the contractor were only made after the audit and no one was held accountable for this failure. The Committee urges the Accounting Authority to ensure that disciplinary action is taken against officers responsible and further, that all the remaining works are completed without any further delay. All documents in support of the submission should be availed to the Auditor General's Office for verification. The Committee awaits a progress report on the matter.

c) Management of Liabilities - Failure to Remit Statutory Obligations

Response by the Accounting Authority

The Accounting Authority informed the Committee that the query was caused by huge historical indebtedness of the Council. The Council had been operating under liquidity difficulties and seriously struggling to meet its financial obligations and mandates. Management reported that the Council had put up the liquidation strategy through various payment plans, which was part of the 2022 budget, as and when funds would be available. A debt management schedule had been drawn up to liquidate these outstanding debts which would be part of the 2022 Chama Town Council budget. The Council had embarked on the process of updating the valuation in order to enhance revenue base and in return would enable them pay salaries and wages at gross. Further, the Accounting Authority pledged that they would liquidate this huge debt which was a big burden to the Council.

Committee's Observations and Recommendations

The Committee observes, with concern, the huge debt owed by the Council. What worries the Committee is that there are no notable efforts to resolve this matter by the Accounting Authority. The Committee urges the Accounting Authority to ensure that all available options are explored to find a lasting solution to this matter. The Committee awaits a progress report on the matter.

Chasefu Town Council

Paragraph 14

14.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation of failure to mobilise resources as budgeted. The failure was attributed to the challenges faced during the year under review, as follows:-

- i. Local Taxes (Personal levy K1,970) – The Council could not collect as budgeted due to local economic challenges faced as a result of Covid-19.
- ii. Fees and Charges (K167,006), and licences (K5,792) respectively – the majority of the business households depended on buying from other towns and resale in the District. The restriction on movement saw many of the business enterprises in the District closing due to highly reduced economical activities as a result of the Covid-19 pandemic.
- iii. Levies (K1,286 positive variance) – the Council collected as it had budgeted due to requirements by Zambia Revenue Authority. It was required that towards the end of the year, all businesses must register for the following year 2021.
- iv. Charges – The Accounting Authority acknowledged the non-collection of K949,000 on this budget line. This was due to delayed opening up of the residential, commercial and industrial plots to the general public due to the procedure requirements to be filled, among which were: seeking land from traditional leaders; developing a layout plan; surveying (Certified Surveyor); and numbering of plots by the Ministry of Land and Natural Resources. National support – Local Government Equalisation Fund (LGEF) of ZMW124,868 was due to deductions at source to Auditor Generals expenses and ZULAWU contributions to Head Office.
- v. The action taken to remedy this, were as set out below.
- vi. Local Taxes (Personal levy K1,970) – The Council’s clientele database was updated to enable the Council budget realistically and be able to meet targeted collections. Further, efforts were being made to engage Central Government so as to give the exact number of employees resident in the District so as to ascertain the expected collection from Personal Levy.
- vii. Fees and Charges; Licences and Levies - Management had started engaging the community through sensitisation programmes using radio Chikaya in Lundazi on the need to pay fees as prescribed.
- viii. Charges (K949,000) –The Council advertised for the plots on 13th January,2021. The Council wrote a request for assistance in plot surveying and numbering. The approval of surveying of 1,000 plots was given on 14th October 2021.
- ix. National Support – Local Government Equalization Fund (LGEF) ZMW124,868. This was to enable the Council pay for the obligation as it fell due to the Zambia United Local Authorities Workers Union Head Office.

Going forward, the Accounting Authority submitted that:

- a) The Council would continuously be updating its records to ascertain the realistic operational business households in order to know the collectable funds.
- b) The Council would endeavour to adjust the budget estimation with justifiable economic challenges that directly affected its operations.

- c) Task Force – the management had targeted officers from other departments to team up for resource mobilisation.

Committee’s Observation and Recommendation

The Committee observes, with concern, the failure by the Council to generate own revenue despite grappling with liquidity problems. It is disheartening to learn that the Council was planning to enhance their efforts after audits despite having all available options at their disposal. The Accounting Authority is directed to devise and expeditiously implement strategies to counter this unintended effect. The Committee is convinced that it is due to lack of aggressiveness on the part of officers tasked with the responsibility which has resulted in this state of affairs. The Committee will await a progress report on the matter until considerable improvement is observed on revenue collection.

b) Weaknesses in Environmental Management – Failure to Operate a Dumpsite

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor’s observations in that the Council did not have a permanent designated dumpsite. Management was in discussions with traditional leadership for an allocation of land for the siting of a designated dumpsite. The request for the land was discussed with His Loyal Highness Chief Magodi’s assigned representative on the matter in question, during a meeting held on 21st September, 2021. The Council still awaited response from His Loyal Highness Chief Magodi’s Council on the way forward. Going forward, the Accounting Authority submitted that the Council had a temporary dumpsite which was environmentally friendly, although not to the standards of having property, plant and equipment on site.

Committee’s Observations and Recommendations

The Committee notes, with concern, the failure by the Council to secure a permanent dumpsite which is a serious omission. The Committee directs the Accounting Authority to ensure that a new dumpsite is finalised and equipped with all the requirements without any further delay. The Committee awaits a progress report on the matter.

c) Failure to Update Valuation Roll

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor’s observation and reported that the Council did not have a valuation roll due to financial constraints. Management had done the following:

- i. completed the conveyance of land process which started in the year 2020;
- ii. the plots were advertised to the general public on 13th January, 2021;
- iii. Council, through Surveyor-General, had done a layout plan and was awaiting surveying, together with numbering of the plots; and

- iv. Management had offered plots to would-be developers and only duly paid successful applicants were considered (that is acceptance of the offer shown by paying). The Council, after being declared a rating authority by the Minister, engaged the Government Valuation Department (GVD) through the Ministry of Local Government and Rural Development to do the valuation roll.

Arising from the above steps undertaken, the Council had not yet reached the stage of actualising the owning the Valuation Roll. Documentation was available for verification.

Committee's Observations and Recommendations

The Committee notes, with concern, the failure by the Council to come up with a valuation roll and wonders what this Rating Authority uses to collect revenue from the properties within its jurisdiction. The Committee finds this highly irregular and a very serious omission on the part of the Accounting Authority who is the Chief Executive of this Council. The Committee directs the Accounting Authority to ensure that a valuation roll is finalised and approved without any further delay. The Committee also urges the Local Government Service Commission to institute disciplinary action on this *laissez faire* approach. The Committee awaits a progress report on the matter.

d) Staff Establishment – Failure to Fill Vacant Positions

The Council had an approved establishment of fifty five positions out of which forty seven were filled, leaving eight positions vacant, as at 30th September 2021. Out of the vacant positions, some, such as District Planning Officer; Health Inspector; and Buildings Inspector, were key to the smooth running of the organisation.

Response by the Accounting Authority

The Accounting Authority, through Local Government Service Commission (LGSC), did not fill in the said eight (8) positions among them the four (4) critical positions in the establishment despite the Council's submission of quarterly returns.

- i) The Council did submit the quarterly returns to show the filled and vacant positions as per establishment.
- ii) The Council wrote to Local Government Service Commission on the same matter and it was still awaiting a response from the Local Government Service Commission.

The Accounting Authority submitted that going forward; the Council would continue to engage the Local Government Service Commission in time after due process of approval.

Committee's Observations and Recommendations

The Committee notes, with concern, the failure by the Local Government Service Commission to fill up key positions in the Local Authority despite follow ups made by the Council. The Committee observes that the Commission, instead acted on their own in most cases in moving

and employing officers where they may not even be required, causing over employment in some Councils. The Committee directs the Commission to ensure that all appointments are backed by requests from the Councils to avoid recurrence of this state of affairs. The Committee will keep the matter in view during future audits.

e) Management of Constituency Development Fund

i. Failure to Implement Funded Projects

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that the drilling of a borehole at Chinana, amounting to K40,000 was not done because drillers failed to reach the site, as the road was inaccessible during the period under review. Further, the change of scope of work as from the hand dug protected shallow well (K18,000), to a machine drilled bore hole with pipes and mark two hand pump, delayed the implementation of the project. The borehole had been proposed to be re-allocated to within Chinana, where the rig drilling machine could reach to benefit the same area and residents of the community. The change in scope of works had been taken to Constituency Development Committee (CDFC) and it had been agreed to drill a bore using machinery. Both matters were reported to the CDFC and it was resolved that all the projects would be drilled after the rainy season with the approval from the Ministry of Local Government and Rural Development. Going forward, the Accounting Authority submitted that Management would embark on project/contract management capacity building and carry out feasibility studies to ensure that value for money projects were planned and implemented within stipulated time frames.

Committee's Observations and Recommendations

The Committee notes, with great concern the failure by the Council Management, to implement projects timely for communities to promptly get their would-be benefit. The Committee finds it highly questionable that a Council with skilled man power would fail to carry out feasibility studies promptly and cause such delays thereby depriving the communities of their intended benefits. The Committee urges the Local Government Commission to take stern disciplinary action against the erring officers. The Accounting Authority should also ensure that a new approach is devised in their work culture. The Committee also directs Council to ensure that all the two projects are implemented without any further delay. The Committee will await i a progress report on the matter.

ii. Management of Economic Empowerment Projects - K30,895 Wasteful

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and reported that the hammer mill, costing K28,000 and a welding machine, costing K26,500, were not in use by community members on the day of inspection at Lion's and Mpili Youth Clubs. Further, the hammer mill was operational but due to political influence of the Club Chairperson and other challenges faced, the club decided to halt operations and store the hammer mill at a more secure

place (the club members' place), until the Club found a way forward. The Council had written to Lions Club and Mpili Youth Group to ensure that the hammer mill and welding machine were made operational at an area where it was secure and open to the community. Going forward, the Accounting Authority submitted that:

- a) random inspections had been set in place to observe and ensure the whole community develops a good work-based culture in order for the smooth running of Lions Club and Mpili Youth Group; and
- b) the Club and group community sensitisation on service replacement of consumables part to keep the flow of business.

The Club promised to start operating with a more viable and transparent system.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by the Council Management to operationalise equipment given to them at great cost. The Committee finds it highly questionable that the Council allowed a chairperson of the club to overpower all group members resulting in them hiding and not utilising the two pieces of equipment for the intended purpose. The Committee directs the Council to find a lasting solution to ensure that both projects are implemented without any further delay. The Committee awaits a progress report on the matter.

iii. Completion of Mother's Shelter at Hoya Health Post - K21,541 (materials K19,952 and labour K3,589)

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and stated that the funds allocated were insufficient due to price changes on the market, hence the Council was unable to procure some of the items needed for the completion of the project. The Council engaged the community to embark on resource mobilisation and completion was moving on although at a slow pace. The Council had, among other things, recommended this project to the Constituency Development Committee under minute number CDFC/17/01/22 for completion, under 2021 Funding. Going forward, the Accounting Authority submitted that the Council would endeavour to reason with stakeholders in allocation of sufficient funds up to completion of the projects. This had been agreed with the CDFC and the area Member of Parliament.

Committee's Observations and Recommendations

The Committee notes, with great concern, the failure by the Council Management to complete the project so that communities can promptly begin to reap the benefits. The Committee finds it highly questionable that a Council with skilled manpower would fail to come up with the correct Bill of Quantities and cause such delays, thereby depriving the communities of the much needed benefits. The Committee urges the Local Government Commission to take stern disciplinary action against the officers responsible for failure to render technical advice to the Constituency Development Committee (CDFC). The Committee also directs the Council Management to ensure that the entire project is implemented without any further delay and a progress report on the

matter is awaited.

iv. Construction of a 1 X 3 CRB up to Gable Level at Phikamalaza Primary School K86,728

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor’s observations and reported that the delay on the project was as a result of delayed mobilisation and delivery of materials such as bricks and sand by the community, as agreed in principle. Management had taken note and through the office of the Director of Works, the Council had monitored and supervised the local craftsmen to the completion of works on site, as per the scope of works contracted and funded. The works had reached above lintel construction. The labour component certificate of K13,200 had not yet been paid.

Committee’s Observations and Recommendations

The Committee notes, with great concern, the failure by the Council Management to complete the project so that communities can promptly begin to reap the benefits. However as the works have now been completed, the matter is recommended for closure subject to audit inspection.

f) Failure to Remit Statutory obligations K1,574,672

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor’s observations and reported that the non-remittance of the statutory deductions to the statutory institutions was due to liquidity challenges during the period under review. The Council had started paying the statutory obligations, although not in full settlement, so as to reduce the accumulation of the statutory obligations.

Table 4: Outstanding Statutory obligation

No.	Name	Balance b/f 2019 K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance as at 31.12.2020 K	Payments Made after Verifications K	Balance as at 31.01.2022 K
1	ZRA	389,068	822,018	1,211,086	65,000	1,146,086	-	1,146,086
2	NAPSA	33,299	371,546	404,845	33,226	371,618	59,825	311,793
3	LASF	15,134	78,885	94,019	37,052	56,968	-	56,968
	Total	437,501	1,272,449	1,709,950	135,278	1,574,672	59,825	1,514,847

- i. The Council had included, in its 2022 Budget, a debt management component to make part payment of the amount owed.

The Accounting Authority submitted that going forward the Council would endeavour to follow the developed liquidation plan, in accordance with the available resources to pay its indebtedness.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by the Council Management to dismantle the arrears owed in statutory obligations. The Committee urges the Accounting Authority to devise turn-around strategies to enhance their revenue base and boost their collections to improve their liquidity. It is worrisome that the huge debt keeps rolling over without much reduction and hence penalties might continue increasing with time. The Committee urges the Accounting Authority to use all available options, including debt swaps, to reduce this debt. The Committee resolves to await a progress report on the matter.

Chiengi Town Council

Paragraph 15

a) Budget and Income

Response by the Accounting Authority

Locally Generated Income

The Accounting Authority submitted that the Council had planned, in the 2022 budget, to formulate the first ever Valuation Roll for the District for the purpose of broadening local tax base through collecting Property Rates. On individual budget lines, the Accounting Authority gave reasons and remedies as set out below.

i) Fees and Charges

The local economy was negatively affected by the COVID-19 outbreak in the first quarter of 2020. Therefore, economic activities which were a source of fees and charges significantly reduced. Estimated receipts were being reduced in line with the reality of the prevailing economic situation in the District, and COVID-19 effects on economy. The Council was employing versatile vigilance to ensure that all local revenue was collected and banked accordingly. Management was closely monitoring the collection and performance of this line of revenue to ensure that any possible pilferage was curtailed.

ii) Licences

The local economy was negatively affected by the COVID-19 outbreak in the first quarter of 2020. In this regard economic activities which were a source of licensing activities significantly reduced. The Council had received a Health Inspector in mid-year of 2020, therefore, necessary licences were being pursued accordingly.

iii) Levies

Estimated receipts were being reduced in line with the reality of prevailing economic situation in the District, and the Council was employing versatile vigilance to ensure that all local revenue was collected and banked accordingly. Management was closely monitoring collection and performance of this line of revenue, and ensuring that any

possible pilferage was curtailed.

iv) Commercial Venture

Profit on commercial ventures was quite low due to restricted hours of operation and movements among civil servants and the business community brought about by the COVID-19 pandemic. Water supply to the Council lodge was being worked on, expansion plans (additional of five rooms Phase I) was done in 2021; the completion and Final Phase II was planned in 2022 budget estimates; and some support facilities were being added.

National Support

On all the lines under national support, including the Constituency Development Fund, Local Government Equalisation Fund and other grants, the Accounting Authority responded that the Council had no control over the amounts, as they were disbursed by Central Government.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to collect revenue as planned for the year. The Committee also observes that there is lack of aggressiveness and proactiveness by officers tasked with the responsibility. The Committee is of the view that the Accounting Authority, being the Chief Executive Officer is the main cause of such *laissez-faire* attitude. It is evident that he is failing to supervise and put up strategies to enhance the collection efforts. The Committee strongly urges the Accounting Authority to ensure that turn-around strategies are put in place to counter this unintended outcome. The Committee urges the Office of the Auditor General to keep the matter in view during future audits.

b) Operational Matters

i. Failure to Collect Mast Levy K65, 000

Response by the Accounting Authority

The Accounting Authority reported that the failure to collect Telecommunication Mast Levy was attributed to the Zambia National Broadcasting Corporation (ZNBC) failure to honour its obligations. ZNBC had neglected to settle its Mast Levy obligations to the Council since 2008, despite numerous reminders and follow ups. The rate was K5, 000 per year, and had since accumulated to K70, 000 from 2008 to 2022. ZNBC's argument had been that they did not make profits through their towers from the services they rendered in Chiengi District. Hence they did not feel obliged to pay. The Accounting Authority reported that as a last resort to the matter, the Council had decided to institute civil litigation against ZNBC in the Nchelenge Magistrate Court. were default writ of summons and affidavit verifying debt. The Council was awaiting the court's ruling on the matter and would ensure that monies owed to it by various debtors were paid.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to collect revenue as per requirement in the Local Authorities Financial Regulations No. 12. The Committee strongly

urges the Accounting Authority to ensure that turn-around strategies are put in place to counter this unintended outcome. As the matter is in court, the Committee will await a progress report on the matter.

c) Management of Payroll and other Staff Related Matters

i. Failure to fill up Vacant Positions

Response by the Accounting Authority

The Accounting Authority reported that the function of filling up vacant positions at the Council remained with the Local Government Commission based on the staff returns that the Council submitted on a quarterly basis and the existence of funded vacancies based on financial capacity to pay. The financial status of the Council remained poor due to low economic activities in the District and dwindling fishing activities, which had been a traditional source of local revenues. Management had submitted fourth quarter staff returns to the Commission, highlighting staff levels as at 31st December 2021. Further, Management, in a letter dated 6th January 2022, wrote to the Local Government Service Commission, highlighting the key vacant positions, which they hoped would be acted upon soon. The Council would endeavour to regularly review its staffing levels and ensure that vacancies of key positions were promptly brought to the attention of the Local Government Service Commission.

Committee's Observations and Recommendations

In noting the submission, the Committee expresses concern at the failure by the Accounting Authority to ensure that quarterly returns are prepared and followed up for action to avoid delays in resolving staff related matters. The Committee strongly recommends that the Local Government Service Commission, being the employing agent must take keen interest in attending to all staff related matters promptly. The Committee awaits a progress report.

ii. Questionable Payment of Salaries to Officers - K298,574

Response by the Accounting Authority

The Accounting Authority submitted that the matter raised above was caused by the Harmonisation Process of Conditions and Service and positions undertaken in 2012. During the process, some officers who were holding higher positions than they were qualified for, were re-graded with a view to later place them in appropriate positions once they acquired the requisite qualifications. Due to the non-detrimental clause, the affected workers' salaries were maintained. The affected officers had been a critical part of the workforce. The Accounting Authority also reported that the anomaly had since been corrected, as the affected officers had been re-designated to various positions as general workers, such as station handymen and as cleaners within the Council. Council minutes showing resolutions to re-designate the workers were available for audit verification and the Council would also ensure that it only employed as per approved establishment.

Committee's Observations and Recommendations

In noting the submission, the Committee expresses concern at the failure by the Accounting Authority to ensure that quarterly returns are prepared and followed up for action to avoid delays in resolving staff related matters. It is strongly recommended that the Local Government Service Commission being the employing agent must take keen interest in attending to all staff related matters promptly. The matter is, however, recommended for closure subject to audit verification.

d) Management of Liabilities

i. Failure to remit Statutory Obligations - K36, 965, 282

Response by the Accounting Authority

The greater proportion of the statutory debt obligation was historical, from as far back as 2002. The penalties on statutory obligations account for almost 95% of the total debt stock, the biggest of which was NAPSA, whose penalties were as high as over K33, 500, 000 from 2002 and billed in 2021, while the principal was as little as K2, 000, 000 over a period of 20 years. The Council had very limited capacity in its current state to settle this amount of debt and at the same time remain current with obligations. However, it was striving to be current whenever practical so as to reduce on further escalation of the debt, though the financial capacity remained very tight. The Council had agreed payment plans with statutory bodies such as NAPSA and LASF to offset the debt burden shown below.

S/N	INSTITUTION	OUTSTANDING OBLIGATIONS	PAYMENTS TO DATE	BALANCE
1	ZRA	1,559,066.00	14,422.00	1,544,644.00
2	NAPSA	35,787,815.00	166,262.00	35,621,553.00
3	LASF	465,533.00	18,075.00	447,458.00
4	SUPPLIERS	334,027.00	254,027.00	80,000.00
5	TERMINAL	272,422.00	202,665.00	69,757.00
6	OTHER STA	1,482,436.00	258,252.00	1,224,184.00
	TOTAL	39,901,299.00	913,703.00	38,987,596.00

Payment plans were attached for audit verification. The Council was striving to mobilise financial resources as much as possible and remit the obligations as they arose to reduce on further escalation. The Council would endeavour to honour the payment plan.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to dismantle the debt. It worries the Committee that the Council incurred such huge penalties due to their failure to remit the obligations. The Committee directs the Accounting Authority to ensure that all the outstanding debts are dismantled expeditiously. The Committee will await a progress report on the matter.

ii. Failure to Settle Staff Obligations - K117, 903

Response by the Accounting Authority

The Accounting Authority reported that the greater proportion of the debt was historical posing a challenge to settle financially. The revenue base for Chiengi continued to be minimal due to limited economic activities and lack of traditional sources of income for the Councils, such as property rates. The Council continued to prioritise payments of staff obligations whenever resources were available. As noted in the table above, the council paid a total of K202, 665 against a balance brought forward of K320,568, leaving a balance of K117,903.

S/N	INSTITUTION	OUTSTANDING OBLIGATIONS	PAYMENTS TO DATE	BALANCE
1	TERMINAL	272,422.00	202,665.00	69,757.00
2	OTHER STAFF	1,482,436.00	258,252.00	1,224,184.00
	TOTAL	1,754,858.00	460,917.00	1,293,941.00

Local resources were being maximised to help dismantle the debt stock, especially staff obligations.

Committee's Observations and Recommendations

The Committee observes, with great concern, the failure by the Accounting Authority to dismantle the debt. The Committee is worried that the Council incurred such huge debt due to their failure to pay terminal benefits and other staff obligations as and when they fell due. The Committee directs the Accounting Authority to ensure that all the outstanding debts are paid without fail. The Committee will await a progress report on the matter.

Chililabombwe Municipal Council

Paragraph 16

16.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income

Response by the Accounting Authority

The Council did not collect as budgeted due to the following reasons:

1. Local Taxes.

The Local Authority did not collect K1,102,984 from local taxes mainly due to low compliance by residential leaseholders, as a result of the impact of the COVID-19 pandemic.

2. Fees And Charges

The Local Authority did not collect the budgeted amount of K24,479,100 from fees and charges due to reduced activities at the border due to the COVID-19 pandemic.

3. National Support

The Local Authority received some Covid relief support from the Ministry of Local Government and Rural Development. The Local Authority would continue to put up measures to improve the collection of own source revenue in order to improve the provision of services to the people of Chililabombwe. Chililabombwe Municipal Council budgeted to collect K67,922,381 of own source revenue in 2021. This represented the target of 20% above the 2020 Own Source Revenue Collection. The Council also reported that it collected a total of K67,922,381 from own source revenue, representing 22% growth of actual own source revenue collected compared to 2020. The Accounting Authority informed the Committee that in order to improve the collection of own source revenue, the Council had come up with strategies which, among others, included the employing of ICTs such as e-billing and e-revenue collection; formation of revenue collection task force; and cooperating with the Zambia Revenue Authority in the collection of withholding tax; as this was expected to broaden the revenue base. The Council had further planned in its 2022 budget, to implement the web-based payment system in order to reduce cash handling and ease the process of doing business with the Local Authority, thereby improving revenue collection. All these measures were intended to enhance budgetary formulation, tracking during implementation and review to help in strategies-setting in order to achieve the budget targets.

Committee's Observation and Recommendation

The Committee observes, with concern, the negative variance on various revenue types projected against what was actually received by the Council. The Accounting Authority is urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance their efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report of some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Failure to Collect Refuse Collection Fees K846,848

Response by the Accounting Authority

The Accounting Authority acknowledged the observation by the Auditor. However, the client data was erroneously calculated when computing the expected amount of K1,204,896. The value queried of K1,204,896 was computed from a duplicated data. For example African Supermarkets and Shoprite Supermarkets were counted 19 times each, ZIBPCC and Trade Kings were also repeated a couple of times. Further, it was noted that waste was only collected from the clients when the bins were filled, and clients were charged per collection and not per week, as reported in the audit report. The Accounting Authority reported that they planned to collect a total of K333,989 in their 2020 budget and a total of K356,508 was collected representing an annual performance of 107%. The Collections were ready for audit verification. The Accounting

Authority reported that the Council had come up with an internal policy to monitor the performance of its revenue streams on a quarterly basis in order to determine the course of action to be taken for non-performing income streams. The Council had further developed a database for all its clients where refuse was collected. The database was available for audit verification. The Accounting Authority also reported that in order to improve the revenue from waste collection and improve its service delivery, the Council had planned in its 2022 budget, to procure a Skip Loader and skip bins for effective and efficient waste management.

Committee's Observation and Recommendation

The Committee observes with great concern the failure to collect revenue by the Council. The Accounting Authority is urged to ensure that the Council enhances their revenue collection efforts to improve the current status quo. The Committee also encourages the Accounting Authority to sternly caution officers tasked with the responsibility for failure to perform to expected standards. The Committee awaits a progress report to the effect that all Council's revenue is collected without delay.

c) Failure to Follow Procurement Procedures K135,300

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that the three competitive quotations were not availed at the time of audit due to misplacement and limitation of time during the audit engagement because of the COVID-19, as two (2) officers from the Office of Auditor General got sick during the engagement. The Accounting Authority stated that the three competitive quotations had since been attached and available for verification. The Accounting Authority also reported that he had put up measures and had attached a Senior Accountant to ensure that documents were attached to the payment vouchers and not to be filed separately to avoid misplacement.

Committee's Observation and Recommendation

The Committee sternly cautions the Accounting Authority against misleading it, as it was evident that documents being purported to be available were only traced after the audit process. The Committee doubts the authenticity of these documents and directs the Accounting Authority to take the documents to the Office of the Auditor General for verification without further delay. The Accounting Authority is also urged to ensure that officers are sternly cautioned for this failure. The Committee awaits a progress report until action is taken against officers and all documents relating to the same are verified.

d) Failure to Implement Approved Constituency Development Fund Projects K948,296

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the Auditor and stated that the query pertaining to grading of peri-urban roads was due to the lengthy approval and procurement processes. The Accounting Authority reported that the projects listed above had since been

completed and were ready for audit verification. The Accounting Authority reported that in order to ensure that projects were implemented on time, the Local Authority would ensure, going forward, that projects that were to be implemented the following year, were selected and approval sought in the current year. For example, the Council, through the Constituency Development Committee would submit the projects to be implemented in 2023 for approval in 2022.

Committee's Observations and Recommendations

The Committee observes, with concern the, delay by the Accounting Authority in implementing projects funded under the Constituency Development Fund. While it is appreciated that all projects are now completed, the Committee directs the Accounting Authority to ensure that a lasting solution is found to avoid recurrence. The Controlling Officer is particularly urged to ensure that the matter relating to the procurement process for CDF projects, is given due attention. The Committee resolves to close the matter subject to audit verification.

e) Failure to Remit Statutory Obligations - K29,184,798

Response by the Accounting Authority

The Accounting Authority acknowledged the observations made by the Auditor on non-remittance of statutory obligations. The Accounting Authority reported that the non-payment of statutory obligations was mainly due to liquidity challenges. The Council further reported that it also owed Long Services, Terminal Benefits and local suppliers for the supply of goods and Services. The Council had since reduced its debt by paying a total of K831,390 towards outstanding statutory obligations, while K1,129,290 towards terminal benefits and employee related debt and K827,025 was paid to local suppliers for the amounts owed towards goods and services supplied. The Council had entered into payment plans agreement with NAPSA, ZRA and LASF and the amounts paid, as per the payment plan were ready for audit verification. The Council further reported that it had since stopped acquiring goods and services on credit in order to stop the accumulation of debt. The Council had come up with strategies to improve revenue collection and had planned in its 2022 budget to pay salaries at gross. The Council had further locked a total of K500,000 per month from the monies received from the Konkola Copper Mines towards payment of outstanding statutory obligations.

Committee's Observations and Recommendations

The Committee observes with concern the huge debt stock and the failure by the Accounting Authority to dismantle it over the years. The Committee strongly urges the Accounting Authority to ensure that all available options are explored to ensure that the debt is dismantled without allowing it to grow further. The Committee resolves to await a progress report.

Chingola Municipal Council

Paragraph 17

17.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December, 2020 and physical inspection of selected projects revealed the following to which the Accounting Authority Responded as set out below.

a) Budget and Income (Negative variance K14,402,603)

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that the Council faced challenges in 2020, due to the mining giant Konkola Copper Mines (KCM)'s inability to honour its obligations on time and in full. Further, both the residents of Chingola and business houses within the District had not been able to settle their obligations on time due to liquidity problems as a result of reduced business with KCM. Even the patronage to the newly modernised markets had reduced because of generally low disposable income in the District causing a reduction in revenue coming from market fees.

- (i) The budgeted income for fees and charges were under-collected as plots were not sold for the period under review due to delayed degazation of Luano land.
- (ii) National Support under-collection was as a result of deductions at source in terms of audit fees and union fees.

The Accounting Authority reported that Luano land had since been degazetted and layout plans had been numbered and the Council was in the process of advertising the land to the public. The Council had intensified follow-ups and efforts were being made for revenue collections. The task force for revenue collection had led to improved revenue collection. Some companies and individuals had signed commitment forms for their debt-settlement plans. Other strategies included:

- (i) the Council continuing to provide transport to the revenue collectors to enhance efficiency in revenue collection;
- (ii) sending reminder notices on time to all the defaulting tax-payers to improve on revenue collection;
- (iii) formation of task force teams to help with reinforcements for revenue collection; and
- (iv) use of bailiffs on non-cooperating tax payers in inevitable circumstances.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to collect revenue as planned for the year. The Committee also observes that there was lack of aggressiveness and proactiveness in the officers tasked with the responsibility. The Committee is of the view that the Accounting Authority is the main cause of such *laissez-faire* attitude as the Chief Executive Officer, as it means he is failing to supervise and put up strategies to enhance the collection efforts. The Committee strongly urges the Accounting Authority to ensure that turn-around strategies are put in place to counter this unintended outcome. The Committee urges the Office of the Auditor General to keep the matter in view during future audits.

b) Failure to Collect Revenue

i. Leased Council Properties K136, 095

Response by the Accounting Authority

The Accounting Authority reported that the Council faced challenges in collecting fees from its leased properties as most of the business houses were not operational due to Covid-19. Most of the business houses were closed; and tenants had challenges in paying rentals. The Accounting Authority also reported that demand notices had been issued to its tenants. Some tenants had started responding to the demand notices by paying their rentals. The task force team from the Council was also on the ground reinforcing measures for revenue collection. A total of K566,424.51 had since been collected from rental income. Of this amount, K122,400, was collected from the queried amount of K136,095, leaving a balance of K13,695 as shown in table 1 below:

Table 1: Rental Income

Queried Amount K	Total Collected K	Balance K
136,095.00	122,400.00	13,695.00

The Council would review all tenancy agreements and consider only tenants with good payment records.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to collect revenue from leased properties. The Committee strongly urges the Accounting Authority to ensure that all funds outstanding are collected without any further delay. The Committee resolves to await a progress report on the matter.

iii. Penalty Fees for Regularisation of Developments Made on Plots K1, 600,495

Response by the Accounting Authority

The Accounting Authority reported that the database which was maintained for revenues from the unplanned settlements section was not complete for revenue collection at the time of audit. The Accounting Authority reported that publicity was done through public announcements posters and social media to alert penalty fee payers. The Council offered a 25% discount to encourage rate payers, who were able to pay the entire regularisation fees. Further, the Council would demolish structures for squatters that would fail to pay regularisation fees. A total of K134,735.74 had so far been collected.

Table 2: Regularisation fees

Queried Amount K	Total Collected K	Balance K
1,600,495.00	134,735.74	1,465,759.26

The payments for regularisation were on- going as clients had continued making payments. Schedules of income received from regularisation after the last audit, together with extracts of Council Minutes were available for audit verification. The Council would ensure that a well- updated and completed database was maintained at all times, to enable smooth collection of revenue.

Committee’s Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to collect fees as per requirement. The Committee strongly urges the Accounting Authority to ensure that all funds outstanding are collected without any further delay. The Committee resolves to await a progress report.

c) Procurement of Goods and Services

i. Wasteful Expenditure- Integrated Land Management Information System K459, 050

Response by the Accounting Authority

The Accounting Authority reported that officers that were trained in the use of the Integrated Land Management System were all transferred and this caused a challenge to the implementation of the system. The Accounting Authority reported that other officers from Legal Services Department; Housing; Administration; Committee Section; Planning department; and Information Technology section, had been trained in the Integrated Land Management System, and the system was in use. The Accounting Authority reported that the training of other officers in the user departments by those that had been trained had continued and the utilisation of the system would be ensured for the benefit of the Council.

Committee’s Observations and Recommendations

The Committee bemoans the failure by the Accounting Authority to ensure that the Integrated Land Development System is fully operational. It worries the Committee to learn that key officers are not yet trained to utilise it. The Committee does not accept the reason of transfers as the cause. The Accounting Authority is strongly urged to ensure that there is periodic capacity building for both current and other new officers joining the Council to avoid such disruptions. The Committee also urges the Accounting Authority to ensure that training is conducted and the system operationalised without any further delay. The Committee resolves to await a progress report.

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

Response by the Accounting Authority

The Accounting Authority reported that the surveyors delayed to complete the process of survey diagrams because of the squatters' activities on the ground. The Accounting Authority reported that the company had produced forty out of sixty site plans and that surveyors were currently picking coordinates for the other twenty properties and preparing the process of numbering and production of survey diagrams for the entire sixty properties. The copies of Layout Plans prepared were available for verification. The Accounting Authority reported that it would endeavor to fence the properties in order to secure them from squatters and ensure that all Council properties were surveyed in time.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to obtain survey diagrams for all council properties. The Committee strongly urges the Accounting Authority to ensure that all properties are secured to guarantee safety of the Council properties. The Committee resolves to await a progress report.

d) Failure to Implement Approved Constituency Development Fund Projects

Response by the Accounting Authority

The Accounting Authority reported that the amounts allocated to the projects were inadequate and the Council had to secure additional funds to finance the projects.

No	Project Name	Allocated Amount K	Constituency	Percentage of Completion
1	Construction of Mutimpa Bridge	1,100,000	Chingola	50 %
2	Completion of 1x 5 CRB at Chabanyama Combined School	250,000	Chingola	100 %
3	Refurbishment of Mortuary Unit and Wall fence	170,000	Chingola	100 %
4	Erection of Water Tank at Phiri Market	120,000	Nchanga	100 %
5	Construction of 1 x 3 CRB at Nchanga Secondary School	495,000	Nchanga	60 %
6	Construction of Speed Humps along Central Road	65,000	Nchanga	100 %
7	Construction of Chinfinisa Bridge	840,000	Nchanga	30 %
	Total	3,040,000		

The Accounting Authority reported that additional funds were availed and all projects had since been completed, as shown in photos and certificates of completion in the appendices, apart from Mutimpa Bridge project, construction of a 1x3 classroom block at Nchanga Secondary School and construction of Chinfinisa Bridge. For Mutimpa Bridge project, the funds were re-allocated as the scope of the works had changed into construction of two bridges of Kosapo and Lulamba Chiwempala Bridges. Minutes for the changes were available for verification. The earlier allocated amount of K1, 100,000 only sufficed for the procurement of materials. The CDF Committee approved an additional funding of K433, 200 for the procurement of labour, transport and other related costs and the works were at 50% complete. For the construction of a 1x3 classroom block at Nchanga Secondary School, the first contractor's contract was terminated and the new contractor was engaged. The works were at 60% complete. For the construction of Chinfinisa Bridge project, extra funding was secured by the Council and the contractor on labour based contract was procured. The work status was at 30% complete at base level. Works on all remaining projects were progressing well, with temporal stoppages due to adverse weather conditions. The Council would ensure that all projects were fully funded, in line with the Bill of Quantities to ensure that projects were completed on time.

Committee's Observations and Recommendations

The Committee observes, with concern, the delay by the Accounting Authority to implement projects funded under the Constituency Development Fund. While it is appreciated that many projects are now completed, the Committee directs the Accounting Authority to ensure that the remaining projects are completed without any further delay. The Committee resolves to await a progress report.

e) Failure to Remit Statutory Obligations

Response by the Accounting Authority

The Accounting Authority reported that it had serious financial challenges in 2020, due to the Mining Giant KCM's inability to honour its obligations on time and in full. Other business houses and households faced the same challenges, as most of them depended on the same mining giant for their business survival. This caused serious liquidity challenges on the part of the Council.

Table of Payments to date

No.	Institution	Balance as at date of Audit, year 2020 K	Payments K	Balance K
1	ZRA	23,483,344	1,938,842.14	21,544,501.86
2	NAPSA	16,083,483	561,414.93	15,522,068.07
3	PSPF	17,252		
4	NHIMA	450,367	173,919.82	276,447.18
5	LASF	2,167,819		
	Total	42,202,264	2,674,176.89	37,343,017.11

The Accounting Authority reported that as part of its efforts to settle its statutory obligations, a piece of land, measuring 250 hectares, valued at K132,487,683.18, had been offered to NAPSA to cover for its outstanding liabilities up to December, 2020. Outstanding debts had also been provided for in the 2022 budget. The Council was also making payments to NAPSA, ZRA, LASF, and NHIMA for the current and the outstanding amounts. Council Minutes, NAPSA letter; and receipts were available for verification. The Accounting Authority also reported that with the expected improvement in its financial liquidity, salaries and wages would be paid at gross amounts, to cover for statutory obligations on monthly basis. The Council would also continue providing transport to the debt collectors to enhance efficiency in debt collection. It would continue giving reminder notices on time to defaulting tax-payers to improve on debt collection.

Committee's Observations and Recommendations

The Committee observes with concern the huge debt stock and the failure by the Accounting Authority to dismantle it over the years. The Committee strongly urges the Accounting Authority to ensure that all available options are explored to ensure that the debt is dismantled without allowing it to grow any further. The Committee resolves to await a progress report.

Chinsali Municipal Council

Paragraph 18

18.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial years ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that the cited negative variance was on account of the following:

Fees and Charges

- i. K3, 241,750 was anticipated from ZESCO Memorandum of Understanding on plots. However, the Council only received K1, 000,000.
- ii. Non approval by the Ministry on disposal of assets budgeted at K853, 363.
- iii. The Council over-budgeted on plots by K1, 826,250 on capital receipts or charges in anticipation of heightened economic activities.
- iv.

Local Taxes

- i. TAZAMA defaulting on accrued rates of K500, 000

Commercial Venture

Natural disaster causes which negatively affected the Council Lodge and local businesses resulted in reduced local revenue. To remedy this problem, the Accounting Authority reported the following:

- (i) The Council prepared a more realistic and consultative budget in 2021, based on complete and updated business databases. Documentation was available for verification.
- (ii) The rest of the plots that were reserved for ZESCO, were being re-advertised to the general public.
- (iii) Twenty revenue collectors had been trained with support from the USAID Local Governance Impact Project to enhance on revenue collection. Documentation was available for verification

The Accounting Authority also reported that business houses and rate payers were continuously being engaged and sensitised through public forums on the importance of paying municipal taxes. The Council also intended to periodically clean up the databases in order to budget realistically.

Committee's Observation and Recommendation

The Committee observes, with concern, the negative variance on various revenue types projected against what was actually received by the Council. The Accounting Authority is urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the status quo. The Committee also encourages the Accounting Authority to enhance their efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Weaknesses in IT Systems and Other Internal Controls - Lack of Disaster Recovery Plans

Response by the Accounting Authority

The Accounting Authority reported that policies and procedures to enable the recovery or continuation of vital IT systems were embedded in the ICT Policy. Both the ICT Policy and IT asset inventory, were submitted at the time of audit. He also informed the Committee that the IT section was installed with a server with restricted access to eliminate the risk associated with having vital information on laptops and office computers; enhanced physical security to prevent theft of IT infrastructure; restricted access to the Server Room; and regular back-ups of data. The Council had also implemented a One-Stop Resource Centre facility to enhance clientele service provision and improve data management. Documentation was available for verification. The Council would endeavour to periodically instil internal controls in management of Council data and enhance security.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority, to ensure that the IT System is secured in terms of internal controls to curb any pilferage without further delay. The Accounting Authority is also directed to lobby for trained officers while, also ensuring that the current ones are trained and deployed to the Council without further delay. The Committee will await a progress report.

c) Operational Matters - Failure to Prepare Integrated Development Plans

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and reported that the process had started and the Council Resolution had been secured and both technical and core team had been constituted to drive the process. The Council had since prepared a planning programme in order to carry out a stakeholder consultative meeting. The Accounting Authority also reported that the process had been budgeted for and the target had been set to complete the full document by August, 2022. Documentation was available for verification. The Council had requested for technical and financial support from the USAID support to Local Governance Impact Project.

Committee's Observation and Recommendation

The Committee is disappointed by the failure by Council to prepare and implement Section 19 (3) of the Urban and Regional Planning Act No. 3 of 2015. The Committee strongly urges the Accounting Authority to ensure that an Integrated Development Plan is prepared and operationalised by August 2022 as promised before the Committee. The Committee awaits a progress report on the matter.

d) Accounting for Revenue - Failure to Provide Receipts Books - Two (2)

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and stated that failure to submit the receipts at the time of audit, was on account of a misplaced key of the lockable cabinet during shifting from old Civic Centre to the newly built Civic Centre. The Accounting Authority also reported that the two receipts were not in use, in line with call circular No. MLG/101/6/1, Printing of Receipt Books from Private Companies. The two receipts No 56401-56600 and 57601-57800 were available for verification. The Council had automated the system and receipts from the Ministry of finance were used as control slips and were kept in the strong room for safe keeping under the custody of the Accountancy section.

Committee's Observation and Recommendation

In noting the submission, the Council Secretary is urged by the Committee to ensure that officers who misplaced the receipt books are disciplined only then will the matter be closed.

e) Management of Payroll and Other Staff Related Matters - Failure to Fill Vacant Positions

Response by the Accounting Authority

The Accounting Authority acknowledged the observations by the Auditor General and reported that Chinsali Municipal Council, was a Council in transition, having recently attained municipal status. Therefore, positions were filled based on levels of demand for the services and ability by the local authority to meet staff obligations from locally generated resources. The Accounting Authority reported that key positions had since been filled by the Local Government Service Commission. Management would continue engaging the LGSC on critical vacant positions consistently by providing quarterly staff returns.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that payroll and staff internal audit is done periodically to review staffing levels. The matter is, however, recommended for closure subject to audit verification.

f) Procurement of Goods and Services - Inadequately Supported Payments

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and stated that receipts, invoices; and letters of appointment were in a different box during shifting from old Civic Centre to the newly built Civic Centre. The Accounting Authority reported that supporting documents in respect of forty-four payments in amounts totalling K269, 701, were available for verification. Going forward, remedial measures listed below had been put in place.

- (i) No payment was processed without supporting documents such as receipts, invoices and letters of termination or appointment; and
- (ii) As the monthly cash book was being reconciled, all payment vouchers were also reconciled with necessary supported documents on monthly basis.

Committee's Observation and Recommendation

In noting the submission, the Committee finds the excuse that receipts, invoices and letters of appointment were in a different box during shifting from old Civic Centre to the newly built Civic Centre frivolous. In this regard, the Council Secretary is urged by the Committee to ensure that officers who misplaced the documents are disciplined only then will the matter be closed.

g) Management of Stores - Unaccounted for Stores K27, 035 (general stores – K18, 304 and fuel – K8, 730)

Response by the Accounting Authority

The Accounting Authority reported that K18, 304 general stores items documents were available for verification. In addition, fuel for K8, 730 less K1, 249.40 cheque No 001154 which was a

cancelled cheque but included in the total stores items, were also available for verification. Goods Issued Notes; vouchers; receipts; stores issue notes; requisitions; and disposal details were attached to payment vouchers and bin card were being updated immediately.

Committee's Observation and Recommendation

In noting the submission, the Council Secretary is urged by the Committee to ensure that officers who misplaced the documents are disciplined and only then will the matter be closed.

h) Management of Local Government Equalisation Funds K9,779,275

i. Failure to Reimburse Borrowings K161, 000

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and stated that the borrowed funds to meet wages and salaries were reimbursed to capital account. The Accounting Authority reported that K161, 000, borrowed funds was reimbursed on 1st April, 2021. Documentation was available for verification. Management had continued engaging and sensitising the community on the importance of paying fees, levies / charges to meet council obligations.

Committee's Observation and Recommendation

In noting the submission, the Committee doubts the authenticity of the documentation which was not available at the time of the audit but now is and urges the Accounting Authority to ensure that officers who failed to show the documents to the auditors during audit are disciplined and only then will the matter be closed.

ii. Misapplication of Funds For Capital Expenditure K19, 750

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and stated that the borrowed funds were in respect of fuel for garbage collection and spares, tyres for Mayoral vehicle and for other state activities. The Accounting Authority reported that the funds had been paid back to capital account as follows:

- (i) K2, 500 Chq No, 014727 was reimbursed on 5.03.2021 as Borrowed Funds
- (ii) K7, 000 transfer was reimbursed on 16.10.2021 and;
- (iii) K10, 250 transfers was reimbursed on 16.10.2021 respectively.

Documentation was available for verification. Management had continued engaging and sensitising the community on the importance of paying fees, levies / charges to meet council obligations.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is reminded that it in the current regulations, it is a serious offence to misapply funds meant for capital projects and the Committee urges him to ensure that erring officers are disciplined upon which, the matter be closed.

iii. Project Management - Construction of Bus Shelter K214, 444

Response by the Accounting Authority

The Accounting Authority reported that the project was executed in two phases. The second phase involving drilling of borehole, ZESCO power connection, paving and installation of water tanks was at procurement stage. The Accounting Authority also reported that remedial measures had been put in place at the Ilondola/Mulilansolo bus shelter project as follows:

- (i) Phase two drilling of borehole had been done and procure of tank and pipes was at procurement stage.
- (ii) The site had since been secured and security provided day and night.

Works and documentation was available for verification. The bus shelter would be commissioned after ZESCO connected power to the building in the first quarter of 2022.

Committee's Observation and Recommendation

The Committee notes the submission and resolves to await a progress report on the matter until completion of the project.

i) Management of Constituency Development Fund (CDF) - Failure to Spend Funds K1,598,760

Response by the Accounting Authority

The Accounting Authority reported that at the time of audit, the Ministry of Local Government had not yet given guidance and approval on the proposed list of CDF projects for 2020/21. He also reported as follows:

- (i) A total of 9 out of 11 projects approved CDF projects were complete as phase 1 and a total amount of K1,250,862.21 had been spent.
- (ii) Management had also prepared the 2021 CDF financial statement which was ready for audit.

The works and documentation was available for verification. Management would hold an orientation meeting with the new CDF Committee and emphasise on the need and importance of following CDF guidelines and technical guidance from the Ministry to avoid prolonged approval.

Committee's Observation and Recommendation

The Committee is disappointed with the failure by officers to implement projects promptly despite funds being available. The Committee also notes, with concern, that this has taken so long to be executed and the supervising officer's laxity is left with impunity. The Controlling Officer is, particularly, urged to ensure that he streamlines the process by giving clear guidance to local authorities so that all funds are spent within the financial year they are released. The Committee will await a progress report on the matter.

j) Management of the Council Guest House

i. Failure to Collect Revenue K95,425 (Accommodation-K91,300 and Meals-K4,125)

Response by the Accounting Authority

The Accounting Authority reported that the cause of the query was on account of all officers on first appointment being transferred to Chinsali Municipal Council. The deductions were effected on payroll in the month of April, 2021 and recovered in full from affected officers. Documentation was available for verification. Management paid officers on first appointment who were transferred to Chinsali as part payment for settling allowance. The officers were advised to pay on their own if they continued staying at the lodge.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that officers who failed in their duty to deduct the funds from new officers are disciplined, only then will the matter be closed.

ii. Unaccounted for Revenue K39, 088

Response by the Accounting Authority

The Accounting Authority reported that the cause of the query was failure to account for the revenues by the officer who was seconded to the guesthouse for administrative convenience after the transfer of the Assistant Commercial Manager. Further, the Accounting Authority reported that contrary to the Auditor's observation, the un-accounted for revenue, was K22, 181 and not K39, 088 as captured. The officer had been suspended pending disciplinary hearing.

- (i) With regard to the under banked funds– K11, 146, K5, 516 had been deposited and K5, 630 expenditure on electricity, kitchen stock, had been accounted for and retired.
- (ii) K16, 665 sales unbanked during the handover and lockdown had been deposited.
- (iii) The officer had since been called back to his substantive position as Senior Administrative Officer in the Department of Administration. Documentation was available for verification.

- (iv) The Accountant had been attached to the guest with qualification for financial reporting and record keeping. Further the Accountant had been trained and oriented on account ledgers for core activities of the lodge, that is, bar stock, accommodation and kitchen stock ledgers.
- (v) Management also reported that the lodge had no record of K10, 326.98 of bar sales and therefore, could not account for the funds.

The Council would ensure that only trained staff with qualifications was engaged in running the Council's commercial ventures.

Committee's Observation and Recommendation

The Committee notes with great concern, the failure by the Accounting Authority to acknowledge his weakness and instead attempted to contend with Auditors. He is sternly cautioned to desist from misleading the Committee and contending with auditors on matters which could have been resolved if he took the audit process seriously. He is also urged to ensure that officers who misled the Committee on transposing the figures in the Auditor General's Report are disciplined, only then will the matter be closed.

iii. Casualisation of Nkakula Guest House Employees

Response by the Accounting Authority

The Accounting Authority reported that the cited category of workers were on three months renewable oral contracts, pending placement on permanent establishment as guided by the Ministry of Local Government and Rural Development. The Council was still engaging the Ministry on authority to place the workers on permanent and pensionable conditions under Division IV category. Documentation was available for verification. Management would place the affected workers on permanent and pensionable establishment under Division IV once guidance was given by the Ministry.

On the issue concerning National Pension Scheme Authority (NAPSA) contributions, the Accounting Authority reported that cited categories of workers were registered and making contributions based on renewable oral contracts pending placement on permanent establishment. Management had set aside K1, 218 for payment on monthly basis to that effect. Documentation was available for verification. Management would continue paying its obligations to NAPSA as the casuals were placed on permanent conditions of service.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that he adheres to the *Employment Code Act No. 3 of 2019* and that it serves as his guiding principle during recruitments within his jurisdiction. The Committee also directs the Accounting Authority to ensure that documents relating to NAPSA are availed to the Office of the Auditor General for verification.

a) Budget and Income

Response by the Accounting Authority

The Accounting Authority responded as set out below.

Local Taxes

Property rates performance was low due to the COVID-19 pandemic which caused economic challenges for rate payers to pay the bills as they fell due.

Fees and charges

Markets, parking and bus station fees collections budgeted at K2,850,426 were low due to street vending, lack of political will and caderism. Border fees collections budgeted at K 1,200,000 were low due to the COVID-19 travel restrictions and border closures at times.

Licences fees collections budgeted at K 6,750,000 were low due to the COVID-19 measures which caused the closure of most businesses. The Accounting Authority submitted that revenue collection efforts had been intensified using the following strategies:

- i. in 2021, more revenue agents had been employed to increase the collection of revenue;
- ii. the Council had entered into payment plans with clients, to allow the clients the flexibility to pay in instalments; and
- iii. intensified sensitisation through public announcements, radio, television and online media platforms had been undertaken.

The Council would ensure that budget performance review was regularly conducted to ensure that where necessary, a budget adjustment was prepared for each financial year.

Committee's Observation and Recommendation

The Committee observes, with concern, the negative variance on various revenue types projected against what was actually received by the Council. The Accounting Authority is urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance their efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Delayed Development of an Integrated Development Plan

Response by the Accounting Authority

The Accounting Authority submitted that they could not implement the Integrated Development Plan (IDP), as Council was awaiting approval of the draft copy which was submitted to the Ministry of Local Government and Rural Development. The Accounting Authority also submitted that a follow-up was made with the Ministry and approval of the IDP had been obtained. Documentation was available for audit verification. The Council would ensure that the IDP was prepared, implemented and reviewed timely.

Committee's Observation and Recommendation

The Committee notes the submission and resolves to close the matter, subject to audit verification.

c) Accounting for Revenue

i. Delayed Banking K21, 945 (three (3) to thirty (30) days)

Response by the Accounting Authority

The Accounting Authority responded that delayed banking was due to the distances from the Civic Centre offices and four revenue collection points, at Mwami Border, Chiwoko Check Point, Feni sub-centre and Chisitu market. Further revenue locations that were operating using revenue agents had adaptability challenges. The Accounting Authority further submitted that delayed banking had been brought to an end as the Council had since terminated the contracts for the contractual commission based revenue collectors who underperformed. Furthermore, revenue collections at these remotely located revenue collection points were now banked daily using the mobile ZANACO express, which had set up mobile service points. Documentation was available for audit verification. The Accounting Authority also submitted that they would ensure that banking was done timely, in line with financial regulations.

Committee's Observation and Recommendation

The Committee observes, with concern, the failure by the Accounting Authority to adhere to Local Authorities Financial Regulation No. 19. The Accounting Authority is sternly cautioned for this failure, while the Auditor General is urged to keep the matter in view during future audits.

ii. Failure to Collect Telemast and Billboard Levies - K1, 157,402 (K528,000 and (K629,402)

Response by the Accounting Authority

The non-collection of the outstanding receivables was due to the poor response and low compliance levels from various clients. The Accounting Authority submitted that efforts to collect all the levies due from telemasts and billboards had been intensified by entering into payment plans with clients and conducting of sensitisation of the community on the importance of paying

what was due to Council. The Council had collected K112,000 telemast levies and K607,941.41 billboard levies of the outstanding debt.

#	TYPE OF DEBT	BALANCE B/F (K)	PAYMENTS (K)	BALANCE(K)
1	Telemasts	528,000	112,000	416,000
2	Billboards	629,402	607,941.41	21,460.59
	Total	1, 157,402	719,941.41	437,460.59

The Council would ensure that all the outstanding receivables were promptly collected from all clients.

Committee’s Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to collect the much needed revenue for the Council despite grappling with liquidity problems. The Accounting Authority is urged by the Committee to ensure that all available options are explored to collect their revenue without fail. The Committee will await a progress report.

iii. Missing Receipt Books - (12) receipt books

Response by the Accounting Authority

The Accounting Authority submitted that five, out of the twelve missing receipt books, were misfiled and had since been found. The seven missing receipt books were due to three contractual commission based revenue agents deserting employment without surrendering the receipt books by. The Accounting Authority further reported that they had reported the matter to Zambia Police, with a view of locating the former contractual employees and retrieving the seven missing receipt books. Documentation was available for audit verification. The Council would ensure that all employees leaving employment surrendered all properties to the Council before they were cleared.

Committee’s Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to follow up matters until the audit period. The Committee is of the view that there must have been teeming and lading coupled with connivance with supervisors as observed from the weak internal controls. The Committee directs the Controlling Officer to ensure that a forensic audit is carried out and officers responsible disciplined accordingly to avoid recurrence. The Committee will await a progress report.

iv. Use of Receipt Books with Same Serial Numbers

Response by the Accounting Authority

The Accounting Authority submitted that this was as a result of changing the printing company on short notice from Mission Press who had gone on recess to Kolbe Press who also went on recess. The Council then engaged Print Season, who printed the receipt books. However, this engagement

with the printing companies was done without cancelling the earlier order which resulted in the printing of the receipt books with the same serial numbers. The officers who were involved in the procurement of the receipt books with the same serial numbers had since been reprimanded. The Council had accounted for all the cited receipt books and revenue collections from the receipt books used and with the same serial numbers printed by both Kolbe Press and Print Season. The Accounting Authority submitted that it had since ordered and received receipt books from Government Printers in order to ensure that there was no reoccurrence of the anomaly. Documentation was available for verification. The Council would adhere to all Government guidelines on receipts procurement, storage and usage.

Committee's Observation and Recommendation

As in i) above, the Committee expresses concern at the failure by the Accounting Authority to follow up matters until the audit period. The Committee is of the view that there must have been teeming and lading, coupled with connivance with supervisors, as observed from the weak internal controls. The Committee directs the Controlling Officer to ensure that a forensic audit is carried out and officers responsible disciplined accordingly to avoid recurrence. The Committee will await a progress report.

d) Management of Payroll and Other Staff Related Matters

i. Failure to Fill Vacant Positions

Response by the Accounting Authority

The Accounting Authority submitted that vacant positions of Information Technology Manager; Director City Planning; and Legal Officer was due to resignations. The Accounting Authority submitted that some of the critical and key positions cited had since been filled, such as the positions of Public Relations Manager and the Assistant Director of Finance. The Council had since written to the Local Government Service Commission requesting and recommending that the positions of Information Technology Manager and that of Legal Officer be filled. Documentation was available for verification. The Council would ensure that requests and recommendations for filling of all critical and key positions were timely submitted to the Local Government Service Commission.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that all critical positions are filled up, taking into consideration the Council's capacity to meet the cost on personal emoluments. The Committee will await a progress report.

ii. Irregular Exemption of Pension Contributions from PAYE - K319,049

Response by the Accounting Authority

The Accounting Authority informed the Committee that this was caused by some technical settings errors in the Dove Payroll System, which resulted in the irregular exemption of pension

contributions from PAYE. The Accounting Authority submitted that rectification to the Dove Payroll System settings had since been carried out and recoveries had been made for all erroneously overpaid officers. Documentation was available for audit verification. The Council would ensure that it followed all the laid down regulations in the computation of the Pay-As-You-Earn (PAYE) tax.

Committee's Observation and Recommendation

The Committee notes the submission and resolves to close the matter subject to audit verification.

iii. Under Deduction of NAPSA K43,404

Response by the Accounting Authority

This was caused by some technical settings errors in the Dove Payroll System which resulted in the under deduction of NAPSA. The Accounting Authority submitted that rectification to the Dove Payroll System settings had since been carried out and recoveries had been made of all the NAPSA contributions that were erroneously under deducted. Documentation was available for audit verification. The Council would ensure that it followed all the laid down regulations in the computation of the NAPSA contributions.

Committee's Observation and Recommendation

The Committee notes the submission and resolves to close the matter subject to audit verification.

e) Procurement of Goods and Services

i. Inadequately Supported Payments - K346, 938

Response by the Accounting Authority

The Accounting Authority submitted that the attachments, such as activity reports and contracts, invitation letters were not properly filed on time. The Accounting Authority submitted that supporting documents such as activity reports, contracts, invitation letters and claim letters had since been retrieved and were now attached to the relevant payment vouchers. The Documentation was available for audit verification. The Council would ensure that all supporting documents for payment vouchers were correctly and promptly filed and attached.

Committee's Observation and Recommendation

The Committee doubts the authenticity of the documents which could not be available during the audit but are now available for audit verification. In this vein, the Committee urges i the Accounting Authority to ensure that erring officers are disciplined only then will the matter be closed.

ii. Failure to Recover Subsistence Allowance K11,817

Response by the Accounting Authority

The Accounting Authority submitted that the officers who did not travel to attend the hearing when Council had already paid the subsistence allowances were stationed in other districts. The process of recovering the funds was commenced but resolving of the matter delayed because the officers were in other districts. The Accounting Authority submitted further that subsistence allowance had been recovered from the affected officers. Documentation was available for audit verification. The Council would ensure that all outstanding funds irregularly remitted to officers are promptly recovered.

Committee's Observation and Recommendation

The Committee finds this submission inadmissible and urges the Accounting Authority to ensure that erring officers are disciplined only then will the matter be closed.

f) Misapplication of Equalisation Funds - K500, 000

Response by the Accounting Authority

The Accounting Authority submitted that the Council misapplied amounts totalling K500, 000 meant for capital expenditure on operational expenses. The Accounting Authority also submitted that the misapplied amount of K500, 000 capital funds had since been paid back. Documentation was available for audit verification. The Council would ensure that the 20% capital component of the Equalisation Fund was transferred to the capital account on time.

Committee's Observation and Recommendation

The Committee sternly cautions the Accounting Authority to desist from misapplying funds meant for capital expenditure to avoid recurrence. The Committee, however, resolves to close the matter subject to audit verification.

g) Management of Liabilities

i. Failure to Remit Statutory Obligations and Other payables - K33, 836,236

Response by the Accounting Authority

The Accounting Authority submitted that after Chipata Municipal Council was upgraded to a city status, the Council started facing liquidity problems and could not meet its obligations as they fell due as a result of the increased obligations, such as salaries and service delivery requirements. In addition, the creation of the new districts created a gap in the budgeted revenue, as part of the anticipated revenues were taken over by the new districts. The Accounting Authority submitted that they had since started carrying out activities to improve on the financial distress and financial capacity. The Council had been given a provisional award of 2019 Main Valuation Roll. The income coming from property rates would go towards statutory obligations and service delivery.

The Council had also intensified its revenue collection by sensitising the community through public address system, radio, local television and online media on the importance of paying what is due to Council. In an effort to dismantle the outstanding debt, Council had managed to clear the owed amounts K 197,778 to NHIMA, K 157,776 to ZULAWU and K 9,226 to FIRSUZ. The table below showed the payments that had been made towards the outstanding statutory debt:

#	INSTITUTION	BALANCE B/F (K)	PAYMENTS (K)	BALANCE (K)
1	ZRA	16,731,769	308,553.41	16,423,215.59
2	NAPSA	8,391,091	100,071.22	8,291,019.78
3	LASF	7,709,037	208,164.37	7,500,872.63
4	NHIMA	197,778	197,778	0
5	ZULAWU	157,776	157,776	0
6	FIRSUZ	9,226	9,226	0
7	MADISON	405,424	283,381.76	122,042.24
8	INVESTRUST	234,135	0	234,135
	Total	33,836,236	961,049.68	32,875,186.32

The Council had formulated a debt repayment plan for the statutory obligations debt as shown here below:

DETAILS	BALANCES	MONTHLY PAYMENTS	ANNUAL
ZRA	19,602,090	50,000	120,000
NAPSA	63,835,640.29	50,000	240,000
LASF	9,836,182.29	50,000	240,000
Madison	122,042.24	46,906	122,042.24
Investrust	234,135	K 13,000	156,000
GRAND TOTAL	93,630,089.82	209,906	638,042.24

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Accounting Authority is also encouraged to explore all available options, including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations - K8, 493,461

Response by the Accounting Authority

After the Chipata Municipal Council was upgraded to city status, the Council started facing liquidity problems and could not meet its obligations as they fell due as result of the increased obligations such as salaries and service delivery requirements. In addition, the creation of the new districts created a gap in the budgeted revenue as some of the revenue lines were taken over by the

new districts. The Accounting Authority submitted that all the settling allowances had been paid off and efforts were being made to make payments towards long service bonuses and terminal benefits as and when funds were available. The table shows the payment that had been made towards the outstanding debt:

#	Type of Debt	Balance B/F	Payments	Balance
1	Settling in allowance	816,309	816,309	0
2	Terminal benefits	4,758,993	1,095,680.39	3,773,312.61
3	Long service bonus	2,918,159	133,443.93	2,784,715.07
	Total	8,493,461	1,935,433.32	6,558,027.68

The Council had formulated a debt repayment plan for the outstanding staff obligations debt as shown here below:

Details	Outstanding Balances As At September 2021	Monthly Payments	Annual
Terminal Benefits	4,631,357.27	100,000	1,200,000
Long Service Bonus	2,912,659.43	10,000	120,000

Committee’s Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Accounting Authority is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

- h) Fuel without Receipts and Disposal Details - K307, 760 (operations -K14, 030 and CDF - K293, 730)**

Response by the Accounting Authority

The Accounting Authority submitted that various stores items were not accounted for in that there were no receipt and disposal details at the time of audit. The Accounting Authority submitted that receipts and other disposal details had since been found and were available for verification. The Documentation was available for audit verification. The Council would ensure that all receipts and disposal details were correctly and promptly filled.

Committee’s Observation and Recommendation

In noting the submission, the Committee doubts the authenticity of the documents said to be available now when they could not be presented during the audit. The Committee strongly urges the Accounting Authority to ensure that officers who misplaced the documents are disciplined only then will the matter be closed.

20.1 Audit Findings

An examination of financial and other records maintained at the Accounting Authority for the financial Year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income**Response by the Accounting Authority**

The Accounting Authority submitted that the Accounting Authority was unable to collect a total of K2,387,252 equivalent to (11%) of the overall target during the year under review, primarily due to the COVID-19 pandemic that affected the global and local operational environments. The pandemic entailed that the key revenue collection sources and points were negatively affected. This included the under collection of revenue from plots advertised as the turnout from the public was not as expected. The pandemic equally impacted the boarder collections and local business traders and houses due to the partial lock down and limited trading hours. The Accounting Authority would endeavour to collect all the revenue in respective revenue points as per expected budgeted amount. The Accounting Authority stated that, it had placed an advert in the Zambia Daily Mail newspaper to compel the applicants to complete payments of plots. The Accounting Authority had further notified the public through the local radio station as well as the use of a public address system and stuck some notices in strategic public places within the district. The Accounting Authority had resolved to repossess the plots failure to clear the outstanding balances and it shall offer to other developers. The Accounting Authority had come up with a revenue task force to help in revenue collection and updating of data on all business houses in the district. Management team had started weekly monitoring of revenue points in order to maximize on revenue collection and reduce on pilferage. An agreement had further been initiated between Airtel Networks Zambia PLC and the Accounting Authority for the introduction of an automated revenue collection system and process that would enable payments/collections to be made by the community and general public directly into the Accounting Authority's designated bank account/s. An additional agreement had equally been initiated between the ZRA Chirundu Branch and the Accounting Authority for the introduction of a single window cash collection system that would enable motor vehicle levy transporters, to make payments from a single ZRA pay point directly into the Accounting Authority's designated bank account/s. The Accounting Authority was working with Ward Development Committees to help collect revenue in far places. Documentation to support the above was available and ready for verification.

Committee's Observation and Recommendation

The Committee observes with concern the negative variance on various revenue types projected against what was actually received by the Council. The Accounting Authority is urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance their efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Accounting for Revenue

i. Sale of Plots K1,360,000

Response by the Accounting Authority

The Accounting Authority reported that of the 125 plots stated, the Accounting Authority resolved to reserve a total of 34 plots be used as alternative offers to clients that had issues of encroachment by the communities on their previously offered plots. Further the Accounting Authority anticipated to collect a sum of K905,000 from the 91 plots which were successfully offered to various applicants. The Accounting Authority reported that a total amount of K457,500 had so far been collected leaving the unpaid amount of K447,500. The Accounting Authority further stated that it had resolved to repossess all plots that would not be fully paid for by 28th February, 2022 through an advert in the Zambia Daily Mail newspaper and local radio station. The Accounting Authority would endeavour to collect all the monies for plots re-offered to clients as per financial regulations and ensure that a stipulated time frame for payments was stated. Documents were available for verification.

Committee's Observation and Recommendation

The Accounting Authority is urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee awaits a progress report until the Council's revenue is collected without further delay. The Auditor General is urged to keep the matter in view during future audits.

ii. Unaccounted for Revenue - K4,400

Response by the Accounting Authority

The Accounting Authority acknowledged that documentation relating to an amount of K4,400 could not be availed at the time of audit. However, the Accounting Authority further reported that the stated amount was actually receipted and banked in September 2020. The Accounting Authority reported that it had assigned two senior officers to be in charge of accountable documents. The Accounting Authority had secured a lockable cabinet and this had improved record keeping. The Accounting Authority endeavoured to ensure that all accountable documents were placed under lock and key. Documents were available for verification.

Committee's Observation and Recommendation

The Committee did not accept the reason given and urged the Accounting Authority to ensure that disciplinary action is taken against erring officers only then will the matter be closed subject to audit verification.

c) i. Failure to Fill Vacant Positions

Response by the Accounting Authority

The Accounting Authority acknowledged the observation by the auditor that the Council could not fill the key vacant positions as it was the mandate for the Local Government Service Commission to appoint officers in division I, II and III. However, the Accounting Authority had made a request to the Local Government Service Commission to fill the stated vacant position of Senior Health Inspector. The Accounting Authority furthermore stated that the position of Chief Building Inspector did not exist at a town council. An updated staff return had also been submitted to the Local Government Service Commission for ease of reference. The Accounting Authority would ensure that a quarterly updated staff returns to Local Government Service Commission was sent periodically. Documents were available and ready for verification.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Accounting Authority to ensure that he impresses upon the Local Government Commission to fill up these key positions as a matter of priority. The Committee resolves to await a progress report on the matter.

ii. Over Employment of Staff

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and stated that the seven officers on four positions were sent by the Local Government Service Commission (LGSC) as the Accounting Authority had no mandate to appoint officers. Further the Accounting Authority regretted that the position of Leading Fire Officer was wrongly captured as Station Officer. The Accounting Authority had since informed the Local Government Service Commission on the over employment in some positions and had submitted annual reports to this effect. The Accounting Authority would ensure that the staff returns were submitted every quarter to Local Government Service Commission to enable the Commission make informed decisions. The Accounting Authority had further made a request to the Local Government Service Commission to be availed with the Accounting Authority establishment. Documentation is available and ready for verification.

Committee's Observation and Recommendation

The Committee is concerned that the staff levels are not being monitored. The Local Government Service Commission is directed to ensure that they respond to requests promptly to avoid over burdening councils with additional and unplanned personal emoluments. The Committee awaits a progress report on the matter.

d) Procurement of a Water Bowser

i. Irregular Advance Payment

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

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

Response by the Accounting Authority

The Accounting Authority acknowledged the observation by the Auditors of the irregular payments to Nam's Distributors Limited. However, the Accounting Authority stated that the payment was made in reference to the Special Conditions Contract No. GCC 16.1. which required that 20% representing (K280, 000) of the contract sum (K1, 400, 0000) should be paid as advance payment to the contractor who was Nam's Distributors Limited. However, at the time of the audit, the Accounting Authority could not avail the documents as the officer responsible was out of station on other duties. The documents were available and ready for verification. The Accounting Authority would endeavour to ensure that all documents were made available to the audit team.

Committee's Observation and Recommendation

The Committee did not accept the reason given and urged the Accounting Authority to ensure that disciplinary action is taken against erring officers for failure to avail documentary evidence during the period of audit. The Committee recommends the matter for closure subject to audit verification.

ii. Lack of Performance Security

Response by the Accounting Authority

The Accounting Authority reported that the local authority did not receive the payment in accordance with the Special Conditions Contract No. GCC 18.1. The Accounting Authority had reviewed the contract document and confirmed that a performance security in the signed contract was not applicable. The Accounting Authority would going forward enforce the applicable performance security requirements for all contracts with a value in excess of K500,000 (which is the threshold of the controlling office). The documents were available and ready for verification.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to ensure that disciplinary action is taken against erring officers for failure to avail documentary evidence during the period of audit. The Committee recommends the matter for closure subject to audit verification.

iii. Failure to Deliver a Water Bowser

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations that the Supplier Nam's Distributions Limited had not delivered the water bowser at the time of audit. The Accounting Authority reported that the Provincial Permanent Secretary for Lusaka and the Accounting Authority had continued making follow ups with the supplier, Nam's Distributors Limited, inquiring on the delivery date of the bowser through phone calls and written letters. The supplier,

Nams Distributions Limited, had since acknowledged and confirmed to deliver the water browser by 28th February, 2022. The Accounting Authority would endeavour to ensure that performance security conditions were adhered to. Documents were available and ready for verification.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to follow up with the matter until the audit period. It is worrisome to note that this was done with a full knowledge that it was delaying service delivery. The Accounting Authority is sternly cautioned and directed to ensure that the water browser is delivered at its historical cost with correct specifications and quality without delay or the whole amount would be recovered from officers responsible. The Committee will await a progress report on the matter.

e) Failure to Remit Statutory Obligations K5,368,819

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the auditors and stated that the statutory obligations were not paid during the period under review due to financial constraints the Accounting Authority was facing. The Accounting Authority reported that it had decided to formulate a payment plan to enable liquidate the outstanding statutory obligations. The Accounting Authority had paid K289,134 out of the balance of K4,381,630 towards ZRA and K630,283 had been paid towards NAPSA from the balance K2,955,606. Further the Accounting Authority reported that a budget provision had been made in the 2022 budget allocation to liquidate the arrears. The Accounting Authority would endeavour to ensure that all statutory obligations were paid as they were received. Documentation to support the above is available and ready for verification.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

Chisamba Town Council

Paragraph 21

21.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget And Income K7,862,449

Response by the Accounting Authority

i. Local Taxes

The Accounting Authority acknowledged the auditor's observation and reported that at the time of Audit K237 212.30 from property tax was not collected this was because the Local Authority did not have its own valuation roll and all properties were still under Chibombo Town Council's main valuation roll. Further, at the time of audit K60, 046 was the budget for personal levy but only collected K6, 695 leaving a balance of K 53,351 uncollected. Management engaged Chibombo over uncollected property taxes who said they did not collect any taxes due to COVID-19. Further, the Council had its own valuation roll approved on 19th December 2019 and the billing exercise had commenced. Further, Management had embarked on updating its own source revenue databases to suit the current situation to aid the preparation of realistic budgets. Documentation was available for verification.

ii. Fees and Charges

At the time of audit, there was a variance of K2, 188,918 which was not collected. Part of this was expected to be collected from settlers of Munyama Forest 62 who were given first priority, though payments had been coming in slowly. Management had been holding a series of sensitisation meetings with smallholding settlers to encourage them to finish paying so that they could be recommended to the Ministry of Lands. Further, Management hired out Council transport (grader and tipper truck) to the public at a fee to broaden its resource base. Documentation was available for verification. The Council had made all those owing sign commitment forms, depending on their flow of income. Further, the Council had identified garages to take vehicles whenever they broke down.

iii. Licenses

The budget for licences was K67, 670 and K42, 215 was collected. The variance of K25, 455 was not collected due to Covid19 as most businesses closed.

iv. Levies

The budget for levies was K1, 009,250 and the actual collection was K431, 813. This amount was overstated due to outdated database.

v. Permits

The budgeted amount in 2020 was K1, 004,000 and what was collected was K51, 888. In 2021, the budget was adjusted to K74, 500 and what was collected was K53, 915. After comparing with the collection of 2020 and 2021, it was noted that the reason behind the under collection was over budgeting in 2020.

vi. Other Income

The Council had budgeted to purchase a borehole drilling rig at K2.5 million for the purpose of hiring out as well as service delivery within the community. The projected income from this commercial venture was estimated at K 2 million and was incorporated in the budget for 2020.

However, the rig was not purchased due to upward price adjustment as a result of depreciation of the local currency. To expand this source of revenue, Management had provided for the procurement of a front end loader for hire in the 2022 budget. This would be procured in the 1st quarter of 2022. Management intended to construct a conference facility for hire and had signed a contract. Works had since commenced and documentation was available for verification. Management was seeking for authority for extension of the valuation roll and would continuously update own source revenue databases, thereby making it more realistic when budgeting. Further, Management would also engage a number of revenue mobilisation strategies to improve its revenue base.

vii. National Support

The Accounting Authority acknowledged the auditor's observation and reported that the Council budgeted to receive K10, 229,156 but only received K8, 930,304 leading to a variance of K1, 298,852.

Committee's Observation and Recommendation

The Committee observes with concern the negative variance on various revenue types projected against what was actually received by the Council. The Accounting Authority is urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance their efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Failure To Collect Revenue From Sale Of Plots

The Local Authorities Financial Regulation No. 12 (h) states that, "The Treasurer shall collect punctually all revenue and other Council money which become due and payable to the Council". During the period under review, the Council offered 472 small holding plots for sale to successful applicants and was expected to collect amounts totalling K14, 465,570 from the members of the public. However, as at 31st August 2021, eight (8) months after the sale, amounts totalling K7, 390,426 were collected leaving a balance of K7, 075,144 uncollected.

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that there had been slow response from the majority of settlers and some new developers did not pay for their plots during the period under review. The Council issued a notice of repossession to new developers on 29/11/2021 in the media to prospective developers who did not pay for their farm plots. Out of 472, 83 had since been repossessed. Further, Management had come up with commitment forms to ascertain when buyers would finish making their payment failure to which plots would be repossessed. Sensitisation meetings had been conducted to encourage settlers on the importance of paying promptly and obtaining security of tenure. Documentation was available for verification. Management intended to perform due diligence before the issuing of plots and to take action against prospective developers failing to honour their obligations.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Council to be aggressive on revenue collection. The Accounting Authority is urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee awaits a progress report until all Council's revenue collection from plot sales is collected.

c) Management Of Payroll And Other Staff Related Matters

i. Over employment of Staff

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that the appointment of the extra two (2) officers was done by the Local Government Service Commission upon request for additional staff as per letter dated 22 July 2020. A letter was written to the Local Government Service Commission informing them about the status with regard to (or as regards) these officers. Management would constantly engage the Local Government Service Commission to reconcile data regarding the approved positions on the Council establishments.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that quarterly returns are availed to the Local Government Service Commission while the Commission is urged to ensure that they respond promptly to requests made by the Accounting Authority. The Committee will await a progress report on regularization.

ii. Failure to Recover Salary Advances K 60,500

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that the five (5) officers whose salary advances were not recovered were transferred immediately after they got salary advances. Management reported that the transferred officers had started paying the outstanding balances of their salary advances amounting to K42, 500. For the Officers who were still working at the Council, the salary advances amounting to K92, 000 had been recovered in full. Documentation was available for verification. Management had put in place strict use of clearance forms before an office left the station to determine amounts owed and would ensure internal controls were strengthened to prevent future occurrences.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that all funds are recovered from the mentioned officers. The Committee will await a progress report on the matter.

d) Lack of Title Deeds (and Insurance for 7 Motor Vehicles)

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation and reported that the Council did not secure title deeds for parcels of land on which fifteen (15) properties such as the Council guest house, medium cost houses, new and old markets valued at K3, 327,384 were located. The Council did not insure seven (7) motor vehicles, fifteen (15) buildings and sixteen (16) specialised equipment valued at K159, 240 as at 31st October 2021. Management reported that site plans for fifteen (15) properties were submitted to the planning authority and were approved. These had since been submitted to the Ministry of Lands for numbering. Further, Council farm survey diagrams were ready and consent signed. Management would wait for the title to be issued. For insurance for motor vehicles, the Council had since paid insurance for all the 7.. Documents were attached for verification. The Council would ensure that all Council properties were planned and titled. Going forward, the Council would prioritise payments for insurance of its assets.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to secure their properties and vehicles with title deeds and motor vehicle insurance respectively. It is worrisome that the Council did not prioritise this matter of serious concern. The Accounting Authority is directed to ensure that all properties and vehicles are secured with title deeds and insurance cover, respectively to avoid loss in an unlikely event. The Committee will await a progress report on regularisation.

e) Delayed Construction Of A Constituency Development Fund Project - Mufunda Bridge

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation and reported that a dam upstream (Mutenga dam) collapsed which washed away embankments on both sides of the bridge (Mufunda).The dam had not yet been worked on. Management reported that the Council engaged officials from Disaster Management and Mitigation Unit (DMMU) and the Road Development Agency to assist in the rehabilitation of the dam and visit the site to assess the amount of damage of which BOQs were prepared. However, amounts involved were too high as compared to the CDF allocation of K199, 240 for the construction of the bridge culvert. The estimated amount for the works to be done at the bridge by RDA was amounting to K1, 828,930.28. Management sought to engage DMMU on the rehabilitation of the dam and had prioritised the project for the construction of the bridge in the 2022 CDF allocation pending rehabilitation of the dam by DMMU. Documents were attached for verification. Management would engage all the relevant stakeholders including engagement of the community to ensure the rehabilitation of the dam and subsequent construction of the bridge was prioritised.

Committee's Observation and Recommendation

The Committee notes the submission but is of the view that supervision was not done accordingly hence the collapse of the bridge. The Committee directs the Accounting Authority to ensure that all outstanding works are completed without further delay and that erring officers are disciplined for this failure. The Committee will await a progress report.

f) Management Of Liabilities

i. Failure to Remit Statutory and Other Obligations K3, 981,464

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation and reported that the failure to settle outstanding obligations was due to financial constraints during the period under review.

No.	Institution	Opening Balance	Paid(K)	Closing Balance
		K		
1	ZRA	2,597,237	0	
2	NAPSA	1,326,544	288,754.06	1,037,789.94
3	LASF	15,612	10,200	5,412
4	NHIMA	6,498	45,946.34	-39,448.34
5	MADISON	35,573		35,573
	Total	3,981,464	344,900.40	3,636,563.60

Management reported that out of the K3, 981,464 owed as statutory obligations the Council paid K344, 900.40 towards offsetting this debt. LASF was paid K10, 200, NHIMA K45,946.34 and NAPSA K288, 754.06. The Council invested K4million in Bank of Zambia treasury bills in order to generate extra income (interest) in order to pay off debt. Documents were attached for verification. Management would continue to exploit alternatives of investment in order to raise funds to settle outstanding obligations.

Committee's Observations and Recommendations

The Committee observes with concern the failure by the Accounting Authority to dismantle the debt. It worries the Committee that the Council incurred such huge penalties due to their failure to remit the obligations. The Committee directs the Accounting Authority to ensure that all the outstanding debts are dismantled expeditiously, without fail. The Committee will await a progress report on the matter.

ii. Failure To Settle Staff Obligations - K1, 947,286

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation and reported that the failure to settle outstanding obligations was due to financial constraints during the period under review.

Table 4: Outstanding Staff Obligations

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

Out of the K1, 947,286 for staff obligations the Council had paid off settling-in allowance amounting to K7, 824 and terminal benefits amounting to K598, 758. Documents were attached for verification. The Council invested K4million in Bank of Zambia treasury bills in order to generate extra income (interest) in order to pay off debt

Committee's Observations and Recommendations

The Committee observes with great concern the failure by the Accounting Authority to dismantle the debt. The Committee is worried that the Council incurred such huge debt due to their failure to pay terminal benefits and other staff obligations as and when they fell due. The Committee directs the Accounting Authority to ensure that all the outstanding debts are paid expeditiously, without fail. The Committee will await a progress report on the matter.

Chitambo Town Council

Paragraph 22

22.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial years ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting authority responded as set out below.

a) **Budget and Income**

Response by the Accounting Authority

The Accounting Authority appreciated the notable concerns raised by the auditors. However, it was noted that the budget and income in question in table 10.1 did not relate to the 2020 budget but the 2019 budget. Therefore, the budget for 2019 and 2020 were available for verification. However the correct budget and income for 2020, was as outlined in the table below.

S/N	REVENUE TYPE	BUDGET -2020	ACTUAL	VARIANCE
	DISCRIPTION			
1	Local Taxes	19,485.00	3,975.00	15,510.00
2	Fees & Charges	1,331,798.00	533,400.50	798,397.50
3	Licences	44,600.00	62,805.00	(18,205.00)
4	Levies	64,390.00	119,741.00	(55,351.00)
5	Health Permit	29,210.00	9,064.00	20,146.00
	CHARGES			
6	Plot Premium –Residential	727,000.00	616,835.00	110,165.00
	Plot Premium –commercial	1,621,700.00	84,350.00	1,537,350.00
	Small Holdings	714,500.00	1,110,035.00	(395,535.00)
	SUB TOTAL	3,063,200.00	1,811,220.00	1,251,980.00
	OTHER INCOME			
7	Income from Council Ventures	372,808.97	45,079.00	293,531.79
8	Other income	99,500.00	36,507.00	62,993.00
	SUB TOTAL	472,308.97	81,586.00	390,722.97
9	National Support	8,010,228.48	7,759,578.52	250,649.96
10	Constituency Development Fund	1,600,000.00	1,600,000.00	-
	GRAND TOTAL	14,635,220.45	11,981,370.02	2,653,850.43

1. Local Taxes

The Council budgeted for K19,485 from local taxes but only managed to collect K3,975, giving a variance of K15,510. This was as a result of non-remittance of personal levies from the Central Government.

2. Fees And Charges

The Council budgeted for K1, 331,798 from fees and charges but only managed to collect K533, 400.50, giving a variance of K798,397.50. This was as a result of low economic outturn due to COVID-19 impact and poor response from the general public on the residential plots offered, as more preference was towards the small holdings. The Council published a repossession notice to repossess all plots that were not paid for in the print media and wrote to the Ministry of Local Government and Rural Development to seek approval to offer the aforementioned plots on first come first served basis upon repossession. The Ministry guided on the procedure for repossession and offer of plots on first come first served basis. Therefore, the Council was acting upon the guided procedure. The public notice and response from the Ministry of Local Government and Rural Development were available for audit verification.

3. Licences

The Council budgeted for K44, 600 from licences and managed to collect 62,805, giving a positive variance of (K 18,205). This was because of massive sensitisation conducted by Management and the constitution of the revenue task force to spearhead the revenue collection.

4. Levies

The Council budgeted for K64, 390 from levies and managed to collect K 119,741, giving a positive variance of K 55,351. This was because of manganese companies ferrying quarry dust (gravel) for use in the construction of manganese processing plants. Management noted the positive variance and adjusted the 2021 budget accordingly.

5. Health Permit

The Council budgeted for K38, 913 from levies and only managed to collect 9,064 giving a positive variance of K29, 849.00. The Council did not perform well due to closure of businesses following the adverse effects of the COVID-19 global pandemic. Management had continued to sensitise the community and stakeholders on the need to settle their obligations.

6. Charges

The Council budgeted for K3, 063,200 from charges and only managed to collect K 1,811,220, giving a variance of K1, 251,980. This was as a result of poor response from the general public on residential plots offered as more preference was towards the small holding plots. The Accounting Authority reported that a report would be presented in the first quarter of 2022 to the Plans Works Development Real Estate Committee (PWDRE) and full Council for consideration of the repossession of plots. Thereafter, all the other procedures as guided by the Ministry would be followed.

7. Other Income

The Council budgeted for K472, 808.97 from charges and only managed to collect K81, 586, giving a variance of K390, 722.97. This was attributed to the reasons listed below.

- i. Constant break down of supplies of quarry dust and stones at Mununga Quarry Company being the main source of supply for quarry dust and stones for the block making project.
- ii. Part of the rice farm did not do well due to poor land preparation.
- iii. The operations of the Council Lodge were paralysed due to global covid-19 pandemic. . As a result, the Lodge could not receive clients for lodging and other facilities as per - Council projection, following the directive by the Government to close all the bars and restaurants; and restrict movements.

Management had identified prominent suppliers for the supply of quarry dust for the block making venture. As for the rice farm, the Council had engaged a farm supervisor who had

experience in agriculture to specifically manage the farm. The block making machine venture was fully operational. Documents were available for verification. Management would continue updating its databases to ensure that budgets were realistic and would ensure that targets set were attained. Management would also continue conducting massive sensitisation and support the revenue task force in order to effectively mobilise own source revenues. Management intended to continue engaging business entities on using other platforms of online payments.

Committee's Observation and Recommendation

The Committee observes, with concern, the negative variance on various revenue types projected against what was actually received by the Council. The Accounting Authority is urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance their efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Operational Matters

i. Environmental Matters

Response by the Accounting Authority

The Accounting Authority agreed with the Auditor General's observation about the poor management of the dumpsite. The Council reported that it had not established a permanent dumpsite. This was because the Council was waiting for Zambia Environmental Management Authority's (ZEMA) to conclude the process. Management had identified a permanent and sustainable site for the location of a District dumpsite. This was in the process of being developed as ZEMA officers had already assessed the site for suitability. Following the assessment, ZEMA requested the Council to submit an Environmental Project Brief (EPB), as well as conduct an Environmental Impact Assessment (EIA) for the proposed site. Documents were available for verification. Management had since identified a consultant to develop the EPB as well as conduct an EIA. However, the consultant had not yet been engaged, as funds were not yet available. Once the 2022 budget was approved, the Council would be able to implement the project. .

Committee's Observations and Recommendations

The Committee notes, with concern, the failure by the Council to secure a permanent dumpsite, which is a serious omission. The Committee directs the Accounting Authority to ensure that a new dumpsite is finalised and equipped without any further delay. The Committee awaits a progress report on the matter.

c) Failure to Control and Manage Markets

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditors' observation that Chitambo Town Council

did not manage the said five identified markets due to political interference, as most of the markets and bus station were dominated by political cadres. Management had engaged revenue agents on a 20% commission basis to supplement the efforts of the revenue collectors employed by the Local Government Service Commission. Documents were available for verification. Management was in the process of forming market boards in the first quarter. This was following the Ministry of Local Government and Rural Development directive to Local Authorities to control and manage markets and bus stations through market boards under their jurisdiction. Management had engaged Ward Development Committees to help with the revenue collection.

Committee's Observations and Recommendations

The Committee notes, with concern, the use of political interference as a reason for failure to control markets. While it is appreciated that some strides have been made to ensure that there is control of these sites by the Council, the Accounting Authority is sternly cautioned to desist from succumbing to political pressure, as it will always be there and needs firmness to withstand. The Committee strongly urges the Accounting Authority to ensure that all revenues from markets and bus stations are well managed and controlled by the Council, in accordance with Section 5(1) of the *Markets Act No. 7 of 2007*. The Committee resolves to await a progress report.

d) Accounting for Revenue

i. Failure to Collect Revenue

• Commercial Venture

The Council operated a lodge, a rice farm and a block making machine as commercial ventures from which it expected to collect revenue in amounts totalling K372,809 during the period under review. However, only K45,079, comprising K35,702 from the lodge and K9,377 from the rice farm was collected. The Council did not raise any revenue from the block-making machine as it was not utilised during the period under review.

Response by the Accounting Authority

Management agrees with the Auditor General's observation with regard to Council lodge, a rice farm and block-making machine as commercial ventures from which the Council anticipated to collect revenue in amounts totalling to K372, 309 during the period under review. The Council collected K45, 079 resulting in adverse variance of K327, 730. The variance was due to the non-operationalisation of the Block making venture due to:

- i. erratic supply of quarry dust and stones at Mununga Quarry Company being the main source of supply for quarry dust and stones for the block making project;
- ii. part of the rice farm did not do well due to poor land preparation; and
- iii. the operations of the Council Lodge were paralysed due to global COVID-19 pandemic, which meant that the Lodge could not receive clients for lodging and other facilities as per council projection, following the directive by the Government to close all the bars and restaurants restrict most movements..

Management had identified prominent suppliers for the supply of quarry dust for the block making project venture. For the rice farm, Council had engaged the farm supervisor who had experience in agriculture to specifically manage the farm. The Council further reported that the block making machine venture was now fully operational. The Council Management intended to sign contract agreements with more than two suppliers for the constant supply of quarry dust and stones to avoid stoppages at the project site.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to utilise, profitably, the block making venture despite grappling with low funding and liquidity problems. The Committee strongly urges the Accounting Authority to ensure that all available options are employed to revamp this venture by establishing a reliable source for quarry without any further delay. The Committee will await a progress report.

- **Sale of Residential Plots - K2,572,745**

Response by the Accounting Authority

Management agreed with the Auditor General's observation with regards to the sale of residential plots from which amounts totalling K4, 606,230 and the Council only collected K2, 033,485. The balance of K2, 572,745, was as a result of poor response from the general public on the residential plots offered, as more preference was towards the small holding plots. The Council published a repossession notice to repossess all plots that were not paid for in the print media and wrote to the Ministry of Local Government and Rural Development to seek approval to offer the aforementioned plots on first come first served basis, upon repossession.. The Ministry guided on the procedure for repossession and offer of plots on first come first served basis. Therefore, the Council was acting upon the guided procedure. A public notice and response from the Ministry of Local Government and Rural Development was available for audit verification.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to collect revenue from sale of plots as per requirement. The Committee strongly urges the Accounting Authority to ensure that all funds outstanding are collected without any further delay. The Committee will await a progress report.

- e) **Management of Assets**

- i. **Lack of Title Deeds**

Response by the Accounting Authority

The Accounting Authority agreed with the Auditor General's observation with regards the lack of title deeds for the two (2) properties. The properties in question were constructed by the contractor who was engaged to construct the Mukuku Bridge. After completion of the bridge, the said

properties were handed over to the Serenje Town Council. Management also reported that it had been making follow-ups with the Serenje Town Council with regards to the title deeds. The correspondence was availed for verification. Management furthermore reported that it would ensure it obtained the title deeds for all its properties.

Committee's Observations and Recommendations

The Committee notes the submission but urges the Accounting Authority to ensure that all properties are secured with title deeds without further delay. The Committee resolves to await a progress report on the matter.

f) Delayed Completion of a Constituency Development Fund Project – Mateyo Kakumbi Primary School

Response by the Accounting Authority

The Accounting Authority agreed with the Auditor General's observation with regard to rehabilitation of 1x 2 classroom block at Mateyo Kakumbi Primary School, at a contract price of K18, 000. The reason for delay in completion of the project was due to the medical condition that the contractor had faced. The Accounting Authority reported that the contractor, who was engaged to construct the 1 X 2 class room block fell sick and could not complete the works. Hence, the Council decided to take up and finish the remaining works. The class room block was completed and in use. Documents were available for verification.

Committee's Observation and Recommendation

The Committee finds the submission unacceptable and urges the Accounting Authority to ensure that erring officers are disciplined only then will the matter be closed.

g) Management of Liabilities

i. Failure to Remit Statutory Obligations - K2, 443,093

Response by the Accounting Authority

The Council agreed with the Auditor General's observation with regard to the failure to remit statutory obligations and reported that it was as a result of financial challenges that it was unable to settle the statutory obligations. Management wished to report that it had since cleared NHIMA and Madison Scheme. The Council had paid K45,722.39 to LASF, NAPSA K416,868.28, NHIMA K 62,532.02 and Madison funeral insurance K46,342.19 in the year 2021. The payment vouchers were ready for verification. The Council would review its payment plan with ZRA, which stood at K15, 000 per month as the Council was unable to meet its commitment due to financial challenges.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all

outstanding liabilities relating to statutory obligations are paid without any further delay. The Accounting Authority is also encouraged to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report on the issue.

ii. Failure to Settle Staff Obligations

Response by the Accounting Authority

The Council agreed with the Auditor General's observation with regard to the failure to settle staff obligations and reported that it was as a result of financial challenges. However, the Council had come up with a liquidation plan to settle the outstanding personal related emoluments. The Accounting Authority reported that it had paid toward staff obligations as follows:

- (a) settling in allowance totalling K 73,176.56, and
- (b) terminal benefits totalling K 115,000.

The payment vouchers were availed for verification. Management had also committed itself to a payment plan of K20, 000 per month towards the clearing of the outstanding staff obligations. The Accounting Authority reported that it had embarked on commercial ventures such as rice farm, block making and a lodge to ensure it did not depend solely on Government support in the near future.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Accounting Authority is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

Choma Municipal Council

Paragraph 23

a) Budget and Income K2,304,018

Response by the Accounting Authority

The Accounting Authority stated that the Council did not manage to operate at 100% efficiency due to under performance and over performance in certain budget lines. This was mainly caused by the effect of the COVID-19 pandemic, which affected the business communities in Choma and the strategies that the Council employed in revenue collection. He reported that he had taken the following actions and to address the future occurrence:

Table 2: Budget and Income

No.	Source of Funds	Budget K	Income K	Variance K		
	Locally Generated					
1	Local Taxes	4,511,260	1,926,894	(2,584,366)	Community sensitization and encouraging Property Owners to come and make party-payments. As at 31 st December 2021 Council collected K 3,505,837.08.	The Council had started massive distribution of Bills and had developed a platform for Bulk SMS of bills with ZAMTEL.
2	Fees and Charges	8,550,586	5,604,357	(2,946,230)	Sensitization of Business owners and updating the data base to take into account Business which was closed due to covid19.	The Council had formed the Task-force on revenue collection and ensuring that Business owners were encouraged to pay in instalments those that can't afford.
3	Licences	920,717	1,053,688	132,971	Updating the clients' data base to take into account Business which was re-opened after COVID-19 pandemic eased the Business environment	The Council would base its budgeting on updated database and where possible the Budget to be adjusted.
4	Levies	862,564	1,794,534	931,970	Updating the clients' data base to take into account Business which was re-opened after COVID-19 pandemic eased the Business environment	The Council would base its budgeting on updated database and where possible the Budget to be adjusted. Council was engaging Govt. Ministries and Department to avails us the register of employees in the District.
5	Permits	938,078	1,341,857	403,779	Updating the clients' data base to take into account Business which was re-opened after COVID-19 pandemic eased the Business environment.	The Council would engage the livestock department to avail with accurate data on yearly slaughters/live animal movement to compare with the one we collect to be used when budgeting.

	Sub Total	15,783,205	11,721,330	(4,061,875)		
	National Support					
6	Local Government Equalisation Fund	11,546,588	13,301,484	1,754,896	The Council had revised the figure of Local Government Equalisation Fund as per the approved Budget Circular from the Ministry of Local Government and Rural Development.	The Council would strictly follow the approved Budget Circular from the Ministry of Local Government and Rural Development when Budgeting.
7	Constituency Development Fund	3,200,000	3,202,961	2,961	The Council still had the interests which was gained from CDF accounts and intend to use on needy Projects after formation of CDF committee.	The Council reported that the accumulated interest gained from CDF accounts would be reported to CDF committee for possible additional to needy projects.
	Sub Total	14,746,588	16,504,445	1,757,857		
	Total	30,529,793	28,225,775			

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to set realistic budgets, coupled with detailed analysis of the revenue base to avoid this failure. The Accounting Authority is also urged to ensure that turn-around strategies are devised to counter these unintended outcomes. The Committee urges the Office of the Auditor General to keep the matter in view during future audits.

b) Environmental Management

i. Failure to Fence the New Kabanana Dumpsite

Response by the Accounting Authority

The Accounting Authority reported that the dumpsite had been enclosed, not fenced off and secured from scavenging. It had not been protected from access by unauthorised persons due to inadequate resources. The Accounting Authority reported that a new site had been commissioned to replace the old dumpsite. The decision letter from Zambia Environmental Management Agency had been obtained and the new dumpsite had been commissioned. The old dumpsite had been decommissioned and Council had engaged Zambia National Service so that the dumpsite could be buried. In addition, the Council was in the process of numbering the said piece of land and advertise it as a commercial plot.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to expedite the process of securing the dumping site without further delay. The Accounting Authority is also strongly urged to ensure that he acts expeditiously to avoid disease outbreaks that may arise due to dumping refuse in unsafe and unenclosed site. The Committee will await a progress report on the matter.

ii. Failure to Provide Clearly Marked Solid Waste Containers

Response by the Accounting Authority

The Accounting Authority reported that at the time of audit, Management did not clearly mark the bins with colour codes appropriate for solid waste containers for the disposal of solid waste. This was due to the fact that scavengers usually burnt solid waste in these containers when they wanted to pick solid waste materials like iron, causing paint to come off from these waste bins. This also and sometimes burnt the plastic containers. In this regard, the Council was considering a permanent solution of using metallic bins. The Accounting Authority reported that the Council had embarked on using brazing in order to mark these bins so that even if by accident fire was thrown in these bins, it could not scrape off the writing. - The Council was engaging market committees within places where these bins had been placed to provide security and ensure that users were not throwing waste with fire in these bins. Further, sensitisation of members of the public on the side effects of this type of pollution had been enhanced.

Committee’s Observation and Recommendation

The Committee notes the submission and resolves to close the matter.

c) Accounting for Revenue

i. Delayed Banking

Response by the Accounting Authority

The Accounting Authority reported that the collected revenue from various collection points, especially in outlying parts of the district were not deposited on time, as depositing to the main cashier at the Civic Centre were done on scheduled days due to transport challenges faced by these revenues agents. The Accounting Authority reported that a review of contracts with revenue agents in various outlying areas, who were paid commission for the collections of revenues had been undertaken, placing them as performance based with strict emphasis on observing Local Authorities Financial Regulations and *Public Finance Management Act No. 1 of 2018*. Besides, orientation of newly recruited and existing staff was regularly being conducted. The Council had made a resolution to allow in far flung areas to be depositing these funds every fortnight, through the bank agents in the collection Points, into the Choma Municipal Council Market Account, using ZANACO Express Agents. Copies of these Minutes and Bank Statement had been attached for Audit verification.

Committee’s Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to caution officers responsible for the delayed banking. The Committee, however, resolves to close the matter subject to audit verification.

d) Billboards and Property Rates K7, 379,090

Response by the Accounting Authority

The Accounting Authority reported that it failed to collect revenue in amounts totalling K7, 379,090 in respect of billboards and property rates, as at 30th June 2021. The amounts in question were historical balances combining the Government debt of properties rates of K2, 872,147.20 million and the balance included commercial and residential properties and billboard of K 4,500,942.80 respectively. The cause of the under collection was transport challenges and the 2018-2019 droughts which affected the District. Management had sought a resolution to clean up these historical balances and efforts were being made to ensure that all Central Government institutions were engaged so that the billing would reflect the actual balances on the ground. Further, the Council was engaging the Sheriff’s Office of Zambia to start collecting these outstanding balances as a last resort. As at 31st December 2021, the Council had collected K 3,505,837.08 in terms of property rates and K501, 832.34 in terms of billboard rates. Further, Management had acquired a new system to help address the issue of duplicates in the system. The Council was sensitising property rates payers on the importance of paying these obligations and the effects on community development. Besides, the Council was on the ground to pick the exact number of billboards to clean up the data.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to devise enhanced strategies to ensure that all the revenue outstanding is collected without further delay. The Committee will await a progress report on the matter.

e) Lack of Lease Agreements

Response by the Accounting Authority

The Accounting Authority reported that the Council did not manage to conclude the signing of these lease agreements at the time of audit because the Council did not have the market values of these properties. Some tenants who were claiming ownership were disputing the rentals, thereby refusing to sign the lease agreement. Nevertheless, the Council managed to update these properties. The Council had been conducting the search on the legality of these properties where the tenants were claiming ownership. The eviction notices had been issued to tenants who refused to sign tenancy agreements. The Council was conducting due diligence before giving out these properties on rent. The Council, after taking stock of its properties had engaged Government Valuation Department to value these properties in order to ascertain the exact values and the new rentals for 2022 would be reviewed after full consultation with the stakeholders. Besides, the property ledgers had been updated.

Committee's Observation and Recommendation

The Committee finds the submission unacceptable and urges the Accounting Authority to ensure that erring officers are disciplined for causing this query. The Committee directs the Accounting Authority to ensure that the lease agreements are availed for audit verification without further delay. The Committee will await a progress report on the matter.

f) Management of Payroll and Other Staff Related Matters

i. Failure to Fill Vacant Positions-(56) vacant

Response by the Accounting Authority

The Council was operating at an establishment which was not complete, as per the 2012 harmonised staff establishment. The Council was trying to balance the source of income with the level of establishment. Considering the level of current income, it could not manage to pay at full establishment. The Council had taken the course of ensuring that the key positions which it could not operate without were filled up through communication to the Local Government Service Commission.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that quarterly staff audits are carried out to control staff levels at all times, with particular emphasis on filling key positions. The Committee will await a progress report on the matter.

g) Over Employment of Staff-ten (10)

Response by the Accounting Authority

The Accounting Authority submitted that the Council was operating with twelve authorised positions which were to be filled by twelve officers but were instead filled by twenty two officers, resulting in excess of ten officers. The Council had communicated the anomaly to the Local Government Service Commission which was responsible for recruitment of staff in this category of staff establishment. The Council had been regularly updating the staff returns and communicated with the Local Government Service Commission so that future transfers could be based on positions which were vacant and were critical.

Committee's Observation and Recommendation

As in i) above, the Committee notes the submission and urges the Accounting Authority to ensure that quarterly staff audits are carried out to control staff levels at all times with particular emphasis on controlling expenditure due to over employment. The Committee will await a progress report on the matter.

h) Failure to Avail Contracts - K 157,570

Response by the Accounting Authority

The Accounting Authority submitted that the engagement of revenue agents who did not have contractual agreements with the Local Authority was the major cause of this query. Management had retrieved the copies of the contractual agreements which they signed with eighteen revenue agents in 2020 and not thirty one as quoted in the paragraph. The Council would ensure that employees working on contract had their contracts regularly reviewed, signed and files updated.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that erring officers are disciplined for failure to avail documents during audits. The Committee directed the Accounting Authority to ensure that the reports are availed to the Auditor General without fail only then will the matter be closed.

i) Non-deduction of NAPSA Contributions - K65, 070

Response by the Accounting Authority

The Accounting Authority responded that documents relating to the engagement of seven casual workers who were paid wages amounting to K65, 070 without deducting NAPSA contributions and without oral contracts, were availed to support the payments. The Council regretted the anomaly and would ensure that every time Council employed seasonal workers, NAPSA contributions were deducted and oral contracts signed.

Committee's Observation and Recommendations

The Committee expresses concern at the failure by the Accounting Authority to deduct the statutory obligation in form of NAPSA contribution with impunity. The Committee urges the Accounting Authority to ensure that erring officers are disciplined and only then will the matter be closed.

j) Management of Assets

i. Lack of Title Deeds

Response by the Accounting Authority

The Accounting Authority reported that the properties were not on title because the survey diagrams were not yet paid for and processed from Ministry of Lands at the time of audit. The Accounting Authority reported that it had since paid for invitation to treat and secured offer letters for the properties from the Ministry of Lands. The Council would ensure that any acquired properties were properly secured with title deeds.

Committee's Observation and Recommendation

The Committee notes, with concern, the failure by the Accounting Authority to secure their properties with title deeds as per requirement of the *Public Finance Management Act No. 1 of 2018*. It worries the Committee that the matter has not been given much attention despite the risk of loss of properties in case of a dispute during litigation. The Committee directs the Accounting Authority to ensure that all properties under his charge are secured with title deeds without any further delay. The Committee resolves to await a progress report.

i. Failure to Insure Assets

Response by the Accounting Authority

The Council did not insure the forty-two Council properties and nine non-runner motor vehicles with a total value of K10, 535,969. The Accounting Authority submitted that the Council had engaged Government Valuation Department to value the entire movable and non-movable assets in readiness to insure these vehicles. The insurance process of forty-two council properties and non-runner motor vehicles had been commenced. However, the non-runners would not be insured because they were not a danger to anyone. The Council would ensure that all property and vehicles are insured on time and the nine non-runner motor vehicles would be sold off.

Committee's Observation and Recommendation

The Committee notes, with concern, the failure by the Accounting Authority to secure their properties with insurance cover against losses; damages; risks and liabilities which the Council may incur as per the requirement in Local Authorities Financial Regulation No. 154. The Committee directs the Accounting Authority to ensure that all assets under his charge are secured with insurance cover without any further delay. The Committee resolves to await a progress report on the matter.

k) Failure to Maintain Properties

Response by the Accounting Authority

The Accounting Authority reported that it was unable to maintain all its properties at the same time due to financial challenges. The Council regretted the audit findings and stated that it had since budgeted for the rehabilitation of Mbabala Civic Centre in the 2022 Annual Council Budget. The

Council had since prepared and approved the Fixed Asset Maintenance Policy to ensure that these Assets were maintained periodically.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that all their properties are maintained by way of soliciting for more funds without further delay. The Controlling Officer is particularly urged to ensure that a maintenance policy is put in place and enforced to resolve this matter in all Councils. The Committee will await a progress report on the matter.

l) Management of Constituency Development Fund

i. Failure to Implement Approved Projects

Response by the Accounting Authority

The Accounting Authority stated that the projects were not implemented on time due to price escalation, as a result of poor performance of the Kwacha because of COVID-19. Therefore, contractors could not respond favourably on the bids. Moreover, the incomplete Macha Community Market Shelter project had some aspect of the community contribution in terms of bricks and mobilisation of stones, which were not provided on time. The works had been done on some projects, and the following was the status of the projects:

CHOMA DISTRICT PROJECT 2020 CDF AUDIT RESPONSES

ITEM No.	DESCRIPTION OF PROJECT		CONSTITUENCY	CONTRACTOR	PROJECT ALLOCATION	AMOUNT DISBURSED	BALANCE OWED	CONTRACT DURATION	STATUS OF PROJECT
	PROJECT NAME	PROJECT TYPE							
1	Sichikwenkwe Community School	Completion of 1x2 CRB	Choma Central	not awarded	90,952.50	-	-	-	All bids received beyond project allocation- project referred back to CDFC for more allocation
2	Maluma Basic School 1x3 CRB	Completion of 1x3 CRB	Choma Central	not awarded	64,448.00	-	-	-	Ministry approved Allocation was 64,448.00 and not K168,392.00 as shown in the Auditor Generals report. All bids received beyond project allocation- project referred back to CDFC for more allocation so as to avoid phasing of project
3	Macha Market Shelter in Mbabala	Completion of Macha Market Shelter	Mbabala	Mamonisi Loss Control Services and General Contractors Limited	149,614.00	26,536.00	123,078.00	8 weeks	Late Community Mobilisation of upfront materials-Project rescope and Community engaged, Contractor to remobilise by 31st January, 2022.
4	Nalube Rural Health Post	Construction of Maternity Wing	Mbabala	not awarded	115,491.00	-	-	-	Inadequate funds- Referred back to CDF Committee for more funding so as to avoid phasing of project.
5	Maubwe Rural Health Post	Construction of a staff House	Mbabala	Vagma General Dealers	169,706.00	168,557.00		8 weeks	Completed

The Council would ensure the projects which were implemented were on full contract and had enough funding.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that completion of works outstanding is prioritised and expedited. It is disappointing to note that most projects were partially funded and Management is seeking for more funds through the Constituency Development Committee. The Committee cautions the Accounting Authority to ensure that projects are funded completely within one calendar year to avoid stalling works. The Committee will await a progress report on the matter.

m) Management of Liabilities

i. Failure to Remit Statutory Obligations K23,139,540

Response by the Accounting Authority

The Accounting Authority stated that his office was facing serious financial challenges due to limited revenue sources. There were expanded staffing levels because of transfers during the period under review. The Accounting Authority stated that he had started paying these obligations and had engaged statutory bodies on how best they would pay in flexible instalments. Further, the Council had conducted reconciliation with the ZRA office and it was established that the opening balance for 2021 was K4, 713,722.78. The Council had paid K322, 669.37 towards various statutory obligations as shown below.

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Movement K	Balance @ 1 Jan. 21 K	Addition @31 Dec. 21 K	Movement @ 31 Dec. 21 K	Balance @ 31 Jan 22 K
1	ZRA	8,082,840	1,121,987	9,204,827	3,369,117.22	9,204,827	2,387,563.03	(4,491,104.22)	7,101,285.81
2	NAPSA	7,610,586	3,629,685	11,240,271	-	11,240,271	1,726,201.96	(80,974.18)	12,885,498.78
3	LASF	2,620,602	223,840	2,844,442	150,000	2,694,442	568,062.46	(120,000)	3,142,504.46
4	ZULAWU	-	134,062	134,062	93,046	41,016	110,414.95	(121,695.19)	29,735.76
	Total	18,314,028	5,109,574	23,289,540	243,046	23,139,540	4,792,242.40	(4,813,773.59)	23,159,024.81

The Accounting Authority also added that the statutory bodies had been engaged in an effort to have accrued penalties waived, leaving principal amounts on obligations to ease the debt status of the Local Authority. The bills were being settled as they fell due.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Accounting Authority is also encouraged to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report.

n) Failure to Settle Staff Obligations - K3, 527,486

Response by the Accounting Authority

The Accounting Authority reported that the inability to settle the outstanding staff obligations was due to inadequate resources resulting from the expanded staffing levels because of incoming transfers during the period under review. The Accounting Authority stated that the Council had started paying these obligations in instalments and ensuring that it avoided accumulating future debts. The following table shows the status.

No.	Type of Debt	Balance b/f	Obligations for 2020	Cumulative Total	Payments	Balance	Balance @ 1 Jan. 21 K	Addition @ 31 Dec. 21 K	Movement @ 31 Dec. 21 K	Balance @ 31 Jan 22 K
1	Terminal Benefits	1,670,491	75,272	1,745,763	362,284	1,383,479	1,383,479	153,234.91	(212,478.67)	1,324,245.24
2	Long Service Bonus	552,626	-	552,626	20,000	532,626	532,626		(5,000)	527,626
3	Settling in Allowance	989,366	176,920	1,166,286	-	1,166,286	1,166,286	225,542.14	(897,853.11)	493,975.03
4	Gratuity	445,095	-	445,095	-	445,095	445,095		(149,889.17)	295,205.83
	Total	3,657,578	252,192	3,909,770	382,284	3,527,486	3,527,486	378,777.05	(1,265,220.95)	2,641,052.21

The Accounting Authority reported that Management would ensure that outstanding staff obligations were settled to ease the debt accumulation of the Local authority as current obligations would be settled as they fell due.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Accounting Authority is also encouraged to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report.

Chongwe Municipal Council

Paragraph 24

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income K10,250,844

Response by the Accounting Authority

Owners Rates

The Accounting Authority submitted that the budget was based on actual receivables from the extended 2014 valuation roll. The Council faced various challenges amongst them the first wave of the COVID-19 virus which made it difficult to collect taxes and enforce the law as various companies like the Airport and hospitality industry were closed for some time and others faced reduced working hours. Further, clients such as the National Institute of Scientific and Industrial Research (NISIR,) had been owing the Council and the amount outstanding stood at K4,199,648.10, thereby resulting in the huge uncollected property rates. Worth noting was that the annual demand for rates stood at K900,578.26. Furthermore, ZCCZ equally had a huge outstanding amount to the tune of K1,796,827.50. This led the Council engage bailiffs to cease property (motor vehicle) as could be noted from the Letter of Demand / Warrant of Distress. Residential areas were also not spared. In almost all areas where bills were delivered, the Council faced challenges in realising the anticipated revenue despite several follow ups through reminders and serving of warrants of distress to defaulting clients. However, the Council had continued to engage clients to ensure that it realised the much-desired revenues.

Fees and Charges

The Accounting Authority submitted that the anticipated activity of plot application fees at Smart Centre did not materialise and hence the under performance

Permits

The Accounting Authority submitted that the underperformance on this vault was mainly to do with reduced economic performance due to the advent of the first wave of COVID-19 virus which did not spare the district as some clients opted not to renew various permits payable to the Council due to restrictions which were toughened up to help curb the spread of the virus.

Charges

The Accounting Authority reported that the anticipated activity of plot issuance at Smart City under Chief Buvnda did not materialise and thus the low performance under this vault.

Other Income

This vault comprised income from ZESCO Wayleave Contract which was budgeted at the previous year's contract sum of K205,500 which was received in full. Worth noting was that the reported amount of K2,685,145 was wrongly coded due to system error in the (Baxel) accounting package. The amount in question was as a result of interbank transfers which had since been updated and amounts reconciled. The Council had since collected a total K1,399,140 arising from land alienation (fees and charges) from the recent advertisement of plots in the Smart City area. Further, the Council also recovered a total of K2,500,000 arising from a sale of property (charges) leaving a balance of K1,234,982 uncollected from the budgeted for amounts. The Accounting Authority submitted that by close of 1st quarter of 2021, a total of K456,613 and K352,993 for rates and permits respectively was collected for the previous charge year. The table below refers.

Revenue Type	Amount Queried	Amount Recovered	Variance
Rates	7,304,867.00	456,613.00	6,848,254.00
Fees and Charges	1,399,140.00	3,547,420.00	(2,148,280.00)
Permits	876,054.00	352,993.00	523,061.00
charges	3,734,982.00	2,500,000.00	1,234,982.00
Grand Total	13,315,043.00	6,857,026.00	6,458,017.00

The Council would make sure that realistic figures were attached to the budget in the budget process by removing non performing clients who may never pay their obligation as guided by the Ministry, for example NISIR and ZCCZ; and only including realistic values that could be possibly collected. Further, the Council had acquired enough vehicles which would aid in enforcing Section 19 (3) of the *Urban and Regional Planning Act No. 3 of 2015* and the *Public Health Act* by way of monitoring and inspections in the district in addressing the under collection of permit fees. Finally, the Council would make sure that all plots advertised were fully paid for as per terms and conditions laid down in the offer letters, failure to which the land would be repossessed and re-advertised.

Committee's Observation and Recommendation

The Committee observes with concern the negative variance on various revenue types projected against what was actually received by the Council. The Accounting Authority is urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance efforts in sensitising the community on payment of rates, fees and other Council charges. The Committee awaits a progress report until there is some notable improvement in the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Failure to Update the Main Valuation Roll

Response by the Accounting Authority

The Accounting Authority submitted that the failure to update the 2014 main valuation roll was due financial challenges. On 10th December 2021, the Appointed Valuation Surveyor delivered the 2019 main valuation roll to the Council in accordance with section 14 of the *Rating Act No. 21 of 2018*. The Council had since published a notice in the Government Gazette of 7th January 2022 and Zambia Daily Mail of 6th-7th January 2022 inviting all leaseholders to inspect the 2019 Main Valuation Roll as well as receive objections in accordance with section 15 of the said Act. The Council had also since adopted a Council Resolution No. C/06/12/21 to propose rate levies for the said roll. The Council during the 2nd Ordinary Council meeting held on 29th December 2021 vide Minute No. C/06/12/21 resolved to make a further application of the extension of the validity of the 2014 main valuation roll for a period of one (1) with effect from 1st January 2022, to enable the Council complete the preparation of the 2019 main valuation roll. The Accounting Authority would ensure that money was set aside before the expiry of the roll to avoid delays in project implementation.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by Management to put in place a valuation roll and wonders how they are able to prepare financial statements. The Accounting

Authority is directed to treat this matter with the urgency it deserves by ensuring that a valuation roll is updated without further delay. The Committee also directs the Controlling Officer to ensure that all councils have valuation rolls by making this a priority during monitoring the performance of councils. The Committee awaits a progress report on the matter.

c) Failure to collect franchise fees – collection and transportation of solid waste

Response by the Accounting Authority

The Accounting Authority submitted that the non collection of franchise fees was just an omission as the receipts to show proof of payment were not presented for audit scrutiny at the time of the audit. All franchise contractors had paid the franchise fees and continued to pay tipping fees at the dumpsite. Receipts were available for audit verification. The Council would endeavour to improve its filing system to avoid delayed submission of requested for information.

Committee’s Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that erring officers are disciplined. Only then will the matter be closed subject to audit verification.

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

Response by the Accounting Authority

The Accounting Authority submitted that the failure to remit the 50% revenues realised from fire certification was due to financial challenges. However, all fire related activities were catered for in the main account. The Council had since opened a dedicated fire account. Moreso, in the period of licensing for all the moneys collected for fire services 50% of the total collected would be remitted to the fire account. A total of K10,000 had been remitted to the same account. Proof of remittance was available for audit verification. The Council would make sure that 50% of all collected fire money in the period of licensing for the following years was remitted accordingly to the fire account.

Committee’s Observation and Recommendation

The Committee notes the submission and resolves to close the matter subject to audit verification.

e) Asset Management

i. Failure to Register Motor Vehicles

Response by the Accounting Authority

The Accounting Authority submitted that the failure to register the wheel trailer tipper and TAFE 5900DI valued at K48,730 was to due to lack of institutional memory. Further, Council failed to trace documentation pertaining to the donation and thus made it difficult to

have the equipment registered. Moreover, the Danish Embassy could not be contacted to help trace documentation as they had moved out of the country. The Council had since written to Road Traffic and Safety Agency to ensure that ownership of the said assets was transferred from the Danish Embassy to Chongwe Municipal Council and was awaiting response. A letter for the transfer of ownership was available for verification. The Council would ensure that all donated assets were accounted for by way of transfer of ownership as and when received.

Committee's Observation and Recommendation

The Committee notes with concern the failure by the Accounting Authority to register equipment that was donated to them. What is worrisome is the intention by Management who from the Committee's point of acted with impunity in failing to register the equipment. The Committee is of the view that the omission is intentional and aimed at depriving the Council of this equipment as it would not have any traceable records. The Committee urges the Controlling Officer to sternly caution Council management on this failure and ensure that the equipment is registered without any further delay. The Committee will await a progress report on the matter.

ii. Failure To Maintain Property

Response by the Accounting Authority

The Accounting Authority submitted that the failure to renovate the property was a due to the fact that it was occupied by inmates at the time and still was. The structure was among properties earmarked to undergo renovations as provided for in the draft 2022 – 2024 Output Based Budget which was yet to be approved. Documents were available for inspection. The Council would ensure that budgeted for items were implemented as and when funds were available.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged to ensure that all the properties are maintained without further delay. It is the Committee's view that dilapidated properties may result in loss of public funds and hence the need to expedite the process of maintenance. The Committee resolves to await a progress report on the matter.

g) Failure to Reimburse Funds – Management of Local Government Equalisation Fund

Response by the Accounting Authority

The Accounting Authority submitted that the failure to reimburse the borrowed funds was as a result of financial challenges. The Accounting Authority submitted that the borrowed funds amounting to K50,000 had since been paid back to the 20% Capital Roads Account and proof of payment was available for audit verification. The Council would ensure that all borrowed funds were paid back within the shortest possible time.

Committee's Observation and Recommendation

The Committee sternly cautions the Accounting Authority to desist from misapplying funds meant for capital expenditure to avoid recurrence. The Committee, however, resolves to close the matter subject to audit verification.

g) Management of Liabilities

i. Failure To Remit Statutory Obligations K39,588,063.58

Response by the Accounting Authority

The Accounting Authority submitted that the none payments of statutory obligation was due to financial challenges that the Council was facing. The Council had entered into a payment plan and out of a total of K40,119,864 being owed only K531,800.42 had been paid leaving a balance of K39,588,063.58 as tabulated below.

NO	Details	Amounts Owed	Amount Paid		Balance
1	ZRA	11,420,160	0		11,420,160
2	NAPSA	27,145,472	311,800.42		26,833,672
3	LASIF	1,209,545	40,000.00		1,169,545
4	NHIMA	235,905	135,000.00		100,905
5.	MADISON	108,782	55,000.00		53,782
	TOTAL	40,119,864	541,800.42		39,578,063.58

The Council had devised payment plans in order to ensure that remittance of the current statutory contributions was consistent. The Council would endeavour to adhere to the governing rules for the payment of statutory obligations.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii. Failure To Settle staff and obligations K1, 547,997

Response by the Accounting Authority

The Accounting Authority submitted that the none payments of statutory obligation was due to financial challenges that the Council was facing. The Council had entered into a payment plan and out of a total of K1,547,997 being owed only K842,013 had been paid leaving a balance of K705,984 as tabulated below.

NO	Details	Amounts Owed	Amount Paid	Balance
1	Terminal Benefits	673,381.00	46,361.93	627,019.07
2	Settling in Allowance	874,616.00	795,651.07	78,964.93
	TOTAL	1,547,997	842,013	705,984

The Council would endeavour to ensure that it expanded and mobilised its revenue bases and met its obligations promptly as and when they fell due to avoid such reoccurrences.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Committee resolves to await a progress report.

Isoka Town Council

Paragraph 25

25.1 Budget and Income

Response by the Accounting Authority

The Accounting Authority noted the Auditor General's observation on Budget and Income performance resulting in a negative variance of K854,146.

Local Taxes

The Accounting Authority reported that the under collection on local taxes was due to the non billing for property rates, as the revaluation for properties was still ongoing during the period under review. Section 9(4) of the *Rating Act No 1 of 2018* required councils to seek for authority to bill for rates on an old valuation roll. If such authority was not granted by the Minister, as the case was for the Council, no billing could be done on an expired Valuation Roll, which was last updated in 1992. This resulted in the below average performance for property rates. However, the roll was in use and hence the Council was expected to perform better under local taxes. Documents were available for verification

Fees and charges

The Accounting Authority collected 80% against the budget. The failure to collect 100% was due to the removal of a Council barrier by cadres making it difficult to collect sand levy, grain levy and other farm produce levies. The barrier had since been restored and the Council was collecting an average of K500 per day.

Licences

The low collection was attributed to the impact of Covid-19, as most businesses did not operate normally thus affecting collections for licenses.

Charges

The Accounting Authority did not meet its target due to the delay in numbering plots by the Ministry of Lands, leading to failure to offload the parcels of land to the public. The plots had

since been numbered and offers given to successful applicants. Collections for plot premiums (service charges) were expected this year. The Accounting Authority would take advantage of the existing political will to exercise its powers to collect revenue.

Committee's Observation and Recommendation

The Committee observes, with concern, the negative variance on various revenue types projected against what was actually received by the Council. The Accounting Authority is urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report until there is some notable improvement in the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Weaknesses in Accounting

i. Missing Receipt Books

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation on missing receipt books and reported that, the loss of receipt books was due to misfiling. The Accounting Authority stated that the receipt books were used, all the moneys were banked and the receipt books were returned as indicated in the accountable register. Further, the Accounting Authority had since constructed the strong room to keep all receipt books to avoid losing them. The missing receipt books were found and were available for verification. The Accounting Authority had assigned a senior officer to be in charge of accountable documents.

Committee's Observation and Recommendation

The Committee doubts the authenticity of the documents which are purported to have been found. In this regard, Committee directs the Accounting Authority to ensure that officers who misfiled the receipt books are surcharged only then will the matter be closed.

ii. Failure to Collect Rental Charges - K10, 200

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation on failure to collect rental income. The failure to collect was due to the tenant's loss of employment, making it difficult to recover rentals from him. The tenant was served with a notice of eviction but delayed in looking for alternative accommodation. The Accounting Authority reported that a provision had been made in the 2022 budget to rehabilitate the house as it was in a very bad state. The Accounting Authority had nevertheless written to the tenant to make payments towards the outstanding rentals. The Accounting Authority had drafted lease agreements with conditions that would ensure that tenants complied.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to collect the much needed revenue for the Council despite grappling with liquidity problems. The Committee finds the reason of unemployment on the part of the tenant unacceptable, as tenants should prove their capacity to pay before taking occupancy. The Accounting Authority is urged to ensure that all available options are explored to collect revenue without further delay. The Committee will await a progress report.

iii. Irregular use of Fuel - K4,735.15

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation on irregular use of fuel. The Accounting Authority reported that the Council Chairperson was doing civic activities in the District and beyond, in terms of disaster management and project monitoring, among others, as per the activity reports.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to adhere to Local Government Minute No.MLGH/71/6/93 of 2012. The Accounting Authority is sternly cautioned to desist from misleading the Committee and is, therefore, directed to avail reports to the Office of the Auditor General for verification. The Accounting Authority is, however, warned that if the documents purported to be available are not authentic, the *National Assembly (Powers and Privileges) Act, Chapter 12 of the Laws of Zambia* with regard to misleading the Committee will be invoked against her. The Committee will await a progress report.

iv. Management of Local Government Equalisation Fund

i. Failure to Reimburse Borrowed Funds - K106,653

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation on failure to reimburse borrowed funds. The borrowed funds were used to pay the Rating Tribunal Sitting, which served an invoice to the Council at short notice. Failure to pay these funds could have resulted in the Council not getting a rating award from the Tribunal. The Accounting Authority reported that the Council had reimbursed the entire amount borrowed from the capital account. The Accounting Authority committed not to borrow funds from the capital account.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is sternly cautioned to desist from borrowing funds meant for capital projects. She is also cautioned to note that such action amounts to misapplication, which requires Treasury authority and must be avoided at all costs. The Committee, however, resolves to close the matter subject to audit verification.

v. Delayed Completion - Kalungu Dry Port Ablution Block

Response by the Accounting Authority

The Accounting Authority reported that the ablution block at the dry port was completed and the completion certificate was available for verification. Management would ensure that approved projects were implemented within the contract period.

Committee's Observation and Recommendation

The matter is recommended for closure subject to audit verification.

vi. Delayed Completion of Waiting Shelter at Mwaiseni Area

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation on delayed completion of the waiting shelter at Mwaiseni area. The delay in the project was as a result of the COVID-19 pandemic which affected the supply of most materials on the market. The Accounting Authority engaged the contractor who made assurance that works would be completed by first week of February 2022. The building was 97% complete. The Accounting Authority would ensure that approved projects were implemented within the contract period.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that completion of works outstanding is expedited. The Committee will await a progress report on the matter.

vii. Completion of a Staff House at Malonje Community School

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation on the 2020 CDF staff house at Malonje Community School. The delay in delivering of materials was as a result of the COVID-19 which affected the prices of most materials and shortages in supply. The road to Malonje became impassable during the rainy season, thereby making transportation of materials difficult. The Accounting Authority reported that the staff house at Malonje Community School had been roofed in line with the contract. The Accounting Authority would ensure that approved projects were implemented within the contract period.

Committee's Observation and Recommendation

The Committee notes the submission but cautions the Accounting Authority to ensure that works are carried out expeditiously in order to give the intended service delivery to the community. The Accounting Authority is also directed to ensure that works are supervised during the contract period to avoid shoddy works and ensure value for money. The Committee will await a progress report on the matter.

viii. Failure to Remit Statutory Obligations

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation on failure to remit statutory obligations. The Council reports that the local resources it raised and the LGEF it received during the period under review was not enough to pay emoluments at gross, including statutory obligations. The Accounting Authority also reported that the Council entered into the payment plans with both NAPSA and ZRA to be paying the historical debt and current demand in manageable instalments. The Council was making instalment payments. The Accounting Authority was committed to liquidate the liabilities once there was improved capacity.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Council is also encouraged to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report.

Kabompo Town Council

Paragraph 26

Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income K2,759,795

Response by the Accounting Authority

Local Taxes

The Accounting Authority acknowledged the auditor's observations and reported that the failure to collect revenue was due to COVID-19 as traders started laying off workers and this gave a negative impact on our budget for personal levy.

Fees and Charges

The Accounting Authority acknowledged the Auditor's observations and reported that the failure to collect revenue was due to lockdowns and workers working in rotations as a result of COVID-19 and Gassing reported in the first quarter. These gave a negative impact in the District Economic development.

Other Grants

The Accounting Authority acknowledged the auditor's observation and reported that the negative variance on other grants was due to over budgeting as the Council anticipated to

receive grants for the Rural Water Programme by UNICEF, however the Council did not receive grants as anticipated. Management has since formed the timber levy committees to enhance timber levy collection. Management also procured a vehicle to enhance collection of revenue in far flung areas. Documents are available for verification. Placing of revenue collectors at all timber companies in order to maximise collection of timber levy and the formation of an inter-departmental committee to enhance collection of license fees were some of the remedial measures taken.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to set realistic budgets, coupled with detailed analysis of the revenue base to avoid this failure. The Accounting Authority is also urged to ensure that turn-around strategies are devised and implemented to counter these unintended outcomes. The Committee urges the Office of the Auditor General to keep the matter in view during future audits.

b) Failure to Provide Warning Signs at Dumpsite

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observations and reported that the failure to provide warning signs at the dumpsite was due to theft of the signposts by the community. Management stated that they had elected new sign post to the site. The Council had also engaged a watchman to supervise and guard the site during the day. Management would ensure that there were signs on site to provide guidelines and direction necessary for entry into the dumpsite and the place is always guarded.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to continue securing the dumpsite with sign posts to provide guidelines and direction necessary for entry into the dumpsite. The Committee resolves to close the matter after verification by auditors.

c) Failure to Update Valuation Roll

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observations and reported that the failure to update the Valuation Roll was due to lengthy procedure required to update it. The Council had since completed formulation of the Valuation Roll and submitted to the Tribunal for an award. Management had formulated the Valuation roll team who would ensure timely update of the Valuation Roll when it expired.

Committee's Observation and Recommendation

The Committee is disappointed by the failure by Council to implement Section 9 (4) of the Rating Act No. 21 of 2018. The Committee strongly urges the Accounting Authority to ensure that an updated valuation roll is finalised and operationalised as a matter of urgency. The Committee awaits a progress report on the matter.

d) Lack of Title Deeds and Insurance for Council Property

Lack of Title Deeds and Insurance for Council Property

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observations and reported that the failure to secure Title Deeds and Insure the Council Properties was due to lengthy procedure required to acquire the Title deeds and the Liquidity problems to insure the Council properties. The Council further reported that at the time of audit, under the Council Minute Number PWSS/42/09/19, the Council approved the acquisition of title deeds and the part payment had been made to the Regional survey office for the preparation of survey diagrams. The Council has made a follow up with Regional surveyor's office on the issue of Survey Diagrams and the Council Buildings had since been insured. Documentation is available and ready for verification. The Council would endeavor to ensure that all properties and assets were insured and title deeds were acquired on all the Council Properties on time.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to secure title deeds for all council properties. The Committee strongly urges the Accounting Authority to ensure that all properties are secured with both title deeds and insurance cover to guarantee safety of the Council properties. The Committee resolves to await a progress report.

e) Failure to Remit Statutory and Other Obligations K4, 378,588

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observations and reported that the failure to Remit Statutory and Other Obligations was due to Liquidity problems faced by the Council. The Council has made Commitments to the same and has since paid K60, 000 towards ZRA Outstanding obligation and payment plan has been put in place to liquidate the debt. The Council has also made an agreement with NAPSA to liquidate the debt through monthly installment of K15, 000. The Council has also paid K15, 000 to NHIMA towards the outstanding Debt. The Council would also offset some of the long outstanding debt once the award of the submitted Main Valuation Roll is given. The Council has submitted the Main Valuation Roll to the Tribunal and once the Award is given and this will enable the Council to offset the long outstanding Statutory Obligations.

Committee's Observations and Recommendations

The Committee observes with concern the huge debt stock and the failure by the Accounting Authority to dismantle it over the years. The Committee strongly urges the Accounting Authority to ensure that all available options are explored to ensure that the debt is dismantled without allowing it to grow any further. The Committee resolves to await a progress report.

Kabwe Municipal Council

Paragraph 27

An examination of financial and other records maintained at the Council for the financial year ended 31stDecember, 2020 and a physical inspection of selected projects revealed the

following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income K31,417,961.

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the Auditor General regarding negative variance and reported as stated in the table below.

No.	Source of Funds	Budget K	Income K	Variance K	Cause of Query
	Locally Generated				
2	Local Taxes	12,482,369	6,212,171	(6,270,198)	The negative variance was as a result of the unfavourable economic factors in the year under review as major companies such as Mulungushi Textile, KIFCO, Foresticol Fertiliser were non operational
3	Fees and charges	23,750,383	6,026,050	(17,724,333)	Negative variance was due to over budgeting as the Council anticipated to sale parcels of land from the degazetted Mpima forest, but the planning process took longer
4	Licences	778,000	450,900	(327,100)	The budgeted licenses, could not be realised as anticipated due to the negative effect of COVID-19 as most were not operating at full capacity.
5	Levies	2,614,500	1,717,688	(896,812)	The budgeted levies, could not be realised as anticipated due to the negative effect of COVID-19 as most were not operating at full capacity.
6	Permits	3,726,000	4,080,638	354,638	The budgeted amount on permits was achieved because clients were compliant after mass sensitization.
7	Other Income	5,816,421	862,237	(4,954,184)	The budgeted for other income could not be realised as anticipated due to the negative effect of COVID-19 as most were not operating at full capacity.

	Total	49,167,673	19,349,684	(29,817,989)	
	National Support				
6	Local Government Equalisation Funds	17,571,381	16,412,597	(1,158,784)	The council did not receive the grant for the month of December 2020
7	Grant In Lieu of Rates	100,000	-	(100,000)	The Grants In Lieu of Rates was not received
8	Constituency Development Fund	3,200,000	3,200,000	-	
9	Other Grants (Fire training school)	1,161,188	820,000	(341,188)	The under collection was due to the fact that the grant was not disbursed in 2020 but in 2021
	SubTotal	22,032,569	20,432,597	(1,599,972)	
	Total	71,200,242	39,782,281	(31,417,961)	

The Accounting Authority reported that most commercial rates payers were almost up-to date with the payments. The Council had so far collected a total of K15, 936,214.88 broken down K5, 168,736.67 and K10,767,478.21 for residential and commercial property rates respectively. This left a balance of K3, 999,611.12. The Council entered into payment plans with both commercial and residential rates payers. Management had also procured a utility vehicle to assist in revenue mobilisation and had procured 15 point of sale machines to be used in the collection of fees and charges in the markets and bus stations under the e-levy programme. Further, the Council had numbered and beacons 800 plots in Mpima which were ready to be offered to the public in the 2022 financial year. Management had continued sensitising the community on the need and benefits of paying fees and charges to the Local Authority. Documents were available for audit verification. Management had budget to enhance the automation of its revenue collection systems and was engaging the community on the importance of paying the fees to the Council in order for it to effectively provide municipality services.

Committee's Observation and Recommendation

The Committee observes with concern the huge negative variance on revenue projected against what was actually received by the Council. The Accounting Authority is urged to ensure that the Council devises new strategies to enhance revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Lack of an Integrated Development Plan

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observations and reported that the lack of an integrated plan during the period under review was due to liquidity constraints.

Management stated that it had since done quite a number of stakeholder sensitisation concerning Integrated Development Planning. Management had also conducted a number of meetings for the same. The Accounting Authority further reported that the Integrated Development Plan (IDP) had been budgeted for in the year ending 2023. Documents were available for verification. Management would ensure that an approved IDP was in place to ensure the district's coordinated development.

Committee's Observation and Recommendation

The Committee is disappointed by the failure to prepare and implement section 19 (3) of the *Urban and Regional Planning Act No.3 of 2015* by the Council. The Committee strongly urges the Accounting Authority to ensure that an IDP is prepared and operationalised without further delay. The Committee awaits a progress report on the matter.

c) Failure to Control and Manage Markets

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the Auditor General regarding failure to control and manage the nine markets. However, the Accounting Authority reported that Management had not yet built its own infrastructure in community run markets and it was challenging to get co-operation from traders because of political interference. Management had formed Market Advisory Committees in these markets to help sensitise marketeers on the legal requirement for the Council to take control and manage the markets in its jurisdiction. In view of the aforesaid, the Council was making headway in taking control and managing of all the markets in the district. This followed the formation of Market Advisory Committees and also the Presidential directive that all markets and bus stations should be under the control of a local authority having jurisdiction in the area in which they were situated. Documents were available for verification. Management would ensure that it worked closely with Market Advisory Committees to ensure effective running and management of the markets.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Accounting Authority to control Markets and Bus stations as per requirement under section 5 (1) of the *Market and Bus Station Act No.7 of 2007*. The Committee is not happy to hear that political interference is being cited as a reason for failure to control markets. This entails that officers themselves were aligning themselves with political figures and hence the failure. It is the Committee's view that officers must remain professional in their exaction of duties and follow laid down procedure in the execution of their work. The Committee directs the Accounting Authority to ensure that all markets under the Council's jurisdiction are controlled by it henceforth and that all the necessary facilities are provided to the traders. The Committee awaits a progress report on the matter.

d) Accounting for Revenue

i. Failure to Collect Revenue

- **Leased Council Properties - (K845,142)**

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the Auditor General regarding failure to collect revenue amounting to K845,142 on leased council properties. However, the Accounting Authority reported that this was as a result of defaulting tenants, who claimed to have low sales due to COVID-19 pandemic which had negatively affected their businesses. The pandemic resulted in many of their businesses being temporarily closed. Management had made efforts to collect rental income and had collected K131, 591.96 leaving the balance of K713, 550.04 Tenants who had completely failed to pay were issued with eviction letters. The Council had also started the process of acquiring the services bailiffs to help the Council collect the monies in totality. Documents were available for verification. Management was closely monitoring tenants to ensure that they were consistent in paying rental income by issuing demand notices on time. The Council was also accelerating the process of acquiring the services of bailiffs to ensure that tenants who had defaulted paid their outstanding balances.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Accounting Authority to collect revenue while the Council experienced liquidity problems. It is disheartening to note that officers are only reminded after audit to make any efforts to resolve the matter. The Accounting Authority is directed to ensure that all outstanding revenue in form of rental income are collected using all available options. The Committee awaits a progress report on the matter.

- **Property Rates K19, 935,826**

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the Auditor General regarding failure to collect revenue on property rates. Further management stated that the adverse variance was as a result of the unfavourable economic factors in the year under review as major companies were non-operational and as a result the Council could not collect the anticipated revenue. The Accounting Authority reported that most commercial rates payers were almost up-to-date with the payments. Council had so far collected a total of K15,936,214.88 broken down as K5,168,736.67 and K10,767,478.21 for residential and commercial property rates respectively. This left a balance of K3, 999,611.12. The Council entered into payment plan with both commercial and residential rates payers. Documents were available for audit verification. Management would ensure that it collected all outstanding amounts due to the Council and was closely monitoring the rates payers taking into consideration adherence to payment plans.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Accounting Authority to collect revenue while the Council experienced liquidity problems. It is disheartening to note that officers are only reminded after audit to make any efforts to resolve the matter. The Accounting Authority is directed to ensure that all outstanding revenue in form of commercial property rates are collected using all available options without any further delay.

The Committee awaits a progress report on the matter.

- **Mulungushi Motel– Outstanding Bills - K54, 750**

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the Auditor General regarding failure to pay outstanding bills for three accommodated Council employees and reported that this was as a result of the Council having financial challenges. The Accounting Authority reported that the Council had since deducted housing allowances from the employees in question and money had been remitted to the Motel bank account. Documents were available for audit verification. Management would ensure that no officer on transfer was accommodated for a long time at Mulungushi Motel.

Committee’s Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to desist from this habit. The Committee, however, resolves to close the matter subject to audit verification.

- e) **Failure to Avail Lease Agreements**

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the Auditor General regarding failure to avail lease agreements in respect of eight (8) properties. However, he reported that the failure to avail the lease agreements for the cited properties was because the Lease agreements were misfiled at the time of audit. Management had since taken the all non-compliant tenants to Court. Further all lease agreements had been retrieved. Documents were available for audit verification. Going forward, management would ensure that all lease agreements were properly kept and availed for audit.

Committee’s Observation and Recommendation

The Committee observes with concern the failure with impunity, by the Accounting Authority to avail the lease agreements during the period of audit. The Committee urges the Accounting Authority to ensure that disciplinary action is taken against erring officers and only then will the matter be closed.

- f) **Management of Payroll and Other Related Staff Matters**

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

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the Auditor General regarding failure to fill vacant positions. However, he reported that the authorised vacancies totalling one hundred eighty nine (189) positions could not be filled by the LGSC because of financial constraints that Kabwe Municipal Council was facing. The Accounting Authority reported that the key positions of Chief Administrative officer, Senior Administrative Officer, Stores Controller, Legal Officer, Chief Accountant-Expenditure, Chief Internal Auditor, and

Chief Buildings Inspector had since been filled. Further, Management was waiting for the LGSC to deploy the Chief Architect and the remaining cited by the auditor. Documents were available for audit verification. The Council would continue to submit quarterly staff returns and engage the Local Government Service Commission in order to constantly fill all key vacant positions.

Committee's Observation and Recommendation

In noting the submission, the Local Government Service Commission is urged to ensure that staff related matters are given attention to avoid understaffing councils and depriving them of the much needed key positions. The Accounting Authority is also urged to ensure that quarterly staff audits are done in order to enable the Council act promptly by impressing upon the Commission to normalise such irregularities in the shortest possible time. The Committee awaits a progress report on the matter.

ii. Over employment of Staff

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the Auditor General and reported that the employment of Council staff was the preserve of the LGSC. The Accounting Authority reported that he had been submitting staff returns with regard to the Council's establishment and would continue to seek guidance from the Local Government Service Commission with regard to the Council's human resource needs. Documents were available for audit verification. The Accounting Authority reported that the Council would continue liaising with the LGSC on staff matters and submitting the quarterly staff returns for the attention and action of the LGSC.

Committee's Observation and Recommendation

In noting the submission, the Local Government Service Commission is urged to ensure that staff related matters are given attention to avoid over-burdening councils with personal emoluments whilst they are grappling with liquidity problems. The Accounting Authority is also urged to ensure that quarterly staff audits are done to enable the Council act promptly by impressing upon the Commission to normalise such irregularities within the shortest possible time. The Committee awaits a progress report on the matter.

g) Procurement of Goods and Services

i. Unvouched Expenditure K1, 122,760

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the Auditor General regarding unvouched expenditure and documents not supported with relevant documents. However, he reported that the cause of both cited queries was the misfiling at the time of audit. Further, the Accounting Authority reported that some documentation was with user departments at the time of audit. The Accounting Authority reported that the payment vouchers had been correctly filed and all the necessary supporting documents attached to the respective payment vouchers. Furthermore, management had assigned and oriented an officer

in charge of filing the vouchers as they were processed. Lockable cabinets had been secured to ensure restricted access to accountable documents. Documents were available for audit verification. Management would ensure that payment vouchers and supporting were correctly filed in the relevant box files.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Accounting Authority to avail documents during the period of audit. The Committee urges the Accounting Authority to ensure that disciplinary action is taken against erring officers and only then will the matter be closed.

ii. Un-acquitted Allowances K33,547

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the Auditor General regarding un-acquitted allowances. However, he reported that the allowances were acquitted correctly although the acquittal sheets were filed separately. The Accounting Authority reported that the acquittal sheets had been retrieved and attached to the relevant payment vouchers. Documents were available for audit verification. Management would ensure that acquittal sheets were properly filed and an officer had been assigned to be in charge of attaching acquittal sheets to payment vouchers on a daily basis.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Accounting Authority to avail documents during the period of audit. The Committee finds it unacceptable and difficult to ascertain the authenticity of the documents since they only resurfaced later without verification by auditors. The Committee sternly cautions the Accounting Authority and directs him to avail them to auditors for verification, failure to which the provisions of the *National Assembly (Powers and Privileges) Act Cap 12 of the Laws of Zambia* with regard to misleading or uttering false documents. The Committee urges the Accounting Authority to ensure that disciplinary action is also taken against erring officers, only then will the matter be closed.

iii. Unretired Accountable Imprest K9, 060

Response by the Accounting Authority

The Accounting Authority acknowledged the observations made by the Auditor General regarding unretired accountable imprest and reported that the cause of the unretired imprest at the time of audit was the absence of the responsible officers who had gone to school at the time of audit. The Accounting Authority reported that the cited amount had since been retired and attached and available for verification. The Accounting Authority reported that he would ensure that it adhered to the financial regulations in future.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Accounting Authority to avail

documents during the period of audit. The Committee urges the Accounting Authority to ensure that disciplinary action is taken against erring officers and only then will the matter be closed.

iv. Unaccounted for stores K686,187 (General Stores K166,502, Building materials K482,832 and Fuel K36,853)

Response by the Accounting Authority

The Accounting Authority had taken note of the Auditors' observation and reported that unaccounted for stores was due to the fact that some disposal details were filed separately. The Accounting Authority reported that all the documentation had since been attached to the respective payment vouchers. Documents were available for audit verification. The Accounting Authority reported that he would ensure that all disposal details were properly kept and availed to auditors at the time of audit.

Committee's Observation and Recommendation

The Committee observes with concern the failure, with impunity, by the Accounting Authority to avail documents during the period of audit. The Committee urges the Accounting Authority to ensure that disciplinary action is taken against erring officers and only then will the matter be closed.

h) Management of Constituency Development Fund– Kabwe Central Constituency

i. Unaccounted for Stores (Face Masks)

Response by the Accounting Authority

Management had taken note of the Auditors' observation and reported that unaccounted for stores was due to the fact that some disposal details were filed separately. The Accounting Authority reported that all the documentation had since been attached to the respective payment vouchers. Documents were available for audit verification. The Accounting Authority reported that he would ensure that all disposal details were properly kept and availed to auditors at the time of audit.

Committee's Observation and Recommendation

The Committee observes with concern the failure, with impunity, by the Accounting Authority to avail documents during the period of audit. The Committee urges the Accounting Authority to ensure that disciplinary action is taken against erring officers and only then will the matter be closed.

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

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the Auditor General regarding the delay in completing construction of an ablution block at Katondo Primary School. However, he reported that the project was affected by the rise in price of materials

due to exchange rate and inflation. The Accounting Authority reported that the list of all projects that needed extra funding to be completed was submitted to the Constituency Development Fund Committee as the allocations were not enough to complete the projects. They were scheduled to be included in the 2022 CDF allocation. Documents were available for verification. The Constituency Development Fund Committee had adopted the completion ablation block for Katondo Primary School as one of the projects to be funded under the 2022 Constituency Development Funding.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that completion of works outstanding is prioritised and expedited. It is disappointing to hear that implementation was hampered due to allocation of insufficient funds. The Committee urges the Accounting Authority to ensure that he lobbies the respective Constituency Development Committees (CDFCs) to fund projects completely as opposed to partially. This is to avoid stalling works and delaying service delivery. The Committee strongly urges the Accounting Authority to ensure that projects are completed promptly and a progress report on the matter will be awaited.

iii. Delayed Completion of Katondo BOC Community School

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the Auditor General regarding the payment made towards the labour for the construction of wall fence at Katondo BOC Community School. However, he reported that the payment made was in accordance with the agreement. The school administration was not sure about the boundary of the school as it was a community school and was located in unplanned settlement. The plan was to construct a wall fence halfway to prevent encroachments and construct the other half after boundary had been ascertained. Management had engaged the school to ascertain the boundary and that the Kabwe Central CDF committee resolved that it would fund the remaining works under its 2022 budget. Documents were available for verification. The Accounting Authority reported that community schools should define their boundaries before applying for funding to construct boundary wall fences.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that completion of works outstanding is prioritised and expedited. It is disappointing to hear that implementation was hampered due to partial funding. The Committee urges the Accounting Authority to ensure that he lobbies through the respective (CDFCs) to fund projects completely as opposed to partially. This is to avoid stalling works and delaying service delivery. The Committee strongly urges the Accounting Authority to ensure that projects are completed promptly and a progress report on the matter will be awaited.

i. Management of Liabilities

i. Failure to Remit Statutory Obligations K147, 629,037

Response by the Accounting Authority

The Accounting Authority acknowledged the observation of the Auditor and reported that failure to remit statutory obligations was due to liquidity challenges during the period under review. The Accounting Authority reported that the Council had paid substantial amounts for some of its statutory obligations such as NHIMA, ZULAWU and Madison as indicated in the table below;

No.	Institution	Balance at the time of Audit	Payments to date	Balance To date
			K	K
1	ZRA	18,831,374		23,020,716.69
2	NAPSA	112,351,806	256,381.10	112,095,424.90
3	LASF	8,063,917.98	40,000	8,241,416
4	Madison	205,316	86,182.94	119,133.06
5	NHIMA	290,268	188,662.40	101,605.60
6	ZULAWU	506,780	247,780.00	259,000.00
	Total	147,629,037	819,006.44	143,837,296.25

Management had engaged other statutory bodies highlighted by the auditors and had entered into a liquidation plans. Documents were available for audit verification. The Accounting Authority reported that the formulated liquidation plan would go a long way in offsetting the huge debts owed by the Council.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii. Outstanding Staff Obligations K26, 642,416

Response by the Accounting Authority

The Accounting Authority acknowledged the observation of the Auditor and reported that the outstanding staff obligations was as a result of inadequate funds to pay outstanding staff obligations for all Council employees during the period under review. The Accounting Authority reported that they had come up with a Debt Liquidation Plan to offset its outstanding obligations. However, he reported that the Council would be setting aside a substantial amount every month towards paying terminal benefits. Furthermore, the Accounting Authority reported that the Council cleared the salary arrears that were reported in the period under review and settling in allowances for the officers that were still within the council. Kindly refer to the table below.

No.	Type of Debt	Balanceb/f	Payments to Date	Balance
		K	K	K
1	Long Service Bonus	8,902,358	1,337,829.85	7,564,528.15

2	Terminal Benefits	12,834,464	(813,285.37)	13,647,749.37
3	Travel Benefits	157,756	-	157,756
4	Settling in Allowance	1,552,407	975,683.86	576,723.14
5	Salary Arrears	3,195,432	3,195,432.00	0
	Total	26,642,417	4,515,660.34	22,946,756.66

Documents were available for audit verification. The Accounting Authority reported that the formulated liquidation plan would go a long way in offsetting the huge debts owed by the Council to its employees.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Committee resolves to await a progress report.

Kafue Town Council

Paragraph 28

28.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income (Variance K68,117,055)

Response by the Accounting Authority

1. Local Taxes

The Accounting Authority submitted that the under-performance was mainly attributed to residential property rates not being collected. This had arisen from difficulties experienced during the implementation of the valuation roll after it was updated. The challenges included inconsistencies in the client database in terms of what was contained in the valuation roll and what was on the ground. The absence of maps which were the main guiding documents when the bills were being distributed and the illegal subdividing of properties, led to conflicting information on the ground against the content of the valuation roll. The Council had invited all clients whose bills had wrong details to visit the Civic Centre to correct their personal property details. Those that had come through had had their details updated and bills printed. The Council had also embarked on updating the residential maps. The Council issued a circular to encourage all those that had done sub-divisions to visit the Council and normalise their details. As the Council embarked on updating the 2022 Valuation roll, steps were being undertaken to ensure correct client data base was created. All maps required for the exercise would be made available. Publicity on steps to follow on property subdivision had been stepped up.

2. Fees and Charges

Variance on this source was attributed to under performance in a number of income budget lines such as survey fees; change of premises use fees; container or ntemba fees; market fees; parking fees; hire of hall fees; hire of chairs fees; hire of grounds fees; refuse collection fees; exhibition fees; library fees; toilet fees; and illegal parking fees.

i. Parking fees

The Council had planned to implement the collection of parking fees by designating certain areas in the central business district for this purpose but was not implemented because consultation with stakeholders had not been concluded.

ii. Swimming pool

The Council had planned to renovate the swimming pool and operationalise it, but this was not implemented due to financial challenges.

iii. Refuse collection

Refuse collection fees were supposed to come from areas where the Council could not allocate the franchise companies. The plan was to acquire refuse collecting equipment. This was not achieved due to inadequate resources. Going forward, the Council planned to implement some measures listed hereunder.

- a. Revised the 2020 budget downwards from K97, 093, 197 to K48, 546,600 as it was not commensurate with the capacity to collect due to COVID-19 outbreak.
- b. The Council engaged clients that were allocated plots in Valley View area and most of the fees had been collected in respect of survey fees.
- c. The Council requested through the Local Government Service Commission for additional manpower in the inspectorate section. The Commission had since sent one Building Inspector.
- d. The Council requested for more manpower in terms of revenue collectors to ensure that all revenue collection points were covered.
- e. The Council Library was being improved by stocking it with modern reading materials and also equipping it with computers and internet.
- f. The swimming pool was under renovation with modern bar and restaurant being constructed.
- g. The Council Police section was being beefed up in terms of transport and manpower to ensure they tackled the aspect of illegal parking enforcement.
- h. The Council had written to Zambia National Service to revise the MOU so that control of stadium reverted to the Council.

The Council was automating the revenue collecting system by ensuring no cash handling was allowed. This had been achieved through the use of the Dove billing system and the Point of Sale machines (POSs). Documents were available for audit verification. The Council would ensure budgeting was done prudently to avoid cases of over budgeting in certain areas of income budget lines.

3. Licenses

Variance was mainly attributed to under collection on occupancy licenses. It was expected that the Council resolution for all clients in the site and service area to upgrade from land record to occupancy licenses would immediately trigger increased sales on occupancy licenses. However, this did not materialise due to slow responses. The Council had widely publicised the Council resolution for all clients in site and service area to upgrade from land record to occupancy licenses and response was now within expectations of above 70% performance. The Council had adopted the strategy of prudent budgeting.

4. Levies

The variance was attributed to under collection on fish levy. The fish levy was collected from Kafue Fisheries as the contributor. However, owing to the COVID-19 pandemic, Kafue Fisheries had drastically reduced production and this had ultimately affected the revenue collected from the company. The Council had adjusted this budget line to align it with the production capacity of the company. The Council had adopted a strategy of prudent budgeting.

5. Permits

The variance was attributed to health permits, burial permits and pre-school permits. All the above were caused by closure of business houses owing to the COVID-19 pandemic, particularly the pre-schools. Premises without permits from the Council were being closed down and they had also stepped up compliance inspections within the District. They had also established a data base on clients who sought permits from the Council, hence making it easier for follow ups. Documents were available for verification. The Council had adopted strategy of prudent budgeting.

6. Other Incomes

The variance was attributed to profits from commercial ventures which were expected but could not be realised because most of the Council ventures were operationalised. The Council had embarked on renovating a number of commercial ventures such as the Council lodge, swimming pool and the lodge which was partially operational. Documents were available for verification. The Council would continue with vigorous marketing campaigns for all its commercial ventures and through the LGSC, the Council would recruit qualified manpower to run the commercial facilities.

Committee's Observation and Recommendation

The Committee observes, with concern, the huge negative variance on revenue projected against what was actually received by the Council. The Accounting Authority is urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance their efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Accounting for Revenue

i. Failure to collect billboard and Rental Charges K1,101,856

Response by the Accounting Authority

The Accounting Authority submitted that most billboards were placed along the T2 road where Road Development Agency (RDA) and the Council had had a conflict in terms of who was supposed to collect the fees. This was owing to the fact that RDA had been billing the same clients and RDA rates were lower than those of the Council. Another challenge had been that the owners of most the billboards which were still standing had closed business and could not be traced even if they existed under the database. A stock-take of the valid billboards was undertaken to determine the ones which were valid and the ones which were not, thereby cleaning up the database. Documents were available for verification. The Council had engaged the RDA on the matter stated above. The Council had managed to identify the billboards which were still operational and had removed the non-operational ones from the database. The Council had further proceeded with issuing of demand notices for all billboards identified to be operational. Demand notices had equally been issued to all tenants occupying Council shops with outstanding balances above K500.

Committee's Observation and Recommendation

The Committee directs the Council Secretary to ensure that all available options are employed to collect outstanding revenue from billboards and rental charges without fail. The Committee urges the Accounting Authority to ensure that all disputes are resolved expeditiously to avoid using the same as an excuse. The Committee awaits a progress report.

ii Sale of Plots in Valley View area K5,407,714

Response by the Accounting Authority

The Accounting Authority submitted that the query arose due to many factors that the Auditors were not able to appreciate, hence the expectation by Auditor General and the Auditee was at variance. The factors were as listed hereunder.

- i. Within the 1004 plots, there were 204 plots that were allocated to seasonal cultivators and these were pegged at K2500 contribution by the cultivators.
- ii. There were also 100 plots that were allocated for addressing land disputes (alternative plots). These were at no cost as clients had already paid in the initial allocation.
- iii. Nearly about 240 plots were allocated to some applicants in 2016 when these plots were initially made available.
- iv. One of the commercial plots which was pegged at K120,000 was cancelled from the sale and registered as a Council property. The three applicants were refunded of their application fee.

With the above in view, the Council expected amount of K6,200,000 was still in sight, as shown in the table below. The Accounting Authority reported that the Council had repossessed plots from individuals that had failed to meet the invitation to treat. Other clients such as Council employees were paying through the payroll and Council deducted approximately K32,000 on a monthly basis. The invitation to treat issued to clients gave guidance as regards the payment period. A total of 1004 plots were issued, with 222 high cost and 182 medium cost plots issued to the general public, whereas 84 high cost and 17 medium cost allocated to members of staff. Seasonal cultivators who were farming in that area were allocated 204 and the general public that were initially allocated plots in Valley View in 2016 getting 194. 100 plots were given as alternatives to those that had already paid in full but were not shown the plots.

The table below gives details of how the plots in Valley View were administered.

S/No.	Category of plots Issued	No. of Plots	Average Size	Plot Premium K	Expected Amount K	Amounts Collected K	Balance K
1	HIGH COST PUBLIC	222	35x40	11,500	2,553,000	2,553,000	nil
2	MEDIUM COST PUBLIC	182	25X30	7,000	1,274,000	585,590.23	688,409.77
3	HIGH COST STAFF	84	35X40	11,500	966,000	286,850.01	403,323
4	MEDIUM COST STAFF	17	25X30	7,000	119,000	68,000	51,000
5	FARMERS	204	25X30	2,500	510,000	388,740.12	121,260
6	OFFEREES OF 2016	194	35X40	3,500	679,000	275,850.01	403,149.90
7	ALTERNATIVE PLOTS	100	35X40	-	-	-	-
8	FILLING STATION	1	70x50	76,500	76,500	76,500	-
	Total	1004			6,177,500	4,234,530.76	1,667,142.67

Documents were available for verification. The Council would in future endeavour to highlight all expected transactions on the plots to avoid any misinterpretations.

Committee's Observation and Recommendation

The Committee cautions the Accounting Authority to desist from contending with auditors especially that the audit process is sufficient to resolve and clarify all matters. The Committee directs Accounting Authority to ensure that all available options are employed to collect outstanding revenue from sale of plots without fail. The Committee awaits a progress report.

c) Environmental Management

i) Failure to manage dumpsite

Response by the Accounting Authority

The Accounting Authority reported that the query arose because of failure by the lessee to manage waste at the dumpsite. The Council leased the dumpsite to a private company in the name of Mannix in 2016, for an undisclosed number of years to provide dumping services, manage the dumpsite and collect the dumping fees. However, it had become apparent that the

company had no capacity to manage the dumpsite. The Council had given six months' notice of termination of contract to the private lessee which would mature in March 2022. The procurement process for machinery to use in managing the dumpsite once the Council took over the management of the site in March, had commenced. The procurement of a contract to construct a wall fence, guard house and VIP toilet had also commenced and was expected to be concluded within the first quarter of 2022. Documents were available for verification. The Council was in the process of relocating the dumpsite to an appropriate area. The advert to source new land had already been floated.

Committee's Observation and Recommendation

The Committee cautions the Accounting Authority to desist from engaging contractors as a lessee to manage such a key section. The Committee doubts if the Accounting Authority did any due diligence before engaging the lessee. The Committee strongly urges the Accounting Authority to expedite the process of acquiring a permanent dumping site without further delay. The Accounting Authority is also urged to ensure that he acts expeditiously to avoid disease outbreaks that may arise due to dumping refuse in unsafe and temporary sites. The Committee will await a progress report on the matter.

(ii) Failure to collect franchise fees

Response by the Accounting Authority

The Accounting Authority submitted that most of the franchise companies closed down because they claimed that they were not making any profits. As a result of this development, they were not able to pay Council franchise fees as agreed in the contracts. The Council had drawn new contracts for new franchise companies. Payment plans were drawn for those companies which were willing to pay. The Council had taken the matter to court to seek redress for those that were not willing to pay, with a view to possibly engage bailiffs to ensure fees owed were paid. Documents were available for verification. With effect from 2021, the franchise companies were compelled to pay the franchise fees upfront.

Committee's Observation and Recommendation

As in i) above, the Committee doubts if the Accounting Authority did any due diligence before engaging the franchise companies. The Committee strongly urges the Accounting Authority to ensure that due diligence is undertaken before engaging contractors to avoid recurrence. As the matter is in court, the Committee awaits a progress report on the matter.

(d) Over employment of staff

Response by the Accounting Authority

The Accounting Authority submitted that the staff establishment was exceeded by two (2) officers. Instead of having one District Accountant and one Procurement Officer, they had two officers in each position. Letters had been written to the Local Government Service Commission concerning the same and the Council was yet to get the response from them. Documents were available for verification. The Council would request the Commission to adjust the structure for Finance Department at Kafue since the size of the Council demanded two District Accountants, one responsible for expenditure and another for revenue.

Committee’s Observation and Recommendation

In noting the submission, the Local Government Service Commission is urged to ensure that staff related matters are given attention to avoid over-burdening councils with personal emoluments whilst they are grappling with liquidity problems. The Accounting Authority is also urged to ensure that quarterly staff audits are submitted to enable the Council act promptly by impressing upon the Commission to normalise such irregularities. The Committee awaits a progress report on the matter.

(e) Failure to insure motor vehicles

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor’s observations and reported that the fire tender was not insured as this was the preserve of the Ministry of Local Government and Rural Development during the period under review. The Ministry was engaged to provide evidence of funds being deducted at source to settle annual insurance cover for the fire tender. Documents were available for verification. The Council would engage the Ministry of Local Government and Rural Development to allow councils to start insuring the fire trucks on their own to avoid lapses such as this one.

Committee’s Observation and Recommendation

The Committee observes, with concern, the failure by the Controlling Officer, Ministry of Local Government and Rural Development to disclose the records about the fire trucks, which is highly questionable. The Committee directs the Controlling Officer to ensure that the insurance cover is availed to the Council in order for them to claim insurance on the truck and also that the cover document is availed for audit verification. The Committee awaits a progress report on the matter.

(f) Failure to Remit Statutory Obligations - K40,882,564

Response by the Accounting Authority

The Accounting Authority submitted that the Council had financial challenges which led to having a lot of debt with regard to statutory obligations.

Institution	Balance b/f K	Obligations for 2020 K	Amount paid K	Balance K
ZRA	6,783,539	2,142,646	NIL	8,926,185
NAPSA	28,157,492.97	1,536,452.44	1,269,470.92	28,424,474.49
LASF	1,851,095	411,338	412,977.20	1,849,455.80
TOTAL	36,792,126	4,090,436.44	1,682,448.12	37,350,659.49

The Council had committed itself to paying the current obligations for LASF and NAPSA since April 2021. The Council had also engaged NAPSA to do a debt swap with a parcel of land to offset part of the obligations. The Council had also been attending to all matters patterning to claims for retired officers and deceased cases as they arose on the first come first save basis. Documents were available for verification. The Council would continue to

pay the current obligations to avoid the debt to increase and also continue discussing with NAPSA, ZRA and LASF on how the arrears would be dismantled.

Committee's Observation and Recommendation

In noting the submission, the Council Secretary is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options, including debt swaps to expedite the process. The Committee resolves to await a progress report.

Kalabo Town Council

Paragraph 29

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income K923,756

Response by the Accounting Authority

The Accounting Authority submitted that the observation by the Auditor General regarding a negative variance of K923,756 in terms of budget performance was correct. This was brought about by the challenges the Council was facing with the traditional leadership in terms of extension of township boundaries, where the Council was expecting to create plots and collect premiums. The Accounting Authority made use of the two Chiefs who had joined the Council to assist lobby for land from the Barotse Royal Establishment. So far the two Chiefs were in talks with the Kuta over the same issue and the Accounting Authority was still waiting for feedback. The Accounting Authority would continue working hand in hand with the traditional leadership to lobby for land from the Barotse Royal Establishment for the extension of the township.

Committee's Observation and Recommendation

The Committee observes, with concern, the huge negative variance on revenue projected against what was actually received by the Council. The Committee urges the Accounting Authority to ensure that the Council devises new strategies to enhance revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance efforts in sensitising the community on payment of rates, fees and other Council charges. The Committee awaits a progress report until there is some notable improvement in the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Failure to Manage Dumpsite

Response by the Accounting Authority

The Accounting Authority submitted that the observation by the Auditor General regarding the above-mentioned matter was correct. The Accounting Authority reported that it did not have enough resources to fence the dumpsite during the period under review and did not have

enough equipment such as excavator and tipper trucks to help in the process of covering waste in layers. The Accounting Authority had written to the Permanent Secretary, Ministry of Local Government and Rural Development to lobby for equipment because the Council had no capacity to buy certain. . Further, a budget provision had since been made in the 2022 budget to fencing the dumpsite. The Accounting Authority would continue engaging the Permanent Secretary, Ministry of Local Government and Rural Development for assistance with waste management equipment.

Committee's Observation and Recommendation

The Committee urges the Accounting Authority to ensure that a permanent dumpsite is secured without further delay and that both the *Environmental Management Act No.12 of 2011* and the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 are strictly adhered to. The Committee awaits a progress report on the matter.

c) Failure to Collect Plot Premiums K265,485

Response by the Accounting Authority

The Accounting Authority submitted that it was regrettable that the Accounting Authority failed to collect the balance of K265,485 meant for plot premiums. The Accounting Authority reported that this was brought about by the continued selling of plots at a much cheaper price by the traditional leadership within the township boundaries, which had made the plots sold by the local authority seem unattractive. However, they reported that the Council passed a resolution to allow those applicants facing financial challenges with regards to paying plot premiums to be paying in instalments. The Accounting Authority would continue implementing its resolution to allow those applicants facing financial challenges with regards to paying for plot premiums to be paying in instalments.

Committee's Observation and Recommendation

The Committee directs the Accounting Authority to ensure that all available options are employed to collect outstanding revenue from plots without fail. The Committee awaits a progress report.

d) Failure to Maintain Valuation Roll

Response by the Accounting Authority

The Accounting Authority submitted that the observation by the Auditor General regarding failure to update the valuation roll was correct. The Accounting Authority reported that it had no funds to meet the cost of updating the valuation roll. The Accounting Authority had budgeted for the updating of the valuation roll in the financial year 2022. The Accounting Authority would ensure that after every two years, a budget would include a provision for updating the valuation roll.

Committee's Observation and Recommendation

The Committee is disappointed by the failure by the Council to prepare and implement section 9 (4) of the *Rating Act No. 21 of 2018*. The Committee strongly urges the Accounting Authority to ensure that a valuation roll is prepared and operationalised without further delay. The Committee awaits a progress report on the matter.

e) Payment of Allowances within the Normal Duty Station K28,750

Response by the Accounting Authority

The Accounting Authority submitted that it was regrettable that Management failed to comply with Cabinet Circular Minute, dated 30th December, 2015. This was brought about as result of long distances which officers had to cover to carry out special inspection and monitoring of projects. The Accounting Authority wrote to the Permanent Secretary, Ministry of Local Government and Rural Development requesting for a waiver as the District was too vast and the terrain was sandy. However, in his circular number MLRD/101/23/22 dated 27th January 2022, the Permanent Secretary authorised payment of subsistence allowance for areas located over 80 kilometres from the central business district although it was restricted to formation of Ward Development Committees only. The Accounting Authority would henceforth ensure to comply with the Cabinet Circular Minute dated 30th December 2015.

Committee's Observation and Recommendation

In noting the submission, the Committee strongly urges the Controlling Officer to ensure that the authority he gave is not abused by officers in local authorities. The Accounting Authority is also urged to ensure that he monitors officers' out of station movements. The matter is, however, recommended for closure subject to audit verification.

f) Lack of Title Deeds

Response by the Accounting Authority

The Accounting Authority submitted that the observation by the Auditor General that the Council did not secure title deeds for parcels of land on which eight properties, such as the Civic Centre, Market and Council Rest House were located was correct. The Accounting Authority reported that this was brought about by the delay at the Ministry of Lands to number the lay out plans submitted by the Local Authority. The Accounting Authority reported that the parcel of land had since been numbered and surveyed and the Ministry of Lands had since issued the invitation to treat. What was being awaited was the release of title deeds. The Accounting Authority would ensure that in future, all properties owned by the Council were put on title.

Committee's Observation and Recommendation

The Committee notes, with concern, the failure by the Accounting Authority to secure title deeds for the properties as per requirement in *the Public Finance Management Act No. 1 of 2018*. It worries the Committee that the matter has not been given much attention despite the potential risk of loss of properties in case of a dispute and/or litigation. The Committee

directs the Accounting Authority to ensure that all properties under his charge are secured with title deeds without any further delay. The matter will be kept in view during future audits.

g) Misapplication of Local Government Equalisation Fund K550,000

Response by the Accounting Authority

The Accounting Authority submitted that it was regrettable that Accounting Authority failed to comply with the *Local Government Act No. 2 of 2019*. This was due to the low revenue base coupled by the huge wage bill which made it difficult for the smooth operation of the institution. The Accounting Authority had since commenced paying back the funds borrowed from the capital account and so far, K100,000 had been transferred to the capital account. The Accounting Authority would ensure that all the borrowed funds were paid back.

Committee's Observation and Recommendation

In noting the submission, the Committee cautions the Accounting Authority to desist from borrowing funds meant for capital projects. He is also cautioned to note that such action is a serious violation of the Public Finance Management General Regulations, 2020 (No. 201) and attracts imprisonment for a term not exceeding two years and hence must be avoided at all cost. The Committee directs the Accounting Authority to ensure that all borrowed funds are paid back without further delay and will await a progress report until all funds are recovered.

h) Management of Constituency Development Fund

i. Maintenance of Interest Earning Accounts

Response by the Accounting Authority

The Accounting Authority submitted that the observation by the Auditor General that Kalabo Town Council operated an investment account without authority from the Secretary to the Treasury was correct. However, it was reported that this was an oversight on the part of the Council. The Accounting Authority reported that all the interest earned had since been remitted back to Treasury and the Bank Manager, ZANACO had since been written to, requesting the bank to assist rectify the matter. The Accounting Authority stated that in future, authority from the Secretary to the Treasury would be sought before an investment account was opened with any bank.

Committee's Observation and Recommendation

The Committee strongly cautions the Accounting Authority to desist from retaining interest earned on the Constituency Development Funds (CDF) without requisite authority from the Secretary to the Treasury. The matter is, however, resolved for closure subject to audit verification.

ii. Delays in Implementing Projects

Response by the Accounting Authority

The Accounting Authority reported that the observation of the Auditors regarding the delayed implementation of projects was true. The Accounting Authority, however, stated that the operation of the Local Authority was negatively affected by the retirement of the Council Secretary Mr Siyanga Silumesi at short notice on 13th August 2020, followed by a further retirement of the District Planning Officer Ms Tozya Mtawari Jengajenga. Further, the Council Secretary was only appointed on 2nd October, 2020. The Accounting Authority reported that the projects were under implementation and had reached 60% completion level. The Accounting Authority furthermore reported that in future the Council would ensure that all projects were implemented on time.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that the completion of works outstanding is prioritised and expedited. It is disappointing to hear that implementation is hampered due to retirement of the former Accounting Authority. The Committee does not accept the reason and cautions that operations must keep running despite movement of officers. The Committee strongly urges the Accounting Authority to ensure that projects are completed promptly and a progress report on the matter will be awaited.

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

Response by the Accounting Authority

The Accounting Authority submitted that the observation by the Auditor General that Kalabo Town Council awarded a contract to Biswamo Construction and Trading Limited for the construction of a 1 x 2 classroom block at a contract sum of K294,000 with a completion period of six months was correct. The project should have commenced in October 2019 and concluded in March 2020. However, the 1 x 2 classroom block had not been completed in that metal works; glazing; flooring; carpentry; joinery and ironmongery; painting and decorations; and external works had not been done, seventeen months after the expected completion date. However, the Accounting Authority reported that this was brought about by the contractor reporting to site late, coupled by floods that usually covered the area during the rainy season. The Accounting Authority also reported that the project had since been completed and ready for audit verification. The Accounting Authority furthermore reported that henceforth, the Council would ensure that all contracts were completed within the contract period.

Committee's Observation and Recommendation

In noting the submission, the Committee sternly cautions the Accounting Authority to desist from delaying projects which amounts to delayed service delivery to the community. The matter is, however, resolved for closure subject to audit verification.

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

Response by the Accounting Authority

The Accounting Authority submitted that the Council engaged Manope Business Solutions Limited for the construction of a 1 x 2 classroom block, at a contract sum of K48,000 with a completion period of two months, commencing in August 2020 and ending in October 2020. He also agreed that the 1x2 classroom block had not been completed in that metal works; carpentry; joinery and ironmongery; floor and wall finishes; glazing; painting and decorations; and dish drain had not been done, twelve months after the expected completion date,. The Accounting Authority, however, reported that the said works could not be done due to the fact that the community could not provide materials such as sand and stones as they could not be sourced from within the community. The contractor had since terminated the contract citing high cost of project execution due to lack of community contribution. The Accounting Authority had since written to the Constituency Development Committee requesting them to consider additional funding to the project before Management could consider re-advertising the project. The Accounting Authority would in future only approve full contracts to avoid such occurrences from repeating themselves.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that completion of works outstanding is prioritised and expedited. It is disappointing to note that the project was partially funded and Management was seeking for more funds through the Constituency Development Committee. The Committee cautions the Accounting Authority to ensure that projects are funded completely within one calendar year to avoid stalling works. The Committee will await a progress report on the matter until full completion of the project.

i) Management of Liabilities

i. Failure to Remit Statutory Obligations K6,777,630

Response by the Accounting Authority

The Accounting Authority reported that the Council did not remit statutory obligations deducted from employees due to lack of funds. The Accounting Authority engaged ZRA, NAPSA and LASF on the outstanding bills owed to the three institutions. However, he stated that the Ministry of Local Government and Rural Development came to the Council's aid by assisting in paying a sum of K246,714.66 towards LASF, leaving a balance of K59,239.31. The Council awaited response from the three institutions. The Accounting Authority was working on broadening the Council's revenue base in order to meet its obligations through formulation of bylaws and extension of township boundaries.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The

Council is also encouraged to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K4,198,621

Response by the Accounting Authority

The Accounting Authority reported that it did not pay staff obligations owed to its employees due to lack of funds. The Accounting Authority had since come up with a payment plan on how the Council intended to liquidate the staff debt. The Accounting Authority was working on broadening the revenue base in order to meet its obligations through formulation of bylaws and extension of township boundaries.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Committee resolves to await a progress report.

Kalomo Town Council

Paragraph 30

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income K5,991,560

Response by the Accounting Authority

The Accounting Authority submitted on individual budget lines as set out below.

1. Local Taxes

The Accounting Authority reported that the under collection was due to the effects of COVID-19 impact on the local economy which was mainly subsistence in nature with no major industries. The Council had implemented the computerised revenue and billing systems which had the component of e-billing and bulk SMS to distribute the bills. The system was also being linked with the cadastre information in collaboration with the German Development Corporation (GIZ).

2. Fees and Charges

The Accounting Authority reported that the under collection on fees and charges was due to failure to offload budgeted plots to the public because of the delay in numbering the same by Ministry of Lands, as the land in question seemed to be encumbered. The Council had identified another parcel of land which was unencumbered and the layout plan comprising 61 plots (30 shops and 31 residential) had been submitted to Ministry of Lands for numbering.

3. Permits

The Accounting Authority reported that the under collection was due to the closure of most businesses due to the mitigation measures that were put in place by Ministry of Health to curb the spread of the pandemic. The Council had been undertaking community sensitisation programs on the local radio station on the need for the community to not only pay but also avoid indiscriminate disposal of waste. In order to budget realistically, the factors that affected the budget for 2020 were factored into the preparation of the 2021 budget so that variances in the ensuing year could be reduced. Documents were available for verification. The Council would be prudent in coming up with annual budget estimates to avoid huge disparities between the budgeted figures and actual collection.

National Support – Local Government Equalisation fund

The Accounting Authority reported that the under collection was due to centralised deductions done by the Ministry of Local Government and Rural Development for Audit services and union contributions among other centrally done deductions.

Committee’s Observation and Recommendation

The Committee observes, with concern, the huge negative variance on revenue projected against what was actually received by the Council. The Committee urges the Accounting Authority to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance efforts in sensitising the community on payment of rates, fees and other Council charges. The Committee awaits a progress report until there is some notable improvement in the Council’s revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Failure to Collect Revenue K42, 000

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor’s observation and stated that ZESCO paid rentals bi-annually and at the time of audit the last instalment had not been paid. An eviction notice was issued to ZESCO and they had since paid the said sum together with their other outstanding obligations, totalling K147, 360. Documents were available for verification. The Council would continue engaging the community and employ drastic measures of collection as a last resort.

Committee’s Observations and Recommendations

The Committee notes the submission and resolves to close the matter subject to audit verification.

c) Management of Payroll and Other Staff Related Matters

i. Failure to Fill Vacant Positions

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditors observation and stated that the function of staff recruitment and deployment was a preserve of the Local Government Service Commission. The 2020 budget guidelines, under Chapter 2 (8)(i) directs that Councils should only budget, based on the existing filled positions. Documents were available for verification. The Council would comply with instructions and guidelines issued by the supervising Ministry.

Committee's Observations and Recommendations

The Committee observes with concern, the failure by the Accounting Authority to follow up staff related matters with the Local Government Service Commission. The Committee is disappointed that efforts to resolve the matter are only seen after the audit, which suggests lack of pro-activeness. The Committee sternly cautions the Accounting Authority to be more proactive and ensure that quarterly returns on the status on staff related matters are submitted to remind the LGSC. The Committee also directs him to ensure that all key staff vacancies are filled up for the smooth running of the Council. The Committee awaits a progress report on the matter.

ii. Failure to Deduct NAPSA Contributions K392,675

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and regretted the failure to deduct NAPSA contributions. The Accounting Authority, however, stated that the initial casual employment contract did not provide for such deductions. The casual employment contracts had been revised to cater for the said deductions, effective January 2022. Documents were available for verification. The Council would ensure that all temporary workers were engaged with contracts that provided for statutory deductions.

Committee's Observations and Recommendations

The Committee observes with concern the failure by the Accounting Authority to deduct NAPSA contributions from staff, as per requirement of section 14 (1) of the *National Pension Scheme Act No. 40 of 1996*. The Committee is disappointed that officers failed to provide for deductions in employee's contracts which is a serious omission. What worries the Committee is that the same is done with impunity. The Committee directs the Accounting Authority to ensure that all erring officers are disciplined for this omission. Only then will the matter be closed. The Committee will await a progress report on the matter.

iii. Over employment of Staff

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and stated that the function of staff recruitment and deployment was the preserve of the Local Government Service Commission. Management had been consistent in submitting quarterly staff returns that were used by the Commission to assess the staff establishment and Human Resource

needs. Management would continue to submit staff returns to the Commission and engaged them on the Council's Human Resource needs.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to ensure that the matter is resolved and treated with the urgency it deserves. The Accounting Authority is directed to ensure that, as a matter of urgency, only relevant staffs are left on the establishment to reduce wasteful expenditure in salaries and other emoluments. The Committee awaits a progress report on the matter.

d) Management of Assets

i. Lack of Title Deeds

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and stated that the process of obtaining title deeds from the Ministry of Lands and Natural Resources was a lengthy one which had led to the delay in securing title deeds. Kalomo Town Council was not yet a planning authority, hence the Ministry of Lands and Natural Resources had been engaged to help them with a registered surveyor to help with the drawing of Survey diagrams for all Council properties, as a key aspect in the process of obtaining title deeds. The Provincial Lands Officer, particularly, in the Ministry of Lands and Natural Resources had been requested to avail Council with a Surveyor to do the survey diagrams for all Council properties.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to secure council properties with certificates of title as per requirement in section 41(4) of the *Public Finance Management Act No. 1 of 2018*. The Committee directs the Accounting Authority to ensure that all properties are secured with title deeds without any further delay. The Committee awaits a progress report on the matter.

ii. Failure to Maintain Assets

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditors observations and stated that failure to maintain Council assets was due to financial constraints during the period under review. Management had since prepared the Bill of Quantities to ascertain the extent of the works needed as well as the attendant cost. Some repair works had already started on House No 23 Namwianga. The repair works would be rolled out to other properties gradually as finances permitted. The Council had provided for the cost of repair and maintenance of Council properties in the 2022 Council budget in the sum of K207, 350. Management would continue to prioritise assets maintenance of all its properties.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to maintain the properties. It is evident that the Council operates without a maintenance policy which is the major reason for this state of affairs. The Committee directs the Accounting Authority to ensure that a maintenance policy is put in place without any further delay. The Committee awaits a progress report on the matter.

e) Management of Local Government Equalisation Funds

i. Misapplication of Capital Funds - K923, 323

Response by the Accounting Authority

The Accounting Authority had taken note of the Auditor's concern and stated that the said funds were used to cushion the emoluments due to the increased staffing levels as correctly observed by the Auditors under clause c (iii) above, in order to forestall potential industrial unrest during a precarious period. The Council had appealed to the Office of the Permanent Secretary – Administration in the Ministry of Local Government and Rural Development to help expedite the approval of their valuation roll, so that the cash flow could improve to reimburse the misapplied funds. The Council had employed other revenue enhancement measures such as computerising the revenue and billing system, which included bulk SMS to distribute bills in collaboration with GIZ.

Committee's Observations and Recommendations

The Committee does not accept the reason given by the Accounting Authority as it is evident that he misapplied the funds at will, without regard for service delivery. The Committee cautions him to desist from misapplying funds meant for capital projects, as this will deprive the communities of the much needed development if perpetuated. The Committee directs the Accounting Authority to ensure that an updated Valuation Roll is put in place and also that reimbursement of the funds is done without any further delay. The Committee awaits a progress report on the matter.

ii. Failure to Reimburse Borrowed Funds - K308, 109

Response by the Accounting Authority

The Accounting Authority had taken note of the Auditor's concern and stated that the funds were borrowed due to poor cash-flow arising from the delayed approval of the Council Valuation Roll. Council had appealed to the office of the Permanent Secretary – Administration in the Ministry of Local Government and Rural Development to help expedite the approval of the Valuation Roll, so that the cash flow could improve to reimburse the borrowed funds. The funds earmarked to reimburse the borrowed funds, were the increased revenue from the revised valuation roll which had not been approved even as the Council was responding to the query.

Committee's Observations and Recommendations

As in ii) above, the Committee does not accept the reason given by the Accounting Authority as it is evident that he misapplied the funds at will, without regard for service delivery. The Committee cautions him to desist from misapplying funds meant for capital projects as this will deprive the communities of the much needed development, if perpetuated. The Committee directs the Accounting Authority to ensure that an updated Valuation Roll is put in place and also that reimbursement of the funds is done without any further delay. The Committee awaits a progress report on the matter.

f) Management of Constituency Development Fund

i. Construction of Staff House at Boongo Community School

Response by the Accounting Authority

The Accounting Authority had taken note of the Auditor's observations and stated that the said project was funded in phases, from successive Dundumwezi Constituency Development Fund allocations. The project had been given the last allocation from the 2021 CDF, in the sum of K25, 000 to complete it. Management would be recommending to the CDF Committee to fund projects to completion at once, instead of funding projects in phases.

Committee's Observations and Recommendations

The Committee observes with concern that the Accounting Authority failed to follow guidance relating to funding projects for completion. The Committee also discourages the Council from procuring labour based contracts as completing projects is problematic.. The Accounting Authority is strongly urged to ensure that the works on the Boongo Community School are completed without any further delay and also that more funds are secured for the project. The Committee awaits a progress report on the matter.

ii. Construction of Staff House at Sikweya Rural Health Centre

Response by the Accounting Authority

The Accounting Authority had taken note of the auditor's observations and stated that the said project was funded in phases from successive Kalomo Central Constituency Development Fund allocations. The project had been given the last allocation from the 2021 CDF, in the sum of K26, 890 to complete it. Management would be recommending to the CDF Committee to fund projects to completion at once instead of funding projects in phases.

Committee's Observations and Recommendations

The Committee observes, with concern that the Accounting Authority failed to follow guidance relating to funding projects for completion. The Committee also discourages the Council from procuring labour based contracts as completing projects is problematic. The Committee strongly urges the Accounting Authority to ensure that the works on the Sikweya Rural Health Centre are completed without any further delay and also ensure that more funds are secured for the project. The Committee awaits a progress report on the matter.

iii. Construction of Staff House at Nalubumba Clinic

Response by the Accounting Authority

Management had taken note of the Auditor's observations and stated that the stalled work was due to the delay by the contractor engaged to expedite the works. The contractor was given an ultimatum and had roofed the staff house and also plastered both internal and external walls. Painting and final finishes were currently going on to fully complete the staff house. The Council shall ensure that competent contractors, capable of completing projects on time were engaged in future works and monitoring of projects shall be enhanced in light of the increased administrative component of CDF.

Committee's Observations and Recommendations

The Committee observes, with concern, the Accounting Authority's failure to follow guidance relating to funding projects for completion. The Committee also discourages the Council from procuring labour based contracts as completing projects is problematic. The Accounting Authority is strongly urged to ensure that the works on the Nalubumba Clinic are completed without any further delay and also that more funds are secured for the project. The Committee awaits a progress report on the matter.

Kalulushi Municipal Council

Paragraph 31

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget And Income

Response by the Accounting Authority

The Accounting Authority noted the auditor's observations and reported that mostly the failure by the Council to collect its revenue in full was as result of COVID-19, which affected business operations of all the business entities. This affected the operations of mining firms including individuals who resorted to asking for rebates, as provided for under section 22 of the *Rating Act, No. 21 of 2018*. Applications and the Council resolutions were available for audit verification. The Council had come up with sensitisation programmes by holding meetings in all wards and airing radio programmes at community radio stations aimed at encouraging residents to pay. Further, the Council resolved to give rebates of fifty percent of the arrears to residential property owners for a period of thirty days. If the property owner failed to comply, then bailiffs would be engaged to collect on behalf of the Council.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to collect revenue as planned for in the 2020 fiscal year. It is also observed that there is lack of aggressiveness and pro-activeness by officers tasked with the responsibility. The Accounting Authority is sternly cautioned against *the laissez-faire* attitude, which is the main cause of the failure to collect revenue. The Committee strongly urges the Accounting Authority to ensure

that turnaround strategies are put in place to counter this unintended outcome. The Committee urges the Office of the Auditor General to keep the matter in view during future audits.

b) Failure To Collect Revenue - K1, 263,281

Response by the Accounting Authority

Accounting Authority

The Accounting Authority submitted that the Council failed to collect all the revenue which fell due and payable to the Council due to the following reasons:

COVID-19 pandemic

The emergence and the spread of COVID-19 contributed to the reduction of compliance levels among most Council clients (tenants), who were occupying most shops and other ventures due to a partial lockdown imposed by Government. This resulted in some clients failing to trade normally and hence being unable to pay what was due to the Council. However, the billing system kept running hence the accumulated amounts. This was because there was no instruction to put a temporary cease to the billing system during the partial lock down.

Inadequate support staff

As a result of COVID-19 Pandemic, the Council introduced work rotations as was guided by the Government to decongest offices. In view of the aforesaid, internal co-ordination with other departments was reduced, thereby causing misbalance and un-timeliness in collecting information needed by Finance Department for enhancement of revenue collection.

Rentals

The Accounting Authority informed the Committee that the Council had engaged tenants and came up with a payment plan of the arrears while they were paying the current rentals. The Council decided to evict those tenants who proved to be difficult and allocated the shops to other clients who were meeting the rental obligations monthly. Further, the Council was intending to take legal action against those who had been evicted and failed to settle the rental arrears.

Billboards and Banners

The Council engaged the owners and they had started paying except a few who proved to be difficult. The Council was intending to take legal action against those defaulters and pull down their billboards and banners.

Plot Premiums

The Council through print media, informed clients who were allocated plots to settle plot premiums within 30 days, but the period was extended to 60 days. In the meantime, the Council was waiting for the expiry of the extension period which was coming to an end on 31st January 2022. Thereafter, the Council would repossess and re-advertise the plots in

question and allocate them to other clients.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to collect revenue from rentals, billboards, banners and plot premiums. The Committee does not accept the reasons given and hence, strongly urges the Accounting Authority to ensure that all funds outstanding are collected without any further delay. The Committee resolves to await a progress report.

c) Over employment of Staff

Response by the Accounting Authority

Accounting Authority

The audit findings by the Auditor General revealed a true picture of what was obtaining on the ground. The Council establishment had forty nine excess staff, resulting in an over payment of K3, 726,408 during the period under review. However, the Accounting Authority noted the audit findings and wrote to the Local Government Service Commission, being the employer, about the query so that they could take the excess staff to other councils where the vacancies were available. Attached herewith was a letter for ease of reference and verification.

Committee's Observations and Recommendations

The Committee is disappointed that the Accounting Authority is only reminded to take action after the audit, as the evidence of the letter to the relevant authority is only availed after the audit. The Committee sternly cautions him for this laxity and urges him to ensure that quarterly staff audits are carried out regularly to monitor staff levels. The Committee directs him to ensure that the matter is followed up with the Local Government Service Commission. The Committee will await a progress report.

i) Lack of Title Deeds

Response by the Accounting Authority Accounting Authority

The Accounting Authority noted the observation of the Auditors and took note of the recommendation made. He submitted that the process of obtaining certificate of title for all Council properties had already begun and was on-going. So far, ten of the properties had been numbered and survey diagrams had been obtained and some submitted to Ministry of Lands for processing of title deeds. The Council faced some hurdles in obtaining title deeds especially amid the challenges brought by the COVID-19 pandemic, in that Government officers sometimes worked on rotation basis. Further, the Land Management System was often breaking down hence progress was slow on this matter. However, frequent follow ups were made with the Ministry of Lands since the rate at which title deeds were being processed was largely dependent on them as the issuing office. The Council had further written to the Chief Lands Officer, for his intervention in this matter to help expedite the process.

Concerning the motor vehicles, the Accounting Authority submitted that, at the time of audit,

the process of insuring motor vehicles was not yet concluded. However, he informed the Committee that the process in question, had been concluded and all motor vehicles had been insured. Documents were available for reference and verification. The Accounting Authority assured the Committee that going forward, the Council would continue to make frequent follow ups with Ministry of Lands on the issuance of title deeds. Further, the Council would commence the process of insuring properties earlier before the existing insurance covers expired.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to secure Council properties with certificates of title as per requirement in Section 41(4) of the *Public Finance Management Act No. 1 of 2018*. The Committee directs the Accounting Authority to ensure that all properties are secured with title deeds without any further delay. The Committee awaits a progress report on the matter.

ii. Failure to Maintain Property

d) Market Toilets

Response by the Accounting Authority

The Accounting Authority submitted that the public convenience rooms were not only a means of providing service to the public but also a source of revenue for the Local Authority. It was for this reason that their state of repair was a priority to Management. Admittedly, there were challenges faced with public convenience, especially at Luato Market. The challenges ranged from the dumping of used sanitary pads and condoms in the cisterns, to theft, vandalism and external water supply lines. At the time of the audit in 2020, the pipes supplying the water tank were damaged as a result of the impact during an altercation between named persons (who were detained in police custody). Thus, water was not flowing into the ablution resulting in it being non-functional. The Council repaired the market toilet most recently in December 2021. As at 24th January 2022, water was running in the hand wash basins, shower and cisterns. However, a fitting on the cistern had recently been tampered with. Management always attempted to make the effort to minimise down time and in extreme cases when there was no electricity to run the water tank, the fire tender was called in to assist with water supply. Supply from Nkana Water and Sewerage Company which serviced Kalulushi District was erratic. Thus, drums had been provided as backup. Management would further endeavour to increase the sanitation workers and Council Police on duty to ensure that the cleanliness was improved and vandalism was and reduced.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to put in place a maintenance plan for all their properties. The Committee guides that with a good maintenance policy plan coupled with a budget provision each fiscal year, the Council would not be subjected to being reactive to maintenance works for its properties. The Committee also directs the Accounting Authority to ensure that security and care taking is enhanced at the properties to eradicate possible vandalism and thefts. The Committee, however, resolves to close the matter subject to audit verification, while the Office of the Auditor General is urged to keep the matter

in view during future audits.

e) Dongwe Centre

Response by the Accounting Authority

The Accounting Authority acknowledged that Dongwe Pre-School was currently in a bad state. He, therefore, submitted that it was the intention of the Local Authority to undertake phase 1 of the rehabilitation of Dongwe Pre-School in the calendar year 2022 as evidenced by its budget provision in 2022, which was pending approval. As at 24th January 2022, only the removal of ceiling boards in one (1) classroom had been undertaken. Kalulushi Municipal Council, at its full sitting on 31st December 2019, approved the maintenance policy. Since then Council undertook the maintenance of two to three of its properties per budgeting cycle. The Phase 1 Rehabilitation was budgeted for in 2022.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to put in place a maintenance plan for all their properties. The Committee guides that with full operationalisation of a maintenance policy, coupled with a budget provision each fiscal year, the Council would not be subjected to being reactive to maintenance works for its properties. The Committee, however, resolves to close the matter subject to audit verification, while the Office of the Auditor General is urged to keep the matter in view during future audits.

e) Management of Constituency Development Fund

i. Wasteful Expenditure - Economic Empowerment - Chicken Rearing (wasteful K201, 714)

Response by the Accounting Authority

The Accounting Authority acknowledged the observations of the Auditors and regretted the wasteful expenditure incurred by the club, which was mainly due to failure on the part of the Constituency Development Fund Committee (CDFC) to monitor the activities of the clubs. However, he assured the Committee that the Council would ensure that CDFC conducted both field appraisals and regular monitoring of the activities pertaining to the clubs. The Council intended to incorporate other Government departments to advise on the projects concerning specialised projects where the CDFC had no competences. The Council would also ensure that monitoring and field appraisal activities were enhanced so that such wasteful expenditure did not recur in future.

Committee's Observations and Recommendations

The Committee bemoans the wasteful expenditure caused by the delay to implement projects funded under the Constituency Development Fund. The Committee does not accept the cover up of hiding behind the Constituency Development Committee, as it is well known that there is always a quantum of 20 percent for monitoring and evaluation by officers at the Council for success of projects. The Committee directs the Accounting Authority to ensure that the matter is reported to law enforcement agencies as circumstances are not clear as to who benefited and how the project failed. The Committee is of the view that funds must be recovered from the

beneficiaries, while officers who failed in their duty must be surcharged for this negligence. The Committee resolves to await a progress report.

ii. Wasteful Expenditure - Economic Empowerment - Brick Making

Response by the Accounting Authority

Concerning the brick making project, the Accounting Authority submitted that letters were written and delivered to all the clubs requesting them to either revamp their projects, or return the machines to the Council, or risk litigation. So far one, out of all the clubs surrendered their machines while the rest had not responded. The Council had planned to take legal action against them. The Council also intended to incorporate other Government departments to advise on the projects concerning specialised projects where the CDFC had no requisite competences. The CDFC would also ensure that funding was sufficient for the implementation of the projects.

Committee's Observations and Recommendations

The Committee bemoans the wasteful expenditure caused by the failure to monitor projects funded under the Constituency Development Fund. The Committee directs the Accounting Authority to ensure that the matter is reported to law enforcement agencies as circumstances are not clear as to why beneficiaries are failing to return the unutilised machines. The Committee is of the view that officers who failed in their duty must be disciplined for this negligence. The Committee resolves to await a progress report.

f) Management of Liabilities

i. Failure to Remit Statutory Obligations K36, 405,402

Response by the Accounting Authority

The Accounting Authority reported that the Council had signed payment plans with all the three institutions where the Council was paying the current bills with an agreed amount from the arrears as evidenced by the agreements attached. Under LASF, the Council was paying K80, 000 from the arrears plus the current for each month which fell due, while ZRA had been written to, to collect property rates arrears from Chambishi Metals, amounting to K 13,630,919.40. Further the Council was remitting to NAPSA an amount of K 1,545,910.74 towards the arrears while also paying the current monthly bill as it fell due. This had resulted in the bill reducing to K 35,430,841.99 as at 31st December, 2021 as indicated in the table below.

S/N	INSTITUTION	BALANCE B/F K	ADDITIONS K	PAYMENTS K	BALANCE C/F K
1.	ZRA	24,305, 233.56	4, 313, 978.73	5, 280, 744.99	23,338,467.30
2.	NAPSA	7, 248, 787.54	2, 867, 142.09	2, 558, 564.16	7,557,365.47
3.	LASF	4, 851, 381	654, 563.53	970, 935.31	4, 535,009.22
	TOTAL	36, 405, 402	7,835,684.35	8,810,244.46	35,430,841.99

Committee's Observations and Recommendations

The Committee observes, with concern, the huge debt stock and the failure by the Accounting Authority to dismantle it over the years. The Committee strongly urges the Accounting Authority to ensure that all available options are explored to ensure that the debt is dismantled without allowing it to grow further. The Committee resolved to await a progress report.

ii. Failure to Settle Staff Obligations K817, 709

Response by the Accounting Authority

The Accounting Authority noted the auditor's observations but reported that the Council, as at 31st December, 2021, managed to pay off all the retirees who had outstanding arrears at 31st December, 2020 as evidenced by the ledger attached. The Council had come up with a payment plan for retirees and documents were available for audit verification.

Committee's Observations and Recommendations

The Committee notes the submission and resolves to close the matter subject to audit verification.

Kapiri Mposhi Town Council

Paragraph 32

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income K20,977,928

Response from Accounting Authority

The Accounting Authority submitted as set out below on each of the revenue sources.

1. Local taxes/ Rates

The Accounting Authority submitted that the rate payers were facing challenges in paying because of reduced business activities due to the COVID-19 Pandemic and the partial drought experienced in the 2019/2020 rainy season, affecting Lunsemfwa Hydro Power Company Limited, which was the largest rates payer. It was further reported that the rate payers in distress were encouraged to apply for remissions as per legal requirement. Further, in the 1st quarter of 2021, the Council recovered over K2, 582,107.84 relating to 2020 from Lunsemfwa Hydro Power Company Limited and Mulungushi University, who were the major revenue contributors under this revenue type. It was then resolved that stakeholder engagement meetings be held with the citizens and institutions to emphasise the importance and benefits of paying local taxes.

2. Fees and Charges

The Accounting Authority reported that under this limb, litigation before the Lands Tribunal over the Kapiri-Mposhi south plots affected collection of fees and charges in respect of premium fees during 2020. The Council stated that it was waiting for the settlement of Kapiri

South plots matter by the Lands Tribunal.

3. Licences

The Accounting Authority reported that the reduced global and regional trade due to COVID-19 pandemic affected lots of Small and Medium Enterprises (SMEs) with some literally folding -up. It was further reported that to avert the same, the Council locked up all businesses that had not paid 2020 licences and arrears had since been recovered, amounting to K428, 700. The Council stated that it was updating its revenue database in so far as business traders were concerned so that the budgeted amounts were closer to reality.

4. Other Income

The Accounting Authority reported that Revenue Contribution to Capital Outlay (RCCO) from commercial ventures was what was budgeted under other income and such transfers to District fund were eliminated on consolidation as per Group accounting rules, hence showing nil income. During the year 2020, commercial ventures transferred K435, 000 to the District Fund Account as RCCO and for salaries which were eliminated on consolidation. This was more than the K413, 338 other income budget figure. In future, the Council would provide a disclosure note in the financial statements on Other Income.

5. Commercial ventures

The Accounting Authority reported that the Council Lodge hosted less than half of the budgeted workshops, during 2020, due to COVID-19 social gathering restrictions. The Accounting Authority reported that this was an unforeseen event; hence no action had been taken. On one hand, the Council only hoped that the COVID-19 situation would stabilise so that the lodge could attract more workshops. On the other hand, the Council had continued to market and rebrand its Lodge.

6. Grant in lieu of Rates

The Accounting Authority reported that at present, Grant in-Lieu-of Rates was given at the Ministry of Local Government and Rural Development's discretion, hence the Council had no control over the same. Since this budget line was discretionary, the 2020 figure was overtaken by events. However, in 2021, K380, 000 was received against the budgeted amount of K300, 000. Even if discretionary, the Council would always remind the Ministry of Local Government and Rural Development from time to time to remit this grant.

Other Innovations

The Accounting Authority reported that in order to widen its revenue base, the Council had continued exploring other revenue avenues. The Committee was informed that the Council had embarked on the construction of a modern 34 bed capacity hotel (75% done), construction of a new bus station and ablution block (95% done), a truck park inn (10% done) and shopping plaza (20% done). These projects, once completed, would boost Council revenues.

Committee's Observation and Recommendation

The Committee observes, with concern, the negative variance on various revenue types projected against what was actually received by the Council. The Committee urges the Accounting Authority to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Failure to Provide Waste Receptacles or Refuse Bays

Response from Accounting Authority

The Accounting Authority regretted the query and reported that the Council could not construct refuse bays as it was battling with location challenges due to limited spaces within market facilities. The Council had since resolved the location issues with Market Committees and had factored the construction of refuse bays in the 2022 budget. Works would commence once the capital budget was approved by the Ministry of Local Government and Rural Development. In future, the Council would endeavour to engage all key stakeholders on the location of refuse bays.

Committee's Observation and Recommendation

The Committee directs the Accounting Authority to ensure that the refuse bays are provided and managed as well as equipped with requirements without any further delay. The Committee awaits a progress report on the matter.

c) Failure to collect Rates and Business Levy K149, 253

Response from Accounting Authority

The Accounting Authority regretted the query and stated that the rates in this category were residential. It was difficult to collect rates as most of the property owners were either retirees or unemployed. Demand notices were sent and payments amounting to K52,300 for these outstanding rates/ business levies had since been received between August 2021 and January 2022. The Council, through the Valuation Section, had continued with stakeholder engagement meetings educating the citizens on the need, importance and benefits of paying property rates.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to collect revenue despite facing liquidity problems. The Committee is of the view that the Accounting Authority is in the habit of allowing non compliance by rate payers which is irregular and hence he is directed to ensure that all outstanding revenue is collected without any further delay. The Committee awaits a progress report on the matter.

d) Over employment of Staff

Response from Accounting Authority

The Accounting Authority regretted that K646, 128.84, according to the audit, was irregularly paid to excess staff. The Accounting Authority, however, stated that staff matters for the officers in question were a preserve of the Local Government Service Commission. The Council had continued to send the staff returns quarterly highlighting the positions that needed to be filled and those with excess staff. The Council awaited action from the Local Government Service Commission. The Council had caused a letter to be written to the Local Government Service Commission indicating that the Council would not be in position to absorb further staff, unless otherwise.

Committee's Observation and Recommendation

The Committee is concerned that the staff levels are not being monitored which is a source of worry. The Local Government Service Commission is directed to ensure that they respond to requests promptly to avoid over burdening Councils with additional and unmanageable personal emoluments. The Committee awaits a progress report on the matter.

e) Management of Assets

i. Failure to avail Title Deeds

Response from Accounting Authority

The Accounting Authority regretted that at the time of audit, all buildings were sitting on untitled land because the Council had not exhausted all procedures for the acquisition of title deeds. Site plans and minutes of the Plans Committee and full Council had been approved and were ready for submission to Ministry of Lands and Natural Resources for numbering. The Council would in future ensure that, before putting up any new Council infrastructure, title deeds were secured.

Committee's Observation and Recommendation

The Committee directs the Accounting Authority to ensure that all their properties are secured with title deeds to safeguard them from possible loss. He is strongly urged to consider expediting the process by liaising with the Controlling Officer at the Ministry responsible for Local Government. The Committee awaits a progress report on the matter.

ii. Failure to insure Buildings

Response from Accounting Authority

The Accounting Authority regretted that all Council buildings were not insured, owing to the fact that the buildings in question did not possess title deeds on which to base ownership. Site plans had been prepared and the Plans Committee and full Council approval had been obtained and awaited submission to Ministry of Lands for numbering. Copies of site plans and minutes were attached. On one hand, the Council would value all its property using

Government Valuation Department as they would be carrying out the renewal of the Rating Valuation Roll, which was expiring in the course of the year. On the other hand the Council would speed up the title deed acquisition process.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to insure their properties. The Committee cautions that such omission may result in loss of properties through litigation and damage. The Committee directs the Accounting Authority to treat this matter with the urgency it deserves to secure the properties from unforeseen circumstances. The Committee awaits a progress report on the matter.

iii. Failure to Maintain Council Property

Response from Accounting Authority

The Accounting Authority regretted that Council property could not be maintained during the financial year in question and attributed this to lack of resources during the year. He informed the Committee that the Council had since embarked on an ambitious infrastructure renovation programme during 2022 and had factored in an amount of K6.1 million to go towards building maintenance of 15 existing infrastructure, among them, the three mentioned above. The Council awaited approval of the 2022 budget to commence the renovation and rehabilitation works of its existing infrastructure. The Council was working on a programme to develop an infrastructure monitoring and maintenance policy and was expected to come up with a buildings inspectorate team within the Works Department.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to maintain their Council properties during the period under review. The Committee observes that this is as a result of the Accounting Authority's lackadaisical approach to the matter. The Committee, therefore, directs the Accounting Authority to ensure that a maintenance policy is finalised and operationalised without further delay. The Committee will await a progress report.

f) Management of Liabilities

i. Failure to Remit Statutory Obligations K38, 870,637

Response from Accounting Authority

The Accounting Authority submitted that the Council regretted that as at 31st December, 2020, an amount totalling K38, 870,637 was owed in respect of statutory contributions among them, NAPSA and LASF. The Council attributed its failure to remit these to meagre resources at its disposal faced with competing inescapable commitments such as daily operations costs, service provision costs and the net salary costs. The Council Management had engaged NAPSA and LASF for a land debt swap as per attached council minutes and letters to the two institutions. Further, the Council made the following payments in the year 2021:

- | | | |
|------|---|-----------------|
| i. | LASF | K65,000.00; |
| ii. | NAPSA | K129,120.76; |
| iii. | ZULAWU | K50,000.00; and |
| iv. | Fire Services Union of Zambia (FIRESUZ) | K37,352.40. |

Recovery of payments to ZULAWU and FIRESUZ was done at source from the Local Government Equalisation Fund grant at the Ministry of Local Government and Rural Development. Payment restructuring agreements were entered into with NAPSA, LASF and ZRA.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii. Failure to settle Staff Obligations K5,656,214

Response from Accounting Authority

The Accounting Authority regretted the query and attributed the failure to clear outstanding staff obligations to financial constraints. Notwithstanding its financial constraints, the Council had made efforts to dismantle this debt burden and had made the following in 2021:

- i. long service bonus:
- ii. terminal benefits K 252,057.17; and
- iii. settling in allowances K58,516.44.

The Council had since devised a payment plan to dismantle this debt by allocating a monthly figure of at least K50,000 towards payment of long service bonus, settling in allowances and leave benefits.

Committee Key Observation and Recommendations

The Committee urges the Accounting Authority to ensure that the Council utilises the statutory obligation provided mechanism to yield and collect the much needed revenue. The Council must commit to usefulness, especially with the dispensation of decentralisation. Otherwise most of the excuses are not well founded as they are simply failures to harness the statutory provision and lack of prudent management. The Committee resolves to await a progress report on the matter.

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income K4,342,300 (Negative Variance)

Response by the Accounting Authority

i) Local Taxes

The Accounting Authority submitted that the Council budgeted to raise K4, 036,493 in local taxes against which they raised K2, 050,041(51% collection efficiency) resulting in an adverse variance of K1, 986,452(49%). The query was caused by under collections in the local taxes arising from the disputes between Council and potential high value rate payers such as Kalungwishi Estates, Northern Coffee Corporation among others arose. The rate payers and many others had contended not to pay and resorted to go to court over the matter. This scenario prompted the Council to enter into negotiations with individual rate payers on case by case basis. These matters were resolved and the Council subsequently passed a resolution which awarded a rebate on the rates payable to Council. Another matter which accounts for the biggest part of the variance were rates payable by TAZARA. As at close of 2020, TAZARA Railway Authority owed the Council the sum of K721,235 for property rates on plot 19994/1996 and plot C27 OF LOT 1. This matter had been outstanding for a long time and several correspondences had been made. The latest correspondence was awaited for verification. The Council delivered demand notices to property owners in the same period. A number of them responded by clearing their balances. However, there were still a number of clients who had not cleared their balances and Council had gone ahead to issue Warrants of Distress on the affected properties. The Council was able to recover an amount totalling K571, 934.42 from clients who were taken to the Office of the Undersheriff (court bailiffs). The challenge was with TAZARA who only paid a paltry K5, 000 out of the total bill of K721, 235. This was compounded by the *Tanzania Zambia Railway Authority Act* that exempted TAZARA's properties from being issued with warrants of distress. Although warrants of distress were issued against TAZARA, they were not executed due to section 85 of the *Tanzania Zambia Railway Authority Act* which provided as follows:

“Notwithstanding anything to the contrary contained in any written law, where any judgment or order has been obtained against the Authority, no execution or attachment, or process in the nature thereof, shall be issued against the Authority or against any property of the Authority, but the Managing Director shall cause to be paid out of the revenue of the Authority such amounts as may, by the judgment or order, be awarded against the Authority to the person entitled thereto.”

While the above cited section protected TAZARA from execution, it provided that the Managing Director had a duty to cause payment from the revenue of the authority as neglect to do so amounted to contempt. Considering the legal framework the only way forward was to institute legal proceeding, secure a judgment and thereafter, if the Managing Director failed to honour the judgment, institute contempt proceedings against him/her. Therefore, the Legal Department had since started preparing the legal documents for commencement of legal proceedings. Documents were available for verification.

The Council had put in place measures to continue sensitising and educating the public on the importance of paying the taxes on time. For those struggling to pay, payment plans were being entered into to ensure the local taxes due were collected. As for TAZARA, there was an arrangement to further explore what option was best in terms of recovering the due property rates. One such option was to consider suing them for failing to pay the due obligations.

ii) Fees and Charges

The Accounting Authority budgeted to raise K7, 335,255 in fees and charges against which they raised K6, 189,799 (84% collection efficiency) resulting in an adverse variance of K1, 145,455(16%). The non-attainment of 100% collection efficiency was due to the fact that, not all plot applicants that were offered plots fulfilled their obligations of paying plot premiums. The Council had repossessed unpaid for plots of 167 worth K7,240,580 and re-offered them to other applicants who were on the waiting list, and so far K4,037,938 had been realised as 7th September,2021. Documents were available for verification. The Council would endeavour to always educate the clients on the procedures of acquiring land and processes of making prompt payments in order to avoid non-payments which lead to repossessions.

iii) Levies

The Accounting Authority budgeted to raise K1, 408,313 in levies against which they raised K1, 1111,591 (79%) resulting in an adverse variance of K296, 722 (21%). The slight variance was due to the fact that some business owners were operating money mobile booths placed on private property and felt that they did not need to pay the levies. The Council had formed a task-force that carried out sensitisations and went regularly to enforce the collection of business levies. The Council further compiled the list of those that were not cooperating and engaged the court bailiffs. The engagement of the office of undersheriff helped the Council to start collecting the fees from Twenty-three realising K80,652.42. Documents were available for verification. The Council would always endeavour to sensitise the business community on the importance of them paying business levies to the Council. The Council would also continue using the Revenue Task Force to carry out door-to-door inspections and enforcement of business levies and other fees.

iv) Permits

The Accounting Authority budgeted to raise K919,512 in permits against which they raised K676,170 (74%), resulting in an adverse variance of K243,342 (26%).The slight variance was due to various permits such as health permits, extension of business hours permits and public permits for social gatherings, whose performance was hampered by the COVID-19 pandemic. A lot of businesses such as restaurants and bar owners; and social gatherings such as weddings and other public gatherings were curtailed due to the pandemic. This affected maximum collections of revenues from permits. Equally, the performance relating to issuance of fire certificates was hampered because health permits and fire certificates complemented each other in the sense that they were both issued to restaurant, bar and shop owners. The Council took steps to collect the due fees in some instances when the COVID-19 measures were relaxed and some restaurant and bar owners commenced normal operations. During that time, a total of K22, 272 was realised. Documents were available for verification. The

Council would always endeavour to ensure that all the required fees were paid when they were due by issuing the bills timely and continuing sensitisation campaigns.

v) Other Receipts

The Accounting Authority budgeted to raise K140, 000 in other receipts against which they raised K16, 155 (12%), resulting in adverse variance of K123, 845 (82%). The major variance was due to the uncollected funds from ZESCO for ZESCO way leave, amounting to K58, 162.70, which was not released by close of the year 2020. These funds were released in the subsequent year, 2021. The other variance was as result of non-collections from other cooperating partners in form of donations. The Council made follow-ups with ZESCO Limited and the ZESCO way leave fees amounting to K58,162.70, were received on 31st July, 2021. Documents were available for verification. The Council would continue engaging ZESCO Limited to consider releasing funds meant for the ZESCO way leave on time, as well as only consider budgeting annually based on those donations whose confirmations had been made with cooperating partners.

vi) Local Government Equalisation Fund (LGEF)

The Accounting Authority budgeted to receive funding of K14, 560,320 under LGEF against which they received K14, 210,712 (98%), resulting in an adverse variance of K349,608 (2%). The slight adverse variance was as a result of deductions at source by the Ministry, in form of audit fees, and union contributions for Members for both ZULAWU and FIRESUZ and budget hearing and orientation of Mayors, Chairpersons and Councillors, after being elected either from a by-election or general elections. The Ministry always notified the Local Authorities with regard to every deduction made. However, if there was no official correspondence when the Council observed the disparity in the funds released, the Council took steps to notify the Ministry. Documents were available for verification. The Council would always notify the Ministry of Local Government and Rural Development of any changes in the funds being received once there were discrepancies observed.

vii) Grants in Lieu of Rates

The Council budgeted to receive funding of K300, 000 under Grants in Lieu of Rates, against which it received K100, 000 (33%), resulting in an adverse variance of K200, 000 (67%). This was as a result of the Council not receiving the budgeted amount from the Central Government through the Ministry of Local and Rural Development. The Council had presented the matter during financial reports that were sent to the Ministry semi-annually and annually and Revenue Performance Reports that were prepared quarterly. Documents were available for verification. The Council would always notify the Ministry of Local Government and Rural development over non-receipt of the duly budgeted for and approved funds for the Council.

Committee's Observation and Recommendation

The Committee observes, with concern, the negative variance on various revenue types projected against what was actually received by the Council. The Committee urges the Accounting Authority to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance their efforts in sensitising the community on payment of

rates, fees and other Council charges. The Committee awaits a progress report until there is some notable improvement in the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Management of Constituency Development Fund

i. Delayed Completion of Mulobola Health Post - Lukashya Constituency

Response by the Accounting Authority

The Accounting Authority submitted that the contract was signed in November 2019. This was during the rainy season and therefore, accessibility to the site was difficult. In addition, the community pledged to provide upfront material in the form of bricks and sand which were considered and removed from the contractor's Bill of Quantities. However, these materials were not delivered in good time for the works to commence. The community supplied sand collected from deposits along the edge of the road. The sand was neither building nor river sand. Similarly, challenges with accessibility to the site became apparent with the return of the rainy season. Stage inspections had been a challenge due to the large number of projects being implemented, that is, 38 projects running under Lukashya Constituency with one pool vehicle.

The Council met the contractor who later applied for extension of time. A snag list was served to the contractor to correct defects. Once the snags were worked on, the project would be closed and go into the defect liability period. Documents were available for verification. While the issue of community participation in the delivery of building material was good for them to realise the sense of ownership, sometimes quality was compromised. For the full contracts they had suggested that the sand and bricks/blocks be included in the Bill of Quantities so that they hold the contractor accountable for all liabilities. Project proposals with community providing upfront materials would be accepted on condition that all materials pledged were available and of acceptable quality.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to supervise works during the period of the contract. The Committee directs the Accounting Authority to ensure that all outstanding works are completed without further delay and that erring officers are disciplined for this failure. The Committee will await a progress report.

ii. Delayed Completion - Shimumbo Primary School

Response by the Accounting Authority

The Accounting Authority informed the Committee that the community upfront material, that is, bricks were not delivered in good time for the works to commence. In addition, sand was not delivered by the community, a situation which forced the contractor to use their money to ferry sand to site which was not in the Bill of Quantities. Stage inspections had been a challenge due to the large number of projects being implemented (several projects running under Kasama Constituency with one pool vehicle). Issues of variation had to be handled by the Constituency Development Fund Committees (CDFCs) for the decision to be made but

the Committee was not in place at the time a request for additional funding to absorb the community of their obligations was made. The contractor was advised to apply for extension of time pending the formation of CDFCs after the general elections. A proposal for variation of quantities was prepared pending the first meeting of Kasama Central Constituency Development Committee. Documents were available for verification.

The Accounting Authority contended that while the issue of community participation in the delivery of building material was good for members of the community to have a sense of ownership, sometimes quality was compromised. It had been suggested that for the full contracts, the sand and bricks/blocks be included in the Bill of Quantities so that the contractor could be held accountable for all liabilities. Project proposals with community provided upfront materials would be accepted on condition that all materials pledged were present and of acceptable quality.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to supervise works during the period of the contract. The Committee directs the Accounting Authority to ensure that all outstanding works are completed without further delay and that erring officers are disciplined for this failure. The Committee will await a progress report.

iii. Delayed Completion of Ablution Block at Chikumanino Bus Station

Response by the Accounting Authority

The Accounting Authority clarified that this was not a CDF funded project but a Council project funded under a loan from ZANACO Bank. The Bank noted that the Council purchased the tipper truck through duty and tax exemption facility from the Ministry of Finance. Therefore, the truck was still registered under the national Government. Funding of the project was suspended by ZANACO Bank, pending the processes for change of ownership for the tipper truck. As a result of lack of funding, works on the project were temporarily suspended. After the Station was opened for temporary use, the actual demand for the services of the ablution was less than the projection. Therefore, the Council resolved to suspend the construction of the ablution block considering that the Bank had temporarily ceased the disbursement of funds towards the project. The matter was awaiting the full Council for ratification. The process for change of ownership of the truck was initiated and finalised. The station still lacked supporting infrastructure to improve the conditions for the travelling public,. Therefore a proposal to convert the project from an ablution block to a passenger waiting bay with ancillary shops and restaurant was developed to fit the footprint of the existing foundation. The project would resume after the bank unlocks the funding. Documents were available for verification. All loan requirements would be satisfied before, during and after loan disbursements at all times to avoid the lenders suspending the loan disbursement.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to expedite the process of implementing the new project. The Accounting Authority is directed to ensure that

documents relating to the project are approved by the Full Council and availed for audit verification. The Committee awaits a progress report on the matter.

c) Management of Liabilities

i. Failure to Remit Statutory Obligations K25, 987,048

Response by the Accounting Authority

The Accounting Authority responded that the query relating to non-payment of statutory obligations was due to financial challenges that the Council was facing. These debts were historical, dating as far back as 2004. Further, the major component of these statutory debts was penalties as the principal remained very minimal. The Council reported that it had entered into payment plans with LASF to make monthly payments of K40, 000, with ZRA monthly payments of K20, 000 and with NAPSA a monthly payment of K30, 000 to dismantle the debt and had so far paid K130, 110, with an outstanding amount of K25, 856,938. In addition, the Council offered a parcel of land worth K1, 500,000 to NAPSA as a debt swap which was at independent valuation stage by NAPSA.

S/NO	Institution	Amount ZMK	Amount Paid To Date ZMK	Balance ZMK
1	LASF	2,653,085	90,000	2,563,085
2	NAPSA	7,587,445	10,110	7,577,335
3	ZRA	15,746,519	30,000	15,716,519
	Total	25,987,048	130,110	25,856,938

Documents were available for verification. The Council would continue budgeting for the payment of statutory obligations annually and ensure that adherence to payment plans was reinforced. The Council would further ensure it widened the revenue base to continue dismantling debts and settle obligations as they fell due. The Council further opened a separate account called Kasama Municipal Council Debt Management, whose source of funds were 10% of daily collections from locally generated revenue to help sort some of the staff related obligations.

Committee’s Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Committee further encourages the Accounting Authority to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K6, 496,910

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor’s observations and reported that the non-payment of staff obligations was due to financial challenges the Council was facing during the period under review. This was a similar issue with regard to statutory obligation. Some of the staff debt was historical in nature coupled with the increase in the work force

that had pushed staff obligations up against the limited revenue base and Local Government Equalisation Fund (LGEF). The Council reported that it had prepared and implemented a payment plan and had paid K398, 244.82, leaving an outstanding amount of K6, 098,665.18. The Council further separated the actual correct figure of settling amounting to K305, 961.18 of which a larger amount of K1, 172,259.82 was part of the long-service bonus as seen in the table below:

No.	Staff Obligation	Amount K	Amount Paid to date K	Balance K
1	Terminal Benefits	5,018,689	303,147.74	4,715,541.26
2	Settling In Allowance	305,961.18	91,097.08	199,878.22
3	Long-service Bonus	1,172,259.82	4,000	1,274,321.84
	Total	6,496,910	398,244.82	6,098,665.18

Documents were available for verification. The Council would continue budgeting for the payment of staff obligations annually and ensure that adherence to payment plans was reinforced. The Council would ensure it widened the revenue base to continue dismantling staff obligations. The Council further opened a separate Account called Kasama Municipal Council Debt Management whose sources of funds were 10% from daily collections from locally generated revenue to help sort some of the staff related obligations.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Accounting Authority is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

Katete Town Council

Paragraph 34

a) Budget and Income K2,733,445

Response by the Accounting Authority

The Accounting Authority reported that the council acknowledged the observation of the Auditors and stated that the under collection on the above stated revenue streams were due to the following reasons:

1) Local Taxes

Majority of the residents of Katete district were retirees who depended on farming as a result they found it difficult to pay the Local Taxes and these consisted only of property rates. Personal levy was not being remitted by shop owners due to the impact of corona on their income. The Council was expecting the 2019 new valuation roll to be approved during the first quarter of 2020. However, the valuation roll was only approved on 18th December, 2020, hence under collection resulting to the variance of (484,408).

2) Fees and Charges

The Council offloaded 35 parcels of land of which 15 were commercial and 20 were residential plots of which at the time of the audit the status was as the table below shows;

Category	No. of plots created	No. of plots sold	Premium (K)	Amount(K)	Balance(K)
Residential	20	09	11,800	106,200	129,800
Commercial	15	07	14,300	100,100	114,400
			TOTAL	206,300	244,200

On this same revenue stream, there were other fees and charges that could not be collected due to effects of the Corona virus outbreak leading to low income on market fee charges such as market fees, hire of hall fees, Bus station and Marriage fees.

3) Licenses

The Council could not collect as budgeted because during this period there was an outbreak of corona virus resulting in the closure of bars, restaurants where they mainly Council collect license fees such as Liquor licences, Restaurant Licences, salon.

4) Levies

Performance on the levies equally was poor as a result of the corona outbreak which led to low returns on the part of retail business shops that were issued with business levies, while others operated partially. They could also not collect from grain levy due to low traffic of farmers who had restricted movements as a result of the outbreak and restrictions on the movement of trucks to ferry the goods.

5) Permits

Revenue collection on Permits (i.e. health permits, fire certificates, nursery school permits) was poor because of the closure of nursery schools coupled with poor performance of business outlets leading to failure to pay for the required permit.

6) Commercial venture

The Commercial Venture (Mphangwe Motel) was turned into a quarantine Centre hence affecting the income levels for the period under review.

6) Local Government Equalization Fund

The Council was funded in full during the period under review. The variance was as result of deductions at source for i.e. ZULAWU contributions, Insurance cover for fire tender, audit fees. The Accounting Authority reported that it had formed a revenue task force which was headed by Council Treasurer, District Planning Officer, and Chief administrative Officer and assisted by Assistant Commercial Manager. The revenue collection had since improved. The Council had budgeted for a pool vehicle in its 2022 budget specifically for revenue collection and construction of two (02) permanent revenue check points. The Council was now offering parcel of land on first come first serve basis. More revenue collectors had been employed so

as to enhance revenue collection. Further Demand notices had been issued to non-compliant rate payers according to section 24 (1) of the Rating Act No.21 of 2018. The Council would ensure that it prepared its budget using updated database and trend analysis to upscale the revenue collection.

Committee's Observation and Recommendation

The Committee observes with concern the negative variance on various revenue types projected against what was actually received by the Council. The Accounting Authority is urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance their efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Failure to Deduct Tax - K1, 023,149

Response by the Accounting Authority

The Accounting Authority reported that it acknowledged the Auditors' observation of not taxing housing allowance totalling to K1,023,149 because the payroll system treated housing allowance as a non-taxable income. The Council had recovered untaxed housing allowance of K346, 438.32 from affected officers through their accumulated leave pay benefits. The Accounting Authority reported that it would be adhering to the income tax act and other statutory obligations as required.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Accounting Authority to deduct tax from personal emoluments and remitted to the Zambia Revenue Authority (ZRA) as per requirement in the Income Tax Act Chapter 323 of the Laws of Zambia. The Committee is of the view that there is lack of seriousness by officers tasked with this responsibility and what has surprised the Committee is that the same went unpunished. The Committee sternly cautions the Accounting Authority and urges him to ensure that erring officers are disciplined to serve as a deterrent to others. The Committee resolves to await a progress report on the matter.

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

Response by the Accounting Authority

The Council acknowledged the auditor's observation and -submitted that the contract for the construction of Kavulamungu Bridge was awarded on 4th of February 2021 and not 4th February, 2020 as per attached copy of the contract agreement. The bridge was being implemented in 3 phases with the first phase having the scope highlighted below.

- i. Site clearing
- ii. River Draining
- iii. Excavation for foundation for abutments and wing walls
- iv. Construction of abutment and wing wall bases
- v. Construction of reinforced concrete abutment and wing walls

Upon award of the contract, the contractor was paid a total sum of K123, 899.67 as Advance Payment against a valid advance pay bond. Furthermore, amounts totaling to K38, 184.33 was used for site clearing and site investigation which included excavation of trail pits and the testing of soil which was done in Lusaka. The Council informed the Committee that at the time of audit, construction works had stalled due to unfavorable weather condition (rains) which led to increased water levels in the stream. Further to this, the contractor had challenges in accessing the site due to human activities which included maize fields and gardens. After extensive community engagements, it was resolved that the community be allowed to harvest their crops as the works were going to destroy their crops and they were going to be at lose since the contract had no provision for compensation. The contractor mobilized to site as soon as the conditions became favourable. It was also reported that the first phase had since been completed. The Council would endeavor to enhance community engagement in good time to secure project sites to avoid unnecessary encroachment and complete project son time.

Committee’s Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to complete the project for public use. The Committee directs the Accounting Authority to ensure that all outstanding works are completed without further delay. The Committee will await a progress report.

d) Management of Liabilities

i. Failure to Remit Statutory Obligations K5,436,232

Response by the Accounting Authority

The Accounting Authority reported that the Local Authority failed to remit statutory contribution as indicated in the table above as required by the law due to financial challenges. The Accounting Authority reported that it paid K15, 000 to ZRA on monthly basis and K10, 000 for LASF towards the arrears. The Council made post audit payments to liquidate statutory obligations as follows:

S/No.	Institution	Bal b/f (K)	Paid (K)	Balance (K)
1.	ZRA	2,364,282	65,000	2,299,282
2.	LASF	626,896	50,020.17	576,875.83
3.	Zulawu	16,627.50	26,607.50	-9,980
	Total	3,007,805.50	141,627.67	2,866,177.83

Further K290, 000 had been allocated in the 2022 budget to liquidate the liabilities. The Council would continue to reduce the debt as per payment plan which was budgeted for in 2022 budget estimates and continue to appeal for financial assistance.

Committee’s Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations - K2, 793,685

Response by the Accounting Authority

The Accounting Authority reported that K2, 793,685 had not been paid out as staff debts as at December 2020 due to financial constraints faced by the Council as a result of limited resources and low revenue base. The Accounting Authority reported that it had been settling the outstanding debts as and when funds become available. Further the Council had a payment plan in place to pay K18, 000 in favour of retirees and deceased every month and it had budgeted in its 2022 budget to liquidate K 331,500 towards the same. For the year 2021, K252, 823.04 had been paid out. The Local Authority would always ensure that reducing staff debtors was done on a monthly basis.

Committee's Observation and Recommendation

In noting the submission, the Council Secretary is urged by the Committee to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Committee resolves to await a progress report.

Kawambwa Town Council

Paragraph 35

Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income K21,408,570

b) Failure to Collect Revenue K549,936

Response by the Accounting Authority

The Accounting Authority reported that the uncollected revenue, amounting to K549,936 by Kawambwa Town Council, consisted of receivable for liquidated Kawambwa Tea company amounting to K138,845, which had been outstanding for a long time. The Industrial Development Corporation (IDC) had acknowledged this debt and they had been promising to pay the debt since 2016. The outstanding plot premium fees, amounting to K30,033 had been collected in the year 2021, as shown on the receipt and payments. The Council also repossessed plots for those that had failed to pay and allocated them to new applicants. Failure to collect property rates amounting to K378,928 was mainly due to COVID-19, which had no clear guideline from the onset on how the Council could collect property rates in residential areas. This was compounded by the rotation of staff to avoid overcrowding in offices. The little collected was mainly from commercial properties from which so far K361,756.25 had been collected in the year 2021. The Council had intensified the collection of revenues from property rates by issuing demand notices to all rate payers. The Council also intended to engage court bailiffs to collect the revenues from those who would fail to pay. The Council had also engaged IDC on the outstanding bill of K138,845 for tea levy. The Accounting Authority reported that since COVID-19 had become the new normal, the Council had formed a task-force to collect the uncollected revenue by engaging the bailiffs. The Council would also ensure that the amounts with IDC were collected using the legal

process.

Committee's Observations and Recommendations

The Committee bemoans the lack of aggressiveness on the part of the Accounting Authority and his team. He is strongly urged to ensure that turn-around strategies are formulated and employed to counter this unintended outcome. The Committee urges the Accounting Authority to enhance their revenue collection efforts and collect the remaining balance only then will the matter be closed.

c) Management of Payroll and Staff Related Matters

i. Failure to Fill Vacant Positions

Response by the Accounting Authority

The Accounting Authority reported that the failure to fill vacant position at Kawambwa Town Council was due to the fact that the recruitment of officers in division one, two and three was a responsibility of the Local Government Service Commission. The Accounting Authority further reported that Kawambwa Town Council had written a request to the Local Government Service Commission to employ revenue collectors and request letter was available for verification. Kawambwa Town Council would be informing the Commission so that it could fill the vacant position.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Accounting Authority to ensure that he impresses upon the Local Government Service Commission to fill up these key positions as a matter of priority. The Committee resolves to await a progress report on the matter.

ii. Non-deduction of NAPSA Contributions K62,213

Response by the Accounting Authority

The Accounting Authority reported that Kawambwa Town Council engaged thirty-one casual workers on part-time basis. Within two months, the Council terminated their contracts and paid them the whole amount, without deducting NAPSA contributions. The Accounting Authority also reported that Kawambwa Town Council had started deducting NAPSA contributions for all contracted workers engaged. He added that Kawambwa Town Council would be following the *National Pension Scheme Act of 1996* in all future recruitments for contracted workers.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to deduct NAPSA contributions which is a very serious omission. What is even more worrying is that this done with impunity. The Accounting Authority is strongly urged to take stern disciplinary action against erring officers and funds must be paid accordingly to NAPSA. Documents supporting these actions should be submitted to the Office of the Auditor General for verification. . The Committee will await a progress report on the matter.

d) Management of Liabilities

i. Failure to Remit Statutory Obligations K3,402,707

Response by the Accounting Authority

The Accounting Authority reported that the failure to settle statutory obligation by Kawambwa Town Council was due to inadequate financial resources and the revenue base for the Council was very narrow, hence it could not manage to liquidate all the outstanding financial obligations. He also reported that Kawambwa Town Council was paying current statutory obligations for NAPSA, LASF and, ZRA. Payment vouchers were available for verification for the payments made so far. The Accounting Authority added that Kawambwa Town Council had come up with a payment plan in the 2022 budget as follows: terminal benefit K30,000, ZRA K7,743.50 and K14,728.

Committee's Observations and Recommendations

The Committee observes with concern the huge debt stock and the failure by the Accounting Authority to dismantle it over the years. The Committee strongly urges the Accounting Authority to ensure that all available options are explored to ensure that the debt is dismantled without allowing it to grow further. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations

Response by the Accounting Authority

The Accounting Authority reported that the failure to settle staff obligations by Kawambwa Town Council was due to inadequate resources and the increase was due to officers that had retired during the year 2020. However Management had made payments amounting to K150,610 against the outstanding amount of K2,082,661 in 2020. He added that Kawambwa Town Council had also made a total payment amounting to K111,325 in the year 2021. The Accounting Authority furthermore reported that Kawambwa Town Council had come up with a payment plan by committing K30,000 towards payment of staff obligations.

Committee's Observations and Recommendation

The Committee observes, with concern, the huge debt stock and the failure by the Accounting Authority to dismantle it over the years. The Committee strongly urges the Accounting Authority to ensure that all available options are explored to ensure that the debt is dismantled without allowing it to grow further. The Committee resolved to await a progress report.

36.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income - K1,429,647

Response by the Accounting Authority

The Accounting Authority submitted that the Council had not fully realised its budget for the year 2020 as the annual budget was K20, 837,929 while actual collections were K19, 408,282, resulting in an adverse variance of K1, 429,647, representing 7% under-collection. The Accounting Authority submitted that notwithstanding the over 93% collection efficiency, the Council had taken some steps to ensure it bridged the gap on revenues due to it, such as the serving of demand notices for rates due. Further, the Council had successfully signed an MoU with ZRA for connectivity of the motor vehicle levy to its Single Payment Point (SPP) under the Zambia Electronic Single Window (ZESW) initiative. The table below outlined reasons that resulted in the underperformance of some income streams:

No.	Source of Funds	Budget K	Actual K	Variance K	Remarks
	Locally Generated				
1	Local Taxes	748,750.00	93,569.00	(655,181.00)	Being the first ever Valuation Roll which was only implemented in the second half of the year
2	Fees and Charges	8,498,446.00	7,626,445.00	(872,001.00)	Covid effect which resulted in the closure/restrictions of Zambia Botswana Border for periods up to 6 months
3	Licenses	52,000.00	35,250.00	(16,750.00)	Effects on Businesses of the Covid Pandemic
4	Levies	1,126,497.00	1,258,509.00	132,012.00	
5	Permits	248,450.00	53,970.00	(194,480.00)	Effects on Businesses of the Covid Pandemic
6	Commercial Venture		70,733.00	70,733.00	
7	Other Receipts	48,000.00	22,885.00	(25,115.00)	Reduced business in the district affected miscellaneous incomes
	Sub Total	10,722,143.00	9,161,361.00	1,560,782.00	
	National Support				
8	Local Government	8,315,786.00	8,272,438.00	(43,348.00)	Due to statutory deductions done at source
9	Constituency Deve	1,600,000.00	1,687,383.00	87,383.00	
10	Other Grants	200,000.00	287,100.00	87,100.00	
	Sub Total	10,115,786.00	10,246,921.00	131,135.00	
	Total	20,837,929.00	19,408,282.00	1,429,647.00	

The Accounting Authority submitted that they had recently acquired a vehicle dedicated to revenue collection and they had as of January assigned more revenue collectors to be part of field workers due to their withdrawal from the border as Kazungula had been included on the Zambia Electronic Single Window System for motor levies.

Committee's Observation and Recommendation

The Committee observes, with concern, the negative variance on various revenue types projected against what was actually received by the Council. The Committee urges the

Accounting Authority to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance efforts in sensitising the community on payment of rates, fees and other Council charges. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Environmental Management - Kazungula Dumpsite

Response by the Accounting Authority

The Accounting Authority informed the Committee that the Council had not adhered to best practices in dumpsite management which posed potential risks to the community by not compacting waste disposed and not fencing the site. The Accounting Authority submitted on the actions taken as outlined below.

- i. The Council replaced the sign posts both for direction and circulation arrows. Pictures showing direction and circulation arrows to and within the dumpsite as earlier signs were vandalised were available for audit verification.
- ii. The Council had its supplementary budget approved last December for the procurement of a front end loader which would occasionally help with the laying of layers of soil at the dumpsite. The procurement processes for the same had since commenced. The approval letter of the supplementary budget and the advert for the procurement of the front end loader were available for audit verification.
- iii. The budget extract for construction of the fence around the dumpsite once the 2022 budget was approved.

The Accounting Authority submitted that the Health Section would be greatly supported by the above mentioned measures and an enhanced security through construction of a site guard house.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to expedite the process of putting in place, all the requirements of a dumpsite without further delay. The Accounting Authority is strongly urged to ensure that he acts expeditiously to avoid disease outbreaks that may arise due to dumping refuse in unsafe and unsecured site. The Committee will await a progress report on the matter.

c) Accounting for Revenue

i. Missing Receipt books - Five (5) receipt books

Response by the Accounting Authority

The Accounting Authority submitted that the Council had failed to avail five accountable documents, being receipt books, during the financial period under review. The Accounting Authority informed the Committee that the books in question were stolen from the safe custody by one of the Council's revenue collectors and were the subject of criminal

proceedings with the Police. The officer involved was in Police custody and had since been released on bond and placed on suspension in accordance with the conditions of service. The Police report and the suspension letter were available for audit verification. The Accounting Authority submitted that Management had restricted access to accountable documents locker to only two people and each with one key to complete the opening and closing the safe. They would both need to be present when the safe was being opened and closed. No exchange of keys was allowed regardless of how engaged the custodian was without his presence, unless the exchange was documented and authorised. The Council had introduced Electronically Printed Receipt and copies were available for audit verification.

Committee's Observations and Recommendations

The Committee is disappointed by the weak internal controls observed at this Council. The Committee is of the view that this is an act of teeming and lading which cannot be condoned. The Committee urges the Accounting Authority to ensure that, as a matter of urgency, the matter is resolved to its logical conclusion. The Committee also urges him to ensure that internal controls are strengthened and further that all erring officers are brought to book. The Committee resolves to await a progress report on the matter.

ii. Delayed Banking - K36,406

Response by the Accounting Authority

The Accounting Authority submitted that it had intervals of depositing revenue collected, ranging from five to forty-eight days for revenues amounting to K36,406. The Council informed the Committee that Management had applied for Corporate Mobile Money Account Services with two telecoms providers, MTN and Airtel. This would make it possible for those revenue agents in the outskirts of the District for whom it was not feasible to go to the nearest town to access the Council's banking services provider to have an easy deposit option. This was because Kazungula was vast and certain revenue areas had to be accessed through Zimba and Kalomo. Management submitted that as a remedial action, the Council had procured a vehicle which was delivered last December specifically for revenue mobilisation which would assist with additional collection efforts from revenue collectors.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to sternly caution officers responsible for delayed banking. The Committee, however, resolves to close the matter subject to audit verification.

iii. Failure to Collect Revenue - K9,750,042

Response by the Accounting Authority

The Accounting Authority submitted that as of 31st October 2021, they had not collected K9,750,042 in revenues from combined sources of property rates, mast levy, billboards and plot premiums. The Accounting Authority submitted that the Council had been making efforts to follow up on these revenues and had in the subsequent two (2) months, November and December, realised part of these revenues to the tune of K580,867.60 from Infratel

(ZAMTEL tower handlers), property rates and plot premiums combined. Below are some of the receipts and bank statement extracts showing revenue received from those who had not yet sent the transaction copies for issuance of receipt, including a bank statement extract showing plot premium revenues for the 2 subsequent months.

No.	Revenue Type	Expected K	Collected K	Uncollected K	Receipt Status as at 31/12/21 K	Balance K
1	Property Rates	1,524,162	52,175	1,471,987	173,787.00	1,298,200.00
2	Zamtel-Mast Levy	45,000	-	45,000	140,000.00	(95,000.00)
3	Billboards	95,030	-	95,030	580.60	94,449.40
4	Plot Premiums	11,435,000	3,296,975	8,138,025	266,500.00	7,871,525.00
	Totals	13,099,192	3,349,150	9,750,042	580,867.60	9,169,174.40

The Accounting Authority informed the Committee that among the measures taken was the introduction of e-billing for rates and also the provision of a vehicle to revenue section for mobilisation. In addition, outstanding plot premiums were being reviewed for Council deliberation to consider possible repossession and re-advertisement.

Committee's Observation and Recommendation

The Committee notes the submission but is concerned that the Council isn't aggressive enough in revenue collection despite grappling with liquidity problems. The Committee urges the Accounting Authority to caution officers responsible and devise strategies to ensure that all the revenue outstanding is collected without further delay. The Committee will await a progress report on the matter.

d) Procurement of Goods and Services

i. Irregular Use of Accountable Imprest - K45,103

Response by the Accounting Authority

The Accounting Authority submitted that it had used imprest worth K45,103 most of which was used to pay for electricity and DSTV for the Civic Centre and Fire Section Offices using dealer agents who preferred cash payments. The Council informed the Committee that the Amount involved had been for electricity units and DSTV for fire section, which had been necessitated by the lack of payment offices for the above in the District and having to use Agents who preferred cash payments. However, the Council had since stopped the practice and was now paying through the internet banking portal for such transactions. The Accounting Authority submitted that it was now using internet banking platforms.

Committee's Observation and Recommendation

In noting the submission, the Committee strongly urges the Accounting Authority to ensure that officers who failed to follow clear regulations are disciplined and only then will the matter be closed.

ii. Irregular Medical Fees Refunds K35,877

Response by the Accounting Authority

The Accounting Authority submitted that due to late registration to National Health Insurance Management Authority (NHIMA), it had continued to pay its staff medical refunds contrary to the dictates of the *National Health Insurance Act, No 2 of 2018*. The Council reported that it had effected deductions from employees starting with the month of January payroll. The Accounting Authority informed the Committee that the Council was adhering to the requirements of the NHIMA Act.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that officers who failed to adhere to section 156 of the Conditions of Service for Local Government Officers are disciplined and only then will the matter be closed.

e) Management of Payroll and other Related Staff Matters -Employment of Casual Workers

Response by the Accounting Authority

The Accounting Authority submitted the Council had, contrary to the provisions of the *Employment Code Act, No 3 of 2019*, engaged 25 casual workers for jobs of a permanent nature and had not made contributions on their behalf to NAPSA. The Accounting Authority informed the Committee that the Council resolved to engage the casual workers on a permanent basis last December. Payments had also begun for casual workers for NAPSA. The Accounting Authority informed the Committee that guidance was sought from the Ministry and the response was obtained to engage casual workers on permanent basis in view of financial constraints resulting from COVID-19 financial impact as referred in circular MLG/101/22/86. The Council reported that they would ensure that human resource matters of such a nature were reported in a timely manner and endeavour to clear the applicable statutory obligations.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that the Council stopped the habit of engaging staff on casual basis in direct defiance to section 7 (1) of the *Employment Code Act, No. 3 of 2019*. The Committee is also saddened by the non-adherence to the *National Pension Scheme Act, No. 7 of 2015*. The Committee urges the Accounting Authority to ensure that officers who failed to follow these laid down guidelines are disciplined only then will the matter be closed.

f) Management of Assets - Lack of Title Deeds

Response by the Accounting Authority

The Accounting Authority acknowledged that they had not acquired ownership documentation such as title deeds for five of its properties and furthermore, had not paid for

insurance for five of its motor vehicles. The Accounting Authority informed the Committee that the Council had started the process of acquiring ownership documentation for its properties and was still engaging the Ministry of Lands and Natural Resources. The payment vouchers for numbering, offer letters received for some properties and the list of all submitted properties for titling were available for audit verification. The Council had also paid insurance for its running vehicles as evidenced in the vouchers. The Council also reported that Management had tasked the District Planning Officer to constantly engage the Ministry of Lands and Natural Resources over titling of all old and newly acquired property.

Committee's Observation and Recommendation

The Committee is disappointed by the failure to secure Council properties and vehicles by the Council Management which is against the requirement of section 41(4) of the *Public Finance Management Act, No. 1 of 2018* and Local Authorities Financial Regulation No. 154, respectively. The Accounting Authority is strongly urged to ensure that all its properties and vehicles are secured with certificates of title and insurance cover, respectively, without further delay and that the matter is prioritised to avoid loss of properties in unforeseen circumstances. The Committee resolves to await a progress report.

g) Management of Local Government Equalisation Fund (LGEF) - Delays in Construction of Truck Yard

Response by the Accounting Authority

The Accounting Authority submitted that the project of constructing a truck yard had not been completed in the financial period estimated due to construction activities in the District at the Bridge and One Stop Border Post facilities. The Council informed the Committee that the truck yard was complete and the project closed. A status report was available for audit verification. Management had introduced tracking sheets for running projects that would give early warning for contracts not performing well. The Council was considering strategic partners to work with to maximise revenues in the medium to long term.

Committee's Observation and Recommendation

The matter is recommended for closure subject to audit verification.

h) Management of Constituency Development Fund

i. Delayed Submission of Proposed Projects to the Ministry

Response by the Accounting Authority

The Accounting Authority submitted that CDF projects submissions were delayed by six months from the date of receipt of funds due to consultations with various stakeholders in the District. The Council regretted the delay in submission of projects. However, the Accounting Authority informed the Committee that after consultations, the identified projects were submitted for approval to the Ministry and these had since been approved and were being implemented. Extract of minutes were available for audit verification. The CDF Committee had been formed in January 2022 and adequately oriented with the requirements of the Act to

ensure prompt action.

Committee's Observation and Recommendation

The Committee notes the submission but strongly urges the Controlling Officer to consider reviewing the CDF Guidelines which have proved to have a lot of impediments even in their current form. The Committee urges the Ministry of Local Government and Rural Development to treat this matter with the urgency it deserves. The Committee awaits a progress report on the matter.

ii. Delayed Completion - Teacher's House at Nzwida Primary School and 1 x 3 Classroom Block at Makunika Secondary School

iii. Delayed Completion – 1x3 Classroom Block at Sikaunzwe Primary School

Response By The Accounting Authority

The Accounting Authority submitted that there was delayed completion of the three (3) cited projects namely Nzwida, Makunika and Sikaunzwe, as the works stalled following the termination of the contract with the contractors. The Accounting Authority informed the Committee that the works had since been reviewed and Management had decided to implement them on labour based contracts. So far, the works were standing at 90% completion for all the three projects and the progress report and photos were available for audit verification. Projects from CDF suffered from no or poor community contribution. Therefore, going forward, projects would be priced correctly without much weight given for community contributions. This would allow the CDF Committee allocate enough funds to projects.

Committee's Observation and Recommendation

The Committee strongly urges the Accounting Authority to ensure that works are supervised and inspected accordingly. The Committee is of the view that full contracts are better for easy monitoring, as opposed to labour based contracts which end up being problematic since it is practically impossible to supervise the community. The Committee urges the Accounting Authority to ensure that all outstanding works are completed only then will the matter will be closed.

i) Management of Liabilities

i. Failure to Remit Statutory Obligations

Response by the Accounting Authority

The Accounting Authority submitted that the Council had outstanding statutory obligations to three statutory bodies totalling K5, 332,163 for the financial period under review due to financial constraints. The Committee was informed that the Council had since made payments towards statutory obligations totalling K712,762.70 and had been engaging these bodies over penalty alleviations. Copies of payment vouchers were available for audit verification.

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K	Payment Status K	Balance K
1	ZRA	3,292,261	1,620,487	4,912,748	100,000	4,812,748	60000	4,752,748
2	NAPSA	742,159	756,290	1,498,449	1,190,724	307,725	548912.2	241,187
3	LASF	194,111	190,440	384,551	172,861	211,690	103850.5	107,840
	Total	4,228,531	2,567,217	6,795,748	1,463,585	5,332,163	712763	4,619,400

Further, the Council had engaged the statutory bodies on dismantling the outstanding liabilities and had since signed payment plans. The Council reported that it planned to settle principal payments as and when they fell due and was engaging the bodies for penalty alleviations and plans.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Accounting Authority is also encouraged to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations- K169,051

Response by the Accounting Authority

The Accounting Authority submitted that the Council had outstanding staff obligations of long service bonus and settling-in-allowances, amounting to K169,051 for the financial period in question due to financial constraints. The Accounting Authority informed the Committee that the Council cleared all their staff obligations for the year 2020 as cited in the table above. The payment vouchers were available for audit verification. The Committee was informed that the Council's goal was to clear staff obligations in the financial period in which they fell due.

Committee's Observation and Recommendation

The Committee resolves to close the matter subject to audit verification.

Kitwe City Council

Paragraph 37

37.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December, 2020 and physical inspections of selected projects revealed the following weaknesses to which the Accounting authority responded as set out below.

a) Budget and Income – (Negative variance K57,673,629)

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observations and reported as follows;

Local Taxes

The Accounting Authority reported that the under collection on local taxes was because of refusal by Mopani Copper Mines to pay K58.4million annual rates to the Council but instead decided to pay K8million and rushed to court to obtain an order against execution of the remaining balance. The collection of rates was further affected by Konkola Copper Mines (KCM) liquidation process which was shielded from execution under the *Corporate Insolvency Act No 9 of 2017*. KCM was supposed to pay K11.8 million annual rates to the Council. The two mines made up 70 percent of the Council's property rates budget. The Accounting Authority entered into debt swaps for property rates amounting to K46.88 million with other institutions which the Council owed in the year under review. The debt swaps were not reported in the Receipts and Payments Report but were accounted for separately as they were non-cash transactions.

Fees and Charges

The Accounting Authority reported that the positive variance was as a result of effective monitoring of collections through formulation of Revenue Task Force; automation of most revenue mobilisation systems such as e – billing; direct deposits by clients; and opening of pay-point offices in various site offices within the community for easy payments by clients. The Council had enhanced its revenue task force for effective collection of fees and charges. Revenue mobilisation systems had been automated and two utility vehicles had been procured to facilitate revenue mobilisation. The total budget performance after considering the debt swaps amounted to K180.15million (K133.27 plus K46.88million), resulting into an overall budget performance of 94 percent which was above the 75 percent minimum required budget performance standard. Documentation for debt swaps were available for verification.

Licences

The Accounting Authority reported that the under collection was due to closure of bars because of the COVID – 19 pandemic which negatively affected liquor business. Liquor licenses were the major source of income in this category and most of the clients failed to meet their obligations.

Permits

The Accounting Authority submitted that the favourable variance was due to the creation of automated clientele databases and enhanced efficiency of the Revenue Task Force. The Accounting Authority would ensure that only attainable revenue streams were put in the budget going forward. The Accounting Authority would also ensure that the Council entered into debt swaps with institutions it owed money and resources had been allocated in the 2022 budget specifically under the Revenue Mobilisation Program to enhance budget performance.

Committee's Observation and Recommendation

The Committee observes, with concern, both the negative and positive variances on various revenue types projected, against what was actually received by the Council. The Committee urges the Accounting Authority to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance efforts in sensitising the community on payment of

rates, fees and other council charges. The Accounting Authority is also urged to consider revising budgets realistically to avoid these variances. The Auditor General is urged to keep the matter in view during future audits.

b) Lack of Disaster Recovery Plan/Business Continuity Plan

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and reported that the Council did not have a stand-alone policy on Disaster Recovery Plan/Business Continuity Plan in the year under review but instead had a comprehensive policy on Information and Communication Technology, which also included an element of Disaster Recovery Plan/Business Continuity Plan. The Accounting Authority had started the process of enhancing the component of the Disaster Recovery Plan/Business continuity plan of the existing Information and Communication Technology Policy. The process was expected to be concluded by end of the third quarter of the year 2022. A comprehensive Information and Communication Technology Policy was available for verification. The Accounting Authority would ensure that the Disaster Recovery Plan/Business Continuity Plan component of Information and Communication Technology Policy was regularly updated to keep up with the modern technology trends.

Committee's Observation and Recommendation

The Committee observes, with concern, the failure by the Accounting Authority to secure the ICT system with a Disaster Recovery and Business Continuity Plan. The Committee urges the Accounting Authority to prioritise this and ensure the entity responds to a disaster or other emergency that may affect information systems which in turn may minimise the effect on business operation. The Committee resolves to await a progress report until the system is fully updated.

c) Failure to Collect Revenue

i. Leased and Rented Properties K20,100,949

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and reported that the tenants and site rent payers from unplanned settlements did not comply in paying their dues to the Council despite several reminders and promotions to encourage them to pay. The Council had collected a total of K465,356.58 from August 2021 to 31st December 2021 from leased properties and rented houses, leaving a balance of K639,535.42. The Council had commenced litigation process against all tenants that had outstanding balances. As regards to site rentals, the Accounting Authority had sought authority from the Secretary to Treasury, through the Ministry of Finance and National Planning to have the amount written off as bad debt as it was unrecoverable. Court summons, feedback letter from the Ministry of Finance and National Planning regarding debt write off; and official Council receipts were available for verification. The Accounting Authority would ensure that all tenants paid their rentals in

advance to avoid accumulation of rental arrears. The Council had also stopped billing and collection of site rentals effective 2022 because site rentals did not have adequate legal provisions to execute recovery of arrears. The Council would also ensure that necessary modalities were put in place to re-plan settlement areas in order to migrate rent payers into paying property rates which was one way to execute recovery of arrears.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that the matter is resolved to its logical conclusion without further delay. The Committee awaits a progress report on the matter.

ii. Plot Premiums - Kafue Park - K2,278,600

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and reported that they did not collect the whole service charge amount in the year under review because the Council was suspended in the year under review and all land related transactions were put on hold. Therefore, the Council did not collect the outstanding plot premiums in the year under review. The Council had so far collected a total of K7,104,000 as at 31st December 2021, leaving a balance of K306,000. The Council had commenced repossession processes from successful applicants with outstanding service charges whose land had not been affected. A repossession advert, a letter of Council Suspension and official Council receipts were available for verification. The Accounting Authority would consider offering plots on first-come-first-served basis and collect plot premiums, as opposed to service charges which allows flexible payment terms which mostly results into outstanding service charges due to non-compliance of successful applicants.

Committee's Observation and Recommendation

The Committee commends the Accounting Authority for pursuing the Council's debtors aggressively but urges him to ensure that the remaining amounts are collected and only then will the matter be closed subject to audit verification.

iii) Plot Premiums – Way Leave S129 - K6,841,450

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and reported that they did not collect the whole service charge amount because the Council was suspended in the year under review and all land related transactions were put on hold. The Accounting Authority had so far collected a total amount of K10,809,000, leaving a balance of K2,875,500 as at 31st December 2021. A detailed plot schedule and official Council receipts were available for verification. The Accounting Authority would consider offering plots on first-come-first-served basis and collect plot premiums as opposed to service charges which

allowed flexible payment terms which mostly resulted into outstanding service charges due to non-compliance of successful applicants.

Committee's Observation and Recommendation

The Committee notes the efforts made and urges the Accounting Authority to collect the remaining amounts and continue doing so to improve their current status quo. The Committee will await a progress report on the matter.

iv) Regularisation Fees K1,357,950

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and reported that a number of successful applicants did not comply with the demand notices for payment of their regularisation fees from the Council in the year under review. The reluctance to pay was because the applicants had already built and they knew that the Council could not repossess the plots which were already developed. The Accounting Authority had processed reminder notices to all the applicants who had not yet paid their regularisation fees for their regularised plots. Reminders were available for verification. The Accounting Authority would only process regularisation applications that were fully paid for.

Committee's Observation and Recommendation

The Committee notes the submission but is concerned that the Council is not aggressive in revenue collection despite grappling with liquidity problems. The Committee urges the Accounting Authority to caution officers responsible and devise strategies to ensure that all the revenue outstanding is collected without further delay. The Committee will await a progress report on the matter.

v) Plot Premiums from Employees K397,563

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and reported that the thirty-three plots were offered to officers who were transferred to other Councils before the plot premiums could be fully recovered from their salaries on the payroll. Receiving Councils were not remitting the recovered premiums despite writing to them. The Accounting Authority had written letters to recipient Councils to continue with the payroll deductions of the outstanding balance for plot premiums for the affected officers and remit the recovered amounts to Kitwe City Council. Copies of letters to recipient Councils were available for verification. The Accounting Authority would continue to engage other Councils to ensure that the outstanding plot premiums were fully collected.

Committee's Observation and Recommendation

The Committee notes the submission but urges the Local Government Service Commission to prevail on the receiving councils to continue with deductions through their respective payrolls. The Committee will await a progress report on the matter.

d) Irregular Drawing of Fuel - K136,649

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and reported that the Council did not have adequate vehicles for operations and service provision in the year under review and therefore, had to use vehicles for Directors as personal to holder vehicles for Council operations and service provision. The Council had to put fuel in the vehicles to execute its activities. The Council had so far procured three vehicles (two utility vehicles and a skip truck) and had budgeted to procure five more vehicles in the 2022 budget to mitigate shortages of transport. Copies of white books of the procured vehicles and 2022 budget extracts were available for verification. The Accounting Authority would endeavour to procure more vehicles in the coming financial years to alleviate transport shortages and avoid using Directors' personal to holder vehicles for Council operations.

Committee's Observation and Recommendation

The Committee notes the submission but is concerned that the Council has no documentary evidence to show that the vehicles were indeed used for the activities of the Council which is highly irregular and questionable. The Committee cautions the Accounting Authority to ensure that he avoided the inappropriate use of vehicles in future to avoid uncertainty as it cannot be proven how the vehicles were used. The matter is however, recommended for closure subject to audit verification.

e) Failure to Change Ownership of Donated Motor Vehicles

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that the vehicles were a donation (except for ACX 1451) to the Council from the Ministry of Local Government and Rural Development and other organisations for project monitoring and supervision. The cars did not come with their white books which made it difficult for the Accounting Authority to change ownership. The Accounting Authority had so far changed ownership for three vehicles namely Toyota Hilux ALL 763 and Toyota Hilux ALL 1348 from China Henan International; and Nissan UD85 – Refuse Truck ALR 9070 from Nkana Water and Sewerage Company. Copies of white books were available for verification. The Accounting Authority was unable to change ownership for Nissan Hardbody ABE 1252 from the Ministry of Local Government (Mwinilunga Town Council) and Nissan UD85 – Refuse Truck ALV 4119 from Nkana Water and Sewerage Company because they had reached their obsolete status. Letters to Road and Transport Safety Agency (RTSA) and the Ministry, which the Accounting Authority wrote in an attempt to change ownership of the two vehicles respectively, were available for verification. The Sino Howo Tipper ACX 1451 was never donated to the Council and therefore, belonged to Nizam Crusher Limited. The Accounting Authority would ensure that it changed ownership of assets whenever they were donated to the Council without delays in order to safeguard Council assets.

Committee's Observation and Recommendation

The Committee notes the submission but is concerned that the Council has taken too long to

resolve the matter. The Committee urges the Accounting Authority to ensure that all Council properties are secured with ownership documents to safeguard them for possible loss through litigation. The Committee will await a progress report on the matter.

f) Failure to Remit Statutory Obligations K26,336,218

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor’s observations and reported that due to financial challenges experienced in the year under review, the Council had focused on clearing all the outstanding staff credits (that is., long service bonus, gratuities, settling in allowances); and retirees and deceased benefits in the year under review. The Council planned to clear the outstanding statutory obligations in the 2022 financial year. The Council had so far paid a total of K3,513,282.70 towards outstanding statutory obligations as shown on the table below:

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K	Payments 2021 K	Balance K
1	ZRA	36,298,397	9,885,590	46,183,988	43,244,692	2,939,296	1,375,207.69	1,564,088.06
2	NAPSA	20,431,499	5,424,586	25,856,085	22,617,370	3,238,716	986,058.80	2,252,656.74
3	LASF	18,802,034	2,708,874	21,510,909	1,352,702	20,158,206	1,152,016.21	19,006,190.20
	Total	75,531,930	18,019,051	93,550,982	67,214,764	26,336,218	3,513,282.70	22,822,935.00

The Council had started paying its wage bill at gross with effect from 2021 to avoid further accumulation of statutory obligation arrears and had budgeted to clear all the outstanding statutory obligations in the 2022 budget at principal amount. An extract copy of the 2022 budget was available for verification. The Council would ensure that it cleared the outstanding ZRA, NAPSA and LASF principal amounts which had been budgeted for in the 2022 budget. The Accounting Authority would also ensure that the Council continued to pay the wage bill at gross to avoid accumulation of statutory obligation arrears.

Committee’s Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options, including debt swaps to expedite the process. The Committee resolves to await a progress report.

Limulunga Town Council

Paragraph 38

38.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income – Negative Variance K267,579

Response by the Accounting Authority

The Accounting Authority submitted that the observation by the Office of the Auditor General regarding failure to collect an amount of K267, 579 in the financial year in question by Limulunga Town Council was correct. The Accounting Authority reported that the revenue accounting for the said amount of K267, 579 was from two streams involving fees and charges and levies. They also stated that both sources underperformed because the Council had budgeted to receive some funds from charges for meat inspections and cattle levies from the Siwito Abattoir which obtained a business permit and was scheduled to open during the year 2020. However, the abattoir did not open and remained non-operational for the entire financial year under review. Limulunga Town Council had since stopped budgeting to receive revenue from projects which were not yet actualised, and endeavour to timely reassess any basis used in budgeting were likely not to materialise for appropriate adjustment. Limulunga Town Council would always endeavor to review its budget formulation, tracking during implementation and performance in order to make timely adjustments.

Committee's Observation and Recommendation

The Committee observes with concern the negative variance on various revenue types projected against what was actually received by the Council. The Accounting Authority is urged to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance their efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Environmental The Accounting Authority - Failure to Operate a Dumpsite

Response by the Accounting Authority

The observation by the Office of the Auditor General regarding failure to operate the dumpsite was correct as the traditional leadership had not yet allocated land to the Council for the construction of dumpsite at the time of the audit. The Council made a follow up with the traditional leadership on 22nd September 2021 and 3rd January 2022 and a piece of land had been allocated for the construction of the dumpsite. A copy of the land certificate from the traditional leadership and the site plan were available for verification. Limulunga Town Council would always ensure that the Council would remain compliant with regulatory requirement and the dumpsite would be operated as such.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to ensure that a permanent dumpsite is secured for use by the district. The Committee is saddened that this matter has not been prioritized by management and hence directs the Accounting Authority to ensure that the matter is finalised with the traditional leadership, expeditiously. The Committee will await a progress report.

c) Accounting for Revenue - Delayed Banking K77,798

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by Auditor General's office regarding delayed banking and wishes to report that the said funds were collected from Nalwei checkpoint which was located about more than 100 kilometres away from the civic centre. The Council decided to be collecting cash from the check point once in a while to avoid the cost of going to collect the funds outweighing the need to collect the cash on timely basis since the Council collected an average of one hundred and fifty kwacha (K150) on a daily basis. The Council was reviewing the revenue collection methods to arrive to the most cost effective system taking advantage of the Information Communication Technology platforms. The Council would ensure that all revenue was deposited within the stipulated 48 hours after receipt by the cashier.

Committee's Observation and Recommendation

The Committee notes the submission but urges the Accounting Authority to ensure that Local Authorities Financial Regulation No. 19 is adhered to by all revenue collectors' failure to which disciplinary action must be meted out against such officers. The Committee, however, resolves to close the matter subject to audit verification.

d) The Management of Payroll and Other Staff Related Matters - Failure to Fill Vacant Positions

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation that at the time of the Audit the Limulunga Town Council had twenty (20) vacant positions which were not filled. The Accounting Authority reported that it was the responsibility of the Local Government Service Commission to employ officers on behalf of Local Authorities. However, Limulunga Town Council did not submit a request to the Local Government Service Commission to employ officers to fill in vacant positions because the Council was and was still heavily dependent on Local Government Equalisation Funds to pay salaries. This implied that if the Local Authority was to fill all the positions, it would not permit the current resources to pay all the salaries and other obligations. However, the Council used the services of the District Buildings Officer from the District Administrative Office and Provincial Planning Unit. The Accounting Authority would write to the Local Government Service Commission to request for vacant position to be filled once matching resources to pay their salaries were secured in future. The Council would always engage the Local Government Service Commission and the Ministry of Local Government and Rural Development to ensure that all critical positions were filled together with matching resources to pay their salaries.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to fill up key positions in his establishment. The Committee notes with concern that certain vital services

may not be provided in the absence of these key staff. The Committee directs the Accounting Authority to ensure that all available options are explored to enhance their revenue collection and also fill up these key positions without further delay. The Committee will await a progress report.

e) The Management of Liabilities- Failure to Remit Statutory Contributions - K667,818

Response by the Accounting Authority

The Accounting Authority acknowledged that at the time of the audit, the Council had not remitted statutory contributions totaling K667, 818 to various statutory bodies because the current monthly Local Government Equalization Fund of K 678,009.27 and locally generated revenue averaging K 15,000 per month was not enough to cater for the Councils monthly expenditure amounting to K 685,081.38 (consisting of a wage bill of K 549,679.53 and K 135,401.85 for capital projects). The Council had continued to follow the payment plan entered into with ZRA in 2019 to pay twenty thousand kwacha (K20, 000) and ten thousand kwacha (K10, 000) to NAPSA as per court ruling. Copies of payment plans, payroll report for report and payments made in the past were available for verification. Limulunga Town Council would ensure that all the current statutory obligations were remitted to various statutory bodies as soon as the salaries were paid, while arrears would be paid according to the agreed payment plans once funds were available.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

Livingstone City Council

Paragraph 39

a) Budget and Income

Response by the Accounting Authority

The Accounting Authority acknowledged the observations of the Auditor General on budget variance in respect of the year 2020, and stated that the under collection was due to the reasons listed hereunder.

- i. Due to outbreak of COVID-19, between January and December 2020, Livingstone had unprecedented number of business houses closing down their operations, especially that the City was dominated by tourism industries. Most of the tourist operators had closed down their businesses hence affecting the Council's collection of budgeted revenue.
- ii. The 2019/2020 drought effect saw unprecedented load shedding. Most small and medium business entrepreneurs were heavily affected and many of them closed down their businesses. This negatively affected the Council's collection of the budgeted revenue.

- iii. The Council received K13, 463,558 as Local Government Equalisation Fund (LGEF) for the period from January to December 2020 and K 100,000, as grant in lieu of rates under National Support. This was because the Council did not receive the two months LGEF from the Government for the months of November and December 2020, amounting to K 2,156,442, as well as the K 100,000 grant in lieu of rates.

Local taxes

The business entities which owed the Council in property rates had been engaged through issuance of legal demand notices and entered into flexible payment plans in order for the leaseholders to clear the outstanding balances. The uncollected balance of K 13,212,616, was added to 2021 billings and the Council managed to collect K20, 585,159.53 to ensure that the balance for the previous year was collected in full. The Council had also put in place strategies to ensure the revenue was collected within the budgeted period.

Fees and Charges

The Council budgeted to collect the sum of K8, 163,062 from the new modern market and bus station in form of fees and charges but these could not be completed within the planned period, thereby causing the variance of K296, 192. To facilitate the completion of the two structures in order to enhance revenue collections, the Council and the Ministry of Local Government and Rural Development had engaged a financier, namely National Pension Scheme Authority (NAPSA) to provide capital to complete the Intercity Bus Terminus and Livingstone City Market projects so as to increase the revenue collections.

Licences

The Council budgeted to collect K4, 072,822 from the issuance of licenses for the period under review. However, the Council managed only to collect K598, 910 from the budgeted income of K4, 072,822, leaving the adverse balance of K3, 473,912 not collected. The adverse variance, amounting to K3, 473,912 was due to the low inflow of tourists in the District and COVID-19, which affected businesses negatively. As a result, not all business entities renewed their licenses.

Levies

The Council budgeted to collect a total sum of K4, 878,660 from levies for the period under review. However, the Council only managed to collect K4, 447,682, leaving the adverse variance of K430, 978. The adverse variance of K430, 978 was due to the use of a manual system of collecting revenue, which proved to be inefficient as opposed to the use of the electronic system. The low collection occurred during the first half of year before the Council entered into an agreement with ZRA for the collection of motor vehicle levy. Further, the collection had improved from the time the Council entered into an agreement with ZRA through a Memorandum of Understanding on collection of motor vehicle levy. The Council would endeavour to strengthen the revenue collection strategies put in place, in order to enhance revenue collection efficiency from locally generated revenue sources such as local taxes, fees, charges, permits and licences.

Committee's Observations and Recommendations

The Committee is disappointed that the City Council, which happens to be one of the biggest Councils in Zambia, has no strong workable strategies to collect revenue, despite grappling with liquidity problems. The Committee urges the Accounting authority to revisit their strategies and enhance their revenue collection efforts to improve the status quo. The Committee also directs the Accounting Authority to ensure that realistic budgets are prepared to avoid recurrence. The Committee will await progress report on this matter.

b) Accounting for Revenue

1) Misappropriation of Revenue K4, 244

Response by the Accounting Authority

The Accounting Authority acknowledged the observations of the Auditor General and stated that the Revenue Collector misappropriated funds totalling K13, 990 by altering the deposit slips. This was difficult to discover on time, as the Council had just taken over the full control of the operation of Mukuni Park. Mukuni Park was operating under a Trust and because of some management challenges by the Trust, the Council decided to take over the management of the Park. It was during this transition period that this malpractice took place. The Council had fully recovered the K13, 990 through the payroll against the employee. Disciplinary action was taken against the employee and was given a final warning. The employee was also removed from revenue collection at the Mukuni Park and graded to perform other duties under the Roads and Drainages Department. The final warning letter and pay slips were available for audit verification. The Council would endeavour to update the cash book together with the bank reconciliation on time and all differences encountered would be scrutinised to avoid misappropriation of funds through checking of the cash declaration sheet compared with the receipts issued on daily basis and bank deposit slips.

Committee's Observations and Recommendations

The Committee is disappointed by the action taken against the officer who failed to comply with the Financial Regulations in the transaction in question. The Committee is of the view that a transfer is not a solution enough to discipline the officer and deter others from doing the same. While it has been appreciated that the amounts were recovered, the Committee directs that all relevant documents be submitted to the Auditor General for verification. The Committee will await a progress report on this matter.

c) Failure to Collect Revenue

▪ Mukuni Park Curio Shops K98, 160

Response by the Accounting Authority

The Accounting Authority acknowledged the observations made by the Auditor General. Mukuni Park Market was a specialised type of market, which only dealt with one product, that is, curios. The target customers were mainly the tourists who came to Livingstone to visit the Victoria Falls, Mosi - O -Tunya National Park and other tourist attractions. However, due to the outbreak of the COVID -19 pandemic, there was a drastic reduction in tourists visiting the city of Livingstone hence affecting the sales at Mukuni Park Market. Further, most of the

lodge and hotel operators had opened curio shops within their premises to reduce on the tourist local movements as a way of curbing COVID -19 infections, hence affecting business at Mukuni Park Market. The Council Management had a meeting with the traders at Mukuni Park Market, where they were requesting for a waiver on rentals for the period 2020 and 2021 due to the loss of business, as a result of the COVID -19 pandemic. The Council had also terminated the tenancy agreement with the Association of Traders and replaced it with individual tenancy agreements and opened individual accounts for the tenants. The Council would be issuing monthly rental bills and regular demand notices to the individual traders so as to avoid accumulation of rental debt.

Committee's Observations and Recommendations

The Committee urges the Accounting Authority to ensure that the Council enhances its efforts to collect the outstanding amounts and resolves to await a progress report on the matter.

▪ Billboards K931,980

Response by the Accounting Authority

The Accounting Authority acknowledged the findings of the Auditor General. She stated that the under collection was due to the following reasons:

- i. Due to the outbreak of COVID -19, between January and December 2020, a number of business houses had their businesses closed down as the city was dominated by tourism industries. This impacted negatively on the Council's ability to collect the budgeted revenue.
- ii. Drought effect of 2019/2020 that saw unprecedented load shedding as most small and medium business entrepreneurs were negatively affected and many of them closed down their businesses. This also led the Council to not collect the budgeted revenue.
- iii. The uncollected revenue was due to the overstatement on expected income from the billboards as some companies closed businesses and relocated from Livingstone, while billboards remained on roadsides.
- iv. The budgeted revenue amounting to K 440,173.61 fell outside the radius of 3 kilometres where the Council was not mandated to collect as the billboards were under the Road Development Agency's (RDA) jurisdiction.

The Council had introduced payment plans for clients to help in the settlement of outstanding bills. The billboard database had been updated. This was to remove clients whose businesses had been closed and no longer existed in the City. The Council had also removed the billboards from the database that fell under the jurisdictions of RDA. The Council had collected K753, 525.97 from the 2020 arrears during the period January to December 2021. The Council had developed a payment plan where the outstanding balance would be paid in addition to the current bill until the balance came to zero. Documents were available for verification. The Council had started billing the clients annually for billboards in conformity with the Act and this would enable the clients to prepare adequately for the payment.

Committee's Observations and Recommendations

The Committee notes the submission and while appreciating the remedial measures taken, the Committee urges the Accounting Authority to collect the outstanding balance. The Committee also directs the Accounting authority to avail evidence of the recent collections to the Office of the Auditor General only then will the matter be closed.

- **Failure to Collect Revenue – Motor Vehicle Levy - K305, 790.**

Response by the Accounting Authority

The Accounting Authority acknowledged the observations of the Auditor General and reported that the differences in the expected revenue, as captured by the Auditor General's Office from motor vehicle levy collection and the actual revenue collected by the Council were due to the reasons below.

1. The Auditors pegged the levy at K80 for all trucks while the Council's actual levy varied according to the tonnage of the truck involved. For example, a 20 ton truck or less paid K50, while those above 20 ton paid K80.
2. The variations in the working hours between the ZRA and the Council also contributed to the variance in the monies collected. ZRA captured trucks from 05:00 hours to 21:00 hours while the Council Revenue Collectors collected levies from 06:00 hours to 18:00 hours only. This also gave rise to the under collection observed by the Auditors.
3. The Council was operating under the tree as it had no building or shelter at the Victoria Falls Boarder Crossing to help revenue collectors during the rainy season, thereby affecting collections during the rainy season.

The Council had entered into a Memorandum of Understanding (MOU) with ZRA to be collecting the motor vehicle levy on behalf of the Council to ensure that there was 100% collection efficiency. The Council would ensure that all revenues collected at the border were through the ZRA collection system to avoid revenue leakages.

Committee's Observations and Recommendations

The Committee notes the submission and in appreciating the remedial measures taken, encourages the Accounting Authority to fully implement and maintain the Memorandum of Understanding (MOU) entered into with the Zambia Revenue Authority, whose strategies were far more advanced than those of the Council. The Committee also directs the Accounting authority to avail a copy of the MOU to the Office of the Auditor General and only then will the matter be closed.

- c) **Wasteful Expenditure - Repair of Tractor K34,691**

Response by the Accounting Authority

The Accounting Authority submitted that the external Auditors' observation was noted and stated that at the time of the audit, the file for the officer was misplaced and hence some documents for recoveries could not be availed for audit verification. However, the cost of

storage and repair for the vehicles were paid by the officer following disciplinary action taken against him for dangerous driving. Documents were attached for audit verification. The officer was charged according to the conditions of service where the officer served. The Council would endeavour to insure that all Council drivers were competent to drive Council vehicles.

Committee's Observations and Recommendations

The Committee does not accept the misplacement of the file as reason for failure to effect recoveries and, therefore, directs the Accounting Authority to ensure that documents are availed to Auditors for verification. She is further urged to take disciplinary action against officers who failed to avail the documents during the period of audit. The Committee resolves to await a progress report on the matter.

v. Unaccounted for fuel - K229,965

Response by the Accounting Authority

The Accounting Authority acknowledged the observations of the Auditor General. However, the Council stated that, at the time of audit, Stores Section was still updating the stores records. Therefore, receipts and disposal details could not be availed for audit scrutiny. All stores records had been updated, receipts had been obtained from suppliers and disposal details were available for audit verification. The Council would ensure that all Stores records were updated on time after all relevant receipts and disposal details were attached, and securely stored.

Committee's Observations and Recommendations

The Committee notes the response and emphasises the need for retirement of all disbursed funds through the provision of relevant documents, such as receipts and disposal details. The Committee is disappointed that it took the Auditor General for the Council to begin to attempt to obtain these key accounting documents which should have been obtained during the transactions in accordance with the Financial Regulations. To this effect, the Committee calls upon the Accounting Authority to mete out disciplinary action against all officers who failed to comply with the Financial Regulations in these transactions. The Committee resolves to await a progress report on the matter.

e) Management of Liabilities

i. Failure to Remit Statutory Obligations - K92, 614,973

Response by the Accounting Authority

In acknowledging the observations made by the Auditor General, the Accounting Authority stated that the remission of statutory obligations had been a challenge due to the constrained cash flow to meet the gross payroll as well as provide the social services on a monthly basis. To remedy the situation, the Council had taken the measures outlined below.

- (i) The Council had signed an agreement with NAPSA regarding a payment plan of the debt.

- (ii) As for Zambia Revenue Authority, the Council had a commitment plan of paying a sum of K50, 000 on a monthly basis towards the outstanding debt of K37, 673,077 and also paying the current accrued amount whenever it had funds. Documents were available for audit verification.
- (iii) The Council had an agreement with LASF to be paying K20, 000 towards offsetting statutory obligations arrears amounting to K7, 578,563 and also paying the current accrued amount on a monthly basis.

The Council would ensure that its cash flow was improved in form of revenue collections in order to manage the payment of statutory obligations as they fall due on a monthly basis.

Committee's Observations and Recommendations

The Committee reiterates its recommendation with regard to payment of statutory obligations to circumvent the accrual of penalties. The Committee urges the Accounting Authority to consider liaising with the Secretary to the Treasury to relieve the Council of the burden on the debt stock on statutory obligations. The Committee resolves to await a progress report on the matter.

ii) Failure to Settle Staff Obligations K1, 450,184

Response by the Accounting Authority

The Accounting Authority acknowledged the observations made by the Auditor General's Office. However, the Council stated that;

- i. With regards terminal benefits, the Council remained with an outstanding balance of K 968,775. Proof of payment indicating the efforts currently being undertaken to address the observed challenge was available for audit verification.
- ii. The Council had paid and left an outstanding balance of K 1,450,184. Proof of payment indicating the efforts currently being undertaken to address the observed challenge was available for audit verification.

The Council had set aside K 50,000 for terminal benefits and long service bonus per month towards liquidating staff obligations and the amounts would be increased as when the cash flow improved.

Committee's Observations and Recommendations

The Committee observes that Management is taking a weak approach to dismantling the staff debt owed to current and former employees. In this regard, the Committee strongly urges the Accounting Authority to pursue the matter with the seriousness it deserves. The Accounting Authority is further urged to ensure that all possible channels are employed, including debt swap, to expedite resolving the matter. The Committee resolves to await an update on the matter.

40.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting authority responded as set out below.

a) Budget and Income – Negative Variance K2,756,630**Response by the Accounting Authority****Local Taxes**

The Accounting Authority submitted that they planned to generate K 739 011 from Local Taxes but collected K32,861, resulting in a variance of (K706,150), representing an adverse variance of 96%. Local Taxes had continued performing poorly due to non-compliance by property owners. The major complaint was that the rates were very high.

Fees and Charges

The Accounting Authority submitted that they planned to generate K2 723 615 from Fees and Charges, but collected K770 310 only, resulting in a variance of K1 953 305, representing an adverse variance of 72%. The fees and charges were mostly affected by the outbreak of COVID-19 in the border town which led to reduced trading activity at the three (3) harbours managed by the Council as well as the bus station. There was reduced traffic in the number of traders coming into and going out of the District arising from the restricted movements on the international borders.

Licenses

The Accounting Authority submitted that they planned to generate K48 500 from licenses but collected K62 060, resulting in a variance of K13 560, representing a favourable variance of 28%. This vote had done well due to continuous follow ups and allowing flexible terms of payments during the COVID-19 pandemic period.

Levies

The Accounting Authority submitted that they planned to generate K950 752 from levies, but collected K744 228, which resulted in a variance of K206 524, representing an adverse variance of 22%. This was as a result of the closure of the entry/exit points restricting movement of the traders on the international border with Mozambique over which the Council had no control.

Permits

The Accounting Authority submitted to the Committee that they planned to generate K47,600 from permits but collected K37,866, resulting in a variance of K 9,734, representing an adverse variance of 20%. Mostly, permits were issued to the lodges and shops in the District which were adversely affected by the COVID-19 pandemic, hence failing to pay for their permits as expected.

Constituency Development Fund

The Accounting Authority submitted that they planned to receive K1,600,000 from Central Government for Constituency Development Fund but received K1,600,000, representing 100% funding.

Other Grants

The Accounting Authority submitted that they planned to receive K130,000 from Other Grants but received K150,000, resulting in a variance of K20,000, representing a favourable variance of 115%. This was due to 115% funding from the Central Government.

Other Receipts

The Accounting Authority submitted that they planned to generate K23,000 from Other Receipts but collected nothing, resulting in a variance of (K23,000), representing an adverse variance of 100%. This was due to the absence of miscellaneous income during the period and loss made by the commercial venture. Going forward, the Council reduced the poundage on property rates by 50% across the board. Further, a bill buster was conducted from January 2021 to March 2021, with an incentive of writing off 40% of the bill once a property owner pays 60% of the outstanding bill. The Local Authority had continued to make follow ups on the clients to ensure all revenues due were collected. With the restriction on entry/exit points relaxed, the Local Authority had enhanced supervision on revenue collectors to ensure that fees, charges and levies were collected at optimal levels. The Council intended to continue sensitising the payers on their obligation to pay council fees through the use of the community radio station, the public address system and ICT materials.

Committee's Observations and Recommendations

The Committee observes, with concern, the huge negative variance on revenue projected against what was actually received by the Council. The Committee urges the Accounting Authority to set realistic budgets to avoid over and under committing themselves. The Committee awaits a progress report until there is some notable improvement in the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Environmental Management – Dumpsite Management

Response by the Accounting Authority

The Accounting Authority reported that the dumpsite had not yet been fenced due to financial challenges the Council had been experiencing over the years. The fencing of the dumpsite would be included in the budget estimates for the years 2023-2025. The Accounting Authority reported that the Council intended to fence off the dumpsite in phases beginning from the year 2023, over a period of three (3) years under the capital component of Local Government Equalisation Fund and Constituency Development Fund. The Accounting Authority further reported that the warning signs were not yet put because they risked being vandalised considering that the dumpsite was not fenced. The Committee was informed that the warning signs were being worked on using concrete mortar to avoid vandalism and they would be installed in due course. The Accounting Authority also reported that the compacting

of waste was not being done because the Council had no compactor and efforts were being made to find sources to hire a compactor before one was procured. The procurement of a compactor would be included in the budget estimates for 2024 under the 20% capital component of LGEF.

Committee's Observations and Recommendations

The Committee urges the Accounting Authority to ensure that the dumpsite is secured without further delay and that both the *Environmental Management Act No.12 of 2011* and the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013, are strictly adhered to. The Committee awaits a progress report on the matter.

c) Accounting for Revenue

Missing receipt books - Three (3) receipt books

Response by the Accounting Authority

The Ministry reported that the Local Authority could not trace where the books were because:

- i. receipt book No. 04601-04500 did not exist in the Local Authority's records;
- ii. receipt book number 95001 - 95300 was with revenue collector in Mandombe ward who was not available to avail the book at the time of audit; and
- iii. receipt number 77301 – 77600 was misfiled and could not be traced.

The Accounting Authority reported that the receipt book number 95001 - 95300 had been retrieved from the revenue agent and was available for verification. Efforts were still being made to locate receipt book number 77301-77600, which had not been found by the date of reporting. The actual book was available for verification.. The Council would ensure that all revenue agents with receipt books at the time of audit were contacted in good time to avail the books for audit scrutiny and that all used receipt books would continue being properly filed.

Committee's Observations and Recommendations

The Committee expresses grave concern at the failure by Management at this Council to secure receipt books, which is a very serious omission. The Committee wonders how the revenue agent could not be reached to avail the receipt book in their custody for the whole period the audit was going on and directs that the agent's contract be terminated while the officers who failed to trace the revenue agent should face disciplinary action. It is worrisome that internal controls are very weak and the Accounting Authority is urged to, as a matter of urgency, strengthen them to avoid recurrence. Documents supporting this action should be availed to the Auditor General's Office for verification. The Committee awaits a progress report on the matter.

d) Management of Stores - Failure to Account for Stores K29,500

Response by the Accounting Authority

The Accounting Authority reported that at the time of audit, the receipts from the suppliers, namely; Evertek Computers Limited and Chile Auto Repairs had been misplaced. The Accounting Authority reported that the receipts had since been found and attached to the payment vouchers and were ready for verification. The Council would always ensure to attach the receipts to the payment vouchers immediately they were collected.

Committee's Observations and Recommendations

The Committee doubts the authenticity of the receipts purported to be missing at the time of the audit but now available and directs that erring officers are disciplined and only then will the matter be closed. The Committee awaits a progress report on the matter.

e) Management of Assets

i. Lack of title deeds - K6,066,790

Response by the Accounting Authority

The Accounting Authority reported that the title deeds had not been obtained because Senior Chief Mburuma could not issue written consent for the conversion of customary land to leasehold tenure for the establishment of the mini township at Chitope Sub Centre, where the housing units were located. This was in view of the misunderstanding with the Council over the proposed boundary demarcations. Management started the process of acquiring title deeds by reporting the matter to Council before applications were done to the Ministry of Lands. The Council would ensure title deeds were obtained in good time for any parcels of land that the Local Authority would acquire.

Committee's Observations and Recommendations

The Committee encourages the Accounting Authority to ensure that he expedites the process of acquiring title deeds. The Committee awaits a progress report on the matter.

ii. Failure to Insure Assets - K743,420

Response by the Accounting Authority

The Accounting Authority submitted that the Local Authority did not insure the assets due to cash flow challenges being experienced. The Council would start the process of insuring the vehicles which were runners and would ensure that all the vehicles that were runners were insured in due course.

Committee's Observations and Recommendations

The Committee notes the submission but urges the Accounting Authority to ensure that all Council vehicles are secured with insurance cover every financial year to avoid recurrence.

The Committee awaits a progress report on the matter until all vehicles are secured and documents availed for audit verification.

f) Management of Payroll and Other Staff Related Matters

i. Failure to fill vacant positions

Response by the Accounting Authority

The Accounting authority submitted that the Council had no authority to fill vacancies in division I, II and III as authority to fill these vacancies lay with the Local Government Service Commission. The Council had not informed the Local Government Service Commission of these vacant positions because the District had very few emergency incidences to warrant the whole establishment of 36 officers to be filled. The Council had challenges to meet its monthly wage bill owing to the financial constraints. The Council would prepare a revised staff establishment for the Fire Services Unit with a reduced number of officers (of not more than fifteen) in line with the level of emergency activities in the District.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to ensure that quarterly returns are always prepared to inform the Local Government Service Commission of the key positions that are vacant in the establishment. He is also urged to consider a lean establishment in the fire section considering that the Council has challenges in meeting the wage bill. The Committee awaits a progress report on the matter.

ii. Failure to insure Fire Officers

Response by the Accounting Authority

The Accounting Authority submitted that the Local Authority had not insured the fire officers due to cash flow challenges being experienced. The Council also reported that the Local Authority would engage insurance firms over the insurance of fire personnel. The Council would endeavour to insure the fire officers in due course.

Committee's Observation and Recommendation

The Committee strongly urges the Accounting Authority to consider including insurance cover for firemen in their yearly budgets going forward, to avoid recurrence of this query and to ensure officers are covered in the event of fire fighting accidents. The Committee awaits a progress report on the matter.

g) Management of the Local Government Equalisation Fund – Misapplication of Funds

Response by the Accounting Authority

The Accounting Authority reported that the challenges arose from limited sources of income which led to part of the 20% capital component of the funds being used to pay salaries with

the view to reimburse the funds from locally generated funds. The Council had so far transferred back to Capital Account a total of K119,000 in two instalments of K30,000 and K89,000 in April and November 2021 respectively, leaving a balance of K1,359,305. Management intended to invest part of the 20% proceeds from the LGEF in income generating projects such as fish farming, fast-food outlet and boat cruising in order to improve the future council's financial base.

Committee's Observation and Recommendation

In noting the submission, the Committee cautions the Accounting Authority to desist from borrowing funds meant for capital projects. He is also cautioned to note that such action is a serious violation of the Public Finance Management General Regulations, 2020. The Committee directs the Accounting Authority to ensure that all borrowed funds are paid back without further delay and the Committee will await a progress report until all funds are recovered.

h) .Management of Constituency Development Fund - Delayed completion of a Boys' Dormitory at Kaunga Secondary School

Response by the Accounting Authority

The Council decided to terminate the contract for the construction of the boys' dormitory at Kaunga Secondary School owing to the failure by the contractor to perform in accordance with the contract agreement. The Council was in the process of engaging another contractor to complete the works after fresh recommendations from the Constituency Development Fund Committee for allocation of additional money while still pursuing Ultimate Insurance Company Limited, to refund the cash advance paid based on the insurance bond issued to the Contractor. The Council would continue ensuring that every contractor engaged to undertake construction or rehabilitation works throughout the Constituency was closely monitored and supervised right from inception.

Committee's Observation and Recommendation

In noting the submission, the Committee sternly cautions the Accounting Authority to desist from delaying projects as this amount to delayed service delivery to the intended community. The Committee also urges the Accounting Authority to ensure that due diligence is done before engaging a contractor on a project and also that projects are monitored and supervised to avoid recurrence. The Committee furthermore urges the Accounting Authority to ensure that the project is implemented expeditiously. The Committee resolves to await a progress report on the matter.

i) Management of Liabilities - Failure to Remit Statutory Obligations - K937,140

Response by the Accounting Authority

The Accounting Authority submitted that the Council was facing cash flow challenges due to the dwindling traditional sources of its income, especially fish levy. The Council had an average monthly income of K255 000 raised from the local revenues and a monthly allocation of K701 000 under the Local Government Equalisation Fund, bringing the total income to K956 000. Further, the Council had a total monthly wage bill of K953 000 and an average expenditure of K255 000, bringing the total expenditure to K1 208 000, resulting in a

deficit of K252 000 monthly. As a consequence of this serious deficit, the Council had been unable to develop and stick to any payment plans to consider the remission of outstanding statutory obligations. The Council reported that the Council managed to pay a total K45 925 towards the outstanding contributions owed to LASF and NAPSA. Furthermore, a total sum of K270 000 had been provided in the 2022 budget for settlement of outstanding statutory liabilities owed to ZRA, NAPSA and LASF. The Council would strive to raise the required amounts of the funds as per the payment plan and effect the remittances, in part, accordingly.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Council is also encouraged to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report.

Luanshya Municipal Council

Paragraph 41

41.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income (Negative Variance of K8,416,081)

Response by the Accounting Authority

No.	Source of Funds	Budget K	Income K	Variance K	REMARKS
	Locally Generated Funds				
1	Local taxes	19,339,994	27,128,289	(7,788,295)	The favourable variance was due to the new Valuation Roll that was approved during the budget implementation period
2	Fees and Charges	24,377,571	9,659,441	14,718,130	This was due to the adverse effects that the COVID-19 pandemic had on the disposable income of the citizens that made it difficult for them to pay the necessary fees and charges.
3	Licences	208,200	873,886	(665,686)	This was due to the high levels of compliance by the businesses in the district.
4	Levies	1,322,156	30,841	1,291,315	This was due to the adverse effects that the COVID-19 pandemic had on the disposable income of the citizens that made it difficult for them to pay the necessary levies.
5	Permits	2,084,710	1,243,610	841,100	This was due to the adverse

					effects that the COVID-19 pandemic had on the disposable income of the citizens that made it difficult for them to pay for the necessary permits.
6	Other Receipts	82,000	53,995	28,005	This was due to the adverse effects that the COVID-19 pandemic had on the disposable income of the citizens that made it difficult for them to pay for the other receipts.
7	Commercial Ventures	782,400	138,609	643,791	At the time of doing the budget they had a lot of enquiries but during the implementation stage of the budget most of the customers failed to turn up.
	Sub Total	48,197,031	39,128,671	9,068,360	
	National Support				
8	Local Government Equalisation Fund	13,450,294	13,502,573	(52,279)	
9	Constituency Development Fund	3,200,000	3,200,000	-	
10	Other Grants	-	600,000	(600,000)	
	Sub Total	16,650,294	17,302,573	(652,279)	
	Total	64,847,325	56,431,244	8,416,081	Overall the budget performance is at 87%

The Accounting Authority submitted the following actions to remedy the problems highlighted in the table above:

- i) Management had engaged court bailiffs to help in the collection of the outstanding fees and charges; overall, the budget performance stood at 87%,
- ii) introduction of e-billing system to send bills to the customers;
- iii) constitution of the Revenue Mobilisation Team to help in the collection of revenue;
- iv) entering into commitment plans with clients who had been finding it difficult to pay the whole outstanding amounts at once; and
- v) the Council had intensified sensitisation campaigns to try and encourage the citizens of Luanshya to make payments on time.

No.	Source of Funds	Budget K	Collections to date K	Variance K
	Locally Generated Funds			
1	Local taxes	19,339,994	27,492,851.99	(8,152,857.99)

2	Fees and Charges	24,377,571	14,355,640.60	10,021,930.40
3	Licences	208,200	873,886	(665,686)
4	Levies	1,322,156	959,289.20	362866.80
5	Permits	2,084,710	2,384,271.12	(299,561.12)
6	Other Receipts	82,000	905,085.51	(823,085.51)
7	Commercial Ventures	782,400	138,609	643,791
	Sub Total	48,197,031	55,262,633.42	1,087,397.51
	National Support			
8	Local Government Equalisation Fund	13,450,294	13,502,573	(52,279)
9	Constituency Development Fund	3,200,000	3,200,000	-
10	Other Grants	-	600,000	(600,000)
	Sub Total	16,650,294	17,302,573	(652,279)
	Total	64,847,325	64,412,206.42	435,118.58

The Accounting Authority submitted that in future the Council would ensure that the necessary steps were taken to adjust the budgets appropriately during the implementation period when they noticed a situation that might lead to them not being able to collect the budgeted amounts due to certain conditionalities beyond their control.

Committee's Observation and Recommendations

The Committee notes, with concern, the huge negative variance and urges the Accounting Authority to ensure that turnaround strategies are devised as a matter of urgency. The Committee is of the view that this state of affairs is a result of failure by Management to review their ineffective strategies. The Committee directs the Accounting Authority to ensure that action on the matter is expedited and that subsequent budgets are well set to avoid recurrence. The Committee urges the Auditor General's Office to keep the matter in view during future audits.

b) Failure to Collect Revenue - K1, 214,736

Response by the Accounting Authority

The Accounting Authority responded that the query was caused by the adverse effect of COVID 19, as by the time the budget was being formulated, COVID 19 was not there but it came during the implementation period of the budget. This led to the under collection of the revenues. On individual revenue sources, the Committee was informed as set out in the table below.

No.	Revenue Type	Expected K	Collected K	Uncollected K	Remarks
1	Leased and Rented Properties	995,433	19,807	975,626	Most tenants occupying properties could not settle their due to the slowdown of the economy as a result of covid-19.
2	Billboards and Banners	353,623	114,513	239,110	Most of the businesses had some challenges to raise funds to

					make payments for the billboards and banners due to the slowdown in the economy as a result of covid-19.
	Totals	1,349,056	134,320	1,214,736	

No	Revenue Type	Expected K	Collected as at 30 th September	Collected as at 31 January K	Uncollected K
1	Leased and Rented Properties	995,433	19,807	155,495	820,131
2	Billboards and Banners	353,623	114,513	36,935	202,175
	Totals	1,349,056	134,320	192,430	1,022,306

The Accounting Authority acknowledged the audit findings and stated that the Council had since collected K155, 495 from clients from leased and rented properties; and K36, 935 from billboards and banners. Further, for the defaulters, the matter was receiving attention in that they had been taken to court and failure to pay would lead to having their billboards uprooted. In some instances, payment plans were encouraged from defaulters. In future, the Council would ensure that necessary steps were taken in the collection of billboard charges and rentals. The Council was carrying out sensitisation campaigns and sending demand notices to all billboard owners to ensure they paid on time.

Committee's Observation and Recommendations

The Committee observes, with concern, the failure by Management to collect revenue, despite facing liquidity problems. The Committee, however, resolves to await a progress report as the matters are in court.

c) Failure to Maintain Properties

Response by the Accounting Authority

The Council regretted the failure to maintain properties. This was because the Council had been facing financial challenges. He acknowledged the audit findings and submitted that the Council had embarked on the rehabilitation of its properties as per Asset Maintenance Policy in a phased manner; that is, Civic Centre and Fire Station in the year 2020; and Baluba Motel, Fire station and office block at Mikomfwa was being undertaken in the year 2021. The Council would ensure that appropriate provisions in the budget were made to ensure that periodical maintenance was carried out on all Council properties. Budgetary allocations for rehabilitation of Council properties would continue to be made.

Committee's Observations and Recommendations

The Committee notes, with great concern, the failure by the Accounting Authority to allocate enough funds for maintenance. It is evident that the Council Management does not adhere to laid down procedure resulting in most buildings being dilapidated for quite a long period. The Committee directs the Accounting Authority to ensure that enough funds are allocated for maintenance to have a facelift on all Council properties without delay. The Committee will await a progress report on the matter.

i. Failure to Implement Approved Constituency Development Fund Projects

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's findings and stated that the failure to implement approved projects was due to the late receipt of funds from Central Government and the lengthy procurement processes. The Accounting Authority submitted the details on each project as set out in the table below.

LUANSHYA CONSTITUENCY

S/N	NAME OF PROJECT	APPROVED AMOUNT(ZMK)	FINDINGS	RECOMENDATION
1	Completion of Chibolya Clinic (Renovations)	1,150,000	The project was at 100%	Project was completed and was under defect liability.
2	Pumps for Clinics (Kamirenda ,Kalala,Franco and Kapupulu)	24,000	All pumps had been procured	Done
3	Fwasenge 1x3 class room Block Completion	31,000	Project was at window level. Allocated went to paying contractor labour fees.	<ul style="list-style-type: none"> The project needs a fresh allocation for the completion works.
4	Kalala market materials only	15,000,00	All materials had been procured and delivered.	Done

S/N	NAME OF PROJECT	APPROVED AMOUNT(ZMK)	FINDINGS	RECOMENDATION
1	Kafubu Primary School Boundary wall	80,0000	Works had been completed as per scope of work for this funding. Which involved: <ol style="list-style-type: none"> Concrete works – 200 metres stretch. With 200mm thick 1:2:4 concrete laid on a weak blinding concrete. Block work of 2500 no. blocks 	Project to be prioritised for funding in the next CDF funding for their completion
2	Kawama primary School Boundary wall	80,0000	Works had been completed as per scope of work for this funding. Which involved: <ol style="list-style-type: none"> Concrete works – 200 metres stretch. With 200mm thick 1:2:4 concrete laid on a weak blinding concrete. Block work of 2500 no. blocks 	Project to be prioritised for funding in the next CDF funding for their completion
5	Mipundu ward 6 (SPORTS FACILITY)	30,000=00	The projected was completed	Done

3	Mansansa west primary School 1x3 Classroom Block	80,000	Works had been completed as per scope of work for this funding. Which involved: i. Site clearing and excavations of foundation footing i. Casting of foundation i. Laying of foundation walls v. Casting of reinforced concrete slab	The contractor urged to expedite the construction works to complete the project
4	Kalulu Primary School Electrification	35,000	Works completed. Pending: Awaiting ZESCO connection.	Awaiting ZESCO connection
5	Construction of section 26 clinic boundary wall	90,000	Works had been completed as per scope of work for this funding. Which involved: i. Concrete works – 200 metres stretch. With 200mm thick 1:2:4 concrete laid on a weak blinding concrete. i. Block work of 3000 no. blocks	Project to be prioritised for funding in the next CDF funding for their completion
7	Procurement of Gen set For Roan General Hospital	160,000	Gen set has been procured and delivered.	To be considered in next funding to allow for expenses required for connection.
8	Chisokone community School(Materials only)	20,000	Materials had been procured and delivered	Done
9	Procurement of a community tractor	535,000	Tractor procured and in-use	Done
10	Kasununu Community School.(material only)	20,000	Materials had been procured and delivered.	Done
11	Chendamaunga community School(material only)	55,000	Materials had been procured and delivered.	Done
12	Kawama market Shelter	50,000	Project is in progress. Currently at excavations stage. Pending: • Block work of strip foundation • Casting of slab	Work in progress
13	Mpatamatu market	50,000	Works had been completed as per scope of work for this funding. Which involved: i. Internal and External painting of Market managers office i. Electrical works in the market manager's office. i. Making good of access gates	Done
14	Grading of Mpata Hills	75,000	Works had been completed as per scope of work for this funding	Done

The Accounting Authority submitted that the Council would continue to engage the Ministry of Local Government and Rural Development to help them to expedite the process of releasing the funds and approving the Constituency Development Funded projects on time.

Committee’s Observations and Recommendations

The Committee notes with great concern the failure by the Accounting Authority to allocate enough funds to the projects for completion. It is evident that the Council Management does not adhere to laid down procedure that requires that projects are allocated enough funds up to completion to avoid having too many unfinished projects in the District. The Committee directs the Accounting Authority to ensure that the works on the outstanding projects are completed without further delay by lobbying for more funds through the 2022 budget. The Committee will await a progress report on the matter.

ii. Management of Liabilities

i. Failure to Remit Statutory Obligations - K61, 054,899

Response by the Accounting Authority

The Accounting Authority submitted that the query was caused by financial challenges that were faced by the Council during the period under review.. Management stated that total payments to ZRA K220, 000, NAPSA a total of K859, 576, and LASF K848, 938 had been made as shown in the table below. Management further stated that a payment plan had been entered into with LASF to offset the arrears in instalments of K30, 000 and as well as pay for the current.

No.	Institution	Balance b/f K	Obligationsfor2020 K	Cumulative Total K	Payments K	Balance K
1	ZRA	17,453,599	3,307,160	20,760,759	220,000	20,540,759
2	NAPSA	35,429,767	3,138,400	38,568,167	859,576	37,708,591
3	LASF	8,311,681	1,096,171	9,407,852	848,938	8,558,914
	Total	61,195,048	7,541,731	68,736,779	1,928,514	66,808,265

The Accounting Authority pledged that he would endeavour to try and pay statutory contributions as they fell due and follow the payment plans put in place by the statutory bodies. However all the efforts made were insignificant in that penalties on unpaid historical obligations were quite high.

Committee’s Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Council is also encouraged to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K10,411,410

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and reported that the failure to settle outstanding staff obligations was due to financial challenges that were faced by the Council during the period under review. Management acknowledged the query and stated that they had started liquidating these debts as could be seen in the table below.

No.	Type of Debt	Balance b/f K	Obligationsfor2021 K	Cumulative Total K	Payments K	Balance K
1	Leave Travel Benefits	72,400	68,300	140,700	140,700	0
2	Settling in Allowances	689,180	140,772	829,952	248,430	581,522
3	Retirement Benefits	4,043,551	542,494	4,586,045	295,867	4,290,178
4	Long Service Bonus	6,480,541	-	6,480,541	76,000	6,404,541
	Total	11,285,672	751,566	12,037,237	760,997	11,276,241

The Accounting Authority would endeavour to pay the amounts owed to the employees on time, to avoid the bloating of the debt position. The Council had since started liquidating these staff obligations.

Committee's Observations and Recommendations

The Committee directs the Accounting Authority to ensure that all available options are explored to enhance its revenue base and reduce or otherwise finish paying this debt as a matter of urgency. The Committee will await a progress report on the matter.

Lufwanyama Town Council

Paragraph 42

42.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

- a) **Budget and Income -failure to meet revenue targets (Negative Variance of K1,232,273)**

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported the following:

Local taxes

Under Property Rates, the variance of K771,733 was due to the effects of COVID-19, as some clients had challenges to completely fulfil their payment obligations. However, K715,809.75 was received in the year 2021, broken down as follows:

Client	Amount paid zmk	Receipt no.
Grizzly Mining Limited	491,600.25	51123
Melzier	43,345	51132
Kagem Mining	180,864.50	44432
Total	715,809.75	

Fees and charges

For fees and charges, the Accounting Authority submitted that, just like property rates, the variance of K1,038,022 was due to the effects of COVID-19, as stated in a letter which was available for audit verification. Management had written a follow up letter to the client to settle the account. The main purpose was to ensure that the Council achieved 100% collection efficiency by 31st December 2020. A letter was written to the r client on 30th September 2021. On 10th December 2021, the Company was reminded to settle the outstanding amount. The Company had since indicated that the payment of K1,091,877.41 would be made by 4th February 2022.. Management would ensure that all budgeted amounts were collected during the period under review.

Licences and Permits

The Accounting Authority responded that the Council failed to collect K10,290 from licences and K9,628 from permits from those selling liquor because of restrictions which were placed on the businesses as a result of COVID-19 control measures.

Committee's Observation and Recommendations

The Committee observes, with concern, the failure by the Council meet set targets in their budget for the year. The Committee is of the view that their strategies are not working effectively or probably they set their targets too high for them to be attained. The Committee urges the Accounting Authority to set realistic budgets and also use the avenue of adjusting it in cases where there were indications of a possible shift in projections.

b) Lack of Integrated Development Plan

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported the Integrated Development Plan was not prepared by the Council due to financial constraints. However, Management had provided K1,450,000 in the 2022 budget for the development of the Integrated Development Plan. Stakeholder consultative meetings would begin by second quarter of the 2022 financial year. Management would also ensure that an approved Integrated Development Plan would always be in place in order to ensure coordinated development of the District.

Committee's Observations and Recommendations

The Committee wonders why it has taken so long for the Council to put in place an Integrated Development Plan. The Committee is at a loss to understand how development is being guided in the District without the guiding document. The Committee strongly urges the Accounting Authority to ensure that the Integrated Development Plan is developed and will await a progress report on the matter.

c) Failure to Collect Revenue K775,437

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that the query on the failure to Collect revenue was due to financial constraints the clients were facing. The Council did send reminders to clients and so far K88,350 had been collected, leaving a balance of K687,087. A list of those who paid and photocopies of sample receipts issued to some clients were available for audit verification.

No	Revenue type	Uncollected	Collectection to date	Balance
1	Rates	47,296	3,950	43,346
2	Plot premiums	304,600	84,400	220,200
3	Levies	182,041	0	182,041
4	Other income	241,500	0	241,500
	Total	775,437	88,350	687,087

Management would ensure that it continued sending payment reminders and demand notices to clients with the possibility of engaging certified court bailiffs to collect outstanding debts from difficult clients.

Committee's Observations and Recommendations

The Committee wonders why revenue collection is not prioritised despite the Council grappling with liquidity problems and failing to meet its obligations. The Committee directs the Accounting Authority to ensure that revenue collection is pursued with aggressiveness to improve the status quo. The Committee will await a progress report on the matter.

d) Management of Assets

i. Lack of Title Deeds

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that the Council properties were not surveyed and offer letters not processed for title deeds as the Council did not have qualified staff to carry out this exercise during the period under review. Management, through the Local Government Service Commission, had since deployed staff in the Planning Department to begin the titling process. Appointment letters were available for audit verification. The Planning Department had been directed to install beacons on the areas and produce survey diagrams in order to submit the documents for titling to the Ministry of Lands, and Natural Resources - Northern Region. It was anticipated that title

deeds would be available by December 2022, following the acquisition of offer letters in 2020/2021. The letter directing the Planning Department to speed up the titling process was also available for audit verification. Management would ensure that all Council properties were on title as required by section 41(4) of the *Public Finance Management Act, No. 1 of 2018*.

Committee's Observations and Recommendations

The Committee notes the submission and encourages the Accounting Authority to expedite the process of securing their properties with title deeds in accordance with section 41(4) of the *Public Finance Management Act, No. 1 of 2018*. The Committee will await a progress report on the matter.

iii. Lack of Fire Fighting and Prevention Services

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that the Council could not start constructing a fire station including provision of fire fighting machinery to provide the fire and rescue services, due to financial constraints. The Council had since secured plot No. 617 for the construction of the Fire Station. The Council would secure some funds from locally generated revenue to start construction of the Fire Station in 2023. A recommendation for acquisition of title deeds for the Fire Station was available for audit verification. Management would ensure that it established and maintained fire fighting and prevention services, and took measures for the protection of life, property and natural resources from damages by fire within the District.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by Management to provide fire services in the area, as required by the First Schedule section 16 (2) sub section (5) (c) of the *Local Government Act No. 2 of 2019*. The Committee also encourages the Accounting Authority to expedite the process of securing, constructing and establishing a fire station without further delay. The Committee will await a progress report on the matter.

e) Failure to Remit Statutory Obligations K3,883,791

Response by the Accounting Authority

The Accounting Authority submitted that the failure to remit statutory obligations was attributed, largely, to the narrow revenue base of the Council. The Council revenue base increased fairly after the introduction of *Rating Act No. 21 of 2018 in 2019*, because Councils could now include rateable properties in the Main Valuation Roll, provided the owners had an offer letter instead of waiting for the issuance of title deed, as it was in the past.

National Pension Scheme Authority

On NAPSA, the Accounting Authority submitted that the Council had committed itself to be paying NAPSA monthly contributions since 2017. NAPSA had since issued a certificate of compliance to confirm the commitment. The certificate of compliance was available for

audit verification. The Council had since signed an agreement in which K31,551.438 would be remitted monthly, effective January 2022 to liquidate the arrears of the principal amount, while monthly contributions were being paid separately alongside the as salaries. An agreement form was available for audit verification.

Local Authorities Superannuation Fund

The Accounting Authority responded that the Council had committed to paying on a monthly basis LASF monthly contributions since 2017. The Council was up to date and did not owe LASF any arrears. The LASF Statement for the year 2021 showed that they were up to date with no arrears.

Pay-As-You-Earn

The Council started paying the current PAYE with effect from July 2021-October 2021. The Council had since paid K518,062.07, as tabulated below:

Month	Payment Receipt No.	Amount ZMK
July 2021	212110252373	96,440.05
August 2021	212110288784	102,477.58
September 2021	212110322064	116,602.77
October 2021	212110365082	106,107.60
January 2022	212210040042	96,434.07
Total		518,062.07

Plans were underway to engage ZRA on the payment of arrears the moment they confirmed the stability of monthly PAYE contributions.

Committee’s Observations and Recommendations

The Committee wonders why revenue collection is not prioritised, despite the Council grappling with liquidity problems and failing to meet its statutory obligations. The Committee directs the Accounting Authority to ensure that all available options, including debt swaps, are explored to enhance its revenue base and reduce or otherwise finish paying the debt as a matter of urgency. The Committee will await a progress report on the matter.

Lukulu Town Council

Paragraph 43

43.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting authority responded as set out below.

a) Budget and Income (Negative Variance K1,941,331)

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor’s observation and submitted the following as the challenges the Council experienced.

Local Taxes

The Accounting Authority submitted that the cause of the failure to collect local taxes, as budgeted, was mainly due to the COVID-19 pandemic, which affected most businesses, more especially the local ones. This also made the Council fail to collect personal levies, as the business community had challenges of liquidity and had laid off some of their workers. The Council had continued to sensitise the community on the need to pay applicable taxes and were enforcing the law in order to ensure that there was compliance in paying the local taxes.

Fees and Charges

The Accounting Authority submitted that the failure to collect the fees and charges was mainly due to over budgeting in anticipation of disposal of land that the Council intended to offload to the public, but which was not realised due to the land dispute that ensued with the local people, who claimed to own the same parcel of land. The Council had engaged traditional leaders and the matter had since been resolved.

Licenses

The Accounting Authority submitted that the cause of the failure to collect licenses fees, as budgeted for, was mainly due to the COVID-19 pandemic, which affected most businesses and scaled down their operations, especially bars and night clubs whose hours of operation were reduced. The Accounting Authority had engaged the community, through sensitisation on radio to ensure the business community paid the licenses. Payment plans had been made, especially with lodges and guest house owners.

Levies

The Accounting Authority submitted that the favourable variance on levies was mainly due to the over collection in timber fees that boomed due to the Government policy that allowed a lot of Chinese to do business in timber production. The Accounting Authority would continue to sensitise the business community to comply with the paying of levies through radio sensitisation programmes that the Council had introduced.

Permits

The Accounting Authority submitted that the cause of the under collection in permits, as budgeted was mainly due the COVID-19 pandemic that affected business houses, especially those the hospitality industry like guest houses and restaurants. The Council engaged the business community and came up with a payment plan, which they were complying with.

Other income

The Accounting Authority submitted that the cause of the failure to collect the budgeted other income, amounting K609,904, was that the Council had budgeted to collect K500 levies from the butchery operations and K109,904 from the bus station which never materialised as the bus station and the butchery operations were not in operation during that financial year. The Council had since commercialised the butchery and the bus station had

been opened. The Council would continue engaging the community through the local radio station in order to ensure compliance.

Committee's Observation and Recommendation

The Committee is disappointed with the huge negative variance of K1,941,331. The Committee urges the Accounting Authority to improve strategies in terms of revenue collection and going forward, budget realistically, as opposed to overstating its budget. The matter will be kept in view in future audits.

b) Environmental Management-Failure to Maintain Dumpsite

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the Auditors and responded that the non-development of the dumpsite had been due to the land disputes that surrounded the dumpsite land. Management had made efforts to have the land disputes resolved and acquire documentation from the area Induna and site plans had been produced. The land dispute had since been resolved. Management had since procured works to put a fence around the dumpsite which works had commenced. , Sign posts and warning signs were part of the works. As an interim measure, trenches would be dug. Documents were available for audit verification.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to adhere to *the Environmental Management Act No. 12 of 2011* and the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013. The Committee urges the Accounting Authority to ensure that issues relating to the dumpsite are treated with the urgency they deserve. The Committee resolves to await a progress report on the matter.

c) Operational -Lack of Fire fighting and Prevention Services

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the Auditor and reported that the Council had no financial capacity to purchase the fire equipment such as fire tenders during the period under review. Management had since requested assistance from the Ministry of Local Government and Rural Development. Documents were available for audit verification. Management would budget for the fire equipment and lobby for the funds.

Committee's Observations and Recommendations

The Committee notes, with concern, the failure by the Council to establish a fire station at the Council. The Committee urges the Accounting Authority to lobby and ensure that the fire station is established and sufficiently equipped without any further delay. The Committee awaits a progress report on the matter.

d) Management of Assets

i. Lack of Title Deeds:

Response by the Accounting Authority

The Accounting Authority acknowledged the observations made by the Auditor General and reported that the lack of title deeds for the Council properties had been due to the delayed completion of the production of survey diagrams by the land surveyors, who were engaged to carry out the survey works. Follow-ups had since been made with the Regional Surveyor, Southern Province, who was engaged to survey the cited properties, and had since informed the Council that the diagrams would soon be completed. Further, offer letters for the Civic Centre and National Assembly Constituency Office had been done and the Council was awaiting survey diagrams. The recommendation for the radio station and market shelter land had also been made. The Council would ensure that all newly created properties were numbered, surveyed and on title before being developed.

Committee's Observations and Recommendations

The Committee notes the response and directs that the matter is treated with the urgency it deserves and also that all documents in support of the submission should be submitted to the Auditor General for verification. The Committee will await a progress report on the matter.

ii. Missing Assets - K394, 500

Response by the Accounting Authority

The Accounting Authority acknowledged the observations by the Auditors and responded that the query was due to failure to update the asset register, as some of the listed assets were sold by Government. The asset register had been updated and an officer had been assigned to maintain the same. Management further reported that the status for the cited assets was as presented in the report. Documents were available for audit verification. The Council would ensure that the asset register was updated regularly.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to maintain an asset register and the subsequent failure to avail the same to Auditors during the period of audit. The Committee strongly urges the Accounting Authority to ensure that the officers responsible are disciplined for this failure. Accounting Authority is also directed to avail an updated register to Auditors without delay. The Committee awaits a progress report on the matter.

e) Management of Local Government Equalization Fund (LGEF) - Delayed implementation of Butchery/Abattoir Project

Response by the Accounting Authority

The Accounting Authority submitted that the cause was the lack of skilled staff, considering that machines such as mincemeat and sausage making machines required technical handling

skills. The Accounting Authority reported that during the period in question, Western Province had an outbreak of foot and mouth disease which resulted in a ban on transportation and slaughtering of animals. The Accounting Authority reported that the butchery was now operational and the machinery and equipment had since been operationalised. Documents were available for audit verification. Management would train butchery personnel in the necessary handling skills and ensure that there was constant supply of stock.

Committee's Observations and Recommendations

The Committee notes the responses and observes that the query arose as a result of failure on the part of the officers to execute their duty efficiently. The Committee urges the Accounting Authority to find a lasting solution to ensure capacity is enhanced. The Committee, however, resolves to close the matter subject to audit verification.

f) Constituency Development Fund – Lipeho Bridge

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the Auditors that the failure to complete the bridge was due to non-performance by the contractor during the period under review. Management had since written to the contractor to complete the works. Further, the costs for the extra work had been worked out and would be reported to the Constituency Development Fund Committee (CDFC) for additional funding. Management would ensure that enough resources were allocated to such projects.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to ensure that due diligence is done before engaging contractors to carry out works on behalf of the Council. The Committee also suggests that technocrats must always guide the Constituency Development Fund Committees to consider allocating funds to projects up to completion, to avoid stalling works due to insufficient funds. The Committee is of the view that funding projects to completion in one financial year would reduce on unfinished projects in their jurisdiction. The Committee will await a progress report on this project.

g) Management of Liabilities

i. Failure to Remit Statutory Obligations - K4, 969,532

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and stated that the cited debt was historical and was caused by the low Council revenue base which had been the major constraint in meeting the obligations, especially for the historical accumulated debts, accrued before introduction of the Equalisation Fund. Management had engaged statutory bodies by coming up with a payment plan. The engagement letters, liquidation plan, and the debts ledgers and the liquidation extracts from the budgets of 2020, 2021 and 2022, aimed at gradually dismantling the outstanding obligations were available. The Council had since been effecting payments towards the same.

The table below shows payments after verification

No.	Institution	Balance b/f 2020 K	Obligations for 2020 K	Accumulated Total K	Payments K	Balance K	Payments After verification K	Balance K
1	Zambia Revenue Authority	1,472,127	242,800	1,714,927		1,714,927	556,074	1,158,853
2	NAPSA	3,093,552	169,022	3,262,574	185,000.00	3,077,574	72,813.75	3,004,760
3	Local Authorities Superannuation Fund	121,070	20,769	141,840		141,840	18,853	122,987
4	Workers Compensation Fund	41,000	-	41,000	5,808.66	35,191	-	35,191
	Total	4,727,749	432,592	5,160,341	190,809	4,969,532	647,741	4,321,791

Management would ensure that it settled the current obligations as they fell due and make commitments to settle the accrued debt.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. Accounting Authority is also encouraged to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff and Other Obligations - K1,565,309

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation. The failure to settle staff and other obligations was due to lack of funds, as during the time, the Council had no sound revenue base before the introduction of the Local Government Equalisation Fund. Management had devised a payment plan aimed at dismantling the outstanding staff salary arrears and had since been effecting payments towards the same as per liquidation plan, which was available for audit verification.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all the outstanding liabilities relating to staff obligations are paid without any further delay. The Committee further urges the Accounting Authority to ensure that all staff obligations are paid as and when they fall due to avoid arrears. The Committee will await a progress report on the matter.

Lusaka City Council

Paragraph 44

44.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income (K53,212,519 Negative Variance)

Response by the Accounting Authority

The Accounting Authority submitted that Lusaka City Council collected a sum of K268,322,274 from the budgeted K321,534,793, leaving a balance of K53,212,519 in the financial year 2020. This was due to the outbreak of the COVID-19 that saw the introduction of a number of public health measures by the Ministry of Health in order to contain the pandemic. Some of these measures affected the Council and its revenue performance in areas such as the ones below.

Local Taxes

The Accounting Authority submitted that this revenue stream which constituted rates and personal levy could not easily be collected due to the introduction of staff rotations during the COVID-19 mitigation measures, which affected the collection of revenue.

Fees and Charges

The Accounting Authority submitted that the revenue stream constituted mainly market and bus station fees and hence closure of the borders by neighbouring countries to cross boarder buses and trucks affected the collection of levies and fees due to none movement of traders.

Licenses and Levies

The Accounting Authority submitted that this revenue stream constituted mainly revenue from liquor and petroleum licenses and hence closure of businesses such as restaurants, bars and hotels affected the collection of revenue from business levies, fire certificates, health permits and other licenses.

Permits

The Accounting Authority submitted that the re-planned Council farm located in Kafue, composed of mixed developments brought about by increased applications by developers for building inspections and hence the doubled revenue generation through issued permits.

Commercial Ventures

The Accounting Authority submitted that the Council's ventures at the Lusaka Clothing Factory and Dzithandizeni Trust Trade School, did not perform well during the period under review. The Council had intensified revenue collection in markets and bus stations and other trading places following the lifting up of most public health measures. This had been done by creating revenue task forces that were collecting revenues across the city. The Council had done an economic analysis of the business environment and had engaged the stakeholders that had resulted into some of the rate payers coming up with convenient payment plans. The Council would ensure that it strengthens budgetary control measures, that was at formulation, implementation tracking, and review, so that budgeted fees and charges were collected in accordance with the budget targets.

Committee's Observations and Recommendations

The Committee observes, with concern, the huge negative variance on revenue projected against what was actually received by the Council. The Committee is disappointed that the Council is not utilising its full potential to improve revenue collection, despite being endowed with many revenue sources. The Committee encourages the Accounting Authority to enhance efforts in revisiting strategies and also ensure that sensitising the community on payment of rates, fees and other Council charges is prioritised. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Lack of Disaster Recovery Plan

Response by the Accounting Authority

The Accounting Authority submitted that the Lusaka City Council had not developed a fully-fledged Disaster Recovery Plan, as it relied on the Disaster Recovery Plan that was embedded in the Lusaka City Council Information Technology Policy. The Council had commenced the process of reviewing the Information Technology Policy with the help of Smart Zambia so that the Disaster Recovery Plan was prepared as a standalone document. The Council would ensure that all provisions of the Information Technology Policy were implemented.

In his verbal submission, the Accounting Authority highlighted that the weaknesses had caused serious anomalies which resulted in suspending key staff in the Finance and Information Technology Departments.

Committee's Observations and Recommendations

The Committee observes, with great concern, the omission of not putting in place a fully-fledged Disaster Recovery Plan. It is the Committee's view that this omission is deliberate in order for officers to manipulate the system to their advantage. The Controlling Officer, Ministry of Local Government and Rural Development, is strongly urged to consider recommending a forensic audit to reveal the extent of this omission as it is in public domain that the weakness have been used as conduit for pilferage of public funds at this Council. The Committee also directs the Controlling Officer, Ministry of Local Government and Rural Development, to ensure that the entire Management at this Council is disciplined for allowing such an omission which is recipe for fraudulent activities. The Committee awaits a prompt action and an update on the matter.

c) Environmental Management

i. Failure to Collect Franchise and Tipping Fees - K1,610,141

Response by the Accounting Authority

The Accounting Authority informed the Committee that the Council, in 2020, commenced the engagement of franchise contractors and community based enterprises to collect waste across the city on its behalf. Some of the franchise contractors and community based enterprises were on the other hand engaged by the Council to provide services in selected markets and bus stations. At the time of the Audit, the Council was being owed K1,610,141 by selected franchise contractors, while Lusaka City Council also owed two franchise contractors a total amount of K427,581.32. This was because Council records on all trips

made to the landfill and the weight dumped on a daily basis were billed on the respective franchise contractors and community based enterprises after the end of the month. The Council had since collected K738,166.08 of the amounts outstanding and a debt swap of K427,581.32 was effected with the two franchise contractors. The Council would ensure that all the franchise contractors were compliant to the terms and conditions of the franchise agreements.

Committee's Observation and Recommendation

The Committee notes the submission and resolves to close the matter subject to audit verification.

ii. Management of the Chunga Dumpsite

Response by the Accounting Authority

The Accounting Authority reported that it was regrettable that houses and other structures had been built around the landfill. These settlements around the landfill were constructed between 2008 and 2010 and the area had been that way since then. On the other hand, the waste at the landfill had remained uncompacted because of the breakdown of the landfill compactor. The Council had not been able to replace the compactor due to the cost of the machine and the Council's financial challenges. Lusaka City Council, through the Government of the Republic of Zambia, would secure support from JICA that included equipment and technical support equivalent to \$2,700,000 once formalities between JICA and the Government through Ministry of Finance and National Planning were concluded. Lusaka City Council would ensure that it maintained the landfill at Chunga Dumpsite by compacting the waste after the construction of a new cell sustainably. The Council was in the process of procuring a new compactor with the support of a cooperating partner. Further, the Council had developed a Solid Waste Management Improvement Plan for the period 2022 to 2026 which would strengthen the management and operation of the landfill.

Committee's Observation and Recommendation

The Committee observes, with concern, the lack of seriousness regarding the operation of the Chunga Landfill by Management at the Council. The Committee is of the view that Management does not prioritise this matter despite it being hazardous and capable of creating health risks to the surrounding communities. The Accounting Authority is directed to ensure that the matter is resolved without further delay. Meanwhile, the Auditor General is urged to keep the matter in view during future audits.

iii. Lack of Waste Holding Bays

Response by the Accounting Authority

The Accounting Authority submitted that it was regrettable that at the time of Audit, there was garbage in the places mentioned above, which included the middle of Freedom Way. At the time of Audit bins were not yet collected, as the collection was done twice in a day. Further, the garbage on Freedom Way was as a result of increased economic activities in the CBD. Lusaka City Council stated that the garbage that was seen in Luburma, Chilenje, Town Centre and Freedom Avenue, was collected in line with the Council's collection schedules. Skip bins and waste bins had been placed in these areas and were emptied twice

for the Central Business District, while the waste at Luburma Market was collected as and when the bins were full. Lusaka City Council would not construct waste holding bays as they proved a challenge in the collection of waste. Instead, the use of skip bins and waste bins had been encouraged as it was easier to pick waste already loaded in the bins. Lusaka City Council had further secured two additional skip trucks for the Council and had procured an additional compactor truck as a way of increasing its fleet. More skip bins would be procured by the Council for distribution in designated areas in order to avoid waste being thrown on the ground.

Committee's Observation and Recommendation

The Committee observes, with concern, the lack of seriousness by Management at the Council on the management of waste in designated areas within their jurisdiction. The Committee is of the view that Management does not prioritise this matter, which can result in outbreak of diseases and pose a health risk to surrounding communities. The Accounting Authority is directed to ensure that the matter is resolved without further delay. Meanwhile, the Auditor General is urged to keep the matter in view during future audits. The Committee awaits a progress report on the matter.

iv. Failure to Monitor Illegal Waste Collectors

Response by the Accounting Authority

The Accounting Authority reported that it was regrettable that Armtech Limited operated by Mr K Chileshe was operating illegally in the Waste Management District given by Lusaka City Council to Acka Foods Limited and a franchise contractor. The illegal waste collector was warned and ordered to stop operating illegally in the area meant for the franchise contractor. Lusaka City Council stated that the illegal waste collector was warned and encouraged to ensure that they entered into a formal contract with the franchise contractor in the area for them to be recognised by the Council. Lusaka City Council also stated that it would ensure that all franchise and community based enterprises were licensed before they were allowed to operate in the district.

Committee's Observation and Recommendation

The Committee observes, with concern, the lack of seriousness regarding the management of waste and supervision of waste collectors in designated areas within their jurisdiction. The Committee is of the view that management does not inspect what and who is operating in garbage collection areas. The Accounting Authority is directed to ensure that the matter is resolved without further delay and that penalties are imposed on the illegal operators. The Committee resolves to await a progress report on the matter.

d) Accounting for Revenue

i. Failure to Collect Receivables - K340,496,946

Response by the Accounting Authority

The Accounting Authority acknowledged that receivables on the Council's books, as at 31st December 2020, amounted to K340,496,946. These amounts remained outstanding at the time of audit due to a number of reasons as tabulated below.

- i. The financial year 2020, was affected by the outbreak of Covid – 19 in March 2020, when Zambia reported the first two (2) cases. This saw a number of businesses closed following the implementation of public health measures by the Government through the Ministry of Health. These measures affected the Council’s ability to collect revenue as most businesses were not operational until the last quarter of 2020, which some of the measures were lifted or relaxed.
- ii. The Collection of Ground Rent had remained a challenge. This was as result of low/weak enforcement regulations after the repeal of the *Housing (Statutory and Improvement Areas) Act* in 2015 and enactment of the *Urban and Regional Planning Act No 3 of 2015*.
- iii. The receivable under Rates of K81,993,688 included balances on Government properties of around K70,000,000 that was recommended for write-off in the year 2021.

In order to address the challenges in revenue collection experienced in the financial year, especially post the COVID-19 pandemic, Lusaka City Council had put in place, a number of interventions such as the ones stated below.

- i. Council had commenced the implementation of an online payment platform through a fintech/aggregator that would enable Council clients pay from the comfort of their homes and offices without having to go to the Civic Centre, through mobile wallets (mobile money), VISA card payments, electronic funds transfers and other methods that were available via individual bank platforms.
- ii. The Council had commenced the process of regularisation of all illegal settlements so as to legitimise the levying of ground rent on all developers in improvement areas. This would be done by issuance of ownership documents such as occupancy licences (Council title deeds). As things stood, the Council was not able to enforce the payment of ground rent through the engagement of bailiffs or other means because property owners in the various Council peri-urban areas had not been issued with ownership documents such as occupancy licences or indeed certificates of titles.
- iii. The Council had further enhanced the collection of parking levies and other levies through the introduction of mobile point of sale machines. These machines were remotely linked to the Council’s database and were used to collect parking fees. So far a number of them had been deployed in the Central Business District and were working effectively. The same would be rolled out to markets and bus stations so as to enhance accountability in the funds collected.
- iv. The Council had written to Government through the Ministry of Local Government and Rural Development brought to their attention the balance on the Government properties.
- v. The Council was working with Medici Land Governance in order to issue 250,000 title deeds to properties in the peri-urban in order to migrate them to the valuation roll for rating purposes.

The Accounting Authority informed the Committee that they would ensure that they concluded possible automation of all revenue collection systems including markets and bus stations in order to safeguard all Council revenues as well as ensure prompt delivery of bills and invoices. This would ensure timely Collection and receipt of all Council revenues.

Committee's Observation and Recommendation

The Committee directs the Accounting Authority to ensure that all available options are employed to collect outstanding revenues without fail. The Committee is disappointed by the failure on the part of the Council to update a valuation roll in accordance with section 9 (4) of the *Rating Act No. 21 of 2018*. The Committee strongly urges the Accounting Authority to ensure that a valuation roll is updated and other outstanding revenue is collected without further delay. The Committee awaits a progress report on the matter.

vi. Operations of the Intercity Bus Terminus

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

Response by the Accounting Authority

The Accounting Authority submitted that it was regrettable that Intercity Bus Terminus, Kulima Tower, City Market, Soweto and the City Clothing Factory were not able to contribute to the budgeted revenue of K6,515,375 reserved in the 2020 budget. This was because the markets and bus stations were adversely affected by the COVID-19 pandemic that saw international buses stop moving, while markets had to reduce the number of traders in order to achieve social distancing coupled with caderism in these business areas. The markets and bus stations had been given new targets following the lifting of the COVID-19 restrictions and Government's directive to Councils to take full control of markets and bus stations. This had resulted into increased revenue generation amounting to K3, 230,000 in 2021. The Council would ensure that all the markets and bus stations met their revenue collection targets and that contributions to Civic Centre were made on a monthly basis.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the City Council to manage the Inter City Bus Terminus as one of their key commercial utilities or facilities. The Committee is disappointed that this facility, which is one of the biggest cash cows for the Lusaka City Council, has over the years been used by political players to pilfer funds meant for development of the City and the same facility. The Committee directs the Accounting Authority to ensure that qualified management is put in place to enable this facility generate the much needed revenue for the Council. The Accounting Authority is strongly urged to ensure that action on this matter is expedited. The Committee awaits a progress report on the matter.

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

Response by the Accounting Authority

The Accounting Authority submitted that it was regrettable that the records of buses maintained at the Road Transport and Safety Agency were different from the records

maintained by the Intercity Bus Terminus. The Council stated that it had engaged the Road Transport and Safety Agency with the aim of entering into formal working arrangement through a Memorandum of Understanding that would help the two organisations collect, reconcile and report data for all buses entering and leaving intercity bus terminus. Through this information, buses exiting intercity would be captured including records of payments made and receipt number. This decision was approved by the Council under minute number FV and CU/59/10/20. The Council would ensure that the MoU was concluded and signed. This would enable the Council to collect all data for buses, reconcile it and report any variations on a monthly basis to take corrective actions promptly.

Committee's Observation and Recommendation

As it has already been mentioned above, the Committee is disappointed that this facility, which is one of the biggest cash cows for the Lusaka City Council, has over the years been used by political players to pilfer funds meant for development of the City and the same facility. The Committee directs the Accounting Authority to ensure that qualified management is put in place to enable this facility generate the much needed revenue for the Council. The Accounting Authority is strongly urged to ensure that action on this matter is expedited. The Committee awaits a progress report on the matter.

e) Failure to Adhere to Contract Terms – Construction of Modern Shops

Response by the Accounting Authority

The Accounting Authority submitted that it was regrettable that documents, as well as information was not availed at the time of audit relating to following: approved plans and drawings; books of accounts to determine the income realised from the shops; certificate of completion and handover notes; and the number of shops occupied and details of how much revenue was collected monthly during the period under review. This was due to the fact that the said shops at the time were still under construction. All documents relating to the construction of shops at Intercity were available for audit. The shops that were still under construction had since been completed and were occupied. The Council would ensure that documents relating to any construction were approved through the Metro Manager (construction permit systems).

Committee's Observation and Recommendation

The Committee does not accept the reasons given by the Accounting Authority concerning their failure to adhere to contract terms. The Committee strongly urges the Accounting Authority to ensure that erring officers are disciplined for failure to avail documents during the period of audit. The Committee awaits a progress report on the matter.

f) Irregular Payment of Acting Allowance K105,103

Response by the Accounting Authority

The Accounting Authority submitted that the Council had paid acting allowances to twenty officers in amounts totalling K105,103, who acted for various months longer than the period approved by the Commission. The Council stated that it had written to the Local Government Service Commission to enquire over the status of the officers regarding their

acting appointment and they had since stopped paying acting allowance effective January 2022. The Council would ensure that it complied with all the conditions attached to officers on acting appointments.

Committee's Observation and Recommendation

The Committee is disappointed that the Lusaka City Council Management decided to continue paying officers acting allowance for an extended period beyond what was approved by the Local Government Service Commission. The Committee urges the Controlling Officer to recover the illegally paid amounts from Management without further delay. The Accounting Authority is strongly urged to ensure that action on this matter is expedited. The Committee awaits a progress report on the matter.

g) Procurement of Goods and Services

i. Unsupported Payment Vouchers K86,528

Response by the Accounting Authority

The Accounting Authority submitted that it was regrettable that at the time of Audit, ten payment vouchers, in amounts totalling K54,995.33 and not K86,528 were not supported with relevant documents such as receipts. The ten payment vouchers had been supported with receipts, acquittal sheets, order of appointment and goods received notes.

PAYEE	PAYMENT VOUCHER DETAILS	AMOUNT	SUPPORTING DOCUMENT
Farmers Barn	Procurement Of Insecticides For Pest Control Section	7,500	Receipts attached
Dicskon Zimba-6283	Imprest For Refreshments For Zambia Police Officers Regulating The Closure Of Bars, Pubs And Casino Due To Covid-1	9,000	Acquittal sheets attached
Finia Mutinta (Mophat Phiri) "5555)	Being Payment For Cash In Lieu Of Leave Days For The Late Officer In Respect Of The Minor Childs Share Of 25%	8,482.33	Acquittal sheet and letter of appointment as administrator attached
Evergood Services Limited	Being Payment To Hire A Vacuum Tanker To Remove Overflowing Soiled Water From The Septic Tank At Kamwala Skills Training Centre - lpo 9994	3,000	Receipt Attached
Ministry Of Works And Supply	Registration Of Grz Motor Vehicle: Fire Engine Fmc, Fire Engine Light Pump, Fire Engine Sea Grave, Emergency And Fire Engine Light Pumper	2,500	Receipt Attached
Camran Foods Limited	Being Payment For Lunch And Refreshments For Integrated Plan Meeting -lpo 9791	2,345	Receipt Attached
Lewigo General	Being Payment For The Purchase Of	2,625	Receipt Attached

Dealers	35 x Identity Cards For Part Time Building Inspectors And Planners - lpo 8550		
Kaek Enterprises	Being Payment To Procure Tiling Materials For Room 209 Finance Department 14 x tile 60 x 60 ,25 x tile fix ,02 x grout 5kg ,01 x diamond disk ,02,mallet 6 hammer - lpo 9465	4,844	Receipt Attached
Saps Suppliers	Being Payment For The Purchase Of 07 x C- EXV 33 Cartridges Tonner For The Committee Section -LPO 9308	8,400	Receipt Attached
Ackermans	Being Payment To Procure 20 x Ladies Jeans For Women's Day Celebration -lpo 8957	6,299	Receipt Attached
	Total	K54,995.33	

The Council would ensure that supporting documents to all payment vouchers were appropriately attached at all times, and not filed separately.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to take disciplinary action against erring officers only then will the matter be closed.

ii. Irregular Use of Imprest K169,361

Response by the Accounting Authority

The Accounting Authority submitted that Imprest amounting to K169,361 was paid out to staff to facilitate the procurement of the cited items by use of cash imprest instead of direct payments to suppliers. The Council had stopped using accountable imprest to procure sundry goods and services whose values could be ascertained, but instead all the purchases were subjected to full procurement procedures. The Council would ensure that all future procurements were undertaken in line with the *Public Procurement Act No.8 of 2020*, Public Procurement Regulations and the Public Finance Management Regulations

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to take disciplinary action against erring officers only then will the matter be closed.

iii. Irregular Payment of Allowances K56,340

Response by the Accounting Authority

The Accounting Authority stated that the Council paid the allowances to the stated officers in line with the Financial Regulations. This was to facilitate the execution of duties that were assigned to the officers that included State Police Officers. The Council had discontinued the payment of allowances to officers working during lunch, instead workers

were provided with lunch when undertaking such assignments as demolition exercises, removal of street vendors and other contingent operations, as may be required. The Council would ensure that it adhered to all regulations in the payment of meal allowances.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to sternly caution erring officers only then will the matter be closed.

h) Failure to Adhere to Ministerial Guidelines

Response by the Accounting Authority

The Accounting Authority submitted that it was regrettable that allowances amounting to K36,800 were paid to officers from the Department of City Planning to enable them to attend the annual General Meeting for planners. The Council had commenced recoveries of the allowances paid to the officers and the same would be undertaken in six instalments. Payslips were available for verification. The Council would ensure that it adhered to Ministerial guidance in future.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that all the irregularly paid allowances are recovered from the officers and documentary evidence submitted to the Office of the Auditor General for verification. Only then will the matter be closed.

i) Management of Stores

i. Unaccounted for Stores K470,404

Response by the Accounting Authority

The Accounting Authority stated that records had not yet been reconciled and updated at the time of audit. The records had been updated, and all supporting documents attached. The records had been updated, and systems of collaboration between procurement and stores units enhanced in order to avoid these lapses.

Committee's Observation and Recommendation

The Committee does not accept the reason given and doubts the authenticity of the supporting documents purported to now be available for verification, when they were not at the time of the audit. The Committee urges the Accounting Authority to ensure that erring officers are disciplined for this failure and supporting documents in support of the action taken are availed to the Auditor General's Office for verification. Only then will the matter be closed.

ii. Failure to Withhold Value Added Tax K205,256

Response by the Accounting Authority

The Accounting Authority submitted that the Council did not withhold the Value Added Tax amounting to K205,256 as the Council was not in receipt of the cited Circular. He stated that

the suppliers had been notified to submit evidence that the VAT which was paid to them was remitted to ZRA. The Council would ensure it remained compliant to all issued authorities among them Circulars, as cited by auditors.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to ensure that erring officers are disciplined for this failure and supporting documents submitted to the Office of the Auditor General for verification. Only then will the matter be closed.

i. Management of Assets

i. Lack of Title Deeds

Response by the Accounting Authority

The Accounting Authority submitted that it was regrettable that thirty-six properties, such as the Civic Centre, Fire Brigade, residential houses and play parks were cited not to have been secured on title deeds. He stated that in 2018, they engaged a surveying firm called Datum Surveying Consultants under contract No. LCC/PSU/CP/11/17 to survey all Council properties in order for the Council to obtain title deeds for these properties. The Council had obtained survey diagrams for most of the Council properties, while the rest were awaiting approval of survey diagrams by the Surveyor General. The Council would ensure that it obtained title deeds for all Council properties.

Committee's Observation and Recommendation

The Committee is greatly disappointed with the response from the Accounting Authority and urges the Appointing Authority to take note of this casual approach. The Committee feels that the Council is endowed with opportunity above all other councils, since it housed all the ministries within its territory. Hence, title deeds shouldn't be a matter that the Council needs to be reminded to pursue by auditors during the audit process. The Committee is of the view that such approach to serious matters cannot be condoned any longer and the Appointing Authority is urged to consider improving the status quo. The Committee resolves to await a progress report on the matter.

ii. Failure to Register Specialised Equipment

Response by the Accounting Authority

The Accounting Authority stated that equipment had not yet been registered at the time of audit. The equipment in question was made up of a tractor and trailer. The registration of the equipment was in progress with the same having been cleared by the then Ministry of Works and Supply and was being registered with the Road Transport and Safety Agency. The Council would ensure that it registered motor vehicles and specialised equipment as soon as they were procured.

Committee's Observation and Recommendation

As is noticed in the previous query, the Committee is greatly disappointed with the response from the Accounting Authority and urges the appointing authority to take note of this casual

approach. The Committee feels that the Council is endowed with opportunity above all other councils since they housed all the Ministries within its territory and hence registration of equipment shouldn't have been a matter that they must only be reminded to pursue during audits. The Committee is of the view that such approach to serious matters cannot be condoned further and the Appointing Authority is urged to consider improving the status quo. The Committee resolves to await a progress report on the matter.

iii. Council Vehicles Involved in Road Traffic Accidents

Response by the Accounting Authority

The Accounting Authority submitted that it was regrettable that drivers who caused various accidents were not charged for the offences. The Accounting Authority submitted the two drivers had since been charged. The Council had further engaged ZISC General Insurance over outstanding premiums and as agreed with them, to pay current insurance premiums while old, accumulated premiums would be liquidated over time, through monthly payments. The Council would ensure that all accidents were followed up with claims made on time and all erring drivers charged in accordance with the condition of service.

Committee's Observation and Recommendation

The Committee is disappointed with the response from the Accounting Authority and urges the appointing authority to take note of this casual approach. It is worrisome that the Accounting Authority is only reminded about following up with insurance premiums after the audit and also that drivers are not charged until auditors queried the matter. The Committee directs the Accounting Authority to avail charge letters to Auditors and further that the claims are followed up without any further delay. The Committee resolves to await a progress report on the matter.

i. Failure to Maintain Properties - Lusaka City Clothing Factory

Response by the Accounting Authority

The Accounting Authority reported that it was regrettable that the ceiling at the Lusaka City Clothing Factory had not been replaced at the time of audit. The ceiling and roof of the Clothing factory had been removed in order to be replaced with a new one. The Council had repaired the ceiling and the roof through the Buildings Section. The Council would ensure that it adhered to the maintenance plan of all Council properties for the year 2022.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that the maintenance policy is adhered to and that all properties under their jurisdiction are well maintained to avoid dilapidation. The Committee resolves to close the matter subject to audit verification.

ii. Illegal Land Allocation

Response by the Accounting Authority

The Accounting Authority submitted that Lusaka City Council was suspended by the Minister of Local Government via Statutory Instrument No. 66 of 2020, which was published in the Gazette dated 31st July, 2020. Further to the suspension, an administrator was appointed to discharge the functions of the Council. The Council officials who were suspended included the Mayor and all Councillors and did not exclude any officers. The Council was waiting for guidance on the outcome of the investigation since the recommendations were not shared with the Council. The Council would ensure that it complied with all provisions of the relevant laws and regulations in the administration of land.

Committee's Observation and Recommendation

The Committee is greatly disappointed with the failure by the Council to advise political leaders concerning illegal land allocations. It is worrisome to note that there is no clear evidence to show that officers guided the Councillors during the period under review. The Committee believes that the Council officers are the initiators of the irregularities and only want to hide behind political leaders. The Committee, however, resolves to await a progress report on the matter.

j) Management of Constituency Development Fund

i. Failure to Remit Interest K367,321

Response by the Accounting Authority

The Accounting Authority submitted that it was regrettable that the Council had not remitted interest to the Consolidated Fund. The Council had written to the Office of the Accountant General, asking for guidance with regard to paying the interest into the Consolidated Fund. The Council had further requested the Ministry of Finance and National Planning if it could use the earned interest to procure CDF project vehicles for Lusaka District. The letter was available for verification. The Council would ensure that it adhered to all laws and regulations in the use of public resources.

Committee's Observation and Recommendation

The Committee does not accept the reason given as Section (33) of the *Public Finance Management Act No. 1 of 2018* is very clear on the treatment of interest on all public funds which includes the Constituency Development Fund (CDF). The Committee is of the view that retention was done with impunity. It has been observed that there is rampant disregard of clear regulations by Management at this Council and the Appointing Authority is urged to consider an overhaul of the whole Management to restore discipline at this Council expeditiously. The Committee resolves to await a progress report on the matter.

ii. Unretired Accountable Imprest K18,170

Response by the Accounting Authority

The Accounting Authority submitted that it was regrettable that imprest, totalling K18,170, involving six officers was not retired. Lusaka City Council stated that the said imprest was retired and the documents were available for verifications. The Council would always ensure that it adhered to all regulations in line with the *Public Finance Management Act* and the regulations when accounting for special imprest.

Committee's Observation and Recommendation

The Committee does not accept the reason given and doubts the authenticity of the documents which were now purported to be available for verification when they could not be availed during the audit. The Committee, therefore, urges the Accounting Authority to ensure that erring officers are disciplined for this lapse and supporting documents supporting the disciplinary measure submitted to the Auditor General's Office for verification. Only then will the matter be closed.

k) Management of Liabilities

i. Failure to Remit Statutory and Other Obligations

Response by the Accounting Authority

The Accounting Authority informed the Committee that Lusaka City Council owed statutory bodies, as at 31st December 2020, as tabulated in the table above. This was due to financial challenges the Council was facing. The Council had entered into payment plans with most of the statutory bodies and was liquidating its indebtedness, on a monthly basis, as tabulated below.

No.	Institution	Balance K	Paid so far	Amount payable Monthly
1	LASF	41,251,417	100,000	100,000
2	NAPSA	749,003,659	5,892,239	250,000
3	ZRA(PAYE)	146,979,752	0	
4	ZRA(VAT)	24,428,303	0	
5	ZRA(Withholding Tax)	33,200	0	
6	ZCTU	765,398	378,125	
7	Funeral Scheme	2,867,002	92,669	
8	Medical Insurance	1,246,698	600,000	400,000
9	Workers Compensation	4,709,924	0	
	Total	971,285,353	7,063,033	

All the payment plans had been incorporated in the Council’s Debt Liquidation Plans, incorporated in the Council budgets. The Council would ensure that it stuck to the agreed payments in order to ensure that all the debts were liquidated.

Committee’s Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Council is also encouraged to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations - K41,344,472

Response by the Accounting Authority

The Accounting Authority submitted that the Council owed amounts totalling K41,344,472 in respect of long service bonus, accrued leave days, terminal benefits and other staff costs dating as far back as 2011. The Council had paid a total of K16,818,993.28 towards the terminal benefits and staff obligations.

Outstanding Staff Obligations

No.	Institution	Balance b/f K	Obligations for 2020 K	Cumulative Total K	Payments K	Balance K
1	Long Service Bonus	34,843,457	-	34,843,457	3,747,309.17	31,096,147.83
2	Leave Travel Benefits	413,500	-	413,500	413,500	0
3	Terminal Benefits	18,965,338	-	18,965,338	12,142,783.11	6,822,544.89
4	Others-Staff Related Costs	10,400	505,001	515,401	515,401	0
	Total	54,232,695	505,001	54,737,696	16,818,993.28	37,918,702.72

A payment plan had been put in place to liquidate the outstanding terminal benefits and long service bonus payments.

Committee’s Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Council is also encouraged to explore all available options to expedite the process. The Committee resolves to await a progress report.

i. Legal Matters

Response by the Accounting Authority

The Accounting Authority submitted that it was regrettable that Lusaka City Council was sued by various individuals and companies for various claims against the Council and reliefs paid out. The matters in question were old decided matters, whose judgments the Council was complying with in the period under review, as judgements on the cited matters were entered against the Council with costs. The Council had settled most of the obligations arising out of the legal cases as tabulated below.

No.	Details	Amount Awarded K	Amount Paid K	Balance K	Remarks
1	Chilombo Chola	80,000	80,000	-	Harassment and destruction of property by Council Police
2	Afdub Farah Trading	200,000	200,000	-	Legal costs awarded in favour of Afdub Farah Trading arising from LCC's failure to adhere to Section 23 of the Ratings Act, Cap 192 of the Laws of Zambia
3	Gilbert Lungu	1,639,729	380,000	639,576	Judgement passed in favour of G. Lungu arising from LCC's failure to adhere to disciplinary procedure
4	Jacob Kamanga	120,000	60,000	-	Judgement passed in favour of J Kamanga arising from LCC's failure to adhere to sale of house procedure
5	Patson Musongole	935,000	935,000	-	Judgement passed in favour of P Musongole arising from LCC's wrongful demolition of property
6	Sylvester Mulenga, Morgan Kabwe	690,000	690,000	-	Judgement passed in favour of Silver Mulenga and Morgan Kabwe arising from LCC's auction of obsolete motor vehicles which were later repossessed by the Council.
7	Wilson Mukuwerere	50,000	35,000	-	Judgement passed in favour of W Mukuwerere arising from LCC's wrongful handling of sale of plot
8	Lt General Solomon Mumbi	2,971,561	2,100,000	800,000	Judgement passed in favour of Lt. Gen. Mumbi arising from LCC's failure to adhere to the Town and Planning Act.
	Total	6,686,290	2,067,917	1,439,576	

The Council would ensure that all instructions and actions relating to operations of the Council were reduced in writing and cleared by the Legal Services Department before implementation in order to avoid litigation especially engaging parties to matters in court

for possible out of court settlements as opposed to protracted litigation which results in huge legal costs.

Committee's Observation and Recommendation

The Committee expresses concern at the huge debt incurred by the Council arising from litigations against the Lusaka City Council. What is worrisome is the amount which the Council owes despite grappling with liquidity problems and salary arrears. Further, the Committee has not been given any evidence to show what action was taken against erring officers who caused such huge losses. The Committee, therefore, directs the Accounting Authority to produce evidence of the action taken against officers. The Committee also urges the legal team to be aggressive in protecting the interests of their Council. The Committee resolves to await a progress report until all payments are made to the concerned parties.

Luwingu Town Council

Paragraph 45

Audit Findings

a) Budget and Income (Negative Variance of K3,264,113)

Response by the Accounting Authority

The Accounting Authority submitted that the low revenue collection efficiency was caused by a number of factors, such as low compliance levels because the culture of not paying was deeply rooted in the community. Failure to offer plots due to a dispute with the Traditional Authority, under whose tenure the said land was, was another factor. Additionally, there had been some misunderstanding between the Council and the Traditional Authority over the most active market, which sat on customary land where the Council was stopped from collecting any revenue. The Collection of license fees was affected by the closure of some businesses due to the COVID -19 pandemic and partly because of over estimation based on inaccurate database. Other reasons included the non-collection of grain levies from farmers who had been selling grains to the Government through the Food Reserve Agency (FRA) on credit. Further, identifying and tracing of farmers had been a challenge, as the FRA had been unwilling to cooperate with Local Authorities as was the case in the past. Permits were affected by the closure of some businesses due to COVID -19 pandemic and partly because of over estimation based on inaccurate database. The low standards of the guest house could not compete with the market as well as effects of the COVID -19 pandemic, which restricted movements of people. Furthermore, 89 per cent was collected leaving a balance of 11 per cent, which was a normal revenue collection trend.

The Accounting Authority submitted that the Council acknowledged the Auditor's observation on the collection efficiency and had since devised systems to improve on revenue collection. The measures introduced included submission of daily revenue collection reports from all collection points to enhance monitoring, increased meetings with revenue collectors and making comparison on the collections done by each of them. Stakeholder engagements had been intensified, through publicity using radio programs and community meetings. The Council had also made steady progress in engaging the traditional authorities and the matter over the collection of fees from the market would soon be concluded. The Council had also introduced night shifts at the road barrier collection point and also a budget line in the estimates of revenue to engage in poultry and piggery sales. The Council would constantly

monitor the new interventions which had been put in place to ensure revenue targets were met.

Committee's Observation and Recommendation

In noting the submission, the Committee implores the Accounting Authority to strictly adhere to the proposed measures in order to maximise revenue collection. The Committee awaits a progress report on the matter.

ii. Management of the Local Government Equalisation Fund K76, 845

Response by the Accounting Authority

The Accounting Authority submitted that the observations made by the Auditor General were true. However, the anomaly was caused by the delay in the reconciliation of the amount that was initially received by Luwingu District Council, amounting to over K5,000,000; and the payments done by Luwingu, on behalf of Lupososhi before they could open an account. When this was done, it was discovered that another transfer of K176, 845 needed to be made out of which a K100,000 was paid as reported by the Auditor. Further, the Council had recommitted itself to settling the outstanding amount by making a standing order with the bank to be done in three equal instalments of K25,615 per month, with the first one being from the January 2022 grant. The letter to the bank and a copy to Lupososhi Town Council, was available for verification. The Council would ensure that bank and cash reconciliations on funds received was done promptly to avoid similar occurrences.

Committee's Observation and Recommendation

The Committee is saddened and deeply concerned at the failure to remit all the funds allocated to the Lupososhi District Council. It also notes that Management had put in a place a standing order with the bank which should have been implemented by January, 2022, yet there is no indication as to whether or not any payment has since been made through the standing order. The Accounting Authority is being urged, as a matter of urgency, to ensure that funds for the Lupososhi District Council are reimbursed. The Committee awaits a progress report on the matter.

i. Failure to Recover Funds for Unperformed Works K52,937

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation and submitted that the cause was a defunct air conditioner that was rejected by the Council after developing a fault and the painting which started peeling off, a few months after it the walls were painted. The Council followed up with another letter and the contractor committed to resolving the matter by end of February, failure to which the matter would be concluded in the courts of law. The Council had also resolved to ensure that contracts signed would have necessary clauses to give provision for a performance bond so that recovery of funds when need arose was done easily.

Committee's Observations and Recommendations

The Committee finds it an acceptable that the Council engaged a contractor without putting in place a performance bond that would ensure easy recovery of funds in the event that the

Council was not happy with the works by the contractor. The response has also not indicated whether or not the contractor has made any payments from February, 2022. The Committee urges the Accounting Authority to ensure that funds are recovered without further delay and awaits a progress report on the matter.

ii. Poor Workmanship - Construction of a Culvert at Insansa Stream

Response by the Accounting Authority

The Accounting Authority acknowledged the observations made by the Auditor General and submitted that the damage was caused by the floods that were experienced a year after it was constructed, where a number of structures had been affected. The works done were according to the resources allocated to the project. The Council had reported the matter to the Disaster Management and Mitigation Unity (DMMU) for intervention as the said Isansa Bridge was one of those structures affected by the heavy downpour experienced in Northern Province at the time. In order to avoid similar situations, the Council would ensure that works of a similar nature were allocated enough resources in order to construct durable structures.

Committee's Observation and Recommendation

The Committee finds it highly unacceptable that the funds allocated for the construction of the bridge at the Insansa River were inadequate resulting in the construction of a substandard bridge. The Committee urges the Accounting Authority not to embark on similar projects when funds are inadequate to avoid wastage of resources in future. The Committee recommends the matter for closure.

i. Failure to Remit Statutory and Other Obligations K10,267,183

Response by the Accounting Authority

The Accounting Authority acknowledged that the liquidity challenges faced by the Council made it difficult for the Local Authority to clear the historical debts, as well as the current obligations. The Council was ensuring that the current obligations were paid and had also done a Debt Liquidation Plan in the 2022 budget so as to reduce on its indebtedness. The Council was further lobbying the Government for help to dismantle the debt. In order to avoid further accumulation of the debt, the Council would ensure that the current obligations were paid while reducing on the outstanding amounts.

Committee's Observation and Recommendation

In noting the submission, the Committee recommends that the Council should, as a matter of urgency, devise a mechanism that will help the Council to generate resources that would go towards liquidation of the outstanding debt. The Committee resolves to await a progress report on the matter.

ii. Failure to Settle Staff Obligations K1,346,684

Response from the Accounting Authority

The Accounting Authority submitted that the liquidity challenges being faced by the Council made it difficult for the Local Authority to clear the historical debts. However, the Council had continued with the efforts to service its indebtedness and some payments had been made

towards the same, as indicated in the table below. Further, a Debt Liquidation Plan had been included in the 2022 budget. The Council was further lobbying for Government help to dismantle the debt.

Table showing the amount paid so far

No	Type of Debt	Amount Qeried K	Amount Paid K	Balance K
1	Long service bonus	778,387	41,000	737,387
2	Retiree benefits	467,703	257,306	210,397
3	Councillors allowances	100,594	-	100,594
	Total	1,346,684	298,306	1,048,378

In order to avoid further accumulation of the debt, the Council would ensure that the current obligations were paid while reducing on the outstanding amounts.

Committee’s Observation and Recommendation

In noting the submission, the Committee recommends that the Council should, as a matter of urgency, explore available mechanisms that will enhance revenue collection which will go towards clearing of outstanding statutory obligations. The Committee awaits a progress report on the query.

Mambwe Town Council

Paragraph 46

46.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income (Negative Variance of K2,062,946)

Response by the Accounting Authority

The Accounting Authority responded as set out below.

1. Local Taxes: Consisted of property rates and personal levy and the majority of them came from lodges. The Council was unable to collect the budgeted amount of K1, 766,484 from a number of lodges and other business houses which were closed due to COVID-19 pandemic.
2. Fees and Charges: The Council was unable to collect K353, 879.71 from lease of Council properties, plan scrutiny fee and consent fees/conversion due to poor response by developers to begin construction and slowdown of construction.
3. Permits: The Council was unable to collect K44, 360 from health inspection permit, pre-school permits and fire certificates due to a number of lodges that were closed as a result of COVID-19 restriction in movements.
4. Commercial Ventures: The Council was unable to collect the projected amount from its commercial ventures which included; the Bar and the Guest House which were mostly

affected by the prevalence of COVID-19 pandemic that affected the business operating hours and patronage.

During the period under review the Council issued demand notices to rate payers with outstanding balances. To those who had not complied, the Council was in the process of engaging Bailiffs. Out of the outstanding amounts of K1, 647,355.50 on permits, levies and licenses, the Council had managed to collect K815, 451.66 as tabulated in the table below. The documents were ready for verification.

Receipts	Variance (K)	Actual collection (K)	Balance (K)
Local taxes	854,085.79	384,426.17	469,659.62
Fees & charges	353,879.71	190,000	163,879.71
Levies	395,030	228,875.49	166,154.51
Permits	44,360	12,150	32,210
Total	1,647,355.50	815,451.66	831,903.84

The Council would take necessary precautionary measures to avoid recurrence of the same.

Committee’s Observation and Recommendations

The Committee commends the Accounting Authority on the effort made by the Council to collect at least fifty percent of the revenue outstanding. The Committee is, however, saddened that these efforts have been made after the audit which entails that management acted reactively. The Accounting Authority is strongly urged to ensure that strategies are enhanced to effectively collect the much needed revenue without fail. The Committee urges the Office of the Auditor General to keep the matter in view during future audits.

b) Failure to Fill Vacant Positions

Response by the Accounting Authority

The Accounting Authority acknowledged that at the time of audit, there were still vacant positions on the Council establishment. He stated that the Management wrote to the Local Government Service Commission to fill up the vacant positions. The documents were available for audit verification. The Accounting Authority reported that the follow up was made on the letter to the Local Government Service Commission to fill the vacant positions under divisions 1, 2 and 3. The Council further reported that three (3) positions had been filled and documents were ready for verification. The Accounting Authority would always ensure that staff returns were prepared quarterly to show vacancies for decision of the Local Government Service Commission.

Committee’s Observations and Recommendations

The Committee expresses concern that key staffs are not filled up at the Council and hence depriving the community of services these officers can offer. The Committee urges the Accounting Authority to impress upon the Local Government Service Commission to fill up these positions without further delay. The Committee resolves to wait for a progress report.

c) Delayed Submission of Proposed Constituency Development Fund Projects to the Ministry

Response by the Accounting Authority

The Accounting Authority acknowledged and regretted the delayed submission of the Constituency Development Projects. The delay was attributed to the Ward Development Committees (WDCs) that had not been constituted then. The Accounting Authority had constituted the WDCs in all the fifteen (15) wards to commence the work of receiving application forms from the applicants in good time as stipulated by the law. The Accounting Authority would always ensure that WDCs were constituted in accordance with the guideline or the law and submitted on time to avoid late implementation of the projects.

Committee's Observations and Recommendations

The Committee notes with concern the Council's failure to facilitate the formation of WDCs thereby delaying the submission of CDF projects to the Ministry of Local Government and Rural Development. The Committee urges the Accounting Authority to ensure that capital projects are expeditiously done to avoid such delays which may result in delaying service delivery to the intended communities. The Committee resolves to close the matter after verification by auditors.

d) Management of Liabilities

i) Failure To Remit Statutory Obligations K3, 175,904

Response by the Accounting Authority

The Accounting Authority acknowledged the auditors' findings and stated that this debt was historical and as such the Council had been finding challenges to service it due to financial constraints. However, the Accounting Authority was committed to service the current statutory obligations. The Council had so far remitted a sum K215, 697.06 as part payments and documents were ready for verification.

Unremitted Statutory Obligations 2020

No	Institution	Balance(K)	Payments (K)	Balance(K)
1	ZRA	2,310,043	151,254.02	2,158,788.98
2	NAPSA	441,638	74,634.98	367,003.02
3	LASF	386,859	8,517.82	378,341.18
4	NHIMA	13,412	10,700	2,712
5	ZULAWU	23,951	6,590.24	17,360.76
	TOTAL	3,175,903	251,697.06	2,924,205.94

The Council would always ensure that priority was given to settle the outstanding amounts in a monthly basis depending on the availability of funds.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii. Failure To Settle Staff Obligations K3,029,292

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditors' findings and reported that the Council was unable to settle staff obligations due to financial constraints. However, the Accounting Authority further submitted as set out hereunder.

- i. Settling In Allowance: These amounts accrued due to massive transfers during the period under review.
- ii. Leave Travel Benefit: The amounts were accrued to officers who went on leave at the time and that at the time of Audit the officers were not paid as the Council was still raising funds to pay them.
- iii. Terminal Benefit: The amounts stated were accumulative as far back as 2015 and the Council was making efforts to dismantle the bill.
- iv. Salaries/ Wages Arrears: At the time of the audit, the Council was still raising funds to liquidate the arrears.
- v. Long Service Bonus: The amounts stated were accumulative as far back as 2010 and the Council was making efforts to dismantle the bills.
- vi. Councillor's allowances: These amounts were accrued after Councillor's monthly allowances were increased from K1,500 to K3,000.
- vii. Other Staff Costs: The costs included were mostly due to private Transporters for transportation of household goods for staff who were transferred to Mambwe District.

The Accounting Authority reported that part payments were made towards the outstanding amounts as follows:

1. Settling In Allowance: The Council had since cleared the stated outstanding amount. Documents were available and ready for verification.
2. Leave Travel Benefit: The stated amount of K7,830 had been paid in full.
3. Terminal Benefit: Out of the stated amount of K1,082,851, the Council had managed to pay K206,000. The Council was in the process of obtaining Title Deeds for the land obtained from the Traditional Leaders and dispose-off part of it and use the proceeds towards liquidating the outstanding debt.
4. Salaries/ Wages Arrears: The outstanding balance had been cleared in full.
5. Long Service Bonus: The Council reported that an amount of K15,000 had so far been paid towards the debt.

6. Councillor's allowances: The Council reported that it had managed to pay K102,800 leaving a balance of K5,900 for a Councillor who passed away and the administrator had not yet been chosen to collect this sum.
7. Other Staff Costs: The Accounting Authority reported that out of the balance of K72,331, K40,800 had so far been paid leaving the balance of K31,531.

No	Type of dept.	Balance B/F(K)	Payments (K)	Balances (K)
1	Settling-In Allowance	121,598	121,598	-
2	Leave Travel Benefits	7,830	7,830	-
3	Terminal Benefits	1,082,851	206,000	876,851
4	Salary/Wages Arrears	1,085,066	1,085,066	-
5	Long Service Bonus	550,916	15,000	545,916
6	Councillor's Allowances	108,700	102,800	5,900
7	Other Staff Costs	72,331	40,800	31,531
	TOTAL	3,029,292	1,584,994	1,444,298

Documentation to support action taken was available and ready for audit verification. The Accounting Authority would endeavour to ensure that priority was given to outstanding staff obligations when funds became available to reduce the debt.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. She is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

Mansa Municipal Council

Paragraph 47

47.1 Audit Findings

An examination of financial and other records maintained at the Accounting Authority for the financial year ended 31st December, 2020 and a physical inspection of selected projects revealed the following to which the Accounting Authority responded as set out below.

- a) **Budget and income (negative variance of K11,218,753)**

Response by the Accounting Authority

The Accounting Authority submitted that the observation of the Auditor General regarding the negative variance on budget and income, was correct. The Accounting Authority reported that it had intensified revenue collection efforts by creating a taskforce, as well as implementing section 24 (4) of the *Rating Act No. 21 of 2018*. Other interventions were as indicated in the table below.

Table on the budget and income

S/N	SOURCE OF FUNDS	VARIANCE (K)	CAUSE OF QUERY	ACTION TAKEN
01	Local taxes	(2,650,691)	Resistance to pay property rates by property owners even when the poundage rate was very low. The poundage rates for residential and commercial properties were at 02 and 05 respectively.	Operationalisation of section 24(4) of the <i>Rating Act No.21 of 2018</i> .
02	Fees and charges	(7,476,210)	<p>Non-implementation of penalties on renewal of licences and illegal parking fees due to the following reasons.</p> <ol style="list-style-type: none"> 1. Effects of COVID-19 2. Non-completion of the parking bay. 3. Low uptake on plots advertised due to two reasons. Firstly, the area was not fully serviced due to lack of funds and secondly boundary wrangles with traditional leaders. 	<p>The Council had concluded the issue between Roads Development Agency (RDA) and the settler near the tracking bay and the filter lane to access the tracking bay would now be constructed after the rain season. Secondly, engagements with traditional leaders to resolve the boundary wrangle had started. Furthermore, opening of roads as well as laying of pipes for water services was progressing well under the Luapula Water Project.</p>
03	Commercial ventures	(1,323,146)	Closure of bars and restaurants on both Council Rest House and the Civic Hotel due to the effects of COVID-19.	The Council had been reducing the budget figures for this revenue line until such a time when COVID-19 effects stabilised.
04	Other receipts	(434,330)	Reduction in movement of trucks loading or carrying manganese due to the effects of COVID-19.	The Council had been reducing the budget figures for this revenue line

				until such a time when COVID-19 effects stabilised.
05	Local Government Equalisation Fund	(64,030)	Adherence to the budget guidelines of using the August Cashbook receipt of Grants. The guidelines were provided by the Ministry of Local Government and Rural Development.	The Council would always adhere to the guidelines given.

The Accounting Authority submitted that the Mansa Municipal Council had put in place a budget control system to review the budget performance of revenue line items, every quarter.

Committee's Observation and Recommendation

The Committee observes, with concern, the failure by the Council to collect revenue as required by the *Rating Act No. 21 of 2018*. The Committee urges the Accounting Authority to devise new strategies to enhance revenue collection. The Committee resolves to await a progress report on the Council's improved methods of revenue collection.

b) Over-employment of staff (K702,204)

Response by the Accounting Authority

The Accounting Authority submitted that the observation of the Auditor General, regarding excess staff was correct. This was caused by the absence of a standard approved staff establishment in the Local Authority, as well as transfers and promotions by the Local Government Service Commission. At a meeting held on 3rd May, 2021, the Local Government Service Commission noted the excess staff and resolved to effect transfers to address the concern.

Committee's Observation and Recommendation

The Committee is saddened at the lack of a standard approved staff establishment in the Local Authority, resulting in over-employment. The Committee urges the Local Government Service Commission, as a matter of urgency, to put in place an approved standard staff establishment in Local Authorities. Further, the Commission is also urged to desist from promoting and transferring staff to Councils without checking on the number of staff at the receiving Council. The Accounting Authority is also urged to ensure that quarterly reports are given to the Local Government Service Commission to curb this irregularity. The Committee awaits a progress report on the matter.

c) Construction of a Constituency Development Fund Project - Paul Mambilima Police Post

Response by the Accounting Authority

The Accounting Authority submitted that the observation made by the Auditor General regarding the above defects was correct. This was a result of reduced inspection programmes

because of insufficient monitoring funds. However, the project was still under the defect liability period, hence Management wrote to the contractor to rectify all the highlighted defects before the retention was paid. As at 13th April, 2021, the defects had been worked on and therefore, the matter was resolved. Mansa Municipal Council, through the Department of Engineering, would continue to monitor all the projects regularly.

Committee's Observation and Recommendation

In noting the submission made by the Accounting Authority, the Committee is deeply concerned at the inertia being exhibited by the Council by failing to supervise the project at every stage in order to avoid shoddy works by the contractor. The Committee recommends that the Accounting Authority should sternly caution the erring officers and that at all costs going forward, ensure that projects are supervised diligently at every stage. The matter is recommended for closure, subject to audit verification.

d) Failure to Remit Statutory Obligations (K54,146,494)

Response by the Accounting Authority

The Accounting Authority submitted that the observation made by the Auditor General regarding non-remittance of statutory obligations was correct. The Council reported that the non-payment of statutory obligations was due to financial challenges that the Council was facing. Management had since entered into an agreement with NAPSA, LASF and ZRA, proposing to liquidate the outstanding contribution in three ways as outlined below.

- i. Land debt swap - 24 hectares reserved for the National Pension Scheme Authority, in Fort Roseberry Park area of Mansa District to address at least the principal amount.
- ii. Property rates debt swap amounting to K 385,416 that the National Pension Scheme Authority owed the Mansa Municipal Council.
- iii. Commitment to pay K15,000 every month, beginning December 2020 to the National Pension Scheme Authority and LASF, while K5,000 was being paid to ZRA until full settlement on outstanding contribution.

Committee's Observation and Recommendations

The Committee notes, with concern, the Council's failure to remit its statutory obligations to ZRA, LASF and NAPSA dating as far back as 2014. This is unacceptable because the Council is mandated by law to comply with the statutory obligations. The Committee sternly warns the Accounting Authority to ensure that the Council remains compliant with the said obligation. The Committee resolves to await a progress report on the liquidation of the outstanding contributions.

i. Failure to Settle Staff Obligations (K3,684,869)

Response by the Accounting Authority

The Accounting Authority submitted that the observation made by the Auditor General regarding failure to settle staff obligations was correct. The non-payment of staff obligations was due to financial challenges that the Council was facing. However, Management had made some efforts to dismantle the debt as and when funds were available. As at 31st December, 2021, the Council had paid an amount of K 1,172,537.06, out of the outstanding K 3,684,869, leaving a balance of K 2,512,331.94. In addition, the Mansa Municipal Council was working hard to broaden its revenue base so as to increase resources to pay off the staff obligations.

Committee's Observation and Recommendation

The Committee is deeply saddened at the inordinate delay by the Council to pay terminal benefits, long service bonus, leave travel and salary arrears dating from as far back as 2014. This is unacceptable and the Accounting Authority is urged to explore other avenues available in order to raise resources to meet all staff obligations. The Committee resolves to await a progress report.

Mazabuka Municipal Council

Paragraph 48

48.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income (Negative Variance of K5,267,465)

Response by the Accounting Authority

The Accounting Authority responded as set out below in the table.

No.	Source of Funds	Variance K	
1	Local Taxes	(1,990,657)	The Council had just implemented the revised valuation roll and had a number of residential property rate payers refusing to pay.
2	Fees and Charges	(1,926,766)	At budgeting time, the Council planned to collect K1, 242,500 from regularisation of plots in an area called Changa Changa, sitting on a titled farm plot. However disputes ensued between the title holders and tenants on subdivision procedures ,hence impeding the process
3	Licences	131,461	Over performance – Intensified sensation and enforcement
4	Levies	(1,425,618)	This was as a result of the effects COVID-19 pandemic and the ban on the movement of livestock due to foot and mouth diseases that also affected the collection of livestock levy.

5	Permits	223,892	Over performance – Intensified sensation and enforcement
6	Commercial Venture	1,556	Over Performance due to operationalisation of the Truck Inn Bay
7	Other Receipts	200,002	Over performance – Support from GIZ for COVID-19 for sanitation facilities
	Sub Total	(4,786,130)	
	National Support		
8	Local Government Equalisation Fund	(292,342)	This was due to the deductions done centrally that included audit fees and union dues
9	Constituency Development Fund	100	
10	Other grants	(189,093)	Though the Council received funding from cooperating partners of K520,907, K189,093 was not received
	Sub Total	(481,335)	
	Total	(5,267,465)	

The Council engaged the Court Sheriff to help collect the property rates arrears, whose

operations were impeded by COVID-19 and enforcement by Task force. Management had since started using e – billing for bill distribution and was exploring avenues of e – payments.

Committee’s Observation and Recommendations

The Committee observes, with gladness, that there has been some notable positive performance in relation to licences, permits, commercial ventures and other receipts. The Accounting Authority is commended for this positive outlook but urged to replicate the same in other revenue sources. It is the Committee’s view that if the same is working in this area, then the Council is capable of collecting more revenue in other sources. The Committee strongly urges the Accounting Authority to consider widening their revenue base in order to enhance their revenue portfolio. The Committee resolves to await a progress report on the matter.

b) Environmental Management

i. Lack of Fence

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor’s observations and reported that the non erection of a fence at the dumpsite was due to financial constraints. Management had made a provision in the 2022 budget to fence the dumpsite and upon approval of the budget. Management would implement this by the 2nd quarter of 2022. Management would ensure that there was a fence erected for safety.

Committee’s Observations and Recommendations

The Committee directs the Accounting Authority to ensure that the process of erecting a wire fence around the dumpsite to protect it from encroachments and influx of scavengers that may cause disease outbreaks is expedited. The Committee will await a progress report on the matter.

ii. Non-Compacting Of Waste

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and stated that non - compacting of waste frequently at the dumpsite was due to inadequate earth moving equipment. Management had put a dumpsite management schedule to fill and compact waste every fortnight. Management would adhere to the dumpsite Management schedule and abide by the requirements of the environmental Act.

Committee's Observations and Recommendations

The Committee directs the Accounting Authority to ensure that enough funds are allocated for buying earth moving equipment to reduce the interval for compaction at the dumpsite. The Committee encourages the Accounting Authority to consider lobbying for funds through the CDFCs within their area to expedite the process. The Committee will await a progress report on the matter.

iii. Failure to Provide Clearly Marked Solid Waste Containers

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and stated that the procured solid waste containers were not labelled at the time of audit. Management had since labelled all solid waste containers.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Accounting Authority to ensure that all the waste containers are clearly marked before being despatched. The matter is, however, resolved for closure after verification by Auditor General's Office.

c) Accounting for Revenue

i. Failure to Collect Revenue from Billboards K191,695

Response by the Accounting Authority

No.	Revenue Type	Uncollected K	Collected to date K	Balance K	
1	Meat Inspection	9,135	9,135	-	Delayed payment by one farmer, however the bill had been paid in full
2	Billboard bills	109,600	15,857	93,743	Billboards situated along T1 road were removed to pave way for road maintenance
3	Rental Charges	72,960	31,600	41,360	Closer of bars for 6 months due to COVID-19
	Total	191,695	56,592	135,103	

The Accounting Authority submitted that Management had collected the outstanding amount of K56, 592 from the uncollected amount of K191, 695 for meat inspections, billboards and rentals. The tenants had been issued with demand notices. Management would endeavour to engage the contractor and billboard owners on time in order for the billboards to be reinstalled at project completion. Further, Management would ensure that non-complying tenants were evicted from Council rented properties. The demand notices and letter from Road Development Agency (RDA) for removal of billboard were available for audit verification.

Committee's Observation and Recommendations

The Committee observes, with concern, the failure by Management to collect revenue, despite facing liquidity problems. The Accounting Authority is urged to ensure that the matter is prioritised and that all available options are explored and utilised to collect all the outstanding revenue without further delay. The Committee will await a progress report on the matter.

d) Management of Payroll and Other Staff Related Matters

i. Failure to Fill Vacant Positions

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that the position fell vacant after some officers were transferred. Twelve out of the twenty-one vacant positions had since been filled inclusive of key positions, notably, the Health Inspector and Valuation Officer and only remaining with the Senior Systems Analyst. The Council would ensure that the remaining positions were filled.

Committee's Observation and Recommendations

The Committee observes, with concern, the failure by Management to fill up all key positions through the Local Government Service Commission (LGSC). While it is known that the LGSC is the institution mandated to employ officers in grades I to III, it is incumbent upon each Council Management to ensure that they provide a quarterly report wherein all staff related requests are made. The Committee urges the Accounting Authority to ensure that he impresses upon the LGSC to expedite the process of appointing key staff at Mazabuka Municipal Council. The Committee awaits a progress report on the matter.

ii. Over employment of Staff

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that this was due to maintenance of retired officers on the payroll, as they were not yet paid their dues. The Council had to pay out some retirees so that they were removed from the payroll. An amount of K305,007 had been provided towards the liquidation of outstanding terminal benefits. Management would prioritise the payment of retired officers so that they were removed from the payroll.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Accounting Authority to ensure that all retirees are removed from the payroll by paying them off completely. The Committee also urges the Controlling Officer to consider liaising with the Secretary to the Treasury to pay the retirees from the source and relieve the Councils of this debt stock. The Committee awaits a progress report on the matter.

e) Lack of Title Deeds

Response by the Accounting Authority

The Council acknowledged the Auditor's observations and submitted that this was as a result of lengthy legislative procedures involved in securing title deeds. Management mapped out and submitted all Council properties for numbering at the Ministry of Lands and Natural Resources for subsequent titling, of which feedback was still awaited. Documentation was available for verification. Management would ensure that all Council buildings were on title.

Committee's Observations and Recommendations

The Committee notes the submission and encourages the Accounting Authority to expedite the process of securing their properties with title deeds, in accordance with section 41(4) of the *Public Finance Management Act, No. 1 of 2018*. The Committee will await a progress report on the matter.

f) Failure to Maintain Assets

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and reported that the Council could not maintain all its assets due to financial constraints. Management had been gradually maintaining its assets and had made a provision of K1, 000, 000 in the 2022 budget estimates of which K800, 000 was meant for Motel phase 2 and K200, 000 for regular maintenance of the dilapidated assets. In 2020, the Council rehabilitated the fire annex, Engineering Department offices and Planning Department offices, and in 2021 the Council rehabilitated the Council Chamber, Committee room, Lusumpuko Community Hall and the Motel Phase 1. Documents were available for verification. Management would ensure that it periodically maintained its assets as required by its Asset Management Policy.

Committee's Observations and Recommendations

The Committee notes the submission and encourages the Accounting Authority to ensure that they adhere to their Asset Maintenance Policy and also ensure that a budgetary provision is put in place to prevent dilapidation. The matter will be kept in view during future audits.

g) Failure to Implement Constituency Development Fund Projects

Response by the Accounting Authority

The Council acknowledged the Auditor's observations and reported that due to increase of prices of building materials amidst COVID-19, contractors started surrounding the contracts

and requested for revised contract amounts. Subsequently, this made the CDFC to reconsider the revision on prices. The projects were under implementation after the contracts were revised and additional amounts were provided. The contractors had been given strict deadlines in which to complete projects as provided for in the contracts.

Committee’s Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to ensure that due diligence is done before engaging contractors to carry out works on behalf of the Council. The Committee also suggests that technocrats must always guide the Constituency Development Fund Committees to consider allocating enough funds to projects up to completion, taking care of the fluctuation in prices, to avoid stalling works due to insufficient funds. The Committee will await a progress report on this project.

h. Management of Liabilities

i. Failure to Remit Statutory Obligations K25,893,977

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditors’ observations and reported that remittances of statutory obligations had been a challenge due to the constrained cash flow. The Council also reported that efforts were being made to liquidate the debt and currently payments amounting to K415, 868 had been e made to the relevant institutions from the time of audit, as follows:

No.	Name	Balance K	Paid	Balance
1	ZRA	15,861,519	325,000	15,536,519
2	NAPSA	6,637,186	-	6,637,186
3	LASF	3,395,272	90,867.86	3,304,404
	Total	25,893,977	415,868	25,478,109

The Council had entered various payment plans with major creditors such as Zambia Revenue Authority, Workers Compensation Fund and Local Authorities Superannuation Fund. The Council would further ensure that its cash flow was improved in form of revenue collections to manage the payment of statutory obligations as and when they fell due.

Committee’s Observations and Recommendations

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Accounting Authority is also encouraged to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K547, 904

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditors' observation and reported that the failure to settle staff obligations during the period under review, was due to liquidity problems being faced by the Local Authority, thus making it difficult to offset the outstanding obligations. Management had paid K196, 778.09 for settling-in allowance and had made a provision in the 2022 budget. She also pledged to ensure that payment of settling-in allowance would be made as and when it fell due.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all the outstanding liabilities relating to staff obligations are paid without any further delay. The Committee further urges the Accounting Authority to ensure that all staff obligations are paid as and when they fall due to avoid arrears. The Committee will await a progress report on the matter.

Mbala Municipal Council

Paragraph 49

49.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income (Negative Variance of K2,283,423)

Response by the Accounting Authority

The Accounting Authority submitted that the under collection of budgeted amount by K2, 283,423 was because of the reasons given underneath on each of the revenue lines.

i. Local Taxes and Rates

The Council had been using an expired and outdated Valuation Roll (2006). This, coupled with resistance by the rates payers to settle their dues, made it difficult to enforce compliance. The Council finished the process of updating its Valuation Roll and the Rating and Valuation Tribunal Awarded the Local authority permission to use the revised Valuation Roll on 27th January 2021. At the same time, the Council drew a programme to sensitise the rate payers of the new development in order to mitigate the challenge of resistance b to settle their bills.

ii. Fees and Charges

Delayed numbering of plots by the Ministry of Lands at Kasesha Border with Tanzania and at some other locations within town, made the Council to lose revenue from Plot Premium Charges. The plot premium charges accounted for K1, 698,000 of the budget under this category. The Council would only budget for plot premium charges when all the processes of

land offer had been concluded, particularly the survey and numbering of plots by the Ministry of Lands.

iii. Permits

The Accounting Authority submitted that due to the outbreak of COVID-19, most businesses remained closed during most of the financial year under review. This resulted in the Council not issuing trading permits as budgeted. In view of the effect of the outbreak of COVID-19, the Council would endeavour to make realistic revenue provision under the stated budget line.

iv. National Support – Local Government Equalisation Fund

The Council had budgeted to receive K11, 999,604 from the Central Government in form of Local Government Equalisation Fund. However, the total receipts under the budget line were K11, 927,475 during the period under review. The Council would endeavour to make realistic provision under the stated budget line in consultation with Central Government, through the Ministry of Local Government and Rural Development. In conclusion on revenue collection, the Accounting Authority submitted that the Council had taken prudent measures to ensure realistic budgeting and must be collectability. The Council had instituted community sensitisation programmes where rate payers would be engaged to minimise the resistance that arose when pursuing revenue collection programmes under property rates. The sensitisation programmes would be undertaken using radio programmes on the local radio station and through conducting regular meetings with the stakeholders.

Committee’s Observations and Recommendations

The Committee observes, with concern, the huge negative variance on revenue projected, against what was actually received by the Council. The Committee urges the Accounting Authority to ensure that the Council devises new strategies to enhance their revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance their efforts in sensitising the community on payment of rates, fees and other Council charges. The Committee awaits a progress report until there is some notable improvement on the Council’s revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Management of Payroll and Other Staff Related Matters

i. Failure to fill in Vacant Positions

Response by the Accounting Authority

The Accounting Authority stated that the reason for the query was that Local Government Service Commission, who was the employer of all officers serving in Divisions 1, 2 and 3, had not sent officers in the stated positions during the period under review. This was despite the Local Authority having fully budgeted for the same positions and submitting the staff returns reports on a quarterly basis to the Commission. The Council reported that the matter was receiving active attention by the Local Government Service Commission, such that on 26th February 2021, the Council received the Chief Administrative Officer, which was a

positive indication that as the year 2022 progressed, the situation may improve. Additionally, the Local Government Service Commission had a technical support visit of Northern Province from 26th - 30th April 2021 and the Council did submit the staff vacancy report where strategic and critical positions were highlighted for the action of the Commission and assurance was given that some vacant positions would be filled in due course. A copy of the staff vacancy report that was submitted at the Commission's sitting on the mentioned date was available for verification. The Council reported that it would always endeavour to ensure that all the key and vacant positions were adequately budgeted for and timely reported to the Local Government Service Commission for the possible filling of positions and placement of staff.

Committee's Observations and Recommendations

The Committee does not accept the reason given and urges the Accounting Authority to ensure that quarterly returns are always prepared and submitted timely. He is further urged to ensure that he impresses upon the Local Government Service Commission to consider filling up these key positions that are vacant in the establishment. The Committee awaits a progress report on the matter.

ii. Over employment of Staff

Response by the Accounting Authority

The Accounting Authority stated that the Local Government Service Commission had, during the period under review, sent a senior committee clerk to Mbala Municipal Council when the Council already had one, thereby having two officers in one position. In the same vein, an officer in the position of Environmental Health Technologist, was also maintained and drawing a salary through the payroll, despite the position not appearing on the approved Council establishment due to the fact that recruitment and posting of staff in division 1, 2 and 3 in Local Government Service was a preserve of the Local Government Service Commission, as provided for in the *Constitution of Zambia (Amendment) Act No. 2 of 2016*. The officer in question was appointed as Environmental Health Technologist (EHT). Although having an EHT qualification, the officer was performing the function of Health Inspector, a position which was critically needed in the Council and it was actually in the approved staff establishment. The Council reported that the matter was reported to the LGSC and the same was receiving active attention and if possible the Commission would be able to provide the Local Authority with an approved and standardised Municipal Council staff establishment. The Council reported that it would always endeavour to make sure that all the key and vacant positions were adequately budgeted for and timely report to the LGSC any issue with regard to duplicate posting of staff to the Council or receipt of officers whose positions did not exist in the Council's staff establishment.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Local Government Service Commission to respond to requests unlike employing staff that may not be relevant to the smooth running of the Local Authority. The Committee is disappointed and fails to appreciate what informed the Local Government Service Commission to employ an officer in a position that did not exist on the Local Authority Establishment. The Local Government Service Commission is

sternly cautioned to desist from this approach and directed to normalise this without further delay. The Committee awaits a progress report on the matter.

c) Management of Assets - Failure to Insure Movable Assets

Response by the Accounting Authority

The Accounting Authority stated that the reason for not insuring some of the mentioned assets of the Council was financial challenges the Council faced during the period under review. The Council reported that the insurance process for some Council movable assets had commenced and the insurance covers were available for verification. The Council further pledged that the insurance processes for its remaining movable assets would be completed soon when fund inflows improved. The Council reported that it would ensure that all its assets, both movable and non-movable, were adequately insured against all forms of risks.

Committee's Observation and Recommendation

The Committee strongly urges the Accounting Authority to consider including insurance cover for their movable and non movable assets in their yearly budgets, going forward, in order to avoid recurrence. On this failure, the Committee directs Accounting Authority to ensure that, as a matter of urgency, all assets are insured without further delay. The Committee awaits a progress report on the matter.

d) Management of the Local Government Equalisation Fund

i. Misapplication of Capital Funds K399, 988

Response by the Accounting Authority

The Council reported that the query arose due to a miscalculation of the 20 percent component, following several deductions to the grant, which were made at source by the Ministry. The Council calculated 20 percent based on what was received after the deductions, instead of the gross allocation of the grant, which led to a shortfall in the amounts meant to be transferred as capital component. The Council resolved to pay back the funds but was unable to immediately do so, due to operational challenges as a result of the critical financial situation during the period under review, exacerbated by the outbreak of the COVID-19 pandemic that led to the closure of most of commercial activities, coupled with challenges in the collection of property rates due to the delays in the award of the Valuation Roll by the Rating Tribunal. The Accounting Authority acknowledged the Auditors observation and reported that so far K325, 495 had since been reimbursed leaving a balance of K 74,493. Efforts to complete reimbursing the Capital Projects Account were being made. The details of repayments were available for verification. The Council reported that it followed advice from the Auditors and had been calculating the 20 percent component based on the gross allocation of the grant and would ensure that the capital projects funds were reimbursed to the Capital Fund Account to avoid delays in implementing the identified projects.

Committee's Observations and Recommendations

In noting the submission, the Committee cautions the Accounting Authority to desist from borrowing funds meant for capital projects. The Committee reminds him that such action is a serious violation of the Public Finance Management General Regulations, 2020 (No. 201)

and may lead to imprisonment. The Committee directs the Accounting Authority to ensure that all borrowed funds are paid back without further delay and the Committee will await a progress report until all funds are recovered.

ii. Failure to Reimburse Borrowed Funds - K585, 000

Response by the Accounting Authority

The Council reported that due to operational challenges resulting from a critical financial situation during the period under review, K1, 458,962, was borrowed to meet its other critical operational needs, with a view of reimbursing when the financial position improved. The situation emanated from the outbreak of the COVID-19 pandemic that led to the closure of most of commercial activities, coupled with challenges in the collection of property rates due to the delays in the award of the Valuation Roll by the Rating Tribunal. The Accounting Authority acknowledged the Auditor's observation and reported that from the outstanding amount of K1, 308,232 stated, an amount of K167, 545 had since been reimbursed and efforts to clear the remaining balance were being made. Details of reimbursements were available for audit verification. Despite the foregoing, the Council executed some of the Capital projects such as the borehole at the bus station; acquisition of ICT equipment such as computers; and a three-in-one industrial printer and carried out rehabilitation works of four dilapidated chalets at Grasshopper Inn Motel. The Council reported that it would ensure that the capital projects funds were reimbursed to avoid delays in implementing the identified projects.

Committee's Observation and Recommendation

In noting the submission, the Committee cautions the Accounting Authority to desist from borrowing funds meant for capital projects. As in i) above, the Committee reminds him that such action is a serious violation of the Public Finance Management General Regulations, 2020 (No. 201) and may lead to imprisonment. The Committee directs the Accounting Authority to ensure that all borrowed funds are paid back without further delay and the Committee will await a progress report until all funds are recovered.

i. Wasteful Expenditure - Failure to Utilise Software K15, 000

Response by the Accounting Authority

The Council reported that at the time the audit was undertaken, the Bulk Billing Short Message Software was not operational because of the process of finalising the revision of the 2020 Valuation Roll that had not been completed. The Council reported that following the smooth conclusion of the processes of revising the Valuation Roll and the successful engagement of the rate payers in December 2021, the Bulk Billing Short Message Software would be operational during the first half 2022 billing of property rates. The Council reported that it would always ensure that all software and intangible assets procured were put to good use in order to realise value for money.

Committee's Observation and Recommendation

The Committee does not accept the reason given and cautions the Accounting Authority to put the software machine to good use so as to realise value for money. The Committee finds it to be a lame excuse to suggest that they hadn't finalised their 2020 valuation roll, as this

should have been prioritised and completed within time so as to inform rate payers on their balances and or bills due for payment. The Committee directs the Accounting Authority to ensure that this matter receives attention promptly. The Office of the Auditor General is urged to keep the matter in view during future audits.

**e) Management of the Constituency Development Fund - Delayed Completion –
Construction of a 1 x 4 Classroom Block at Mwamba Day Secondary School**

Response by the Accounting Authority

The Council reported that the delay in the completion of Mwamba Day Secondary School construction was due to the delay by the community to mobilise locally sourced materials like building sand, burnt bricks and other upfront building materials, which was to go towards construction of the 1 x 4 classroom block by a contractor engaged by the community through the school's Parent Teacher Association. The works started way back in 2019 by the community, through the PTA. However, the school sought the intervention of CDF to facilitate the roofing which was successfully done from the 2020 CDF allocation. However, arising from the Government pronouncement discouraging community contribution in the implementation of the Government funded projects, the community became reluctant to complete the structure to the roofing stage so that roofing could commence. The Council reported that the contractor had since been engaged to undertake roofing and completion of the classroom block structure, pursuant to the contract awarded, using the 2020 CDF allocation. The Council reported that pursuant to the Government pronouncement not to solicit for community contribution when undertaking Government funded projects, all CDF projects and other similar projects would be undertaken on full contract basis, whereby the contractor would be expected to execute all works under the awarded contract(s).

Committee's Observation and Recommendation

In noting the submission, the Committee sternly cautions the Accounting Authority to desist from delaying projects which amounts to delayed service delivery to the intended community. The Committee also urges the Accounting Authority to ensure that due diligence is done before commencing a project. The Committee also emphasises that monitoring and supervising the project as it progresses, is critical to the success of the project and hence must be prioritised by the technocrats. The Committee furthermore urges the Accounting Authority to ensure that the project is completed expeditiously. The Committee resolves to await a progress report on the matter.

f) Management of Liabilities

ii) Failure to Remit Statutory Obligations

Response by the Accounting Authority

The Council reported that the failure to settle and remit statutory obligations in full was due to the critical financial constraints that the Local Authority had been facing. The Council reported that it had since come up with payment plans with the mentioned statutory bodies on how it could liquidate its statutory obligations. It was further agreed that every month K10,000 and K 20,000 respectively, would be paid to NAPSA and ZRA as part payments towards

the outstanding statutory obligations. The Council reported that it would ensure that all the statutory obligations owed to all statutory institutions were settled within the earliest possible time, whenever funds were available as stated in the debt settlement plans it had drawn with them.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Council is also encouraged to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report.

iii) Failure to Settle Staff Obligations - K5, 072,372

Response by the Accounting Authority

The Council reported that failure to settle staff obligations in fully was due to the critical financial constraints it had been facing. The Council reported that it had come up with payment plans with concerned employees and their union representatives on how it would liquidate the staff obligations and it was agreed that some funds would be set aside every month towards settlement of its indebtedness in respect of various outstanding staff obligations. The Council also reported that it would ensure that the various debts owed to its employees were settled without much delay, whenever funds were available.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Committee resolves to await a progress report.

Mkushi Town Council

Paragraph 50

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

50.1 Budget and Income (Negative Variance of K4, 404,619)

Response from the Accounting Authority

The Accounting Authority gave the responses set out below.

Local Taxes

The Accounting Authority reported that the adverse variance on local taxes was as a result of low compliance levels on property rates, coupled with the COVID-19 pandemic, which adversely affected rate payers' ability to pay. The Accounting Authority submitted that the Council had ensured that rates bills were issued on time and distributed within the first month of that particular charge year. The Committee learnt that the Council had continued with the issuance of demand notices and engagement with the rate payers on payment plans. The

Accounting Authority informed the Committee that the Council was further considering engaging court bailiffs to recover the accrued rates, as the last option. The Accounting Authority reported that it had refined its database for personal levy to also capture employees of commercial farmers. The Accounting Authority explained that it would continue to sensitise rate payers through electronic and print media on the importance of rate payments. The Accounting Authority further informed the Committee that specific timed payment plans were equally being considered.

Fees and Charges

The Accounting Authority regretted to inform the Committee that most of the advertised plots from which plot premiums were anticipated to be collected, were being used as compensation to affected clients that had initially bought land in Kaundula Farm Block, which was later disputed by the original settlers. The Accounting Authority pointed out that the matter was being handled by the Ministry of Local Government and Rural Development; and Ministry of Lands and Natural Resources with other key stakeholders. Further, the Accounting Authority highlighted to the Committee that the closure of big mines, such as SAKO Mining resulted in the Council losing out on loading fees for manganese, as well as COVID-19 which had an adverse effect on the businesses' ability to pay for municipal services due to restrictions of movements and trade. The Committee was informed that the Council had engaged various stakeholders such as Their Royal Highnesses in Mkushi; Ministry of Local Government and Rural Development; and Ministry of Lands and Natural Resources over Kaundula Farm Block, in trying to resolve the land issues that the District was facing. The Accounting Authority reported that it would continue engaging key stakeholders in land management so as to avert land disputes and thus increase revenue.

Licences

The Accounting Authority reported that this arose as a result of low compliance on licences, mainly liquor licences, as they were badly affected by the COVID-19 pandemic, which led to most of the businesses closing down. The Committee further learnt that there was equally low demand on firearm licences. The Accounting Authority reported that it had updated its data base to include all businesses eligible to register for licences. Further, the Accounting Authority stated that the Council had reinforced its revenue mobilisation team by engaging other stakeholders from devolved departments such as health inspectors. The Accounting Authority reported to the Committee that it would strengthen its monitoring on licence payments through routine inspections by a combined team of officers.

Levies

The Accounting Authority reported that this arose as a result of the severe impact of the COVID-19 pandemic, which saw a number of businesses close down. The Committee learnt that a larger share of these levies in Mkushi District was grain levy. The Accounting Authority informed the Committee that due to COVID-19 restrictions in movements, very few mobile traders set up camps/depots in the District. The Accounting Authority reported that it had put in place a revenue task force comprising a wide range of officers with different expertise on revenue collection to enforce revenue collection. Further, the Accounting Authority stated that the Council had strengthened its relationship with commercial farmers with regard to payment of grain levy.

The Accounting Authority informed the Committee that it would continue to strengthen its monitoring systems in all its revenue streams. The Committee learnt that sensitisation had further been intensified on both radio and public address system and enforcement closures. Further, the Accounting Authority reported that it would heighten its issuance of grain levy bills electronically via emails.

Permits

The Accounting Authority reported that this arose as a result of COVID-19 which resulted in restrictions in movements and closures of restaurants, bars and other business entities and as such the Council could not undertake inspections on a regular basis during the period under review. The Accounting Authority reported that it constituted a task force on revenue collection which drew its membership from various departments to enforce compliance by business entities. The Committee learnt that the Council continued to sensitise its clients on the early payment of permits through the community radio and use of the public address system.

Other Income

The Accounting Authority explained to the Committee that the performance on other incomes was 93 percent, which was attributed to the receipt of ZESCO way leave fees. The Committee learnt that the contract that was delivered for signing by ZESCO was K279, 000, as opposed to the budget figure of K300, 000. The Committee further learnt that the 2020 budget was prepared in 2019, while the contract was finally signed in mid-2020, thereby giving this adverse variance. The Accounting Authority reported that it had always maintained a cordial relationship with ZESCO as regards the contract for ZESCO way leave. The Accounting Authority stated that it would endeavour to ensure that only confirmed contracts were included in the budget.

Committee's Observations and Recommendations

The Committee encourages the Accounting Authority to ensure that new strategies are devised to counter these unintended outcomes. The Accounting Authority is also urged to consider enhancing their sensitisation programs towards rate payers to create awareness. The Committee urges the Office of the Auditor General to keep the matter during future audits.

b) Environmental Management - Myafi Dumpsite

Response from the Accounting Authority

The Accounting Authority reported that this arose as a result of cash flow challenges that the local authority experienced in the year under review. The Accounting Authority informed the Committee that the Council had commenced the construction of a wall fence at Myafi Dumpsite which was being done in stages, based on availability of funds. The Accounting Authority stated that the Council had put up sign posts at the main road indicating the direction of the dumpsite and was in the process of constructing a guard house. The Accounting Authority informed the Committee that more efforts would be made in inspecting the dumpsite.

Committee's Observations and Recommendations

The Committee notes the response and encourages the Accounting Authority to strengthen the security at the dumpsite as they are waiting to conclude on other phases. The Committee encourages the Accounting Authority to expedite the process so that the dumpsite may be well protected and prevented from being encroached. The Committee resolves to leave the matter open and awaits a progress report.

c) Accounting for Revenue - Failure to Collect Revenue K5, 987,599

Response from the Accounting Authority

Pole Levy

The Accounting Authority reported that this arose as ZESCO had disputed the amount, contending that the number of poles in the District did not match the amount reflected. The Accounting Authority stated that demand letters had been issued to ZESCO for payments of the said pole levy. The Committee was informed that the Council had since engaged the ZESCO Area Manager to reconcile the number of poles in the District with the Council register.

Property Rates

The Accounting Authority informed the Committee that this arose as a result of accumulated arrears from past years when compliance levels were very low, citing high poundage rates, low economic activity in the District and the advent of COVID-19, which had affected the earning power of rate payers due to closures of most businesses. The Committee learnt that it had issued demand letters to rate payers, and entered into payment plans with them. Further, the Accounting Authority informed the Committee that the Council reduced the poundage rate and introduced a rebate of 20 percent to 30 percent on payments of accrued rates so as to increase the compliance levels and that the Council was considering engaging court bailiffs to recover the outstanding rates, as the last option. The Accounting Authority reported that massive sensitisations were carried out on electronic and print media to encourage rate payers to pay rates on time. The Accounting Authority added that early distribution of bills equally gave clients time to settle their bills.

IHS Towers (Formerly Airtel & MTN Towers)

The Accounting Authority reported that this arose as a result of IHS Zambia not making good of the bill despite the Council submitting the bill to them on time, resulting in IHS Zambia claiming that their system did not capture previous bills once the financial year was closed. The Committee was informed that the Council had issued legal demand letters to IHS Zambia demanding for the payment of the said amount. The Accounting Authority reported that the Council was considering taking legal action on IHS Zambia if they failed to settle the stated obligation.

ZAMTEL Masts

The Accounting Authority reported to the Committee that this arose as a result of ZAMTEL failing to settle the obligation. The Accounting Authority stated that it had issued legal

demand letters to ZAMTEL demanding payment. The Committee was informed that the Council was considered taking legal action on ZAMTEL if they failed to settle the above stated obligation.

Rentals

The Accounting Authority pointed out that this arose as a result of failure by ZAWA to pay rentals, totalling to K54, 500, claiming that the building they occupied was not a Council building but was donated to Central Government. The other amount was as a result of failure by a Non-Governmental Organisation called Bwafwano Integrated Clubs to pay rentals amounting to K30, 000 following its closure. The Committee learnt that the unpaid rentals for Bwafwano Club were considered to be written off as a bad debt since the organisation closed and efforts to trace it had proved futile. The Accounting Authority reported that it would strictly enforce the provision contained in the tenancy agreements and was in the process of obtaining title deeds for all its properties.

Plot Premiums

The Accounting Authority informed the Committee that this arose as a result of failure to pay final balances on plot premiums by clients who were offered plots. The Committee learnt that final demand notices had been issued to those still owing, failure to which the Council would repossess the offered plots. The Accounting Authority informed the Committee that it would strictly adhere to the conditions stipulated in the payment plan.

Table 3 Uncollected revenue status

Revenue Type	Expected K	Collected K	Uncollected K	Collected K	Balance K
Pole Levy	15,000	0	15,000	0	15,000
Property Rates	6,201,029	509,280	5,691,749	62,515	5,629,234
IHS Towers	250,000	125,000	125,000	0	125,000
Zamtel(Masts)	25,000	0	25,000	0	25,000
Rentals	97,500	10,900	86,600	0	86,600
Plot Premiums	64,800	20,550	44,250	0	44,250
Totals	6,491,029	665,730	5,987,599	62,515	5,925,084

Committee's Observations and Recommendations

The Committee is very disappointed by the situation surrounding the collection of levies, rentals, and rates, as it shows a lack of aggressiveness on the officers tasked with the responsibility. The Committee recommends that the Council explores other avenues including the litigation process against on that did not comply with its stipulated laws governing the collection of taxes and fees. The Committee resolves to await a progress report.

d) Management of Payroll and Other Staff Related Matters – Over employment of Staff

Response from the Accounting Authority

The Accounting Authority informed the Committee that this arose as a result of transfers before they were effected by the Local Government Service Commission. The Accounting Authority informed the Committee that the Local Government Service Commission transferred three revenue collectors to other stations, while one fire fighter was re-graded to being a revenue collector. Further, the Commission transferred one town planner to Kitwe. The Accounting Authority added that on 22nd August 2020, the Council was declared as a Planning Authority, which had a provision of two town planners. He assured the Committee that the Council would continue with timely submission of its staff returns to the Local Government Service Commission for assessments.

Committee's Observations and Recommendations

The Committee notes the response and urges the Accounting Authority to ensure that quarterly returns are submitted timely to the Local Government Service Commission. The matter is, however, recommended for closure after verification by the Office of the Auditor General.

e) Management of Assets – Lack of Title Deeds

Response from the Accounting Authority

The Committee was informed that this arose as a result of delays in the numbering and surveying of the mentioned Council properties. The Accounting Authority reported that it had surveyed and numbered all the properties in question out of which five were on offer with lease agreements. Further, the Accounting Authority was informed that the Council had submitted documents to the Ministry of Lands and Natural Resources, through the Provincial Lands Office, for purposes of acquiring title deeds. The Committee was informed that it would endeavour to acquire title deeds for all properties as per the requirements of the law to avoid disputes.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by the Accounting Authority to acquire title deeds, which is a serious omission. The Committee encourages the Accounting Authority to follow all prescribed regulations to protect their properties from possible loss in case of a dispute or damage, as they may not have ownership documents to claim their properties. The Accounting Authority is urged to expedite the process of acquiring certificates of title. The Committee resolves to await a progress report on the matter.

f) Management of Liabilities

i. Failure to Remit Statutory Obligations - K11, 633,953

Response from the Accounting Authority

The Accounting Authority reported that this arose due to cash flow challenges that the Local Authority was facing and a huge historical accumulated debt, emanating from penalties

charged by statutory bodies. The Accounting Authority informed the Committee that it would continue to commit funds towards statutory obligations. The Accounting Authority stated that the council further entered into a debt swap agreement with Workers Compensation Fund. The Committee was informed that the Council would endeavour to make monthly contributions to statutory bodies and file returns on time to avoid penalties.

Statutory Obligations as at 31st December 2021

Institution	Balance B/F	Payments	Balance as at 31st December 2021
ZRA	5,964,797	32,948.10	5,932,030.90
LASF	1,041,161	132,416.68	908,744.32
NAPSA	4,481,695	350,016.82	4,131,678.18
Workers compensation	144,119		144,119
	11,631,954	550,381.60	11,116,572.24

Committee's Observations and Recommendations

The Committee encourages the Accounting Authority to strengthen their resolve to make monthly payments towards statutory obligations and to put up a target plan that will help them keep track of the progress made. The Committee resolves to leave the matter open and awaits a progress report on it.

g) Failure to Settle Staff Obligations K3, 653,846

Response from the Accounting Authority

The Accounting Authority reported that this arose as a result of cash flow challenges that were being faced and a huge accumulated debt stock mainly on terminal benefits and long service bonuses. The Committee was informed that it had made some payments towards liquidating staff obligations such as payments of settling-in allowances through the payroll on a monthly basis, as set out below.

Staff obligations schedule as at 31st December 2021

Category	Balance B/F	Increase	Payments	Balance as at 31st Dec 2021
Settling in allowances	50,564	42,208.40	45,123.07	47,649.33
Terminal Benefits	2,451,547		320,915	2,130,632
Salary Arrears	352,493		64,900	287,593
Long service bonus	799,242		54,355.92	744,886.08
Total	3,653,846	42,208.40	485,293.99	3,210,760.41

The Accounting Authority reported that the Council would endeavour to settle staff obligations

Committee's Observations and Recommendations

The Committee notes the response. However, it is not pleased with the huge debt stock owed by the Council. The Committee, therefore, recommends that the Accounting Authority makes decisive actions that will help in dismantling the debt by way of increasing revenue collection, using all available options, including revamping commercial ventures. The Committee awaits a progress report on the matter.

Mongu Municipal Council

Paragraph 51

51.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income - Negative Variance of K17,543,727

Response by the Accounting Authority

The Accounting Authority acknowledged that the uncollected revenue amounting to K17,543,727 and reported as outlined below.

Locally generated income

1. Local Taxes

The Accounting Authority reported that the Council had planned to collect K3,570,463 in form of rates but only collected K1,201,614. The under collection of K2,368,849 was due to the non-compliance due to the disputes regarding the poundage which the Council was awarded by the Rating Tribunal in 2018. The rate payers had been disputing the poundage, stating that it was too high for Mongu District and therefore, refused to comply. The Accounting Authority reported that the Council had taken all property rates defaulters to court in order to recover the unpaid property rates for 2020, as well as for previous years. The total number of defaulters, who had been taken to court in the first batch, stood at fifty-four, representing a total amount of K 1,268,873.72. The Accounting Authority reported that the Council had resolved to give rate payers an amnesty of writing off of all outstanding arrears that were accrued before 2020, if they would pay in full, for 2020 and 2021. The Accounting Authority furthermore reported that the Council had continued issuing Property Rate Bills to all the property owners through bulk SMS and emails in addition to the physical delivery of bills. The Council had further held several meetings with the Western Chamber of Commerce on the procedure that was followed in order to arrive at the poundage; and had also engaged them to sensitise them on the need to be law abiding as far as Council fees and charges were concerned. A list of defaulters and of court summons was available for verification. Going forward, the Council undertook some review on its revenue collection strategies as set out below.

- i. Sustained sensitisation of the general public through media and public announcements.

- ii. Engagement of Western Chamber of Commerce had been done and they were working together in ensuring that their members became law abiding in as far as payment of property rate bills was concerned.
- iii. Revenue estimates would only be based on signed agreements and confirmed revenue sources.
- iv. The Council had continued to take all defaulters on property rates to court through the

Legal Department.

2. Fee and Charges

Plot Premiums

The Accounting Authority reported that the Council had planned in 2019, to allocate 653 plots to the members of the public in Kasima state land and Namushakende. Out of these plots, 373 were residential plots, while 280 were commercial plots. Each residential plot was going at K10,000, while commercial ones were going at K10,000, bringing the total amount to K6,530,000,00. However, the Council only managed to collect K918,931, resulting in a variance of K5,611,069. This was due to a misunderstanding between the Council and the local Chief, in conjunction with the local groupings called the Imilemas, over ownership of Kasima state land. Because of this dispute, the Council was unable to allocate 562 plots to would-be developers in Kasima state land (362 plots) and in Namushakende (200 plots). The said local Chief, further, wrote a letter to the Council withdrawing the land that was allocated to the Council by the King and the Imilemas were used to sell the land to the unsuspecting developers. The Accounting Authority also reported that the southern part of the land which was given to the Council was in Court and the Council was still waiting for judgment. The two reasons above, contributed to the under collection of revenue on the plot premium vault for the year 2020. The Accounting Authority also reported that the Council had engaged the Barotse Royal Establishment (BRE) Senior Kuta, through the Ngambela, in a bid to resolve the matter over the ownership of Kasima and other state land in the District. Several meetings had been held with the BRE regarding the same. The Accounting Authority reported that an agreement had been reached where the traditional leadership had ruled that the land belonged to the Council and had subsequently given a go-ahead to the Municipality to administer the land to the public. A copy of the minutes of a meeting that was held on Saturday 11th December, 2021 at the Ngambela's Kuta, Limulunga Royal Palace, was available further verification. Some of the interventions undertaken to improve the situation included but not limited to the action listed hereunder.

- i. Sustained sensitisation of the general public through media and public announcements.
- ii. The Council would always engage the BRE on peaceful resolution on land disputes.
- iii. Where all options had been exhausted by the Council, the state police would be used to arrest and prosecute all the illegal settlers and trespassers.

Collection of Survey Fees

The Accounting Authority reported that the collection of survey fees was affected by the dispute indicated above between the Council and the said Chief, regarding the ownership of Kasima state land. The Council officials could not access the land for demarcation purposes

due to threats from the local militia groupings called Imilemas. In addition, the Surveyor was only employed and sent to Mongu Council in 2021, long after 2020 had expired. The Accounting Authority reported that following a letter that was written to Local Government Service Commission, to employ a Land Surveyor, a Land Surveyor had been sent to the Council. Further, following the decision of the Kuta that the land belonged to the Council, the surveying activities had begun. At the time of reporting, the surveying activities in the northern part of Kasima state land and Namushakende Township were under way. A letter of transfer from the Local Government Service Commission was available for verification. Going forward, revenue estimates would only be based on signed agreements and confirmed revenue sources.

Bus Station Fees

The Accounting Authority reported that the Council managed to collect the sum of K540,187.90, leaving the balance of K 629,812.10. This was because the markets that were run by the BRE were not handed over to the Council, as planned. The Council, through various negotiations with other stakeholders convinced the BRE that the markets and bus stations being run by the BRE would be handed over to the Local Authority for Management under certain conditions.

However, the agreement was later not signed by the BRE and therefore, the Council could not collect anything from those markets. This affected the revenue collection under bus station fees. The Accounting Authority reported that the Council had continued engaging the BRE in order for them to release the bus station and markets to the Local Authority. The Council had recommended to the BRE that the profit be shared between the Local Authority and BRE at a 70 percent to 30 percent share, respectively. The Council was still waiting for BRE's response. The Accounting Authority also reported that there had been a steady increase in the collection of revenue from the bus stations that were under the Council. Arising from these actions, there was an improvement in revenue to K849, 951.90 in 2021. Receipts and payments for 2021 were attached for verification. Going forward, revenue estimates would only be based on signed agreements and confirmed revenue sources. The Council would continue engaging the BRE over the need to hand over the markets and bus stations to the Council.

Bill Boards

The Accounting Authority reported that the Council had planned to collect K 380,880 from 123 billboards. However, the Council collected only K 96,386.87 between January and December, 2020, giving a balance of K 284,493.31. This was due to the conflict between the Council and Road Development Agency (RDA), who had claimed that it was them who were mandated by the *Public Roads Act of 2002* to collect the road infringement fees along the trunk road and not the Council. The Accounting Authority reported that the Council had written a letter to the Attorney General, for the interpretation of the *Public Roads Act (2002)*, section 44(3)(b) in relation to the *Local Government Act No. 2 of 2019*, . The Council wanted clarity as to whether there was a conflict between these two provisions of the law. Letters dated 4th December 2021 and 11th March 2022 to the Attorney General were available for verification. Despite the said conflict, the Council managed to raise K169, 814.68 in 2021, as compared to K96, 386.87 in 2020. The receipts and payments details were available for audit verification. The Council would always consult the Attorney General whenever there was a perceived conflict in the law

Toilet Fees

The Accounting Authority reported that the non - collection of toilet fees by the Council was due to the late completion of ten ablution blocks during the period under review. The ablution blocks at the markets were supposed to be completed within a period of two months. However, due to problems beyond their control, Western Water and Sewerage Company could not manage to complete the projects in time and that affected the collection of the said revenue. The Accounting Authority reported that the construction of Council toilets by Western Water and Sewerage Company, had since been completed and the Council was awaiting the hand-over of the toilets in order for the public to start using them as well as for the Council to start realising revenue from them. A letter from the Council to Western Water and Sewerage Company requesting them to hand over the toilets to the Council, was available for audit verification. Going forward, estimates would only be based on signed agreements and confirmed revenue sources.

3. Licences

i. Occupancy Licence

The Accounting Authority reported that the Council planned to collect the sum of K 822,000 in form of occupancy licenses for 1,027 plots at K800 per occupancy licence. However, this could not be achieved due to the reasons stated above, which affected Kasima plots and other areas in the township. The Accounting Authority reported that the Council had finally resolved the impasse between the Local Authority and the BRE. Following this outcome, the Council had established a team of planners, legal officers and revenue collectors to ensure that occupancy licenses were acquired by plot owners. A typewriter and a GPS machine to be used in the programme had finally been procured. Community sensitisation in the Site and Service areas and markets in the Council Township had also commenced. Further, a proposal to pay the BRE a 5 percent of the plot premium per plot had been put in place, awaiting the approval of the Council during the next Council Meeting to be held in April 2022. As also stated above, the Council undertook some interventions to improve the status as set out below.

- i. Sustained sensitisation of the general public through media and public announcements.
- ii. Engagement of Western Chamber of Commerce had been done and they were working together in ensuring that their members became law abiding in as far as payment of fees, levies and others charges were concerned.
- iii. Capturing of accurate data for business houses and institutions to ensure accuracy in terms of budgeting.
- iv. Revenue estimates would only be based on signed agreements and confirmed revenue sources.

4. Levies

The Accounting Authority reported that the over collection of levies by K41,636, was due to improved internal controls, such as setting strict collection targets for the revenue collectors.

5. Permits

Transportation of Meat Products

The Accounting Authority submitted that the Council had planned to collect K720, 000 in the 2020 budget. However, the Council only managed to collect a total sum of K 272, 660, leaving the balance of K 447,340 uncollected. This was due to the ban on livestock movement as a result of the foot and mouth disease that had broken out in the District. Further, COVID - 19 contributed to the low influx of cattle traders into and out of Mongu, thus affecting the collections. The Accounting Authority reported that the Council awaited the lifting of the ban on the movement and slaughtering of livestock by the Ministry of Livestock for it to start collecting the said revenue. Revenue estimates would only be based on signed agreements and confirmed revenue sources.

5. Other Grants

The Accounting Authority reported that the Government only released the sum of K100,000, as grant, in lieu of rates, thus leaving a balance of K150,000 unfunded by the close of the financial year. The Accounting Authority reported that a follow up was made with the Ministry of Local Government and Housing and the response was that the Ministry did not receive adequate funds to enable them pay all Councils in full. The Council would always endeavour to make follow ups with the Ministry of Local Government on the funding of the grant in lieu of rates.

7. Commercial Ventures

The Accounting Authority reported that the Council had planned to raise K324,480 from the sale of beverages, food, conference facilities and accommodation at Sir Mwanawina III Motel. However, the Council only raised K148,912, giving a variance of K175,569. This was due to the effects of COVID - 19 pandemic which affected the flow of clients and the holding of the Kuomboka Ceremony due to COVID-19 protocols on public gatherings. This affected the level of revenue collection under this vote. Management conducted an in-house training on client Management, as well as behavioural Management. The Accounting Authority reported that the Council would continue training staff on customer care in order to improve the services.

8. Other Receipts

The Accounting Authority reported that the Council had planned to get K491, 780 from ZESCO clearance way leave and the construction and installation of optic fibre network. However, this could not be realised due to non-signing of ZESCO contract by the Council, due to reduced rates of pay. The Council had expected to raise about K200, 000 from this contract but ZESCO only offered K64, 000, which was too low to meet operational expenses. The Council, therefore, declined to execute the contract as it did not make any business sense. Management would ensure that only confirmed amounts were included in the budget.

National Support

9. Local Government Equalisation Fund

The Accounting Authority reported that the Council had planned to get K15, 069,273 but only received K14, 665,876, giving a variance of K403,397, which remained unfunded as at 31st December, 2020 to the Council by the Government. The Council would continue to expand its revenue base to cater for any shortfall that may occur due to unforeseen circumstances.

10. Constituency Development Fund (CDF)

The funds were remitted in full.

Preparation of a Supplementary Budget

With regard to the above under collected revenue, the Accounting Authority reported that he had prepared a supplementary budget in which Management had recommended to the Council for the ratification in the reduction of the earlier approved budget by K12, 044,759. The earlier budget was standing at K42, 506,946. The supplementary budget was available for verification.

Committee's Observation and Recommendations

The Committee notes, with concern, the huge negative variance on most of the revenues sources for Mongu Council and urges the Accounting Authority to ensure that turnaround strategies are implemented as a matter of urgency. The Committee is of the view that this state of affairs is a result of failure by Management to review their ineffective strategies early enough. The Committee directs the Accounting Authority to ensure that action on the matter is expedited and that subsequent budgets are well set to avoid recurrence. The Committee urges the Auditor General's Office to keep the matter in view during future audits.

b) Wrongful Disposal of Medical Waste

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that there was wrongful disposal of medical waste during the period under review. The Accounting Authority reported that the District Health Office was directed to stop disposing its medical waste at the Council dumpsite. This was contained in a letter dated 19th January, 2022. The District Health Office had since stopped disposing the waste at the Council dumpsite. A letter from the Ministry of Health was available for verification. The Council had put in place a monitoring mechanism where the dumpsite was inspected every week. The Council further budgeted for the construction of a wall fence in the 2022 budget at the dumpsite in a phased approach, starting with the entrance to the dumpsite.

Committee's Observation and Recommendations

The Committee notes, with concern, the lack of monitoring mechanisms at the dumpsite, which is a very serious omission, likely to cause disease outbreaks. The Committee directs the Accounting Authority to ensure that action on the matter is expedited and that subsequent budgets include a component on monitoring the safety of waste Management. The Committee urges the Office of the Auditor General to keep the matter in view during future audits.

c) Failure to Collect Revenue K23,320,619

Response by the Accounting Authority

The Accounting Authority reported that the K24, 176, 695 was what had accumulated over a period of time, without being collected by the Council, due to community hostility towards Council revenue collectors, as reported. Further, the hostility arose again in 2019 and 2020 over the poundage. The failure to collect revenue from property rates, bus station fees, and rentals was due to poor economic activity caused by the COVID - 19 pandemic and non - compliance by clients. The Accounting Authority therefore, reported as set out below.

1. Pole Levy K73,616

The Accounting Authority reported that the Council could not collect the sum of K73,616 due to the disagreement with ZESCO on the number of poles in the District. The Council finally agreed on the number of poles with ZESCO and ZESCO paid the sum of K80,151.60, through a debt swap that was effected as they were owing ZESCO the sum of K120,348.77. The debt swap agreement was available for audit verification. The Council would ensure that it continuously updated the data on the number of poles for the purpose of charging pole levy.

2. Property Rates K24,032,879

The Accounting Authority reported that the K24,032,879, was a historical debt which span from 2010. The Council had faced a lot of challenges in the collection of the rates from the community. Further, the above figure included the unpaid rates for 2019 and 2020, which was due to conflicts over the poundage awarded to the Council by the rating tribunal in 2018. The Committee was informed that the defaulters had been sued and the Council had so far collected K1, 407,181.98. The balance was being collected on agreed terms and conditions. Further, the Council had given an amnesty to the defaulters in which they had been requested to clear the 2020 and 2021 bills in full and had the outstanding bills prior to 2020 written off. The Council had also allowed the defaulters to sit down with the Council and agree on a payment plan with those having financial challenges. A copy of the minutes of the Council meeting which was held in January, 2022 was available for audit verification. The Council would endeavour to continue engaging the Western Chamber of Commerce regarding the payment of rates to the Council by its members. Secondly, the Council would continue engaging the rate payers on a-one-to-one basis in order to help them come up with a payment plan of liquidating the outstanding bills. The Council would also pursue the option of suing the defaulters when all efforts had failed to yield results.

3. Bus Station Fees

Regarding the collection of bus fees the Accounting Authority reported that the number of buses operating at their bus station had reduced the number of trips due to low business as a result of COVID - 19 pandemic. The effects of COVID - 19 affected the revenue collection from the bus station. In addition, the few buses that were loading at the bus station had stopped operating the Mongu route as a result of low business and this decrease in the number of buses affected collection efficiency. Despite the effects of COVID - 19, the Council managed to raise the sum of K540,187.90. The Accounting Authority reported that the Council collected K540,187 during the period under review. The Council had put in place measures to enhance revenue collection at the bus station such as:-

- giving revenue collectors daily targets which were reviewed on a weekly basis;
- continuous rotation of revenue collectors; and
- assigning security officers who maintained independent registers of incoming and outgoing buses at both inlet and outlet of the bus station.

These registers were then used to compare with the actual revenue collected. This had resulted in an increase of revenue collection from K540,187 in 2020, to K789,097 in 2021. The Accounting Authority reported that the Council had made plans to procure an automated system to improve collection efficiency, and had been involved in effective sensitisation of stakeholders on the new revenue collection strategies. This was aimed at reducing the level of resistance to the new changes which would be put in place by the Council.

4. Rentals

The Accounting Authority reported that during the period under review Vantage Bus Services had accrued K30,000 in unpaid rentals to the Council. Due to low business on the Mongu route, the Company decided to close the Mongu route without informing the Council on how best it would liquidate the bill to the Council. The Council, however, made several reminders to the Company to liquidate the rentals but to no avail. The Accounting Authority reported that Vantage Bus Services had finally been sued in the courts of law for the recovery of the K30,000 plus interest. The summons was available for further verification. The Accounting Authority reported that it would ensure that monthly follow ups were done on rental income and issue eviction notices to defaulters that exceeded two months arrears to avoid the accumulation of huge bills.

Committee's Observation and Recommendations

The Committee notes, with concern, the huge uncollected revenue despite the Council grappling with liquidity problems and failure to meet its obligations. The Accounting Authority is urged to ensure that turn-around strategies are devised as a matter of urgency. The Committee is of the view that this state of affairs is a result of failure by Management to review their ineffective strategies. While it is appreciated that meetings were held with the defaulters, the Committee does not support the aspect of writing off uncollected revenue while the payers are still operating in the area. The Committee urges the Accounting Authority to ensure that action on the matter is expedited and that strategies are reviewed periodically and timely to avoid recurrence. The Committee resolves to await a progress report on the matter.

d) Unsupported Payments K 102, 970

Response by the Accounting Authority

The Accounting Authority acknowledged the observations of the Auditors that there were payments totaling to K84,228.30, that were not supported by relevant documents, as reflected in the audit report. This was due to the fact that at the time of audit, these documents were misfiled. The Accounting Authority reported that the payments had since been supported and the documents were available for verification. The Council would ensure that all payments were supported and made in accordance with financial regulations and that an officer had been assigned with the responsibility of ensuring that all the necessary documents were attached to a payment voucher before the same was passed for payment.

Committee's Observation and Recommendations

The Committee does not accept the reason given and urges the Accounting Authority to ensure that erring officers are disciplined for failure to adhere to Local Authorities Financial Regulation No. 98. The Committee directs the Accounting Authority to avail the necessary documents along with the payment vouchers to the Office of the Auditor General. Only then will the matter be closed.

e) Unaccounted for Stores K 88, 209

Response by the Accounting Authority

The Accounting Authority acknowledged that the receipts and disposal details could not be availed during the time of the audit due to the fact that they were misplaced during the time when stores section was being rehabilitated by the Council. The stores section was, therefore, shifted from one office to another as a result of this rehabilitation. The Accounting Authority reported that the receipts and disposal details had all been found and were attached to the payment vouchers. Further, Management had constructed an office block for Finance Department and procured lockable filing cabinets to secure accounting documents. The Council would ensure that all items issued out from stores were accompanied by Goods Received Note, Goods Issued Note and other supporting documents necessary for procurement.

Committee's Observation and Recommendations

The Committee does not accept the reason given for the query and urges the Accounting Authority to ensure that erring officers are disciplined for failure to adhere to Local Authorities Financial Regulation No. 145. The Committee directs the Accounting Authority to avail the necessary documents, along with the Goods Received Notes, Goods Issued Notes and other supporting documents, necessary for procurement to the Office of the Auditor General. Only then will the matter be closed.

f) Management of Assets - Sir Mwanawina Motel

i. Use of Staff House by a Retired Officer

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that the reason for the query was the retired officer occupying the staff house during the period under review. The Accounting Authority reported that it was an omission on the part of the Council to have allowed a former Council employee, who retired in 2014, to continue staying in the house. The non-payment of terminal benefits was due to liquidity challenges that the Council was facing. However, the Accounting Authority reported that the former Council employee was owed K561,005.72 in terms of retirement benefits. The said former employee had so far been paid the sum of K86,000, leaving a balance of K475,005.72. The Council had first given the former Council employee an eviction notice on 17th March 2021. Later, the officer appealed to Human Rights Commission to intervene in her case of eviction. As a result of this, the Human Rights Commission wrote a letter to the Council, dated 26th October 2021,

requesting the Council to submit a report on why the Council wanted to evict an employee, whose retirement benefit had not yet been paid in full.

On 8th November, 2021, the Council replied to the Human Rights Commission, explaining the status. Having received no further communication from the Human Rights Commission over the matter, the Council proceeded to write a letter of eviction on the 17th January, 2022. The Officer was given up to 31st January 2022 to vacate the house, failure to which normal rentals at economic value would be applicable. The accounting Authority further reported that the officer had since agreed to vacate the house after paying her the sum of K15,000 to facilitate her movement to her place of destination. The K15,000 had already been paid and the officer was making arrangements to vacate the staff house the week before the time of reporting to the Committee. . Management would ensure that it followed all applicable regulations with regards to the utilisation of Council assets in order to prevent similar cases in future.

Committee's Observations and Recommendations

The Committee finds it an acceptable that the Council allowed a retired officer to stay in their house for such a long period without paying rent. The Committee urges the Accounting Authority to ensure that the matter is resolved to its logical conclusion without further delay. The Committee will await a progress report.

ii. Failure to Maintain the Motel

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditors observations and reported that the failure to maintain the motel was due to financial constraints during the period under review. The Accounting Authority reported that the Council had commenced the rehabilitation of Sir Mwanawina III Motel. The works had been planned to be undertaken in three different phases as outlined below.

Phase One

Phase one included the following works:-

- i. rehabilitation of the bar;
- ii. rehabilitation of conference facilities and reception;
- iii. rehabilitation of the kitchen and restaurant;
- iv. rehabilitation of the laundry room; and
- v. rehabilitation of the toilets.

The Accounting Authority reported that all the above stated works had been completed.

Phase Two

Phase two included the following works:-

- i. rehabilitation of six chalets;

- ii. procurement of beddings, furniture and utensils; and
- iii. procurement of fridges, television sets, and stove.

The Accounting Authority reported that the above stated works had been completed and procured and the Motel was open to the public.

Phase Three

Phase three included the following works:-

- i. rehabilitation of the remaining fourteen (14) chalets;
- ii. procurement of beddings, furniture and utensils; and
- iii. procurement of fridges and television sets.

The above works had not yet commenced due to financial constraints. However, since the Council was almost completing the construction of the new Civic Centre, they would resume the works under phase three, immediately after completion of the new Civic Centre in the third quarter. Management further reported that funds had now been allocated in the 2022 budget and the works for the third phase would commence in the third quarter of 2022. On the other hand, the Council had also developed the Asset Management Policy. Documents were available for audit verification. The Council would ensure that all Council properties were considered for monthly maintenance in accordance with the provisions of the Approved Asset Maintenance Policy, in which all Council properties would be considered for monthly maintenance, among other things.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Accounting Authority to put in place a well defined maintenance policy to guide maintenance works on all the properties owned by the Council. The Committee also directs the Accounting Authority to expedite the renovations without further delay and awaits a progress report on the matter.

iii. Lack of Title Deeds

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's report on the lack of title deeds on the Council properties. The Committee was informed that some of the Council structures were sitting on disputed land with the BRE, such as Sir Mwanawina Motel, properties in Kasima State Land, Namushakende Market and staff houses. These disputes had not yet been resolved for the Council to proceed with title deeds. The Accounting Authority reported that the Council had continued engaging the BRE on the issue to resolve the land dispute. Only after an agreement had been reached with the BRE and an authority letter given to the Council to change from customary to leasehold, would the Council be able to get title deeds from Ministry of Lands. For the other properties that were not on customary land such as the bus station, market and Civic Centre, the Accounting Authority reported that the Council was in possession of offer letters and Invitation to Treaty (ITT) from Ministry of Lands. The Council had further prepared and submitted the survey diagrams to the Surveyor General's office for approval before submitting the same to the Commissioner of Lands for the issuance

of title deeds. Offer letters and ITT were availed for further verification. The Council would always ensure that all properties of the Council had title deeds and where there were challenges, the Council would always engage the BRE for the peaceful resolution of the conflicts.

Committee's Observations and Recommendations

The Committee notes the response and urges that the matter is treated with the urgency it deserves and also that all documents in support of the submission should be submitted to the Auditor General for verification. The Committee will await a progress report on the matter.

f) Misapplication of Local Government Equalisation Fund

Response by the Accounting Authority

The Accounting Authority reported that the misapplication of Local Government Equalisation Fund (LGEF), was due to financial constraints that the Council was facing in the payment of salaries and wages during the period under review. During the period under review, the Council faced a lot of liquidity problems which affected most of its operations. On average, the Council could collect K300,000 per month, which was too low to meet its monthly operational requirements. Several factors contributed to this negative situation such as the COVID - 19 pandemic, which affected the general economic activities in the District and consequently Council revenue was negatively affected. In addition to the above problem, the wage bill had increased from K700,000 per month, to K1.4 million per month which was caused by an increase in the number of employees from 93 in 2018 to 245 in 2020. All these factors caused a big challenge for Mongu Municipal Council which already had a weak financial standing. The said amount of money borrowed had fully been reimbursed. The Bank statements were available for further verification. The Council had put up the following measures to improve its resource base;

- i. reinforcement of Revenue Task Force;
- ii. stakeholder engagement and sensitisation of the business community;
- iii. commencement of legal proceedings to recover Rates and Bill board charges from the defaulters;
- iv. the Council had received total commitment and support from the BRE towards Council operations such as administration of land, freedom to deal with defaulters who failed to pay Council fees and charges;
- v. reopening of Sir Mwanawina Motel in order to expand the revenue base;
- vi. construction of the Truck Inn Bay; and
- vii. construction of new markets at Kasima Bulk Market which would be the biggest market in Mongu.

Committee's Observations and Recommendations

The Committee notes the response and directs the Accounting Authority to submit proof of payment to the Office of the Auditor General for verification only then will the matter be closed.

g) Management of Constituency Development Fund

i. Maintenance of Interest Earning Accounts

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and reported that it was an omission on the part of the Council to maintain an interest earning account in which the total sum of K48,304 was accrued. The Accounting Authority reported that the Council had since remitted the interest earned on the two CDF accounts to the Treasury. Further, the Council had written to the bank to close the interest earning facilities. The Council would always ensure that authority was sought from Secretary to the Treasury when any need arose for the establishment of an interest earning account.

Committee's Observations and Recommendations

The Committee notes the response and directs the Accounting Authority to submit proof of payment to the Office of the Auditor General for verification. Only then will the matter be closed.

iii. Failure to Implement Approved Projects

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that the failure to implement CDF projects of 2020, was due to the fact that the projects were located in water logged areas, where it was impossible to reach or transport material because of wide spread floods. The terrain of Nalikwanda Constituency and the Southern part of Mongu Central Constituency became so bad during the rainy season between December and May every year that there was very little transportation of building materials to projects. The late release of the CDF grants contributed to the problem in that the money was only released on 18th August 2020, when the District was almost entering the rainy season which was a difficult period for project implementation in Mongu District. Finally the late approval of the projects by the Ministry of Local Government, as it was called then, in December 2020, also contributed to the late distribution and transportation of materials to most of these projects. Due to this problem, the implementation for most of these projects could only be effected in May 2021. The Accounting Authority reported that most of the projects were implemented in 2021, due to weather conditions that were not favourable for project implementation as most of the plains and rivers were flooded and bridges were destroyed, thus, affecting transportation of materials and mobility of officials. Further, the school bursaries were disbursed to all the affected schools. Documentation was available for verification. The Council would always ensure that projects were commenced immediately after all administrative processes were exhausted.

Committee's Observations and Recommendations

The Committee expresses concern at the failure by Management to implement the projects, citing weather conditions as the cause for the delay. The Committee does not accept this excuse as funds were released in August when the land is relatively dry for easy passage during delivery of materials. It is surprising that officers waited until the rainy season to plan for delivery when funds were released early enough. The Accounting Authority is sternly cautioned to desist from misleading the Committee and urged to take stern disciplinary action against erring officers. The Committee also directs the Accounting Authority to ensure that evidence on completion of these projects is availed to auditors for verification. Only then will the matter be closed.

I. Management of Liabilities

ii. Failure to Remit Statutory Obligations K13, 234,577

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that the failure to remit statutory obligations was due to liquidity constraints. As explained earlier, the Council had been facing serious financial challenges and could only raise an average of K300,000 per month, which was inadequate to meet Council operational expenses, as well as meet statutory obligations. The Accounting Authority reported that the Council had put in place a payment plan aimed at liquidating the above mentioned huge debts. So far, the progress report was that a debt swap with NAPSA was effected in which K 2,292,000 worth of land was offered to the company in order to reduce the outstanding bill. The Council had further paid NAPSA the sum of K146,935 towards liquidating the same bill through another debt swap. LASF had also been paid a total sum of K217,000 and the Ministry of Local Government and Rural Development had been deducting the sum of K33,935.87 at source and remitted to LASF since January 2022. An agreement was also signed with LASF in which the Council would be paying K30,000 every month to liquidate the outstanding bill. ZRA was also paid the sum of K110,000 towards liquidation of outstanding bill. Documents were available for verification. The Council had put in place activities that would expand the revenue base so as to pay these obligations as and when they arose. These included:

- i. formation of the revenue taskforce comprising officers from Fire Section, Planning, Finance's Revenue Section and Council Police Section respectively;
- ii. carrying out community sensitisation on the importance of paying levies, fees and charges to the Council promptly through public announcements, community radio stations, and regular engagement with the Western Chamber of Commerce;
- iii. expanding the revenue base through the reopening of the Sir Mwanawina III Motel, which had not been in operation for the last 15 years;
- iv. establishment of a new Kasima Bulk Market which would accommodate about 2400 marketers;
- v. reintroduction of issuance of occupancy licenses for properties that were in the site and service townships or statutory areas; and
- vi. appeal to the Government for a bailout as recommended in 2020, by the Committee.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Accounting Authority is also encouraged to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K 9,331,758

Response by the Accounting Authority

The Accounting Authority reported that failure to settle staff obligations amounting to K9,331,758 was due to severe financial challenges that the Council was facing. The Accounting Authority reported that the Council had continued paying staff obligations as indicated in the table below:

S/N	Type of debt	Outstanding as at 31/12/2020	Payments to date	Balance
1	Salary Arrears	4,785,203	2,939,385.42	1,845,817.58
2	Settling in Allowances	1,332,306	258,860.13	1,073,445.87
3	Terminal Benefits	3,214,249	658,610.78	2,555,638.22
	Total	9,331,758	3,856,856.33	5,474,901.67

Documents were available for verification. The Council had put mechanisms in place to expand its revenue base in order to make timely payment to staff and retirees. The Council further appealed to the Government for a complete bailout to ease the burden.

Committee's reservation and recommendations

In noting the submission, the Committee urges the Accounting Authority to ensure that all the outstanding liabilities relating to staff obligations are paid without any further delay. The Committee further urges the Accounting Authority to ensure that all staff obligations are paid as and when they fall due to avoid arrears. The Committee reiterates its earlier recommendation in the previous session on a similar matter by urging Government to consider baling out the Councils to ease their burden. The Committee will await a progress report on the matter.

52.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income – (Negative Variance K7,516,833)**Response by the Accounting Authority**

The Accounting Authority submitted as set out below.

Local Taxes

On local taxes, the Accounting Authority submitted that the under collection was due to over budgeting which was an anticipation of the implementation of the valuation roll by the Rates Tribunal which was not approved in time during the period under review. The Council's valuation roll had since been approved and it was anticipated that it would enhance inflows from rates to meet budgeted expectations. Further, Management had automated the billing and distribution system, bulk messaging in order to efficiently reach clients. The automated billing and distribution system would cut costs and delays in the bills distribution process. It was also anticipated that it would make it easy to monitor customer ledgers and enforce collection of revenue.

Fees and Charges

The Accounting Authority submitted that the under collection was due to over budgeting in anticipation of inflows from the operationalisation of Monze Main Bus Station which was not completed during the period under review. Management also stated that the low economic outturn exacerbated by the COVID - 19 pandemic affected efficient collection of fees and charges during the period under review. Management had updated its clientele databases and bills that had been distributed to all clients and a number of clients had responded favourably. For clients still owing, Management had so far collected K 3,131,377.77 for both outstanding arrears and current bills, the Council had issued warrants of distress and bailiffs that would be engaged to help the Council collect outstanding fees and charges.

Licenses

The Accounting Authority submitted that Management reported that inflows from licenses such as liquor, trading, food handlers licenses could not be collected efficiently due to the COVID - 19 pandemic as staff was working on rotation and most businesses were closed as per requirement imposed through COVID 19 compliance guidelines. Management had updated its clientele databases to arrive at the correct anticipated budget amounts in order to reduce on over budgeting. An invoice had since been distributed and this would assist in ensuring realistic budgeting and efficient collection of revenues.

Permits

The Accounting Authority submitted that Management reported that inflows from permits could not be effectively collected due to restrictions of business activities within the district due to the COVID - 19 pandemic.

Commercial Ventures

The Accounting Authority submitted that the poor economic outturn in the district affected the Council's business as there was slow inflow from the Council's Truck Parking Bay and Nchete Guest House.

Other Receipts

The under collection of other receipts was also negatively affected due to over budgeting in anticipation of various penalties, certifications, application forms, hire of machinery etc. The Accounting Authority submitted that the Council had automated the billing system and had adopted an E-billing system which had improved delivery of bills to the business owners through text messages and emails. This was to reduce the manual delivery of bills which involved physical contact with the customers to avoid disruption of collection of revenue in case of any unforeseen eventualities. The property Valuation Roll had been translated to the Cadastral map which would ease interpretation of the maps and the distribution of bills on the ground.

Committee's Observation and Recommendation

The Committee is concerned about the Council's failure to generate its own revenue despite its financial difficulties. It is worrisome that the Council was intending to step up its efforts now that audits have been completed, despite having all available options. The Accounting Authority has been asked to identify and implement solutions to counteract this unforeseen consequence as soon as possible. The Committee is certain that the current state of affairs is attributable to a lack of assertiveness on the part of officers charged with the responsibility. The Committee awaits a progress report on the matter until revenue collection improves significantly.

b) Poor Management of Chicheleko Dumpsite

i) Warning Signs

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observations and reported that the missing warning signs at the dumpsite were caused by vandalism, this was done by the villagers leaving in the nearby villages. The sign posts were pulled down by the villagers with intentions of making it a farming area. Documentation was available for verification. The Council engaged Chief Monze of the development and the Chief advised the Council and area headmen to resolve the misunderstanding of the use of the dumpsite, the matter had been resolved with an agreement that the Council should build a fence around the dumpsite and the land to be normalised with the title deeds be in the name of the Council. The Council with the help of His Royal Highness Chief Monze was able to reach an agreement with the Headmen to ensure that the dumpsite was normalised as a Council property and also be able to host

sensitisation meetings with the villagers who benefited from the dump site, this would enable them to operate the dumpsite in a friendly manner. The Council had also intensified the security to safeguard the dumpsite by increasing the number of spot checks at the dumpsite.

ii) Compacting with Layer of Soil

The Accounting Authority acknowledged the auditor's observations and reported that the Council had lack of plant and machinery to be used in the disposal and compacting of solid site with a layer of soil and during the time of review the front end loader which the Council relayed on had broken down and spares for the machine were becoming more expensive as it was old and always required spare parts to be repaired and this had an adverse effect on the financial resources. The Council managed to purchase the required spare parts and they were fixed. Further, the Council had started pushing the refuse into the natural crater within the dumpsite and the compaction and burying would do after it was filled up. Periodic spraying of house flies and other vermin was in progress as well. The Council had developed a maintenance schedule in which servicing of plant and machinery would be done on time to avoid possible break downs which might had affected the smooth running of the Council and compacting the solid site at the dumpsite. The Council was also planning to purchase a new front end loader in the next budget circle. Documentation was available for verification.

Committee's Observation and Recommendation

The Committee directs the Accounting Authority to ensure that the dumpsite is properly managed as well as equipped with requirements needed without any further delay. The Committee awaits a progress report on the matter.

c) Accounting for Revenue

i. Unaccounted for Revenue K19, 303

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observations and reported that the Council used to receive cash from the point of sale as opposed to the current system of customers directly depositing in the Council account. The delayed banking was caused by officers who travelled for a workshop and were directly paid allowances from the cash office before banking when all bank signatories were not at the station. Management wished to clarify that out of the K19, 303 which was queried as unaccounted for K8, 325 (K600 as a cheque and K 7,725 cash) was deposited as per available documents. The K7,510 was also deposited as per available deposit slips. According to the receipt range 2872451 to 2872458 a total amount of K3, 430 was deposited on 5th January 2021 and also a K1, 518 were deposited as per attached deposit slips. Therefore, Management requested that the issue be rested. The Council had gone cashless and had put in place an automated system where the cashier only recognised deposit slips from customers after the customers had deposited the cash in the Council bank accounts. Documentation was available for verification.

Committee's Observation and Recommendation

The Committee directs the Accounting Authority to ensure that all transactions take place at the required time in order to avoid unnecessary delays. The Accounting Authority is also urged to take disciplinary action against erring officers only then will the matter be closed.

ii. Failure to Avail Lease Agreements

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observations and reported that the Council was in the process of finalising renewals of the tenancy agreement hence failure to avail the Auditors with lease agreements. However properties listed below were still under rehabilitation and no lease agreements had been signed. The tenancy agreements for habitable properties had since been done for all the properties occupied and renovations for the inhabitable properties were considered in the 2022 budget cycle. The list below shows the inhabitable property and also properties occupied by other Government offices.

SN.	PROPERTY DETAILS	STAND NO.	DATE OF PURCHASE	ZONING	LOCATION	EST. MARKET VALUE (K)
1	Chisekesi House	B/15	1959	Residential	Chisekesi	35,000
2	MDC Conference Hall	294	2000	Commercial	District Commission Office	160,000
3	MDC Manungu Hall	750	1961	Institution	Manunugu	145,000
4	MDC Manunugu Office	780	1980	Institution	Manunugu	135,000

- i) Chisekesi House was inhabitable in the 2022 budget for renovations.
- ii) MDC Conference Hall was occupied by ZAWA and former Ministry of Chiefs and Traditional Affairs which portfolio had since moved to the Ministry of Local Government and Rural Development;
- iii) MDC Manungu Hall was occupied by the Ministry of Health;
- iv) MDC Manunugu Office was occupied by the South Ward College but during the time of audit, there was a vacancy and the Ministry of Local Government and Rural Development through a letter dated 16th April 2021 instructed councils to suspend leasing out properties until further guidance was given. The Council had put measures to ensure that tenancy agreements were signed and given to the tenants before occupying the Council property. Documentation was available for verification.

Committee's Observation and Recommendation

The Committee urges the Accounting Authority to ensure that all its documentation must be accounted for on time and that records must be made available to auditors or other users of financial statements whenever needed for reference.

iii. Failure to Collect Revenue K2, 833,272

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observations and reported that the correct amount on the audit status report being queried was K569, 462 and not K2, 833,272 as stated above. The Council had managed to collect K235, 569.66. In the year under review which was very difficult to be collected because of the COVID - 19 pandemic that hit the nation hence restricting enforcement in the collection of revenue from the business owners in the district whilst avoiding infections. The Council had since made efforts to improve the revenue stream from property rates by engaging the bailiffs to enforce the collection of revenue from property rates where the default rate by the rate payers was high. Some billboards in the database were already budgeted in the 2020 budget and withdrawn by the owners. The council had automated the billing system which had improved the delivery of bills and reminders to the business owners through text messages and emails.

Committee's Observation and Recommendation

The Committee does not accept the reason given and sternly cautions the Accounting Authority to desist from misleading it. He is also cautioned for his attempt to contend with auditors on the figures reported in the Auditor General's Report as sufficient time was given to him to resolve the matter during the audit process. The Committee resolves to await a progress report until all outstanding revenue is collected and verified.

iv. Failure to Collect License Fees - K18, 150

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observations and reported that the Council in the year 2020 was still engaging its stakeholders over the annual fee of K1, 000 for the transportation of general site and a K500, unfortunately all the 3 transporters for general site stopped operating as a result of lack of customers in the district. The users of the dumpsite agreed paying a monthly fee of K500 and the Council had began collecting this revenue. The Council engaged its stakeholders and developed a database for all its customers and had a weekly site collection scheduled in place. Management reported that private transporters were no longer collecting refuse due to economic challenges and the Council had taken up the responsibility of collecting refuse within the district. The Council ensured that its resolutions were implemented on time. The database for its customers was updated and customers were also notified when their bills fell due. Documentation was available for verification.

Committee's Observation and Recommendation

The Committee directs the Accounting Authority to ensure that all available options are employed to collect outstanding revenues without fail. The Committee awaits a progress report on the matter.

d) Procurement of Goods and Services

i. Missing Payment Vouchers - K809, 146

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and reported that the Council could not avail auditors with the payment vouchers due to misfiling. The Council had since retrieved all payment vouchers and the documents were available for verification. Further, disciplinary charges had been instilled on erring officers. Documents were available for verification. The Council had prompted supervisors to be carrying out daily control checks to ensure that officers were complying with ensuring that all payment vouchers were properly filled.

Committee's Observation and Recommendation

The Committee directs the Accounting Authority to ensure that all its documentations must be put in an orderly manner at all times in order to avoid misfiling. The Accounting Authority is urged to ensure that disciplinary action is taken against erring officers only then will the matter be closed.

ii. Unacquitted Payments - K21, 368

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation and reported that acquittals were not availed to auditors as the acquittals were wrongly filed. The acquittals had since been attached to the respective payment vouchers and were ready for verification. Documentation was available for verification. The Council had improved the transaction process which included payment vouchers being scrutinised at every stage to ensure proper documentation was attached for every payment voucher processed and properly filled on daily a basis.

Committee's Observation and Recommendation

The Committee directs the Accounting Authority to ensure that it puts its house in order to avoid such unnecessary excuses of misfiling. He is also urged to ensure that erring officers are disciplined only then will the matter be closed.

iii. Irregular Use of Accountable Imprest - K43, 900

Response by the Accounting Authority

The Accounting Authority acknowledged the query and stated that the irregular use of imprest was caused because ZESCO was taking long to acknowledge the payments done by cheque which led to a payment using cash imprest and the payment was then retired using ZESCO cash receipts. The Council had since started paying the captured payments directly to the service provider ZESCO. The Council was at the time particular on the payment method used to pay for the goods and services and had improved in terms of planning for payments before the fell due.

Committee's Observation and Recommendation

The Committee directs the Accounting Authority to ensure that all payments are supported with receipts each time payments are made to avoid recurrence. It is sad to note that efforts to obtain receipts are only seen after the audit, which is unacceptable. The Committee urges the Accounting Authority to institute disciplinary action against erring officers only then will the matter be closed.

iv. Questionable Payment - K10, 400

Response by the Accounting Authority

The Accounting Authority acknowledged the query and stated that the query was not for consultative meeting as stated but was a contribution from other councils towards logistics for the budget preparation meeting of the Council. Monze Town Council was the Council receiving the logistics on behalf of the Provincial Local Government Office. The write-up on the payment vouchers had been corrected to state the correct payment made. Going forward, the Council had engaged a senior officer to ensure the correct narrations were done before payments were made. Documentation was available for verification

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to resolve this matter during the audit process. He is sternly cautioned to ensure that he is available to drive the audit process and enable the Office of the Auditor General clarify issues with him on-spot unlike dragging matters on. The Committee, however, resolves to close the matter subject to audit verification.

v. Failure to Deduct Income Tax - K122, 764

Response by the Accounting Authority

The Accounting Authority acknowledged the query and stated that tax was deducted in the computation of the settling in allowance from the stated officers but was not remitted to ZRA due to financial constraints. All terminal benefits and settling in allowance payments were paid in arrears net of tax but in instalments through the payroll. The Council had entered into a payment plan with ZRA in which an agreement of a monthly fixed amount of K25, 000 was

being paid. The Council had put in place measures which ensured that the committed funds towards the payment plan would be remitted monthly as budgeted for. This, therefore, ensured that the outstanding balance was paid off. Documentation was available for verification.

Committee's Observation and Recommendation

The Committee notes the submission but urges the Accounting Authority to ensure that the *Income Tax Act, Chapter 323 of the Laws of Zambia* is adhered to each time they were making staff payments. The Committee resolves to close the matter subject to audit verification.

e) Management of Payroll and Other Staff Related Matters

i. Failure to Fill Vacant Positions

Response by the Accounting Authority

The Accounting Authority acknowledged the query and stated that the Council had already submitted the vacancy report to the Local Government Service Commission for the vacant positions which were captured by the Auditors at the time of the audit. The vacancy report had already been submitted to the Local Government Service Commission and by the time of reporting, the Council had received 28 new officers on their establishment against the total number of 29 officers that was queried. The Council updated staff returns and submitted them to the Local Government Service Commission to ensure that the vacant position was filled. Documentation was available for verification.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that he impresses upon the Local Government Service Commission to fill up key positions for smooth operation at the Council. He is also directed to ensure that quarterly staff returns are done timely to monitor staff levels at the Council. The Committee will await a progress report on the matter.

ii. Over employment of Staff

Response by the Accounting Authority

The Accounting Authority acknowledged the response and also stated that the letter had since been written to the Local Government Service Commission to redirect the officers to the councils where they had vacant positions. The Council had since been redirecting officers to the Local Government Service Commission when transferred to fill up an already occupied position. The Council was only including transferred staff on the establishment to fill vacant positions and also ensure that staff returns were updated on a regular basis.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that he impresses upon the Local Government Service Commission to maintain only key positions for smooth operation at the Council. He is also directed to ensure that quarterly staff returns are done timely to monitor staff levels at the Council. The Committee will await a progress report on the matter.

f) Lack of Title Deeds

Response by the Accounting Authority

The Accounting Authority submitted that some properties that the Council inherited when it was declared a district were built on land which was not numbered and surveyed. The Council had made efforts to acquire title deeds for properties erected on unnumbered and not surveyed parcels of land and hence the reduction of properties with no title deeds as per attached list. The Council was in the process of engaging physical planning in Choma for numbering of properties so that they could later be surveyed for title acquisition. The Council was then directed to submit all of such properties which were not on title to the Ministry of Finance and National Planning through a circular. The Accounting Authority reported that the lack of title deeds acquisition for Government properties would be handled by the Ministry. The Council had committed to be obtaining title deeds for all the properties owned.

Committee's Observation and Recommendation

The Committee encourages the Accounting Authority to ensure that he impresses upon the Controlling Officer to have all properties under the Council's jurisdiction secured with title deeds without further delay. The Committee resolves to await a progress report on the matter.

g) Management of Local Government Equalisation Fund

i. Misapplication of Capital Funds K431, 286.50

Response by the Accounting Authority

The Accounting Authority submitted that the query was caused by misapplication of K431, 286.50 being part of the 20% capital component of the LGEF grant which was not transferred to the Capital Account and was spent towards salaries and wages in the months when the Council was not in receipt of the grant. The Council had refunded K800, 000 to the capital account in the year 2021 without leaving any balance to be paid back as per attached documents. The Council was committed to transfer monthly 20% of the grant capital components to the capital account to avoid misapplication of funds.

Committee's Observation and Recommendation

The Committee cautions the Accounting Authority to ensure that no funds are misapplied in future. The matter is recommended for closure subject to audit verification.

ii. Failure to Reimburse Borrowed Funds K431, 286.50

Response by the Accounting Authority

The query was caused by a non-transfer of K431, 286.50 from the Local Government Equalisation Fund 20% capital component. The Council had refunded K800, 000 to the capital account in the year 2021 without leaving any balance to be paid back as per attached documents. Management had since stopped the use of capital funds as required by financial regulations and remained committed to utilising funds on capital projects.

Committee's Observation and Recommendation

The Committee cautions the Accounting Authority to ensure that no funds are misapplied in future. The matter is recommended for closure subject to audit verification.

h) Management of Constituency Development Fund

i. Missing Payment Vouchers K130, 444

Response by the Accounting Authority

The Accounting Authority acknowledged the query and stated that the query was caused by misfiling. The payment vouchers at the time of audit were misplaced during the process of updating the purchased accounting package. The payment vouchers were retrieved from the files and had since been filed in the correct boxed files. Further, disciplinary charges had been instilled on erring officers. Documents were available for verification. The Council had improved the transaction process which included payment vouchers being scrutinised at every stage to ensure that proper documentation was attached for every payment voucher processed and properly filed on a daily basis. Documentation was available for verification.

Committee's Observation and Recommendation

The matter is recommended for closure subject to audit verification.

ii. Failure to Implement Approved Projects

Response by the Accounting Authority

The Accounting Authority reported that the query was caused by lack of enough funding allocated to projects and also by the lack of inadequate man power at the time of the implementation of the project, considering that it was a community based project. The Council had since received staff (Building Inspector and Quantity Surveyor) from the Local Government Service Commission and a list of the projects completed was available. The Council ensured that it had required man power in place and also ensured that the CDF Committee heed to the advice provided by the Department of Works regarding the projects estimates. Documentation was available to see the status of the projects.

Committee's Observation and Recommendation

The Committee cautions the Accounting Authority to ensure all remaining works are completed without any further delay. The Committee awaits a progress report on the matter.

Mpika Town Council

Paragraph 53

53.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income K2, 924,078

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and stated the following:

No.	Source of Funds	Budget K	Income K	Variance K	Comments
	Locally Generated				
1	Local taxes	75,000	52,037	(22,963)	Delayed receipt of personal levy from Ministry of Finance.
2	Fees and Charges	5,619,540	2,908,620	(2,710,920)	The Council faced serious challenges during the COVID--19 period as the following revenues were affected due to restrictions and compliance measures imposed on movements: 1. Market & bus station fees 2. Truck park fees 3. Toilet and other loading fees
3	Licenses	51,885	33,713	(18,172)	Due to the COVID--19 pandemic there was a reduction in the number of bars and other traders that carried out their operations.

4	Levies	584,725	963,961	379,236	Favourable performance
5	Permits	451,865	781,215	329,350	Favourable performance
6	Other receipts	114,731	69,053	(45,678)	The Accounting Authority was not awarded the anticipated ZESCO wayleave contracts sum.
	Sub Total	6,897,746	4,808,599	(2,089,147)	
	National Support				
7	Local Government Equalisation Fund	11,607,867	10,672,936	(934,931)	One Grant was not received during the period under review that was for the month of December 2020
8	Constituency Development Fund	3,200,000	3,200,000	0	The Council received full allocation.
9	Other Grants	300,000	400,000	100,000	Council received more Grant in Lieu rates.
	Sub Total	15,107,867	14,272,936	(934,931)	
	Total	22,005,613	19,081,535	(2,924,078)	

Adding to the reasons above, the Accounting Authority stated that they had since served court summons to clients with outstanding rentals to compel them to pay their dues and an amount of K 63,100 had been collected. Further, in improving the collection efficiency the Accounting Authority had zoned the district and assigned revenue collectors who were given targets to meet on a monthly basis. Documentation was available for audit verification. The performance of revenue collectors would be reviewed monthly, and more measures would be put in place to improve their performance.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to set realistic budgets coupled with detailed analysis of a council's revenue base to avoid this failure. The Accounting Authority is also urged to ensure that turn-around strategies are devised to counter these unintended outcomes. The Committee urges the Office of the Auditor General to keep the matter in view during future audits.

b) Failure to Develop Integrated Development Plans

Response by the Accounting Authority

The Accounting Authority reported that observation by the auditor on the non-preparation of the Integrated Development Plan was correct. The Accounting Authority further reported that during the period under review the liquidity position was not sound making it difficult to support the activity.

The Accounting Authority also reported that local area plans had since been prepared; a Council resolution had been secured; and the Council would be advertising for commencement of the preparation of the Integrated Development Plan. Documentation was available for verification. He also reported that adequate budgetary provisions had been made to cater for the preparation of the integrated development plan once it expired.

Committee's Observation and Recommendation

The Committee is disappointed by the failure by the Council to implement section 19 (3) of the *Urban and Regional Planning Act, No. 3 of 2015*. The Committee strongly urges the Accounting Authority to ensure that an Integrated Development Plan is prepared and operationalised without further delay. The Committee awaits a progress report on the matter.

c) Failure to Collect Rentals from Bus Station K87,300

Response by the Accounting Authority

The Accounting Authority acknowledged the auditors' observation and reported that the failure to collect revenue was due to political interference from cadres who occupied the shops during the period. The Accounting Authority reported that the Council had since collected a total sum of K63,100 leaving a balance of K24,200. Further the Council had served court summons to clients who had failed to honour their obligations, a 15 days' window had been given to them to react positively. Documentation was available for verification. The Council would in future ensure that defaulting clients were evicted on time to avoid the accumulation of uncollected rentals.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to enhance their efforts and devise strategies to ensure that all the revenue outstanding is collected without further delay. The Committee will await a progress report on the matter.

d) Wasteful Expenditure on CCTV for Bus Station

Response by the Accounting Authority

The Accounting Authority acknowledged the auditors' observation and reported that the system failure was caused by a faulty hard drive and the power supply. The CCTV system was functional and the Council intended to upgrade it to avoid future malfunctions. Documentation was available for audit verification. The Council would ensure that the systems were closely monitored to by the IT section to avoid any disruptions or possible failures.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to put up a well defined maintenance and update system to avoid recurrence. The Committee urges the Office of the Auditor General to keep the matter in view during future audits.

e) Management of Assets

i. Lack of Title Deeds

Response by the Accounting Authority

The Accounting Authority acknowledged the auditors' observation as correct and reported further that progress had been made to secure the title deeds. The Accounting Authority reported that he had since engaged the Ministry of Lands and Natural Resources and the titling process had commenced as per Invitations to Treat served on Council dated 24th January 2022. Documentation was available for audit verification. The Council would ensure such processes were carried out as soon as the acquisition of land or any property was done to avoid delays.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that efforts are enhanced to complete the process of acquiring certificates of title for all Council properties without further delay. The Committee will await a progress report on the matter.

ii. Management of Farm – Manyowe Farm

- **Failure to Insure Cattle**
- **Failure to Tag Farm Animals**

Response by the Accounting Authority

The Accounting Authority acknowledged the auditors' observation as correct and reported that the insurance of the animals was dependent on the tagging and branding of the animals as a way of identification. The Council had since obtained a brand mark from Ministry of Fisheries to ensure that the animals were branded and subsequently tagged. Further, it had been a challenge to obtain the said tags due to their omission in the Market Price Index. Documentation was available for verification. The Council would in future ensure that the due processes were followed to the letter to avoid such lapses.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all the Council's livestock are insured without any further delay to secure them from possible loss. He is also encouraged to explore all available options to expedite the process. The Committee resolves to await a progress report.

f) Management of Local Government Equalisation Fund

i. Misapplication of Capital Funds K484,558

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation and reported that the Council could not immediately reimburse the borrowed funds as the anticipated cash inflows were not as expected. The Accounting Authority reported that so far, a total sum of K 136,000 had been reimbursed, leaving a balance of K 348,558 to be reimbursed before the end of second quarter. Documentation was available for verification. The Council would ensure that 80% of the Equalisation Grants and the Councils own local resources were used to fund activities that were not capital in nature. Further the Council would strictly adhere to the stipulations and guidelines of the Local Government Act. With slight improvement in the revenue base the Council would ensure that the capital component of the Local Government Equalisation Fund was applied accordingly.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is sternly cautioned to desist from borrowing funds meant for capital projects. She is also cautioned to note that such action amounts to an offence and must be avoided at all cost. The Committee, however, resolves to await a progress report until the full amount is reimbursed.

ii. Construction of Hand Dug Wells – Abandoned Works

Response by the Accounting Authority

The Accounting Authority acknowledged the auditors' observation and reported that the contractor abandoned the works and could not account for building materials in the sum of K3,558. The matter was reported to police and the Council was awaiting further action on the matter. Documentation was available for audit verification. The Council would ensure that contractors on all projects regardless of distance were monitored closely and progress reports on all projects were submitted regularly.

Committee's Observation and Recommendation

The Committee notes the submission but cautions the Accounting Authority to ensure that works are carried out expeditiously in order to give the intended service delivery to the community. She is also directed to ensure that works are supervised during the contract period to avoid shoddy works and ensure value for money. The Committee will await a progress report on the matter.

g) Management of Constituency Development Fund

Response by the Accounting Authority

The Accounting Authority responded on each of the queried projects as tabulated below.

Constituency	Project	Contractors	Contract Date	Start Date	End Date	Contract Sum K	Amount Paid K	Scope of Works	Status
Mpika Central Constituency	Construction of a 1 x 3 CRB at Mwamfushi Basic School	Joseph Zulu – Labour only contract.	08.04.2020	08.04.2020	22.05.2020	6,850	38,500 (Labour – 6,850 and Materials – 31,650)	Construction of slab and superstructure	As at 30 th June 2021, the project was not completed in that the following works were still outstanding: <ul style="list-style-type: none"> • Slab was halfway done, and • Block work was at window level. <p><u>Response by the Accounting Authority</u></p> <p>The Accounting Authority reported that delayed completion was due to partial funding of the project. The slab works were still in progress whereas the block work was at roof level. The Council would ensure adequate funds were allocated in future to avoid works</p>

									delaying.
	Construction of Luchenene Health post	Ignitius Mwenya	1/07/2020	19.08.2020	01.10.2020	5,000	63,392 (Labour - 5,000 and materials - 58,392)	Floor and wall finish, metalwork, carpentry, joinery, ironmongery, glazing, concrete works, roofing and other miscellaneous works	<p>As at 30th June 2021, the building had not completed in that the following works were still outstanding:</p> <ul style="list-style-type: none"> • Concrete was not done on the veranda, 200 • Interior and exterior painting, • Fitting of six (6) window frames, and • Fitting of two (2) door frames. Further, works had stalled and the contractor was not on site. <p><u>Response by the Accounting Authority</u></p> <p>The Accounting Authority reported that delayed completion was due to partial funding of the project. The following works had since been done:</p> <p>Exterior painting done, Fitting of six</p>

									<p>window frames and two door frames. Further the project had since been allocated some funds in the 2021 CDF and works are expected to continue</p> <p>The Council would ensure adequate funds were allocated in future to avoid works delaying.</p>
	Construction of a 1x3 classroom block at Kaluba primary school in Chipembel e ward	Oris Bwalya	24.11.2020	14.12.2020	4.01.2021	8,070	50,000 (Labor - 8,070 and materials 41,930)	<ul style="list-style-type: none"> • Brickwork • Floor and wall finishing • Carpentry • Ironmongery • Metalwork • Glazing 	<p>As at 30th June 2021, the project had not been completed in that the following works were still outstanding:</p> <ul style="list-style-type: none"> • Fixing of four (4) window panes, • Fixing of two (2) window frames, • Fixing of twenty-four (24) window handles and twelve 201 (12) window frames, and • Spoon drain. <p>Further, a crack had developed on the floor</p>

									<p><u>Response by the Accounting Authority</u></p> <p>The Accounting Authority reported that delayed completion was due to partial funding. The works were expected to continue following the approval and allocation of funds in the 2021 CDF. The Council would ensure adequate funds were allocated in future to avoid works delaying.</p>
	Construction of a 1x3 classroom block at Kalonje day school in Mupamazi ward	Matthews Mwansa	25.09.2019	30.09.2019	30.11.2019	28,000	37,365 (Labour - 10,640 Materials - 26,725)	<ul style="list-style-type: none"> • Excavations • Concrete works • Block work • Floor and wall finish • Painting • Metal work • External work • Joiner and Ironmongery • Roofing 	<p>As at 30th June 2021, the building had not been completed. The outstanding works included:</p> <ul style="list-style-type: none"> • flooring and wall finishing, • carpentry, • glazing, • painting, • metal work, • joiner and ironmongery, and • roofing. <p><u>Response by the</u></p>

									<p><u>Accounting Authority</u></p> <p>The Accounting Authority reported that delayed completion was due to partial funding of the project. The works in question were still in progress and the structure was at roof level. The Council would ensure adequate funds were allocated in future to avoid works delaying.</p>
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Committee's Observations and Recommendations

The Committee observes with concern the inordinate delays in completing projects meant to provide targeted services to the communities. It is disheartening to note that all the four (4) projects have been delayed due to partial funding which is unacceptable. The Committee is of the view that this is a total failure by technocrats who did not advise the CDPC in Mpika Central Constituency thereby delaying service delivery. The Committee strongly urges the Accounting Authority to caution the officers responsible and ensure that going forward all projects must be funded up to completion in one financial year to avoid stalling works. The Committee also urges the Accounting Authority to ensure that he lobbies for more funds to complete all the projects and that monitoring is enhanced to avoid shoddy works. The Committee will await a progress report on the matter.

Mporokoso Town Council

Paragraph 54

54.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income Negative Variance of K318, 761.85

Response by the Accounting Authority

Local Taxes

The Accounting Authority acknowledged the auditor's observation and reported that the variance on Local Taxes was due to resistance from the property owners to pay rates despite delivering bills to them on time. The Accounting Authority issued demand notices to property owners to compel them to pay the rates. Those who would fail to pay, the Accounting Authority would engage sheriffs. The Accounting Authority had intensified sensitisation on the importance of paying rates by the property owners through radio programmes and through face-to-face interaction with the customer care and public relations office.

Fees and Charges

The Accounting Authority acknowledged the auditor's observation and reported that the variance on Fees and charges which includes market and bus station fees was due to non-compliance in payments by marketeers and bus operators. The Accounting Authority had since sensitised the marketeers and bus operators that fees and charges must only be paid to the Council. Further the Accounting Authority had enhanced the revenue internal controls and procedures through the internal audit section, that is, all revenues collected were banked immediately. The Accounting Authority requested for revenue collectors from the Local Government Service Commission which had since been deployed to Mporokoso Town Council. Copies of appointment letters were available for verification.

Other Receipts

The Accounting Authority acknowledged the auditor's observation and reported that the variance on other receipts was due to the anticipated profit from the Council business venture (maize farming) which was not realised in full. The Accounting Authority stated that in the 2021/ 22 season the Accounting Authority had planted soya beans and it was expected that the yield for soya beans would be high for the Council to realise the much-needed revenue. The Accounting Authority had since engaged a farm manager on a contractual basis to manage the farm effectively and efficiently in order to harvest the required yield. A copy of a contract form was available for verification.

Committee's Observation and Recommendations

The Committee notes, with concern, the huge negative variance and urges the Accounting Authority to ensure that turnaround strategies are devised as a matter of urgency. The Committee is of the view that this state of affairs is a result of failure by Management to review their ineffective strategies. The Committee directs the Accounting Authority to ensure that action on the matter is expedited and that subsequent budgets are well set to avoid recurrence. The Committee urges the Office of the Auditor General to keep the matter in view during future audits.

b) Failure to Collect Revenue - K312, 887

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation on failure to collect receivables from the customers listed above in the year 2020. This was due to resistance from the property owners. The Accounting Authority reported that the Council had since collected K19,410 from ZESCO and also collected K5,000 from Impact Media. Further, the Council had come up with sensitisation programs both on radio and door to door to sensitise property owners on the importance of paying rates to the Council. After the sensitisation period was over, all property owners who would not oblige by paying the rates would be issued with demand notices and later sheriffs would be engaged. For Council building on rent the Council collected K18,800 from outstanding rentals. The Council reviewed the tenant agreements for non-paying tenants and eviction notices shall be issued to tenants with outstanding balances. Copies of bank statements for K19,410 and K5,000 and receipts for rentals amount to K18,800 were available for audit verification. The Council would ensure that it continued engaging and sensitising all the clients who owed the local authority in terms of receivable and ensure that the amount owed was collected.

Committee's Observation and Recommendations

The Committee observes, with concern, the failure by Management to collect revenue, despite facing liquidity problems. The Committee strongly urges the Accounting Authority to ensure that all outstanding revenue is collected and records availed for audit verification without further delay. The Committee resolves to await a progress report on the matter.

c) The Management of Payroll and Other Staff Related Matters

i. Failure to Fill in Vacant Positions

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation of failure to fill key positions by the Council during the period under review, however the Council had been requesting for officers from the Local Government Service Commission in phases due to budget constraints on personal emoluments. The Accounting Authority reported that the Council through the Local Government Service Commission had so far filled in 5 positions namely: Deputy Council Treasurer, Mechanic, Administrative Officer, Procurement Officer and a Public Relations Officer. This year in 2022 the Council had budgeted for the position of the Assistant Commercial manager and had since written to the Local Government Service Commission to send the officer. Copies of appointment letters were available for audit verification. The Accounting Authority would periodically update its staff establishment and engage the Local Government Service Commission on the Council's human resource needs.

Committee's Observation and Recommendations

The Committee notes the submission and urges the Accounting Authority to ensure that quarterly returns are timely submitted to the Local Government Service Commission to resolve all staff related matters promptly. On this matter, the Committee strongly urges the Accounting Authority to ensure that their revenue base is enhanced so that the fiscal space allows for filling up of key positions so as not to deny the community of the needed services. The Committee urges him to act expeditiously and resolves to await a progress report.

ii. Failure to Register Employees with NAPSA - K100,800

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation that during the period under review the Council had 15 casual workers who were engaged on a three months contract and were waiting to be put on a long-term contract. The Accounting Authority reported that the Council had since complied with the *National Pension Scheme Authority Act, No 40 of 1996* and the officers were registered with NAPSA effective May 2021. A copy of officer's names and security numbers was available for verification. The Accounting Authority would ensure that employees engaged on contract were registered with NAPSA accordingly.

Committee's Observation and Recommendations

The Committee notes the submission and resolves to close the matter subject to audit verification.

d) The Management of the Local Government Equalisation Fund

i. Misapplication of Capital Funds K395,846

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation and regretted that an amount totaling K395, 846.35 were borrowed from the capital account for operational activities due to poor liquidity during the period under review with a view to reimburse the funds after the sale of plots. The Accounting Authority reported that the Council had since started reimbursing the funds in instalments with the first payment being K60,000. Bank statement was available for verification. The Accounting Authority would ensure that it enhanced its revenue mobilisation strategies in order to improve the Council's liquidity needed for service delivery and meeting its operational costs.

Committee's Observations and Recommendations

The Committee notes with concern the rampant disregard of laid down procedure at this Council with impunity. The Accounting Authority is reminded to note that the *Public Finance Management Act, 2018* has now criminalised misapplications and that failure to adhere may result in being jailed for not less than two years. The Accounting Authority is sternly cautioned to desist from this vice and directed to ensure that the remaining amount is reimbursed without further delay. The Committee will await a progress report on the matter.

ii. Delayed Completion of Market Shelter and VIP Latrines at Bweupe Market

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation of the auditors for the delayed completion of a market shelter and VIP latrines at Bweupe market for the period under review and stated that this was due to the fact that the Contractor abandoned the site on account of lack of payments due to financial constraints. The Accounting Authority reported that the market shelter at Bweupe is now at 95% completion and this was available for verification. A picture showing Bweupe market shelter at 95% was available for verification. The Accounting Authority would ensure that funds were secured before embarking on a project.

Committee's Observations and Recommendations

The Committee notes the responses and observes that the query arose as a result of failure to pay the contractor on finished works. The Committee urges the Accounting Authority to find a lasting solution to ensure that funding is secured for completion of this project. The Committee resolves to await a progress report.

e) The Management of Constituency Development Fund

i. Delayed Completion of a Classroom Block - Nakalongo Primary School

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation that the named project had delayed and that 9 months beyond the completion date the project was still at foundation level despite paying an advance payment of K14, 516.. The Accounting Authority reported that the delay was due to non-supply of 25% upfront materials by the community as community contribution (that is, sand, crushed stones and bricks). The Accounting Authority further reported that the issue was reported to the Constituency Development Committee for it to consider buying materials such as sand, crushed stones and bricks for the project in the 2022 CDF allocation. The Accounting Authority had since engaged Constituency Development Committee to do away with the practice of wanting the community to contribute materials and to fully fund projects to be implemented under CDF in the future.

Committee's Observations and Recommendations

The Committee observes with concern the inordinate delays in completing projects meant to provide targeted services to the communities. It is disheartening to note that all the projects have been delayed due to failure by the community to provide their part. The Committee urges the Accounting Authority to ensure that he lobbies for more funds to complete all the projects and that monitoring is enhanced to avoid shoddy works. The Committee will await a progress report on the matter.

ii. Delayed Completion of Staff House at Lupungu Secondary School

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation that the named project had delayed and that 9 months beyond the completion date, there were still outstanding works. The project, which had a component of community contribution consisting of sand, crushed stones and bricks, had been delayed mainly because the community had been reluctant in providing the materials required. The Council engaged the community at different levels of the project implementation and faced a number of challenges in ensuring the required materials were provided. There was also a variation which delayed the project. The foregoing largely contributed to the delay. The project had since been completed and could be verified. The Accounting Authority reported that the funds for paint were allocated and that the house had since been completed and ready for inspection. In future, the Accounting Authority would ensure that the projects were not phased that the projects were 100% funded.

Committee's Observations and Recommendations

The Committee resolves to close the matter subject to audit verification.

iii. Delayed Completion of Kasonkotyo Primary School

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation that the named project had delayed and that 9 months beyond the completion date, were still outstanding works. The project, which had a component of community contribution consisting of sand, crushed stones and bricks, was delayed mainly because the community had challenges providing the materials required. The Accounting Authority reported that the issue was reported to the Constituency Development Committee for consideration to vary works substantially. The Committee had since approved the request, therefore, the project would be fully funded and there would be no more delays in completion. The project had since been re advertised. Documents were available for verification. The Accounting Authority had also since engaged Constituency Development Committee to do away with the practice of requesting for 20% of materials from the community and fully fund projects to be implemented under CDF in the future.

Committee's Observations and Recommendations

The Committee observes with concern the inordinate delays in completing projects meant to provide targeted services to the communities. It is disheartening to note that all the projects have been delayed due to failure by the community to provide their part. The Committee urges the Accounting Authority to ensure that he lobbies for more funds to complete all the projects and that monitoring is enhanced to avoid shoddy works. The Committee will await a progress report on the matter.

f) The Management of Liabilities

i. Failure to Remit Statutory Obligations K3,343,486

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation for failure to remit statutory obligations to ZRA, NAPSA and LASF. The failure to remit historical statutory obligations was due to liquidity problems on the part of the local authority. The Accounting Authority reported that the Council had come up with agreements with ZRA, NAPSA and LASF of liquidating the historical arrears with a monthly payment of K10,000 for ZRA, K10,00 for NAPSA and K15,000 for LASF. Documents were available for verification. The Council remained committed to the liquidation plan with ZRA, NAPSA and LASF. The Council would continue paying the current contributions to avoid arrears.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all the outstanding liabilities relating to statutory obligations are paid without any further delay. The Committee further urges the Accounting Authority to ensure that all staff obligations are paid as and when they fall due to avoid arrears. The Committee will await a progress report on the matter.

ii. Failure to Settle Staff Obligations K2,761,977

Response by the Accounting Authority

The Council acknowledged the auditor's observation of failure to settle outstanding staff obligations and stated that the council was committed to ensure that the debts owed were reduced. The Accounting Authority reported that the Council had so far paid K204,240.17 towards salary arrears; K40,141.41 towards settling allowance; K198,915 towards terminal benefits; and K56,108.90 towards Councillor's arrears between 1st January, 2021 and 15th January, 2022. The payment vouchers were available for verification. The Council would ensure that it continued liquidating what it owed.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all the outstanding liabilities relating to staff obligations are paid without any further delay. The Committee further urges the Accounting Authority to ensure that all staff obligations are paid as and when they fall due to avoid arrears. The Committee will await a progress report on the matter.

g) The Management of Tourism Development Fund - K500,000

i. Poor Project Management- Construction of Culverts on Access Roads to Lumangwe and Kabwelume Waterfalls

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation that the project was five (5) months beyond schedule with some works still outstanding. The Council stated that there was some miscommunication on the number of crossing points that needed furnishing with culverts. In order to provide access to two (2) of the heritage sites in Mporokoso district, there was need to work on four crossing points. The delay was due to the fact that Ministry of Tourism and Arts wanted independent engineers to supervise the works as opposed to engineers from Mporokoso Town Council. The Accounting Authority reported that the culverts had since been installed according to specifications and were ready for inspection. The Council would ensure that clear written instructions were secured from the funding agency in order to ensure smooth flow of project implementation.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to ensure that due diligence is done before engaging contractors to carry out works on behalf of the Council. The Committee, however, resolves to close the matter subject to inspection.

ii. Irregular Charge of Value Added Tax - K38,301

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation that contrary to the Act, Chidram Suppliers and Construction Limited, a company which was not registered for VAT charged amounts totaling K38,301 as VAT. In this regard, the company was overpaid by K38,301. As at 31st July 2021, the Council wrote to the supplier to instruct the supplier to refund the money. The Accounting Authority reported that the Council did its due diligence by confirming the client's tax status with ZRA and discovered that the supplier was not VAT registered as reported. Documentation was available for verification. In future the Council would continue to make sure that suppliers were counter checked with regards to their taxation status.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to ensure that due diligence is done before engaging a supplier of goods or services to the Council. The Committee directs the Accounting Authority to ensure that disciplinary action is taken against erring officers. The matter is recommended for closure subject to audit verification.

iii. Failure to Implement Funded Project - K199,926

Response by the Accounting Authority

The Accounting Authority reported that resources were available and efforts had been made in engaging Ministry of Tourism to give the Council a go ahead to tender for the services of geotech investigation. The K199,926 allocated for the construction of a ticketing office was not enough to undertake such a project. The Ministry of Tourism was informed accordingly, and they directed that the Council should channel the K199,926 towards Geotech investigations of Lumangwe and Kabwelume waterfalls. In future, the Council would ensure that all relevant stakeholders were engaged and guidance was gotten from line Ministries.

Committee's Observation and Recommendation

The Committee notes with concern the failure by the Accounting Authority to carryout works as planned despite funding being received. The Committee cautions the Accounting Authority to ensure that works are carried out as planned and that a bill of quantity is produced to guide the would be funders of the project. What is clear is that the funds were sent without a matching bill of quantity hence the delay and subsequent request to change the project. The Committee urges the Accounting Authority to ensure that the matter is resolved expeditiously and hence a progress report is being awaited.

55.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income**Response by the Accounting Authority**

The Accounting Authority acknowledged the Auditor General's observations and submitted that under collection of residential rates, was because Management had challenges in the effective collection of residential rates due to resistance from property owners. The under collection of fees and charges was due to hoarding fees (barricading), which the Council anticipated to collect. The porousness of the Council barrier, made it difficult to collect all the hoarding fees that Council was supposed to collect. With regard to licences, the Council had enhanced its revenue mobilisation strategies. As a result, the Council collected more than the budgeted amount. The fish levy-could not be adequately collected due to the effects of double – levying on clients between Nsumbu and Mpulungu Districts. The Council anticipated to gain some profits from its commercial ventures but this was not realised because of low economic outturn during the period under review.

The Accounting Authority submitted that the Council had engaged the Government Valuation Surveyor who had since done the Valuation Roll and only remained with receiving objections from property owners before the Tribunal could sit to make an award. The Council had budgeted to construct a guard house and rehabilitate the barrier so that no one could escape paying the hoarding fees in 2022. The Council had also formulated revenue task forces. The Council would purchase weighing scales in order to improve on this revenue point by weighing the fish to determine the actual weight. Further, the Council had budgeted to renovate the kitchen and procure modern equipment to promote business. In order to ensure strict implementation of the proposed measures, the Council would constantly review the budget performance on a weekly and monthly basis.

Committee's Observation and Recommendation

In noting the submission, the Committee resolves to await a progress report on the implementation of the proposed measures so as to increase revenue collection for the Council.

b) Operational Matters**i. Failure to Establish Lighting in the Streets****Response by the Accounting Authority**

The Accounting Authority acknowledged the Auditor General's observations and submitted that the Council had failed to put the lighting system along all its township streets, contrary to the Local Government Act No. 2 of 2019 *section 16 (2) 5 (b)* which states that "A local authority shall, in relation to community development, establish and maintain a system of

lighting in streets and other public places”. Management had budgeted to establish lighting system along the township streets and to rehabilitate the existing lighting system in some township streets in the 2022 budget. The Council had since set aside some funds in the 2022 budget for the routine maintenance of the existing lighting system in some streets of Mpulungu.

ii. Failure to Establish and Maintain Cemeteries

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General’s observation and submitted that the Council had failed to establish and maintain the above-mentioned services. The Council had been engaging Ward Development Committees and village headmen under Chibulula Ward to find a suitable place for the cemetery and it had not been successful due to succession wrangles in Chief Tafuna’s Chiefdom. The Local Authority had since resolved to purchase land to be used as cemetery from individuals who owned land. The community in Mpulungu was still using traditional burial sites to bury their loved ones because the Council was still looking for land where the Council cemetery could be established and maintained.

Committee’s Observation and Recommendation

In noting the submission, the Committee resolves to await a progress report on the establishment of a Council burial site in Mpulungu District.

c) Accounting for Revenue

i. Failure to Collect Revenue

- **Truck levy fees**

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General’s observation and submitted that the indicated figure of 6,782 trucks, was for the year 2019. However, in the year 2020, the fleet of trucks getting into Mpulungu reduced because of the COVID - 19 Pandemic. Further, the Council was at one point sued by the Truckers Association of Zambia. Therefore, these two scenarios hampered the collection of the Truck Levy by the Council. In the 2022 budget, the Council had budgeted to construct a strong barrier that would provide and enable all truck drivers to stop at the barrier as opposed to putting a cone at the centre of the road to block the trucks that were passing through the barrier.

Committee’s Observation and Recommendation

The Committee recommends that the Council should, as a matter of urgency, construct a barrier that will ensure that all truck drivers pay the levy before entering and leaving Mpulungu District. The Committee will await a progress report on the matter.

- **Property Rates and Rentals**

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation that the Council failed to collect property rates amounting K1,440,595 owed to the Local Authority. This was due to an updated Valuation Roll. The Council also highlighted that some revenues like K20,500 had become bad debts, as some debtors who owed the Council funds, like Jarazu Bus Services, had disappeared on the platform that provided public transport services. The Council had since started updating the Valuation Roll so that property rates could be collected from all property owners. It had also requested the companies that were renting its offices to pay as soon as possible. The Council would report to the coming full Council to write-off all the bad debts that were appearing on its books of accounts since they were not responding to the demand notices. In future, the Council would take legal action on all its problematic debtors.

The Committee's Observations and Recommendations

The Committee is against the suggestion by the Accounting Authority to write off debt for the companies owing the Council. The Committee strongly urges the Accounting Authority to pursue all its debt using all available options. The Committee will await a progress report on the matter.

- ii. **Unaccounted for Revenue**

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's findings and submitted that the Council had thoroughly scrutinised the Daily Cash Reconciliation sheet in question that was accidentally taken into the strong room by the office orderly. After a thorough scrutiny it was discovered that the Daily Cash Reconciliation sheets, which the Auditors cited to have unaccounted for funds of K30,624, had the receipts equal to the deposit slips attached to individual daily cash reconciliation sheets. The Council had put in place tight control measures to ensure that all the funds collected were banked immediately and that all payments were made through the bank.

Committee's Observation and Recommendation

In noting the submission, the Committee doubts the authenticity of the documents purported to now be available and recommends that disciplinary action be taken against the officer responsible for their disappearance,. The Committee will await a progress report on the matter.

- d). **Procurement of Goods and Services**

Unsupported Payments

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation that a total of four payment vouchers in amounts totaling to K13,391, were not supported with relevant documents such as receipts, invitation letters and acquittal forms. The Council had since traced the necessary documents that were missing to the four vouchers mentioned above and had been submitted for scrutiny. The Council had since procured enough filing cabinets and the responsible person had been assigned to account for what was missing to the documents such as receipts and other relevant documentations.

Committee's Observation and Recommendation

In noting the submission, the Committee is dismayed that documents that were not available at the time of the audit are now available and therefore, recommends that disciplinary action be taken against the erring officer and that documents relating to the action should be availed to the Auditor General's Office for verification. The Committee will await a progress report on the matter.

ii. Failure to remit Tax K17,827

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation and submitted that the Council had not yet remitted the funds amounting to K17,827 to the ZRA. However, the funds would soon be remitted before the end of June 2022. The Controlling officer had also cautioned the Accounting Authority to be remitting ZRA funds before any allowance was given to an officer. In future, the Council would be remitting all the PAYE upon paying an officer an allowance that attracted the PAYE component.

Committee's Observation and Recommendation

In noting the submission, the Committee is concerned at the inordinate delay to remit PAYE to ZRA which is deducted before an officer was paid an allowance. The Committee recommends the matter for closure subject to audit verification that funds have been remitted to ZRA.

d) Misapplication of Local Government Equalisation Fund

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation and submitted that the funds that were borrowed from the 20 percent went to facilitate the payments of salaries for employees because the 80 per cent operational expenses were not enough to cater for employees' salaries and wages even at net pay. The Council had since started reimbursing the amount and would ensure that by the end of 2022, the 20 percent capital component guideline was adhered to without fail. All the funds had been transferred into the capital account and would be used as intended.

<i>No</i>	<i>Balance</i>	<i>Part Payment</i>	<i>Balance</i>
<i>Borrowing</i>	768,307	164,198.29	604,108.71

Further, the Council would set aside part of its property rates from ZESCO to pay the misapplied Local Government Equalisation Funds before June 2022. It was also planning to reimburse the funds as soon as the cash flow improved from the locally generated funds.

Committee’s Observation and Recommendation

In noting the submission, the Committee resolves to await a progress report on the reimbursement of the misapplied Local Government Equalisation Funds.

e) Management of Constituency Development Fund – Payment using Cash

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General’s observation and submitted that the Council had not taken any action as the contractors to execute the works were contracted by the community themselves after the Local Authority procured goods for them. In addition, most contractors in rural areas had no bank accounts into which funds could be deposited. As a result, the Council had no option but to assign the officer to withdraw the funds on behalf of each contractor. Until the task to contract the contractors was taken away from the communities, the problem of having contractors without accounts would continue. On the other hand decentralisation would be challenged if the Local Authority engaged contractors on behalf of the communities.

Committee’s Observation and Recommendation

In noting the submission, the Committee recommends that the Council should encourage contractors in communities to open bank accounts as it is a requirement for payment to contractors to be made through bank accounts. The Committee will await a progress report on the matter.

f) Weaknesses in the Management of Liabilities

i. Failure to Remit Statutory obligations K30,692,160.06

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General’s observation that statutory contributions such as LASF, ZRA, NAPSA, ZULAWU, FIRESUZ and NHIMA were not remitted to their respective statutory bodies. The Council had since started negotiating with some statutory bodies. However, because of the unstable cash flow, the Council had been settling the statutory obligation slowly as funds could not permit the Council to liquidate all of them at once. The Council had also engaged some statutory bodies that agreed to come up with payment plans on how best the arrears could be liquidated in the long term

STATUTORY OBLIGATION				
ITEMS	BALANCES	PAYMENT FOR 2020	PAYMENTS FOR 2021	BALANCE AT AT 31ST DECEMBER 2021
ZRA	6,993,906.84	-	-	6,993,906.84
NAPSA	20,795,915.67	30,000.00	4,666.24	20,761,249.43
ZULAWU	30,755.76	14,000.00	16,755.76	-
FUNERAL	-	-	-	-
FIRESUZ	160.28	-	160.28	-
NHIMA	-	-	-	-
LASF	2,871,421.51	10,000.00	-	2,861,421.51
TOTAL	30,692,160.06	54,000.00	21,582.28	30,616,577.78

The Council was updating its Valuation Roll after which its revenue would be enhanced and this would make it easier to start liquidating statutory obligations and other debts.

Committee's Observation and Recommendation

The Committee is concerned that the Council has failed to pay its statutory obligations and urges the Accounting Authority to devise a system that will ensure speedy liquidation of the outstanding statutory debt. The Committee awaits a progress report on the matter.

ii. Failure to Settle Staff Obligations

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation and submitted that the Council was trying to liquidate the staff obligation slowly as the debt was just too huge as compared to the local revenue being collected on a daily basis. However, the Council was paying some staff obligation using the little funds that were being collected.

STAFF OBLIGATION				
ITEMS	BALANCES	PAYMENT FOR 2020	PAYMENTS FOR 2021	BALANCE AT AT 31ST DECEMBER 2021
TERMINAL BENEFITS	1,324,403.00	-	80,980.69	1,243,422.31
LONG SERVICE BONUS	749,329.00	-	43,360.58	705,968.42
LEAVE TRAVEL BENEFITS	566,509.00	-	23,862.00	542,647.00
SALARY ARREARS	1,291,475.00	197,951.20	105,723.46	987,800.34
COUNCILLORS ARREARS	34,514.00	-	34,514.00	-
SETTLING IN ALLOWANCE	301,060.78	205,443.43	81,349.93	14,267.42
TOTAL	4,267,290.78	403,394.63	369,790.66	3,494,105.49

The Council like any other Local Authority, was appealing to the New Dawn Government to be realising the restructuring grant that would assist most Local Authorities to liquidate the huge debt of staff obligations.

Committee's Observation and Recommendation

The Committee is concerned that the Council has failed to pay staff obligations and urges the Accounting Authority to devise a system that will ensure speedy liquidation of staff obligations. The Committee awaits a progress report on the matter.

56.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial Year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting authority responded as set out below.

a) Budget and Income K9,252,013**Response by the Accounting Authority**

The Accounting Authority submitted that the revenue collection variance of K9,252,013.18 represented 16.5 % of the total 2020 budget. He acknowledged the Auditor General's observation of a negative revenue collection variance. The Accounting Authority further stated that Local Taxes had two major revenue streams namely owners rates and personal levy, which collectively gave rise to a negative variance of K4,156,230 representing 26 percent negative variance. Owners' rates had three main revenue streams namely: residential property rates, industrial/commercial property rates and mining/plant property rates.

Committee's Observation and Recommendation

The Committee observes with concern the negative variance on various revenue types projected against what was actually received by the Council. The Accounting Authority is urged to ensure that the Council devises new strategies to enhance their revenue collection. The Committee also encourages the Accounting Authority to enhance their efforts in sensitising the community on payment of owners' rates and personal levy. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

1. Residential Properties**Response by the Accounting Authority**

The Accounting Authority submitted that the negative variance K1,227,878.69 represented 32%. Most of the residential rate payers were occupied by ex-miners with limited financial capacity to pay. Most of the properties had deteriorated with large cracks due to underground mining activities making it difficult for rate payers to accept the property values. Further, the Accounting Authority submitted that Management had extended payment plan with rate payers and Demand notices had been distributed. The residential poundage had been reduced from the previous 2015 roll at 0.002 to the current 2019 roll at 0.0013 as an incentive for residential rate payers to pay. The Council was automating the billing system to include bulky SMS mobile payment system with a customer feedback and interactive feature.

Committee's Observation and Recommendation

The Committee notes the submission but is concerned that the Council is not aggressive on revenue collection. The Committee urges the Accounting Authority to ensure that the officers are more aggressive with collections of the rates and other forms of revenue to ensure that the

extended payment plan is adhered to, to avoid huge variances. The Committee will await a progress report on the matter.

2. Industrial/Commercial Properties

Response by the Accounting Authority

The Accounting Authority submitted that the under collection of revenue from Industrial/Commercial properties by K1,463,719 representing 49% variance was mainly due to the issues outlined below. .

- i. One of the major rate payers, Charalambous Transport, ceased business operations abruptly and the proprietor became unreachable. As at 31st December 2020, Charalambous had outstanding rates of K386,396.14 owed to the Council,
- ii. The other rate payer, namely, Concrete Pipes and Products Limited ceased operations and the property remained abandoned meanwhile the amount still appeared on the valuation roll pending completion of the process of declaring it bad debt. As at 31st December 2020, Concrete Pipes and Products Limited owed the Council K74,396.79,
- iii. Demand notices had been distributed prior to issuing warrants of distress,
- iv. Management had been pursuing those who bought Charalambous properties from ZANACO which seized the properties through court proceedings. Some of the new property owners had since been traced and billed.
- v. Management was in the process of recommending as bad debt the debts owed by Charalambous and Concrete Pipes after getting all the relevant details of these two companies.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Council to collect revenue needed for their financing of operations. It is the Committee's view that the officers are not aggressive and their strategies are not effective. The Committee urges the Accounting Authority to caution officers responsible and devise strategies to ensure that all the revenue outstanding is collected without further delay. The Committee will await a progress report on the matter.

3. Mining/Plant K1,464,633

Response by the Accounting Authority

The Accounting Authority submitted that there was under collection by K1,464,633 representing 16 % variance. This variance was as a result of the negotiations based on remission between Mopani Copper Mines and Mufulira Municipal Council as indicated below; which culminated into a signed MoU.

Budgeted amount	8,964,633.00
Negotiated amount.....	<u>7,500,000.00</u>
Variance.....	1,464,633.00

The Accounting Authority further submitted that Management had since started adjusting budgeted figures to the figures negotiated in the Memorandum of Understanding with the mines as the basis of their budget projections instead of maintaining the initial amount before negotiations. The Council would undertake to carry out timely adjustment of figures in the budget after agreed negotiated figures with mines to avoid carrying forward amounts that had been adjusted.

Committee’s Observation and Recommendation

As in the previous query, the Committee expresses concern at the failure by the Council to adjust the budgets accordingly when they are sure beyond reasonable doubt that the actual expected amount from the mines. The Committee reminds the Accounting Authority that it is always a good practice to adjust the budget the moment the need to do so is noticed, so as not to mislead users of financial statements. The Committee strongly urges the Accounting Authority to take note of this counsel and avoid overstating the Council’s projections in future. The Committee resolves to close the matter subject to audit verification.

4. Under Collection on Fees and Charges K4,775,558

Response by the Accounting Authority

The Accounting Authority submitted that the under collection of K4,775,558 representing a 39% variance arose mainly from overstated figures during budgeting. Management regretted that the budgeted amount for fees and charges during the period under review was overstated due to the unpredictability of the major revenue streams. Therefore, Management had since revised the budgeted amount for this vote to K4,380,200 in the financial year 2022 based on the trend analysis that had been done from 2019 as indicated in the table below.

S/No	Year	Approved budget	Actual Collection
1	2019	6,135,610	3,788,814
2	2020	7,430,780	3,901,673
3	2021	8,420,380	4,318,127

The Accounting Authority informed the Committee that Management submitted that they only made budget projections based on predictable and realistic assumptions including trend analysis on unpredictable revenue sources.

Committee’s Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to make realistic assumptions to avoid under collection on fees and charges. The Committee resolves to close the matter subject to audit verification.

Under Collection on Levies

Response by the Accounting Authority

The Accounting Authority submitted that the under collection of levies amounting to K7,060 representing 64% variance mainly attributed to sand levy. Management had discontinued charging sand levy after the legally registered quarry company stopped operating within the district. Sand levy was since dropped from subsequent budgets.

Committee's Observation and Recommendation

The Committee is disappointed with the Council for not following up on levies when they fall due. The Accounting Authority is urged by the Committee that going forward, they should make constant follow ups on levies that fall due to avoid under collections or debts written off as this is reducing the Council's cash inflow. The matter is recommended for closure subject to audit verification.

Under Collection on Permits – K641,745

Response by the Accounting Authority

The Accounting Authority submitted that the under collection of permits amounting to K641,745 representing 36 % variance were mainly due to; nursery, pre-school permits, extension of business hour permits and public gathering permits which were all adversely affected by the COVID-19 mitigation measures put in place by the Ministry of Health. Continued billing of these business places attracted an influx of complaints from owners after closing their business premises. This compelled the Council to pass a resolution to halt billing bars, restaurants and other public places until further notice under minute No. VCU1296/07/2020. Management resumed billing and collecting revenue from permits. Management as a remedial measure would constitute a Resource Mobilisation and Management Unit whose main mandate would be among others to closely monitor the daily performance of all the approved revenue streams; and make necessary timely recommendations on appropriate interventions. Management had budgeted to automate revenue collection system which would be more convenient for the Council's clients to make payments anywhere.

Committee's Observation and Recommendation

The Committee notes the submission but is concerned that the Council isn't aggressive in revenue collection. The Committee urges the Accounting Authority to caution officers responsible and ensure that an automate revenue collection system is set up without further delay to avoid further loss of revenue. The Committee will await a progress report on the matter.

Licenses

Response by Accounting Authority

The Accounting Authority submitted that the under collection of licenses by K317,879 representing 22% variance. Most of the cited revenue streams were adversely affected by the

mitigation measures put in place by the Ministry of Health against COVID-19 pandemic. These measures included closure of bars, restaurants and other public places. The Council was among the frontline institutions implementing these measures. The Council passed a resolution to temporarily halt the billing of bars, restaurants and other public places under minute No. VCU1296/07/2020 which was available for audit verification in response to the Ministerial and Presidential directives. Management has since resumed normal operations of licensing bars, restaurants and other public facilities that had their operations restricted due to mitigation measures against COVID-19 imposed by the Ministry of Health. Management as a remedial measure put in place continuous update of the database in order to make follow-ups through SMS mobile phone alerts, bulk SMS mobile billing and feedback payment system.

Committee's Observation and Recommendation

The Committee notes the submission but is concerned that the Council is not aggressive in revenue collection. The Committee urges the Accounting Authority to caution officers responsible and devise strategies to ensure that the database is updated accordingly and follow ups are indeed made. The Committee will await a progress report on the matter.

Charges

Response by the Accounting Authority

The Accounting Authority submitted that there was under collection of charges by K807,575 representing 13% variance. This was due to the high demand on residential plots than commercial plots which resulted in over collection of revenue from residential plots at 193% collection efficiency compared to commercial plots at 54% collection efficiency. The Accounting Authority further submitted that Management was in the process of re-planning some of the commercial plots into residential plots to accommodate the high demand. Management as a remedial measure would only be offloading plots according to prevailing demand based on the past trend analysis instead of only relying on the number of plots as the source data during budgeting.

Committee's Observation and Recommendation

The Committee notes the submission but is concerned that the Council isn't aggressive in revenue collection. The Committee urges the Accounting Authority to caution officers responsible and devise strategies to ensure that all the outstanding charges are collected without further delay. The Committee will await a progress report on the matter.

b) Weaknesses in Environmental Management and Other Service Delivery Obligations

Environmental Management

(i) Poor Management of a Dumpsite

Response by the Accounting Authority

The Accounting Authority submitted that the dumpsite in Butondo was not fenced. During the time of the audit, the Council had started the process of having Butondo dumpsite licensed by ZEMA. The Council had already submitted the second draft of the Environmental

Project Brief responding to the comments observed in the first draft. Therefore, the Council could not start the fencing of the dumpsite without the decision letter from ZEMA but acted in the best interest of protecting the general public from any vulnerability to disease outbreaks owing to the epidemic period they were in. However, following the approval by ZEMA, the Accounting Authority submitted that Management had projected to create a fully compliant dumpsite through three phases and fencing had been budgeted to be implemented under 2022 financial year. The first draft return copy stamped by ZEMA and received on 8th October, 2020, was available for verification. Also available were ZEMA's comments on the second draft submission with a quotation for the Municipal Council to proceed to make payments dated, 23rd March, 2021. Finally, the decision letter granting the Council permission to implement the project was also available for audit verification. Several access roads had been done to ensure that there was easy access and that the waste was dumped at the central part of the dumpsite to prevent scavenging that could lead to a disease outbreak.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to expedite the process of putting in place all the requirements of a dumpsite without further delay. The Accounting Authority is strongly urged to ensure that he acts expeditiously to avoid disease outbreaks that may arise due to dumping refuse in unsafe and unsecured site. The Committee will await a progress report on the matter.

(ii) Lack of Waste Holding Bays

Response by the Accounting Authority

The Accounting Authority submitted that Kamuchanga, Roadside and Malela Markets had no solid waste/refuse holding bays. Considering the most efficient ways to collect waste in markets being the use of a skip loader truck and skip bins, Management had set aside funds to purchase these in its 2022 budget. The budget was approved by the Ministry of Local Government and Rural Development to procure a skip loader truck and twenty skip bins. The letter showing approval of the 2022 budget was available for audit verification. Management as a remedial measure had taken steps to ensure that each time a need for creation of new dumpsites arose, funds were adequate to take care of all ZEMA requirements.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to expedite the process of ensuring that waste holding bays are constructed without further delay. The Accounting Authority is strongly urged to ensure that he acts expeditiously to avoid disease outbreaks that may arise as the general public is at risk. The Committee will await a progress report on the matter.

iii. No warning Signs Displayed at the Dumpsite

Response by the Accounting Authority

The Accounting Authority submitted that there were no warning signs at the dumpsites. Following the approval of Butondo dumpsite by ZEMA, Management had since erected warning signs at the dumpsites. All necessary and relevant signs would be erected as a priority.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that signs are erected permanently to warn citizens to avoid recurrence. The Committee will await a progress report on the matter.

iv. None Compaction or Covering of the Waste

Response by the Accounting Authority

The Accounting Authority submitted that solid waste was neither being compacted nor covered. Management had ensured that the waste was pushed into the existing borrow pit where compaction and covering with earth was to be done and intensified. Management had set aside funds in its 2022 approved budget by the Ministry of Local Government and Rural Development to procure a refuse compact truck.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that there is continued close monitoring of the dumping area until the procurement of a refuse compact truck. The Accounting Authority is strongly urged to ensure that he acts expeditiously with regard to the procurement of the refuse compact truck. The Committee will await a progress report on the matter.

v. The Dumpsite was not Certified by ZEMA prior to its Use

Response by the Accounting Authority

The Accounting Authority submitted that the dumpsite was not certified by ZEMA prior to its use. The dumpsite had since been certified by ZEMA. The Accounting Authority informed the Committee that Management would always comply with ZEMA requirements in solid waste Management.

Committee's Observation and Recommendation

The Committee resolved to close the matter subject to audit verification.

c) Failure to Collect Outstanding Receivables - K258,862.76

Response by the Accounting Authority

The Accounting Authority submitted that there was failure to collect revenue amounting to K258, 862.76. The Accounting Authority submitted that Management had since lifted the temporary suspension of tenants renting Council properties from billing them which was passed under Council resolution minute No.VCU/1296/07/2020. Demand notices had since been distributed and Management had since collected and receipted K31, 815. Lease agreements had since been revised and distributed. The Accounting Authority submitted that Management had since updated and revised the database including rentals of all the shops owned by the Municipal Council. The Council Minute No. VCU/005/11/2021 was available for audit verification. Management had since issued demand notices to all defaulters. Copies of demand notices were available for audit verification.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is disappointed with the failure by officers to follow the Local Authorities Financial Regulation No. 12 which requires the Council to collect punctually all revenue and other Council funds which become due and payable to the Council. The Accounting Authority is urged to ensure that revenue is collected when it falls due to avoid loss of revenue to the Council. The Accounting Authority is urged by the Committee to institute disciplinary action against the concerned Officers. The Committee will await a progress report on the matter.

(d) Management of Payroll and staff related matters

i) Over-employment of Staff

Response by the Accounting Authority

The Accounting Authority submitted that eight (8) authorised positions which were to be filled by sixteen (16) officers were instead filled by twenty-nine (29) officers, resulting in excess of thirteen (13) officers. The thirteen (13) officers were paid a total of K683, 023 during the period under review. The Accounting Authority further submitted that Management had been making submissions through quarterly returns and in addition to that Management had been making follow-ups to the Local Government Service Commission in writing so that other excess staff could be deployed to other needy councils. Letters to the Local Government Service Commission were available for audit verification. The Accounting Authority informed the Committee that Management would always be communicating in writing to the Local Government Service Commission whenever the Commission sent extra staff.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee that going forward, Management should engage the Local Government Service Commission whenever they send extra staff to avoid an unsustainable payroll. The Accounting Authority is also urged by the Committee to ensure that staff creation is reviewed and duly approved to ensure that service delivery is not denied. The Committee will await a progress report on the matter.

ii) Non-deduction of NAPSA contributions

Response by the Accounting Authority

The Accounting Authority submitted that the query arose due to none deduction of NAPSA contributions amounting to K920, 947 for thirty-seven (37) casual workers engaged during the period under review. At the time of audit 37 casual workers had not yet been registered under NAPSA, however, all contractual workers had since been registered under NAPSA. The Accounting Authority further submitted that Management had since completed the process of registering contractual and casual workers engaged by the Council with NAPSA and all of them had since been added and NAPSA remittances had since been commenced. The Accounting Authority informed the Committee that Management would always abide by NAPSA Act before admitting any employee on the payroll.

Committee's Observation and Recommendation

The Committee is disappointed by the failure to deduct NAPSA contributions which is against the requirement of *Section 14 (1) of the National Pension Scheme, Act No. 40 of 1996*. The Accounting Authority is strongly urged to ensure that going forward, Management should abide by the Act before admitting any employee to the payroll. The Accounting Authority is urged to take disciplinary action against the concerned Officers. The Committee resolves to await a progress report on the matter.

d) Procurement of Goods and Services

i) Inadequately Supported Payments K526, 228

Response by the Accounting Authority

The Accounting Authority submitted that payments amounting to K526, 228 were not fully supported. The Accounting Authority further submitted that Management regretted that during the same audit period the Council had auditors from Ministry of Finance and National Planning; Ministry of Local Government and Rural Development; Auditors from the Zambia Public Procurement Authority; and finally from the Auditor General all looking at the same documents. This led to misfiling of some documents which were unbundled during audit process. Prior to the auditing period, the Council experienced heavy rain down pour on one particular day which blew part of the roof where payment vouchers and other documents were being kept. Consequently, some documents were hastily bundled to salvage them from being completely soaked and in the process, there were a mix-up of documents. All payments had been fully arranged and properly supported. Management had assigned two officers to be responsible for safety of payment vouchers including all its attachments on a daily basis. Management had since repaired part of the blown-off roof and sealed off all the leakages.

Committee's Observation and Recommendation

The Committee notes the submission but is concerned about the state of the Council building and urges the Accounting Authority to ensure that the remaining part of the roof is repaired. The Committee also urges the Accounting Authority to stress to officers responsible the importance of safe keeping of important documents. The Committee will await a progress report on the matter.

ii. Unretired Accountable Imprest - K78, 840

Response by the Accounting Authority

The Accounting Authority submitted that the query arose due to the unretired imprest amounting to K78,840. The Accounting Authority further submitted that Management regretted that at the time of audit supporting documents were not attached to the payment vouchers but were kept in the separate folder. However, all the imprest obtained for various Council goods and services had since been accounted for and retired with all supporting documents available for verification. Management as a remedial measure had since assigned an officer who was responsible for the safety of payment vouchers including all supporting documents on a daily basis.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that officers who failed to follow clear regulations are disciplined, only then will the matter be closed.

iii. Irregular Use of Imprest

Response by the Accounting Authority

The Accounting Authority submitted that amounts totaling K46,475 issued to three (3) officers were used to procure goods and services whose values were obtained on the market. The Accounting Authority further submitted that Management regretted the procurement of goods and services using imprest. This arose because Congolese trading in Chitenge materials at Kasumbalesa boarder could not accept cheque payments. As a remedial measure Management had since discontinued the practice.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that the Council refrained from using imprest to procure goods and services whose value were obtainable on the market as this is a direct defiance to Financial Regulation No. 86 (c). The Committee urges the Accounting Authority to ensure that officers who failed to follow these laid down regulations are disciplined only then will the matter be closed.

iii. Irregular Payments – Accommodation Bills

Response by the Accounting Authority

The Accounting Authority submitted that the newly transferred officers to the Council were offered temporal accommodation and the Council paid K63,336 for their accommodation bills. The Accounting Authority further submitted that Management had since commenced the process of recoveries to all those staff that were accommodated by the Council during the period under review. Management as a remedial measure instead paid newly transferred officers either salary advances or part of their settling-in-allowance to help officers settle.

Committee's Observation and Recommendation

The Committee notes the submission and the Accounting Authority is urged to ensure that recoveries are made and to that all newly transferred officers are paid either salary advance or part of their settling in allowance to facilitate for their settling. The Committee resolves to await a progress report on the matter.

v. Irregular Payment of Subscription Fees to Professional Bodies K8,200

Response by the Accounting Authority

The Accounting Authority submitted that the query arose due to the paying subscription fees amounting to K8,200 to five (5) officers' professional bodies contrary to circular LG/101/22/126. The Accounting Authority further submitted that Management had since

commenced recoveries for the payment of subscription fees to five (5) officers' professional bodies. Management as a remedial measure had since discontinued paying subscription fees for individual employees to their respective professional bodies immediately it learnt about the cited circular.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that paying of subscription fees was indeed discontinued and that the recoveries are made. The Committee resolves to await a progress report on the matter.

vi. Irregular Payment of Lunch Allowance K3,600

Response by the Accounting Authority

The Accounting Authority submitted that the query arose due to the payment of meal allowances amounting to K3,600 within the district. The Accounting Authority submitted that Management regretted that the narration of this activity was wrongly written on the payment voucher as meal allowance when it was meant for refreshments for their Revenue Collectors operating in distant places to be particular Mokambo boarder post where they could not manage to break off for lunch to their homes and leave the checkpoint unmanned. Management paid for refreshments to its officers carrying out duties in areas where they could not break for lunch at their homes due to distance.

Committee's Observation and Recommendation

The Committee notes the submission but urges the Accounting Authority to ensure that officers attach seriousness when raising such important payments and ensure that officers who were negligent are disciplined only then will the matter be closed.

vi. Irregular Procurement of Diaries and Calendars

Response by the Accounting Authority

The Accounting Authority submitted that the query arose due to the procurement of office calendars and diaries worth K46,950 against cabinet circular referenced CO 101/6/4 dated 10th December 2015. The Accounting Authority submitted that Management had discontinued procuring office calendars and diaries for Council offices along with its officers. Further, the Accounting Authority submitted that Management regretted that the circular abolishing procuring of office calendars was brought to the attention after the calendars were already procured. Management as a remedial measure had since discontinued the procurement of office calendars and diaries the moment it learnt about the circular abolishing the practice.

Committee's Observation and Recommendation

The Committee resolved to close the matter subject to audit verification.

viii. Printing of Receipt Books from Private Institutions

Response by the Accounting Authority

The Accounting Authority submitted that the query arose due to the printing of accountable documents from private printers against Circular No.11 of 2020 dated 10th July 2020. The Council discontinued using private printers to print its documents immediately it learnt about the circular abolishing the practice.

Committee's Observation and Recommendation

The Committee resolved to close the matter subject to audit verification.

f. Management of Liabilities

i. Failure to Remit Statutory Obligations K57,334,828

Response by the Accounting Authority

The Accounting Authority submitted that there was failure to remit statutory contributions amounting to K57,334,828 since 2017. The Council would like to inform the Committee that they had since paid amounts totalling K12,127,059.54 towards current principal amounts since 2017 as indicated on the table below.

(a)	NAPSA	K5,871,951.91
(b)	LASF	K5,755,107.63
(c)	<u>ZRA</u>	<u>K 250,000.00</u>
	<u>TOTAL</u>	<u>K12,127,059.54</u>

Payment documents were available for audit verification. The Council would ensure current contributions were paid timely to avoid penalties.

Committee's Observations and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid timely to avoid penalties. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report on the matter.

ii. Failure to Settle Staff Obligations K11,848,096

Response by the Accounting Authority

The Accounting Authority submitted that there was failure to settle outstanding staff obligations amounting to K11,848,096 since 2017. The Accounting Authority informed the Committee that Management had since paid amounts totalling K1,285,408.23 since 2017 as indicated in the table below.

(a)	2017.....	K	60,000.00
(b)	2018.....	K	158,500.00
(c)	2019.....	K	408,500.00
(d)	2020.....	K	212,000.00
(e)	2021.....	K	446,408.23
TOTAL		K	1,285,408.23

Management submitted as a remedial action that they had opened a “Retirees Bank Account” with ZANACO Bank where 10 percent of the daily locally generated revenue was deposited to specifically service staff obligations.

Committee’s Observation and Recommendation

The Committee notes the submission and encourages the Accounting Authority to ensure that revenues strategies are enhanced to enable the Council meet its day to day obligations including staff related obligations. The Committee resolves to wait a progress report on the matter.

Mufumbwe Town Council

Paragraph 57

57.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income K11,902,696

Response by the Accounting Authority

Local Taxes/Rates

The Accounting Authority submitted that the negative variance of K5,770 was as a result of delayed remittance of personal levy for civil servants from Central Government. The Council was in the process of updating its Valuation Roll and had since recommended a named Valuation Surveyor to be appointed by Minister of Local Government and Rural Development as stipulated under *Rating Act No. 21 of 2018*. The Council was still waiting for the feedback . Documents were available for audit verification.

Fees and Charges

The Accounting Authority submitted that the failure to collect 100 percent, as budgeted, was caused by the fact that the Council did not receive overwhelming response to the sale of plots and only a few were paid for. The Council planed to re-advertise the remaining plots in the District in the newspapers and electronic media to create awareness and boost demand.

Licences

The Accounting Authority submitted that the failure to collect 100 percent as budgeted was caused by the Council receiving the necessary response to the sale of liquor

and firearm licences due to the low economic outturn exacerbated by the COVID - 19 pandemic. The Council had embarked on a sensitisation drive of stakeholders such as the business community, Ward Development Committees, the church and other relevant stakeholders on the importance of paying levies to the Council and how eventually it benefitted the entire community when these obligations were met.

Levies

The Accounting Authority submitted that the Council had a positive performance on levies because of the intensified efforts through the use of Revenue Task Forces. The Council would endeavour to maintain the positive performance of levies in the next budget year, with the continued use of Revenue Task Forces.

Permits

The Accounting Authority submitted that the Council recorded a negative variance under permits and licences as most of the traders refused to pay for health and fire certificates during the period under review. The Council had embarked on a sensitisation drive of stakeholders such as the business community, Ward Development Committees, the church and other relevant stakeholders on the importance of paying levies to the Council..

Commercial Ventures

The Accounting Authority submitted that the commercial venture did not perform well due to the outbreak of the COVID - 19 pandemic which resulted in the closure of most of the business ventures such as restaurants in order to prevent the rapid spread of the disease. The Council had increased the room capacity at the Council lodge by constructing fifteen more executive rooms and a conference hall in order to broaden the revenue base. The Council had made a provision in the 2022 budget to construct a mini shopping complex, which would consist of a bank, shops and a fitment centre to add on to the business portfolio under the Council's ventures. The Council planned to embark on a robust revenue collection drive by introducing necessary systems and internal controls aimed at sealing income leakages. The engagement of various stakeholders on the importance of payment of levies would take centre stage to ensure that people appreciated their responsibility of paying the necessary fees to the Local Authority. The Council had identified tourism as a long-term investment, in view of the natural resources the District was endowed with. It was for the reason that the Council would devise a strategy aimed at promoting investment in the District by running documentaries to attract investment to the District.

Committee's Observation and Recommendations

The Committee notes, with concern, the huge negative variance on most of the revenues sources available for this Council and urges the Accounting Authority to ensure that turnaround strategies are implemented as a matter of urgency. The Committee directs the Accounting Authority to ensure that action on the matter is expedited and that subsequent targets on budgets are well set to avoid recurrence. The Committee urges the Auditor General's Office to keep the matter in view during future audits.

b) Failure To Update Valuation Roll

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that the failure to update the Valuation Roll was due to the fact that the Council did not have enough resources to undertake the exercise. The Council recognised section 9 (4) of the *Rating Act No. 21 of 2018*. It was for this reason that the Council wrote to the Minister of Local Government and Rural Development, to seek permission for the extension of the expired Valuation Roll, so as to prepare adequately for updating it. The Council had since recommended a named Valuation Surveyor to be appointed as stipulated under the *Rating Act, No. 21 of 2018* and was still waiting for the feedback from the Minister of Local Government and Rural Development. Documents were available for audit verification. The updating of the new Valuation Roll would enable the Council to collect adequate resources, as most of the new properties that had merged for the period after the valuation expired had not been captured on the main roll and there was an urgent need to have a new Valuation Roll in place.

Committee's Observation and Recommendations

The Committee expresses concern at the failure by Management to update their Valuation Roll which is a very serious omission. It is disheartening to note that the Accounting Authority and his Management team had to wait until auditors reminded them to update such a key document. The Accounting Authority is sternly cautioned and urged to ensure that the Valuation Roll is updated without further delay. The Committee resolves to await a progress report on the matter.

c) Failure to Insure Assets

Response by the Accounting Authority

The Accounting Authority submitted that the Council was unable to avail the insurance documents at the time of the audit, as they were misplaced. The Council reported that moveable assets and buildings were insured and the Council was making payments towards the same. The statement of account for the insured assets and the policy numbers was available for audit verification. The Council would ensure that important documents such as insurance documents were readily available in subsequent audits.

Committee's Observation and Recommendations

The Committee notes, with concern, the failure by the Accounting Authority to avail insurance covers to auditors during the period of audit. The Accounting Authority is directed take disciplinary action against the officer responsible for the misplacement of the insurance documents. The Committee directs that the Accounting Authority avails the documents to the auditors for verification. Only then will the matter be closed.

d) Delayed Implementation of Constituency Development Funds Projects

Response by the Accounting Authority

The Council reported that the delayed implementation CDF projects was due to delayed receipts of the funds, which were received in the last quarter of the year ended December, 2020. The Council reported that all the approved CDF projects had been implemented, as shown by the table below.

S/N	Name of Project	Approved Amount	Procurement Method	Completion Status	Status Narrative
1.	Construction of a 2 in 1 staff house at Kabanga Rural Health Post in Miluji Ward	K 200,000	Full Contract	100%	Project completed
2.	Construction of a 1x3 classroom block at Kamizekezeke Secondary school in Kaminzekenzeke Ward	K 155,000	Full Contract	100%	Project completed
3.	Construction of maternity annex at Munyambala Rural Health Centre in Munyambala	K 120,000.	Full Contract	100%	Project completed
4.	Construction of a 1x2 CRB at Shungulu Primary School in Mushima Ward	K 150,000	Full Contract	0%	Contract terminated after contract or failed to perform. Upon revaluation of the project it was resolved that more funds be
5.	Completion of a 1x3 CRB at Kazwami Community School in Chizela Ward	K 100,000	Labour based	100%	Still at superstructure stage but the iron sheets were procured after which the budget was exhausted. It had since been allocated more funds from CDF 2021 awaiting the minister's approval
8.	Completion of a 1x3 classroom block at Kakilufya Primary School in Kalambo Ward	K72,000	Labour based	90%	Final touches currently being applied

9.	Completion of a 3 in 1 staff house at Kashima East Rural Health Centre in Kashima East Ward	K 40,000	Labour based	100%	Project completed
11	Rehabilitation and repair of the M8 Lumwe feeder road (culvert installation at three points) in Kashima West Ward	K 120,000	Labour based	100%	Project completed

The Accounting Authority pledged that the Council would ensure that CDF projects were implemented immediately funds were received by the Council.

Committee's Observation and Recommendations

The Committee observes that officers tasked with the responsibility did not carry out due diligence on the contractor for Shungulu Primary School project in Mushima Ward before engaging him. While it is appreciated that almost all projects are completed, the Committee strongly urges the Accounting Authority to expedite the process of engaging a new contractor at Shungulu Primary School project and also completing the remaining works on other projects. The Committee resolves to await a progress report on the matter.

e) Management of Liabilities

i. Failure to Remit Statutory Obligations K2,153,470

Response by the Accounting Authority

The Accounting Authority reported that the Council did not have sufficient funds to liquidate both the historical and current obligations as they fell due. This resulted in the accumulated penalties and interest on the debt. The Accounting Authority reported that the Council was paying off the outstanding staff obligations and had since paid a total of K133,432.75 to the various creditors as tabulated below. Documents were available for audit verification.

NO.	INSTITUTION	BALANCE B/F (K)	PAYMENTS TO DATE	BALANCES
1.	ZRA	508,649		508,649
2.	NAPSA	1,135,083	100,736	1,034,347
3.	LASF	198,120	21,002.67	377,117.33
4.	NHIMA	24,590	11,694.08	24,590
5.	Madison GRZ	87,027		87,027
	Total	2,153,470	133,432.75	2,020,037.25

The Council reported that it was renewing its repayment plans with the various statutory bodies to avoid further accumulation of penalties and interest.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Council is also encouraged to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report on the matter.

ii. Failure to Settle Obligations K2,173,040

Response by the Accounting Authority

The Accounting Authority reported that it did not have sufficient funds to liquidate both the historical and current staff obligations as they fell due. This resulted in accumulation of the debt. The Council reported that it was paying off the outstanding staff obligations and had since paid a total of K179,988.88 to the various creditors, as tabulated below: Documents were available for audit verification.

NO.	TYPE OF DEBT	BALANCE B/F (K)	PAYMENTS MADE TO DATE	BALANCES
1.	Settling in allowances	381,950	25,700	356,250
2.	Salary arrears	1,320,954	59,970.04	1,260,983.96
3.	Councillors allowances	88,000	7,500	80,500
4.	Terminal benefits	190,264	17,500	121,554.16
5.	Commutation of leave days	191,873	69,318.84	122,554.16
	Total	2,173,040	179,988.88	1,993,051.12

The Council had further budgeted for a total of K611,500 for the year 2022, to ensure that employee related debt did not surge further.

Committee's Observations and Recommendations

The Committee directs the Accounting Authority to ensure that all available options are explored to enhance its revenue base and reduce or otherwise finish paying this debt as a matter of urgency. The Committee will await a progress report on the matter.

Mumbwa Town Council

Paragraph 58

58.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income K8,055,961

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and reported that the adverse variances reported were due to the reasons mentioned below.

Local Taxes

The under collection on Local Taxes was caused by over budgeting in view of anticipated economic activities but which were negatively affected by the COVID - 19 pandemic during the period under review. Rate payers were unable to fulfil their obligations due to the low economic outturn. Management had issued warrants of distress and bailiffs had been engaged to assist with collections of outstanding rates. Documentation was available for verification.

Fees and Charges

The under collection of fees and charges was due to over budgeting as the Council anticipated revenues from the sale of plots, which did not materialise due the disruptive effects of the COVID - 19 pandemic. Management was in the process of acquiring land and had planned to survey the land in readiness for issuing of plots to the public. Management had since engaged headmen under His Royal Highness Chief Mumba's Chiefdom for the acquisition of 3000 hectares of land. Documentation was available for verification.

Commercial Venture

The under collection under commercial ventures was caused by the rapid decline in business activities due to the COVID - 19 pandemic. Demand for rest house service declined and the restaurant was closed most of the year to meet COVID - 19 measures imposed by the Government. Furthermore, non-governmental organisations, who were the major clients, pulled out of the District due to reasons explained above. Management had since enhanced the operations of the Council Guest House and Restaurant by offering take away services and deliveries to clients to cope with the COVID - 19 guidelines. Documentation was available for verification.

National Support

The deficit on National Support was as a result of deduction at source of Audit Fees and Union Contributions at the Ministry during the period under review. Management had since factored the impact of the pandemic in the preparation of subsequent budgets. The revenue database had been updated to capture new and closed business. The budget was also reviewed quarterly to ensure targets were met.

Committee's Observation and Recommendation

The Committee notes the response and strongly urges the Accounting Authority to devise workable measures that increase revenue collection on all revenue sources. The Committee awaits a progress report on the matter.

b) Failure to Collect Revenue K543,641

Response by the Accounting Authority

The Accounting Authority submitted that Management was unable to collect the outstanding receivables as at 31st December, 2020, due to economic challenges which were generally faced by the clients under the COVID - 19 pandemic.

Billboards – K20,236.60

The Accounting Authority submitted that Management understood the challenges most clients were facing during the pandemic and had so far issued demand notices to the clients with outstanding amounts. Furthermore, Management would commence uprooting of billboards that were not paid for within 7 days and had since issued a public notice. Documentation was available for verification.

Rates – K474,159

The Accounting Authority submitted that Bailiffs had been engaged in an effort to collect the outstanding amounts. Furthermore, it was discovered that some properties billed a sum of K 217,374 were under Kasempa District, while others were under traditional land and were consequently written off. Documentation was available for verification.

Cattle Levy – K41,145

The Accounting Authority submitted that the outstanding amount was an invoice issued to Henry Court Yard, which did not meet the veterinary working condition and as such was closed within a month. Management had since resolved to treat this as a bad debt since the company was not operational anymore. Documentation was available for verification. Management had ensured that demand notices were distributed on time. Management would also ensure that cattle levy invoices were distributed every two weeks; and receivables reviewed quarterly to avoid an accumulation.

Committee’s Observation and Recommendation

The Committee observes, with concern, the failure by Management to collect their much needed revenue. The Committee strongly urges the Accounting Authority to devise workable measures that will increase revenue efforts to counter this effect. The Committee awaits a progress report on the matter.

c) Management of Staff and Other Related Matters

i) Failure to Fill Vacant Positions

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor’s observation and stated that the failure to fill up the vacant positions was as a result of the Local Government Service Commission

not sending officers, despite the submission of staff returns, as well as the approved staff establishment. The Council was awaiting the Commission's response. Follow-ups were made from time to time. Management would in the future endeavour to notify the Local Government Service Commission as soon as positions fell vacant and make enquiries from time to time concerning the progress in filling up the said vacant positions.

Committee's Observation and Recommendation

The Committee notes the response and strongly urges the Local Government Service Commission to respond promptly to all staff related requests to avoid a mismatch of staffing levels against the establishment for optimum performance of the Local Authority. The Committee awaits a progress report on the matter.

ii. Over employment of Staff

Response by the Accounting Authority

The Accounting Authority acknowledged the over employment of staff and provided the following reasons

- i. the Council had six Sub Inspectors in September 2020 who were all later transferred to various Councils. When the employers (Local Government Service Commission) were making replacements of the transferred staff, they upgraded them to Division IV and later replaced them with six Sub Inspectors resulting in an excess in the number for the same position, a situation the Council had no control over.
- ii. The position of Market Master was arrived at when the Commission and Council realised the need for one because of the number of markets that were in Mumbwa District. It was observed that they did not have market supervisors, hence the promotion of the officeholder to help control and manage the markets.
- iii. One Sub Inspector had been attached to the Public Health Section and the Council was in the process of recommending him to the Local Government Service Commission for possible re-grading.
- iv. The other Sub Inspector was in the process of being recommended to the Local Government Service Commission for dismissal for desertion. Minutes of the Finance, Human Resource, and General Purposes Committee and Council Meeting were available for audit verification to rectify the above anomaly. The Council would, meanwhile, seek Treasury Authority to support the position of Market Master. Documents were available for verification.

The Council would in future endeavour to liaise with the Local Government Service Commission to ensure that officers were only appointed to approved establishments.

Committee's Observation and Recommendation

As in i) above, the Committee notes the response and strongly urges the Local Government Service Commission to respond promptly to all staff related requests to avoid a mismatch of staffing levels against the establishment for optimum performance of the Local Authorities. The Committee awaits a progress report on the matter.

iii. Employment of Casual Workers

Response by the Accounting Authority

The Accounting Authority reported that the Council sought authority from the Ministry of Local Government and Rural Development to employ on permanent and pensionable conditions the positions of Chef, Vegetation Controller and Bar Lady. In response, the Ministry gave authorisation for the Council to employ on other positions and not the requested positions. Since the rest house could not operate without the requested positions, they were engaged on contract basis with the hope of receiving another positive response from the Ministry. Correspondence from the Ministry of Local Government and Rural Development was available for audit verification. Management sat on Thursday, 20th January, 2022 to consider and approve a recommendation to employ on permanent and pensionable conditions, employees who were serving on contract basis. This was budgeted for in the 2022 Council budget which was yet to be approved by the Minister of Local Government and Rural Development. In the meantime, the Council was making remittances of the workers' contributions to NAPSA. Management would in future ensure that casual workers were not engaged for jobs that were of a permanent nature.

Committee's Observation and Recommendation

The Committee notes the response and strongly urges the Accounting Authority to desist from disregarding section 7 (1) of the *Employment Code Act, No. 3 of 2019*. The Committee also urges Management to ensure that the matter is resolved without further delay. The Committee awaits a progress report on the matter.

d) Management of Constituency Development Fund

i. Failure to Implement Approved Projects

Response by the Accounting Authority

The Accounting Authority acknowledged that the four mentioned projects had not yet been completed due to the fact that Management only received approval to commence the implementation of 2020 CDF projects on 6th October 2020.

Nalusanga Grading of Kapepe Road – Mumbwa

Management had since completed the grading of the road.

Mpusu Completion of 1*3 Classroom Block at Mununga – Mumbwa

The Accounting Authority submitted that Management had commenced the construction of the classroom block using the 2020 CDF funding and the project had so far been completed, according to the scope of works defined by the allocation, which was to construct the superstructure up to wall plate level. However, works among others, roofing, plastering, flooring, glazing and painting were still outstanding. As a result, additional funding of approximately K200,000 was required to bring the building to 100 percent completion. Management had sourced more funding amounting to K100,000 from the 2021 CDF allocation to carry out the next stage of the construction, which was, among other works, the roofing of the structure.

- **Grading of Nangoma Chiwena Road – Nangoma**

Management had since completed the grading of the road.

- **Completion of Traditional Court House – Nangoma**

The completion of a traditional court house at Chief Shakumbila Palace had commenced and the project had been completed according to the scope of works defined by the 2020 CDF allocation, which was to carry out roofing, beam filling, fitting of window and doorframes. However, works including plastering, flooring and painting were still outstanding. As a result, additional funding of approximately K40,000 was required to bring the building to 100 percent completion. Management had made an application for more funding to complete the structure in the 2022 CDF funding. Documentation was available for verification. Management would ensure timely submission of project proposals for approval in an effort to expedite the approval process.

Committee’s Observations and Recommendations

The Committee does not accept the reason advanced as it is evident that the Council is not serious with implementation since funds were released early enough. The Accounting Authority is sternly cautioned to desist from misleading the Committee and urged to caution erring officers. The Committee also directs the Accounting Authority to ensure that evidence on the completion of these projects is availed to Auditors for verification. Only then will the matter be closed.

ii. Failure to Deliver Building Materials

Response by the Accounting Authority

The Accounting Authority acknowledged the failure to deliver building materials to the fact that the materials were purchased close to the commencement of the rainy season in Mumbwa District. The rainy season hindered the transportation of building materials for building projects which were far from Mumbwa town due to the bad state of the roads to the project sites. Heavy rains which led to flooding in Mumbwa District also made it impossible to carry out grading works. The construction of a 1x3 classroom block at Munungu Primary School had reached an advanced stage as all the purchased materials were delivered and construction commenced. The project had so far been

completed according to the scope of works defined by the allocation which was to construct the superstructure up to wall plate level. Documentation was available for verification. Management would ensure materials were only procured and paid for when delivery to site was possible.

Committee's Observations and Recommendations

In noting the submission, the Committee directs the Accounting Authority to ensure that evidence on completion of queried projects are availed to auditors for verification only then will the matter be closed.

Failure to Complete Court House

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observations and stated that the court house was incomplete due heavily damaged roads from the previous rainy season which made delivery of materials to the site impossible. The completion of a traditional court house at Chief Shakumbila Palace commenced and the project had been completed according to the scope of works defined by the 2020 CDF allocation, which was to carry out roofing, beam filling, fitting of windows and doorframes. Documentation was available for verification. Management would ensure materials were delivered to project sites before the commencement of the rain seasons.

Committee's Observations and Recommendations

In noting the submission, the Committee directs the Accounting Authority to ensure that evidence on completion of queried project is availed to auditors for verification. Only then will the matter be closed.

e) Management of Liabilities

i. Failure to Remit Statutory Obligations K10,458,748

Response by the Accounting Authority

The Accounting Authority submitted that the obligation could not be settled as and when they fell due because of inadequate resources at the time. Management had made payments amounting to K154,395.73 towards statutory obligations due to limited resources. Furthermore, Management had applied for a payment plan to ZRA, NAPSA and LASF and was currently waiting for feedback. Documentation was available for verification. Management would ensure that it did not accumulate any more debt while making payments towards liquidating the historical debt.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The

Accounting Authority is also encouraged to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K1,429,356

Response by the Accounting Authority

The Accounting Authority submitted that staff obligations could not be settled as and when they fell due because of lack of adequate resources at the time. The Council had made payments amounting to K 133,492.63 towards liquidating old and new staff debts due to limited resources. Documentation was available for verification. Management would ensure that it quickly liquidated the staff debts and did not accumulate any more debt.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all the outstanding liabilities relating to staff obligations are paid without any further delay and to ensure that all staff obligations are paid as and when they fall due to avoid arrears. The Committee urges the Secretary to the Treasury to consider bailing out the Councils to ease their burden. The Committee will await a progress report on the matter.

Mungwi Town Council

Paragraph 59

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Income and Budget-Negative Variance Of K916, 991

Response by the Accounting Authority

1. Locally Generated Revenue

i. Local Taxes

The Accounting Authority submitted that the Local Taxes involved rates collected from residential and industrial/commercial property owners in the District and from personal levy charged on citizens who worked in the District. Mungwi Town Council did not collect according to the budget due to lack of understanding by Mungwi residents. This was because it was the first time Mungwi residents were introduced to paying properties rates after the Valuation Roll was approved in 2019. The Accounting Authority conducted sensitisation through holding of stakeholders and also the continued door to door sensitisation when delivering demand notices to the property payers.

ii. Fees and Charges

The Accounting Authority acknowledged the Auditor's observation but stated that the some of the budget items under fees were charges which were over budgeted such as:

1. notice of marriages;
2. change of ownership; and
3. change of premises use.

This was due to misinformation gathered during the preparation of 2020 budget and also unwillingness for residents to pay. The Accounting Authority had formed task force which continued monitoring and sensitising the public to pay their dues.

iii. License

The Accounting Authority submitted that licenses were retail, wholesale, restaurant, liquor and petroleum that operated and owned items/animals subject to licensing such as firearms and dogs. The Accounting Authority stated that most business houses were closed due to the COVID - 19 pandemic during the period under review and also Mungwi residents' unwillingness to pay. The Accounting Authority had formed a task force for continuous conducting of sensitisation to business houses on the need to pay the license fees to Mungwi Town Council.

iv. Levies

The Accounting Authority submitted that the levies were collected from within the District such as agricultural products, charcoal and fish. The Accounting Authority stated that the under collection on levies was due to over budgeting in anticipation of thriving economic activity based on trends from the previous economic performance. The Accounting Authority stated that the 2021 performance was normalised taking into consideration the farming trends of Mungwi District.

v. Permits

The Accounting Authority submitted that this was revenue collected from health, herbalist, burial, extension of business hours and pre-school permits. The Accounting Authority did not collect according to the budget due to over budgeting items such as herbalist, burial permits and for extension of business hours this and the adverse effects of the COVID - 19 guideline on the limited number of opening and closing of business activities. The Accounting Authority had formed task force for continuous conducting of sensitisation to the general public.

vi. Commercial Ventures

The major source of revenue from commercial ventures was Ilamfya Guest House and the Council stated that it was under rehabilitation during the period under review. The Accounting Authority stated that the Guest House was 98% completed and expected to be operational by February 2022.

2. National Support

i. Local Government Equalisation Funds.

The Accounting Authority acknowledged the findings made by the Auditors and responded that the variance on LGEF was due to the deduction made at source in some month of April and July respectively for audit fees. Management would continue to engage the Ministry of Local Government and Rural Development on deductions made at source.

ii. Other Grants

The Accounting Authority acknowledged the findings made by the Auditors. He responded that the variance on other grants was due to budgeting in anticipation of the receipt of grants for the Chief's Retainer subsidies. However, the Ministry of Finance did not send the Grant to Council during the period under review. The Accounting Authority stated that the Management had since ceased budgeting for the Chief's Retainer subsidies and had closed the Account. The Accounting Authority reported that it would ensure that weekly inspections were being undertaken to ensure that all clients abide by their obligation.

Committee's Observations and Recommendations

The Committee observes that the Council's revenue collection strategies are not effective and that its follow up mechanisms were very weak to yield the required results. While it has been appreciated that a number of task forces had been put in place to enhance sensitisation to the general public on payment of the applicable charges, fees or rates, the Committee cautions the Accounting Authority to be proactive and not reactive to issues pertaining to the financial health of his institution. The Accounting Authority is directed to ensure that strategies are enhanced and implemented fully to sustain the Council and enable it meet its obligations. The Committee urges the Office of the Auditor General to keep the matter in view during future audits.

b) Failure to fill in Key Vacant Position

Response by the Accounting Authority

The Accounting Authority acknowledged the findings made by the Auditors, however, the vacancies in question were for the fire officers namely: Assistant Division Officer LGSS 10, Sub officer LGSS 12, Leading Fire Fighters LGSS 13, Two Fire Fighter Driver LGSS 14 which were not budgeted for and funded for the period under review due to the fact that the Council did not procure fire equipment. The Accounting Authority had entered into a Memorandum of Understanding with Kasama Municipal Council to undertake all fire services on behalf of Mungwi Town Council. Documents were available for verification. The Council would engage Ministry of Local Government Rural Development for the procurement of fire equipment at required huge funding.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Accounting Authority to impress upon the Controlling Officer responsible for Local Government and Rural Development to prioritise the provision of fire equipment in order to fully operationalise the fire station at Mungwi

Town Council. The Accounting Authority is also urged to ensure that quarterly staff returns are always availed to the Local Government Service Commission timely to enable the Commission respond to the requests promptly.

c) Failure to Collect Revenue K3,372,633

Response by the Accounting Authority

i. Rental K91,600

The Accounting Authority acknowledged the Auditor's observation and stated that the under collection from rented Council buildings was because tenants were unwilling to pay especially the Office of the District Commissioner and National Registration who were owing the Council huge amounts of K29,350 and K31,600 respectively. The Council had written to the District Commissioner's and National Registration Offices to request them to pay their dues while guidance was sought from Ministry of Local Government and Rural Development on how best the Council could collect the outstanding dues without any legal implication.

ii. Hire of Vehicle K7,500

The Accounting Authority submitted that these were revenues collected from hiring of Council vehicles. The vehicle was hired by former Member of Parliament for Malole Constituency amounting to K7,500 which had not been paid at the time of audit even after issuing out the demand notice. The Accounting Authority had written to the former Member of Parliament for Malole Constituency and was seeking legal opinion from the Council advocate in Kasama. Documentation was available for verification.

iii. Crop Levy K353,357.10

The Accounting Authority submitted that the outstanding revenue from Food Reserve Agency amounting to K353,357.10 was due to the Council before Food Reserve Agency was expected to pay crop levy but they were unwilling to pay even after issuing several reminders. Management had written to the from Food Reserve Agency and the Council was in consultation with Ministry of Local Government and Rural Development on how best the Council could collect the outstanding dues. Documents were available for verification.

iv. Property Rates

The Accounting Authority submitted that these included revenue from the residential and commercial properties. The Valuation Roll for the Council was approved in the year 2019. This was the first time resident of Mungwi were asked to be paying property rates and they were unwilling to pay because of lack of understanding.

Service Charges

The Accounting Authority submitted that service charge was revenue collected from the issuing out of plots to the general public. Failure to collect revenue such as service charge was because the land in question was encroached by some squatters who refused to vacate the land. The Management engaged the headmen and had continued to hold sensitisation meetings with settlers. The Accounting Authority would ensure that there was continuous

engagement of all Council debtors and sought legal action as a possible way of collecting outstanding debt.

Committee's Observations and Recommendations

The Committee bemoans the lack of aggressiveness by the Council Management in collection of revenue and the lack of a working strategy with which to improve the collections. It is the Committee's view that the review of the Council's strategies has not been prioritised and hence the state of affairs. The Committee directs the Accounting Authority to ensure that strategies are reviewed expeditiously and that officers are cautioned to be proactive towards collection of revenue in order to enhance the Council's potential. The Committee resolves to await a progress report on the matter until all outstanding revenue is collected.

d) Unaccounted for Stores K32,144

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and stated that all necessary documents were mistakenly misfiled. The Accounting Authority stated that the supporting documents had been attached and ready for verification. The Accounting Authority would ensure that all the necessary documents were filled accordingly.

Committee's Observations and Recommendations

The Committee finds it unacceptable that documents which were not availed during the audit period mushroomed after and that officers did it with impunity. The Committee is of the view that this action amounts to extending audits and causing wasteful expenditure as Auditors may be required to revisit the Council to verify the documents. The Committee directs the Accounting Authority to take stern disciplinary action against erring officers for this failure to serve as a deterrent. The Committee resolves to await a progress report on the matter.

e) Misapplication of Local Government Equalisation Fund

Response by the Accounting Authority

The Accounting Authority reported that the misapplication was due to liquidity constraints during the period under review. He added that a repayment schedule had been put in place to ensure that the borrowed funds were paid. The Accounting Authority would ensure that the entire payment plan was adhered to.

Committee's Observations and Recommendations

The Committee is very disappointed with the Accounting Authority's rampant disregard of the *Local Government Act, No.2 of 2019* and the failure by Management to use the twenty percent capital component for capital expenditure. The Committee sternly cautions the Accounting Authority to desist from diverting funds meant for capital expenditure and he is directed to reimburse the funds without further delay. The Committee resolves to await a progress report on the matter.

f) The Management of Constituency Development Fund

i. Failure to Implement Approved Projects

Response by the Accounting Authority

No.	Project Name	Contract Sum/ Allocated Funds	Reason	Action taken
1	Construction of Katongo Chibwe Bridge	80,000	The Project could not commence as the crossing point in question was along a road infrastructure project under the periodic maintenance of selected feeder roads in Mungwi District of Northern Province – 60km of Katongo Chibwe to Mabula Road funded by the Ministry of Local Government and Rural Development through the National Road Fund Agency.	The Accounting Authority had since written to the Ministry of Local Government and Rural Development requesting for authority to channel the funds allocated to the completion of the mortuary at Mungwi Baptist Clinic to avoid double expenditure of Government resources.
2	Construction of Muchaka Bridge	80,000	The Accounting Authority acknowledged the auditors finding but stated that the project delayed due to none availability of 80 tonnes of crushed stones of upfront material to be provided by the community.	The Accounting Authority had re-scoped to accommodate the procurement of the said crushed stones in order to avoid further delay. An initial assessment of the said crossing point was made and a material schedule for the works to be executed on site had since been developed and its was at procurement stage
3	Construction of a Health post at Ngoli Rural Health post Was later changed to Construction of a Maternity Annex at Nseluka Rural Health Centre	200,000	The Accounting Authority acknowledged the auditors finding but stated that the project delayed due to a proposed Mini Hospital that was earmarked for construction at Ngoli Rural Health Post Under the Ministry of Health.	The Accounting Authority sought an approval and a No Objection from the Ministry of Local Government and Rural Development was granted and project site from Ngoli Rural Health Post to Nseluka Rural Health Centre and it was at 65% completion
4	Construction of a placenta pit at Ngulula Health Post.	28,285	The Accounting Authority acknowledged the auditors finding but, however, stated that the project delayed due to none availability of 10,000 burnt bricks	The Accounting Authority had re-scoped to accommodate the procurement of the said burnt bricks in order to avoid

			upfront material to be provided by the community.	further delay. The project was at procurement stage.
5	Construction of a 1x2 classroom block at Kalembo Community school	219,840	The Accounting Authority acknowledged the auditors finding but, however, stated that the Project delayed to commence due to none availability of upfront material to be provided by the community.	The project was on course and it was at 65% completion
6	Completion of a Health Post at Muyala Rural Health Post.	150,450.25	The Accounting Authority acknowledged the auditors finding but, however, stated that the project delayed to commence due none availability of 40 tonnes of crushed and 60 tonnes of river sand upfront material to be provided by the community	Management was in the process of re-scoping and phasing the projects in order to accommodate the procurement of the said upfront materials to avoid further delay.
7	Construction and Installation of a water Reticulation Project a Chef Makasa's Palace.	110,000	The Accounting Authority acknowledged the auditors finding but, however, stated that following the death of his Royal Highness, Senior Chef Makasa of the Bemba People in April of 2021, the former palace of the late Chef had since been donated to Roman Catholic Church to be used as a dwelling for their priesthood. The site for the new palace of the incoming Senior Chef Makasa was yet to be identified. Mungwi Town Council had written to the Ministry of Local Government and Rural Development requesting for authority change the project name and reallocate the funds to construction and installation of a water reticulation system at Makasa Primary school, Makasa Rural Health Post and selected points within the surrounding community to avoid delayed expenditure of resources.	Mungwi Town had since written to the Ministry of Local Government and Rural Development requesting for authority to reallocate funds for this project to the construction and installation of a water reticulation system at Makasa Primary school, Makasa Rural Health Post and selected points within the surrounding community.
8	Construction of a Water Reticulation system at Ndomi Village	80,000	The Accounting Authority acknowledged the auditors finding and stated that the Project was ongoing and well on course, all civil and plumbing works had been completed in accordance with the project design	The council now awaits authority from TAZARA Regional office to tap water for the project from its main pipeline
9	Construction of Mibe Bridge	100,000	The Accounting Authority acknowledged the auditors finding but, however, stated that the project delayed because after a detailed assessment of this	Mungwi Town Council had since written to the Ministry of Local Government and Rural Development requesting for authority to

			crossing point was made the findings on the ground required huge amounts and funds allocated to this particular project were not sufficient to execute any meaningful works to make this crossing point passable.	reallocate funds for this project to another within the same ward which could be completed within the allocated funds.
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Going forward, Management would ensure that projects were implemented on time without any delay.

Committee’s Observations and Recommendations

The Committee expresses concern at the failure by the Accounting Authority to complete projects that were funded two years ago. It is surprising that efforts to vary projects are only observed after audit. The Committee directs the Accounting Authority to expedite the process of resolving the matters relating to re-allocation of funds to other projects and also that the projects with outstanding works are expeditiously completed. The Committee resolves to await a progress report on the matter.

ii. The Management of Capital Projects

Response by the Accounting Authority

No.	Project	Amount Allocated (K)	Amount Spent (K)	Scope of works		
1	Construction of Makasa Market	90, 242	98, 580	<ul style="list-style-type: none"> • Flooring • Building of concrete stands • Fixing of door frames • Fixing of door • Installation of mortise locks • Painting 	A physical inspection of the project carried out in September 2021 revealed that the project had not been completed in that the following works were outstanding; plastering of inside of the concrete stands, fixing of door frames, fixing of doors and painting	The Accounting Authority had worked on the projects and awaited commissioning
3.	Construction of ring culverts at Mutale Namutimba Bridge	112, 084.50	83, 940.70	<ul style="list-style-type: none"> • Excavation of trenches to lay culverts • Joints to connect the concrete culverts • Installation of 8 culverts • Backfilling 	A physical inspection of the project carried out in September 2021 revealed that the project had been completed. However, it was observed that the surface of the concrete had developed a crack.	The Accounting Authority acknowledged the Auditors finding however stated that the surface of the concrete that was adjudged to be a crack was actually a connection between the old culvert and the newly constructed culverts.

The Accounting Authority would ensure that projects were implemented on time without any delay.

Committee's Observations and Recommendations

The Committee notes with concern the failure by the Accounting Authority to supervise the works as evidenced by the shoddy works on the two projects. The Committee is disappointed that the Council Management did not take advantage of the defects liability period to recall the contractors to work on the defects that were later observed. The Committee directs the Accounting Authority to ensure that the erring officers who certified works are sternly cautioned and further that all defects are worked on without further delay. The Committee resolves to await a progress report on the matter.

g) The Management of Liabilities

i. Failure to Remit Statutory Obligations K6,858,844

Response by the Accounting Authority

S/N		BALANCE AS AT 31.12.2020	PAYMENT MADE	BALANCE AS AT 31.01.2022	
1	ZRA	2,155,968.59	120,000	2,035,968.59	The Council had put up a payment plan
2	LASF	221,821.96	246,714.66	(24,892.70)	The outstanding amount, including the interest, had been paid through national support
3	NAPSA	4,400,243.06	469,898.72	3,930,344.34	The Accounting Authority submitted that the Council had been paying the current returns and had put up a payment plan for the historical debt
4	Workers Compensation	78,737.59		78,737.59	The Council had put up a payment plan to liquidate the historical debt
5	ZULAWU	2,073.15	2,073.15	-	The Council had paid the outstanding balance for the year 2020

The Accounting Authority would ensure that the payment plan to liquidate the historical statutory debt was implemented.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff and Obligations K1,957,796

Response by the Accounting Authority

S/N		BALANCE AS AT 31.12.2020		BALANCE AS AT 31.01.2022	
	Details	Amount Owing	Amount Paid to date	Balance	
1	Long Service Bonus	134,204.44	2,000	132,204.44	The Council had put up a payment plan
2	Leave & Travel benefits	57,130	37,358.33	19,771.67	The Council had put up a payment plan
3	Salaries/Wages/Allowances	253,369.26	54,544.11	198,825.15	The Council had put up a payment plan
4	Settling Allowance	53,763.68	24,412.51	29,351.17	The Council had put up a payment plan
5	Terminal Benefits	1,459,329.10	54,000	1,405,329.10	The Council had put up a payment plan
	Total	1,957,796.04	172,315	1,810,652.13	

The Accounting Authority would ensure that the payment plan to liquidate the historical statutory debt was implemented.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

Mwense Town Council

Paragraph 60

a) Budget and Income - K585,172

Response by the Accounting Authority

The Accounting Authority submitted the reasons and action taken as stipulated in the table below.

No.	Sources of Funds	Budget K	Income K	Variance K	Remark K
	Locally Generated				
1	Local Taxes	1,744,239	1,333,419	(410,820)	The Council consulted the revenue task force for revenue monitoring. The Council issued demand notices to all rate payers
2	Fees & Charges	1,512,765	1,001,699	(511,066)	The Council decided not to include the same plots in the future budgets until when land issues were finalised
6	Commercial Venture	1,116,100	993,160	(122,940)	The Council had strengthened the take away form of business during intense COVID times.
	National Support				
8	Local Government Equalisation Fund	8,734,932	8,646,057	(88,875)	

Going forward, the Accounting Authority pledged that he had ensured that:

- i) revenue database was updated regularly;
- ii) land database and other database updated regularly;
- iii) bulk SMS was used to send notification to our clients;
- iv) prepare the budget which was more realistic; and
- v) the Council also planned to automate the revenue systems in order to improve efficiency and effectiveness in revenue collections.

Committee's Observation and Recommendations

The Committee notes, with concern, the huge negative variance on most of the revenue sources available for this Council and urges the Accounting Authority to ensure that turn-around strategies are implemented as a matter of urgency and that there is constant review of the strategies to detect

weakness in good time. The Committee directs the Accounting Authority to ensure that action on the matter is expedited and that subsequent budgets are well set to avoid recurrence. The Committee urges the Office of the Auditor General to keep the matter in view during future audits.

b) Failure to Establish Cemeteries

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that the Council did not have a cemetery at the time of audit due to non - availability of state land in the District that resulted into the community using already available traditional burial sites. Chief Lubunda had allocated a portion of land to the Council on 10th November, 2021 for the purpose of putting up the Council cemetery. The 1st Ordinary Council meeting, held on 23rd December 2021, resolved vide Minute No MTC/CM/05/12/21 to convert the allocated land to state land as a way of securing it from encroachment, and the matter would be escalated to the Ministry of Lands and Natural Resources for conversion. The offer letter from the Chief, letter to Ministry of Lands and Natural resources and minutes of Council meeting were available for audit verification. The Council would ensure that the cemetery was secured and managed according to the standard of a Council cemetery.

Committee's Observation and Recommendations

The Committee expresses concern at the lack of proactiveness by Management at this Council and urges them to ensure that the process of establishing and securing a permanent burial site is expedited. The Committee resolves await a progress report on the matter and will keep it in view during future audits.

c) Failure to Collect Revenue

i. Property Rates – K387,502

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and reported that the Council regrettably failed to collect the budgeted revenue at the time of audit. The variance was caused by failure by property owners to pay property rates to the Council as expected. The Council had since constituted a task force to collect property rates. The demand notices were issued and distributed to property owners. A physical follow up of door-to-door property rates payment check would be carried out every two weeks to encourage rate payers.

No	Category	Expected Amount K	Amount Received K	Variance K	received	variance
1	Residential	111,949	24,006	87,943	7,785	80,158.28
2	Commercial	292,151	2,889	289,263	10,050	279,212.50
3	Industrial	1,306,005	1,295,708	10,296		10,296.40
	Total	1,710,105	1,322,603	387,502	17,835	369,667

Documentation was available for verification. The Council would ensure that the rates were collected when they fell due.

ii. Sale of Residential Plots – K38, 500

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor’s observation and reported that most of settlers at Roads Camp did not pay at the time of audit. The 1st Ordinary Council meeting which was held on 23rd December 2021, resolved vide Minute No MTC/CM/08/12/21 that Management should engage and remind the Roads Camp settlers to pay their service charges and with an ultimatum attached. The settlers were engaged and reminded to pay their service charges. The Council minutes and Audit Committee minutes were available for verification. The Council would be ensuring that the service charges were paid as soon as possible.

Committee’s Observation and Recommendations

The Committee notes, with concern, the huge variance on the revenue sources available for this Council and urges the Accounting Authority to ensure that all outstanding balances are collected without fail. The Committee is of the view that this state of affairs is a result of failure by Management to review their ineffective strategies early enough. The Committee directs the Accounting Authority to ensure that the strategies are implemented expeditiously to counter this status quo. The Committee resolves to await a progress report on the matter.

iii. Service Charges – K24, 250

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor’s observation and reported that the plot buyers did not pay at the time of audit. The Council meeting held on 23rd December, 2021 resolved vide Minute No MTC/CM/08/12/2021, to repossess plots from plot buyers who had not paid for service charge and offer the plots to serious developers in the next Plans, Works & Development meeting. The minutes for Council meeting, Plans, Works and Development Committee and copies of repossession letters written to the development defaulters were available for audit for verification. The Council would ensure that plots were only offered to serious

developers by ensuring that no document was issued to a developer unless all required payments were made.

Committee's Observation and Recommendations

The Committee notes, with concern, the failure by Management to collect revenue from Roads Camp settlers for application forms and service charges and for the regularisation. The Committee urges the Accounting Authority to ensure that all outstanding balances are collected without fail. The Committee directs the Accounting Authority to ensure that the strategies are implemented expeditiously to counter this status quo. The Committee resolves to await a progress report on the matter.

d) Irregular Use of Imprest – K5,900

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and stated that it was regrettable that imprest was issued to procure goods and services during the period under review. The imprest amounting to K5,900 was fully retired and documentation was available for audit verification. The Council had since stopped the issuance of imprest for procuring goods and services and would ensure that imprest was only used in accordance with the Public Finance Management (General) Regulation, 2020 Part VIII.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to ensure that erring officers are disciplined for the failure to avail documents to Auditors during the period of audit. The Committee directs the Accounting Authority to avail documents to auditors for verification. Only then will the matter be closed.

Mwinilunga Town Council

Paragraph 61

61.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Actual Income

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation and submitted that the Local Authority did not receive some incomes during the period under review, especially personal levy from civil servants through Payroll Management and Establishment Control. There was also no income from property rates because the Valuation Roll had expired. He added that the

anticipated collections from plot premiums, which constituted a large amount of income in the said budget could not materialise. As regards licences such as liquor licenses and permits that were anticipated to come from the up-coming mining activities at Kasenseli, they were hampered by lack of responses from rate payers as well as the effect of COVID - 19 which greatly affected many economic activities and the collection efficiency of revenue.

Response from the Accounting Authority

The Accounting Authority further submitted that an assessment on a number of civil servants in the District was carried out to ascertain the amount of personal levy to be claimed from Payroll Management and Establishment Control. The valuation of properties had commenced and the surveyor had been appointed by the then Minister of Local Government. In addition, the Council had sourced for some land from the traditional leader for subsequent allocation of plots. In future, the Council would ensure that the next budgets had figures of incomes, which were achievable and also maximise local revenue collection.

Committee's Observation and Recommendation

The Committee notes the response and strongly urges the Accounting Authority to devise workable measures that will assist the Council to collect the personal levy, as well as increase revenue collection. The Committee awaits a progress report on the matter.

b) Failure to collect Revenue from Regularisation of Plots

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation that people that applied for regularisation of their plots in GR Compound had difficulties to pay for their plot premiums. This was because of poor performance of their businesses during the first phase of the COVID - 19, pandemic and payment of school fees during the period under review coupled with economic shocks on the local market. The Council had engaged the applicants through demand notices, meetings and the use of Zambia News and Information Service (ZANIS) to conduct public address, which resulted in the collection of K235,000. In future, the Council would ensure that all plot premiums were paid in full before an approval letter was given to would be developers.

Committee's Observation and Recommendation

In noting the submission, the Committee resolves to await a progress report on the collection of the outstanding balance.

c) Failure to implement CDF Projects

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation on the failure to implement the Constituency Development Fund projects on time. However, the reason for the

delay was due to the expiry of the tenure of office of the old Constituency Development Fund Committee and the process leading to the establishment of a new Constituency Development Fund Committee, following the due process of the law. The Council had since put in place the CDF Committee that was superintending over all the projects. As a result, phase one of the thirty eight projects had since been completed and was ready for verification. In future, the Council would ensure that, only few viable projects were considered for funding in order to attain a quick implementation of the identified projects and request for Ministerial approval would be sought in good time.

Committee's Observation and Recommendation

In noting the submission, the Committee awaits a progress report on the completion of the of the CDF projects without any further delay.

d) Failure to Settle Outstanding Obligations K9, 309,138

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observation and submitted that the query was caused by a narrow revenue base experienced by the Council and late payments of wages and penalties. The Council had also entered into settlement agreements with statutory bodies such as ZRA, LASF and NAPSA by paying at least a minimum of K10,000 monthly to liquidate the bill, although at times it defaulted because of limited resources and other commitments like court cases. The Council was paying NAPSA K33,000 monthly to liquidate the statutory obligations. The Council had committed to settle agreements entered into with statutory institutions aimed at resolving the said historical debt and monthly penalties

Committee's Observations and Recommendations

In noting the submission, the Committee is deeply concerned at the Council's inertia to settle the statutory obligations resulting in penalties and urges the Accounting Authority to put in place mechanisms that will help the Local Authority to raise enough revenue to go towards settling of the outstanding debt. The Committee awaits a progress report on the matter.

Nakonde Town Council

Paragraph 62

a) Budget And Income Negative Variance K11,596,437

Response by the Accounting Authority

The Accounting Authority submitted that the comparison on the budgeted revenue and the actual revenue collected resulting in a negative variance of K11,596,437 was derived from the budgeted figure of K42,458,636 and the actual collected of K30,862,199. This negative variance was as a result the COVID - 19 that had hit the country in the first quarter of 2020 which caused a slowdown in global economic growth in the year 2020 and later translated into a drag in global trade, due to closure of borders and the lock down in major economies. Nakonde was not spared

by the pandemic and the lock down. This greatly affected major income streams for the Council where maximum revenue was expected to be collected from fees and charges. This was because most traders were forced to close their businesses due to the lockdown, especially during the period when Nakonde became an epidemic centre. Levies on the truck charges could not be collected as drivers were made to go through a fourteen-day screening program which affected the turnover or frequency of trucks entering the country. This slowed the rate at which revenue was collected. The pandemic equally disrupted international trade in terms of both volumes and commodity prices hence affecting the potential revenue expected as only smaller volumes were ordered. Pricing was also affected resulting in low revenue collection by the Council, such that few clients ordered vehicles from Japan and other countries.

The negative variance could also be attributed to the depreciation of the kwacha against major currencies. This affected a lot of businesses as fewer traders came to Nakonde to order merchandise like rice and clothes. The Tanzanian shilling had gained value causing a lot of people in Nakonde District to close their shops. The Accounting Authority pledged that he would take into account all external influences such as COVID - 19, exchange rates and many more on the performance of the budget during the budgeting process to ensure that a more realistic budget for the year was established. The Accounting Authority would always ensure that all external influences were factored in during the budgeting process and also ongoing budget review to actualise the budget. For instance, the 2021 budget was K42 million while the 2022 budget was K36 million. This would enable the Council always have a realistic budget.

Committee's Observation and Recommendation

The Committee is disappointed with the huge negative variance of K11,596,437. The Committee urges the Accounting Authority to improve strategies in terms of revenue collection and going forward, budget realistically as opposed to overstating its budget. The matter will be kept in view in future audits.

b) Operational Matters - Failure To Develop Integrated Development Plan

Response by the Accounting Authority

The Accounting Authority did not have a complete and functioning Integrated Development Plan (IDP). The process of formulating an IDP for Nakonde District was underway, so far the Accounting Authority had managed to come up with a zero draft as a starting point. The Accounting Authority had prioritised the formulating of the IDP in the financial year 2022 to ensure that they met the statutory requirement of section 19 (1) and (3) of the *Urban and Regional Planning Act, No 3 of 2015*.

Committee's Observations and Recommendations

The Committee notes with concern the Council's failure to put in place an IDP and wonders how the Council what was informing their development agenda. The Committee directs the Accounting Authority to ensure that the IDP is finalised without further delay and hence a progress report is being awaited by the Committee.

c) Management Of Payroll And Other Staff Related Matters

i. Payment of Rural Hardship Allowances to Ineligible Employees K1,921,739

Response by the Accounting Authority

The Accounting Authority was agreeable with the auditors that the rural hardship allowance was paid during the period under review. The collective agreement and the conditions of service for officers in division I for the year under review stated that the eligibility of the rural hardship allowance would be lack of access to all weather roads and piped water, among other criteria. Most water supplies in the district were from shallow wells hence the United National International Children Emergency Fund (UNICEF) was funding boreholes drilling in the District. Therefore, Management had continued to pay rural hardship allowance based on the above authority. The road was being reconstructed from Isoka to Nakonde; and Chambeshi Water and Sewerage Company had been engaged on their plan to increase water connectivity and improve reticulation. The Accounting Authority had prioritised active engagement with the road contractor (China Rail Seventh Group) to finish works by the end of the year 2022; and Chambeshi Water and Sanitation Company who had also assured to improve on water reticulation and increase water connectivity through a project being funded by African Development Bank.

Committee's Observations and Recommendations

The Committee notes with concern the Council's failure to adhere to the Conditions of Service applicable to his staff. It is worrisome to find that the Accounting Authority is supporting the irregular payment despite knowing clearly that the criteria of qualifying to be paid rural hardship allowance was not sufficient. The Committee directs the Accounting Authority to ensure that all irregularly paid funds are recovered from the affected officers without further delay. The Committee resolves to await a progress report on the matter.

ii. Questionable Payment of Salaries to Officers K1,269,893

Response by the Accounting Authority

The Accounting Authority was agreeable with the Auditor's findings that the salaries were paid to the stated officers during the period under review. The officers were paid as they were employed and sent by the employment mandate holder; the Local Government Service Commission. The Accounting Authority had since written to the Local Government Service Commission with a submission of updated staff establishment register seeking clarification on the matter that cited as employed without existing positions. The Committee was informed that the Local Government Service Commission had responded on this query by way of indicating that they were empowered by the *Zambian Constitution (Amendment) Act No 2 of 2016*, Article 228 (2) (b) which gave power to the Local Government Service Commission to constitute offices in the Local Government Service as may be needed by a particular local authority in an instance such technological and technical needs. The Accounting Authority would endeavor to work hand in hand with the Local Government Service Commission in ensuring that priority was given to employment of key positions and keep updating the staff establishment register.

Committee's Observations and Recommendations

The Committee notes with concern the failure by the Accounting Authority to resolve this matter with Auditors during the period of audit. It is worrisome to find that the Accounting Authority, despite failing to show any documentary evidence to Auditors, still claimed that the action was not irregular. The Accounting Authority is directed to show proof that the Local Government Service Commission had reviewed their establishment to include the positions queried. The Committee resolves to await a progress report on the matter.

d) Management of Constituency Development Fund - Failure to Implement Approved Projects

Response by the Accounting Authority

The Accounting Authority submitted that there had been a number of issues attributing to the delay of delivery of the projects that included;

- i. positive cases of COVID - 19 on sites leading to closure of sites for a period of time;
- ii. some sites being inaccessible due to bad roads and weather conditions;
- iii. slow delivery and shortage of materials due to movement restriction resulting, from the measures implemented for the prevention of the spread of COVID - 19; and
- iv. shortage of diesel/petrol in the district rendering the implementation of projects difficulty.

A lot had been achieved in terms of implementation from the time the Auditors undertook verification. The Accounting Authority had tasked the Internal Audit section to be undertaking pre and post audit to ensure that every scope of work was well monitored, done right on time, and adhered to work schedules.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that all outstanding works are completed without delay. The Committee resolves to await a progress report on the matter.

e) Management of Liabilities - Failure to Remit Statutory Obligations K2,429,954

Response by the Accounting Authority

The Accounting Authority submitted that Management acknowledged the auditor's findings and wishes to report that the failure to remit statutory obligations was due to the fact that the District was hit by the pandemic which affected its revenue base making it difficult to carry out service delivery, Council operations, payment of salaries and other obligations. However, Management had since engaged these authorities and a flexible payment plan had been agreed upon, on how best the outstanding balances were going to be liquidated. The Accounting Authority had come up

with the debt liquidation plan that covered all statutory obligations arrears. The Council had also continued improving their efforts on revenue collection in order to meet the wage bill at gross going forward as Management had embarked setting a plant for block making venture and construction of more houses for rentals taking advantage of housing deficit in the district.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

Namwala Town Council

Paragraph 63

63.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income Negative Variance K4,633,574

Response by the Accounting Authority

Local Taxes

The Accounting Authority submitted that the variance was due to none remittance of personal levy by the Ministry of Finance and National Planning of which follow ups were being made. The variance was also due to over statement of the budget. The Ministry of Finance and National Planning was being engaged for the remittance of personal levy for all Government workers deployed in Namwala District. The expected amount for all Government workers was K18, 555 which was calculated at 39.8% of the budget figure.

Fees and Charges

The Accounting Authority submitted that the Council had advertised for residential plots which it expected to raise about K1,749,250 but were poorly subscribed hence the low performance during the period under review. The Council reviewed its budget in subsequent years considering the economic situation affected by COVID -19 so that the expected performance was realistic.

Licenses

The Accounting Authority submitted that the performance was due to increased enforcements, inspections and interactions with the community in growth centres of the District. Management had continued with enforcement to maximise the collection of revenue.

Permits

The Accounting Authority submitted that due to low subscription of plots, the expected developmental charges were also affected negatively. Management had reviewed its subsequent budget projections to reflect the economic status of the district.

Commercial Venture

The Accounting Authority submitted that the guest house was in a poor state. Management had continued carrying out periodic maintenance of the guest house in order to offer accommodation that was competitive in the district.

Other Receipts

The Accounting Authority submitted that the outbreak of COVID -19 negatively affected the business operations in the district that recorded low business visitation of traders that paid entry fees.

National Support

The Accounting Authority submitted that this was due to centralised deductions.

Other Grants

The Accounting Authority submitted that the Council had budgeted for a grant in lieu of rates but this was not disbursed by the Ministry of Local Government and Rural Development. There was also over statement in the budget. Management reviewed its subsequent budget projections. The Council had relied upon the ministerial guidance on the LGEF figures in all subsequent budgets. Management had reviewed its subsequent budgets taking into consideration the previous performances and economic factors of the district. In addition to COVID-19, Southern province was affected by drought and foot and mouth disease which also negatively affected the financial performance of the Council. Management had since revised its subsequent budgets. Below is the outlook over the three year period as revised.

2020	2021	2022
K17.181 million	K15.023 million	K39.9 million of which K14.2 million was Council while K25.7 million was CDF

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to set realistic budgets, coupled with detailed analysis of the revenue base to avoid this failure. The Accounting Authority is also urged to ensure that turn-around strategies aimed at increasing revenue collection are devised and implemented to counter these unintended outcomes. The Committee urges the Office of the Auditor General to keep the matter in view during future audits.

b) Accounting for Revenue

i. Missing Receipt Books

Response by the Accounting Authority

The Council had been using Revenue Agents who were based in far flung growth centres to collect revenues and the booklets were still in use and yet to be retired to the Civic Centre. One was unaccounted for due to fraudulent conduct of an officer. Management had noted the auditors' findings and had since retrieved five (5) out of the six (6) receipt books which and were available for verification. The receipt books retrieved from the appointed agents and revenue collectors were as tabulated below.

Missing Receipt Books			
S/N	Range		
	From		To
1	3300201		3300150 3300250
2	3301051		3301100
3	2722501		2722550
4	2542851		2542900
5	2515401		29154050

The remaining one (1) receipt book had not been retrieved from the relevant revenue collector who had since been dismissed by the Local Government Service Commission.

Namwala Town Council				Schedule 1
Audit of Accounts for the Year ended 31.12.2020				
Missing Receipt Books				
S/N	Range			Issued to
	From		To	
1	2543551		2543600	Mike Mubita

The named officer was charged and subsequently the officer was summarily dismissed by the Local Government Service Commission. The charge letter, Council Minutes and dismissal letter were available for verification. Further, Management submitted that the books had been validated and all the revenue collected was banked and accounted for. Management had assigned the Deputy Council Treasurer the responsibility of issuing receipt books. A number of revenue collectors had been appointed by the Local Government Service Commission and had been deployed in place of revenue centres. Management would endeavour to have a recall measure for all books in circulation for audit verification when auditing was being conducted. As for the missing receipt book, the matter had been reported to the Police and it was still under investigation.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to follow up matters until the audit period. The Committee is of the view that there must have been teeming and lading coupled with connivance with supervisors as observed from the weak internal controls. The Committee directs the Controlling Officer to ensure that a forensic audit is carried out and other officers are surcharged and disciplined accordingly to avoid recurrence. The Committee will await a progress report.

ii. Delayed Banking K56,843

Response by the Accounting Authority

The Accounting Authority acknowledged the findings of the Auditor and reported that the delayed banking was caused by long distances to the civic centre and the requirement that before banking, the receipt book was supposed to be verified and checked by accounts and audit at the civic centre. Further, Management submitted that in some cases, revenue agents would take long due to distances involved compared to the cost they would incur to bring to the Civic Centre. Management had developed a policy to compel all revenue collectors and agents to deposit all collected revenues on a daily basis using ZANACO express agents, Airtel and MTN Money; and also entered into agreements with established firms to be remitting Council revenue monthly and not daily. Management had also terminated the services of some revenue agents whose performance was not impressive. All revenue collectors and agents in growth centres had been authorised to be depositing their collections daily through ZANACO, Airtel and MTN Money agents.

Committee's Observation and Recommendation

The Committee observes, with concern, the failure by the Accounting Authority to adhere to Local Authorities Financial Regulation No. 19. The Accounting Authority is sternly cautioned for this failure, while the Auditor General is urged to keep the matter in view during future audits.

c) Failure to Prepare Valuation Roll

Response by the Accounting Authority

The Accounting Authority acknowledged the observations of the Auditors and submitted that the Council did not have a valid Valuation Roll due financial constraint faced by the Local Authority. Management was updating the Valuation Roll and the Government already appointed a valuation surveyor who had so far produced a draft valuation roll awaiting delivery and adoption by Council. The Council wrote to the appointed surveyor to raise concern at the pace of the exercise and the response was received indicating when completion would be. The Council would endeavour to update its Valuation Roll before the expiry of an approved Roll.

Committee's Observations and Recommendations

The Committee notes, with concern, the failure by the Council to come up with a valuation roll and wonders what this Rating Authority uses to collect revenue from the properties within its jurisdiction. The Committee finds this highly irregular and a very serious omission on the part of the Accounting Authority who is the Chief Executive Officer of this Council. The Committee directs the Accounting Authority to ensure that a valuation roll is finalised and approved without any further delay. The Committee also urges the Local Government Service Commission to institute disciplinary action on this *laissez faire* approach. The Committee awaits a progress report on the matter.

d) Failure to Fill Vacant Positions

Response by the Accounting Authority

The Accounting Authority reported that the failure to fill in the vacant positions such as Senior Accountant and Assistant Commercial Manager was due to financial challenges the Council was facing and resolved to assign the duties to existing officers. During the period under review, the guest house was also under renovations and not very active. Management stated that it had redistributed the tasks to the existing accounting staff which included the Assistant Accountant who was assigned to supervise the guest house. The duties of the Senior Accountant were performed by the Accounts Officer. Management had written the Local Government Service Commission to fill in key operational vacant position of Rural Water and Sanitation Coordinator. The position had since been filled, while other staff with the required competences had been reassigned specific duties.

Committee's Observations and Recommendations

The Committee notes, with concern, the failure by the Local Government Service Commission to fill up key positions in the Local Authority despite follow ups made by the Council. The Committee observes that the Commission, instead acted on its own in most cases in moving and employing officers where they may not even be required, causing over employment in some Councils. The Committee directs the Commission to ensure that all appointments are backed by requests from the Councils to avoid recurrence of this state of affairs. The Committee urges the Auditor General to keep the matter in view during future audits.

e) Lack of Title Deeds

Response by the Accounting Authority

The Accounting Authority acknowledged the observation of the Auditor and submitted that this was because the properties had not been offered to the Council. Management submitted that the process to acquire ownership of the said properties was underway. Management had since submitted property documents to the Ministry of Lands and Natural Resources which had since issued invitation to treat as quotations for all Council properties. Management would engage the services of a surveyor after the offer letters were issued by the Commissioner of Lands.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to secure their properties with title deeds. It is worrisome that the Council did not prioritise this matter of serious concern and is directed to ensure that all properties are secured with title deeds to avoid loss in an unlikely event. The Committee will await a progress report on regularisation.

f) Misapplication of Local Government Equalisation Fund - K1, 517,491

Response by the Accounting Authority

The Accounting Authority acknowledged the findings of the auditor and submitted that this had been caused by the low revenue base of the local authority that wholly depended on cattle levy and the LGEF. Further, Management submitted that during the period under review, the district experienced foot and mouth disease. Management stated that the proceeds from the Valuation Roll and feed lot farm (that had been planned for in 2022 budget) would be apportioned towards liquidation of the K1, 500,000 capital component. Management had embarked on activities that would increase the revenue base and collection efficiency such as updating the valuation roll, engaging in feed lot farming, deploying revenue collectors in growth centres and direct deposits of fees and charges into Council accounts.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to adhere to the *Local Government (Amendment) Act, No 2 of 2019*. It is disappointing to note that the Accounting Authority did not even state clearly why CDF could be diverted to fund a project under the Disaster Management and Mitigation Unit (DMMU). The Committee sternly cautions the Accounting Authority to desist from diverting funds without prior authority. He is also directed to ensure that the said funds are reimbursed without further delay. The Controlling Officer is further urged to ensure that disciplinary action is instituted on all Accounting Authorities (Sub-Warrant Holders), who wilfully failed to adhere to laid down procedure. A progress report is being awaited.

g) Failure to Remit Statutory and Other Obligations K5,102,011

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditors findings and submitted that this had been due to the low revenue base. Management had endeavoured to pay in instalments towards the outstanding obligations. Management had put strategies that would result in improved revenue and these funds would eventually lead to meeting statutory and service obligations. Among these strategies was the updating of the Valuation Roll, use of Ward Development Committees in collection of levies, deployment of revenue collectors in growth centres and monthly payments of fees by abattoirs.

Committee's Observations and Recommendations

The Committee observes, with concern, the huge debt owed by the Council. What worries the Committee is that there are very few notable efforts to resolve this matter by the Accounting Authority. The Committee urges the Accounting Authority to ensure that all available options are explored to find a lasting solution to this matter. The Committee awaits a progress report on the matter.

Nchelenge Town Council

Paragraph 64

64.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects carried out in June 2021 revealed the following to which the Accounting Authority responded as set out below.

a) Budget and Income K3,318,107

Response by the Accounting Authority

The Accounting Authority submitted on each of the revenue sources as set out below.

Local Taxes

The Accounting Authority acknowledged the auditor's observation and reported that the under collection of Local Taxes was due to low compliance from the community.

Fees and Charges

The Accounting Authority acknowledged the auditor's observation and reported that the under collection on fees and charges was mainly due to the closure of Anvil Mining Operations which accounted for big amount on this vault. The impact of COVID -19 also had a serious impact in terms of business operations.

Licenses

The Accounting Authority acknowledged the auditor's observation and reported that the under collection was due to COVID -19 that reduced business operations to lower than anticipated.

Levies

The Accounting Authority acknowledged the auditor's observation and reported that the over collection was due to an influx of seasonal hawkers.

Permits

The Accounting Authority acknowledged the auditors' observation and reported that the under collection was due to lower than anticipated business activity in the district due to the of COVID - 19. The Council was engaging the local community on the importance of paying of local taxes to the Local Authority. The Local Authority was also constructing a dry port and was in the process of procuring the front end loader which would enable them open up roads in Kariba. The above actions would boost revenue under fees and charges. The Council had constituted a revenue task force for efficient collection of levies and licenses. The Council had since developed budget mechanisms that were informed by reliable database systems that incorporate trend analysis and cash flow forecast. Further the Council had constituted a revenue task force team to improve revenue collection efficiency especially in collection of fees and charges; and licenses and permits in the district, as well engaging community members on the importance of paying property rates.

Committee's Observation and Recommendation

The Committee observes, with concern, the huge negative variance on revenue projected against what was actually received by the Council. The Committee urges the Accounting Authority to ensure that the Council devises new strategies to enhance revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance the Council's efforts in sensitising the community on payment of rates, fees and other Council charges. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Failure to Establish and Maintain Cemeteries

Response by the Accounting Authority

The Accounting Authority reported that at the time of audit the Council had not established and maintained cemeteries in the District due to limited state land as most of the land was under customary authority. However, the Chief had since been engaged to offer adequate land for developing a cemetery. Documentation was available for verification. Once the Chief favourably responded to the Council's request, a cemetery would be established and maintained.

Committee's Observation and Recommendation

The Committee notes the response but encourages the Accounting Authority to expedite the process of establishing a permanent burial site without further delay. The Committee resolves to await a progress report on the matter.

c) Failure to Collect Revenue

i. Property Rates K511,470

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observations and reported that the negative variance on local taxes which was made up of property rates, was due to the low turnout and resistance by rate payers in the District. Management had intensified efforts by engaging the rate payers and educating them through community radio stations. Demand notices had since been dispatched to clients with outstanding balances. The Council would ensure that rate payers understood the importance of paying rates in order to improve service delivery. Future plans included engagement of court bailiffs to help recover what was owed to the Local Authority.

Committee's Observation and Recommendation

The Committee notes with concern the failure by the Council to collect revenue and urges the Accounting Authority to ensure that the Council devises new strategies to enhance revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance the Council's efforts in sensitising the community on payment of rates, fees and other Council charges. The Committee awaits a progress report until all the outstanding revenue is collected without delay.

ii. Failure to Collect Revenue from Sale of Plots K250,900

Response by the Accounting Authority

The Accounting Authority reported that at the time of audit, the Council under collected revenue from the sale of plots because the major developers could not pay development charges due to inaccessibility to where the plots were allocated. The Council was creating access roads in Kariba and works were expected to be completed in the second quarter of 2022. The Council would ensure that all planned plots were fully serviced.

Committee's Observation and Recommendation

The Committee notes the response but strongly urges the Accounting Authority to ensure that they ensure that new ways are devised to collect revenue from sale of plots. The Committee also encourages the Accounting Authority to enhance efforts in sensitising the community on payment for plot sales. The Committee awaits a progress report until all the outstanding revenue is collected without delay.

d) Management of Payroll and Staff Related Matters

i. Failure to Fill Vacant Positions

Response by the Accounting Authority

The Accounting Authority reported that at the time of audit the cited positions were vacant as the Local Government Service Commission had not yet responded to their request during the period under review. Management had engaged the Local Government Service Commission and would continue following up the matter. The Council would ensure that all vacant positions were filled.

Committee's Observations and Recommendations

The Committee observes with concern, the failure by the Accounting Authority to follow up staff related matters with the Local Government Service Commission. It disappoints the Committee that efforts to resolve the matter are only seen after the audit, which suggests lack of pro-activeness. The Committee sternly cautions the Accounting Authority to be more proactive and ensure that quarterly returns are submitted to remind the LGSC of the status on staff related matters. The Committee also directs him to ensure that all key staff vacancies are filled up for the smooth running of the Council. The Committee awaits a progress report on the matter.

ii. Questionable Payment of Salaries to Officers

Response by the Accounting Authority

The Accounting Authority reported that during the period under review three (3) positions of Environment Planner, Police Sergeant and Programmer were not on the approved staff establishment. The Accounting Authority reported that the Local Government Service Commission had been engaged to normalise the situation by revising and approving the staff establishment register. Documents were available for verification. The Council would ensure that it abided by the approved staff establishment.

Committee's Observations and Recommendations

As in i) above the Committee is disappointed that the Committee's efforts to resolve the matter are only seen after the audit, which suggests lack of pro-activeness. The Committee sternly cautions the Accounting Authority to be more proactive and ensure that quarterly returns are submitted to remind the LGSC of the status on staff related matters. The Committee also directs him to ensure that all key staff vacancies are filled up for the smooth running of the Council. The Committee awaits a progress report on the matter.

e) Procurement of Goods and Services

i. Unvouched Expenditure K368,141

Response by the Accounting Authority

The Accounting Authority reported that the cited unvouched expenditure was not supported sufficiently at the time of audit as they were filed separately. The Council reported that the twenty amounts totalling K368,141 and twenty-one amounts totalling K52,268 had been adequately supported with documents such as interim payments certificates, receipts and invoices. The Council had strengthened the filing and registry systems to secure and ease retrieval of documents.

Committee's Observations and Recommendations

The Committee notes the submission but directs the Accounting Authority to ensure that all documents are availed for audit verification while erring officers must be disciplined for failure to avail the documents, only then will the matter be closed.. The Committee awaits a progress report on the matter.

ii. Unretired Imprest - K14,035

Response by the Accounting Authority

The Council reported that at the time of audit, the cited special imprests were they were filed separately. The Council had since traced all claim forms and receipts for the imprest payment vouchers in amounts totalling K14,035 are adequately supported . The Council had strengthened the filing and registry systems to secure and ease retrieval of documents.

Committee's Observations and Recommendations

The Committee notes the submission but directs him to ensure that all documents are availed for audit verification while erring officers must be disciplined for failure to avail the documents only then will the matter be closed.. The Committee awaits a progress report on the matter.

iii. Irregular Use of Imprest K8,180

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation and regretted the use of imprest during the period under review. This was necessitated by the fact that many suppliers in the district had no bank accounts. Management had since provided retirement by way of receipts and had since stopped the use of imprest to procure goods and services. Further, Management had put up restrictions to only engage suppliers with bank accounts. The Council would ensure that it strictly abided by Financial Regulations on all Council expenditure.

Committee's Observations and Recommendations

The Committee does not accept the reason given and urges the Accounting Authority to ensure that officers are cautioned to desist from the vice of flouting Financial Regulation No. 86 (c) at will at this Council. The matter is, however, resolved for closure while the Auditor General is urged to keep the matter in view during future audits.

f) Failure to Create Access Roads

Response by the Accounting Authority

The Accounting Authority reported that at time of audit twenty-three (23) plots were sold to the general public without access roads and amounts totalling K31,100 collected. The access roads could not be created due to resource constraints during the period under review. Management regretted the development and reported that the Council had provided K250,000 in 2022 budget to create access roads. Further, the Council would purchase a front - end loader through CDF for 2021 to supplement on other already existing equipment to be used in road construction. The Council would ensure that all planned plots were fully serviced and had access roads before plots were offered.

Committee's Observations and Recommendations

The Committee observes, with concern, the failure by the Accounting Authority to open up the parcels of land in accordance with Ministry of Lands and Natural Resources Circular No. 1 of 1985 before selling and collecting plot premiums. The Committee does not accept the reasons given and, hence, strongly urges the Accounting Authority to ensure that roads are graded without any further delay. The Committee resolves to await a progress report.

g) Abandoned Local Government Equalisation Fund Project – Nchelenge Council Lodge

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation and reported that at the time of audit the contractor was not on site and had abandoned the project despite Management's engagement. The Accounting Authority reported that the contractor was on site to complete the remaining works were carpentry joinery and ironmongery, metal work and aluminium installation, plumbing installation, floor, wall and ceiling finishes, painting and decoration and partial electrical installation. At the time of reporting, the Committee was informed that the works were expected to be completed within a period of two months and two weeks. Documents were available for verification. The Council would ensure that the contractor fulfilled his contractual obligations.

Committee’s Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to step up efforts on supervision, monitoring and evaluation of projects. It is evident that the Accounting Authority did not monitor nor supervise the project hence the contractor was left to decide when to work and to finish the project. The Committee directs the Accounting to ensure that works are completed expeditiously and hence, a progress report on the matter is being awaited.

h) Failure to Implement Approved Constituency Development Fund Projects

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor’s observations and reported that the failure to implement approved Constituency Development Fund projects was due to lengthy approval procedures. The Accounting Authority reported that two of the cited projects had been completed and handed over to the recipients. These were Chipakila market and rehabilitation of feeder roads. For the construction of maternity annexes at Chabilikila and Kefulwa, contractors were still on site. The works were expected to be completed in one month from the time of reporting to the Committee. The Council would ensure that in future only reputable contractors were engaged in the delivery of projects.

Committee’s Observation and Recommendation

The Committee is disappointed that all projects were not completed within the contract period. The Committee notes with concern that this delay amounts to delaying service delivery to the communities and possible loss of lives as in the case of a maternity ward. The Accounting Authority is strongly urged to ensure that the remaining works on the projects are completed expeditiously. The Accounting Authority is also directed to ensure that monitoring and evaluation of projects is strengthened, while the Secretary to the Treasury is urged to consider prioritising the release of funds for capital projects. The Committee awaits a progress report on the matter.

i) Management of Liabilities

i. Failure to Remit Statutory Obligations K1,893,697

Response by the Accounting Authority

The Accounting Authority reported that their inability to pay statutory obligations was due to insufficient funds. He submitted that payment plans had been agreed upon with ZRA and NAPSA to be paying K10,000 and K13,000 per month respectively. LASF, NHIMA and ZULAWU, had been included in the debt liquidation plan for the 2022 Budget.

No	Institution	Amount	Amount paid to date	Outstanding Balance
1	ZRA	1 203 344	20 000	1 183 344
2	NAPSA	489 420	52 000	437 420
3	LASF	164 615	-	164 615
4	NHIMA	23 619	-	23 619
5	ZULAWU	11 501	11501	-
	SUB TOTAL	1 893 697	83 501	1 808 998

The Council had put in measures in servicing its debt through monthly allocation based on payment plan. Through strategies to increase the revenue base, the Council would endeavour to settle current obligations at gross payable amounts.

Committee’s Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Committee further encourages the Accounting Authority to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations - K652,233

Response by the Accounting Authority

The Accounting Authority reported that the inability to settle staff obligations during the period under review was due to financial constraints. He submitted that the Council had started making payments towards liquidating staff obligations.

No	Details	amount	Amount Paid	Outstanding Balance
1	Long service Bonus	405 334	20,000	385,334
2	Leave Commutation	165 029	28,390	136,639
3	Settling in Allowance	81871	40,105 .67	41,765.33
	Total	652 234	88,495.67	563,738.33

The Council would abide by the payment plan to help settle staff outstanding obligations.

Committee’s Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Accounting Authority is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

Ndola City Council

Paragraph 65

65.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income K30,397,453

Response by the Accounting Authority

Local Taxes and Fees and Charges

The Accounting Authority submitted that the underperformance on Local Taxes, Fees and Charges was due to the onset of the COVID -19 pandemic which saw a number of businesses close down while other operations were derailed.

Permits

The Accounting Authority further reported that while local taxes; and fees and charges were negatively affected, COVID -19 led to more deaths in Ndola which ignited the high collections in burial permits resulting in collections against the budgeted figure amounting to about double the budget amount as shown in the audit report.

Licenses

The Council also reported that COVID -19 also negatively affected the licenses code as most bars and liquor stores were completely closed down or trading hours significantly reduced in the quest to reduce the spread of the COVID -19. This led to the non-renewal of their liquor licenses for the period under review, hence the underperformance. The Council in December 2020 offered some discounts to rate payers for prompt payments to encourage them to make full payments in order to take advantage of the promotion. However, the response very was low. In order to ensure that the Council also continued providing municipal services, flexible payment terms were offered for various classes of tax payers and sensitisations through public address systems and radio programs on local stations on the importance of paying council taxes was on going.

Committee's Observations and Recommendations

The Committee is disappointed that the City Council which happens to be one of the biggest councils in Zambia has no strong workable strategies to collect revenue despite grappling with liquidity problems. The Committee urges the Accounting authority to revisit their strategies and enhance their revenue collection efforts to improve the status quo. The Committee also directs him to ensure that realistic budgets are prepared to avoid recurrence. The Committee will await progress report on this matter.

b) Information and Communication Technology

ii. Duplicated System Receipt Numbers

Response by the Accounting Authority

The Council reported that the cause of the duplication of receipt numbers was due to systems failure of the accounting package which had not been upgraded over a period of time as Service Level Agreement with the supplier had lapsed. This arose due to non-payment of license fees

which had escalated beyond the Council's ability to pay. The Council engaged a new service provider who had since worked on the system. The Council was elated to report that the system was fully operational and able to automatically generate the receipt numbers. The Council stated that the service provider had implemented advanced features to the system such that the receipt numbers could not be edited. The Council was in the process of entering into a Service Level Agreement with the new service provider to offer regular updates to the system.

Committee's Observations and Recommendations

The Committee does not accept the reason given as circumstances are not clear why the accounting software package could be left without updating and monitoring a thing which the Committee finds highly questionable and irregular. The Committee is of the view that this is total negligence of duty with impunity for a City Council with a fully fledged IT section. The Committee directs the Accounting Authority to ensure that stern disciplinary action is taken against erring officers to ensure that the matter does not recur in future. The Controlling Officer is also urged to ensure that the matter is reported to law enforcement agencies.

ii Lack of Disaster Recovery Plan

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditors observation and stated that the Council operated without the Disaster Recovery Plan as it had not yet been developed. The Council reported that it had formulated a Disaster Recovery Plan which had since being adopted by the Full Council Meeting in December 2021 and was being implemented. The Council would endeavour to ensure that all policy plans were put in place to support the Council's operations.

Committee's Observation and Recommendation

The Committee observes, with great concern, the omission of not putting in place a fully fledged disaster recovery plan. It is the Committee's view that this omission is deliberate for officers to manipulate the system to their advantage. The Controlling Officer is strongly urged to ensure that the entire Management at this council is sternly cautioned for allowing such an omission which is recipe for fraudulent activities. The Committee awaits prompt action on the matter only then will the matter be closed.

c) Failure to Provide Clearly Marked Solid Waste Containers

Response by the Accounting Authority

The Accounting Authority acknowledged the auditors observation and reported that the Council did not provide clearly marked solid waste containers. The Council had designed the particular markings and had embarked on marking all the solid waste containers in the central business district and it would be extended to residential locations. The Council had embarked on sensitisation of marketeers, business owners and the public at large on the proper usage of the marked solid waste containers through radio programmes and public address systems.

Committee's Observation and Recommendation

The Committee observes, with concern, the lack of serious concern by Management at the Council on the Management of waste in designated areas within their jurisdiction. The Committee is of the view that Management does not prioritise this matter of great concern despite it being hazardous and capable of creating health risks for the surrounding communities. The Accounting Authority is directed to ensure that the matter receives attention at all times to avoid disease outbreaks. Meanwhile, since the containers are now marked, the Auditor General is urged to keep the matter in view during future audits.

d) Accounting for Revenue

i. Failure to Collect Revenue

- **Burial Permit Fees K149, 500**

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditors observation and report that the discrepancy in collected amounts against projected was as a result of considered compassionate requests by bereaved families to pay burial fees at reduced fees and/ or in instalments. During the period under review, two families were offered discounts resulting in a loss of revenue amounting to K20, 000 while one made a part payment for grave reservation of K12, 500, leaving a balance of K117, 000 to be collected. The Council reported that demand notices had been served to those with outstanding bills and by the time of reporting, K32, 000 had been recovered from K117, 000 leaving a balance of K85, 000 which the Council was still pursuing. The Council was advising members of the public to use alternative burial sites for those that could not manage to pay, in order to avoid shortfalls.

Committee's Observations and Recommendations

The Committee notes the submission and while appreciating the remedial measures taken, the Accounting Authority is encouraged to collect the outstanding balance. The Committee also directs the Accounting Authority to avail evidence of the recent collection to the Office of the Auditor General only then will the matter be resolved.

- **Rentals from Council Managed Shops and Property K542, 244**

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and stated that the failure to collect revenue from Council managed shops and property was due to restrictions in movements implemented to curb the spread of COVID -19 that led to the closure of many shops and businesses. The Council further stated that most of the market shops were vacant such as Ndeke and Northrise Markets. In addition, the Council also noted the expiry of lease agreements on some

of the leased properties which could not be renewed because of the Ministerial circular suspending sale or lease of any Council property (fixed or moveable). The Council also reported that the suspension had recently been lifted through the Ministerial Circular of 25th November 2021 and fresh tenancies had been executed with all deserving tenants including Squash, Tennis and Bowling Clubs. The Council had further written to the former Town Clerk Mrs Charity Mpande and former Director Finance Mr Mason Moonga on the need of them to sign tenancy agreements if they wished to continue occupying the institutional houses following their retirement from service. The Council had also introduced Tenancy Agreements that were renewable and reviewed every six (06) months and issuance of demand notices to all tenants before the expiring of the tenancy agreements in order to be in constant check with the tenants. The Council would endeavour to review lease agreements as provided for in the tenancy agreements and enforce all the appropriate clauses timely.

Committee's Observations and Recommendations

The Committee does not accept the reasons given by the Accounting Authority and he is strongly urged to recover all uncollected funds from the former employees and shop owners occupying council properties without further delay. The Committee also directs the Accounting Authority to avail evidence of the recent collection to the Office of the Auditor General and resolves to await a progress report on the uncollected balance.

- **Business Permits and Licenses K1,984,948**

The Council did not collect revenue in amounts totalling K1,984,948 from 2,454 business premises in respect of fire, health and trading licenses.

Response by the Accounting Authority

The Accounting Authority acknowledged the observations made by the auditors and reported that the adverse variance was due to restrictions in movements and closure of business premises introduced to mitigate the effect of COVID -19 Pandemic. The Council had formed task force groups in order to enhance revenue collection on all business premises in view of reduced COVID -19 prevalence. The Council would endeavour to ensure that all business entities were encouraged to pay business permits and review the permit amounts where necessary with regards to outbreaks like COVID-19. With the formation of the taskforce and the interactions with the business community, the Council was optimistic to collect part of the outstanding fees.

Committee's Observations and Recommendations

The Committee does not accept the reasons given by the Accounting Authority and he is strongly urged to recover all uncollected funds from the business owners trading within their jurisdiction, without further delay. The Committee resolves to await a progress report on the uncollected balance.

ii. Missing Receipt Books

Seventy two (72) receipt books

Response by the Accounting Authority

The Accounting Authority acknowledged the auditors observation and reported that some receipt books were not availed for audit as they were misplaced due to poor storage facilities. The Council reported that 40 out of 72 receipt books had since been located and were available for verification. The Council was planning to build a proper storage facility where documents would be securely stored.

Committee's Observation and Recommendations

The Committee observes with great concern the failure by the Accounting Authority to secure accountable documents which is a very serious omission and a direct departure to the Local Authorities Financial Regulation No. 28. The Committee is of the view that the receipt books were hidden deliberately in order to conceal information from auditors yet with such omission officers did it with impunity. The Committee strongly directs that Accounting Authority to take stern disciplinary action against erring officers and further that all the remaining receipt books are found and availed to auditors for verification without delay. The Committee awaits a progress report on the matter.

iii. Use of Receipt Books with Same Serial Numbers

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditors observation on the use of same serial numbers and stated that the error was made during the ordering, printing and receiving of receipt books as the serial range numbers were not properly managed. The Council had strengthened quality control checks in managing serial range numbering of receipt books when placing orders to printers and on receiving the printed receipt books through sequenced entries in the accountable document register. The Council would endeavour to be allocating standard sequential serial numbers to the printing companies when making subsequent orders for each category of receipt books to be printed.

Committee's Observation and Recommendations

The Committee is disappointed with the weak internal control systems at the City Council and wonders what work the internal audit functions are performing at the Council. The Committee directs the Accounting Authority to ensure that erring officers are disciplined as well as ensure that the weak control systems are strengthened without further delay. The matter will still remain open and hence progress will be awaited until this is done.

iv. Failure to Issue Receipts K172, 189

Response by the Accounting Authority

The Accounting Authority acknowledged observations made by the auditors and stated that this was due to failure by customers to present deposit slips for receipting at the Council office as the specific purpose of payment and revenue source could not be deduced through the bank statement. The Council had since receipted the monies in question. The Council would keep engaging the banks to ensure that key information of the payee and the payment details were captured by the bank at the time of deposit for ease of tracking and issuance of receipts for direct deposits.

Committee's Observations and Recommendations

The Committee notes the response but strongly emphasises the need for periodic reconciliations to be done in order to resolve the matters promptly. To this effect, the Committee calls upon the Accounting Authority to mete out disciplinary action against all officers who failed to comply with the Financial Regulations in these transactions. The Committee further resolves to await a progress report on the matter.

v. Unsupported Revenue K5, 024,258

Response by the Accounting Authority

The Council noted the auditors' observation and stated that the daily cash collection summaries were actually prepared as a single copy. The Council had admonished all revenue collectors to prepare daily cash collection sheets in triplicate so as to maintain complete records. The Council would ensure that the daily cash collection summaries were prepared in triplicate and retained by the Revenue Collector, the Chief Cashier and the Assistant Director Finance - Income, for easy trail.

Committee's Observations and Recommendations

The Committee is disappointed that it took the Auditor General for the Council to begin to attempt to resolve the matter and yet Local Authorities Financial Regulation No. 72 is clear on what they needed to be doing. To this effect, the Committee calls upon the Accounting Authority to mete out disciplinary action against all officers who failed to comply with the Financial Regulations in these transactions. The Committee further resolves to await a progress report on the matter.

vi. Failure to Collect Plot Premiums from Civic Leaders and Council Employees K2, 539,790

Response by the Accounting Authority

The Accounting Authority acknowledged the observation made by the auditors and stated that the payments arrangements by the employees and civic leaders were not honoured by the time of the audit. The Council reported that the officers and Councillors owing the Council had been communicated to and by the time of reporting, out of the outstanding balance of K2, 539,790,

K175, 720 had been receipted leaving a balance of K2, 364, 070. The Council had further engaged all those with outstanding balances to submit payment plans failure to which re-entries would be effected. The Council would ensure that a payment of 50% of the requested amount was paid and commitment letters signed on the remaining balance before plots were allocated.

Committee's Observations and Recommendations

The Committee is disappointed with the casual manner the Accounting Authority responded as it is clear that the Council's attempt to resolve the matter only began after the audit period. The Committee is also disappointed that the matter has taken this long when the Council had all available options to retain payments to Councillors and employees to recover the funds in question. The Committee also finds it highly irregular that even Council officers could be left to delay payments along with the political players. The Committee directs the Accounting Authority to ensure that all the uncollected fees are paid by the beneficiaries or their plots repossessed so as to resolve the matter promptly. The Committee resolves to await a progress report on the matter.

e) Management of Payroll and Other Staff Matters

i. Over-employment of Staff

Response by the Accounting Authority

The Accounting Authority acknowledged the concerns raised by the auditors and submitted that these were staff deployments made by the Local Government Service Commission (LGSC). The Council had communicated with the LGSC about the excess employees in various positions against the recommended city establishment and currently waiting for further guidance on the matter. The Council would continue engaging the LGSC on staff matters.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to ensure that quarterly returns are always prepared to inform the Local Government Service Commission of the establishment each quarter. He is also urged to impress upon the Local Government Service Commission to normalise the establishment to avoid bloating the wage bill unnecessarily. The Committee awaits a progress report on the matter.

ii. Failure to Recover Salary Advances K15, 250

Response by the Accounting Authority

The Accounting Authority acknowledged the concern raised by the auditors and stated that the failure to recover the cited salary advances was due to the officers being transferred to other Councils before full recoveries could be made. The Council had since written to the Councils where the affected officers had been transferred to in order to recover the funds. The Council further reported that out of K15, 250 queried, K5, 000 had been recovered leaving a balance of K10,250 of which the Council was still awaiting responses for. The Council would continue

liaising with the receiving Councils when officers were transferred before recovery of salary advances.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting authority to ensure that all the outstanding balances are recovered from the affected officers without further delay. The Committee awaits a progress report on the matter.

iii. Unsupported Payments K1, 836,972

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and stated that the query was due to the Council maintaining two different files for payment vouchers and supporting documents. This practice, however, had since been stopped. The Council had since attached the respective supporting documents to the payment vouchers and the documents were available and ready for verification. The Council had strengthened internal control systems to ensure that payment vouchers had all the necessary supporting documents.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to ensure that erring officers are disciplined, only then will the matter be closed. The Committee awaits a progress report on the matter.

f) Unaccounted for Stores K234, 052

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor's observation and stated that the query was caused by delays in attaching the supporting documents to the respective payment vouchers. The Council reported that the supporting documents had since been attached and were ready for verification. The Council had enhanced internal control systems to ensure that documents were properly filed on a daily basis and would ensure that follow-ups for supporting documents were promptly done once the payment process was completed.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to ensure that erring officers are disciplined, only then will the matter be closed. The Committee awaits a progress report on the matter.

g) Lack of Title Deeds

Response by the Accounting Authority

The Accounting Authority acknowledged the observations made by the auditors and stated that failure to process title deeds was an oversight on the part of the Council. The Council further stated that amongst the 129 properties stated, 11 properties were disposed of during the Presidential directive of 1996, as listed below.

House No. 4642, Lubuto
House No. 1126, Ndeke
House No. 1457, Ndeke
House No. 1030, Ndeke
House No. 1128, Ndeke
House No. 1512, Ndeke
House No. 1124, Ndeke
House No. 1423, Ndeke
House No. 1207, Ndeke
House No. 2035, Ndeke
House No. 2037, Ndeke

The Council had started the process of numbering and officers were on the ground picking coordinates for onward submission to the Ministry of Lands and Natural Resources. The Council would endeavour to ensure that all newly acquired and developed properties were immediately put on title.

Committee's Observation and Recommendation

The Committee is disappointed with the casual manner in which the City Council is being run. The Committee is of the view that such approach to serious matters cannot be condoned further and the Appointing Authority is urged to consider improving the status quo. The Committee also directs the Accounting Authority to expedite the process of acquiring title deeds and resolves to await a progress report on the matter.

h) Failure to Reimburse Local Government Equalisation Funds K3, 977,571

Response by the Accounting Authority

The Accounting Authority acknowledged the observations made by the auditors and stated that the failure to reimburse the 20% Capital Project Fund was due to financial constraints being experienced. The Council had made a provision of K1, 000,000 in the 2022 budget as part of the amount that would be reimbursed in the 2022 financial year. The Council would ensure that the 20% was accounted for at the time of receipt of the LGEF.

Committee's Observation and Recommendation

The Committee observes with concern the failure by the Accounting Authority to adhere to the the *Local Government Act No. 2 of 2019*. He is sternly cautioned to desist from diverting funds meant for capital projects, which is equivalent to delaying service delivery to the intended communities. The Committee directs the Accounting Authority to reimburse the funds without further delay. The Committee resolves to await a progress report on the matter.

i) Management of Constituency Development Fund

i. Undelivered Building Materials K249, 003 (K43,010 overpayment)

Response by the Accounting Authority

The Accounting Authority acknowledged the observations made by the auditor and stated that the query was caused by scheduled collection of building materials from the suppliers which were done in tandem with the construction schedule. At the time of audit, some materials were not yet collected as the project had not yet reached the level at which they were to be used. The Council reported that the building materials were collected and the projects had since been completed and duly commissioned. The Council further stated that a request had been made to the supplier for a refund of the overpayment of K43, 010 and was awaiting feedback. The Council would endeavour to ensure that before a payment was released, the goods were received in stock and verified by internal audit.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to ensure that erring officers are disciplined for this failure. While it is assumed that human error could have caused the overpayment, the Committee has not accepted this particular overpayment as it is evident that this was an act of teeming and lading, since all authorising officers cannot make the same mistake to pass the payment without checks and balances. The Committee directs the Accounting Authority to ensure that all the funds are recovered from this scrupulous supplier without further delay. It is a strong view of the Committee that there is need for a complete overhaul of the Management at this Council to eradicate such acts. The Committee awaits a progress report on the matter.

ii. Wasteful Expenditure – Purchase of Float Switches K14, 850

Response by the Accounting Authority

The Accounting Authority acknowledged the observations made by the auditors and stated that the query was an error on the source document (purchase requisition) which indicated 100 switches instead of 1. The Council reported that the supplier was communicated to so that he should not deliver the ninety-nine (99) float switches. The Council further requested the supplier to refund the money for the excess float switches. The Council would enhance internal control systems to ensure that documents get more scrutiny before approval.

Committee's Observation and Recommendation

As also observed in ii) above, it may be assumed that human error could have caused the overpayment, but the Committee has not accepted this particular error as it is evident that this was an act of teeming and lading since all authorising officers cannot make the same mistake to pass the payment without checks and balances. The Committee directs the Accounting to ensure that all the funds are recovered from the supplier without further delay. As already stated, it is a strong view of the Committee that there is need for a complete overhaul of the Management at this Council to eradicate such acts. The Committee awaits a progress report on the matter.

iii. Unaccounted for Stores - K394, 017

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditors observations and stated that query was caused by delays in attaching the supporting documents to the payment vouchers as some supporting documents were kept at stores and during audit they had not yet been attached. The supporting documents that were missing on the payment vouchers had since been attached. The Council would ensure that responsible officers attach the receipts to the payment vouchers as soon as the payment process was completed and ensure the disposal details was update and strictly adhered to.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to ensure that erring officers are disciplined only then will the matter be closed. The Committee awaits a progress report on the matter.

j) Management of Liabilities

i. Failure to Remit Statutory Obligations K102, 202,287

Response by the Accounting Authority

The Council reported that the failure to remit statutory obligations was due to financial constraints being experienced by the Council. The Council was making efforts whenever funds were made available to make some payments and so far K750, 000 had been made towards statutory obligations. The Council was paying salaries on gross to avoid further accumulation of this debt.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Council is also encouraged to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K33, 844,984

Response by the Accounting Authority

The Accounting Authority acknowledged the auditors observation and state that the failure to pay staff obligations was due to financial constraints. The Council was making some payments whenever funds were made available and so far K4, 196, 231.47 had been paid to date comprising of terminal benefits K2, 770, 731.7, long service bonus K827, 474.77 and salary arrears of K598, 030. The Council further stated that a provision of about K10 million had been made in the 2022 annual budget to dismantle part of this debt. The Council would endeavour to make prompt payments towards staff obligations. The Council further stated that a payment plan had been put in place to ensure systematic settlement of these obligations and about K10 million provisions have been made in the current 2022 budget.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Council is also encouraged to explore all available options, including debt swaps, to expedite the process. The Committee resolves to await a progress report.

k) Commercial Venture - The New Ambassador Hotel

i. Missing Receipt Books

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditors concern and stated that the query was as a result of misplacement of documents in the store room. The three receipt books had since been found and were ready for verification. The Council had enhanced the management of accountable documents at the hotel to ensure safe custody.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to ensure that erring officers are disciplined, only then will the matter be closed. The Committee awaits a progress report on the matter.

ii. Unaccounted for Revenue K32, 990

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditors observation and stated that the query was as a result of some guests in question not actually occupying the rooms even after booking and capturing them in the Guest register as the clients were not satisfied with the rooms. However, the front office personnel did not take note of the cancelled bookings, hence the query. The Council had put in place a system at the front office to only enter guests in the register when the client checked into the room and not at the time of booking. The Council further reported that the guest should clearly indicate whether they were staying on credit or cash.

Committee’s Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to ensure that erring officers are disciplined only then will the matter be closed. The Committee awaits a progress report on the matter.

Petauke Town Council

Paragraph 66

66.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income Negative Variance K3,450,597

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation and wishes to state the following as indicated in the table below:

PETAUKE TOWN COUNCIL					
Budget and Income 2020					
No.	Source of Funds	Budget	Actual	Variance	Comments
	Locally Generated Funds				
1	Local Taxes/Rates	858,865.00	628,538.00	230,327.00	The target was not met due to poor delivery system of bills as some rate payer received their bills late. The Council had introduced an SMS system to improve collection efficiency on this vote
2	Fees and Charges	7,108,591.00	3,836,712.00	3,271,879.00	The Council did not perform as expected because of poor response from interested applicants who were allocated plots but failed to pay plot premium.
3	Licences	44,058.00	11,984.00	32,074.00	The target was not met because bars were closed due to COVID- 19
4	Levies	449,372.00	586,374.00	(137,002.00)	The Council performed well above target due to engagement of task force in collection of levies.

5	Permits	803,420.00	528,310.00	275,110.00	The Council over budgeted on this type of income hence the target was not met
6	Commercial Venture	100,000.00	105,202.00	(5,202.00)	Nyika Motel which was a commercial venture for the Council contributed more to the main account due to increased profit during the year
	Sub Total	9,364,306.00	5,697,120.00	3,667,186.00	
	National Support				
7	Local Govt Equalisation Fund	10,143,775.00	10,070,768.00	73,007.00	
8	Grants in Lieu of Rates	100,000.00	600,000.00	(500,000.00)	
9	Constituency Development Fund	4,800,000.00	4,800,000.00	-	
	Sub Total	15,043,775.00	15,470,768.00	(426,993.00)	
	Total	24,408,081.00	21,167,888.00	3,240,193.00	

Local Taxes

The Accounting Authority submitted that the Council had introduced an SMS system to help prompt delivery of bills to all rates payer. He assured the Committee that he would ensure that all the bills were delivered on time using an SMS system on the dove computing software which the Council was now using.

Fees and Charges

The Accounting Authority reported that all unpaid plots had been possessed and documents were ready for verification. The Accounting Authority also said her office would ensure that plots would only be allocated to interested applicants who had the capacity to pay plot premium.

Licenses

The Accounting Authority reported that a data base had been put in place to ensure that the budget was based on what was on the data base.

Permits

The Accounting Authority reported that a data base had been put in place to ensure that the budget was based on what was on the data base. The Accounting Authority would also ensure that the database was used in coming up with income estimates during budgeting.

Committee's Observations and Recommendations

The Committee observes with concern the failure by the Accounting Authority to collect revenue as planned for the year. It is evident that there is lack of aggressiveness and proactiveness in the officers tasked with the responsibility. The Committee strongly urges the Accounting Authority to ensure that turn-around strategies are put in place to counter this unintended outcome. The Committee resolves to keep the matter in view during future audits.

b) Accounting for Revenue

i. Missing Receipt Book

Response by the Accounting Authority

The Accounting Authority reported that at the time of audit, the book was still in use as a result the book was not availed to the auditors. The Accounting Authority reported that the remaining missing receipt book had been traced and was ready for verification. The Accounting Authority reported that the Accounting Authority would ensure that all the documents were availed to the auditors during the audit process. The Accounting Authority would also be conducting quarterly audits on all accountable documents to ensure that all receipt books were properly tracked.

Committee's Observations and Recommendations

The Committee does not accept the reason given by the Accounting Authority and is strongly urged to desist from misleading them. The Accounting Authority is reminded that the audit process is sufficient to clear such matters and it is not clear why a book which was readily available could not be availed to auditors during the audit period. He is also urged to ensure that the cut-off dates during audits are strictly followed and that all relevant documents are availed to auditors during the audit process. The Accounting Authority is also directed to ensure that the receipt book is availed for audit verification only then will the matter be closed.

ii. Use of Receipt Books with Same Serial Numbers - (40) receipt books

Response by the Accounting Authority

The Accounting Authority reported that the institution had used the same serial numbers in different categories such as market storage, market daily levy and market toilet levies. The Council had developed a system to ensure that receipt numbers were not repeated by giving the supplier the last serial number before the books were printed. The Accounting Authority further reported that a stock take was done to ensure that all the receipt books in that batch did not bear the same serial numbers. The Council had since discontinued the engagement of private printers as per guidance from the Ministry and would ensure that all receipt books were procured from Government Printers.

Committee's Observations and Recommendations

The Committee is displeased with the state of affairs at the Council. It is evident that there are very weak internal controls at the Council and that the same can be a recipe for fraudulent activities. The Committee sternly cautions the Accounting Authority to desist from weakening systems for easy pilferage. He is also warned to ensure that all funds are properly accounted for and segregated while ensuring that all such books are only procured from a Government and not private entity to avoid recurrence. The matter will be kept in view during future audits.

iii. Failure to Collect Revenue

- **Sale of Plots K4,091,000**

Response by the Accounting Authority

The Accounting Authority reported that the Council offered plots to interested applicants and at the time of audit, the applicants had not yet paid plot premium. The list of people who had not yet paid for plot premium was presented to Council on minute Number PTC/OC/366/05/21. It was resolved that the plots be repossessed and re advertised. Attached were repossession letters for verification. The Accounting Authority further reported that in future plots would only be allocated to interested applicants who had the capacity to pay plot premium.

Committee's Observations and Recommendations

The Committee does not accept the reason given by the Accounting Authority as efforts to follow up on the matter is only observed after audits. The Committee wonders why revenue collection is not prioritised despite grappling with liquidity problems and failing to meet its obligations. The Committee directs the Accounting Authority to ensure that all the funds owed are collected without any further delay. The Committee will await a progress report on the matter.

- **Billboards and Telemasts K80,951**

Response by the Accounting Authority

The Accounting Authority reported that most businesses were badly affected by COVID- 19 as a result they had difficulties in paying what was owed to the Council. The Accounting Authority further reported that some of the billboards were uprooted as the owners could not afford pay for them. Documents were available for verification. The Accounting Authority furthermore reported that a database of both bill boards and telemasts had been developed to help keep track active businesses.

Committee's Observations and Recommendations

The Committee does not accept the reason given by the Accounting Authority as efforts to uproot the billboards were only made after audits. As in i) above, the Committee wonders why revenue collection is not prioritised despite grappling with liquidity problems and failing to meet its

obligations. The Committee directs the Accounting Authority to ensure that all the funds owed are collected without any further delay. The Committee will await a progress report on the matter.

c) Management of Payroll and Other Staff Related Matters - Failure to Fill Vacant Positions - 81 vacant

Response by the Accounting Authority

The Accounting Authority reported that at the time of audit the Local Government Service Commission had not yet filled the requested positions. The vacancy report was submitted to the Local Government Service Commission for the vacant positions to be filled. However, the Council further reported that the position of Deputy Director of Works had been filled. The Accounting Authority furthermore reported that it would endeavour to submit to the Local Government Service Commission for the vacant positions to be filled timely.

Committee's Observations and Recommendations

The Committee wonders why the Local Government Service Commission is failing to increase staff levels in accordance with their approved staff establishment. The Committee feels that it is counterproductive to deprive the communities of the services required as a result of failure to employ officers that are key to the smooth running of the district. It is, therefore, strongly recommended that with the dawn of fiscal decentralisation, the Local Government Service Commission must ensure that all key officers are employed to support key functions at the district. The Committee will await a progress report on the matter.

d) Management of Local Government Equalisation Fund

i. Delayed Completion - Fitting of the Ceiling Board at the Civic Centre

ii. Fitting of tiles at the Civic Centre

Response by the Accounting Authority

The Accounting Authority reported that the amount allocated on the renovation of the civic centre was not enough to finish all the required works. The Accounting Authority further reported that the renovation of the Civic Centre would continue as soon as the Ministry of Local Government and Rural Development approved the 2022 budget as Council had allocated K420, 000 for completion of the remaining works. The Accounting Authority also reported that it would provide adequate resources to such projects to ensure that works were finished within a year.

Committee's Observations and Recommendations

The Committee notes with great concern the failure by the Accounting Authority to allocate enough funds to the project for completion. It is evident that the Council Management does not adhere to laid down procedure where projects are supposed to have been allocated enough funds

up to completion to avoid having too many unfinished projects in the district. The Committee directs the Accounting Authority to ensure that the project is completed without further delay by lobbying for more funds through the 2022 budget. The Committee will await a progress report on the matter.

e) Management of Liabilities

i. Failure to Remit Statutory and Other Obligations K7,607,671

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observations and submitted that the failure to remit statutory obligations was due to liquidity challenges. The Accounting Authority also reported that Council had entered into payment plans with statutory bodies to avoid accumulation of debt. The Council paid a total of K245,758.49 towards its debt as follows: National health insurance K35,173.68, LASF K51,852.53, ZRA K20,000, ZULAWU K117,962.12 and FIRESUZ K20,770.16. The Accounting Authority furthermore reported that in the bid to increase its capacity to pay all the statutory obligation as they fall due, The Council had updated its valuation roll and had also invested in an aquaculture project. Documents were ready for verification.

Committee's Observations and Recommendations

The Committee wonders why revenue collection is not prioritised despite grappling with liquidity problems and failing to meet its statutory obligations. The Committee directs the Accounting Authority to ensure that all available options including debt swaps are explored to enhance its revenue base and reduce or otherwise finish paying this debt as a matter of urgency. The Committee will await a progress report on the matter.

ii. Failure to Settle Staff Obligations K7,617,332

Response by the Accounting Authority

The Accounting Authority reported that during the year under review it has financial challenges because of the COVID-19 outbreak, most business had closed hence the reduced income for the Council. The Accounting Authority reported that Council had entered into payment plans and was slowly liquidating all staff obligations. The Council had as at December 2021 paid a total of K1,529,513.83 towards its staff obligations. This included that one month 2020 salary arrears. The Accounting Authority reported that in the bid to increase its capacity to pay the entire statutory obligation as they fall due, the Council had updated its valuation roll and had also invested in an aquaculture project. Documents were available for audit verification.

Committee's Observations and Recommendations

As in i) above, the Committee wonders why revenue collection is not prioritised despite grappling with liquidity problems and failing to meet its statutory obligations. The Committee directs the Accounting Authority to ensure that all available options are explored to enhance its revenue base

and reduce or otherwise finish paying this debt as a matter of urgency. The Committee will await a progress report on the matter.

f) Commercial Venture - Management of Nyika Motel

i. Irregular Use of Imprest - K5,727

Response by the Accounting Authority

The Accounting Authority reported that at the time, the Motel had a workshop in progress running through the weekend and that the Motel was experiencing power outages. The Accounting Authority also reported that the use of imprest to procure goods and services had been stopped.. The Council reported that the Motel Manager had been written to, to ensure that all procurements were processed by the Procurement Section.

Committee's Observations and Recommendations

The Committee does not accept the reason given as Financial Regulation No. 86(c) is not adhered to by officers with impunity. The Accounting Authority is urged to ensure that officers were disciplined for this failure to deter others. The Committee awaits a progress report on the matter.

ii. Outstanding Receivables from Council Officers - K79, 087

Response by the Accounting Authority

The Council reported that the amounts owed belong to Council workers who were no longer with the Council making it difficult to recover the debt. The Council had deducted the amounts owing from the officers outstanding arrears and a ledger was attached for verification. The outstanding balance was K26, 672.53. The Council also resolved that all the defaulters be given 3 months to pay failure to which legal action would be taken against them. Documents were available for verification. The Accounting Authority also reported that the credit policy was abolished and all sales would be conducted on cash basis.

Committee's Observations and Recommendations

The Committee does not accept the reason given as Local Authorities Financial Regulation No. 12 (h) is not adhered to by officers with impunity. The Accounting Authority is urged to ensure that officers are disciplined for this failure to deter others and that the balance on funds owed is recovered using all available options without further delay. The Committee awaits a progress report on the matter.

67.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) ***Budget and Income (Negative Variance K2, 897,712)***

Response by the Accounting Authority

The Accounting Authority observed that the negative variance of K2, 897,712 on income was correct. However, the Council reported that the negative variance was due to under collections on locally generated revenue, because in the 2020 budget the Council prepared estimates in anticipation of creation of plots which did not fall due during the period under review. The Council also anticipated becoming a planning authority, a status which was awarded in the 4th quarter of 2020. The Council also experienced resistance from the property rates payers as the result of revised fees in the new valuation roll. Samfya Town Council had since formed a Revenue Task Force which encouraged compliance and undertook routine stakeholder engagements on the need to comply. In addition, the Council had updated the database and undertakes debt collection through issuance of demand letters to debtors with the help of the Courts. Samfya Town Council had put in place a budgetary control system to monitor, closely supervise revenue collection, review the budget performance and ensure timely reporting to officers charged with governance for decision making.

Committee's Observation and Recommendation

The Committee is concerned about the Council's failure to create its own revenue despite its financial difficulties. It is disheartening to find that the Council is intending to step up its efforts now that audits have been completed, despite having all available choices. The Accounting Authority has been asked to identify and implement solutions to counteract this unfortunate state of affairs as soon as possible. The Committee is certain that the current state of affairs is attributable to a lack of assertive on the part of authorities charged with the obligation. The Committee awaits a progress report on the problem until revenue collection has improved significantly.

b) ***Failure to Collect Revenue***

Response by the Accounting Authority

The Local Authority noted the Accounting Authority's observations and reported that non-collection of the billboard levy and property rates amounting to K393, 587 by the Council was due to resistance to paid revised rates as per new valuation roll by the property owners and non-compliance by the billboard owners. The Local Authority noted the Auditor General's observations. However, the Local Authority had embarked on sensitisation and stakeholder engagement meetings. The Council had since begun to collect the billboard levies and property

rates. The Council reported that at the time of reporting, Samfya Town Council had collected the total sum of K8, 948 out of the reconciled billboard levy and property rates amounting to K216, 533.22 leaving a balance of K168, 105.78 yet to be collected. The Council was attending to formalities and the outstanding balances would be cleared by issuance of demand notices to property owners. Documents were available for verification. Samfya Town Council reported that the Council would be conducting stakeholder engagement and sensitise the community on the importance of paying local taxes, timely follow up on outstanding balances and updating of the database.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to collect the much needed revenue despite their failure to meet their obligation in terms of debt. The Committee directs him to ensure that collection strategies and efforts are enhanced to improve the status quo. The Committee awaits a progress report on the matter.

c) Over employment of Staff

Response by the Accounting Authority

The Accounting Authority submitted that management acknowledged the observations made by the Auditors and reported that the employer of officers under division I, II, & III was the Local Government Service Commission. The Local Authority being a new fire authority did not yet have a fully established fire section and it was rendering the fire services within the district using the few available fire officers. The Local Authority had since written to the Local Government Service Commission to notify them on the matter. The Local Authority would ensure that the payroll was in line with the authorised establishment by making timely communication to Local Government Service Commission for any anomaly.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that the matter is resolved to its logical conclusion.

d) Irregular Use of Imprest K12,392

Response by the Accounting Authority

The Accounting Authority submitted that management acknowledged the observations made by the Auditors and reported that it regretted the use of imprest to procure goods and services. This was necessitated by the nature of the transactions which were emergencies arising due to unforeseen circumstances. These included the purchase of tools and materials to be used during the COVID-19 pandemic campaign and mitigation response; and purchase of empty sacks used to prevent the road section from being washed away due to floods using sand. The Local Authority also stated that the imprest amounting to K K12, 392 involved eight (8) transactions issued to five

(5) officers were fully retired by the officers and payment vouchers were available for audit verification. The Local Authority would endeavour to adhere to the provisions of Financial Regulation No. 86 (c) by ensuring that special imprest was not used to procure goods and services whose values were obtainable on the market.

Committee’s Observation and Recommendation

The Committee is disappointed that documents that were not availed to auditors during audit resurface after audit with impunity. The Committee doubts the authenticity of these documents and the Accounting Authority is directed to ensure that erring officers are disciplined only then will the matter will the matter be closed.

e) Management of Liabilities

i. Failure to Remit Statutory Obligations K1, 661,389

Response by the Accounting Authority

The observation by the Auditor General regarding failure to settle statutory obligations was correct. The Local Authority reported that Samfya Town Council failed to settle statutory and other obligations due to financial challenges arising from accumulated historical debt.

TABLE: Outstanding Statutory obligation

S/N	Outstanding Obligation	As at 31.12.20	Accrued during the period	Payments to date	Balance as at 30.01.2022
1	ZRA	1,039,846	764,417.61	150,000	1,654,263.61
5	NAPSA	449,207	408,235.80	311,633.08	545,809.72
6	LASF	172,336	88,317.73	260,653.73	-
TOTAL		1,661,389	1,260,971.14	722,286.81	2,200,073.33

Samfya Town Council had since entered into an agreement with NAPSA, LASF and ZRA proposing to liquidate the outstanding contribution whilst liquidating current amounts due.

- i. Commitment to pay ZRA K8,000, and NAPSA K2,536 totalling to K10,536 every month beginning October, 2020 to the National Pension Scheme Authority, LASF and ZRA until full settlement of outstanding contribution.
- ii. The Council was engaging the three (3) statutory bodies for other possible ways of offsetting the outstanding debt including debt swap with the land; and waiver of penalties and interests accrued.

Samfya Town Council would endeavour to stick to the agreement above and pay as and when resources were available.

Committee’s Observations and Recommendations

The Committee is concerned with the failure by the Council to remit statutory obligations as required by law. The Committee warns that, not only will this result in loss of revenue to the Government, but it also may deny the Local Authority revenue for service provision. The Committee recommends that the Council should strictly adhere to the payment plans agreed upon to avoid further accumulation of arrears. The Committee awaits a progress report on the matter.

iii. Failure to Settle Staff Obligations K1, 077,040

Response by the Accounting Authority

The Local Authority acknowledged the observations of the Auditor General regarding the failure by the Council to settle staff obligations. Samfya Town Council reported that failure to settle outstanding obligations amounting to K1, 077,040 was due to the financial challenges that the Council was facing. The Local Authority reported that the Samfya Town Council had gone into debt payment plans with different creditors such as terminal benefits, long service bonus, Councillors’ allowances and settling in allowances. The Council was making monthly payments against the debt owing and remarkable progress had been made in liquidating the staff obligation as at 31st January 2022 as indicated in the table below. Copies of payment vouchers were available for inspection and scrutiny. The Accounting Authority stated that the outstanding settling in allowance as at 31st December 2020 was K82,815.15 and not K536,508, as this figure was the accrued ledger opening figure from 2017 and not the outstanding closing balance as at 31st December, 2020.

Table of the payment plan for the outstanding obligations:

S/N	Outstanding Obligation	As at 31.12.2020	Accrued during the period	Payments to date	Balance As at 31.01.2022
2	Terminal benefits	384,522	-	124,999.82	259,522.18
3	Settling in allowance	82,88.38	170,741.34	85,815.15	168,714.57
4	Long service bonus	99,780	-	10,000	89,780
7	Former Councillors	37,515	-	37,515	0
	TOTAL	604,605.38	170,741.34	257,329.97	518,016.75

- i. Samfya Town Council would endeavour to engage various creditors on the most viable payment plans to dismantle the historical outstanding debts.
- ii. The Council was also broadening its revenue base so as to increase resources to pay off the outstanding staff obligations.

Committee's Observations and Recommendations

The Committee notes the financial challenges the Council is undergoing and urges the Accounting Authority to enhance the Council's revenue collection efforts in view of the narrow revenue base to avoid such recurrences. The Committee urges the Council to prioritise staff obligations amidst other urgent matters. The Committee awaits a progress report on the matter.

Senanga Town Council

Paragraph 68

68.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income - Negative Variance of K5,255,184

Response by the Accounting Authority

The Accounting Authority reported that the Local Authority had a negative variance of K5,255,184 on revenue generation due to the following reasons:

Fees and Charges

The Accounting Authority had planned to generate K2,594,503 from service charges arising from creation and allocation of new plots to the general public. However, no fees and charges were collected due to the fact that negotiations in acquisition of land from local leadership could not be completed by the end of the financial year 2020, hence there was no revenue generated from plot premiums.

Levies, Permits and Other Receipts

The Accounting Authority submitted that the income, levies and permits of the local authority was mainly fees from meat (beef) inspections and transportation which was negatively affected due to the ban by the Government on slaughtering cattle; and transportation of the products and livestock because of the outbreak of animal diseases in the Province. Furthermore, fees from business hours extension and other permits could not be collected due to COVID-19 restrictions.

Local Taxes

The Accounting Authority submitted that the local taxes which was mainly revenue from residential and commercial/industrial property rates could not be collected on time due to the fact that property bills to rate payers were not dispatched on time as they were being generated manually due to collapse of computer billing software. The Accounting Authority reported that the Local Authority had continued to engage traditional leadership for the purpose of acquisition of land for development. The Local Authority had acquired a new property rates billing software

and bills were being dispatched to all property owners for the purpose of collecting outstanding revenue on property rates on time. The Local Authority had also embarked on updating of valuation roll, which had reached an advanced stage and awaited the sitting of Rates Tribunal for the award. This would improve revenue base in terms of property rates as new properties had been captured on the new valuation roll. The Accounting Authority reported that the Local Authority would enforce the provision of the *Rating Act No.21 of 2018* and ensure that all outstanding property rates were collected without any further delay. The Local Authority had further signed a memorandum of understanding of Service Level Agreement (SLA) with the billing software provider which would be used as a yardstick of performance and to guarantee satisfactory after sales service.

Committee's Observation and Recommendations

The Committee observes with concern that the Accounting Authority took a casual approach on revenue collection and it worries the Committee that the same was not receiving much attention. The Committee urges the Accounting Authority to ensure that turn around strategies are formulated and implemented as a matter of urgency to improve the status quo. The Committee resolves to keep the matter in view during future audits.

b) Environmental Management

Response by the Accounting Authority

The Accounting Authority reported that the dumpsite that the local authority had been using was sitting on a piece of land belonging to the Barotse Royal Establishment (BRE) and therefore, it could not be secured as negotiations were under way between the local traditional leadership and the Local Authority at the time of audit, to secure a suitable dumpsite. The Council further reported that the local authority did not have qualified and competent public health personnel to advise on the environmentally friendly methods of waste disposal, during the period under review. The Accounting Authority reported also that the local authority had secured a new dumpsite along Senanga-Sesheke road and warning signs had been put to warn the general public about the existence of the dumpsite. Through the Local Government Service Commission, the Local Authority had employed qualified and competent public health personnel who were in charge of waste management matters. The Local Authority had budgeted to procure machinery (front-end-loader) to be used to compact the waste with a layer of soil to reduce the exposure of the community to health hazards, The Council would also build a guard house and erect a fence during the financial year 2022. Documentation was available and ready verification. The Accounting Authority reported that the Local Authority would endeavour to adhere to the requirements and provisions of the *Environmental Management Act No. 12 of 2011* as it disposed of waste matters. The Council further resolved to be hiring a compactor from other sources as it prepared to acquire its own.

Committee's Observation and Recommendations

The Committee observes with concern that the Accounting Authority took a casual approach in adhering to the *Environmental Management Act No. 12 of 2011* and the *Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013*. It displeases the Committee that the issue of the dumpsite had taken long to be resolved. The Committee urges the Accounting Authority to ensure that they adhere to laid down regulations in securing citizens in the management of refuse. The Committee resolves to keep the matter in view during future audits.

c) Management of Payroll and Other Related Staff Matters

i. Failure to Fill Vacant Positions

Response by the Accounting Authority

The Accounting Authority reported that the above positions became vacant following the transfers of Human Resource Officer, Deputy Director of Works and Audit Assistant by the Local Government Service Commission. The position of the Socio-Economic Planner became vacant following the resignation of the officer. The Accounting Authority also reported that the key positions of Human Resource Officer, Assistant Internal Auditor and Deputy Director of Works had been filled up through appointments by the Local Government Service Commission. The Council further reported that it had written to the Local Government Service Commission to fill up the remaining vacant position of the Socio-Economic Planner. Documentation was available and ready for verification. The Accounting Authority furthermore reported that the Local Authority would ensure that all key positions as per establishment filled up by way of constant engagement of the Local Government Service Commission on staff matters.

Committee's Observations and Recommendations

The Committee notes with concern the failure by the Accounting Authority to resolve this matter with Auditors during the period of audit. The Accounting Authority is directed to show proof that the Local Government Service Commission had been written to fill the vacant positions as per establishment. Further, he is strongly urged to ensure that quarterly returns are availed to the LGSC timely to inform them of the status on staff related matters for their action. The Committee resolves to await a progress report on the matter.

ii. Irregular Payment of Housing Allowance

Response by the Accounting Authority

The Accounting Authority reported that the seven (7) Council officers who were cited to have been receiving irregular payments of housing allowance were not accommodated by the Council as queried by the Auditors. The employees in question were in fact tenants of the Council's rented houses and had tenancy agreements with the Local Authority for occupying these council houses. These, therefore, were eligible to be paid housing allowance as provided for under their conditions

of service. The Accounting Authority also reported that the tenancy agreement between the Local Authority and the seven (7) employees was available for audit verification. The Accounting Authority further reported that the Local Authority would endeavour to continue enforcing the conditions of service for its employees as prescribed in order to remunerate workers correctly.

Committee's Observations and Recommendations

The Committee notes with concern the Council's failure to adhere to the Conditions of Service applicable to their staff. It is worrisome to find that he is supporting the irregular payment despite knowing clearly that the criterion for qualifying to be paid housing allowance was not sufficient. The Committee directs the Accounting Authority to ensure that all irregularly paid funds are recovered from the affected officers without further delay. The Committee resolves to await a progress report on the matter.

iii. Failure to Recover Funds from a Dismissed Officer K259,409.55

Response by the Accounting Authority

The Accounting Authority reported that the officer was dismissed on the basis that she deserted the work place following the expiry of her paid study leave. She was required to pay back K259,409.55 being total gross earnings of monthly salaries paid to her during paid study leave. This was because of her failure to abide to the bonding agreement. The Accounting Authority also reported that the Local Authority requested the dismissed officer to pay back the above stated sum through a letter dated 8th April, 2021. This was in reference to the request she made to the Local Government Service Commission dated 21st January, 2021. Documentation was available for verification. The Accounting Authority furthermore reported that it would strictly enforce bonding agreements with its employees.

Committee's Observations and Recommendations

The Committee notes with concern the Council's failure to adhere to the Conditions of Service applicable to their staff. The Committee directs the Accounting Authority to ensure that all irregularly paid funds are recovered from the affected officer without further delay. The Committee resolves to await a progress report on the matter.

d) Failure to Maintain Properties

Response by the Accounting Authority

The Accounting Authority reported that the Local Authority faced serious liquidity problems during the period under review. It had no financial capacity to undertake major rehabilitation works of all its dilapidated properties. The Accounting Authority also reported that the Local Authority had set aside some funds in its 2022 budget to undertake major rehabilitation works on its properties. In this regard, the 20% of Local Government Equalisation Fund meant for capital expenditure would be partly applied for rehabilitation of the identified Council's infrastructure. The Accounting Authority furthermore reported that the local authority had developed capital

assets improvement plan where periodical maintenance of identified properties such as buildings would be undertaken and a provision of funds would be included in every year's budget.

Committee's Observations and Recommendations

The Committee notes with concern the Council's failure to put in place a maintenance policy to guide them on when to carry out maintenance on all its properties. The Committee directs the Accounting Authority to ensure that the maintenance policy is put in place and strictly followed to avoid recurrence. He is also directed to ensure that the two properties are maintained without further delay. The Committee resolves to await a progress report on the matter.

e) Management of Constituency Development Fund

i. Construction of Male Cell at Senanga Correctional Facility

Response by the Accounting Authority

The Accounting Authority reported that, the project was not funded in full during the period under review as funding available could not cater for all approved projects. The project in question was to be completed in stages and the amount of labour paid totalling K16, 000 was for the up to the level inspected. The remaining works to complete the project were being funded from the year 2022 Constituency Development Fund. The Accounting Authority also reported that only projects that had been fully funded up to certified level would be considered.

Committee's Observations and Recommendations

The Committee notes with concern the partial funding to projects which is a serious omission. The Committee observes that partial funding encourages vandalism as incomplete works may result in projects being started all over again if the works are vandalised. The Committee encourages the Accounting Authority to consider funding projects for completion to avoid stalling works and delaying service to the intended beneficiaries. The Committee directs the Accounting Authority to ensure that funding is lobbied for completing the works at correctional facility. The Committee resolves to await a progress report on the matter.

e) Management of Liabilities

i. Failure to Remit Statutory Obligations K3,760,509

Response by the Accounting Authority

The Accounting Authority reported that the Local Authority was an unable to remit statutory contributions to respective authorities due to the fact that it experienced insufficient funding during the period under review. This made it difficult for the Council to meet its statutory obligations. The Accounting Authority reported that the Local Authority had put in place a plan to liquidate the statutory obligation and to that effect a budget had been set aside in 2022 annual

budget. Furthermore, the Local Authority had entered into a payment plan with the concerned statutory bodies in order to liquidate the arrears. As at third quarter of 2021, a total amount of K655,740 had been paid towards statutory obligations as tabulated below.

Unremitted Statutory Obligations

Sn.	Institution	Amount Outstanding (K)	Amount Paid	Outstanding Balance
1	ZRA	940,116	220,000	720,116
2	NAPSA	2,495,941	349,434.52	2,146,506.48
3	LASF	324,454	86,305.63	238,148.37
4	ZULAWU	-	-	-
	Total	3,760,511	655,740.15	3,104,770.85

The Accounting Authority reported that the Local Authority would ensure that it remits statutory obligations without further delay; and revenue generation options were explored to improve the Council's revenue base. One of the measures taken was the update of its main valuation roll to capture more properties for property rates.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations - K2, 606,348

Response by the Accounting Authority

The Accounting Authority reported that the Local Authority could not liquidate staff debts as it faced insufficient funding during the period under review to cope with the accumulated staff obligations. The Accounting Authority reported that a total amount of K266,627.46 had been paid towards staff obligations as shown in the table below. Furthermore, the Council had put in place a payment plan to liquidate the remaining balance.

Outstanding staff Obligation

Sn.	Type of Debt	Balance	Amount Paid	Outstanding Balance
1	Salary Arrears	1,424,526	82,502.01	1,342,023.99
2	Settling in Allowance	144,665	91,424.12	53,240.88
3	Leave Travel Benefits	321,535	12,169.54	309,365.46
4	Terminal Benefits	405,828	68,531.79	337,296.21
5	Long service Bonus	309,794	12,000	297,794
	Total	2,707,748	266,627.46	2,441,120.54

The Accounting Authority reported that the local authority would ensure that it settles staff obligations without further delay. To this effect additional revenue generation options were to be explored to improve the Council's revenue base.

Committee's Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. She is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

Senga Hill Town Council

Paragraph 69

69.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income K3,982,419

Response by the Accounting Authority

Local Taxes

The Accounting Authority responded that the Local Taxes comprised property rates of K 23,040 and personal levy of K18, 780. For property rates, the under collection arose due to failure by the Tanzania-Zambia Railways (TAZARA) to meet its obligations. TAZARA had stated that their services were suspended due to COVID-19 and other underlying challenges. TAZARA had only made a part payment of K 13,000 resulting in the negative variance as noted by the Auditors.

Under personal levy, the Accounting Authority stated that the main contributors were civil servants operating within the district. In coming up with the budget, the Council took stock of the civil servants operating within the district and submitted to the Ministry of Finance and National Planning for purposes of personal levy. However, not all the civil servants were paid for because the Ministry of Finance did not remit everything that the Council demanded and this was on account that some of the civil servants operating in the district did not appear under the Senga Hill district establishment. In their projections they had taken into account all civil servants operating in the district there by leading to the negative variance. The other contributors of personal levy are traders in the informal sector. The Council under collected in this regard because of business disruptions that happened due to incidences such as gassing and COVID-19 outbreak. The Council had sent a demand notice to TAZARA for outstanding rates and had also written to both Cabinet Office and the provincial administration over the establishments of civil servants operating in the district. To expand the number of properties that were liable for property taxes, Management had embarked on a program on settlement upgrading. The District had about 6 growth centres and starting in 2022, the main settlement of Senga would be upgraded and

properties there would be liable for rates and other taxes, thereby reducing the over reliance on the TAZARA property.

Fees And Charges

The Accounting Authority submitted that the budgeted figure was arrived at based on projected plot sales and related charges. This was on the understanding that the Government through the Ministry of Infrastructure, Housing and Urban Development would put up civic centre infrastructure such as housing for Government officers, officers, and related structures. Management envisaged that these would generate demand for plots in the surrounding area. However, this did not happen. Coupled with poor roads and related civic infrastructure, the projected demand was not realised, resulting in the negative variance as noted by the auditors. Plots were re-advertised and mode of delivery changed to first come, first serve. Management realised that in the absence of the key civic infrastructure, demand for residential plots would remain low. It, therefore, re-planned and introduced agricultural plots in the form of small holdings and farms.

Licences and Permits

The Accounting authority informed the Committee that the revenue collection activities were disturbed by gassing incidences as well as prolonged closure as part of the COVID- 19 control measures. For example, at the peak of these disturbances, one of the Council's revenue collectors was arrested in the midst of the confusion. This forced the Council's to withdraw revenue collectors from the field for purposes of their safety. The Council had redeployed revenue collectors as well as WDCs as agents for license enforcement. Management had intensified its efforts to identify economic activities requiring licensing.

Levies

The Accounting authority informed the Committee that Senga Hill collected grain levy of K 128,405 out of the budgeted amount of K 343,198. Under the financial statement format, the farm produce levy was captured under fees and charges and this was where the K 128,405 farm-produce levy was appearing. In the period under review, the gassing incidences coupled with the outbreak of COVID-19 made it very difficult for the Council to send revenue collectors on the ground. Further most the grain upon which the levies were based, were bought by the Food Reserve Agency (FRA) an institution that did not remit grain levy to councils. As such, they could not collect any from them resulting in the negative variance. The Council had redeployed revenue collectors as well as Ward Development Committees (WDCs) as agents for grain levy collection at the various barriers to ensure collection of grain levy for crops in transit. The Council had further written to the parent ministry to intervene regarding collection of levies from FRA. Management had intensified its efforts to identify economic activities where levies could be applied. These included trying to organise the artisanal miners operating in the district into cooperatives which would be levied.

Other Receipts

The Accounting Authority had budgeted to procure a bus and this was going to be a major contributor to this vault. However, due to the sudden depreciations of the kwacha, the price of the bus went way beyond the budgeted amount, thereby causing the Council to discontinue the procurement. As a result without the bus this vote could not be covered hence the negative variance as noted by the Auditors. Management had moved on to explore other activities for possibilities of income generation. Among such activities was investment in a block making business.

National Support

The Accounting Authority informed the Committee that the adverse variance of K 1,077,912 was as result of nation support budgeted for having not been received by the Council from the Central Government as well as deductions at source.

Committee's Observation and Recommendation

The Committee observes with concern the negative variance on various revenue types projected against what was actually received by the Council. The Accounting Authority is urged to ensure that the Council devises new strategies to enhance its revenue collection and improve the current status quo. The Committee also encourages the Accounting Authority to enhance the Council's efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Accounting for Revenue- Failure to Collect Revenue from Property Rates and Plot Premiums K398, 480

Response by the Accounting Authority

The Accounting Authority submitted that the balance of K 398,480 comprised plot premiums of K 230,080 and property rates of 168,400 which Tanzania-Zambia Railways (TAZARA) had owed the Council for previous years. The uncollected amount of K230, 080 comprised funds would-be developers were expected to pay. For property rates, the under collection arose due to failure by TAZARA to meet its obligations. TAZARA had stated that they had been having operational challenges for some time, hence the company had not been able to remit rates. Management had entered into payment plans and had since started collecting as per schedule. Management had proposed a debt swap with TAZARA whereby the outstanding rates would be settled in form of a property transfer. TAZARA had a guest house in the district and management was suggesting that the guest house be transferred to the Council. Plots would be offered on a first come first serve basis to avoid the creation of uncollected plot premiums from those holding provisional offer letters. Management had intensified its engagement with the TAZARA to explore ways in which the outstanding rates would be paid.

Committee's Observation and Recommendation

The Committee notes the response but strongly urges the Accounting Authority to ensure that the Council devises new ways of collecting revenue from its debtors. The Committee also encourages the Accounting Authority to impress upon the TAZARA Management to ensure that all unpaid funds are collected without further delay. The Committee awaits a progress report until all the outstanding revenue is collected without delay.

c) Procurement of Goods and Services

i. Questionable Procurement - COVID- 19 Protective Equipment

Response by the Accounting Authority

The Accounting Authority acknowledged the valid observation by the auditor on the two quotations having the same TPIN and regretted this serious oversight. The suppliers had been written to and had responded to give the clarification. The letters seeking clarification from the two companies and the response were available for audit verification. The responsible officers had been reprimanded. A mechanism had been put in place for internal audit section to enhance pre-audits so that the occurrence was not repeated.

Committee's Observation and Recommendation

The Committee notes the response but strongly urges the Accounting Authority to ensure that the matter is resolved to its logical conclusion. The Committee is of the view that the matter must be recommended to law enforcement agencies for further probe. The Committee awaits a progress report until all the outstanding revenue is collected without delay.

ii. Failure To Withhold Tax K4, 800

Response by the Accounting Authority

The Accounting Authority acknowledged and admitted that the withholding tax of 10% amounting to K 4,800 was not remitted to ZRA. He informed the Committee that the amount had since been remitted. Due diligence with all suppliers of goods and services would be enhanced to avoid a recurrence of the incident.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to discipline erring officers for this omission only then will the matter be closed.

d) Management of Local Government Equalisation Fund

i. Failure to Reimburse Borrowings K411, 217

Response by the Accounting Authority

The Accounting Authority acknowledged and admitted the borrowing. This was caused by insufficient collections, to meet some necessary operational expenses. The reimbursement of funds of K411, 217 had been made to capital account. Management had enhanced its revenue collection activities to ensure maximum collection of revenue that was due. Check-points on roads with revenue potential had been established and WDCs had been engaged to ensure that wide presence of the Council to all places within the district.

Committee's Observation and Recommendation

The Committee does not accept the reason given and urges the Controlling Officer to discipline the Council Management for this omission, only then will the matter be closed.

ii. Construction of Office Block-Phase II

Response by the Accounting Authority

The Accounting Authority responded as tabulated below.

S/N	DESCRIPTI ON	QTY	UNIT Y	TOTAL	CAUSE(S)	ACTION TAKEN
1	Hand wash basins	3	800	2400	Poor supervision by the inspectorate team partly caused by work disruptions during the COVID- 19 period	<ul style="list-style-type: none">• Officers had been cautioned.• Basins had since been installed and Auditors could verify the works
2	Urinals	1	500	500		The urinal was installed and Auditors could verify the works.
3	Security bars 2400*1500	8	1000	8000	Material availability caused by supply chain disruptions in the COVID period that led to last minute design change whereby it became apparent that the type of window frames	Since the said works had not yet been paid for, a proportion of the cost of the window frames that was attributed to the said uninstalled component would be deducted
4	Security bars 1800*1200	12	1000	12000		
5	Security bars 500*600	16	1000	4800		

6	Security bars 1200*1200	3	600	1800	used were sliding aluminium window frames which were incompatible with the recommended iron security bars.	from the payment to cover for the security bars that would be compatible. A letter to the contractor was available for audit verification.
7	Steel pressed Aluminium doors	4	2500	10000	There was a mismatch between the floor plan drawing and the door schedule in the details as given to the contractor. Whilst the floor plan drawing showed three doors the door schedule stated. The Bill of Quantities was based on the doors' schedule hence the discrepancy	03 steel pressed aluminium doors had been installed and as such they were going to pay for only the 03 steel pressed aluminium doors installed.
8	Rubber door Stoppers	28	50	1400	The error in the scheduling of works which specified installation of door stoppers before tiling. According to the schedule, the door stoppers were to be installed in phase two whilst tiling was to be done in phase three. The contractor in question was contracted to do phase two.	The contractor was written to, to supply the door stoppers which had since been installed.

The Accounting Authority also reported that poor supervision by the inspectorate team was partly caused by work disruptions during COVID-19 period caused a problem on the works done. Correct materials in accordance with specifications had since been used. Management had enhanced project supervision to ensure adherence to designs and completions schedules. PVC ceiling boards were used instead of gypsum ceiling boards. This was because there was an escalation of prices of gypsum due to the depreciation of kwacha between the period of instruction of commencement of works and the actual execution. The scope of the works was changed on instruction of Management as approved by the Procurement Committee where PVC ceilings were chosen as an alternative. Some minutes of the Procurement Committee were available for verification. Ordinary paint was used instead of washable paint resulting in fading of the paint. Management specified PVA paint and the contractor bought and used PVA. It was, however, apparent that the quality of the PVA used started to degenerate quickly as observed by the auditor. The Contractor after being written to had since redone the works. Management had put in measures to ensure that suppliers procured materials from reputable sources.

Committee's Observation and Recommendation

The Committee is disappointed that all projects were not completed within the contract period. The Committee notes with concern that this delay amounts to delayed service delivery. The Accounting Authority is strongly urged to ensure that the remaining works on the projects are completed expeditiously. The Accounting Authority is also directed to ensure that monitoring and evaluation of projects is strengthened while the Secretary to the Treasury is urged to consider prioritising the release of funds for capital projects. The Committee awaits a progress report on the matter.

e) Management of Liabilities

i. Failure to Remit Statutory Obligations K1, 457,437

Response by the Accounting Authority

The Accounting Authority acknowledged the valid observations of the auditor and would like to state that Senga Hill Town Council had a very low revenue base and mostly depends on Local Government Equalisation Fund for salaries and payment of statutory obligation. A payment plan had been put in place for 2022 to pay the current plus part payment of the arrears. The Council had put mechanisms in place to ensure that revenue base was broadened to increase collection efficiency in order to improve service of debts.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. The Committee further encourages the Accounting Authority to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii. Outstanding Staff Obligations K228,905

Response by the Accounting Authority

The Accounting Authority acknowledged and admitted that Senga Hill Town Council had the opening balances on terminal benefit and settling allowances stated above. This was caused by a sudden influx of officers requiring to be paid settlement allowances. The rate at which the officers were coming in was higher than the Council's capacity clear them. A payment plan was put in place and the settling allowances had since been cleared whilst, the payment of terminal benefits was underway. The Council had put mechanisms in place to ensure that revenue base was broadened to increase collection efficiency in order to improve service of debts.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Accounting Authority is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

Serenje Town Council

Paragraph 70

70.1 Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December, 2020 and physical inspections of selected properties revealed the inadequacies as outlined below.

a) **Budget and Income (Negative Variance of K8,993,191)**

Response by the Accounting Authority

The Accounting Authority responded on each revenue source as set out in the tables below.

Local Taxes

Cause of the Query	Under collection of local taxes amounting to K293,524 was due to low compliance for residential houses.
Action Taken	Demand notices were issued, public announcements and bulk SMSs reminders were sent.
Remedial Measures	Printing and distribution of bills on time, community sensitisation, issuance of demand notices and engaging court bailiffs.

Fees and Charges

Cause of the Query	Under collection of fees and charges amounting to K3,020,279.
Action Taken	Construction of the dry port, renovation of Council Motel, increment in manganese fees transportation, construction of market shelters and community sensitisation.
Remedial Measures	Increased revenue base, continued sensitisation of the business community and residents, realistic budgeting.

Licences

Cause of the Query	Over collection of licenses fees
Action Taken	Updating the clients database, frequent issuance of reminders in form of SMS's and notices.
Remedial Measures	Continued update of the database, ensuring that client on the database paid and increased sensitisation.

Levies

Cause of the Query	Over collection of licenses amounting to K782,179
Action Taken	Updating the client's database, frequent issuance of reminders in form of SMSs and notices, issuance of demand letters.
Remedial Measure	Continued update of the database, ensuring that client on the database pays and Increased Sensitisation.

Permits

Cause of the Query	Over collection of permits amounting to K128,569
Action Taken	Increased issuance of permits within the district. Increased sensitisation
Remedial Measures	Issuance of permits on time.

Charges

Cause of the Query	Under collection of farm premiums amounting to K5,939,735
Action Taken	Issuance of demand letters, issuance of reminders in form of bulk SMSs, collection of K1,836,017.50 from plot premiums.
Remedial Measures	Servicing of plots before advertisement, continued consideration of plots on first come first serve basis, repossession of plots and realistic budgeting

Other Income

Cause of the Query	Under collection of other income amounting to K30,000
Action Taken	Continued lobbying for funds from investors in form of corporate social responsibility. Collection of K120,000 from stakeholders.
Remedial Measures	Increased stakeholder engagements and sensitisation

Commercial Venture

Cause of the Query	Under collection of revenue amounting to K1,023,784 due to the Motel being under renovation.
Action Taken	Renovation of Council Motel, employment of waiters and bar men.
Remedial Measures	Venturing into other businesses i.e. stone quarry business, mining and agriculture.

Local Government Equalisation Fund

Cause of the Query	Under collection of Local Government Equalisation amounting to K15,450
Action Taken	Issuance of receipts to the Ministry of Finance and National Planning, issuance of expenditure returns to the Ministry of Local Government and Rural Development.
Remedial Measures	Reconciliation with Ministry of Finance and National Planning and Ministry of Local Government and Rural Development

Grant In Lieu Of Rates

Cause of the Query	Over collection of grant in lieu of rates amounting to K418,600
Action Taken	Lobbying from the Ministry of Local Government and Rural Development
Remedial Measures	Engagement and continued lobbying from the Ministry of Local Government and Rural Development

Committee's Observation and Recommendation

The Committee notes the response from the Accounting Authority and encourages him to ensure that the measures taken are strictly followed and monitored to improve the status quo. The Committee resolves to await a progress report on the implementation of the proposed measures to collect revenue.

b) Poor management of Ika Forest Dumpsite

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observations and submitted that failure by the Council to have a designated dumpsite was because the Council was surrounded by a forest reserve making it difficult to facilitate for the creation of the dumpsite. Since the degazetting process had taken long, the Council Management decided to:

- i) deploy an officer to manage the Ika Forest Dumpsite;
- ii) engage stakeholders in the District to assist with machinery for compacting and covering the waste with soil as the Council did not have the required machinery; and
- iii) collect the waste along the road and dumped at the site.

The Council had acquired 99 hectares of land from the traditional leadership for the purpose of creating a designated dumpsite. The Council had further budgeted for the creation of the dumpsite in the 2022 budget and was waiting for the approval of the budget by the Minister of Local Government and Rural Development to start the works. Management would prioritise solid waste management and ensure that the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 was adhered to.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Council to ensure that the dumpsite is established and that all relevant requirements are put in place in accordance with the Environmental Management (Licensing) Regulations Statutory Instrument No. 112 of 2013 to avoid posing health risks to nearby surroundings. The Accounting Authority is urged to treat this matter with urgency and the Committee awaits a progress report on the matter.

c) Accounting for revenue - failure to collect revenue

i. Rental Charges K37,730

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observations and submitted that the failure by the Council to collect revenue from rentals amounting to K37,730 was due to political interference. Management had since collected all outstanding balances. Management was committed to ensuring that all funds due to the Council were efficiently collected and embarked on repossession and locking of shops and stalls for occupants who failed to meet their obligation.

Committee's Observation and Recommendation

In noting the submission, the Committee directs the Accounting Authority to ensure that documentary evidence is availed to auditors only then will the matter be closed.

ii. Sale of Plots K9,385,000 and (unpaid Application Fees on Plots worthy K6,927,550)

Response by the Accounting Authority

The Accounting Authority acknowledged the observations made by the Auditor General and submitted that the poor response by the public to acquire farm plots on a first-come first-serve

basis as advertised by the Council resulted in the failure to collect farm premiums on the advertised plots. Management had since collected a cumulative total of K1,836,017.50 leaving a balance of K8,186,932.50 to be collected once plots were re-advertised as presented in the table below:

Type	Number Allocated	Amount Collected	Number yet to be allocated	Amount to be Collected
Farms	11	K884,267.50	64	8,124,432.5
Residential	59	K951, 750	5	62,500
Totals	70	K1,836, 017.50	69	8,186,932.50

The documents were available for audit verification. The Council would be offloading plots in bits as not all advertised plots were taken by the public, leaving a number of plots to be re-advertised. The Council would also engage the Ministry for Local Development Fund when opening up new areas.

Committee’s Observation and Recommendation

The Committee does not accept the reason given and urges the Accounting Authority to consider re-advertising the plots and use a system may not hinder the Council from collecting application fees which is also a source of revenue for the council. The Committee will await a progress report on the matter.

d) Over employment of staff

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General’s observations that (4) authorised positions which were to be filled with six (6) officers were filled by eleven (11) officers resulting in excess staff officers. Management had continued to engage the Local Government Service Commission by submitting staff returns and had also requested that excess staff be transferred. The Council would keep reconciling its human resource and update staff returns which would be submitted periodically to the Local Government Service Commission.

Committee’s Observation and Recommendation

The Committee is deeply saddened at the Council’s inertia to observe and stick to the required establishment resulting into excess expenditure on salaries amounting to K177,811. The Committee urges the Accounting Authority to ensure that quarterly returns are submitted to the Local Government Service Commission and that requests are only made when there are vacancies and a matching financial base to cater for personal emoluments for additional staff. The Committee will to await a progress report on the matter.

i. Failure to avail Title Deeds - Failure to Maintain Council Properties

Response from the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observations that the Council did not have title deeds for all properties and that the Council had not renovated and insured the buildings at the time of the Audit due to inadequate resources. The Council had since started the process of acquiring title deeds for all properties and had since insured all properties, with the exception of the Kanona Guest House which was in a dilapidated state and had been recommended for demolition. The Council had appropriated funds in the 2022 budget towards the rehabilitation of the Council buildings.

Committee's Recommendations and Recommendations

The Committee is saddened by the lack of proactiveness on the part of management where they are only pursuing the issue of title deeds after audit which entails the same was not a priority before. The fact that the properties are not even insured is another source of worry for the Committee. The Committee directs the Accounting Authority to ensure that all properties are secured with title deeds and insurance cover without further delay. The Committee resolves to await a progress report on the matter.

ii. Operation of markets –non-functional market

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observations that Kafina Market was not occupied by the traders at the time of the audit due street vending. The market structure was being used as a wholesale market where other traders procured goods for resale. The Council had continued engagement and sensitisation of traders and the community members on the importance of utilisation of public goods.

Committee's Observations and recommendations

The Committee is saddened that a structure that is designated for the selling of goods has been abandoned by traders. The Committee recommends that the Council should embark on a vigorous sensitisation programme to educate traders on the dangers of selling goods in undesignated places. Further, the Council should ensure that those found wanting are charged in order to deter would be offenders.

i. Failure to Remit Statutory and Other Obligations K21,799,784

Response by the Accounting Authority

The Accounting Authority acknowledged the Auditor General's observations and submitted that failure by the Council to pay statutory obligations amounting to K21, 799,784 was due to financial constraints. The Council had since made the following payments to statutory bodies.

S/N	Institution	Outstanding Amount	Amount Paid to date	Balance
1	LASF	K2, 053, 862	K10, 000	K2,043,862
2	Madison	K30, 654	K31, 671.92	(K1, 017.92)
3	NHIMA	K65, 688	K54, 086.34	K11, 601.66
4	ZULAWU	K37, 153	K41, 689.55	(K4,536.55)
5	Fire SUZ	K5, 854	K14, 135.51	(K8, 281.51)
TOTAL		K21, 799, 784	K151, 583.32	2,041,627.68

The Council had put in place measures that would ensure that all returns for statutory bodies were submitted and filed before the due date to avoid accumulation of penalties. Furthermore, Council had embarked on the following to boost local revenue to settle outstanding obligations.

- a) Undertaking a supplementary valuation roll to capture mines, industries and other rateable properties. The Council envisaged collecting approximately K5, 000,000 from these properties per annum.
- b) Entering into public private partnership agreements to undertake a stone quarry business in the district.
- c) Enter into public private partnership agreements to undertake mining activities in the district.
- d) Construction of the truck parking bay.
- e) Renovation of the Council Motel.

Committee's Observation and Recommendation

In noting the submission, the Committee awaits a progress report on the implementation of the proposed measures that will boost collection of revenue to go towards meeting statutory obligations.

ii. Outstanding staff obligations K2,827,061

Response by the Accounting Authority

The Accounting Authority acknowledged the observations made by the Auditor General and submitted that the failure by the Council to pay staff obligations amounting to K2, 827,061 was due to financial constraints. However, the Council had made the following payments towards liquidation of staff obligations.

S/N	Institution	Outstanding Amounts	Amount Paid	Balance
1	Leave Travel Benefits	4,000	K4,000	-
2	Long Service Bonus	682, 262	K31, 980	650, 282
3	Terminal Benefits	1, 861,228	K88, 018	K1, 773, 210
4	Settling In Allowance	279,571	K283,330.72	(K3, 759.72)
TOTAL		K2, 827,061	K407,328.72	2,419,732.28

The Council had opened personal ledgers for all employees to ascertain the correct amounts owed seeing that most of the reported amounts were historical and for officers who had left the Council. A plan had since been put in place to pay a certain number of employees per month from local generated funds to liquidate the amount owing to officers.

Committee's Observations and Recommendations

In noting the submission, the Committee urges the Council to devise a mechanism that will help the Council to generate revenue that will help to liquidate the outstanding staff obligations. In this regard, the Committee awaits a progress report on the matter.

Sesheke Town Council

Paragraph 71

71.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income (Negative Variance K1,933,578)

Responses by the Accounting Authority

The Accounting Authority acknowledged the Auditors' observations and reported that the variance of K1,933,578 was as a result of the valuation roll which was erroneously budgeted at K1,820,000 instead of the actual amount of K510,367 for property rates in the valuation roll. The Council had readjusted the figure of property rates from K1,820,000 to the actual figure of K570,800 as indicated in the Valuation Roll. The Council had since come up with the system of verifying inputs of any vault from the data base before including it in the Budget for the following year. Further, the Council had also continued to hold the sensitisation meetings with the property rate payers.

Committee's Observation and Recommendation

The Committee observes with concern the negative variance on various revenue types projected against what was actually received by the Council. The Accounting Authority is urged to ensure that the Council imbeds within the system some room for adjustment to avoid recurrence. The Committee also encourages the Accounting Authority to enhance efforts in sensitising the community on payment of rates, fees and other council charges. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Lack of Fire Fighting and Prevention Services

Responses by the Accounting Authority

The Accounting Authority acknowledged the observation by the Auditors and reported that the lack of the fire fighting and prevention equipment was as the result of the inadequate funds to procure the fire fighting equipment. The Council had written to the Ministry of Local Government and Rural Development requesting for assistance of the fire engine and other fire fighting equipment. The Council had strived to identify the locations for fire hydrants which had been put in certain points in the District. Further, the Council had established the fire fighting and prevention communication system and had repaired basic fire fighting (portable pump) equipment. The Council had also procured basic fire fighting rescue gear in addition to other basic equipment such as potable pump, stand pipe key and bar, length of horse and hard suction. The Council was constantly reminding the Ministry of Local Government and Rural Development for assistance with regards to a fire tender and other related fire fighting equipment. The Council through Fire Section had put in place the system of routine inspection for fire prevention.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to impress upon the Controlling Officer responsible for local governance to consider supplying all the necessary fire fighting equipment including a fire tender to the Council, to enable it fully operationalise the fire station. The Committee further encourages the Controlling Officer to respond expeditiously and resolves to await a progress report on the matter.

c) Accounting for Revenue - Failure to collect Revenue - K1, 472,650

Responses by the Accounting Authority

Timber levies

The Accounting Authority acknowledged the auditors observation and reported that the under collection on timber levy, was as the result of the evasion by the timber merchants because of so many illegal routes created by the same timber dealers. The Council had since engaged the Forestry Department as an agent to collect timber levy on behalf of the Council at 10% commission. The Council had also engaged the Zambia Revenue Authority to allow the Local

Authority to put up the slot at the exit point of the Katima Mulilo border. Further, the Council had written to the Ministry of Local Government and Rural Development to liaise with the Zambia Revenue Authority at national level to consider Sesheke Town Council to be part of the Electronic Single Window Programme or authorise the Local Authority to collect revenue at the exit point. The Council would ensure that the two barriers on the Sesheke – Senanga and Sesheke – Livingstone Roads were operational 24/7.

Truck/Vannette levies

The Accounting Authority reported that the under collection of truck/vannette levy was as a result of Bulky Haulage Limited Company (BHL) Company resisting to pay truck parking levy despite other truckers complying. The Accounting Authority informed the Committee that the whole unpaid amount was to be paid by Bulk Haulage Limited Company. The Council had engaged Bulk Haulage through their lawyer but to no avail. Hence, the Council had written to the Ministry of Local Government and Rural Development for intervention and further guidance as the lawyer was requesting for the by- law. The Council had planned and budgeted for the construction of the truck parking bay and also compelled BHL to pay the current fees while sorting out the outstanding bill of which the company had complied.

Bus Levies

The Accounting Authority acknowledged the observation by the Auditors and reported that the under collection on the bus loading fees was as the result of the buses which had reduced on fleet due to the bad road infrastructure between Mwandia and Kazungula Districts causing heavy breakdowns of buses. Collection on this vote relied only on Power oTols and Oasis buses which also broke down almost every day. The Council had put up two barriers on the Sesheke – Livingstone and Sesheke – Senanga roads to maximise on revenue collection under this vote to capture even small buses loading to outside the District. The Council would ensure that the two barriers that had been installed were operational 24/7.

Property rates

The Council reported that the under collection on the property rates was as the result of the community's negative perception over the property rates and also political influence. The Council had sensitised the community and the response was positive. The rate payers were willing to pay and had started paying. The Council had put in place a system to do early billing and make sure that the task force teams for revenue collection were dispatched to pursue the property owners who did not show up for payments.

Committee's Observation and Recommendation

The Committee expresses concern at the failure by the Accounting Authority to collect the much needed revenue for the Council despite grappling with liquidity problems. The Accounting Authority is urged by the Committee to ensure that all available options are explored to collect their hard earned revenue without further delay. The Committee is also encouraged to impress upon the Controlling Officer to intervene promptly into the matter relating to outstanding truck levies from BHL. The Committee will await a progress report.

d) Management of Constituency Development Fund (CDF)

i. Failure to Implement Approved Projects

Responses by the Accounting Authority

The Accounting Authority acknowledged the observation by the Auditors and reported that the delay in project implementation was as the result of the challenge to find the suitable local contractors which led to re-advertising the same works. The terrain also could not allow some of the contractors to go on site because of the rains (January to March, 2021) until after the rainy season in May, 2021, some projects were non responsive because of the inadequate allocation of funds. The Council re-advertised the works and finally awarded the contracts to suitable contractors except for one project of Nsonso which was non-responsive because of the terrain and the inadequate allocation of funds. However, additional funds had been allocated to Nsonso Project for the construction of a 1x2 classroom block from the 2021 CDF allocation. The implementations of the projects commenced in May, 2021 and were expected to be completed in September, 2021. However, the Ministry of Finance and National Planning issued a Circular Minute MF/101/13/36 for cancellation of agreements and contracts relating to civil works unless cleared by the Secretary to the Treasury, hence the extension of the completion period to the first quarter of 2022. The Council submitted the list of projects being implemented to the Ministry of Finance and National Planning through the Ministry of Local Government and Rural Development for clearance. The Council had put in place a mechanism to ensure that process of projects identification by the community through the Ward Development Committees and field appraisal by the technocrats were conducted in time so that the submissions of proposed projects to the Ministry; and the approvals by the Ministry did not delay further.

Committee's Observation and Recommendation

The Committee is disappointed that all projects were not completed within the contract period. The Committee notes with concern that this delay amounts to delayed service delivery to the communities. The Accounting Authority is strongly urged to ensure that the remaining works on the projects are completed expeditiously. The Accounting Authority is also directed to ensure that monitoring and evaluation of projects is strengthened while the Secretary to the Treasury is urged to consider prioritising the release of funds for capital projects. The Committee awaits a progress report on the matter.

ii. Failure to complete a 2019 CDF Project - 1 X 2 Laboratory at Katima Secondary School

Responses by the Accounting Authority

The Accounting Authority acknowledged the observation by the Auditors and reported that the non-completion of the laboratory at Katima Secondary School was as the result of the inadequate allocation. The Council reported that the additional funds were sourced from the 2020 Constituency Development Fund allocation for completion of the project. The contract had been awarded to the local contractor and he was on site and the project was scheduled for completion in

the first quarter of 2022. The award of contract was delayed because of the delay by the Ministry of Finance and National Planning to clear the project. There was also a request by the school management for change of use of funds from the initial application. However, later on the school rescinded the request as the Constituency Development Fund Committee was not in place at that time to consider the change of use of funds. The Council had put in place a strategy of conducting the field appraisal before the allocation of funds by the Constituency Development Fund Committee to ensure that projects were adequately funded. The Council had stopped engaging labour based contracts.

Committee’s Observation and Recommendation

The Committee is disappointed that the project was not completed within the contract period. The Committee notes with great concern that this delay is as a result of inadequate funding and release of funds. The Accounting Authority is strongly urged to ensure that the remaining works on the projects are completed expeditiously and that going forward all projects must be funded for completion and not in phases. The Accounting Authority is also directed to ensure that monitoring and evaluation of projects is strengthened while the Secretary to the Treasury is urged to consider prioritising the release of funds for capital projects. The Committee awaits a progress report on the matter.

e) Management of Liabilities

i. Failure to Remit Statutory Obligations K6,347,291

Responses by the Accounting Authority

The Accounting Authority acknowledged the observation by the Auditors and reported that the failure to remit statutory obligations was due to inadequate resources to liquidate the outstanding statutory obligations.

Table 3: Unremitted Statutory Obligations (after subsequent payment)

No.	Institution	Payments K	Balance K
1	ZRA	196,092	4,567,478
2	LASF	89,902	780,686
3	NAPSA	203,334	509,799
	Total	489,328	5,857,963

The Council reported that the statutory bodies had been engaged and entered into an agreement to be paying K20,000 each per month to all of them. So far the Council had paid ZRA K196, 092.56, LASF K89, 902.14 and NAPSA K 203,334.70. The total amount paid was K489, 329.40 in

addition to the K228, 508 which was paid at the time of audit leaving a balance of K5, 857,963. The Council had since made a deliberate policy to be dismantling the backlog by putting aside funds from local generated resources and also continue lobbying the Government to consider increasing the Local Government Equalisation Fund to meet the current wage bill so that the local generated funds could be channelled to clearing the outstanding statutory obligations.

Committee’s Observation and Recommendation

In noting the submission, the Accounting Authority is urged by the Committee to ensure that all outstanding liabilities relating to statutory obligations are paid without any further delay. He is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

ii. Failure to Settle Staff Obligations K6,314,719

Responses by the Accounting Authority

The Accounting Authority acknowledged the observation by the Auditors and reported that the failure to settle staff obligation was as the result of the inadequate resources and the historical debt.

Table 4: Outstanding Staff Obligations (After subsequent Payments)

No.	Type of Debt	Payments	Balance
		K	K
1	Salary Arrears	15,995	126,338
2	Salaries/Wages Arrears	514,649	1,414,791
3	Long Service Bonus	64,367	2,913,364
4	Settling in allowance	69,105	63,539
5	Terminal Benefits	50,238	197,220
6	Leave Days for Retired Officers	70,880	795,236
7	Councillors allowances	15,000	0
	Total	800,234	5,510,488

The Accounting Authority reported that the payment plans had been developed to pay in instalments and in groups. So far, the Council had paid salary arrears amounting to K530,644.77, long service bonus amounting to K64,366.75, settling in allowance amounting to K69,105.44, terminal benefits amounting to K50, 238, leave days amounting to K70,880.01 and Councillors allowances amounting to K15,000 (cleared). The total amount paid was K800, 234.97 in addition to the K670, 582 which was paid at the time of Audit; leaving the balance of K 5,510,488. The Council had instituted the taskforces for revenue collection so as to maximise the collection and set aside part of the locally generated funds to pay for the outstanding staff obligations, while lobbying the Government to consider increasing the Local Government Equalisation Fund.

Committee's Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Accounting Authority is also encouraged to explore all available options including debt swaps to expedite the process. The Committee resolves to await a progress report.

Shangombo Town Council

Paragraph 72

72. Audit Findings

An examination of accounting and other records maintained at the Council for the financial year ended 31st December 2020 and physical inspections of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income of(Positive Variance of K330,191)

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observations and reported that the under collection was mainly due to budgeting in anticipation of the sale of plots which did not fall due as there was slow response from the public during the period under review. Further, the Accounting Authority stated that revenue from mast levies was not realised as ZAMTEL could not settle its obligations during the period under review. The Committee was informed that the Council had continued to advertise for plots to the general public and had since collected an amount of K80, 000 as mast levy previously owned by ZAMTEL. The Accounting Authority reported that the Council would continue to sensitise the public and business houses on the need to settle their obligations and comply with the requirements of the law.

Committee's Observations and Recommendations

The Committee notes the response and urges the Accounting Authority to consider using all available options including the litigation process to enable the companies to comply with the law. The Committee, however, commends management for recording positive variances but directs the Accounting Authority to expedite the process of collecting the much needed revenue and resolves to await a progress report on the matter.

b) Accounting for Revenue

i. Failure to Collect Revenue

- **Uncollected Timber Levies K752, 530**

Response by the Accounting Authority

The Accounting Authority informed the Committee that the main cause of the problem was twofold which were as stipulated hereunder.

- a) The Accounting Authority stated that the District was so vast such that it became difficult to capture all the transportation from their District since the distance they had to cover was about 70 kilometres to the Civic Centre for clearance.
- b) The Accounting Authority explained to the Committee that inconsistencies in pricing between Sioma and Shangombo made the truckers to bypass their checkpoint and rather opted to pay in Sioma where the cost was K500 per truck as compared to K1,500 which was charged in Shangombo.

Further, the Accounting Authority stated that the traders preferred to load timber from Sioma District where the road was much better even when it was harvested from Shangombo. The Committee learnt that the imber concession holders normally used tractors to collect timber and that the tractors were the ones that bypassed the Shangombo checkpoint using different routes to load from Sioma where bigger trucks were. The Accounting Authority informed the Committee that the Council had written to the District Forest Department to co-operate with the Council when issuing conveyance certificates, especially for transporting outside the District. The Accounting Authority highlighted that the Council had further reconciled with the Forest Department on the conveyances issued for transportation to other Districts in the year 2020 and discovered that out of 431 conveyances, 228 were from the production site to the processing site which were within the District. This meant that only 206 conveyances were for transportation to other districts. The Accounting Authority added that the Council therefore remained with K296, 530 uncollected. The Accounting Authority pointed out that the Council also revised the amounts according to the tonnages ferried in 2020 as follows:

a.	30 tonne and above	K1,500.00
b.	Less than 30 tonne	K750.00

The Committee was informed that the Council did not charge at K2, 000 per truck, but at the above stipulated rates. The Accounting Authority furthermore submitted that the Council had engaged Forest Department to collect on behalf of the Council as they cleared the timber for transportation outside the District.

Committee's Observations and Recommendations

The Committee notes the response from the Accounting Authority and recommends that the Council must enhance its capacity by considering recruitment of more revenue collectors to help them in dealing with the wide area. The Committee further recommends that the Accounting Authority establish systems that would be effective and efficient in tracking the activities of all

timber concession holders trading in the district by way of stationing officers in their operating centres so as to reduce evasion on payment of timber levies. The Committee awaits a progress report until the situation improves and all uncollected revenue is collected without further delay.

c) Unpaid Plot Premiums K2, 507,000

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor’s observation that 500 plots were available for offer. However, the Accounting Authority stated that the failure to collect the amount stated was mainly due to lack of demand for plots by the community. Despite the Council advertising for plots, it only received 165 applications and the applicants were interviewed on the 27th January, 2020 under minute number PWDSS/170/01/20. The Accounting Authority highlighted that the Council anticipated collecting K847, 500 in 2020 from the 165 applicants interviewed in the following category:

No.	Category	Qty	Rate	Total
1.	High Cost	122	4,000.00	K488,000.00
2.	Medium Cost	17	3,500.00	K59,500.00
3.	Commercial	24	10,000.00	K240,000.00
4.	Industrial	1	30,000.00	K30,000.00
5.	Institutional	1	30,000.00	K30,000.00
TOTAL				K847, 500.00

The Accounting Authority stated that the Council had continued to advertise for plots. The Accounting Authority informed the Committee that they so far in the year 2021 advertised to offer 260 plots in different categories and as at the time of reporting to the Committee, 93 applicants were interviewed during the Ordinary Council Meeting that sat on the 31st of December, 2021. The Accounting Authority, therefore, reported that the Council collected K132, 100.00 in the year 2021. However,; very few applicants managed to pay at once hence the Council was not collecting as expected. The Accounting Authority, therefore, stated that the Council only offered documents and took up applicants on site after a full payment was made. The Accounting Authority informed the Committee that the Council would continue floating plots to the public.

Committee’s Observations and Recommendations

The Committee notes the response from the Accounting Authority and encourages the Accounting Authority to come up with more effective strategies that would help the plots of land to appeal to the people and in turn move them to purchase them. The Committee resolves to leave the matter open and awaits a progress report.

d) Delayed Banking - K39,042

Response from the Accounting Authority

The Accounting Authority informed the Committee that the main cause was basically due to lack of banking services within the district. The Accounting Authority highlighted that the Council depended on Zanaco Express agents who in most cases had no capacity to service the District. In addition, the Accounting Authority pointed out that the cost involved in depositing at the nearest bank in Senanga which was about 285 kilometres away, was higher than the amount to be deposited in most cases. The Committee learnt that the Council had since secured the Cash Handling Policy to regulate the handling of cash by Revenue Collectors as they collected money from payers. The Accounting Authority also informed the Committee that they Council normally found space to deposit as civil servants got paid at the end of the month. Further, the Accounting Authority stated that the officers that deliberately delayed the banking were charged and warned. The Committee learnt that the Accounting Authority had engaged banks to offer banking services in the District. As at the time of the submission to the Committee, Nat save Bank had shown interest, paid and had been offered land.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Accounting Authority to impress upon the management of would be banking service providers to consider providing banking services in the District to avoid recurrence.

The Committee resolves to await a progress report on the matter.

e) Management of Assets

i. Failure to Hand Over Laptop

Response by the Accounting Authority

The Accounting Authority informed the Committee that the said Officer was transferred and never came back to handover. The Accounting Authority highlighted to the Committee that the Council engaged the Officer in question who had gone with the laptop before handing it over. The Committee was informed that the Officer had since handed over the laptop. The Committee learnt that the Local Government Service Commission had given a policy guidance that no transferred officer must leave the station until they had handed over.

Committee's Observations and Recommendations

The Committee urges the Accounting Authority to sternly caution the erring officer as it is not clear why he chose to leave without handing over the Council asset as per requirement. The Committee is of the view that the officer may have had been deliberate intent to deprive the

Council of the asset. The Committee directs the Accounting Authority to promptly resolve the matter and avail documentary evidence to the Office of the Auditor General, only then will the matter be closed.

f) Irregular Use of Houses for Rentals K204, 462

Response by the Accounting Authority

The Accounting Authority informed the Committee that the main cause was lack of clear policy guidance on the utilisation of institutional houses, like in the case of Shangombo due to lack of houses for Council their officers to rent. The Accounting Authority stated that the Council resolved to charge rentals instead since one house could be occupied by more than one member of staff to curb the problem of accommodation for staff. Further, the Accounting Authority pointed out that the Council depended on the “Terms and Condition of Service for the Public Service” on “House Rent” section 182 which stated that “All officers shall pay rent at prescribed rates when officially accommodated in the Government quarters”. This was the reason The Council attached rentals fee to each house where officers were acomodated. This was not only restricted to Council Staff but even other eligible tenants who had applied. The Committee learnt that the matter had since been resolved and that everyone accommodated in the Council house should forfeit housing allowance. The Accounting Authority informed the Committee that the Council resolved to effect removal of housing allowance with effect from January, 2022 and also assured the Committee that the Council had since effected the removal of the housing allowance.

Committee’s Observations and Recommendations

The Committee notes the response and resolves to close the matter after further audit verification.

g) Lack of Title Deeds

Response from the Accounting Authority

The Accounting Authority highlighted to the Committee that at the time of the audit, the process of planning and numbering had been concluded but due to the dissolution of the Council, recommendation to Ministry of Lands and Natural Resources could not be done as the Council had not adopted its minutes. The Committee learnt that the Council passed a resolution to recommend all Council properties to Ministry of Lands and natural Resources in order to commence processing of title deeds. The Accounting Authority pointed out that provisional offer letters had been produced by the Council using the resolution by a Committee and Full Council under Minute number **PWDSS/287/04/21** and **OC/156/04/21** respectively. The Accounting Authority explained to the Committee that the Council would in future ensure that it obtained title deeds for all the properties acquired, as soon as possible.

Committee's Observations and Recommendations

The Committee notes the submission but urges the Accounting Authority to expedite the process of acquiring title deeds for all Council properties to secure them for possible loss in unlikely circumstances. The Accounting Authority is also urged to consider liaising with the Controlling Officer, Ministry of Local Government and Rural Development to help in liaising with his counterpart at the Ministry of Lands and Natural Resources to expedite the process. The Committee awaits a progress report on the matter.

h) Management of Local Government Equalisation Funds –Delayed Completion of a Laboratory at Shangombo Secondary School

Response by the Accounting Authority

The Accounting Authority reported that initially the project was first funded under CDF with a total amount of K191, 500 but the structure could not be completed. However, the Council in the 2020 budget had set aside K100, 000 with the hope that the remaining plumbing and other finishes would be financed by CDF, but no allocation was made. The Accounting Authority informed the Committee that the Council had put a provision of K80, 000 in the 2022 budget to complete the remaining works. The Committee also learnt that the Council would ensure that enough resources were allocated to all projects for completion.

Committee's Observations and Recommendations

The Committee notes with concern that projects are funded in a phased manner which is not advisable as this may result in having more unfinished projects. It is the Committee's view that projects must be funded to completion stage in one financial year, in order to reduce on wastage of time for service delivery to the intended communities. The Committee directs the Accounting Authority to consider to lobbying for more funds through the Constituency Development Fund Committees to complete the project expeditiously. The Committee resolves to await a progress report.

i) Management of the Constituency Development Fund (CDF) - Delayed Completion Beshe Primary School

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observations and reported that the delayed completion of the project was due to the late receipt of funds and lengthy procurement procedures. The Accounting Authority informed the Committee that the construction of a classroom block had been completed with only painting works remaining. The Committee learnt that the Council would ensure that enough resources were allocated to all projects for completion.

Committee's Observations and Recommendations

The Committee notes the response and particularly urges the Secretary to the Treasury to consider releasing funds for capital projects in a timely manner so as to prevent the delay in implementation of projects. The Committee urges the Accounting Authority to expedite the process and resolves to await a progress report.

j) Management of Liabilities

i. Failure to Remit Statutory Obligations K3, 303,167

Response from the Accounting Authority

The Accounting Authority informed the Committee that the Council depended, 90 percent, on the Local Government Equalisation Fund and its major key drivers of expenditure were travel expenses, motor vehicle maintenance and personal emoluments. The Committee learnt that this had caused a deficit on clearance of statutory obligations. The Committee was informed that the Council was dismantling its statutory debt as it raised funds, though at a low pace. Further, the Accounting Authority stated that the Council had engaged Zambia Revenue Authority for a time to pay agreement on the arrears. Below was the status as at 31st December 2021. The Accounting Authority pointed out that the Council was committed to clear its debt, although much of it was mainly penalties.

No.	Institution	Balance b/f K	Obligations for 2021 K	Payments K	Balance K
1	ZRA	1,818,890	1,149,902	222,358	2,746,434
2	NAPSA	1,482,173	2,816,483	332,041	3,966,615
3	LASF	2,104	-	-	2,104
	Total	3,303,167	3,966,385	554,399	6,715,153

The Accounting Authority informed the Committee that the Council was completing the construction of its lodge to assist in growing the revenue base so as not to depend much on the Central Government for its survival. The Accounting Authority highlighted that correspondence with Zambia Revenue Authority was available for verification.

Committee's Observations and Recommendations

The Committee notes with concern the huge debt stock on statutory obligations owed by the Council. The Committee strongly urges the Accounting Authority to consider dismantling the amount owed to Local Authority Superannuation Fund (LASF) which is far less (K2,104) compared to others and consider entering into payment plans with other statutory bodies to avoid attracting penalties. The Committee resolves to await a progress report.

k) Failure to Settle Staff Obligations K951, 484

Response from the Accounting Authority

The Accounting Authority informed the Committee that the Council depended on 90 percent on the Local Government Equalisation Fund and its major key drivers of expenditure were travel expenses, motor vehicle maintenance and personal emoluments. The Committee learnt that this had brought about a challenge to clear some staff obligations. The Accounting Authority explained to the Committee that the Council was committed in dismantling staff debt as often as it raised enough funds, although at a low pace using the locally generated funds. The Accounting Authority pointed out that the Council was still creating a good revenue buffer for sorting out such challenges in the future. The Committee learnt that much of what was paid was from the grant in lieu of rates was received from the Ministry of Local Government and Rural Development. The table below shows the status.

No.	Type of Debt	Balance b/f K	ADDITION S	Payments K	Balance K
1	Long Service Bonus	234,838	(62,601)	20,000	152,237
2	Salary Arrears	294,791	(33,336)	23,980	237,475
3	Terminal benefits	421,855	1,370,945	60,000	1,732,800
	Total	951,484	1,275,008	103,980	2,122,512

The Committee was informed that the Council would continue to dismantle the staff debt as it raised funds.

Committee's Observation and Recommendation

The Committee notes the submission and urges the Accounting Authority to ensure that all outstanding liabilities relating to staff obligations are paid without any further delay. The Committee resolves to await a progress report.

Shiwang'andu Town Council

Paragraph 73

Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects carried out in June 2021 revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income (Negative Variance of K483, 633)

Response from the Accounting Authority

The Accounting Authority informed the Committee that they acknowledged the auditor's observation and reported that the observations made by the auditors concerning the budget performance were correct. Further, the Accounting Authority reported as per comments in the last column of the table shown below. The Committee learnt that Management's request to have more revenue collectors was made to the Local Government Service Commission. The Accounting Authority submitted that the Commission responded to their request favourably by sending other revenue collectors. Further, the Accounting Authority pointed out that the Council was constructing another dry port to expand on the revenue base and that the dry port was 70 percent complete. The Committee learnt that this was in order to enhance the Council's liquidity resulting in improved service delivery and expanding the Council's ability to meet its obligations. The Accounting Authority assured the Committee that the Council would work with Ward Development Committees to ensure that revenue was collected from all wards in the districts.

Committee's Observation and Recommendation

The Committee observes that the COVID-19 pandemic had adverse effects on various revenue types and notes that it was a situation that affected various sectors but hoped that this status quo would improve after the reduction in the COVID-19 cases. The Committee, however, urges the Accounting Authority to consider recruiting more revenue collectors in regards to the collecting of levies so as to reduce the huge variance that was stipulated. The Committee awaits a progress report until there is some notable improvement on the Council's revenue collection. The Auditor General is urged to keep the matter in view during future audits.

b) Operational Matters

i. Failure to Prepare an Integrated Development Plan

Response from the Accounting Authority

The Accounting Authority informed the Committee that Management acknowledged the auditor's findings and stated that, the failure to prepare an integrated development plan was due to financial constraints. The Accounting Authority highlighted that the Council had made strides in preparation of the Integrated Development Plan as guided by the *Urban and Regional Planning Act, No 3 of 2015*. The Committee learnt that the Council resolution was secured to approve the preparation of the Integrated Development Plan and had since allocated an initial amount of K 137,000 in the 2022 budget. The Accounting Authority stated that the amount allocated included the holding of consultative meetings and data collection. The Accounting

Authority informed the Committee that management would ensure that an approved Integrated Development Plan was prepared in order to have coordinated development in the district.

Committee's Observation and Recommendation

The Committee notes the submission and encourages the Accounting Authority to accelerate the process of integrating an approved development plan so as to ensure coordination in the district. The Committee awaits a progress report on the matter.

c) Environmental Management - Weaknesses in Solid Waste Management

The *Environmental Management Act, No. 12 of 2011* states, "A Local Authority shall designate one or more waste disposal sites or waste collection sites within the waste control area and inform the public within the waste control area of the location of the designated waste disposal and waste collection sites". In addition, the Environmental Management (Licensing) Regions Statutory Instrument No. 112 of 2013 required that a dumpsite should be enclosed, fenced off and secured from scavenging. However, the following were observed:

- i) the Council did not fence the dumpsite for protection from access by unauthorised persons; and
- ii) the Council did not compact the waste with a layer of soil thereby exposing the community to health hazards.

Response from the Accounting Authority

Unfenced dumpsite

The Accounting Authority informed the Committee that management acknowledged the auditors findings and pointed out that the dump site was a temporal one and was not fenced due to financial constraints during the period under review.

Failure to compact waste

The Accounting Authority submitted that management acknowledged the Auditors findings and reported that the Council had been facing challenges with its earth moving equipment which was not operational due to non - availability of spare parts.

Unfenced dumpsite

The Accounting Authority informed the Committee that the Council was expediting the process of securing a place for putting up a permanent dumpsite in line with ZEMA guidelines. The Committee learnt that efforts were being made to engage the traditional leadership for alternative land and that the Council had also embarked on community sensitisation on the dangers of going to the dumpsite. The Accounting Authority stated that signage had been put in place to show that

the dumpsite was a prohibited area to the public. Further, the Accounting Authority pointed out that the Council planned to construct a guard house and deploy a guard by the 2nd quarter of 2022.

Failure to Compact Waste

The Accounting Authority informed the Committee that they were engaging the Zambia National Service to assist with equipment and services needed to compact waste periodically. The Committee learnt that management would ensure that a permanent dumpsite in line with ZEMA guidelines was in place and that all solid waste was compacted periodically as a public health measure.

Committee's Observations and Recommendations

The Committee urges the Accounting Authority to hasten the establishment of a permanent dumpsite and make the needed arrangements so as to keep the lives of the people out of harm's way as a result of diseases that would be contracted from the failure to manage waste. The Committee further recommends that the Accounting Authority enhances security at the dumpsite by way of fencing it so as to keep unauthorised individuals away from trespassing and using the dump site carelessly. The Committee awaits a progress report on the matter.

d) Procurement of Goods and Services - Irregular Use of Accountable Imprest

Response from the Accounting Authority

The Accounting Authority informed the Committee that the Council acknowledged the auditors findings and reported that it was regrettable that accountable imprest was issued for procurement of goods and services. The Accounting Authority added that this was due to the fact that most of the shops in Shiwang'andu had no proper documentation such as company registration certificates and bank accounts, hence they did not accept cheques. The Accounting Authority stated that the Council had since stopped the trend and had held stakeholder's meetings, advising business owners to register their businesses and open bank accounts; and that the business community had responded favourably. The Committee was informed that the management would ensure that accountable imprest would not be used for the procurement of goods and services and would abide by the provisions of the *Public Finance Management Act of 2018*.

Committee's Observations and Recommendations

The Committee encourages the Accounting Authority to always put necessary measures such as monthly assessment plans on the accountable imprest of how these are being conducted so as to avoid such pitfalls. The Committee further encourages the Accounting Authority to carry out capacity building activities for the officers responsible so that they may gain full understanding and avoid such irregularities. The Committee awaits a progress report on the matter.

e) Management of Stores - Unaccounted for Stores - K44, 151 (Stores – K24, 654 and Fuel – K19, 497)

Response from the Accounting Authority

The Accounting Authority stated that they acknowledged the Auditors findings and reported that the attachments were filed separate from the vouchers. The Accounting Authority informed the Committee that Management had since retrieved the disposal details and attached them to the vouchers. The Committee learnt that Management had since come up with a system of attaching disposal details to payment vouchers immediately after a stores requisition was done.

Committee's Observations and Recommendations

The Committee expresses concern on the situation as it views this as a lack of competence on the part of the officers. The Committee urges the Accounting Authority to take stern disciplinary action against erring officers and also encourages him to put up stiffer penalties to serve as a deterrent to officers. The Committee awaits a progress report on the matter.

f) Management of Local Government Equalisation Fund Capital Project - K6, 794,597.51

iii. Misapplication of Capital Funds - K281, 630

Response from the Accounting Authority

The Accounting Authority explained that Management acknowledged the Auditors findings. However, the Accounting Authority reported that the funds in question were not misapplied as reported.

- i) The Committee was informed that the grant for December was received on the 30th December 2020 and the transfer to their capital account was done on 8th January 2021, hence appearing on the 2021 bank statement instead of 2020 statement.
- ii) The Accounting Authority stated that a transfer instruction to the bank to transfer funds from main account to their capital account was not honored at the time of audit. The Accounting Authority added that this was evident from the balance at the close of the year 2020. The Accounting Authority highlighted that the bank was reminded and finally written to after discovering that despite reminding them nothing happened to effect the transfer. The Accounting Authority stated that they reported that the capital account had since been credited. The Committee learnt that measures had been put in place to ensure tracking of all payments and transfer to their conclusive end.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Accounting Authority to be quick in putting up these measures so as to avert such misunderstandings in future. The Committee resolves to close the matter subject to audit verification.

iv. Failure to Reimburse Borrowed Funds K50, 000

Response from the Accounting Authority

The Accounting Authority highlighted to the Committee that they acknowledged the auditor's observation and reported that the Council had liquidity problems as it struggled with effective collection of the locally generated revenue. Further, the Accounting Authority stated that most of the shops closed due COVID- 19 and the gassing that took place which affected their revenue; and the 80 percent Local Government Equalisation Fund which was only enough to cater for emoluments. Furthermore, the Committee learnt that the Council anticipated paying the money back from ZAFFICO billboard levy. The Accounting Authority informed the Committee that ZAFFICO had not yet paid because Road Development Agency (RDA) was also claiming for the same levy. The Accounting Authority submitted that they acknowledged that the Council intended to remit back to the capital account. Further, the Accounting Authority pointed out that they had issued invoices to ZESCO, IHS and Infratel. The Accounting Authority stated that the Council would enhance its own revenue source mobilisation and ensure that the Council efficiently delivered its services and met its operational costs.

Committee's Observations and Recommendations

The Committee notes the submission. However the Committee urges the Accounting Authority to should hasten coming up with strategies to enhance the Council's revenue base so that most of its challenges can be fixed, including any debt incurred. The Committee awaits a progress report on the matter.

g) Management of Constituency Development Fund – Failure to Implement Approved Projects

Response from the Accounting Authority

The Accounting Authority informed the Committee that they acknowledged auditors findings and reported that the delay to 2020 CDF was due to delayed CDFC meetings due to COVID- 19 restrictions. However the Accounting Authority stated that progress had been made as shown in Table 2 below.

Table 2

Project Name	Amount K	Status	Comment
Chakulwa Bridge	125,134	Not commenced	Re-advertised
Timba Primary School	69,938	100% complete	Complete
Nabutende Primary School	230,000	60% Complete	Progressing well
Chiwala Community School	255,000	95% Complete	Progressing well
Chimbwese Primary School	230,000	75% Complete	Progressing well
Mutitima Primary School	47,500	95% Complete	Progressing well
Mufushi Primary School	205,000	80% Complete	Progressing well
Total			

The Accounting Authority submitted that works on Chakulwa Bridge had not commenced and that the project was advertised. There was no response hence the project being re-advertised due to non responsive of specialised contractors.

Committee's Observations and Recommendations

The Committee notes the submission and urges the Accounting Authority to ensure that all projects are completed expeditiously for the communities to get the intended benefits out of them. The Committee also directs the Accounting Authority to enhance the Council's monitoring mechanisms to avoid stalling works. The Committee resolves to leave the matter open and awaits a progress report.

h) Management of Liabilities - Failure to Remit Statutory Obligations K2, 644,696

Response from the Accounting Authority

The Accounting Authority informed the Committee that they acknowledged auditors findings and reported that the Council mostly depended on the Local Government Equalisation Fund due to low revenue base in the district. The Committee learnt that the current obligations were being paid except for ZRA and NAPSA. The Accounting Authority submitted that the Council would ensure that its cash flow in form of revenue collections was improved in order to manage the payment of statutory obligations as and when they fell due on a monthly basis. Furthermore, the Accounting Authority added that ZRA had been engaged and a payment of K15, 000 monthly was being honoured.

Committee's Observations and Recommendations

The Committee encourages the Accounting Authority to establish more revenue sources to reduce the dependency on Government funds. The Committee also encourages the Accounting Authority to consider liaising with the Secretary to the Treasury on the need to help the Council to dismantle the historical debt stock to reduce the burden. The Committee awaits a progress report on the matter.

Audit Findings**a) Budget and Income - K7,658,873****Response by the Accounting Authority****i. Fees and Charges**

The Accounting Authority explained that the underperformance on fees and charges was due to the suspension on the sale of plots by the Ministry of Local Government in October, 2020 immediately after interviews were conducted and the slowing down of economic activities in the District following the outbreak of COVID-19 pandemic. In view of the foregoing, the Council had since adjusted the budget downwards because of the negative variance experienced. The Committee was further informed that plots had also been offered to members of the public following the lifting of the suspension by the Ministry of Local Government and Rural Development. This, therefore, entailed that the positive financial impact would be reflected in the 2022 Financial Statements.

ii. Levies

Regarding the levies, the Accounting Authority explained that the underperformance in this budget line was due to resistance by rig owners, citing economic hardships, resulting from fear of movements caused by the gassing period. However, the Council had intensified lake patrols to ensure compliance by rig owners. Further, alternative stable revenue sources, such as fish farming, were identified and budgeted for in the 2022 Estimates of Revenue and Expenditure. However, the Council had not approved this citing increased fish theft on the water as experienced by companies in fish farming.

The Committee was further informed that as a remedial measure, the Council had designed a payment modality where rig owners were made to pay rig fees (as a prerequisite) before the Department of Fisheries issued them a Lake Sailing Permit. Furthermore, feasibility studies were underway to construct fish ponds as opposed to mounting cages in the lake

iii. Other Income

The Accounting Authority explained that the amount totalling K1, 523,681 was a projected profit from Lakeview Lodge which was not raised because the Lodge was under rehabilitation. However, the Lodge had been rehabilitated and there was an improvement in revenues from accommodation and meal sales. As a remedial measure on the query, the Accounting Authority informed the Committee that the Council would endeavour to maintain high standards of the Lodge and an additional allocation of K2, 000,000 had been made in the 2022 Budget to complete the rehabilitation works in order to compete with existing high standard hotels.

Committee's Observation and Recommendation

The Committee is disappointed with the huge negative variance of K7, 658,873. The Committee urges the Accounting Authority to improve strategies in terms of revenue collection and going forward, budget realistically as opposed to overstating its budget. The matter will be kept in view in future audits.

b) Failure to Collect Property Rates - K8, 017,810

Response by the Accounting Authority

The Committee was informed that the Council adjusted the budget downwards following applications from proprietors of hotels for remission of rates citing economic hardships during the gassing period and subsequent COVID- 19 outbreak which led to the closure of all hotels in the district. The Council also offered remission of rates at 30% to all business houses and individual property owners with outstanding amounts provided they paid in full. As a remedial measure on the matter, the Committee was informed that the Council had formed a task force which had been assigned to distribute demand notices to all property owners in all rateable areas and were sensitising them on the importance of paying rates to avoid legal consequences arising out of non - compliance.

Committee's Observation and Recommendation

The Committee resolves to await a progress report on the full collection of outstanding amounts relating to property rates.

c) Failure to Claim Insurance

Response by the Accounting Authority

The Accounting Authority submitted that the accident of the Scania fire truck was reported to the Ministry of Local Government and Rural Development immediately the accident happened because the insurance of all Scania fire trucks for local authorities was paid by the Ministry through deductions at source, from the Local Government Equalisation Grant. The Committee was informed that a follow up was made to the Ministry through the Transport Officer and Chief Inspector of Fire Services. By the date of reporting to the Committee, no feedback had been provided.

Committee's Observation and Recommendation

The Committee finds it unacceptable that the Council's failure to claim insurance was on account of the parent Ministry's failure to address the matter. The Committee sternly cautions the Ministry of Local Government and Rural Development for this lapse and urges the Accounting Authority not to relent but pursue the matter to its logical conclusion. The Committee will await a progress report on the matter.

d) Delayed Completion of a Local Government Equalisation Funded Project – New Fire Station

Response by the Accounting Authority

The Accounting Authority explained that the contractor was not funded in full for the completion of the roof, plastering and painting because the project was phased into two (2). What was funded for phase one (1) was the amount of works executed as contained in the contract. The other works on the structure were to be completed in the second phase of the project which had been allocated the sum of K500, 000 in the 2022 budget. The Accounting Authority assured the Committee that the Council would ensure that works for all projects were completed on time to avoid audit queries.

Committee’s Observation and Recommendation

The Committee urges the Accounting Authority to ensure that the contraction of a fire station is expedited in order for the people of Siavonga District to enjoy the full benefits of the facility. A progress report on the matter is being awaited by the Committee.

e) Failure to Remit Statutory Obligations K7, 117,733

Response by the Accounting Authority

The Committee was informed that the Council was paying current monthly statutory obligations to avoid penalties and was also paying for the outstanding amounts according to the payment plans that had been agreed upon in a quest to liquidate amounts owed to the Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA) and Local Authorities Superannuation Fund (LASF). The current position was depicted in the table below.

No.	Institution	Obligations as at 31st December, 2020	Payments To - Date	Balance as at 1st January 2022	2022 PAYMENT PLAN
01	ZRA	5,592,676	250,000	5,342,676	200,000
02	NAPSA	1,226,682	190,828.66	1,035,853.34	275,000
03	LASF	298,376	90,000	208,376	80,000
	TOTAL	7,117,734	530,828.66	6,586,905.34	555,000

The Committee was further informed that the Council had been paying monthly statutory obligations immediately they fell due to avoid penalties and had committed itself to making monthly payments in order to liquidate amounts owed.

Committee’s Observation and Recommendation

In noting the submission, the Committee urges the Accounting Authority to ensure that all the outstanding liabilities relating to statutory obligations are paid without any further delay. The Committee further urges the Accounting Authority to ensure that all statutory obligations are paid

as and when they fall due to avoid recurrence. The Committee will await a progress report on the matter.

Sinazongwe Town Council

Paragraph 75

Audit Findings (Negative Variance of K4,312,954)

a) Budget and Income

Response by the Accounting Authority

The Accounting Authority explained that the cause of the query was an under collection of budgeted revenue amounting to K4, 312,954. The Authority further submitted as follows:

i. Fees and Charges - K1, 462,692

The Council budgeted to raise revenue through fees and charges from various traders. However, the COVID- 19 pandemic brought a standstill in operations and the business environment, hence the low collection efficiency witnessed. The Committee was further informed that, revenue from the sale of newly created plots was low due to the poor response from the general public. Therefore, the Council could not manage to raise the budgeted amounts in full.

ii. Licenses, Levies and other Receipts - K1,327,509

The Accounting Authority further explained that the Council budgeted to collect K5, 353,778 in the year 2020 but collected K4, 026,269 giving an adverse variance of K1, 327,509. The under collection was mainly due to the slow business and movement of goods and services experienced when the Government restricted movements and operational hours for business houses due to the COVID- 19 pandemic. However, as a remedial measure for the fees and charges, the Accounting Authority submitted that the Council through the budgeting system had intensified on stakeholder sensitisation and consultation on the need to pay municipal fees and charges. The Council had also constituted a taskforce team focused on improving revenue collection and constant engagements with the community on matters affecting them regarding the payment of Council fees and charges. Furthermore, in order to enhance revenue collection and accurate budgeting, e-billing, automated payment systems and updated databases had been put in place. Additionally, the building inspector had also been empowered to go out in the District to make sure that developers paid the appropriate fees to the Council.

Committee's Observation and Recommendation

The Committee notes the response but urges the Accounting Authority to employ the new strategies early enough to enhance the Council's collection potential. The Committee also urges the Council management to encourage all officers in the Accounts Department to enhance their efforts to improve the current status quo whilst also strengthening internal controls to avoid pilferage. The Committee resolves to keep the matter in view during future audits.

b) Operational Matters

i. Lack of Fire Department

Response by the Accounting Authority

The Accounting Authority informed the Committee that the query was due to the non-declaration of Sinazongwe Town Council as a fire authority. The Local Authority was only declared a fire authority after the issuance of Statutory Instrument No. 47 of 2019 in September, 2019. However, as a remedial measure, the Committee was informed that the Council had since commenced the procurement processes for the engagement of a contractor to carry out construction works. As at the time of reporting to the Committee, two bids had been received from prospective contractors and were awaiting evaluation, selection and the contract award. A copy of the advert and the top copies of the bids received were availed for verification and the management of the Authority had also written to the Ministry of Local Government and Rural Development to ask for funds for the operationalisation of the fire station. The Accounting Authority further assured the Committee that management would treat the matter of developing the fire station with the agency it deserved and ensure that the station was operational.

Committee's Observation and Recommendation

The Committee notes the response but urges the Accounting Authority to expedite the process of establishing a fire station in order to provide the necessary service to the people of Sinazongwe. The Committee awaits a progress report on the matter.

c) Weaknesses in Accounting for Revenue

i. Sinazeze Barrier - Delayed Banking

Response by the Accounting Authority

The Committee was informed that management had set up remote satellite revenue collection check points and offices. These funds were collected on a daily basis; and once every week or two, accounts officers were deployed to aggregate the funds and later deposit them in the only bank in the district, situated in Maamba town, approximately 60 km from the Civic Centre. The delay was, therefore, caused as a result of the time taken between collecting money from the revenue agents, placed far from the Civic Centre, and the receipt of the money, as the distances to some revenue points were far. For instance, the Accounting Authority had some revenue points in places such as Kafwambila and Siameja, among other places, which were over 160 km away from the Civic Centre and could only be visited once a month to collect the revenue at hand from agents. Therefore, if the collection and banking of these funds were to be done on a daily basis, the costs could outweigh the benefits. However, for revenue collected at the Civic Centre and other nearby places, the funds were banked within 48 hours, three times a week. The Accounting Authority, however, informed the Committee that following the extension of services to places where the satellite offices were by the network providers, the collected funds would be sent on a daily basis using mobile technology and would be banked within 48 hours.

Committee's Observation and Recommendation

The Committee observes with concern the lack of adherence to the Local Authorities Financial Regulation No. 19 by officers tasked with the responsibility. The Committee strongly urges the Accounting Authority to sternly caution erring officers on this failure, only then will the matter be closed.

d) Weaknesses in Managing Assets

❖ Land and Buildings

Response by the Accounting Authority

The Accounting Authority informed the Committee that the Council was unable to obtain title deeds due to the reasons given in the table below on a case by case basis. However, the Council was still pursuing these matters.

S/N	Description	Location	Plot No	Market Value	Comment	Management Action
1	Siabaswi SOMAP Shop	Siabaswi, Sinazongwe	Unsurveyed	94,000	Uninsured	The Accounting Authority acknowledged the query raised and indicated that the land in question was under customary tenure, which meant it required the consent to the Chief as a first step in the acquisition of a title deed. As things stood, Chief Mweemba was not able to give consent due to the active court injunction
2	Undeveloped Land	Maamba	Unsurveyed	50,000	Uninsured	The Accounting Authority acknowledged the query raised and responded that the land in question did not belong to the Council as it was offered to a private developer.
3	Check Point Office Building	Maamba	Unsurveyed	23,000	Uninsured	As (1) above
4	Check Point Office Building	Sinazeze	Unsurveyed	200,000	Uninsured	The Accounting Authority acknowledged the query raised and

						indicated that the process of acquiring a title deed for the market had started. As at the time of reporting to the Committee, authority to engage a private Land Surveyor had been granted.
5	Nkandabbwe Check point	Sinazeze	Unsurveyed	50,000	Uninsured	The Accounting Authority acknowledged the query raised and indicated that the land in question was under customary tenure, which meant it required the consent to the Chief. However, the Chiefdom of Sinazongwe had no Chief from the time the previous one died.
6	Sinazeze market	Sinazeze	Unsurveyed	550,000	Uninsured	The Accounting Authority acknowledged the query raised and indicated that the process of acquiring a title deed for the market had started. The regional Land Surveyor had surveyed the property and they were awaiting the survey diagrams
7	Maamba market	Maamba	Unsurveyed	800,000	Uninsured	The Accounting Authority acknowledged the query raised and indicated that the process of acquiring a title deed for the market had started. The Regional Land Surveyor had surveyed the property and the Council was awaiting the survey diagram
8	Council Guest House	Sinazeze	Stan No 348	700,000	Uninsured	The Accounting Authority acknowledged the query raised and indicated that the process of acquiring a title deed for the market had started. The Regional

						Land Surveyor had surveyed the property and the Council was awaiting the survey diagrams
9	Sinazongwe Market	Sinazongwe	Unsurveyed		Uninsured	The Accounting Authority acknowledged the query raised and indicated that the process of acquiring a title deed for the market had started. The Regional Land Surveyor had surveyed the property and the Council was awaiting the survey diagrams
	TOTAL			2,467,000		

Going forward, the Accounting Authority assured the Committee that management would secure title deeds before it commenced the construction of any structure.

Committee’s Observation and Recommendation

The Committee observes with concern that the Local Authority does not legally own the properties under its ambit. In this regard, the Committee strongly urges the Accounting Authority to ensure that the properties in question are secured with title deeds without further delay. The will await a progress report on the matter.

e) Delayed Completion of a Local Government Equalisation Funded Project-Solar Street Light –K200,008.41

Response by the Accounting Authority

The Committee was informed by the Accounting Authority that management had proposed amendments to the contract regarding the completion of the project to which the contractor had no objection. This followed a meeting which was called between the Council and the contractor. The contractor had since moved on site and had resumed works after successfully submitting samples of the Liquid Emission Display (LED) solar lamps that had been accepted by management. As a remedial measure on the matter, the Committee was informed that management would ensure due diligence and care every time a contractor was engaged in order to make sure that only performing contractors were awarded contracts to execute works in the District.

Committee’s Observation and Recommendation

The Committee expresses concern with the weaknesses in the contract management and monitoring at the Council as such lapses may result in the loss of public resources in the process. In this regard, the Accounting Authority is strongly urged to ensure that the outstanding works are completed without further delay. He is also encouraged to ensure that monitoring and evaluation at all levels is done on all projects to avoid shoddy works. A progress report will be awaited by the Committee.

f) Weaknesses in Managing of Liabilities

i. Failure to Remit Statutory Contribution K4,937,959

Response by the Accounting Authority

The Committee was informed that the Council was liquidating these historical outstanding debts as indicated in the table below and had since entered into a Memorandum of Understanding (time to pay agreements) with the Zambia Revenue Authority (ZRA), Local Authorities Superannuation Fund (LASF) and the National Pension Scheme Authority (NAPSA), concerning payment plans. With regards to ZULAWU and ZCTU, all outstanding debts had since been cleared.

Institution	Queried Amount	Payments	Outstanding Amount
LASF	286,715	180,292	106,423
ZULAWU	48,295	48,295	0
ZCTU	26,294	26,294	0
NAPSA	1,070,437	378,000	692,437
ZRA	3,506,218	145,000	3,361,218
TOTAL			3,536,884

As a remedial measure, the Committee was informed that the Council was paying for all the statutory deductions as and when they fell due. To this effect payments were being made towards the liquidation of the old debt and the current monthly deductions.

Committee’s Observation and Recommendation

The Committee expresses disappointment at the Accounting Authority’s failure to remit these statutory obligations on time as failure to do so would result in a risk of loss of huge sums of money in penalties, thereby, affecting the Local Authority’s financial position and consequently its ability to execute planned programmes. The Accounting Authority is, therefore, urged to ensure that statutory obligations are honoured on time as required by law to avoid penalties charged on the Council. The matter will be kept in view in future audits.

76.1 Audit Findings

An examination of accounting and other records maintained at the Council and physical inspections of selected projects carried out in February, 2020 revealed the following weaknesses to which the Accounting responded as set out below.

a) Budget and Income K19,561,759**Response by the Accounting Authority**

The Accounting Authority submitted as set out below.

i. Under-collection of Local Taxes

Local taxes involved rates collected from residential and industrial/commercial property owners in the district and from personal levy charged on citizens that work in the district. It was evident from the table above that the Council generated K25,847,123 from Local taxes against a budgeted amount of K35,177,759 resulting in an under-collection of K9,330,636 representing 27% of the budget. Further, the trend in collection efficiency in 2020 had changed adversely compared with prior period performance in that in 2019 the Council collected less local taxes by K6, 383,640 representing 18% of the 2019 collection. A scrutiny of ledgers pertaining to local taxes revealed that while there was a sharp increase of about 412% in the collection of personal levy over the two years, the collection of residential and industrial/commercial rates reduced over the period causing the overall collection of local taxes to decline.

The Accounting Authority submitted that the Council did not collect all the expected revenue as estimated in 2020 budget due to a number of challenges encountered during the period under review. The adverse variance was as a result of low compliance levels from rate payers especially from residential property owners and also a number of business houses. Most of them applied for extension of the payment period as their operations were adversely affected by the COVID- 19 pandemic. The Accounting Authority reported that the Local Authority had issued and distributed demand notices to all the rate payers and is currently executing warrants of distress to all the defaulters. Demand notices and minutes of the Council meeting were available for audit verification. The Local Authority was encouraging its rate payers who were not able to pay for their property rates in one instalment, to sign commitment forms with the Council in order to pay annual bills in instalments. The Council would also ensure that all the revenues budgeted for in a financial year were collected without fail.

ii. Under-collection of Fees and Charges K8, 722,148

Revenue from fees and charges involved collections the Council made from sale of plots and provision of services such as refuse disposal, market space, parking space, building inspection among others. The Council collected K3, 697,163 against the budgeted amount of K12, 419,311, resulting in an under collection of K8, 722,148 representing 70% of the budget. The Accounting Authority had budgeted to allocate 500 plots in 2020 with the expected revenue of K5 million. However, this was not realised due to compensations which needed to be paid to the affected farmers. The farmers had since been compensated and the plots were allocated in the year 2021.

The COVID -19 pandemic also affected the collection efficiency of market and bus station fees due to restrictions in movement of goods. The Accounting Authority also submitted that after reviewing the collection efficiency for the financial year 2020, the Council decided to prepare an attainable budget line on fees and charges considering the economic situation in the district. Further, the Accounting Authority reported that the Local Authority collected 102 percent (%) in 2021. The Local Authority had formed a Revenue Task Force to spearhead revenue mobilisation activities; this included sensitisation of community members on the importance of paying market and bus station fees. The Council had also introduced e-levy in the market and bus stations to avoid pilfering of funds by revenue collectors.

iii. Under-collection of Licences K2,459,249

The Accounting Authority informed the Committee that revenue from licences was collected from persons and businesses such as retail, wholesale, restaurant, liquor and petroleum that operate and own items/animals subject to licensing such as firearms and dogs. During the period under review, the Council budgeted to raise K2,745,900 in licence fees out of which only amounts totalling K286,651 were actually raised resulting in an under-collection of K2,459,249 representing 90% of the budgeted amount. This substantial budget under performance in licence fees may be attributable to setting up unrealistic target that is not attainable in that in 2019, the Council had collected amounts totalling K158, 907 against the projection of K1, 718,700 representing 91% under performance. The Accounting Authority submitted that the Council had planned to issue 2000 occupancy licenses in the year under review, with the expected revenue of K2, 200,000 and also the Institution had budgeted to issue 400 liquor licenses with total expected revenue of K400, 000. However, the upgrading of unplanned settlements was suspended due to COVID- 19 which affected the performance of occupancy licences. The issuance of liquor licences was also affected by COVID- 19 pandemic following the closures of some bars and also restrictions in terms of opening and closing hours of bars, therefore resulting in this under performance. Management acknowledged the Auditor's recommendation, and decided to set a realistic and attainable budget in 2021. In 2021, the Local Authority collected 109 percent (%) under this budget line. The Local Authority had formed a Revenue Task Force to spearhead resource mobilisation activities; this included sensitising of the community on the importance of acquiring occupancy licences and obtaining liquor licences.

iv. Under-collection of Levies - K564,197

The Accounting Authority submitted that the Council budgeted to raise K2,232,701 in 2020 from levies out of which amounts totalling K1,668,504 were raised resulting in an under-collection of K564,197 representing 25% of the budgeted amount. In 2020, the council under performed by 17%. That was the Council's revenue declined from K2, 004, 020 in 2019 to K1, 668,504.40 in 2020. The Accounting Authority added that some business houses in the district were affected by the COVID- 19 pandemic and others were closed down, and were unable to fulfil their statutory obligation to pay for business levy. This affected the Council's performance as it could not collect 100% of the amount budgeted for. The Accounting Authority submitted that periodic compliance inspection of business houses by the Revenue Task Force contributed to this collection efficiency of above 70%. He also report that in 2021, the Local Authority took into consideration the economic situation prevailing in the district and decided to come up with an attainable budget which made it collect 194% under this budget line. The Local Authority had formed a Revenue

Task Force to spearhead resource mobilisation activities; this included sensitisation of the community on the importance of paying levies.

Committee's Observation and Recommendations

The Committee notes with concern the huge variances on most of the revenue sources. It is worrisome that there is under collections on all revenue sources which means there is inadequate resources for service delivery. The Committee is also of the view that this may result in the Council's inability to timely meet financial obligations as and when they fall due resulting in penalties and litigations against the council. The Accounting Authority is urged to ensure that the Council devises strategies to improve the collection of local taxes and other sources. The Committee resolves to await a progress report on the matter.

b) Failure to Remit Statutory Obligations - K36, 331,446

Response by the Accounting Authority

The Accounting Authority informed the Committee that the Council owed penalty fees to NAPSA in amounts totalling K36, 331,446 on paid up contributions. He also added that these penalties were emanating from the year 2000. The Accounting Authority also reported that the Council had planned to commence dismantling of these exorbitant penalties in this financial year, and the payment plan was to run from 2022 to 2025. Further, he reported that the Local Authority was up to date with statutory contributions to NAPSA, ZRA, NHIMA and LASF. The Local Authority would ensure that returns and statutory contributions were made in time to avoid penalties and debt accumulation.

Committee's Observations and Recommendations

The Committee observes with concern the failure by the Accounting Authority to liquidate its statutory obligations. It is worrisome that such failure may result in loss of public funds through payment of penalty charges to NAPSA and other statutory bodies it owes. The Council should ensure that returns are filed on time and also that the revenue base is enhanced by way of increasing their entrepreneurial ability through commercial ventures. The Council is also urged to consider negotiating with NAPSA for a possible write off of the debt or pursuing a debt swap. The Committee resolves to await a progress report on the matter.

c) Failure to Enforce Court Judgment

Response by the Accounting Authority

The Accounting Authority submitted that the Local Authority did not claim for the awarded costs as was expected. He added that the judgment of 30th October 2018 ruled in favour of Solwezi Municipal and Kalumbila Town Councils, who were awarded costs which were to be taxed in default of agreement. This cost was based on the quantum of cost and it was not fixed. According to clause 11.5 of the retainers, it was agreed on 4th April 2018 that in an event that the matter was concluded in favour of the Client with an award of costs by the Court the same shall be for Counsel and not the Client. The parties agreed at a cost of K120, 000 which cost was paid to the lawyers according to the agreement. However, after Judgment the lawyers demanded 10% of K36,

008,000 as debt collection fee according to the legal practitioners (Conveyancing and Non-Contentious Matters) (Costs) Order 2017. They referred to the letter dated 5th November 2018, received from the lawyers. Further, at the time of audit the Council could not respond to the query since the officers who were handling the matter were transferred. The Council would ensure that all the legal cost awarded in future shall be claimed.

Committee's Observation and Recommendations

The Committee observes with concern the failure by the Accounting Authority to claim the awarded costs. It is worrisome that the explanation given is not clear as to why the awarded costs have not been paid to the Council up to date. The Committee demands a thorough explanation for verification by the auditors before closure of the matter. The Committee directed the Accounting Authority to resolve this matter to its logical conclusion and all details and documents availed to auditors for verification as soon as possible. The Committee will await a progress report on the matter.

Zambezi Town Council

Paragraph 77

77.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weakness to which the Accounting authority responded as set out below.

a) Budget and Income-K632, 833

Response by the Accounting Authority

The Council reported that an amount totalling to K312, 12.72 in the table above was the total sold for the year from the commercial venture. However, the K299, 590.63 was the total for running expenses for the motel. Hence excess income of K12, 535.63 was supposed to be reported as net income from commercial venture not K312, 125.72 indicated above. The Council reported that during the period under review the Council recorded positive variance as a result of the following:

i. Commercial Venture

The Accounting Authority reported that during the period under review the Council received K312, 125.72 as sales from commercial ventures and spent K299, 590.63 on operational expenses for the commercial activities. However, the Council made a profit of K12, 535.63 against the projected profit of K26, 349 and the adjustments to the financial statements had since been made as it was the net profit of K12, 535.63 which was reported.

ii. Other Receipts

The Accounting Authority reported that during the period under review the Council received Chief Retainer's grants for the payments of Chief Retainer's monthly wages bills. The Chief Retainer's grants were received through Council NATSAVE main account before the Council opened a separate

Chief Retainer's Account. Further, the Council accounts were being reconciled on a monthly basis and verified by the Internal Auditors and checked by the Council Treasurer and approved by the Council Secretary.

iii. Current Status

The Accounting Authority reported that a review of the commercial venture ledgers revealed that the Council received revenue in amounts totalling to K331, 403.72 and spent amounts totalling to K316, 838.59 resulting in a profit of K14, 565.13.

Response by the Accounting Authority

The matter was verified by Auditors and recommended for closure refers to the audit status report. Therefore, the matter was resolved. The Council would continue to reconcile the accounts on a monthly basis and verified by the Internal Auditors and checked by the Council Treasurer and approved by the Council Secretary to avoid such queries in future.

Committee's Observation and Recommendation

The Committee resolves to close the matter.

b) Operational Matters - Lack of Warning Signs at Dumpsite

Response by the Accounting Authority

The Council reported that Zambezi Town Council did not have an official dumpsite due to the wrangle which elapsed between the community and the Ishima Royal Establishment. The Council reported that it had engaged the Ishima Royal Establishment to resolve the matter as quickly as possible. However, the warning signs for the dumpsite had since been mounted at the dump site in line with section 60(2) of the *Solid Waste Regulation and Management Act, No. 20 of 2018*. The Public Health Section had been availed with copies of the *Solid Waste Regulation and Management Act No. 20 of 2018*, under the supervision of the District Planning Officer who would ensure that the provisions of the act were complied with. The Council would continue to ensure that public health matters were upheld for the benefit of the people of Zambezi.

Committee's Observation and Recommendation

The Committee directs the Accounting Authority to ensure that the dumpsite is properly managed as well as equipped with requirements needed without any further delay. The Committee awaits a progress report on the matter.

c) Accounting for Revenue

i. Failure to Update Valuation Roll

Response by the Accounting Authority

The Council reported that the failure to update the valuation roll was due to inadequate financial resources which were being faced by the Council. The Council needed K250, 000.00 to ensure all the processes concerning the updating of valuation roll were adhered to. The Council secured funds in 2020 to ensure that the valuation roll was updated and engaged the Government Valuation Department to prepare the Valuation Roll through the Ministry of Local Government then. The Main Valuation Roll was prepared and submitted to the Rating Valuation Tribunal for Approval on 31st December, 2021. The Council had since submitted the updated Valuation Roll awaiting the approval by the Rating Valuation Tribunal. The Council ensured that the resources were mobilised and that the Valuation Roll would be prepared every after five years in line with section 9 (4) of the *Rating Act No. 21 of 2018*.

Committee's Observations and Recommendations

The Committee notes the submission but urges the Accounting Authority to adhere to section 9 (4) of the *Rating Act No. 21 of 2018* and expedite the process of putting in place of a valuation roll. The Committee awaits a progress report on the matter.

ii. Uncollected Revenue from Timber levy-K272, 200

Response by the Accounting Authority

The Council reported that it was regrettable revenue amounting to K272, 200 that was not collected at the time of audit due to lapses in communication with Zambezi Forestry Department as they used to clear truck before the Council levy was paid. Further, the Council did not have a barrier working 24 hours along the M8 road at Mushona.

1. The Council reported that the Forestry Department was engaged and that trucks should only be cleared after the timber levy and the Council had since assigned a revenue collector to work closely with forestry staff.
2. The Council had since mounted the check point and all trucks carrying timber were allowed to leave the district only upon production of the timber levy receipts.

The Council would continue working with the Forestry Department to ensure that all trucks cleared by Forestry Department paid the levies to the Council. While the Council barrier would be working 24 hours to ensure that no truck passed the district before paying the Council.

Committee's Observation and Recommendation

The Committee encourages the Accounting Authority to ensure that it takes serious action on all clients that have not paid their levy. The Committee resolves to await a progress report on the matter.

iii. Failure to Register Dogs

Response by the Accounting Authority

The Council reported that there was resistance by the community to register dogs as the program was being implemented for the first time in the district after decades. The Council reported that the community had since been sensitised on the benefits of having the dogs registered and vaccinated as required by *Control of Dogs Act, Chapter 247 of the Laws Zambia*. The Council had since issued a public notice for dog registration and the community had been given a grace period of 90 days in which it ensured that dogs were registered. The Council would ensure continuous sensitisations were conducted for the community to appreciate importance of dog registration and vaccination in accordance with *Control of Dogs Act, Chapter 247 of the Laws of Zambia*.

Committee's Observation and Recommendation

The Committee directs the Accounting Authority to ensure that all dog owners have their dogs registered and always taken account of by the Council in a local data base. The Committee resolves to keep the matter in view during future audits.

d) Failure to Remit Outstanding Obligations-K5, 945,373

Response by the Accounting Authority

The Council reported that Zambezi Town Council could not remit statutory obligations during the period under review due to liquidity constraints. The Council had however entered into debt liquidation plans with ZRA and it was agreed that an amount of K10, 000 per month would be made towards offsetting the outstanding amounts and an amount of K120, 000 had so far been made. Documentation was available for verification. The Council had since embarked on increasing local revenue base such as updating of valuation roll, engaging the traditional leadership to increase the township boundary had some plot for investments in the district to improve revenue to pay salaries at gross and improve service delivery. The Council applied for the debt swap with NAPSA for an amount totalling K393, 274.80 and a debt swap had since been done. Documentation was available for verification. The Council would continue to implement strategies such as the recent acquisition of a 250 hectares in Chief Mpidi for agribusiness purposes and other alternatives to expand the Local Authority's revenue base. This would enable the Council to settle some of its outstanding obligation.

Committee’s Observation and Recommendation

The Committee encourages the Accounting Authority to ensure that statutory obligations are paid to avoid loss of public funds. The Committee also encourages the Accounting Authority to consider liaising with the Secretary to the Treasury on the possibility of relieving the councils of this burden or otherwise deducting from the source. The Committee resolves to await a progress report on the matter.

Zimba Town Council

Paragraph 78

78.1 Audit Findings

An examination of financial and other records maintained at the Council for the financial year ended 31st December 2020 and a physical inspection of selected projects revealed the following weaknesses to which the Accounting Authority responded as set out below.

a) Budget and Income Negative Variance K2,741,440

Response by the Accounting Authority

Local Taxes

The Accounting Authority acknowledged the auditor’s observations and stated that the under collection of local taxes (property rates) was due to Zambia Railways Limited not paying rates for the properties it sold to individuals who at the time of the audit did not possess title deeds for them to pay the rate. The Accounting Authority approached Zambia Railways Limited over the non-settlement of the payment (rates) who promised to verify their properties in Zimba and was willing to settle the outstanding bills thereafter.

Fees and Charges

The Accounting Authority acknowledged the auditor’s observations and stated that the under-collection on fees and charges was as a result of non-collection of plots premium due to land disputes. The ban on the movement of livestock following the outbreak of the foot and mouth disease in the district impacted negatively collection of fees. Collection of revenue drastically reduced during the period of lockdown due to COVID-19. A stakeholder’s meeting was conducted to ascertain the extent of the Zimba Township boundary. The Accounting Authority had the updated database to capture more business premises and established new checkpoints as well as formulating by-laws to expand local revenue.

Licenses

The Accounting Authority acknowledged the auditor’s observations and stated that the under-collection on licenses was due to the guidelines that were issued from time to time such as restrictions in movements due to COVID- 19 and the gassing. The limitation in the operational hours of liquor outlets as a result of COVID- 19 had negatively impacted on the Council’s

revenue collection. Another factor that contributed to the variance was that of the Council suspension of issuance of occupancy licences due to a township boundary dispute. The Accounting Authority constituted a revenue task force for enhancement of the collection.

Levies

The Accounting Authority acknowledged the auditor's observations and stated that the under collection on levies was due to the ban on the movement of livestock following the outbreak of the foot and mouth disease in the district and closure of business premises due to the COVID-19 partial lockdown.

Permits

The Accounting Authority acknowledged the auditor's observations and stated that the under collection on permits was due to drastic reduction in the transportation of meat products following a ban on transportation of meat products (carcasses) as a result of the outbreak of foot and mouth disease, as well as closure of and restrictions on business operations due to the COVID-19 partial lockdown. The Council would budget realistically to avoid overestimation, automation of systems, sensitisation and capacity building of the revenue task force from time to time.

Committee's Observation and Recommendation

The Committee is concerned about the Council's failure to generate its own money despite its financial difficulties. It is disappointing to find that the Council is intending to step up its efforts now that audits had been completed, despite having all available choices. The Accounting Authority is directed to identify and implement solutions to counteract this failure as soon as possible. The Committee is certain that the current state of affairs is attributable to a lack of assertiveness on the part of officers charged with the responsibility. The Committee awaits a progress report on the problem until revenue collection has improved significantly.

b) Accounting for Revenue

i. Delayed Banking - K57,369

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation and regretted that amount totalling K57, 369 was not banked during the time of audit due to delays by revenue agents in far flung areas to handover the collected revenue to the supervisor at the Civic Centre. The revenue collected (cash) was banked a few days after the audit and the Council opened a corporate account on 8th February, 2021 with Airtel Zambia for revenue collectors/agents operating in far flung areas to deposit the collections on daily basis. Documentation was available for verification. Disciplinary measures would be taken against any revenue collectors/agents who failed to deposit the money.

Committee's Observation and Recommendation

The Committee directs the Accounting Authority to ensure that the all banking is done in accordance with the Local Authorities Financial Regulation No. 19 at the required time in order to avert this query. The matter is, however, resolved for closure subject to audit verification.

ii. Failure to Collect Revenue K637,900

Response by the Accounting Authority

Leased Properties

The Accounting Authority acknowledged the auditor's observation and stated that an amount of K65, 400 was Uncollected on leased properties at the time of audit. The Accounting Authority informed the Committee that demand notices were sent to tenants occupying Council houses to settle their rental arrears failure to which legal action was going to be instituted against the rant defaulter.

Billboard Fees

The Accounting Authority acknowledged the auditor's observation and stated that an amount of K18, 000 was not collected at the time of audit. The Accounting Authority engaged ZESCO for the payment of the outstanding bill of K18,000 which the company had since paid. The receipts were available for verification.

Plot Premiums

The Accounting Authority acknowledged the auditor's observation and stated that an amount of K554, 500 was uncollected at the time of the audit. The Accounting Authority mentioned that a stakeholders meeting was convened at which the township boundary that was being disputed was reaffirmed. Minutes were available for verification. The Council had engaged tenants from time to time on the terms of reference of the tenancy agreement. The Accounting Authority also engaged traditional leadership over land from time to time. The Accounting Authority mentioned that a stakeholders meeting was convened at which the township boundary that was being disputed was reaffirmed. Minutes were available for verification. The Council had engaged tenants from time to time on the terms of reference of the tenancy agreement and had also engaged the traditional leadership over land from time to time.

Committee's Observation and Recommendation

The Committee notes with concern that revenue collection is not prioritised as observed from the low collection on most of the revenue portfolios. The Committee strongly urges Accounting Authority to ensure that they enhance the revenue collection efforts in order to reduce the figure for the uncollected revenues which may result in improved liquidity at the Council.

c) Failure to Prepare a Valuation Roll

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation and stated that Zimba Town Council was not yet a rating authority. However, the Council collected property rates under the valuation roll for Kalomo Town Council since Zimba District was part of Kalomo District before its declaration as a district. The valuation roll for Kalomo / Zimba Town Councils had since been approved and an award was given on 29th December, 2021 by the Rating Tribunal that sat in Lusaka. Documents were available for verification. The Accounting Authority was in a process of applying for consideration as a rating authority.

Committee's Observation and Recommendation

The Committee does not accept the reasons given for failure to prepare an updated valuation roll. The Committee urges the Controlling Officer, Ministry of Local Government and Rural Development, to consider helping all local authorities to come up with a mechanism to compel them to prepare updated valuation rolls. The Controlling officer is further but strongly urged to consider providing the expertise needed by the councils for this exercise. The Committee resolves to await a progress report on the matter.

d) Irregular Use of Accountable Imprest K13, 750

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation and regretted the usage of accountable imprest to buy ZESCO units as at the time the utility power company could not accept payment by cheque. The suppliers from where goods and services could only be found and at favourable prices had not yet registered their business and had not yet opened bank accounts. The Accounting Authority registered for internet banking and electricity units were procured electronically. The Accounting Authority engaged local suppliers to formalise their businesses and open bank accounts and had stopped use of imprest.

Committee's Observation and Recommendation

The Committee is saddened by the blatant disregard of financial regulations at this Council. The Committee strongly urges the Accounting Authority to ensure that the Council discontinues the vice of using accountable imprest for purchase of goods and services whose value can be ascertained. The Committee is, however, resolved for closure subject to audit verification.

e) Failure To Fill Vacant Positions

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation and stated that at the time of the audit, the Senior Building Inspector and Assistant Land Surveyor were in residential school,

hence their absence from the station. However, the mandate to employ staff in Division I to III lay with the Local Government Service Commission. The two officers that is, the Senior Building Inspector and the Assistant Land Surveyor, had since reported back for work. The Accounting Authority engaged the Local Government Service Commission from time to time in filling of the key positions.

Committee's Observation and Recommendation

The Committee directs the Accounting Authority to ensure that quarterly returns are availed to the employing agent, the Local Government Service Commission, in order to inform them of the status on staff related matters. It is also incumbent upon the Accounting Authority to impress upon the Commission to ensure that they responded to the Council's requests promptly. The Committee resolves to await a progress report on the matter.

f) Lack of Title Deeds

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation and stated that at the time of audit, fifteen Council properties were not on title. The layout plan for the fifteen Council properties was prepared and numbered by the Surveyor General. Recommendations for title deeds were done and submitted to Ministry of Lands and Natural Resources (Commissioner of Lands) for issuance of titles. Going forward, new Council properties would be recommended to the Ministry of Lands and Natural Resources for titling once acquired.

Committee's Observations and Recommendations

The Committee encourages the Accounting Authority to ensure that all Council properties are secured with title deeds without further delay. It is the view of the Committee that ownership documents are very important in an unlikely event where a dispute arise on ownership of the property. The Committee sees it as a very serious omission which needs prompt action. The Committee resolves to await a progress report on the matter.

g) The Management of Constituency Development Fund

i. Construction of 1 X 3 Classroom Block at Sibajene Community School

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor's observation and stated that the 1x3 classroom block at a contract sum of ZMW 268, 556.00 had not been completed as at September 2021. The non-completion was attributed to the breach of contract by the contractor as he was out of site for a period exceeding 28 days. The contract for Chinjila General Contractors for the construction of a 1 x 3 classroom block at Sibajene Community School at a contract sum of K268, 556 with a completion period of nine weeks was terminated. A builder was engaged to complete the remained works which weres expected to be complete by month end of February 2022. The

Accounting Authority would ensure to strengthen the selection criteria when soliciting contractors; procure goods and services at the right cost; ensure right quality of materials; and ensure timely delivery of projects. On 10th November 2020, Zimba Town Council engaged Mr. Charles Mudenda for the construction of a 1 x 3 classroom block at a labour contract sum of K16, 500 for duration of six weeks commencing on 16th November 2020 and ending on 22nd January 2021. As at 30th September 2021, amounts totalling K147, 242 (labour – K13, 500 and materials – K133, 742) had been spent. A physical inspection of the works carried out in September 2021 revealed that the classroom block had not been completed in that plastering and painting of one classroom block, roofing of one classroom block, flooring of one classroom block and glazing of all windows had not been done. It was further observed that 2 x 20 litres PVA paint valued at K1, 780 had expired, thereby resulting in wasteful expenditure.

However, the Accounting Authority stated that the observed delay and consequential wasteful expenditure was attributed to the structure strengthening interventions arising from the change of site. Cement for plastering, paint for painting one classroom, roofing materials for one classroom, cement for flooring of one classrooms and glass panes for putting on the all windows had since been procured. The completion of the structure was expected at the month end of February 2022. The Accounting Authority would ensure to strengthen community engagement and sensitisation on the implementation of projects and proposing sites.

Committee’s Observations and Recommendations

The Committee encourages the Accounting Authority to ensure that all works on the projects are completed expeditiously. The Committee sees it as a very serious omission which needs prompt action. The Committee resolves to await a progress report on the matter.

h) Failure To Remit Statutory Obligations K7, 100,706

Response by the Accounting Authority

The Accounting Authority acknowledged the auditor’s observation and stated that the Council could not meet its statutory obligations due to liquidity situation during the period under review.

Zambia Revenue Authority

The Accounting Authority could not remit statutory contribution to ZRA even after the audit due to the narrow revenue base.

Local Authority Superannuation Fund

The Accounting Authority remitted a total sum of K50 742 in three instalments of K12 587.54, K28 566.69 and K12 587.54 respectively after audit.

National Pension Scheme Authority

The Accounting Authority paid an amount of K49 125.12 after audit.

Committee's Observation and Recommendation

The Committee directs the Accounting Authority to ensure that it pays back all the institutions that it owes to avoid loss of funds in litigation. The Committee also urges him to consider liaising with the Controlling Officer to deduct the amounts from the source. The Committee resolves to await a progress report on the matter.

Part III

LOCAL TOUR TO CONSTRUCTION PROJECT SITES OF SELECTED COUNCILS

1.0 INTRODUCTION

The Committee toured some selected Local Authorities and construction sites in Lusaka, Southern and Western Provinces of Zambia. The objectives were to appreciate preparations by Local Authorities on fiscal decentralisation; and the status of CDF and LGEF projects which were highlighted in the recent Auditor General's Reports. The Committee's findings were as set out below.

1.0 LUSAKA PROVINCE

Under Lusaka Province, three Local Authorities were visited and key findings were as set out below.

1.1 Chongwe Municipal Council

The Committee held a meeting at the Council Chamber with all Departmental Heads in the District to appreciate how the District was coordinating the Constituency Development Fund (CDF) activities and also learn how they were implementing fiscal decentralisation. During the meeting, the District Management informed the Committee as set out below.

1. Elections were held and completed for all wards in the District.
2. All Ward Development Committees (WDCs) were formed in the District.
3. The Constituency Office staff were very active in driving the development agenda by collaborating with other departments especially on needs assessment on projects, bursaries, and funding for skills development.
4. The Department of Education also submitted that they were in need of more desks, owing to the fact that the schools were overwhelmed with enrolment due to the introduction of bursaries (free education) by the Government.

Committee's Observations

After some interactions with the local district leadership in Chongwe, the Committee made some observations and a summary is listed hereunder.

1. There was no well coordinated report from the Council through their Director of Planning on their preparedness on fiscal decentralisation.
2. It was evident that the District worked disjointedly as the report was not well coordinated by the pivotal institution, the Local Authority.

3. There were some impediments in the administration of CDF which needed to be addressed expeditiously, coupled with the lengthy procurement process provided for in the CDF guidelines.

Project Visit

i) Council Community Hall

During its tour of Chongwe District, the Committee inspected the Council Community Hall which was built using the LGEF and located about 100 metres from the Civic Centre. The findings were as set out below.

1. The Council Community Hall was being used as a Police Station.
2. The Hall was in a dilapidated state due to lack of maintenance.
3. The building posed a very high health risk to the inmates, as their convenience rooms were too far from their reach, especially at night and when it was raining.
4. The Community Hall offered a possible escape option for inmates due to distance between their cell and the convenience rooms.

1.2 The Lusaka City Council

The Committee met all Departmental Heads at the Lusaka City Council Conference Hall. The Committee was informed about a number of things as summarised hereunder.

1. The Council had 4,402 employees and their wage bill stood at K24,048,314.03.
2. According to a trend analysis from 2015 to 2022, it was evident that the Council's budget performance on revenue collection was very poor, ranging from as low as negative seven percent (-7%) in 2016 to the highest being twenty seven percent (27%) which was recorded in 2015.
3. The Council Management confirmed that they had already held elections for WDCs and all of them were fully functional.
4. The profiled funds for the first quarter, under 2022 CDF were already in the Council's account awaiting disbursement after appraisal and approval of projects by the CDFC and the Minister of..... respectively, were done. The Council was heavily dependent on LGEF for sustainability, despite having many revenue options.
5. The Council was still running adverts on the 2022 Constituency Development Funds and that the date of closure for receiving applications was 31st April, 2022.

Visitation to Projects

i) Matero Mini Civic Centre

The Matero Mini Civic Centre was the only project under the Lusaka City Council, which was inspected by the Committee during the tour. The Committee learnt that the initiative of decentralising the biggest Council in Zambia was very key to accelerating development in the area. One of such an endeavour to actualise this into reality, was the construction of mini civic centres. However, the Committee was saddened to learn the following issue listed below.

1. Despite having been funded an amount of K1060,129.29, the works at the Civic Centre were not completed and the project had been abandoned since 2020 and prone to vandalism.
2. The Council Management cited the delay in the release of LGEF by the Central Government (Treasury), as the main cause.
3. Management also pointed out that the Zambia Public Procurement Authority had delayed in approving the variations on the contract, owing to the changes in price due to time lapse.

Committee's Findings

At the time of the tour, the following were observed:

- i. the status was not a true reflection of what the Accounting Authority had earlier submitted before the Committee in that there were a lot of works remaining to be completed as the building was about 70 per cent complete and not 90 percent as was reported;
- ii. the contractor had abandoned the works and was not on site, as purported; and
- iii. there was lack of seriousness by the Accounting Authority in that he did not endeavour to impress upon the Zambia Public Procurement Authority to give feedback to the Council on the application for the variation of works.

1.3 Kafue District Council

The Committee met the senior Management at the Town Council along with all Heads of devolved functions. During the meetings, key highlights were as set out below.

- i) The District team confirmed that all the WDCs were already established.
- ii) The Council had received CDF and was awaiting the approval processes to be completed in order to commence disbursement.

- iii) According to the Council staff, the applications for bursaries, skills development, youth and women empowerment, were being appraised and awaiting the approval processes to be finalised.

Project Visits

i) Market Shelter (Shikoswe)

The Committee was informed as outlined below.

- a) The market shelter was one of the projects that was funded under the LGEF 20 per cent capital component in 2020.
- b) The total cost of the project was K435,000 (the LGEF contributed K235,000 ,while the other amount K200,000 was donor funded.
- c) The market shelter had a capacity of 80 stands.
- d) The construction works began in 2020 and were completed in 2021.

Findings and Observations

Below are the findings of the Committee on the tour of Shikoswe Market.

- The market shelter had no walls on the sides making it easy for the rain and wind to hit the traders and pose a health risk and damage to their merchandise.
- The storage facility was not sufficient at the site and all traders were made to carry their merchandise to and from their homes every morning and evening.

ii) Magoba Maternity Wing

The Committee learnt that the construction works were done using the CDF funds. The Committee observed that there was poor workmanship as could be seen from the sagging on the ceiling boards which needed to be attended to, as a matter of urgency.

2.0 WESTERN PROVINCE

2.1 Mongu Municipal Council

The Provincial and District Senior Management, along with the Managements of all devolved functions met the Committee and key issues that were discussed are as set out below.

- i. All the 227 Ward Development Committees in the Province were established and were already functioning.
- ii. All the 227 WDCs had already identified and appraised projects and all that was remaining was to start disbursing funds, after ministerial approval process was completed.
- iii. The Provincial Local Government Officer who represented all the heads confirmed that the Province was on course with preparations for fiscal decentralisation and that all devolved functions were reporting to their respective local authorities in the districts.

The Municipal Council presented a write up to the Committee which highlighted the issues below.

Decentralisation Programme

- i. The Council had received this programme with happiness, especially with the introduction of the fiscal decentralisation that had begun to bear fruits.
- ii. The Council had been working closely with the departments that had been devolved to it. Most heads of devolved departments were closely working with the Council through submission of operational reports or progress reports to the Council's for consideration.
- iii. The full transfer of staff to the Local Authority would bring about enhanced multi sectoral capacity in carrying out different programmes at the council level.

Challenges

- (i) Whereas letters of transfer of workers from the devolved ministries and departments to the Council had been written, the actual movement had not taken place..
- (ii) Due to lack of standardised conditions of services, disciplining erring officers from the devolved departments was difficult. This was because the employees from the devolved ministries or departments still reported to their line ministry supervisors.

Visitation to Projects

i. Construction of New Civic Centre Block

The Committee learnt that the total cost of this project was K2,089,144.67, but the building was yet to receive more funds to complete the remaining works. According to Management, the works were at 85 percent completion at the time of the tour.

Committee's Findings

The Committee observed the following:

- a) there was poor workmanship on both the inside and outer walls;
- b) certificates of completion were already paid up to 85 percent of the contract sum;
- c) the works were only less than 70 per cent completion; and
- d) the contract sum did not correlate with the scope of works.

ii) Sir Mwanawina II Motel

The Committee learnt that an amount of K1,596,039.83, was used to rehabilitate the Sir Mwanawina II Motel.

Committee's Findings

The Committee observed, with concern, that the environment outside the Hotel was unkempt and unattractive and would discourage would-be guests from using the facility. It needed urgent attention if it was to compete favourably as a revenue earner for the District. Some toilets in the guest rooms purported to have been rehabilitated, were already broken, which suggested that sub-standard materials were procured.

iii) Construction of 2 ablution blocks at the bulk Market

With regard to works at the bulk market, the Committee noted with concern that:

- a) the Municipal Council had taken too long to finish the project;
- b) one of the ablution blocks was almost abandoned since the criteria changed on the other ablution block.

2.2 Senanga Town Council

The Committee met the Departmental Heads at the Council Chamber and key highlights during the meeting were as set out below.

- i. The Committee emphasised the need for use of the labour resource at the prisons to complete some of the projects expeditiously.
- ii. The Committee also emphasised on non-compromise on the materials used on the projects in order to avoid compromising standards.
- iii. The Committee also emphasised the need for CDF projects to flow with well planned schedules as there was no need to wait for funds before starting the planning process.
- iv. There was need to enhance capacity to reduce loss of time and delayed works in the District.

Visits to projects

i. Construction of Male Cell at Senanga Correctional Facility

The Committee was informed that the total cost of this project, that is, K120, 000 (labour – K16, 000 and materials – K104, 000) had been spent.

Committee's Findings

The Committee observes the following:

- a) the status was just as was reported in the Auditor General's Report and no progress had been made to that effect; and
- b) the male cell had not been completed in that fitting of doors and windows, as well as plumbing works and flooring had not been done.

ii. Construction of a Modern Toilet at the Market

The Committee learnt that the total cost of construction was K393,000, broken down as K255,000 for toilet block, while the other cost of K138,000, was for the borehole and solar.

2.3 Kaoma Town Council

The Committee ended its tour of the Western Province by visiting the Kaoma Town Council. Despite not appearing in the audit report, the Committee visited the Council to appreciate their preparedness for fiscal decentralisation. The Committee met the departmental heads and some highlights of the meeting were as set out below.

- i. The Council Management confirmed that they had been audited in 2021 for the financial year ended 31st December 2020, but cleared all queries to the satisfaction of external auditors.
- ii. All previous projects under the CDF were completed and ready for handover. This included six within the central business centre and three in Mangango area.
- iii. Bursaries and other empowerment fees had all been disbursed and the skills development funds remained to be released.
- iv. CDFCs had advanced to appraise projects.
- v. A well furnished office building, where the Senior Management Council was operating from, had been constructed at the total cost of K793000. In order to reduce loss of documents a stores office had been constructed using the same funds.

3.0 SOUTHERN PROVINCE

In Southern Province, the Committee visited Namwala Town, Choma Municipal, Livingstone City and Kazungula Town Councils. The findings were as set out below.

3.1 Namwala Town Council

- i) The Town Council made a presentation to the Committee and highlighted that the Council owed its staff 3 months' salary arrears and statutory obligations to a tune of K23,822,736.34.

- ii) After removing the 20 per cent component, the Council remained with K573,456.08, as LGEF, while its wage bill was at K845,928.67.
- iii) In terms of 2020 CDF, the Council allocated funds to the construction of two classroom blocks, a health post, and drilling of sixteen boreholes. By the time of the tour, only six boreholes had been drilled because the rig was broken down.
- iv) In 2021, the CDF allocation went up to seven projects of which four were at procurement stage, while the rest of works were in progress. Under the 2022 budget, the applications had been received and were under consideration.

Visit to Projects

i. Construction of Mala Bridge

- i) While appearing before the Committee, the Accounting Authority had submitted that this project was one of the projects that was funded under the Local Government Equalisation Fund. However, the Committee learnt, with surprise, that the Mala Bridge was actually funded under the 2021 CDF and it was one of the three bridges that were constructed at the cost of K100,000. The total cost of the three projects was K301,000.
- ii) The Engineer was unable to give the BoQ for the project.
- iii) The locations of all the bridges were questionable, as the Engineer failed to explain what criteria he used to place them on the points he selected.
- iv) The Committee observed, with surprise, that the bridge was constructed with blocks, which was highly irregular.

3.2 Choma Municipal Council

The Committee met with Departmental Heads and the following were the key highlights of the meeting:

1. the Council Management submitted that they had a cadre of 281 staff across the District;
2. the proportion of LGEF to the National Budget could be increased slightly from 5 to 10 per cent to reduce the burden of Councils on staff and statutory obligations;
3. contact implementation had greatly been hampered by the slow pace at which the Zambia Public Procurement Authority had been clearing requests;

4. the District office complained of the high rate of staff turnover over the past few years which had greatly affected the District programmes, as new officers had to settle each time they were relocated to the districts, before they could be fully functional; and
5. under the Ministry of General Education, it was submitted that all their needs were given through the respective CDFCs and WDCs and that they were all represented at all levels.

3.3 Livingstone City Council

During the meeting with Departmental Heads, the Committee learnt that there was a very big problem with land administration at the City Council and Committee recommended that the law enforcement agencies must move in to resolve the matter expeditiously. The Audit Committee at the Local Authority was not privy to all financial information and the Committee recommended that all financial reports must be authenticated by the Audit Committee before reaching the Local Government Accounts Committee at Parliament.

The Committee also learnt that the Town Clerk position was occupied by two officers.

Project Visits

i. Construction of International Bus Terminus in Livingstone

Committee's Findings

The Committee observed with concern that:

1. the Ministry of Local Government and Rural Development single sourced the National Pension Scheme Authority to help in financing the works;
2. there was a mismatch between the budget and the terms of reference, as evidenced by the huge amount of money being claimed by NAPSA;
3. the exclusion of the Local Authority in these construction works was highly questionable.

ii. Construction of an Ultra-Modern Market in Livingstone

Committee's Findings

The Committee observed with concern that:

1. no works were taking place but the market was not operationalised despite being completed;

2. as above, there was a mismatch between the budget and the terms of reference of the NAPSA contract; and
3. the exclusion of the Local Authority by the Ministry of Local Government and Rural Development in the contraction of works was highly questionable.

iii. Construction of Fire Station and purchase of a Front Loader Equipment under LGEF

Committee's Findings

1. The Committee observed that, generally, works were carried out to expected standard.
2. The works carried out did not correlate with the amount spent on the building.

3.4 Kazungula Town Council

The Committee held a short meeting with the Management to appreciate how prepared the District was on fiscal decentralisation. The Committee learnt that:

- a. all the line ministries were devolved and they reported to their respective committees which then reported to the Council;
- b. the management and monitoring of CDF projects was done jointly by all stake holders;
- c. all proposed projects were extracts from projects listed in the draft District Integrated Development Plan;
- d. Kazungula Town Council had in the year 2022, budgeted to collect an amount of K51,579,523 from both the locally generated revenue and national support, with locally generated realisable income representing 34 per cent while national support constituted the remaining 66 per cent
- e. the Council had an updated the Valuation Roll; and
- f. the Council had implemented an electronic billing system using the Palm Soft Accounting Package .

Other achievements and interventions included the following:

- i. implemented a receipting systems using the PalmSoft Accounting Package;
- ii. connection with the Zambia Revenue Authority One-Stop System which had led to a major increase in revenue collection from K300,000 in October 2021, to K950,000 in March 2022 for motor vehicle licenses alone. This represented an increase of over 300 per cent;

- iii. implementation of the bulk messaging system at a reduced cost and time;
- iv. engagement with other like-minded institutions to widen payment platforms;
- v. construction of nine modern shops for lease to the general public-(deliberate policy to empower women and youths);
- vi. construction of a truck yard;
- vii. erection of more barriers to enhance check points/compliance;
- viii. use of Airtel and MTN as payment platforms for levies such as cattle levy, crop levy and stock movement permits;
- ix. 12 projects approved in the 2020 CDF allocation, of which nine had since been completed and handed over, while three were still under implementation; and
- x. 2021 CDF allocation, two projects were approved and procurement was in progress.

CDF Status

The Accounting Authority informed the Committee that;

- a. a Technical Appraisal Committee (TAC) had been formed;
- b. appointment letters were issued to the TAC Members;
- c. appraisal had been done for 148 secondary school bursary applications,;
- d. 674 skills development bursary applications were received;
- e. 398 empowerment grant applications were being processed;
- f. 33 empowerment loan applications were being processed;
- g. 168 community projects, and 10 disaster related projects were presented and approved by the CDF Committee, pending ministerial approval;
- h. monitoring and evaluation of CDF on cost, quality and duration, at ward level by use of village champions using zonal representatives;
- i. at Council level, appointment of project managers for each approved project; and
- j. oversight was being provided by provincial administration.

Projects Visited

Truckers' Parking Yard

The Committee visited one project which was funded under both the LGEF and CDF. It was observed that the project needed more funds in order to yield the desired results as there was need for toilets and rest rooms to be constructed for the truckers to use. The Committee noted that there was a lot of potential for revenue generation if the project was well funded and completed.

Committee's Observations and Recommendations

After touring all projects and Councils in the Southern, Western and Lusaka Provinces, the Committee makes observations and recommendations as set out below.

Community Hall – Chongwe

- i. The Committee strongly urges the Local Authority to lobby for funds through the CDFC in Chongwe Central to construct a new police station in the area, as the Community Hall is not appropriate or conducive to house members of the public who come in conflict with the law.

The Mini Civic Centre – Lusaka

- ii. The Committee urges the Accounting Authority, Lusaka City Council to make serious efforts to impress upon the Zambia Public Procurement Authority to give a feedback on a matter relating to the construction of the Mini Civic Centre in order to ensure that the project is completed expeditiously.
- iii. The Committee urges the Zambia Public Procurement Authority, to ensure that requests by Local Authorities are prioritised and considered with the urgency they deserve to avoid delaying project completion. The Committee proposes a fast track system to reduce on time taken. The Committee awaits a progress report on the matter.

Market Shelter (Shikoswe) - Kafue

- iv. The Committee urges the Accounting Authority to consider using part of the Local Government Equalisation Fund, to erect some walls around the market shelter to shield the traders from on-coming wind and rain.
- v. The Accounting Authority is urged to consider building a storage facility for traders to store their merchandise in order to relieve them of the burden of carrying them to and from their places of residence every day.

Magoba Mothers Shelter – Kafue

- vi. The Committee urges the Accounting Authority to consider lobbying for funds, through the CDFC, to maintain the roof on the maternity wing to preserve it from deteriorating.

Construction of New Civic Centre Block - Mongu

- vii. The Committee recommends that the Engineer who certified these works should be disciplined for certifying payment of such shoddy works, with cracks, especially if the defect liability period is expired.
- viii. Further, the Committee strongly urges the Accounting Authority to consider prioritising unfinished projects, which include this project, before embarking on new ones. The Committee awaits a progress report.

Sir Mwanawina II Motel - Mongu

- ix. The Committee finds it hard to accept the fact that a huge amount of K1,596,039.83 could have been used on the project, without any notable features to substantiate the cost incurred. The Committee recommends that a forensic audit should be carried out on the project.
- x. The Committee also recommends that the Accounting Authority must lobby for more funds to facilitate for a full facelift to be carried out on the property to raise the standards.
- xi. The Committee urges the Accounting Authority urged to consider changing his approach to that of an entrepreneur and involve turn-around strategies, including industrial spies, to revamp the Motel to enhance the Council's revenue collection.

Construction of 2 Ablution Blocks at the Bulk Market - Mongu

- xii. The Committee urges the Accounting Authority to expedite the completion of the ablution blocks to encourage operationalisation of the bulky market promptly.

Construction of Male Cell at Senanga Correctional Facility - Senanga

- xiii. The Committee having been encouraged by the works at the project, urges the Accounting Authority to ensure that similar effort is seen on other projects to avoid loss of funds and ensure value for money.
- xiv. The Committee, however, strongly urges the Accounting Authority to consider funding this project using the LGEF for completion to ensure value for money and expedited service delivery.

Construction of Mala Bridge - Namwala

- xv. The Committee recommends the project for a forensic audit and that law enforcement agencies must move in to probe further on the matter. The Committee views it as clear case of theft by public officers as evidenced by their failure to disclose the Bill of Quantities and misleading the Committee on the amounts used on the project and source of funds.

The Inter City Bus Terminus - Livingstone

- xvi. The Committee recommends that the Government must use all available options to ensure that the matter relating to the Inter City Bus Terminus is resolved without any further delay. The Secretary to the Treasury is, particularly, urged to ensure that the matter is given the urgent attention e it deserves.
- xvii. The Government must use all available options to ensure that the Bus Terminus is operationalised without any further delay.

The Ultra Modern Market – Livingstone

- xviii. The Committee strongly recommends that the Government must consider, as a matter of urgency, resolving all misunderstandings relating to works at the Inter City Bus Terminus in Livingstone. As in ii) above, the Secretary to the Treasury is, particularly, urged to take keen interest in resolving this matter.
- xix. The Committee further urges the Government to avoid engaging other Spending Agencies under Government without clear agreements. The Committee notes, with concern, that the contract with the National Pension Scheme Authority (NAPSA), has a lot of lacunas and was more beneficial to the contractor and hence needs to be relooked at.
- xx. The Government must use all available options to ensure that the Ultra-Modern Market is operationalised without any further delay.

Preparedness of Local Authorities on Fiscal Decentralisation

- xxi. The Controlling Officer is urged to ensure that all Councils integrate with other departments in the districts for enhanced coordination of development.
- xxii. The Committee is of the view that there is a dire need for enhanced revenue base by the Councils and that rate payers must be educated on the need to pay their obligations applicable.

- xxiii. The Committee recommends that all financial reports must be authenticated by the Audit Committees in the Councils before reaching the Committee on Local Government Accounts at Parliament. The Audit Committees at the Local Authorities are not privy to all financial information, a situation which the Committee finds anomalous.
- xxiv. The Committee agrees with the Councils that the transfer of individual workers from the devolved ministries to the Council needs to be done physically, as opposed to having it on paper only. The Controlling Officer must seriously consider clearing this matter expeditiously, in liaison with other stakeholders or probably consider using an interdepartmental committee.

Kazungula Truckers Parking Yard

- xxv. The Committee recommends that the Accounting Authority must lobby for more funds through the CDFC to provide more facilities including construction of toilets and bed spaces for the truckers.
- xxvi. The Accounting Authority is also urged to prioritise and expedite the process of operationalising the Truckers' Parking Yard to enhance the revenue base.

B. FOREIGN TOUR TO BOSTWANA

1.0 Introduction

The Committee met various stakeholders in order to appreciate the Public Financial Management Systems in the Local Government of Botswana and also to get an insight into its accountability and oversight mechanisms in their Local Authorities. Some of the stakeholders that the Committee met included the Public Accounts Committee (PAC) in the Parliament of Botswana; the Accountant General's Office; the Auditor Generals' Office; the Ministry of Local Government and Rural Development; and the Local Authority Public Accounts Committee (LAPAC).

2.0 Local Government System in Botswana

To fully appreciate the local government systems in Botswana, the Committee was enlightened about the key features of the system. The Committee learnt a number of issues as outlined below.

- i) Like in Zambia, there was a Ministry responsible for Local Governance and Rural Development.
- ii) Local Government was the second tier system of Government in Botswana. This system consisted of Councils; Tribal Administration; Land Boards; District Administration (and Central Government Departments); District Development Committees; and Village Development Committees.

- iii) The Ministry was a Customer-Focused Centre of Excellence, through local governance; capacity building; community mobilisation; social protection; and development coordination.
- iv) The Ministry fulfilled its mandate through sixteen Local Authorities and nineteen Tribal Administration Offices across the Country. Tribal Institutions also called Bogoso Institutions were the oldest institutions and central to local governance and tribal matters in the Districts. They also included tribal justice systems through traditional courts and what were referred to as Kgotla systems.
- v) The Tribal Administration was composed of Chiefs; Sub-chiefs; Village Headmen; Administrative staff; and the Local Police Force. It had traditional duties and facilitated development.
- vi) Through the Tribal Administration's influence at the Kgotla, the institution encouraged and supported local level development, where consultations through popular participation in decision making and prioritisation of development were undertaken. The institution also handled over 80 per cent of criminal and civil cases in the country.
- vii) The twelve Land Boards were statutorily responsible for tribal land administration. With the split of the then Ministry of Local Government, Lands and Housing during the Eighth National Development Plan, Land Boards, manpower and other resource management issues were transferred to the established Ministry of Lands and Housing.

However the institution was still locally based and thus remained part of the Local Government structure. In larger districts, Main Land Boards had decentralised some of the land allocation functions to Subordinate Land Boards. There were currently thirty-eight sub-land boards and as and when the situation dictated, additional ones may be created.;

The Establishment of Councils

In relation to the establishment of Councils, the Committee learnt a number of issues as pointed out below.

- i. The establishment and operation of Councils was as espoused in the *Local Government Act of 2021* and the *Public Procurement Act*, while *Customary Courts Act of 2013*, guided the operations of Tribal Administrations.
- ii. There were nine districts and six urban Councils which were popularly elected bodies whose responsibilities included: primary education; primary health care; tertiary roads; village water and waste water; social welfare; and community development and remote area development.

- iii. In large districts, councils had decentralised some of their functions to sub-districts. These functions were complemented by Central Government Ministries which undertook certain activities and responsibilities such as water; health; roads; education; and others.

3.0 Oversight Functions in Local Authorities

a) The Auditor General's Office

Mandate of the Auditor General

Outlined below are the Committee's findings on the mandate of the Auditor General in Botswana.

- i. The Auditor General was the External Auditor for the Councils and Land Boards.
- ii. The Auditor General's mandate for the Councils was laid out in section 68 of the *Local Government Act No. 18 of 2012*.
- iii. The mandate of the Auditor General for the Land Boards was laid out in Regulation 32 of the Tribal Land Regulations.
- iv. Within three months from the end of each financial year, every Council was required to cause its accounts for the preceding financial year to be audited and an annual statement or abstract of accounts to be prepared and presented to the Auditor General.
- v. In the same vein, within three months from the end of each financial year, every Land Board was expected to cause its accounts for the preceding financial year to be balanced and an annual statement or abstract of such accounts to be prepared and presented to the Auditor General.
- vi. The Auditor General's Report and the audited statements were by law, submitted to the Minister of Local Government and Rural Development; Minister responsible for finance; and the Town Clerks or Council Secretaries, who caused the report and the audited statements to be tabled before the Full Council.
- vii. Additionally, as per Regulation 32 of the Tribal Land Regulations, the Auditor General's Report and the audited statements must be submitted to the Minister responsible for Land Boards; Minister responsible for finance; and the Chief Executive Officer, who caused the Report and the audited statement to be tabled before the Land Board.
- viii. These reports were then reviewed by the Local Authority Public Accounts Committee (LAPAC).

b) Local Authority Public Accounts Committee (LAPAC)

The Committee learnt that the Local Authority Public Accounts Committee (LAPAC), was established in 1999, but became operational in August 2000 and produced its first report in March 2002. Prior to its formation, financial accountability in Local Authorities was neglected. Hence, even though the Local Authorities were given subventions by the Central Government, the money was not monitored. However, this state of affairs changed with the formation of LAPAC.

Features of the LAPAC

The Committee was informed that the features of the LAPAC were as outlined hereunder.

- i. The LAPAC was constituted by the Minister responsible for Local Government and Rural Development, in consultation with his counterpart in the Ministry of Lands.
- ii. Members were drawn from a team of experts across the Country with expertise in accounting; governance; auditing; local authority financial and performance management systems; or in other matters of a nature likely to assist the Committee in the discharge of its functions.
- iii. Tenure of Members was three years subject to renewal. Notwithstanding the aforesaid, a member would be eligible for re-appointment at the expiration of the term of office where that re-appointment was in the interest of the Service.
- iv. The LAPAC was the main oversight institution for Local Authorities in the Botswana jurisdiction.
- v. At the time of the Committee's visit, the Chairperson of the LAPAC was former Auditor General, while some other Members included the former Accountant General; former Deputy Accountant General; and former Secretary to the Treasury; and other former senior officers in Government including two Councillors.
- vi. The Secretariat was made up of six officers drawn from the Ministries of Local Government and Rural Development, and Lands (Land Boards).
- vii. The LAPAC examined the annual audited statements of both the Councils and Land Boards through their respective Accounting Authorities; and Auditor General's Report on Local Authorities and other accounts, as may be delegated by the Minister responsible for local government.
- viii. The examination covered conformity to Financial Regulations, Accounting Policy and adherence to International Accounting Standards.
- ix. By law, the Auditor General's Report had to be tabled by the Full Council thirty days after its production by the Auditor General.
- x. The LAPAC also looked at those transgressions that gave rise to the need for punitive action and made recommendation for such.
- xi. Some of the recommendations would be for action by the Office of the Auditor General and an update given at the next session, which action would be carried forward in a Memorandum of Progress.

- xii. The LAPAC sat in two locations, that is, the Northern and Southern Regions. It scrutinised all Local Authorities cited in the reports from one region and continued the examinations in the other region from where it concluded its sittings.
- xiii. Upon completion of examination, LAPAC prepared a report for presentation to the Minister of Local Government and Rural Development, who would then table it before Parliament.
- xiv. The procedure adopted was exactly the form used by the Public Accounts Committee in the Botswana Parliament.

3.0 Committee System at Botswana Parliament

In order to appreciate the procedures and other practices of the Parliament of Botswana, the Committee held a meeting with the Public Accounts Committee. The Committee learnt that committees were classified into three categories, namely:

- i. standing committees which were created for the life of Parliament;
- ii. special select committees, appointed by the National Assembly Order on a motion to consider the terms of a Bill or any other purpose; and
- iii. Parliamentary portfolio committees which were created for the life of Parliament with a sectoral mandate.

The Committee was informed that the standing committee was a permanent, regular committee which was established by the Standing Orders, an Act of Parliament, or the Constitution. Parliamentary standing committees were divided into two, administrative and oversight committees.

Features of the Public Accounts Committee

- i. The Committee was informed that the PAC was chaired by an opposition Member of Parliament and was appointed by a Committee of Selection. This was unlike the Zambian case where only the Public Accounts Committee (Main Accounts) was chaired by an opposition Member, while the other two PACs (the Committee on Local Government Accounts and Parastatal Bodies) could be chaired by Members from either opposition or the ruling party.
- ii. The PAC was one of the standing committees unlike in Zambia where the Parliament reverted to sessional committees;
- iii. Like in Zambia, the PAC had ten Members appointed by the Committee of Selection and its quorum was five (5).
- iv. Unlike in Zambia, the Deputy Speaker was a Member of the Public Accounts Committee i.

- v. The appointment criteria to the Committee was as it was in the Zambian Parliament, where gender; party representation; profession and previous experience were considered.
- vi. The secretariat was made up of five staff including a researcher; a legal officer; two accounting experts; and a committee clerk, unlike the Zambian case which was only serviced by a committee clerk.
- vii. The mandate of the PAC in Botswana was similar to the Zambian Public Accounts Committee.
- viii. Unlike in Zambia, where the Clerk) was responsible for signing all correspondence to witnesses requesting them to appear before the committee, the Chairperson of PAC, in Botswana signed all summons for witnesses to attend and give evidence before the Committee.
- ix. Unlike in Zambia where all witnesses were summoned to appear before the Committee, in the Botswana jurisdiction, some witnesses who responded satisfactorily were cleared and not required to appear before the Committee.
- x. The PAC in Botswana sat to scrutinise the submissions by the witnesses (Controlling Officers and Accounting Authorities) prior to commencement of the meetings. The idea was to allow technical staff and Members to critically analyse and sieve the number of witnesses to summon to appear before them; and
- xi. The witnesses always presented two types of memorandum, outstanding issues and responses to the queries raised in the new Auditor General's report. Depending on responses given in their written submissions, some witnesses may not be required to appear before the Committee.

Financial Management in Local Government and Local Authorities

3.1 The Accountant General's Office

Unlike in Zambia, where a Treasury Minute had to be tabled before Parliament sixty days after the Report of the Committee was adopted in the House, the Office of the Accountant General only disbursed funds to Local Authorities but has no follow up mechanism to curb irregularities.

3.2 Types of Funds handled by Local Authorities

The Committee learnt that 78 per cent of funds for Local Authorities in Botswana, came from Central Government. The Government gave to Local Authorities the following funds:

- a. Revenue Support Grant – these were funds meant to enable Local Authorities manage their shortfalls like statutory obligations. most Local Authorities were only able to collect taxes equivalent to 5 per cent of its budget; and

- b. Constituency Community Project – were funds for specific huge projects and were centrally managed.

Committee's Observations and Recommendations

After interacting with the named key stakeholders during its tour, the Committee observed the following similarities and differences between the Parliament of e Zambia and Botswana.

- i) The setting up of a Local Government Accounts Committee was a very progressive move by Zambia to decongest the Public Accounts Committee, which was in the past overwhelmed with a huge workload. It was not a good practice to form the LAPAC as it was merely an administrative function within the Ministry responsible for Local Authorities.
- ii) There was lack of capacity at Local Authorities which needed adequate training to enable them administer funds in accordance with existing standards.
- iii) There is a high rate of employee turnover in Local Authorities due to lack of discipline and retention incentives in technical positions.
- iv) The decentralisation of all key functions, including; political; legislative; fiscal; planning and budgeting, judicial and administrative; was a sure way of expediting development in rural areas.

Arising out of the above observations, the Committee makes the recommendations set out hereunder.

- i) The Zambian Parliament should consider increasing the number of officers servicing the Committee on Local Government Accounts and other PACs. As this is being undertaken, the Committee recommends the following:
 - since the Committee on Local Government Accounts is expected to oversee all the 116 Districts of Zambia, support staff must be increased from just one clerking officer to at least two in order to improve the efficiency of the Committee;
 - Parliament should consider attaching a specific Parliamentary Budget Officer to the Committee, in the wake of fiscal decentralisation;
 - linkages should be created between the Finance Committees at all Local Authorities and Committee on Local Government Accounts to foster accountability of councils;
 - strategies should be put in place to source donor support for capacity enhancement of the Committee on Local Government Accounts; and

- Parliament should consider introducing pre-meetings to scrutinise submissions before the actual sittings commence, for the Committee Local Government Accounts.
- ii) The Government should change existing laws so that the yearly Reports of the Auditor General on Accounts of Local Authorities are tabled by the Auditor General at the same time that the Main PAC Report is tabled in view of the fact that there is no specific timeframe in the law.
- iii) With the growing demand and workload, the Executive must be urged to increase the capacity in Local Authorities, especially in preparing them for fiscal decentralisation, time that the main PAC Report is tabled in view of the fact that there is no specific timeframe in the law.
- iv) The Government should consider expediting the processes of complete fiscal decentralisation of all key functions including; political; legislative; fiscal; planning; and budgeting; judicial; and administrative, as a sure way to expedite development in rural areas of the country,
- v) The Parliament in Zambia should consider reviewing the Standing Orders to domesticate the Southern African Association of Public Accounts Committees (SADCOPAC) Good Practice so that all the PACs, that is the main PAC, Committee on Parastatal Bodies and the Committee on Local Government Accounts should to be chaired by a Member from either an opposition party or an independent Member.

CONCLUSION

The Committee wishes to pay tribute to all the stakeholders who appeared before it and made both oral and written submissions. It also wishes to thank you, Madam Speaker for the invaluable guidance throughout the Session. The Committee also appreciates the services rendered to it by the Office of the Clerk of the National Assembly and her staff. Tribute also goes to the Office of the Auditor General for undertaking the Audit on Local Authorities which formed the basis for the Committee's work.

The Committee is confident that the observations and recommendations contained in this report will be favourably considered and fully implemented by the Executive in the interest of the Zambian people.

We have the honour to be, Madam Speaker, the Committee on Local Government Accounts mandated to consider the Report of the Auditor General on the Audit of Accounts of Local Authorities for the Financial Year Ended 31st December, 2020.



Mr Darius Mulunda, MP

CHAIRPERSON

JULY, 2022

LUSAKA

Rev Given Katuta Mwewa, MP (Vice Chairperson)

Mr Kabaso Kampampi, MP

Mr Masauso K Tembo, MP

Dr Chitalu Chilufya, MP

Mr Misheck Nyambose, MP

Mr Misheck Mutelo, MP

Mr Wesley Kolala, MP

Mr Harry S K Kamboni, MP

Mr Luka Simumba, M

Appendix 1

List of Officials

1. Mr Charles Haambote, Acting Principal Clerk of Committees (FC)
2. Mrs Doreen N C Mukwanka, Acting Deputy Principal Clerk of Committees (FC)
3. Mr Charles Chishimba, Acting Senior Committee Clerk (FC)
4. Mr Aubrey Chilambwe, Committee Clerk
5. Ms Christabel T Malowa, Committee Clerk
6. Mr Morgan Chikome, Committee Assistant

Appendix 2

RECOMMENDATIONS TO THE LOCAL GOVERNMENT SERVICE COMMISSION AND THE MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

This is a special report to the Local Government Service Commission and the parent ministry arising from long sittings and local tour activities undertaken by the Committee on Local Government Accounts during the First Session of the Thirteenth National Assembly. These recommendations are based on Outstanding Issues Report on previous reports of the Public Accounts Committee and the Committee on Local Government Accounts up to 2019, and the Report of the Auditor General on the Audit of Accounts of Local Authorities for the Financial Year Ended 31st December, 2020.

In fulfilling the direction by the President of the Republic of Zambia in his Official Opening Address to the National Assembly of Zambia, August 2021, the Committee undertakes to heed to the words set out below.

“Our administration abhors corruption. We have a zero-tolerance policy on corruption in all its forms. We will wage war on corruption and not spare any expense to ensure that perpetrators are made to account for their impropriety. We will increase the benefits of being honest and the cost of being corrupt. To enhance transparency and accountability in our national affairs, we will review the policy and legal framework for oversight institutions to enable them to effectively fight corruption and economic crimes. We will increase funding and enhance operational independence of oversight institutions. Further, we will introduce specialised fast-track stolen assets recovery mechanisms and courts for corruption and economic crimes. We will also enact legislation on ethics and integrity for improved transparency and accountability..... to improve productivity and service delivery, our administration will ensure that we have a dedicated and professional public service, we must get back to a time when our public service institutions were strong. We must regain public confidence. Government will, therefore, accelerate the implementation of decentralisation of functions from central government to the local authorities with matching resources. We will strengthen the capacity of our local authorities to enable them collect their revenues and deliver public services to our people in an effective and efficient manner. Madam Speaker, our administration will enhance access to justice, ensure strict adherence to the rule of law and upholding of human rights. We will safeguard the rights of our people and protect private property.”

The Committee, therefore, highlighted some of its findings which needed to be augmented for prompt action by the appointing authority – the LGSC- as set out below.

1. MONGU MUNICIPAL COUNCIL

Based on the observation of the Committee and the casual manner the Accounting Authority and his management team displayed before the Committee on both local tour and during the long sittings, the Committee is of the view that the Accounting Authority is becoming a threat to the smooth running of the Local Authority. It is evident that the Accounting Authority and his key

staff were too familiar with the systems and were very adept in weakening it to their advantage.

During the Local Tour, the Committee discovered that the Accounting Authority misled them by showing them projects that were reported as being CDF projects when in actual sense they were not funded under CDF and the same were donor funded. In addition, the Committee feels that the queries on Mongu Municipal Council were not adequately responded to despite giving an opportunity to the Accounting Authority to respond accordingly. Further, the utilisation of over one million kwacha towards renovation works at Sir Mwanawina Motel remains unanswered and highly questionable.

Committee's Observation and Recommendation

The Committee feels duty bound to strongly recommend for a forensic audit and further probe on the Sir Mwanawina II Motel renovation cost. The Committee further recommends that the Accounting Authority along with his management team be thoroughly investigated through the Law Enforcement Agencies on the utilisation of over one million kwacha for renovations. The Local Government Service Commission is urged to take keen interest to discipline erring officers based on the findings of the Law Enforcement Agencies and forensic audit. The Committee feels such erring officers must be fired from the service should they prove beyond reasonable doubt that the allegations are true.

2. LUSAKA CITY COUNCIL

The Committee has noted that over the years, the Accounting Authority has not improved the welfare of the biggest council in Zambia despite having numerous sources of revenue. What is worrisome about the Accounting Authority, specifically, is his failure to institute disciplinary action on erring officers and also his failure to supervise officers who now became too conversant with pilfering funds using the IT System. The Committee is of the view that the IT system at this council was deliberately left porous in order to siphon funds. The Committee also highlighted the failure to manage the Chunga Landfill as a perennial problem at this council and concludes that the Accounting Authority is a great risk to the development of the City Council along with his Finance, Health and IT teams. The Committee also notes with concern the failure by the Engineering department to finding a lasting solution to eradicate floods year in year out from the city.

Committee's Observation and Recommendation

A forensic audit is recommended on this institution while there is a dire need for a complete overhaul by way of firing erring officers from the IT, Health, Engineering and Finance departments without further delay to protect public funds and ensure value for money. The IT System must also be audited or otherwise an overhaul of the system is required to eradicate all weaknesses that may have been left deliberately weak for their advantage. The Committee further recommends that Law Enforcement Agencies must move in expeditiously and that culprits are brought to book to recover all funds lost in pilferage. The Committee will await a progress report on the matter.

3. MUFURILA MUNICIPAL COUNCIL

The Committee notes with great concern the manner in which the Accounting Authority and his team conducted themselves before the Committee. It is worrisome to note that the Accounting Authority who was a seasoned officer in the Local Government Service failed to explain clearly before the Committee how he allowed procurement of over 300 chitenge materials for female staff who were not even beyond 50. Other cases in point includes printing of receipt books using a private company and irregular procurement of Diaries and Calendars which were direct departures and non adherence to the Local Government Circular No. MLG/101/22/126 dated 15th January, 2020 and Cabinet Circular, Minute of 2015 referenced CO101/6/4 dated 10th December, 2015, respectively.

Committee's Observation and Recommendation

The Committee is of the view that the description above is only a tip in an iceberg and it is evident that internal controls are very weak and the Accounting Authority and his management had become too relaxed if not reluctant to follow laid down procedures. It is also the Committee's view that Management has cartels and were comrades in using these weaknesses to defraud the system. The Committee strongly recommends that the Law enforcement Agencies be moved to this Council and where it is found beyond reasonable doubt, the entire Management which was present at the time must be surcharged for this wasteful expenditure and further that unbundling cartels at this council is needed as soon as possible. The Committee resolves to await an urgent action on the matter.

4. CHAMA TOWN COUNCIL

The Committee is very disappointed with the way Management at this Council wilfully overpaid one contractor named Christopher Zimba Hardware Supplies on three separate instances on all the three projects that he was carrying out on behalf of the Council.

Committee's Observation and Recommendation

It is the view of the Committee that the matter must be expeditiously probed by law enforcement agencies and further that Management that was present at the time these transactions were made must be disciplined in accordance with Sections 50 (1) and 83 of the *Public Finance Management Act of 2018 and their conditions of service applicable*. Further the Committee urges the appointing authority (LGSC) to act promptly on the matter in conjunction with the Ministry of Local Government and Rural Development in accordance with the provisions of the law to discipline the officers or fire them from the Service where necessary as each case may be.

5. KABWE MUNICIPAL COUNCIL

The Committee notes with concern that during the previous session, the Accounting Authority failed to avail 32 receipt books to auditors and claimed that the same were not found up to the time he was appearing before the Committee. What was shocking was that after being sent back to go and look for them, the Accounting Authority found them and availed them before the Committee merely a day after. This action is evident that the Accounting Authority along with his

management team did not take audits seriously and might have been hiding something in the books which the Committee feels were hidden on purpose.

In addition, the Committee finds it highly irregular and irresponsible for the casual manner the responses were presented before the Committee during its sitting to receive submission on the Report of the Auditor General on the Audit of Accounts of Local Authorities for the Financial Year Ended 31st December, 2020 without clarity and leaving a number of issues unanswered.

Committee's Observation and Recommendation

A forensic audit has been recommended on this institution while there is a dire need for a complete overhaul of the entire management without further delay to protect public funds. The strengthening of internal control systems is required to eradicate all weaknesses that may have been left deliberately weak for their advantage. The Committee further recommends that Law Enforcement Agencies must be recommended and that culprits are brought to book to recover all funds lost in pilferage. The Committee will await a progress report on the matter.

6. CHIPATA CITY COUNCIL

The Committee notes with concern the failure by the Accounting Authority and his Management team who served during the period under review to strengthen internal control systems at the Council. It is worrisome to note that control systems were left porous where seven receipt books have not been found up to date with impunity. The Committee also finds it highly irregular that the Council printed receipt books with the same serial numbers and also that some of the books were printed from private printers which is a direct departure and non adherence to the Cabinet Circular, Minute of 2015 referenced CO101/6/4 dated 10th December, 2015.

Committee's Observation and Recommendation

The Committee is of the view that the description above is only a tip in an iceberg and strongly recommends that the entire Management which was present at the time must be disciplined for this laxity and where possible other officers who may be threats to the development of the Local Government Service must be fired from the Service where it proves beyond reasonable doubt. The Committee also feels that there is need to unbundle cartels at this council as soon as possible as it is evident that the procurement and finance team was porous. The Committee resolves to await an urgent action on the matter.

7. NDOLA CITY COUNCIL

The Committee is dismayed by the weak internal controls on the IT Systems. It is worrisome that the Microsoft NAV (2013 R2) which was designed to issue an electronic receipt each time a client transacts with the Council revealed that the integrity of receipt numbering was compromised in that same receipt numbers were allocated to different transactions. In particular, it is observed that 6,845 receipt numbers with amounts totaling K12, 179,092 were allocated to 13,689 transactions. Up to date, this anomaly has not been rectified. In addition, the Council operated without a disaster recovery plan during the period under review.

Another case in point relates to receipt books. Contrary to the Regulation, the Council used sixty eight (68) receipt books that were duplicated in that they had the same serial number ranges. In another instance, the Council has failed to locate 72 receipt books citing lack of proper storage facility which the Committee does not accept.

Committee's Observation and Recommendation

The Committee strongly recommends for a forensic audit on the entire IT and finance systems. It has been observed with great concern that officers from most big councils including Ndola City Council in this instance have used this weakness to siphon funds from their respective councils. It is not clear as to why the Accounting Authority and his Management have failed to seal up the weaknesses to strengthen the IT systems and are mostly acting proactively which is highly questionable. The Committee feels duty bound to strongly recommend for firing of all erring officers from service as they are adept in taking advantage of the systems. The Committee also urges the appointing authority to send a warning circular to all councils that are in the habit of not reviewing their IT systems and also abrogating procedure to their advantage. The Committee also recommends the matter relating to loss of receipt books and other matters that the Office of the Auditor General may highlight from the Report to Law Enforcement Agencies for further probe.

8. LIVINGSTONE CITY COUNCIL

During its local tour, the Committee has noted with concern the irregularities relating to land administration in the Livingstone City Council's jurisdiction. Of particular attention is the department of legal services where letters of offer have been issued to clients but despite paying the required amounts, the officers have not transparently issued the plots in accordance.

The Committee also notes with concern the failure by the Accounting Authority to discipline officers for failure to adhere to laid down procedure. One case in point is a revenue collector who misappropriated K13,990. The Committee finds it highly irregular that the officer was merely transferred from the station despite causing such a huge irregularity.

Committee's Observation and Recommendation

The Committee recommends that the officer along with other erring officers must be fired in accordance with General Penalty 83 of the *Public Finance Management Act of 2018*. The Committee also strongly recommends for a probe by Law Enforcement Agencies into land administration and other operational challenges to be highlighted by the Auditor General at Livingstone City Council and where it is established that the allegations mentioned above are true, the appropriate disciplinary action is taken promptly to eradicate weaknesses in the system.

9. NAMWALA TOWN COUNCIL

During its local tour, the Committee visited one of the CDF funded project along Mala Road where three consecutive culverts had been constructed at the cost of K100, 000 each bringing the total spent funds on the project to K300,000. The Committee is however, saddened at the level of untruthfulness by the officers tasked to serve the communities under the Councils.

The case of Namwala was described as “*daylight theft by public officers*” by the Committee. The Committee was saddened to learn that the culverts were constructed using blocks which were very unusual as such enforcement would not withstand the pressure when heavy loaded trucks could pass through the points. The Committee finds it annoying that the Treasurer failed to state how much had been used on the project when the Committee questioned the management.

The Committee is also not happy to note that the selection of points where all the three culverts were constructed were actually wrong points as water was stagnant and not flowing through them as intended which made the Committee even doubt the qualification of the Director of Works at Namwala Town Council who could have appraised the project.

Committee’s Observation and Recommendation

The Committee strongly recommends for stern disciplinary action to be taken against the Accounting Authority along with his team for this gross negligence as it is capable of causing an accident and possible loss of lives. The Committee directs the Ministry of Local Government and Rural Development to ensure that the works at these points are corrected while the Local Government Service Commission is urged to consider firing all erring officers on this gross negligence of duty. The Committee also feels duty bound to recommend the matter for further probe by the Law Enforcement Agency.

10. Nakonde Town Council

The Committee notes with great concern the Council’s failure to adhere to Conditions of Service applicable to staff in the Local Government Service. The Committee notes that the District had piped water and does not qualify for payment of rural hardship allowance. It is worrisome to find that the Accounting Authority is supporting the irregular payment despite knowing clearly that the criteria of qualifying to be paid rural hardship allowance was not sufficient.

Committee’s Observation and Recommendation

The Committee directs the Accounting Officer to ensure that all irregularly paid funds are recovered from the affected officers without further delay. The Committee also urges the Local Government Service Commission to institute disciplinary action against the erring officers who approved this transaction and resolves to await a progress report on the matter.

11. Petauke Town Council

Contrary to the Local Authorities Financial Regulation No. 52 (1) which requires that all receipt forms must be checked as soon as they were received to ensure that they were complete and correctly numbered, the Council procured forty (40) receipt books that had the same serial number ranges. The Committee finds it highly irregular and intentional for pilferage of funds. The Accounting Officer claimed that the institution had used the same serial numbers in different categories such as market storage, market daily levy and Market toilet levies. The Committee is also concerned by their admission that they engaged private printers to print most of their receipt books which is highly questionable.

Committee's Observations and Recommendations

The Committee is displeased with such state of affairs at the Council and resolves to recommend the matter to law enforcement agencies for further probe. It is evident that there are very weak internal controls at the Council and that the same is a recipe for fraudulent activities. The Committee sternly cautions the Accounting Officer to desist from weakening systems for easy pilferage. He is also warned to ensure that all funds are properly accounted for and segregated while ensure that all such books are only procured from a Government and not private entity to avoid recurrence. The Committee awaits a progress report.

12. Luangwa Town Council

In accordance with the Local Authorities Financial Regulation No.28 (1) (b) which states that, "Receipts of all types shall be preserved for a period of ten (10) years" the Council did not availed for audit three (3) receipt books issued during the period under review contrary to the regulation.

Committee's Observations and Recommendations

The Committee recommends the matter to law enforcement agencies for further probe and that all erring officers must be fired should they prove beyond reasonable doubt that they were hiding information. It is also worrisome that internal controls are very weak and the Controlling Officer is particularly urged to ensure that internal controls are strengthened expeditiously. which is The Committee awaits a progress report on the matter.

General Recommendations

- i. The Committee notes with concern a blotted structure in the Councils resulting in huge wage bills unaffordable by the Councils. The Ministry of Local Government and Rural Development in collaboration with the LGSC must expeditiously find a solution to come up with a defined establishment for each council. The Committee is of the view that each council must be assessed based on locality, and the availability of potential sources of revenue.
- ii. The Committee has noted with concern the laxity and casual approach by officers in the Local Authorities especially as it relate to revenue collection and entrepreneurial skills. The Committee strongly recommends that:
 - a. the Local Government Service Commission in collaboration with the Ministry of Local Government and Rural Development must come up with Key Performance Indicators (KPIs) which must stipulate clearly what is expected of officers by the end of each financial year in addition to their defined conditions of service;
 - b. KPIs must be obvious for management staff in the Councils; and
 - c. Management must be contracted on renewable performance contracts to enhance their performance.
- iii. In order to curb misapplication of funds going forward, the Committee recommends that the Ministry of Local Government and Rural Development in accordance with Sections 49(1) and 83 of the *Public Finance Management Act of 2018* must ensure that all

Accounting Authorities along with their respective Management Teams who misapplied funds meant for capital projects for both LGEF and CDF are disciplined for this action without further delay. The Controlling Officer is directed to issue a circular to that effect so as to fore-warn all Accounting Authorities under his jurisdiction.

- iv. The Controlling Officer is directed to ensure that the misapplied funds in the affected councils are deducted from the source to reimburse all borrowed funds and ensure that the intended capital projects are completed without further delay.
- v. The Committee strongly recommends that going forward, all disbursement for all the LGEF twenty percent capital component funds must be deposited directly into a separate capital account at each council to avoid tempting the individual councils to perpetuate the habit of dipping into this parse. Spending by Full Council approval must be insisted upon.
- vi. The Committee observes with serious concern that numerous projects are uncompleted and have been prone to vandalism due to the fact that the projects were partially funded. What is more worrying is that some have been in existence for over five years now and councils fail to lobby through their CDFCs the need to complete the projects and the projects have remained as white elephants over the years.

The Committee directs the Controlling Officer to ensure that guidance is clearly issued to councils to avoid partial funding of projects and that priority is given to complete the outstanding projects.

- vii. The Committee directs that all Integrated Development Plan (IDP) must be put in place expeditiously and that the Ministry of Local Government and Rural Development must ensure that by 31st December 2022, all councils have well defined IDPs to guide their development agenda in their respective jurisdictions.
- viii. The Committee has noted that Accounting Authorities do not take audits seriously and left the very junior officers to attend to queries raised by auditors during the audit process. The Ministry is directed to ensure that all Accounting Authorities must be present and own the audit process to improve the status quo. It is the Committee's view that a circular is issued to direct the Accounting Authorities to act accordingly.
- ix. The Committee has noted with great concern the failure by Councils to secure their properties with title deeds contrary to Section 41(4) of the *Public Finance Management Act No. 1 of 2018*. The Committee directs the Controlling Officer to ensure that all councils secure their properties with title deeds before and not beyond 31st December, 2022.
- x. The Committee notes that it has become a trend that matters are only given attention after the audit process and this amount to extending audits and increasing expenditure for audits as verification must be taken thereafter. The Committee directs the Local Government Service Commission to ensure that going forward, all officers who act on matters after audit are disciplined for negligence or in accordance with applicable offences to curb this vice.

- xi. The Committee notes with concern the huge debt stock arising from the councils' failure to remit statutory obligations. The Committee urges the Secretary to the Treasury to consider paying this debt stock on behalf of councils and further that a lasting solution is found to resolve the matter.

CONCLUSION

The Committee is confident that the observations and recommendations contained in this special report will be favourably considered and fully implemented by the relevant institutions in the interest of the Zambian people. A prompt action on the matters is awaited by the Committee within sixty days in accordance with the National Assembly Standing Order Number 180 of 2021.