

# AUDITOR GENERAL REPORT 2015 INFOGRAPHIC

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The Infographic provides a summary of the audit findings for the financial year ending 2015.

## INTRODUCTION

On 30th September 2016 the Office of the Auditor General (OAG) released the Auditor General's report for the year 2015. The report reveals that a total of **K881 million** has come under query compared to the **K266 million** and **K549 million** that came under query in 2013 and 2014 respectively. The report further shows that there has been an increase in **Undelivered materials** and **Irregular payments** in 2015 compared to the last 2 years, while **Unvouched expenditure** has remained the same as previous years.

## TOP THREE QUERIES FOR 2015

### UNVOUCHED EXPENDITURE

**Unvouched expenditure:** remained almost the same between 2014 and 2015 standing at 389,905,333 and 349,306,160 respectively. The query accounted for **39.6% of the total 881million** under query.



### IRREGULAR PAYMENTS

**Irregular payments:** the 2015 report reveals that K115,350,860 came under query which is the highest in the last three years as compared to 2014 and 2013 which were at K26,358,488 and K14,467,146 respectively. Irregular payments accounted for **13% of the K881million**.



**K115,350,860M**  
IS 13% OF 881 MILLION

#### RURAL AND REMOTE HARDSHIP ALLOWANCE

**K8,319,244M**

WAS PAID OUT TO 1,185 OFFICES THAT DID NOT QUALIFY

#### HOUSING ALLOWANCE

**K8,902,784M**

WAS PAID OUT TO 2,352 OFFICERS WHO ACCOMMODATED IN GOVERNMENT QUARTERS

**NOTABLY,** The report reveals that The Ministry of General Education paid out rural and remote hardship allowances amounting to K8,319,244 to 1185 offices who were working in stations that did not qualify for the allowances and K8,902,784 housing allowance was paid to 2352 officers who were accommodated in Government Quarters.

### UNDELIVERED MATERIALS:

**Undelivered materials:** this query presented an escalated increase compared to the other years under review. It was recorded to have been the highest increase from K522,904 in 2014 to K251,523,804 in 2015. Undelivered materials amount to **28.5% of the K881million**.



**K251,523,804M**  
IS 28.5% OF 881 MILLION

#### EXPLOSIVE TRACER

**K299,000**

WAS PAID FOR SUPPLY AND DELIVERY

#### DIGITAL DIESEL TEST BENCH

**K265,000**

WAS PAID FOR SUPPLY AND DELIVERY

**NOTABLY,** The Zambia Police Service had query issues of undelivered material, the service paid an amount of K299,000 to Veticas solutions limited for supply of one Explosive tracer particulate and vapour in 2012, by the time of the Audit the Item had not been Delivered. In the second query in December 2015, the service paid Pansa Diesel Services K265,000 for supply and delivery of one advanced Digital Diesel Test Bench. By August during the Audit the Goods had not yet been delivered.

## EXAMPLES OF OTHER QUERIES

### FAILURE TO MEET REVENUE TARGETS

Notably Zambia Revenue Authority came under query for failure to meet revenue on 15 types of individual tax whereby K9,829,521,038 was supposed to be collected, but the Authority only managed to collect K7,771,731,505 resulting in under collecting of individual tax types of K2,057,789,533.

PROPOSED REVENUE  
**K9,829,521,038**

COLLECTED REVENUE  
**K7,771,731,505**

### FAILURE TO COLLECT GROUND RENT

Ministry of Lands, Natural Resources and Environmental Protection came under query for the failure to collect Ground Rent. In 2014 the ministry had failed to collect Ground Rent that had accumulated to K227,023,763. By April 2016 the ministry had an increased uncollected Ground Rent on 149,067 properties amounting to K331,137,696.

GROUND RENT ACCUMULATED BY 2014  
**K227,023,763**

UNCOLLECTED GROUND RENT ACCUMULATED BY APRIL 2016  
**K331,137,696**

### OUTSTANDING AREARS

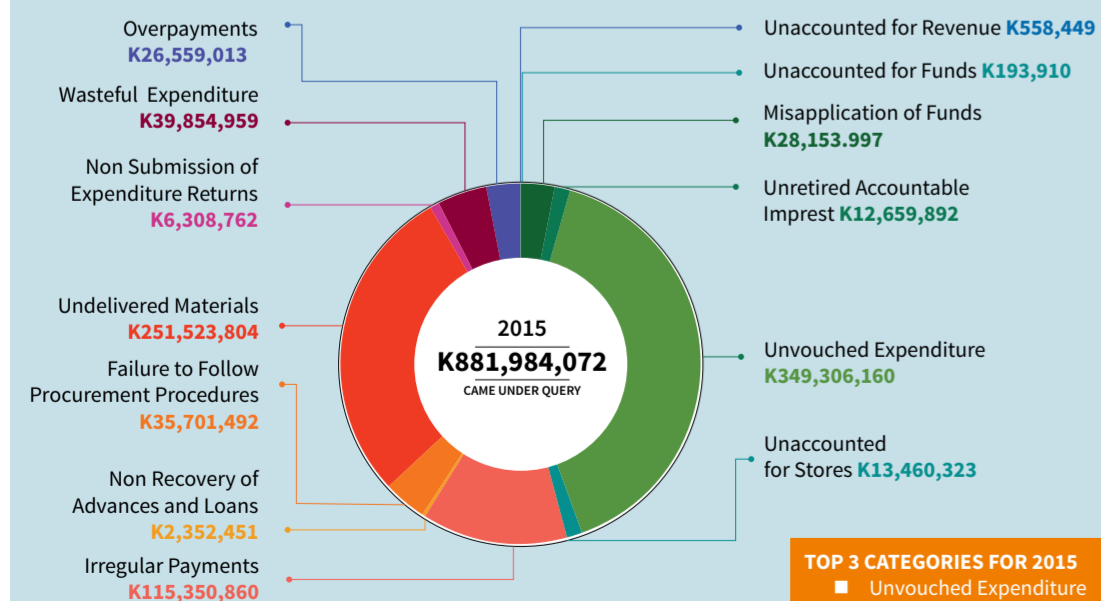
Ministry of Defence came under query for local and foreign debt mainly in unpaid arrears in respect of equipment, aircraft spares and military uniforms. Despite receiving funding amounting to K24,112,200 in 2015 the audit reviewed that the Ministry had not made any payments against the debt which now stands at K3,327,253,334 with unclear records on the use of funds.

FUNDS RECEIVED IN 2015  
**K24,112,200**

DEBT BY 2015  
**K3,327,253,334**

The report also contains other queries such as outstanding arrears, failure to meet revenue targets on individual tax, failure to recover domestic tax and failure to collect ground rent as presented:▶

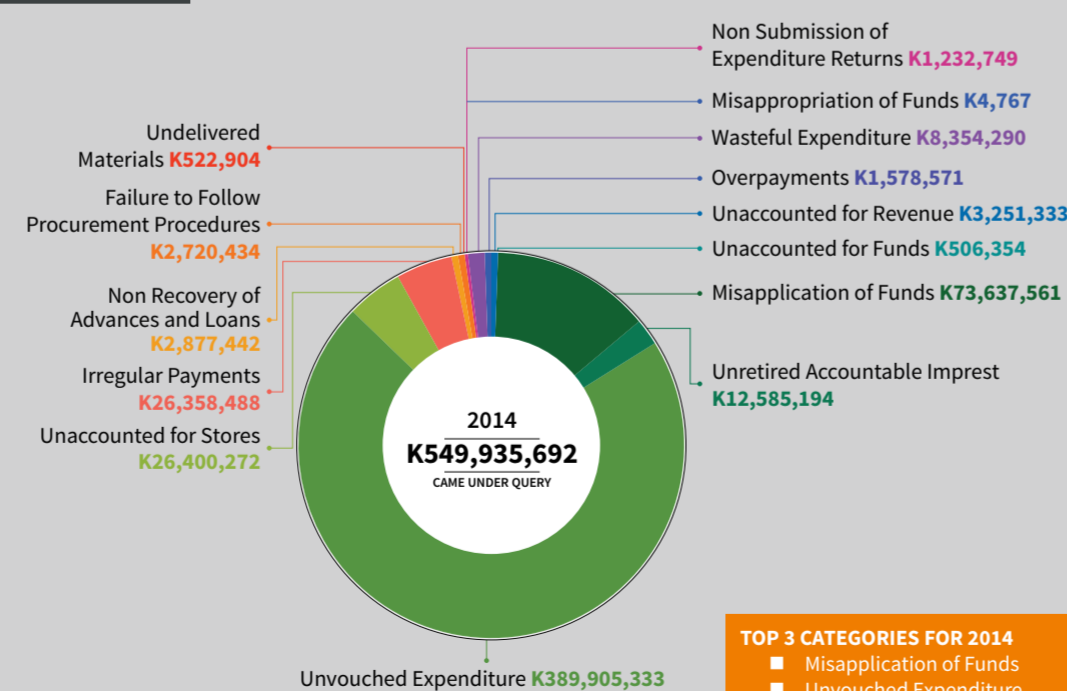
## 2015



**TOP 3 CATEGORIES FOR 2015**

- Unvouched Expenditure
- Irregular Payments
- Undelivered Materials

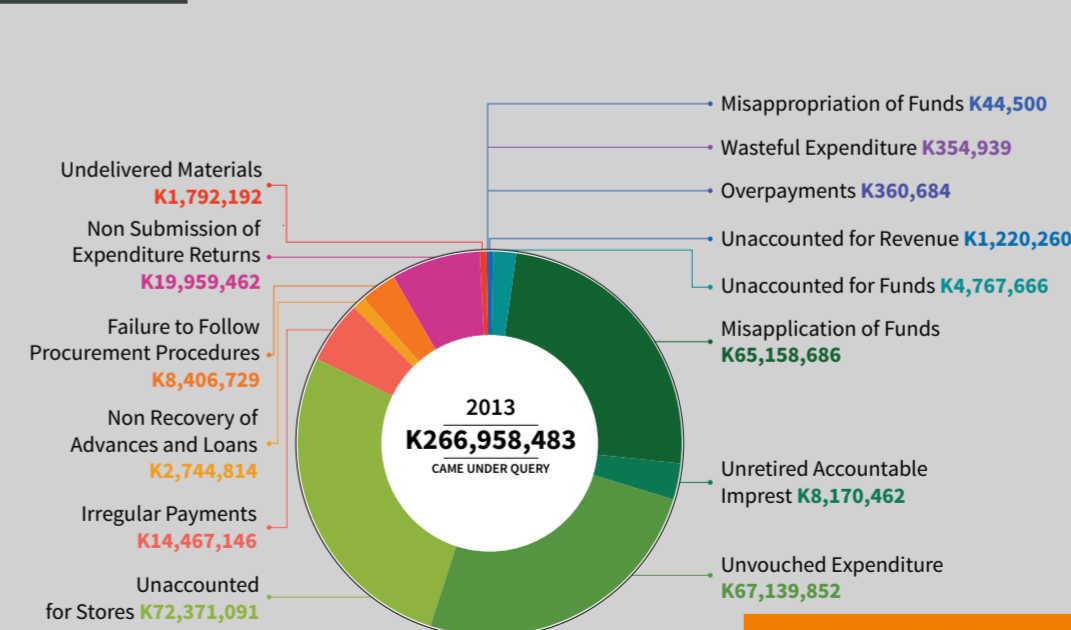
## 2014



**TOP 3 CATEGORIES FOR 2014**

- Misappropriation of Funds
- Unvouched Expenditure
- Unaccounted for Stores

## 2013



**TOP 3 CATEGORIES FOR 2013**

- Misappropriation of Funds
- Unvouched Expenditure
- Unaccounted for Stores

## DEFINITIONS OF CATEGORIES USED IN AUDITOR GENERAL REPORT ANALYSIS

CATEGORY	DEFINITION
Failure to follow procurement procedures	Non-Compliance with the ZPPA Act and Procurement guidelines in the purchase of goods and services. This includes lack of correct tender procedures and not obtaining competitive quotes
Irregular payment	Payments made outside the normal practice or acceptable regulations or norms. This includes payments or allowances inappropriately distributed or above allocated funds.
Misapplication of funds	Use of funds budgeted for a programme on an unrelated programme without authority from the Secretary to the Treasury
Misappropriation of funds	Use of public funds for personal purposes or crediting public funds to a private bank account
Non recovery of loans and advances	Failure to effect recovery of loans or advances
Non submission of expenditure returns	No details provided on expenditure resulting from not providing information for funds disbursed for projects or items.
Overpayment	Payments made above the normal price charged
Unaccounted for funds	Failure to properly account for funds, missing from an account, no explanation of where funds have been spent or reasons for withdrawn
Unaccounted for revenue	Revenue not banked, not properly transferred or accounted for
Unaccounted for stores	Lack of receipt and disposal details for goods procured. Includes both fuel and stores
Unretired imprest	Failure to retire funds or monies issued out to facilitate payments of a minor nature when the officer is travelling on duty or to facilitate the purchase of goods and services whose value cannot be ascertained
Unvouched expenditure	Payment vouchers not availed for audit because they are either missing or inadequately supported. This includes the lack of payment vouchers, lack of signed payment vouchers, no receipts backing up payment voucher, no other supporting documents for an expenditure
Wasteful expenditure	Expenditure incurred when there is no benefit derived

## PMRC RECOMMENDATIONS

1. Increase budget allocation to the office of the Auditor General to improve capacity, skills and the audit coverage for public institutions.
2. Review of internal controls of Audit Committees in all Ministries, Provinces and spending Agencies (MPSAs) in order to have enhanced corporate Governance through financial management, reporting and monitoring.
3. Enforce the use of the revised legislation on management of funds to ensure that those in charge of prosecuting enforce appropriate disciplinary action.