

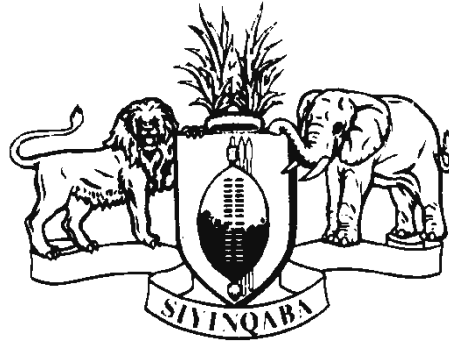
THE KINGDOM OF SWAZILAND

**REPORT OF THE  
AUDITOR GENERAL**

**FOR THE**

**FINANCIAL YEAR ENDED  
31st MARCH 2011**





**REPORT OF THE AUDITOR GENERAL**

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

**AND ON THE GOVERNMENT ACCOUNTS OF THE**

**KINGDOM OF SWAZILAND**

**FOR THE FINANCIAL YEAR ENDED**

**31<sup>ST</sup> MARCH 2011**

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

Honourable M.V. Sithole  
Minister for Finance  
P.O. Box 443  
Mbabane  
H100  
Swaziland

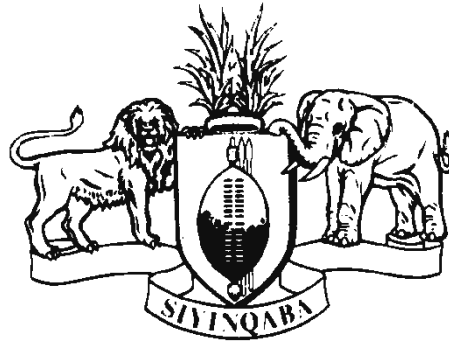
Your Honourable.

In accordance with Section 207 (5) of the Constitution of Swaziland, I have pleasure and honour to submit my report on the Audit of the Accounts of the Government of Swaziland for the financial year ended 31<sup>st</sup> March, 2011.

Yours faithfully



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



The Office of the Auditor General (OAG) of Swaziland has completed formulating its three year strategic plan beginning 2012 – 2014 with the following vision and mission statements and values or code of ethics. However it is still being reviewed.

### **VISION**

Our vision is that the Office of the Auditor General be an autonomous institution that addresses audit issues with proficiency and passion.

### **MISSION**

Our Mission is that, the Office of the Auditor General is a Public Supreme Audit Institution (SAI) that audits and assesses value for money application on public accounts in terms of the Audit Act No. 4 of 2005 and advise stakeholders.

### **VALUES OR CODE OF ETHICS**

The following statements of values or principles are formulated to help guide the behaviour and attitudes of both the audit and support staff of the Office of the Auditor General.

- Respect
- Professionalism
- Confidentiality
- Integrity
- Independence
- Innovation
- Political neutrality

The Speaker of the  
House of Assembly in Parliament

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

### **Report on the Financial Statements**

I have audited the balance sheet of the consolidated fund of the Swaziland Government which comprise the annual financial statements and the various trading accounts as at 31<sup>st</sup> March, 2011 and the related statements of revenues and expenditures for the year then ended which were prepared in accordance with section 18 of the Finance Management and Audit Act of 1967 as amended in 1992.

### **Treasury's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

My responsibility is to express an independent opinion on these financial statements based on the audit. I conducted the audit in accordance with international standards of audit. Those standards required that I comply with ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. The audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Treasury's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the government internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

However, my report includes matters relating to previous financial years budget. Due to their materiality by nature, they cannot be overlooked since they have fraudulent elements.

In my opinion, the consolidated financial statements and the surplus and deficit accounts present fairly, in all material aspects the financial position of the Swaziland Government as at 31<sup>st</sup> March, 2011 except for the audit observations and comments made, in this report.



P. T. Nxumalo  
**Acting Auditor General**

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## **PART A**

### **INTRODUCTION**



## **1.0 INTRODUCTION**

### **1.1 Audit of Public Accounts**

I am required by Section 207 of subsection 3 and 5 of the Constitution of the Kingdom of Swaziland and Section 9 (3) of Act no. 4 of 2005 to audit the Public Accounts of the Kingdom of Swaziland and all offices, courts and authorities of government and submit my reports thereon to the Minister responsible for Finance, who shall cause them to be laid before both Chambers of Parliament. In discharging these duties, I am required in terms of Section 9 (3) of the Audit Act No. 4 of 2005, to satisfy myself that:

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

## **2.0 SCOPE OF AUDIT**

The Government of Swaziland consists of Ministries which have departments in four regions, fifty five Tinkhundla centres, 880 schools and colleges which should be visited at least once a year for audit purposes.

The scope of the audit covers revenue collections, proper expenditure authorization in terms of the Appropriation Act, performance of Capital Projects expenditures, the Swazi National Treasury, the Swazi National Trust Commission and the Kings Office. However, I do not report the performance of the accounts of the Kings Office and the Swazi National Treasury, to Parliament due to their laws/act.

I am further, in terms of the Audit Act No. 4 of 2005, Section 13 (1), required to carry out Performance Audits of the various government Ministries programs or activities to establish whether they have achieved their expected or intended performance or outcomes.

Again, in terms of Section 13 (3) of the same Audit Act, notwithstanding the provisions of any other written law, for audit, I am mandated to carry out

investigations into the operations of the financial affairs of any public enterprise or corporation, where I consider it to be in the public interest to do so.

Audits were performed to satisfy myself that there was compliance with established regulations and in conformity with good practice of International Standards of Supreme Audit Institutions (ISSAIs) or International Auditing Standards. The tests and checks are intended to provide an overall assurance on the propriety of government financial and Accounting transactions.

Also, audits were done to ensure the exercise of economy, efficiency and effectiveness, in the utilization of public funds and to highlight irregularities that have been reported on, though not exhaustively, not only through regular inspections reports, but emphatically through reference sheets.

The reference sheets are issued to spotlight areas of serious concerns and need for stringent administration and proper accountability, of public resources.

In the course of the audit, the findings are brought to the attention of the Ministries and Departments being audited, for consideration. Controlling Officers are given an opportunity to respond to my observations, recommendations and related commentary. Generally, I report to Parliament errors, omissions and irregularities that remained unresolved. It should however, be noted that audit observations are intended to give advice for improvement, in the administration of public resources and are not necessarily to point out management weaknesses and should not be viewed as an embarrassment and victimization, but is merely encouragement of prudent utilization of public resources. It is a statutory obligation for the Auditor General of Swaziland to report to Parliament any mismanagement of appropriated funds.

### **3.0 ACCOUNTING POLICIES**

#### **3.1 Ministries and Departments**

The Accounting Policies of Government are so framed to ensure that the resources appropriated by Parliament are properly accounted for. In terms of Finance Management and Audit Act No. 18 of 1967 as amended in 1992, all revenues collected by Government shall be deposited into the Consolidated Fund. Payments out of the Consolidated Fund will be through appropriations by Parliament.

- The government accounts are prepared on a cash basis. Revenue earned by Government is not recorded until received in cash and on the expenditure side, charges are made only when payment has been processed through.
- Assets, for example, land, buildings and vehicles etc are not included. These are charged as budgetary expenditure at the time of acquisition.

### **3.2 Public Enterprises**

The operations of the statutory bodies or Government Companies, popularly known as Public Enterprises or Parastatal bodies are not included in the Public Accounts of the Government of Swaziland and hence not audited by my office but by private Auditors as their acts detect, except for the Kings Office, Swazi National Treasury, Swaziland National Trust Commission and Swaziland Revenue Authority. Regarding Swaziland Revenue Authority, I only audit the collection of revenue but their office budget has been audited by the private Auditors. As mandated by the Section 21 of the Audit Act No. 4 of 2005 the category A Public Enterprises are required to submit to me, their audited financial statements, reports on the financial statements and their management letters.

As mandated by Section 21 of the Audit Act No. 4 of 2005 the category A Public Enterprises are required to submit to me, their Audited Annual Financial Statements, reports on the Financial Statements and Management letters. Parliament through the Public Accounts Committee resolved that all public enterprise's Audited Annual Financial Statements be submitted to the Auditor General for review before being tabled in Parliament by the relevant Minister. However, I note that most public enterprises are unable to comply with the PAC resolution.

During the 2010/11 financial year, 6 relatively new enterprises were added to the previous year's 33 category A Public Enterprises, which entails that there are now 39 recognized Public Enterprises, of which 2 of them, being National Industrial Development Corporation (NIDC) and Commercial Board (CB) have been declared dormant by the Public Enterprise Unit.

Of the 39 category A Public Enterprises, 18 did not submit their Audited Annual Financial Statements and Management Letters for the financial year ending 31<sup>st</sup> March 2010/11. I was therefore able to review 19 Public Enterprises who managed to submit their Financial Statements and other reports to the office. In reviewing the audited Financial Statements, the focus is on the evaluation of the various ratios to establish the enterprise's sustainability of services to the public, to identify significant weaknesses in internal controls and stewardship roles of managers, in particular those weaknesses which may pose significant risks to public funds. Such risks may be identified in Reports to Management which should, according to the law, be submitted to me for review.

I am concerned that most of these Public Enterprises do not submit the Reports to Management (Letters of weaknesses). I believe that if submitted for review these reports may contain reportable issues which might be of public interest and the Honorable members of Parliament. Further, this may bring to public, the value added by the work of the private auditors to the Government Enterprises and expose public enterprises that are not audited at all.



It must be noted that some of the public enterprises do not submit in time and thus call for the office to write reminding letters to them and this delays the process of review of the enterprises Financial Statements. Though a number of the Public Enterprises have started complying with the PEU Circular No. 3/2008, the rest of the enterprises still do not comply. This is in contrast of the fact that the circular, dated 29<sup>th</sup> July, 2008 requested all the Public Enterprises to yearly provide the Office of the Auditor General with their Audited Financial Statements and other accompanying reports.

#### **4.0 OFFICE OF THE AUDITOR GENERAL**

It is internationally recognized and acceptable that the role of the Office of the Auditor General is to enhance good governance which is accountability, transparency and probity in the financial management of government funds. The office, in its endeavour to see to it that fraud and corruption are detected, mitigated and reported upon, maintains a high risk program and carries out intensive audits. The office, in its effort to detect fraud and corruption is creating a preventative environment by strengthening the financial management systems, evaluating internal control systems, identifying and evaluating risks and recommending corrective measures to minimize the weaknesses.

Good financial reporting and auditing help reduce the misrepresentation that conceal fraudulent operations and corrupt elements which mislead the users of the financial statements.

Therefore, my auditing provides the desirable assurance that audited financial statements can be trusted by a number of stakeholders and fairly present the economic activities they are intended to portray.

In accordance with the Audit Act No. 4 of 2005, section 23 (i) the Office of the Auditor General is being audited by a qualified Auditor nominated by the Minister for Finance in order to be accountable for the funds appropriated by Parliament.

The Office of the Auditor General continues to experience numerous professional, legal, administrative and financial problems. These challenges pose a draw back in the operational performance of the office.

However, it is a great pleasure to report that in a bid to address, the challenges reported in my previous reports, the Ministry of Finance is in the process of reviewing the Audit Act No. 4 of 2005, as per Parliamentary resolution which was brought about by the Public Accounts Committee.

The Office of the Auditor General has completed formulating its 2012 to 2014 Strategic Plan and it is currently under peer review by AFROSAI-E which is our

Affiliate Supervisory Body. I am positive that the Strategic Plan and its operational plan will be feasible and implementable.

#### **4.1 Staff Complement**

As a people – oriented organization, the achievement of our results is solely dependent on the effort and support of our professional staff. In this regard staff motivation, continuous learning and employment equity are critical ingredients for the sustainable success of the Office.

The Office with regard to staff motivation is looking forward to enactment of the Public Service Bill which will provide for performance rewards to those who excelled in discharging their duties. This will bring about correction, change in human behaviour and improvement on poor performance and unacceptable work habits.

Audit Managers are encouraged to become proficient in managing optimally, the important combination of tasks and people in pursuit of the office objectives. The Managers are to mentor, conduct on the job training and do a lot of coaching, in order to deliver good quality audit work.

During the year under review, the Office had 99 established posts which are categorized into 85 Audit Officers and 14 support staff. But there are 7 vacant posts for Audit Staff and 3 for the support staff. Filling of the vacant posts was suspended due to cash flow crisis experienced in the country. However it is hoped that with the lapse of time, the cash flow crisis will improve and the vacant posts will be filled.

The table below illustrates the breakdown of the staff members.

<b>Staff Category</b>	<b>Establishment</b>	<b>Filled</b>	<b>Vacant</b>
Senior Managers	10	9	1
Middle Managers	25	24	1
Audit Supervisors	18	15	3
Junior Auditors	32	30	2
Support Staff	14	11	3

The Office is still eager that 35 posts of audit staff and 4 posts of support staff be filled as the intended future staff complement is expected to be 120 posts. I am hopeful that once the financial crisis is over, government will authorize the required posts.

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

The Office encourages officers to continue training in order to add value to the audit work. It is the desire of this office that officers are constantly trained in order to sharpen their skills to keep abreast with the endless developments. It is

unfortunate that due to the centralized training budget and financial constraints the office cannot train its staff as desired. However, it is encouraging to note that officers on their own financial effort continue to further their training academically, technically and professionally, in the accounting profession, during their spare time.

I would once again like to express my appreciation to all the officers who are making every effort to continue to train themselves, using their money and their spare time. It should be noted that the office has the desire to continuously train its staff, but it is disadvantaged by the lack of training funds, which continue to be a constraint in trying to enhance the skills of the audit staff. During the year under review the in-service training scholarship was suspended due to the financial constraints. The Office continues to strive to source training funds from its offices, International Donor Organizations and other Supreme Audit Institutions.

The following training courses, seminars and workshops which were funded by the Office, Affiliate institutions and other Supreme Audit Institutions were attended and or pursued by the audit staff during the financial year 2010/11.

<b>Number of Officers</b>	<b>Courses/Workshop</b>	<b>Full/Part Time</b>	<b>Funding</b>
1	International Auditor Fellowship Program	Full time	Sponsored
1	Mentoring Program	Part time	Non-sponsored
1	Bcom in Auditing	Part time	Non-sponsored
6	ACCA II	Part time	Non-sponsored
2	AAT III	Part time	Non-sponsored
1	CAT III	Part time	Non-sponsored
1	Environmental Audit	Full time	Sponsored
1	I.T. Audit	Full time	Sponsored
1	Human Resource	Part time	Non-sponsored
3	Management Development Programme	Full time	Sponsored

This kind of training initiatives present a lot of opportunities for both the Audit Office and its Staff in trying to upgrade their skills, competency and in keeping abreast with learning developments in order to maintain best practices, to become self-disciplined and Industrious in their work so that they realise their career potentials and job aspirations.

The Office would like to extend its appreciation for the continuous support rendered by the governments of USA General Accounting Office (GAO), India National Audit Office, Malaysia National Audit Academy (Jabatan Audit Negara) UK National Audit Office (NAO) and the African Organisation of Supreme Audit Institutions of English Speaking Countries (AFROSAI-E).



### 4.3 Office Space

The Office has a challenge of inadequate office space. Currently the staff members are so congested that even senior officials are sharing the offices. To alleviate this problem, I have proposed to the Ministry of Economic Planning and Development, a capital project in order to construct a stand alone office building. I am looking forward that the Public Budgeting Committee (PBC) will in the near future be able to provide funds to fulfill the office's request.

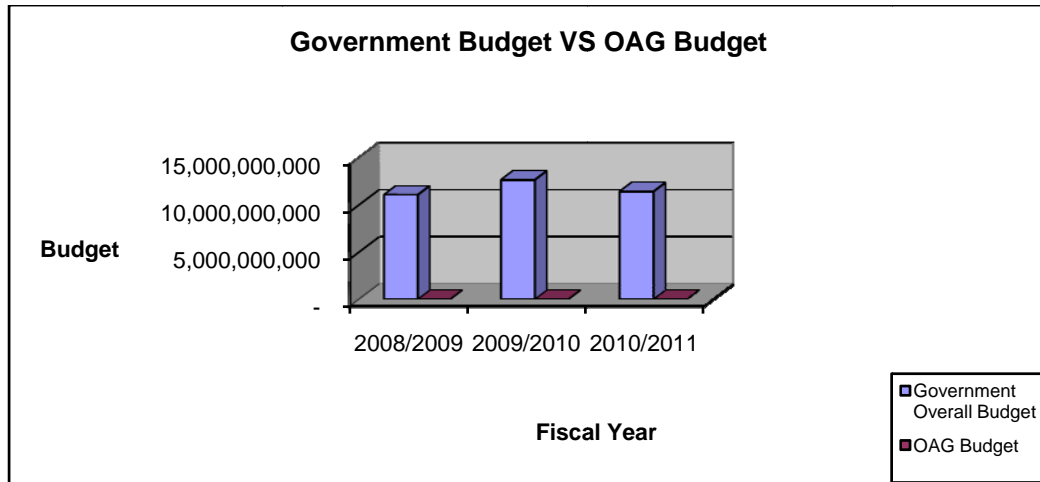
### 4.4 Budget of the Office of the Auditor General (OAG)

The Office is still appealing to government for the allocation of an adequate budget to fulfill its statutory obligation of auditing all ministries and departments across the country. Although there was an increase of 28% in the office budget in 2009/10, but due to budget cuts across government, the budget declined by 10% in 2010/11, as a consequence of the prevalent financial crisis. It should be noted, though, that the larger share is absorbed by the personnel budget and the operational budget remained minimal and thus affects the audit scope. This situation has been aggravated by the increase of Ministries and Departments which calls for the high demand of the audit service. Therefore the continuous insufficient budget will increase the fraudulent and corruption opportunities in government.

I would like to plead for an increase in the Office budget because government programmes and activities continue to increase thus increasing the audit work load of the Office whose budget does not commensurate with this work load.

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

Description	2008/2009	2009/2010	2010/2011
Government Overall budget	E11 082 474 769.00	E12 671 966 545.00	E11 430 277 879.00
Budget of the Office of the Auditor General	E 10 956 327.00	E 14 044 972.00	E12 623 571.00



The budget of the office as demonstrated by the graph shows that its budget when compared with the overall government budget is minimal.

The office finds itself working under extreme difficulty in trying to obtain 100% coverage, to accomplish its mandatory obligation. However, despite the prevailing financial and resource constraints the office has tried its level best to carry out its audit work. As a result during the year, under review, the office has over spent its CTA budget by 92% because it is a key component used to accomplish the audit work. That is, auditing is fieldwork and therefore traveling to various parts of the country is essential.

## **5.0 PUBLIC ACCOUNTS COMMITTEE**

The Public Accounts Committee (PAC) is a Parliamentary session committee consisting of twelve (12) members elected from the House of Assembly for five years. The main function of the Committee is to scrutinize the accounting and financial matters raised by the Auditor General for investigation. The Committee questions, in a bid to seek explanations from the Accounting Officers or Controlling Officers of the various government Ministries and any other government institution audited by the Auditor General, whom it is considered necessary to call before the PAC on the basis of the comments, observations and findings made by the Auditor General in his/her reports and particularly any criticism, which he may have to offer.

### **5.1 Rights and Powers of the Committee (PAC)**

The following is an over view of the most important powers (rights) of the Committee.

- The Committee has the right to investigate or review all past, current and committed expenditures of government and organizations receiving funds from government.
- The Committee has the right to request, on its own initiatives, the Auditor General to perform specific review tasks.
- The Committee has the right of access to all financial information and other documents, as it deems necessary for its investigation except for those that are privileged or secret in the narrowest sense of the law.
- The Committee has the right to call upon witnesses.

The Audit Office and the PAC form part of a broader relationship network in the public financial scrutiny and accountability reporting cycle. Parliament has a responsibility to provide assurance to the taxpayers that their monies as well as public resources are being spent and managed by the Executive in an accountable, efficient and transparent manner.

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

The mutual dependency of the functions of the Audit Office and PAC requires that they maintain congenial and strong relationship with each other. However, it should be carefully managed to ensure that it does not compromise their independence.

## **6.0 GENERAL OBSERVATIONS**

Audit reporting is the foundation on which the Auditor General facilitates public sector accountability and is the medium whereby the legislative oversight bodies receive the information they need to exercise their oversight responsibilities, over the public sector officials.

Generally, I noticed that Ministries and Departments including Treasury do not reconcile their accounting records, monthly. This has resulted to some double payments which eventually become over payments; salaries paid to officers who have left the government services. All these payments went on for some months unnoticed due to unreconciled records.

For an example, the following special funds accounts closing balances, in the Treasury records, do not reconcile with the bank balances. For instance, the accounts in the Treasury records cash book should be reflected under item 62 whilst the balances in the bank are/should be reflected under item 52. However, these accounts are not reconciled.



### **Disaster Relief Fund**

<b>Item No.</b>	<b>Details</b>	<b>Amount (E)</b>
52124	Disaster Relief Fund	-814 574.06
62121	Disaster Relief Fund Project	-1 597 332.04
	<b>Bank Balance</b>	<b>7 746.56</b>

### **Community Development**

<b>Item No.</b>	<b>Details</b>	<b>Amount (E)</b>
52131	Community Development Fund	92 998 289.12
62131	Community Development Fund	-93 004 405.56
	<b>Bank Balance</b>	<b>102 072 798.56</b>

### **Regional Development Fund**

<b>Item No.</b>	<b>Details</b>	<b>Amount (E)</b>
52132	Regional Development Fund	19 288 521.17
62132	Regional Development Fund	-17 517 335.07
	<b>Bank Balance</b>	<b>10 345 805.60</b>

### **Strategic Oil Reserve Fund**

<b>Item No.</b>	<b>Details</b>	<b>Amount (E)</b>
52157	Strategic Oil Reserve	260 920 215.83
62157	Strategic Oil Reserve Fund	-260 920 215.83
	<b>Bank Balance</b>	<b>409 649 638.66</b>

### **Special Care Medical Aid Fund**

<b>Item No.</b>	<b>Details</b>	<b>Amount (E)</b>
52106	Specialist Care Medical Aid Fund	2 112 756.78
62106	Specialist Care Medical Aid Fund	119 381 196.31
	<b>Bank Balance</b>	<b>2 112 756.78</b>

### **Japanese Aid Fund**

<b>Item No.</b>	<b>Details</b>	<b>Amount (E)</b>
52128	Japanese Aid Investment	24 839 164.09
60224	Japanese Aid Fund	59 745.27
62176	Japanese Aid Investment	-24 878 897.70
	<b>Bank Balance</b>	<b>24 839 164.09</b>

Also, Controlling Officers continue to demonstrate lavish spending as they continue to spend beyond the appropriated budget. This is perpetrated by the lack of supervision by the Financial Controllers/Principal Accountants, in the Ministries and Departments who represent the Accountant General but do not play their role in monitoring the budget and advising the Controlling Officer on financial matters.

## **6.1 Submission of Treasury Annual Accounts**

The Finance Management and Audit Act No. 18 of 1967, as amended in 1992, section 18 (ii) requires the Accountant General within six months after the end of each financial year, to sign and submit to the Auditor General the Government Accounts, showing fully the financial position of the Consolidated Fund and any other funds in the financial year ended on 31<sup>st</sup> March 2011. If the Accountant General fails to submit the accounts within the six months period, he may request the Minister for Finance, in writing, to extend the submission period further for a period not exceeding two months.

The Accountant General submitted the annual financial statements of accounts for the year ended 31<sup>st</sup> March 2011 for the purposes of auditing on time. The accounts were submitted on the 30<sup>th</sup> September 2011, as required by the Finance Management and Audit Act.

## **6.2 Financial Accountability**

Financial Accountability is about promoting and reporting publicly on the performance of public funds and operations of Ministries/Departments and other government agencies. Public financial accountability requires that, government officials manage their finances prudently, integrate their financial and non-financial reporting, control the budget and report comprehensively on its performance and achievements with the expenditure derived from the appropriated funds, by Parliament. It is therefore, prudent that an efficient system of internal controls be put in place to ensure that the tax payers moneys are spent in conformity with the existing financial policies, rules and regulations and that the moneys are spent for the intended purposes. It should be noted that accountability, transparency and integrity of financial management are strong core pillars which support good corporate governance.

## **7.0 GENERAL AUDIT COMMENTS ON GOVERNMENT RULES AND REGULATIONS**

The Ministry of Finance, in its endeavour to ensure that funds are used for its intended purposes and revenue is collected promptly and brought to account through the Accountant General, has put in place adequate policies rules and regulations and internal control systems to guide Ministries and Departments for the proper utilization and collection of funds.

These policies, rules and regulations and internal control systems are often side lined or not adhered to, by Ministries/Departments at the expense of the general economy and allowed waste, abuse and mismanagement of funds to occur under the pretext that they were fulfilling their ministerial or departmental mandates. For an example:-

- They continue to pay salaries to public servants, who have exited the government service, beyond their last date of service.
- They continue to pay full salaries to officers who were granted study leave. This results from non implementation of the salary staggering of the officer's salary during the period of study.
- Advances made to public officers and over payments are no longer recovered by Ministries and Departments from terminal benefits of those who have left the government service, due to the prevailing Retirement Funds Act of 2005 which has no provision for these debts to be deducted.
- Also noted is that Controlling Officers do not acquaint themselves with prevailing policies rules and regulations which affect government business for compliance purposes. This is reflected by the common non adherence to rules and regulations.
- The Ministry of Education allows teachers to occupy the schools houses free of charge (without payment of rent) and at the same time these teachers receive housing allowance, against laid down regulations.
- Various Capital Projects under spent their budgets because whilst they were still in progress, citing that implementation was suspended due to the liquidity crisis faced by government.
- Revenue collections are siphoned at the point of collection by sub collectors who are entrusted with the responsibility to collect the revenue.
- I have noted with concern that the Government Accounting System reflects an increase in the estimated and approved budget beyond the appropriation act, under recurrent and capital budget. This situation reflects that the original approved budget was disturbed/tempered with. I expect the revision of the budget to affect the revised budget and not the original budget whose authorization rests with Parliament, only.
- Lastly, government created and funded various development programmes for its citizens, to uplift their standard of living. But moneys are often abused, defrauded and diverted from their primary purposes. Thus the poverty line is worsening and adversely contributes to the rising crime rate. Therefore the desired results are not achieved.

However, I did not make any comments on the under expenditures on recurrent budgets because it is viewed as savings and Controlling Officers are encouraged to strictly spend when there is a need/purpose.

## **7.1 Unauthorised Write Offs**

Records revealed that the Accountant General has written off/cleared the closing balances of grants which were a contribution to the Capital Fund, without the approval of the Losses Committee. According to the Finance Management and Audit Act, authorization of write offs rests with Principal Secretary, Ministry of Finance.

This is a serious anomaly which cannot be over looked because the Accountant General is a signatory to the government accounts/funds. This act poses a high risk to the monies held by government whereby withdrawals can be made and on the other hand clearance/write offs of balances or transactions in the records occur without following the proper accounting procedures.

This is tantamount to conceal misstatement or fraud.

The balances written off are shown below:-

**Unauthorised Writes Offs**

<b>Item No.</b>	<b>Subsidies to Capital Fund</b>	<b>Amount (E)</b>
60102	Taiwanese Constitutional Grant	(973,094.56 )
60103	Japanese Constitutional Grant	(3,406,554.02 )
60104	Dvokolwako Rural Water Scheme	34,238.18
60105	ADB loan Mbabane Road Rehab.	2 045 000.00
60124	Purchase of Computers- Economic Planning	3,892,578.65
60106	S.D. S.B. Bank loan	3,551,100.00
60107	Chinese Piggery Grant	(232,352.18 )
60108	Matsapha Dry Port	(19,421,125.44 )
60109	Land Rehabilitation Grant	(3,566,958.95 )
60110	Development Programme Grant	(905,258.68 )
60111	Enhlambeni Water Supply	2,329,152.32
60112	World Bank Grant	(436,910.48)
60113	Communication Network Grant	(1,000,000.00)
60114	New International Airport	13,654,565.10
60115	MOAG Information System	364,750.95
60116	Siteki- Mhlumeni Road	(2,584,628.82 )
60117	Lobamba Medical Equipment	53,990.46
60118	MOAG Fish Survey Project	167,329.86
60119	Feeder Roads & Rehab. Of Armcos	6,510,578.63
60120	Search Camera for Police	(508,027.43 )
60121	Rural Water Electrification Programme III	1,802,071.06
60122	Control of Allien Species	(2,878,202.21)
60123	Urban Development Project	(8,358,946.41 )
60125	Siteki- Mhlumeni Road Upgrading	(11,055,227.80 )
60126	Lomahasha Water Supply Grant (Taiwan)	(11,658,535.93 )
60127	National Livestock Identification	262,622.24
60128	Promotion of Community Based Food Processing	240,144.68
60129	Construction of Post Entry Plant Quarantine Facility	(449,346.78 )
60132	Ngwenya Mbabane Road Rehabilitation	5,143,618.42
60141	Medical Equipment and Furniture for TB Hospital	1,581,606.03
60258	Resettlement Fund	30,517,767.90



## 7.2 Advances To Public Officers

One of the fringe benefits offered by government through the Ministry of Finance and the Accountant General, is to cater for the welfare of all its employees by affording them advances of all forms.

Whilst the other objective of the Ministry of Finance is to advise government on all fiscal matters so that annual estimates and appropriated funds are prepared and released as required by law.

It is my pleasure to report that, during the year under review the employees advance budget was spent within the statutory limit. Legal Notice no. 146 of 2000 set the limit of E40, 000, 000.00 as a budget of advances to public officers, whilst expenditure was E35, 040,135.04 thus resulting in some savings of E4 959 864.96 which is 12% of the total budget.

The advances paid to the public servants during the year ended 31<sup>st</sup> March 2011 are:-

Description	Item	Amount Paid (E)
Car Advances	51001	4 285 094.64
Salaries Advances	51003	1 217 745.68
Study Loans	51004	4 852 639.40
Bank Car Loan Scheme	51009	5 120.52
Car Repairs Loan (Civil Servants)	51015	3 843 590.93
Comprehensive Insurance Loan	51016	- 37 844.06
Medical Aid	51018	1 706 252.18
Staff Uniform	51019	72 299.92
Advance Against Gratuity	51020	10 500 094.14
Seconded Study Loan Short Term	51022	38 583.31
Comprehensive Insurance Seconded Officers SNC	51023	4 901 808.70
Minister's Hard Furnishing Loan	51024	1 906 830.95
Minister's Security Loan	51025	152 834.98
Member of Parliament Security	51026	1 595 083.75
<b>Grand Total</b>		<b>E35 040 135.04</b>

## 7.3 Other Advances To Public Officers

However, there were other advances granted to the public servants whose budget and sources of funding could not be ascertained. I consider monies spent without budget provision to be unauthorized. Further, some of the advances accounts have credit balances while others have been constant for three years.

### (a) **Other advances to Public Officers:-**

Description	Item	Amount Paid (E)
Officer's Personal Account	51002	-2 564 879.51
Surcharges	51005	- 211 431.99
Tour Advances – employees	51006	4 978 536.20

Tour Advances – seconded officers	51007	8 490.98
Leave pay on departure	51011	52 414.79
TF146 Cheques issued net S.G.S. only	51013	- 8 000.00
FDS (Tax advances)	51021	136 219 816.32
<b>Grand Total</b>		<b>138 474 946.79</b>

**(b) Advances accounts which have credit balances are:-**

Description	Item	Amount Paid (E)
Officer's Personal Account	51002	-E 564 879.51
Surcharges	51005	-E 211 431.99
TF146 Cheques issued net S.G.S. only	51013	-E 8 000.00
Comprehensive insurance loan	51016	-E 37 844.06

The Accountant General could not explain the occurrences of the balances reflected in the books because it implies government is owing some creditors.

**(c) Advances accounts which have been constant for three (3) financial years. (i.e.) 2008/09, 2009/10 and 2010/11.**

Description	Item	Amount Paid (E)
Tour advances seconded officer's	51007	E 8 490.98
Leave pay on departure	51011	E52 414.79
TF146 Cheques issued not SGS only	51013	(E 8 000.00)

Again, the Accountant General did not provide explanation on the operation of these accounts which appear to be dormant.

**7.4 Bank Car Loan Scheme – Advance Account Number 51009**

In 2005 Government contracted with the following banks to grant advances to its employees on its behalf. The banks are:-

- Nedbank (Swaziland) Limited
- Standard Bank Swaziland
- Swazi Bank
- Swaziland Building Society

The agreement reached with the banks, pertaining to the interest charged to the loans was that government would pay 1% interest at Nedbank and 1.5% at Standard bank as a subsidy of the loan.

However, it is disturbing to note that government records, at Treasury, do not disclose the expenditure in respect of subsidization by government, yet this is an expense borne by tax payers.

Moreover, the account code 51009 was created by Treasury for such an expenditure but to date, no disclosure has been made, except for an amount of E7

080.00 which is a mis-posting of comprehensive insurance and has not been reconciled for the past two years.

**8.0 RECURRENT REVENUE PERFORMANCE FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

Recurrent revenue collection which was estimated and approved by Parliament was E6 085 629 000.00 at the beginning of the financial year 2010/11. Actual revenue collected amounted to E7 236 676 540.82 resulting in an overall over collection of E1 151 049 540.82 which translates to 19% above budgeted revenue.

The recurrent revenue performance is tabulated as follows:-

**Recurrent Revenue Performance for the year ended 31<sup>st</sup> March 2011**

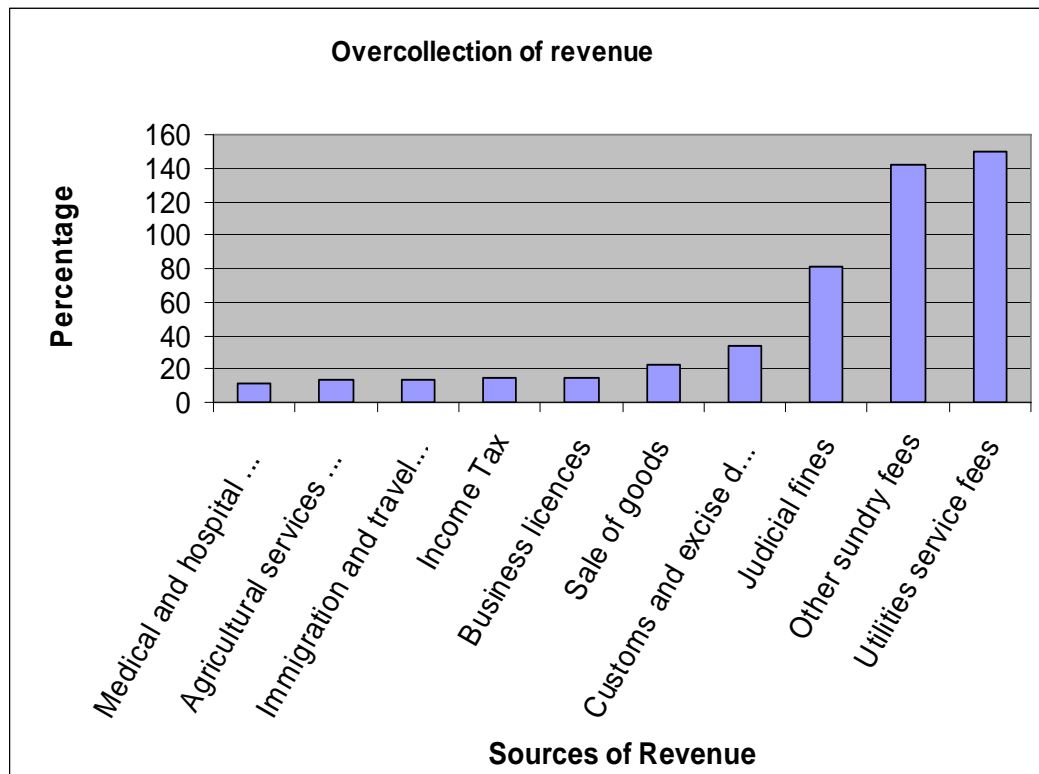
<b>Source</b>	<b>Estimated (E)</b>	<b>Actual (E)</b>	<b>Variance (E)</b>
Customs and excise duties	1,968,941,000.00	2,631,433,168.50	662,492,168.50
Income Tax	2,229,340,000.00	2,573,018,746.37	343,678,746.37
Graded Tax	23,401,000.00	4,132,704.02	-19,268,295.98
Other Taxes and duties	1,453,811,000.00	1,373,189,689.70	-80,621,310.30
Motor Vehicle and drivers licences	80,807,000.00	20,603,214.04	-60,203,785.96
Business licences	18,245,000.00	20,916,931.87	2,671,931.87
Other licences	746,000.00	663,565.00	-82,435.00
Judicial fines	15,977,000.00	28,910,461.33	12,933,461.33
Rentals	17,157,000.00	7,723,023.20	-9,433,976.80
Sale of goods	1,761,000.00	2,174,183.30	413,183.30
Sale of land and tittles	3,015,000.00	1,227,725.33	-1,787,274.67
Agricultural services fees	379,000.00	430,224.00	51,224.00
Medical and hospital services fees	5,968,000.00	6,633,861.64	665,861.64
Educational services fees	629,000.00	338,717.30	-290,282.70
Immigration and travel fees	22,098,000.00	25,200,181.56	3,102,181.56
Utilities service fees	26,000.00	65,016.00	39,016.00
Other sundry fees	217,279,000.00	525,882,743.84	308,603,743.84
Loan repayments	26,042,000.00	15,402,180.09	-10,639,819.91
Sundry departmental deposits	5,000.00	-	-5,000.00
Less dishonoured cheques	-	-1,269,796.27	-1,269,796.27
<b>Total</b>	<b>6,085,627,000.00</b>	<b>7,236,676,540.82</b>	<b>1,151,049,540.82</b>

I am disappointed, to say the least, that revenue collection agencies continue to accept payments by cheques which are not bank guaranteed, despite my appeal to exercise precautionary measures because dishonoured cheques are not properly accounted for in the main government system, electronically. Instead reconciliation of dishonoured cheques amounting to (E1 269 796.27) was done manually during the fiscal year.

### 8.1 Recurrent Revenue Over Collection

There were significant over collection of revenue ranging between 11% to 150% as compared with budget estimates in the fiscal year 2010/11 as reflected in the following revenue items.

Source of Revenue	Amount in Percentage (%)
Medical and hospital services fees	11%
Agricultural services fees	14%
Immigration and travel fees	14%
Business licences	15%
Income Tax	15%
Sale of goods	23%
Customs and Excise duties	34%
Judiciary fines	81%
Other sundry fees	142%
Utilities services fees	150%



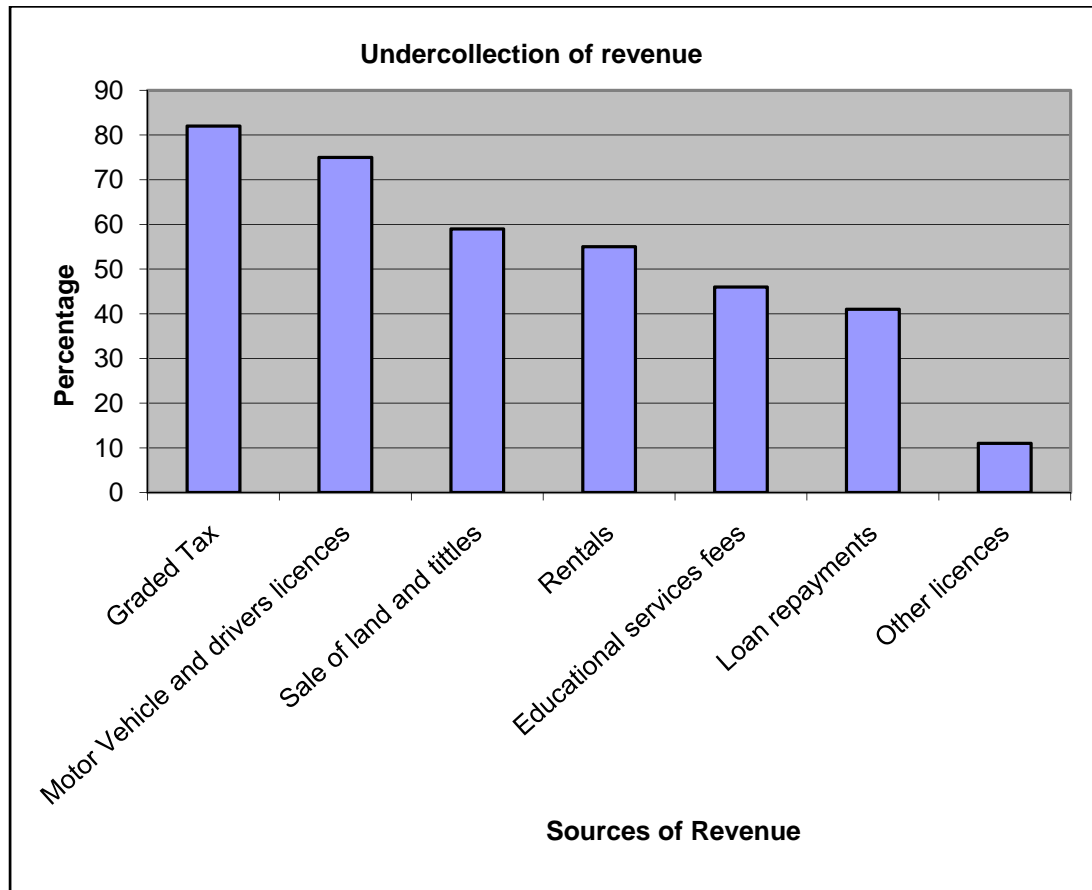


It is noteworthy to encourage and motivate the revenue collecting agencies to continue the effort of collecting the revenue above the budget and such is a good work as government is currently battling with raising enough revenue to meet its financial obligations. However the over collection should be accompanied by explanations, for justification.

## 8.2 Recurrent Revenue Under Collection

There were also significant under collections of revenue ranging between 11% and 100% as compared with budget estimates in the financial year 2010/11 as reflected in the following revenue items:-

Source of Revenue	Amount in Percentage (%)
Other licences	11%
Loan repayments	41%
Educational services fees	46%
Rentals	55%
Sale of land and titles	59%
Motor vehicle and drivers licences	75%
Graded Tax	82%



The recurrent revenue under collection is a result of poor service, delivery by public servants, inadequate/lack or control weakness, where revenue is siphoned at the point of collection. The revenue collection agencies are encouraged to meet the budget estimates in future. Therefore it should be noted that government is in dire need of revenue to fulfil its goals and objectives.

#### **9.0 RECURRENT EXPENDITURE PERFORMANCE FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

Recurrent budget estimated and approved by Parliament at the beginning of the fiscal year amounted to E7,688,058,000.00. During the year it was revised to E8,529,501,879.00 which reflects 11% increase to the original budget. On the other hand the government accounting system indicates the approved estimate as E8,487,519,834.00 thus resulting in an over statement of E799,461,834.00.

The overall released funds during the financial year amounted to E8 014 162 513.00 whilst actual expenditure amounted to E8 046 878 829.59 resulting to an overall savings of E32 716 316.59.

The recurrent expenditure performance is tabulated as follows:-

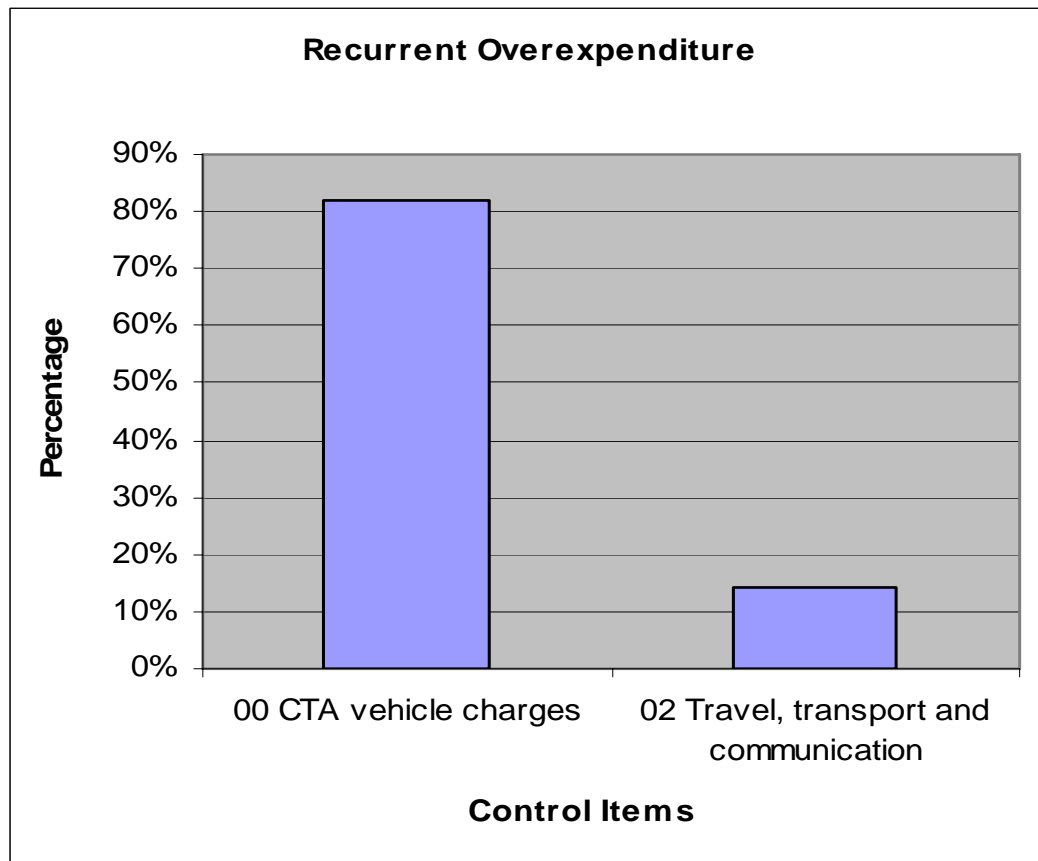
<b>Control Items</b>	<b>Approved Estimates (E)</b>	<b>Revised Provison (E)</b>	<b>Released Funds (E)</b>	<b>Actual Expenditure (E)</b>	<b>Above/below released funds (E)</b>
00 CTA vehicle charges	413,846,210.00	442,038,313.00	285,243,573.00	518,038,580.67	-232,795,007.67
01 Personnel costs	3,912,202,889.00	3,876,174,624.00	3,802,030,003.00	3,919,477,782.58	-117,447,779.58
02 Travel, transport and communication	245,957,093.00	266,868,631.00	231,106,722.00	262,336,136.58	-31,229,414.58
03 Drugs	224,973,697.00	198,638,791.00	141,158,360.00	132,330,585.73	8,827,774.27
04 Professional and special services	598,153,182.00	609,696,575.00	530,296,862.00	521,636,465.90	8,660,396.10
05 Rental (land, building and computer equipment)	80,729,777.00	86,323,473.00	86,176,878.00	77,948,059.90	8,228,818.10
06 Consumable materials and supplies	328,368,561.00	322,398,971.00	268,122,357.00	255,288,117.97	12,834,239.03
07 Durable materials and supplies	77,796,863.00	99,665,903.00	52,477,656.00	47,262,465.36	5,215,190.64
10 Grants and subdies – internal	1,966,915,015.00	1,991,557,214.00	1,991,557,214.00	1,868,976,890.36	122,580,323.64
11 Grants and subsidies- external	58,576,547.00	56,139,384.00	45,992,888.00	34,728,535.63	11,264,352.37
12 Public Debt	580,000,000.00	580,000,000.00	580,000,000.00	408,855,208.91	171,144,791.09
<b>Grand Total</b>	<b>8,487,519,834.00</b>	<b>8,529,501,879.00</b>	<b>8,014,162,513.00</b>	<b>8,046,878,829.59</b>	<b>-32,716,316.59</b>

## 9.1 Recurrent Over Expenditure

There were two items which recorded significant over expenditures. They are C.T.A. vehicle charges which recorded 82% and Travel Transport and Communications which recorded 14%.

I noted that the released funds under C.T.A. vehicle charges in fiscal year 2010/11 was reduced as compared to the previous year due to the financial constraints faced by government. However, this control item over spent by 82% because line ministries continued to spend beyond the released funds and budget appropriated by Parliament. This indicates that there are no budgetary controls in the accounting system.

Control Item	Amount in Percentage
00 CTA vehicle charges	82%
02 Travel, transport and communication	14%



## **9.2 Public Debt**

The summary of recurrent expenditure reflects actual public debt expenditure as E408 855 208.91 whilst the statement of Public Debt with detailed transactions of the public debt has actual total expenditure of E2 543 348 000.00, resulting in a variance of E2 134 492.09 which Accountant General could not justify.

## **10.0 CAPITAL BUDGET PERFORMANCE BY ECONOMIC SECTOR FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

Capital budget estimated and approved by Parliament at the beginning of the fiscal year amounted to E2,550,776,000.00. During the year it was revised to E2,900,776,000.00 which reflects 13.7% increase to the original budget.

On the other hand the government accounting system indicates the approved estimate as E2,990,776,000.00 resulting in an over statement of E350,000,000.00 over the original budget.

The total released funds for the year amounted to E2,077,015,496.00. Actual overall expenditure amounted to E1,839,600,551.34 resulting in an under expenditure of E237, 414, 944.66 which is 11% of the funds released.



## Capital Budget Performance by Economic Sector 2010/2011

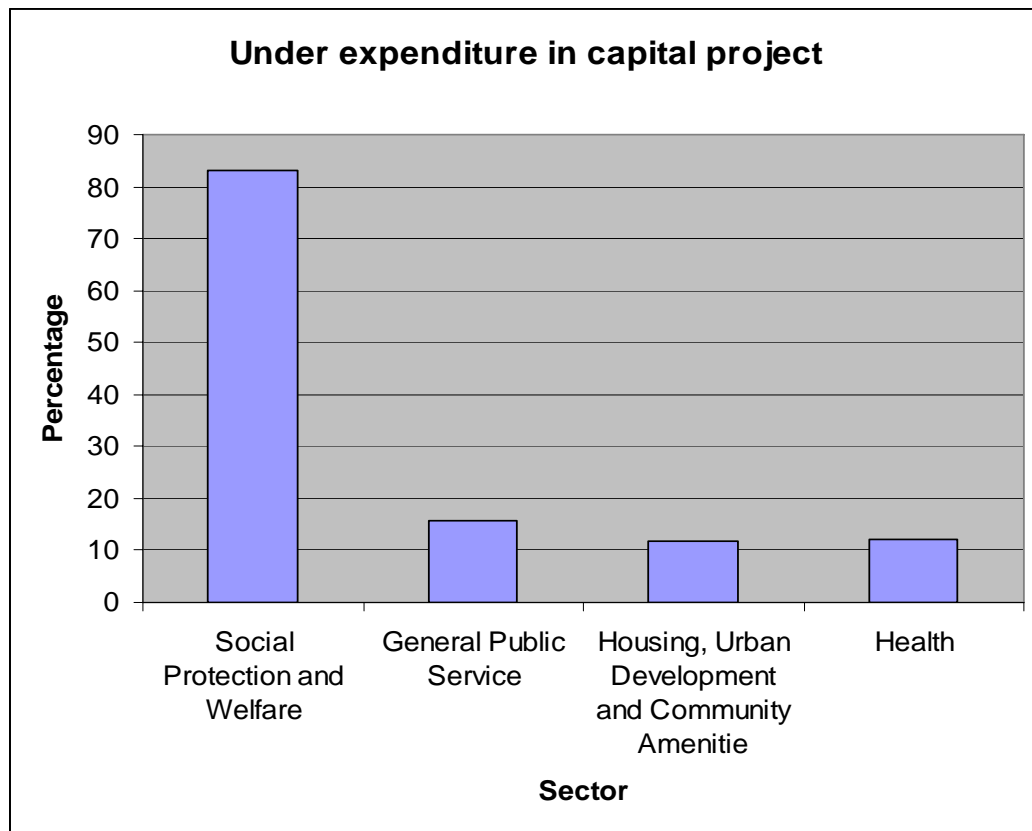
Sector	Narration	Approved Estimate (E)	Revised Provision (E)	Funds Released (E)	Actual Expenditure (E)	Variance (E)
A	Agriculture, Forestry and Fisheries	324,526,000.00	324,526,000.00	153,364,275.00	148,570,268.19	4,794,006.81
E	Education and Training	179,209,000.00	179,209,000.00	129,468,655.00	123,788,479.42	5,680,175.58
F	Fuel and Energy	34,809,000.00	34,809,000.00	14,130,507.00	14,274,955.70	144,448.70
G	General Public Service	1,119,925,000.00	1,100,687,000.00	1,004,614,461.00	845,250,108.00	159,364,353.00
H	Health	261,752,000.00	261,752,000.00	103,886,008.00	91,321,338.99	12,564,669.01
M	Manufacturing and Mining	109,750,000.00	109,750,000.00	33,499,004.00	40,654,430.30	7,155,426.30
P	Public Order and Safety	189,454,000.00	189,454,000.00	102,483,566.00	106,293,336.80	3,809,770.80
R	Recreation, Culture and Religion	15,574,000.00	15,574,000.00	14,074,000.00	14,074,000.00	-
S	Social Protection and Welfare	47,809,000.00	47,809,000.00	42,531,029.00	7,197,234.00	35,333,795.00
T	Transport and Communication	318,663,000.00	337,901,000.00	285,895,568.00	277,369,152.47	8,526,415.53
W	Water Resources Management	39,405,000.00	39,405,000.00	9,946,880.00	9,455,017.28	491,862.72
X	Housing, Urban Development and Community Amenitie	259,900,000.00	259,900,000.00	183,121,543.00	161,352,230.19	21,769,312.81
	<b>Grand Total</b>	<b>2,900,776,000.00</b>	<b>2,900,776,000.00</b>	<b>2,077,015,496.00</b>	<b>1,839,600,551.34</b>	<b>237,414,944.66</b>

### 10.1 Under Expenditure on Capital Funds

There were significant under expenditures ranging from 11.89% to 83.08% when actual expenditure is compared with released funds for the financial year ending 31<sup>st</sup> March 2011. The under expenditures were as a result of financial constraints faced by the government and funds were not available for the completion of projects yet implementation had commenced.

The following sectors were affected:-

Sector	Narration	Amount in Percentage
X	Housing, Urban Development and Community Amenitie	11.89
H	Health	12.09
G	General Public Service	15.86
S	Social Protection and Welfare	83.08



## 10.2 Over Expenditure on Capital Funds

However, only significant over expenditure of 21% were noted in the financial year ended 31<sup>st</sup> March 2011, under the manufacturing and mining sector.

The following are the projects whose funds appropriated by Parliament are either over stated or under stated in the government accounting system. It is disturbing to note that the accounting system is tempered with regarding the funds initially authorized by Parliament and there is no clear explanation on the occurrence.

Project Code	Project Name	Estimate Book Amount (E)	Statement Amount/Accounting System (E)	Variance (E)
G46799	Millenium Project	356 000 000.00	706 000 000.00	350 000 000.00
G50099	Rehab of Government Buildings	103 302 000.00	102 712 000.00	(590 000.00)
T35999	Reh of Link roads	50 000 000.00	74 000 000.00	24 000 000.00
T36299	Road Safety Improvements	20 000 000.00	5 370 000.00	(14 630 000.00)
T45599	Construction of Sikhuphe Link Roads	39 820 000.00	79 688 000.00	39 868.00

On the other hand despite that some Capital Projects budgets were not approved there was expenditure incurred. I am concerned that budgetary controls are not enforced in the government accounting system. That is, expenditure occurs even when there are no funds provided.

The following are the affected Projects:-

(a) **Project T30299 – SPTC Restructuring**

According to government estimates and the approved estimates column of the statement, there were no funds appropriated for this project, however, actual expenditure column showed expenditure of E3,169,273.04.

(b) **Project T46199 – Replacement of Outside Broadcasting Vehicle**

According to government estimates and the approved estimates column of the statement, there were no funds appropriated for this project, however, actual expenditure column showed expenditure of E5,214,918.50.

(c) **Project X49870 – Procurement of Tools and Equipment for Portable Water Schemes**

According to government estimates and the approved estimates column of the statement, there were no funds appropriated for this project, however, actual expenditure column showed expenditure of E8,447,250.00.

## 11.0 ACKNOWLEDGEMENT

I wish to express my appreciation to the members of my staff for co-operation during the past year and their hard work in the preparation of this report, despite the financial challenges faced by my office. I also wish to express my appreciation for the co-operation given by the Accountant General and Treasury Department staff, the assistance and courtesy received from officials of all Government Ministries and Departments.

## 12.0 REFERENCE SHEETS ISSUED

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

Below are the issued and outstanding reference sheets:-

Ministry/Department	Reference Sheets Issued	Outstanding Reference Sheets
Parliament	1	Nil
Private and Cabinet	1	Nil
Tourism and Environmental Affairs	1	Nil
Police	1	Nil
Deputy Prime Minister's Office	5	1
Foreign Affairs and International Co-operation	6	5
Defence	2	Nil
Tinkhundla and Regional Administration	11	3
Natural Resources and Energy	12	3
Agriculture	7	Nil
Economic Planning and Development	2	1
Housing and Urban Development	3	Nil
Commerce Industry and Trade	2	Nil
Education and Training	27	2
Finance	8	1
Labour and Social Security	2	1
Public Service	1	Nil
Information Communication and Technology	3	Nil
Elections and Boundaries Commission	1	Nil
Health	3	1
Judiciary	3	Nil
Justice	1	Nil
Correctional Services	2	Nil
Home Affairs	3	2
Public Works and Transport	3	2
<b>Total</b>	<b>111</b>	<b>22</b>

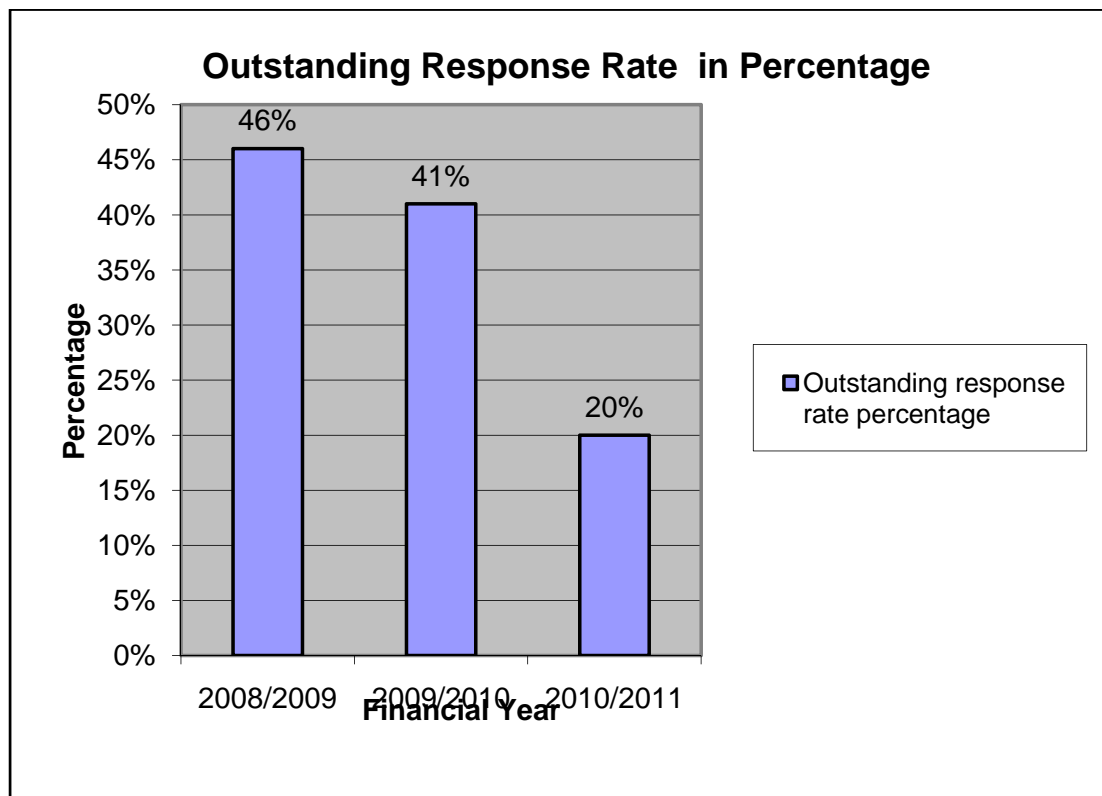
The action by the PAC to impose fines to Controlling Officers for failure to reply promptly to audit reports has resulted in an improvement in the response rate. In 2010/2011 there is a 20% outstanding reference sheet as compared with 41% for the previous year.

I hope this trend will continue in future and that Controlling Officers are now aware of their responsibilities in Public Finance, of managing, controlling and monitoring public resources in their custody, hence they will be more prudent in the utilization of state resources.

I highly commend all Controlling Officers who responded on time to observations and findings made by the Auditor General.

The non-response rate over the three year period is illustrated as follows:-

Financial Year	Outstanding Reference Sheets (%)
2008/2009	46%
2009/2010	41%
2010/2011	20%





**PART B**

**MINISTRIES AND DEPARTMENTS**

**HEAD: 02**  
**CLERK OF PARLIAMENT**

**Objectives:**

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

**13.0 UNAUTHORISED OVER EXPENDITURE ON RECURRENT VOTE**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
02	Personnel Costs (11)	46,857,578.00	51,542,464.11	4,684,886.11	10

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

**In his response, referenced PAR/3/5 dated 12<sup>th</sup> December 2011, the Controlling Officer stated that the over expenditure was a result of the Ministry of Finance not releasing budgeted funds during the last month of 2011 financial year and the vacant posts, for 3 deceased officers, which were later replaced yet finances for these posts were already frozen by the Ministry of Finance.**

While this clarity is appreciated there was no authorisation for the Ministry to over spend. Further, the Controlling Officer filled the vacant posts knowing very well that funds were not available.

**HEAD: 03**  
**PRIVATE AND CABINET OFFICES**

**Objectives;**

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

**14.0 UNAUTHORISED OVER EXPENDITURE ON RECURRENT VOTE**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
03	CTA Vehicle Charges (11)	1,437,390.00	2,042,546.06	605,156.66	42

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

**In his reply, referenced CO/MF 112/6/9 dated 9<sup>th</sup> December 2011, the Controlling Officer concurred with my observations and stated the causes of the over expenditure to have been that:-**

- (a) Funds released were below the estimated budget.**
- (b) Hire of cars for hosting Regional Smart Partnership, National Dialogues and Global Leadership Foundation (GLF) members.**
- (c) Unbudgeted transport costs for a newly created Department for People smuggling and human trafficking.**

**However, the Controlling Officer did not mention the authority that allowed her to over spend.**

## HEAD: 04

### MINISTRY OF TOURISM AND ENVIRONMENTAL AFFAIRS

#### Objectives:

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

Environment – To preserve the environment.

#### **15.0 AUDIT INSPECTION: MINISTRY OF TOURISM AND ENVIRONMENTAL AFFAIRS**

An audit inspection was carried at the Ministry of Tourism and Environmental Affairs, for the financial years 2009/2010 and 2010/2011 and a report referenced T2/Vol. I/85, dated 9<sup>th</sup> May 2011 issued to the Principal Secretary.

The response by the Principal Secretary referenced MTEA/2/8, dated 25 May 2011, was not satisfactory, with regard to the following paragraphs

#### **Salary Overpayment – E75 765.00**

In my report, quoted above I drew the attention of the Controlling Officer, that a salary overpayment occurred to an officer who was on long-term study leave.

This officer, employee number 6262747, was granted paid study leave for three years, to pursue a Bachelor of Science Degree in meteorology, in Nairobi, Kenya, with effect from 13<sup>th</sup> September 2008 to 12<sup>th</sup> September 2011.

However, the officer received full salary for the period, 13<sup>th</sup> September 2009 to 31<sup>st</sup> May 2011 resulting to E75 765.00 overpayment, because of the non implementation of General Order A370 (i) Which dictates that officers on long study leave should earn full salary for the first twelve months, 75% of the basic salary for the next 12 months, 50% basic salary for the next twelve months and 25% of the basic salary for the remaining period of study.

Therefore, this employee's basic salary was not reduced by 75% and 50% for the period of study, resulting in the overpayment of salary.

The details of the overpayment of salaries are depicted below:-

<b>Staggering Period</b>	<b>Period</b>	<b>Basic Salary</b>	<b>Basic Salary</b>	<b>Overpayment</b>
<b>2<sup>nd</sup> year salary staggering (75%)</b>	<b>October 2009 to March 2011</b>		<b>E</b>	<b>E</b>
	October 2009 to March 2010	6 Months x 10 166.83	61 000.98	15 250.24
	April 2010 to July 2010	4 Months x 10 471.75	41 887.00	10 471.75
	August 2010	1 Month x 10 943.00 +1 885.00 back pay	12 828.00	3 207.00
	September 2010	1 Month x 10 943.00	10 943.00	2 735.75
<b>3<sup>rd</sup> year salary staggering (50%)</b>	<b>October 2010 to March 2011</b>			
	October 2010 to March 2011	6 Months x 10 943.00	65 658.00	32 829.00
	April 2011	1 Month x 11 271.25	11 271.25	5 635.63
	May 2011	Month x 11 271.25	11 271.25	5 635.63
<b>Total Overpayment</b>				<b>E75 765.00</b>

Nevertheless the Controlling Officer on receipt of my report effected deduction of the overpayment from the officer's salary at E500.00, per month starting from June 2011, for the duration of 197 months, (16 years) up to the year 2026.

However, the response revealed that the officer had agreed to increase the installment once she returned in July 2011, but to date it has not been increased.

Further, I am concerned about the extreme leniency, by the Ministry, regarding the long recovery period, beyond the officers compulsory retirement date, 10<sup>th</sup> November 2023, yet the anomaly was due to laxity by both Ministry and the officer concerned.

My understanding is that under normal circumstances reasonable periods should be agreed upon for the good of both parties, government and employee.

Therefore, the action taken is not satisfactory since the Ministry did not ensure that the money is recovered before the officer exits the civil service, by statutory retirement.

It is noteworthy that it will be impossible to recover the overpayment from the officer's pension because the Retirement Funds Act, 2005 does not allow this type of debt to be deducted.

**In his reply, referenced TEA 2/8/1, dated 19<sup>th</sup> December 2011, the Controlling Officer promised to increase the installment to E1 205.00 with effect from January 2012. He attached a casualty to this effect.**

However, while the efforts being made are applauded, the matter remains reportable since the money owed has not been recovered fully.

## HEAD: 05

### POLICE

#### Objectives:

Law Enforcement – To prevent crime, to preserve lawful order and to maintain internal Security.

#### 16.0 UNAUTHORISED OVER EXPENDITURE ON RECURRENT VOTE

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
05	CTA Vehicle Charges (23)	59,689,812.00	122,956,603.04	63,266,791.04	106

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

**In his response, the Controlling Officer stated the cause of the over expenditure to be the inadequate budget, allocated, which is not commensurate with the diverse operational activities falling under the ambit of CTA vehicle charges.**

He was silent on whether he sought authority to over spend.



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

**Objectives:**

To operate and support the office of the Tinkhundla.

**17.0 UNDER EXPENDITURE ON PROJECT S22099- DISASTER MANAGEMENT**

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

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

An amount of E30 000 000.00 was approved as budget and released for the disaster relief management.

Actual expenditure amounted to E6 000 000.00 resulting in an under expenditure of 80% (E30 000 000.00 – E6 000 000.00) E24 000.000.00.

The Ministry is expected to update my office on the progress made and further justify the high savings.

**In his reply, referenced DPM/NDMW/Head 58 dated 30<sup>th</sup> November 2011, the Controlling Officer agreed with the budget amounting to E30 000 000.00. She also stated that on 2<sup>nd</sup> of September 2010, the office entered into a contract with Ngwane Mills for the supply of 20 000 metric tons of white maize (400 000 x 50kg) which amounted to E35 102 320.00. So the auditors when they visited the office they had not started paying the supplier who, though had, started releasing the mealie meal, had not submitted the invoices which they had since done.**

The reply implied that there was, actually, an over expenditure 17%, E35 102 320.00, when the payment was made.

This is a serious anomaly, which indicates non-reconciliation of accounts since it is expected that records at the close of financial year should depict a true picture of the state of affairs.

**17.1 Under Expenditure on Project S33399- Assistance for the Disabled II**

Under expenditures are as serious as over expenditures in that if funds are locked up

and not utilized, retards development and economic growth.

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

An amount of E3 191 000.00 was approved and only E888 000.00 was released for the development of the disability policy and for interventions targeted at people with disabilities.

Actual expenditure amounted to E777 234.00 resulting to an under expenditure of (888 000.00 – E777 234.00) E110 766.00 (12.4%).

The Ministry is expected to update my office on the progress of the project and justify the savings.

**The Controlling Officer did not respond to my observations and has thus violated Financial and Accounting Instruction no. 0315 (ii) which states, clearly, that “It is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully all the particulars or information desired”.**

#### **17.2 Under Expenditure On Project S34399- Purchase of vehicles**

Under expenditures are as serious as over expenditures in that if funds are not utilized as provided within the set timeframe. The project becomes expensive at the end and therefore retards development and economic growth.

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

An amount of E2 624 000.00 was approved and released for the purchase of 4 kombi-10-14 seater and 4 Double Cab 2WD.

The whole released amount of E2 624 000.00 was not utilized, thus resulting in savings of 100 %.

The Ministry is expected to explain the status of the project and failure to implement the project.

**In his reply the Controlling Officer cited the reason for the under expenditure to have been the financial crisis which resulted in the suspension of government commitments through a Finance Circular dated 11<sup>th</sup> November 2010.**

#### **17.3 Under Expenditure on Project S33499- Orphaned and Vulnerable Children**

Under expenditures are as serious as over expenditure in that if funds are locked up

and not utilized, retards development and economic growth of a country.

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

An amount of E11 574 000.00 was approved as budget but only E8 599 029.00 was released for coordinating children's activities, construction of children centres, data management legislative reform and monitoring and evaluation.

The whole released amount of E8 599 029.00 was not utilised thus resulting in 100 % savings.

**The Controlling Officer's response, referenced DPM 2/4 dated 30<sup>th</sup> November 2011, stated that the under expenditure was due to the following reasons:-**

- (i) More than half of the funds were for setting up the monitoring and evaluation systems which did not materialise because the staff member resigned and was only replaced 11 months later (1<sup>st</sup> September 2011), the unit is still going to set up a fully fledged M & E system for all the departments within the DPM's office with the bias on monitoring children indicators.**
- (ii) On the other hand the Director of the Unit retired and was replaced a year later (1<sup>st</sup> September 2011). The attrition of the staff had some financial implications in terms of absorption and also facilitating the utilization of the budget.**
- (iii) With the announcement of government being faced with financial challenges, the unit tried to save as much as possible and further consulted different donors who, unfortunately, have also announced that they are faced with some financial implications in terms of absorption and also facilitating the utilization of the budget.**
- (iv) One of the major capital projects was the establishment of a one stop centre which was rehabilitated and the procurement of equipment was suspended due to the announcement that Government was faced with financial challenges. The procurement of the equipment and staff recruitment will definitely utilize the budget and there is a great need for the centre to be fully functional before the end of the next financial year.**
- (v) With the finalization of the National Plan of Action for Children (2011 – 2015), most of the activities will be fully implemented in the next financial years. The five year National Plan of Action for Children provides a roadmap of activities that need to be implemented within a stipulated timeframe. This therefore will facilitate the absorption of the funds, budgeted. Besides the roadmap, the finalisation of the Children's**

**Protection and Welfare Bill 2011 has also contributed to the under expenditure since after approval by Parliament the operationalization and dissemination of activities are expected to commence after it has become an act.**

- (vi) **The staff recruitment and finalization of the National Plan of Action and the Children’s Bill (2011) will facilitate the absorption of the budget of the unit and further facilitate the coordination of all children’s activities in the country as per the mandate of the Unit.**

This response reflects that there was poor planning and budgeting.

**17.4 Unauthorised Over Expenditure on Recurrent Vote**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
06	CTA Vehicle Charges (10)	439,830.00	491,206.09	51,376.09	12
06	CTA Vehicle Charges (11)	492,768.00	544,874.60	52,106.60	11
06	Personnel Costs (31)	-	96,352.58	96,352.58	100

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

**The Controlling Officer concurred with the over expenditure on CTA charges, on activity 11 centre 1101 and activity 12 centre 1201. The reason given was that the Central Transport Administration (CTA) submitted the bills after the closure of the financial year and therefore, it was impossible to make adjustments.**

However he declined to give a response on activity 31 on the allegation that it was under Tinkhundla yet the government accounting system reflects this activity under the DPM’s office.

## HEAD: 07

### MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION

#### **Objectives:**

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

#### **18.0 AUDIT INSPECTION: EMBASSY OF SWAZILAND – KUALA LUMPUR – MALAYSIA**

An audit inspection was carried out at the Embassy of Swaziland in Kuala Lumpur – Malaysia and a report referenced H19/Vol.I/29 dated 18<sup>th</sup> September, 2009 was issued to the Principal Secretary, Ministry of Foreign Affairs. The Principal Secretary in his reply referenced MFAIC7/17 dated 08 December 2009, did not provide satisfactory explanations to my observations.

##### **(a) Tour Advance**

In my report referenced above, I drew the attention of the Principal Secretary that the High Commissioner overrode internal controls by undertaking several official visits to countries of accreditation, without reporting to the Controlling Officer. The total amount spent on the trips was RM167 245.50

As a result, the Head of Mission violated cabinet circular No. 1 dated 24<sup>th</sup> May, 2004 Section d (ii) which states clearly that “travel of Head of Mission within the areas of accreditation should be reported to the Principal Secretary, Ministry of Foreign Affairs before they are undertaken.

**The initial response, by the Controlling Officer referenced SDHC-KL/02/5 dated 23<sup>rd</sup> November 2009, was not relevant since he referred to Circular No.2 of 2004 which, allegedly states that Heads of Missions need Authority only when travelling outside countries of accreditation.**

**Further I am not aware of this Circular he quoted. Moreover, my concern relates to travel within the countries of accreditation and therefore the reply was not relevant.**

##### **(b) Subsistence Allowance and Airticket**

The Mission also paid subsistence allowance amounting to RM982.80 and an air ticket of RM6,636.00 on voucher numbers 060044 and 060021, which in total was equivalent to US\$2,015.56 at an exchange rate of US\$1=RM3.78. The funds were spent for a trip undertaken by the Receptionist, a local staff member, who traveled

from Malaysia to Swaziland during the 40/40 celebrations. During the audit inspection there was neither authority granted by the Principal Secretary, Ministry of Foreign Affairs to finance the trip nor invitation of the local staff member/Receptionist to the celebrations. Further, it was not clear what role was played by the receptionist, that necessitated her attendance, at the expense of government.

The Principal Secretary did not respond to my observation.

(c) **Foreign Service Allowance Advance**

I also pointed out that the High Commissioner authorised payment of foreign service allowance advances amounting to RM35,000.00 which was equivalent to US\$9,259.26 at the exchange rate of US\$1=RM3.78 to Diplomatic staff members. There was no written government regulation which authorised the High Commissioner to grant advances to staff members. The only official who is mandated to grant advances, as per prescribed rules and regulations, is the Accountant General.

The Foreign Service allowance advances were as follows:-

Voucher No.	Payee	Repayment Period	Amount RM
100023	Admin Attaché	6 months	15,000.00
100049	Third Secretary	4 months	20,000.00
<b>Total</b>			<b>RM35,000.00</b>

The High Commissioner violated General Order A211(2) which states that: “an application for an advance shall be made to the Accountant General through Head of Department, who shall take all reasonable steps to check the veracity of the application and he shall confirm that this has been done when forwarding the application”.

General Order No. A211(4) further states that the recovery of advances shall be made in three equal and consecutive monthly instalments, starting in the month following that in which the advance was made. But the Controlling Officer allowed the Officers to repay the advances over periods beyond the three months, which is stipulated in the regulations.

**In his response quoted above, the Principal Secretary stated that the process of applying for salary advance from Accountant General takes a long time yet the reality being a case of emergency requiring urgent solutions.**

The reply was not satisfactory because the Controlling Officer used discretion where regulations governing advances exist.

## **18.1 Audit Inspection–Swaziland High Commission-London**

An audit inspection was carried out at the Swaziland High Commission in London and a management letter referenced H.15/Vol.X.48 dated 27<sup>th</sup> September 2010 was issued to the Principal Secretary, Ministry of Foreign Affairs.

The Principal Secretary's response referenced MFAIC.07/17 dated 19<sup>th</sup> May 2011 was not satisfactory on the following issues.

### **(a) Business air ticket from London (Heathrow) to Manzini – Mr Allen Young**

I reported that a return air ticket which costed £5 879-00 was purchased by the Embassy in respect of Mr Allen Young for an official trip to Swaziland. The Embassy made the payment on instruction from the Ministry of Foreign Affairs, through a memorandum, referenced MOFAIC.6/3 dated 28<sup>th</sup> April 2010.

At the time of the audit the expenditure incurred on Mr Young's official trip to Swaziland was not re-imbursed to the Mission. The amount of £5 879.00 was equivalent to E72 958.39 if the average exchange rate of British Pound to Lilangeni was E12.4093.

### **(b) Hotel Accommodation Reservation**

The Embassy paid an amount of £1 628.59 and £2 150.69 respectively to Elegant Travels to reserve hotel accommodation for His Excellency Honourable Prime Minister and his delegation.

The Mission was refunded an amount of £1 085.57 receipted in General Receipt No.3323091 dated 10<sup>th</sup> July 2009. At the time of the audit an amount of £2 693.71 equivalent to E33 428.94 was still not yet re-imbursed to the mission.

### **(c) Request for Release of funds Amounting to £3 335.00**

The Controlling Officer requested for release of funds from the Embassy to the King's Office, amounting to £3 335.00 equivalent to E41 387.35. The request for the release of funds was made through memorandum referenced MFAT.S87 dated 4<sup>th</sup> June 2009. The money was to be collected by the Under Secretary, Ministry of Tourism and Environmental Affairs, employee number 3378094 and Counsellor in Pretoria High Commission employee number 3084689, who were on a special errand by the King's Office.

At the time of the inspection the funds were still not reimbursed by the King's Office.



(d) **Accommodation Expenses for Delegation in Copenhagen**

The Embassy withdrew from the bank, an amount of £25 000.00 equivalent to E310 250.00 to cater for accommodation expenses in respect of His Excellency the Honourable Prime Minister's delegation whilst in Copenhagen. This amount, £25 000.00 was drawn from the bank on 8<sup>th</sup> December 2009 by cheque No. 115013.

During the inspection I noted that only an amount of £11 240.86 equivalent to E139 499.07 had been reimbursed and receipted in General Receipt No.3712834. At the time of the inspection the Mission was still awaiting reimbursement of the balance of £13 759.14 equivalent to E170 750.93 from the Ministry of Foreign Affairs.

(e) **Hospital Bill - Chief Justice**

The Ministry of Foreign Affairs requested the Embassy to pay hospital bills amounting to £5 890.00, equivalent to E73 094.90 in respect of Chief Justice Richard Banda. The Ministry promised to process the refund of £5 890.00 equivalent to E73 094.90 to the Embassy through memorandum referenced MFAC/9/25 dated 9<sup>th</sup> March 2010.

At the time of the inspection the amount of £5 890.00 equivalent to E73 094.90 was not reimbursed to the Embassy.

(f) **Hotel Accommodation Deposit**

An amount of £14 781.73 equivalent to E183 441.27 was paid by the Embassy to Giga Gestioni (Excelsior Hotel) in respect of His Excellency the Honourable Prime Minister's delegation for an official visit to Italy –Rome.

At the time of the audit the amount of £14 781.73 equivalent to E183 441.27 has not been reimbursed to the Mission.

(g) **F.A.O. Summit in Rome**

An amount of £25 000.00 equivalent to E310 250.00 was drawn by the Embassy from the bank on 11<sup>th</sup> November 2009 to cater for accommodation, transport and incidental expenses in respect of His Excellency the Prime Minister's delegation whilst in Italy- Rome.

At the time of the inspection the Mission was still awaiting for reimbursement of £16 288.04 equivalent to E202 134.58 since £8711.96 equivalent to E108 109.33 had been receipted in General Receipt No. 3712823 dated 27<sup>th</sup> November 2009.

(h) **Hotel Accommodation Expenses**

Also, the Mission drew, from the bank, an amount of £6 761.34, equivalent to R83 908.23 and £3 082.00 equivalent to R38 247.62 on 23<sup>rd</sup> November 2009 and 14<sup>th</sup> December 2009 respectively to cater for hotel accommodation expenses in respect of His Excellency the Honourable Prime Minister's delegation whilst in London.

The total amount reimbursed to the Mission at the time of the audit, was £458.19 equivalent to E5 686.14 and £195.50, equivalent to E2 426.16 receipted in General Receipt numbers 3712817 and 3712820 dated 24<sup>th</sup> November 2009 and 22<sup>nd</sup> December 2009 respectively. The Mission was still anticipating a reimbursement of £9 189.65 equivalent to E11 4043.56.

To date I am not aware if these monies were re-imbursed. And it is noteworthy that non-reimbursement in the relevant financial year impacts adversely on the Mission financial position.

**18.2 Audit Inspection –Swaziland Embassy In Addis Ababa- Ethiopia**

An audit inspection was carried out at the Embassy and a report referenced H19F/45 dated 6<sup>th</sup> October 2010 was issued to the Principal Secretary Ministry of Foreign Affairs.

**The Principal Secretary's response referenced MFAIC.07/17 dated 23<sup>rd</sup> May 2011 was not satisfactory on the following issues.**

(a) **Expenditure For Diplomatic Bag**

In my report I pointed out that the diplomatic bag was, sometimes, used to transport documents which were not destined to the Ministry of Foreign Affairs. Hence the total amount of Birr 6018.37 equivalent to E2 467.53 paid to DHL for transporting such documents was irregular because the items that were transported were not for official purposes. The average exchange rate of Ethiopia Birr to Emalangeni was .41 Emalangeni.

Out of Birr 6 018.37, the Controlling Officer recovered Birr 603,41 equivalent to E247.40 leaving an outstanding amount of Birr 5 414.96 equivalent to E2 220.13.

The outstanding balance is analysed below:-

VOUCHER	INVOIC E	SHIPMENT DATE	SENDER	RECEIVER	COST OF SHIPMENT
010027	43774	20/03/09	Allen M. Khumalo Embassy of SD	Swaziland	Birr272.34 Equivalent toE111.66
020011	45008	29/04/09	Embassy of Swaziland	Glory Hlatjwayo Finance	Birr269.83 Equivalent toE110.63

020011	45008	29/04/09	Embassy of Swaziland	Lwali Msibi Swaziland	Birr269.83 Equivalent to E110.63
020011	44115	3/04/09	Embassy of Swaziland	Glory Hlatjwayo Finance	Birr269.83 Equivalent to E110.63
03022	45562	13/05/09	Embassy of Swaziland	Consultant Selispa –Rome	Birr377.43 Equivalent to E154.75
040017	46818	15/06/09	Embassy of Swaziland	Kunene Defence	Birr272.34 Equivalent to E111.66
040017	46818	15/06/09	Embassy of Swaziland	Royal Palace	Birr272.34 Equivalent to E111.66
040017	47134	22/06/09	Embassy of Swaziland	Dumsile Justice	Birr272.34 Equivalent to E111.66
040017	47134	22/06/09	Embassy of Swaziland	Phindile Correctional	Birr272.34 Equivalent to E111.66
040017	47134	22/06/09	Embassy of Swaziland	Enock Msibi-RSP Manzini P. Station	Birr272.34 Equivalent to E111.66
040017	47393	26/06/09	Embassy of Swaziland	Glory Hlatjwayo Finance	Birr272.34 Equivalent to E111.66
040017	47393	26/06/09	Embassy of Swaziland	Glory Hlatjwayo Finance	Birr272.34 Equivalent to E111.66
060009	5000	24/08/09	Embassy of Swaziland	Veliyensom JHB	Birr278.61 Equivalent to E114.23
060009	5000	25/08/09	Embassy of Swaziland	Gcinangaye Kings office	Birr465.86 Equivalent to E191.00
110018	55067	9/01/10	Embassy of Swaziland	Phirble Correctional	Birr330.45 Equivalent to E135.48
110018	55067	21/01/10	Embassy of Swaziland	Mbabane Taxi Rank	Birr324.80 Equivalent to E133.17
120020	55861	12/02/10	Embassy of Swaziland	Zinitha-Nkoyoyo Royal Palace	Birr324.80 Equivalent to E133.17
120020	56184	12/02/10	Embassy of Swaziland	Ericson Commission Ministry of Laboratory	Birr324.80 Equivalent to E133.17
				<b>Total</b>	<b>Birr 5 414.96 equivalent to E2 220.13</b>

(b) **Re-imbursable Expenditure**

Expenditure amounting to E325 535.47 was incurred by the Embassy to cater for officials from the Ministry of Defence and Security while in Addis Ababa, as follows:-

Type of Expenditure	Date	Delegation	Amount paid E
Air tickets	14-12-2009	Peace & Security Council	306 018.72

Hotel accommodation	30-03-2010	Ministry of Foreign Affairs	19 516.75
			<b>E325 535.47</b>

Since the money was drawn on behalf of the Ministry of Defense and Security, it is imperative for the ministry to re-imburse the Embassy's account before the end of the financial year because if delayed it would hinder the mission's operations and distort the ministry's end of year financial position.

**In his response referenced MFAIC.07/17, dated 23<sup>rd</sup> May 2011, the Principal Secretary agreed with my observations and stated that the matter would be referred to the Mission's Third Secretary.**

The Controlling Officer's response is disturbing and shows clear signs of relaxed attitude, taking into consideration that according to the appropriation act expenditure beyond the appropriated funds, by Parliament, are not permissible and therefore unauthorized. Therefore these monies, quoted above, should be strictly reimbursed to the Mission.

(c) **African Union Summit – Kampala**

I also noted that the High Commissioner in Addis Ababa attended the Summit of The African Union in Kampala, Uganda from 17<sup>th</sup> to 28 July 2010, twelve days and was paid subsistence allowance amounting to E23 520.00.

Of great concern was that at the end of tour the High Commissioner submitted a claim demanding re-imburement in respect of hotel accommodation, amounting to E5 292.00, for his accommodation on the last night 28 July 2010, which was covered in my subsistence allowance and had already been paid from the subsistence allowance.

I did not get any clarification as to why was government made to pay the above amount, in view of the fact that receipt number 65565 dated 29 July 2010 indicated that hotel accommodation for the High Commissioner and his spouse, was paid including the 28<sup>th</sup> July 2010.

Though the Controlling Officer stated that recoveries would be made in his response referenced MFAIC.07/17 dated 23 May 2011, no evidence of recovery was furnished to my office for confirmation.

(d) **Peace and Security Field Mission to Sudan 23-25 November 2009**

I informed the Principal Secretary that expenditure amounting to E1 999.20 in respect of a claim for telecommunication expenses was inflated, resulting in an overpayment of E1765.00.

A receipt from Bury Al-Fateh Hotel (Khartoun) dated 23<sup>rd</sup> November 2006 reflected that the Defence Attache bought a sim card and an air time which cost US\$5 i.e. E39.20 and US\$25 i.e. E196.00 respectively, at the exchange rate of 7.84. The total amount was US\$30.00 i.e. E235.20 and not US\$255 i.e. E1 999.20, that was shown on the invoice.

The Claimant was the Defence Attache who participated in Peace and Security Field mission which was held in Sudan. He departed from Addis Ababa on 23<sup>rd</sup> November 2009 and returned on 25<sup>th</sup> November 2009.

At the time of writing this report there was no evidence that the money was recovered.

(e) **Residential Telephone Bills**

In September 2002 the Principal Secretary in the Ministry of Foreign Affairs and International Cooperation, in his effort to minimize the use of residential telephones in our Missions abroad, issued a memorandum referenced MFAT.6 dated 23 September 2002 setting the limit of E300.00 for Embassies in Africa. Based on the average exchange rate, .41 the limit is Birr 732.00.

I communicated my concern to the Principal Secretary that diplomatic staff accredited to our mission, Addis Ababa, exceeded the set limit resulting in accumulated excess expenditure amounting to E59 354.16 in respect of telephone bills for 2009/2010 financial year, as shown below:-

**Admin Attache**

ACCOUNT#	TEL. NO.	SUBSCRIBER	MONTH	SET LIMIT PER MONTH (E)	AMOUNT PAID (E)	VARIANCE (E)
530421	116625827	Admin Attache	February 2009	300.00	1 123.58	823.58
530421	116625827	Admin Attache	March 2009	300.00	1 182.95	882.95
530421	116625827	Admin Attache	April 2009	300.00	1 790.47	1 490.47
530421	116625827	Admin	May 2009	300.00	1 345.66	1 045.66
530421	116625827	Attache	June 2009	300.00	483.85	183.85
530421	116625827	Admin	July 2009	300.00	494.51	194.51
530421	116625827	Attache	August 2009	300.00	973.65	673.65
530421	116625827	Admin	September 2009	300.00	1 940.22	1 640.22
530421	116625827	Attache	October2009	300.00	1 244.76	944.76
530421	116625827	Admin	November 2009	300.00	1 621.02	1 321.02
530421	116625827	Attache	December 2009	300.00	1 814.99	1 514.99

530421	116625827	Admin	January 2010	300.00	1 979.73	1 679.73
<b>Total</b>						<b>E12 395.39</b>

### COUNSELLOR

ACCOUNT#	TEL. NO.	SUBSCRIBER	MONTH	SET LIMIT PER MONTH (E)	AMOUNT PAID (E)	VARIANCE (E)
527103	116611126	Counsellor	April 2009	300.00	2 204.64	1 904.64
527103	116611126	Counsellor	May 2009	300.00	1 387.25	1 087.25
527103	116611126	Counsellor	June 2009	300.00	1 254.28	954.28
527103	116611126	Counsellor	Aug 2009	300.00	803.44	503.44
527103	116611126	Counsellor	September 2009	300.00	910.09	610.09
527103	116611126	Counsellor	October 2009	300.00	1 437.29	1 137.29
527103	116611126	Counsellor	November 2009	300.00	1 458.92	1 158.92
527103	116611126	Counsellor	December 2009	300.00	1 024.38	724.38
527103	116611126	Counsellor	January 2010	300.00	1 000.43	700.43
527103	116611126	Counsellor	February 2010	300.00	1 431.38	1 131.38
<b>Total</b>						<b>E9 912.10</b>

### FIRST SECRETARY

ACCOUNT#	TEL. NO.	SUBSCRIBER	MONTH	SET LIMIT PER MONTH (E)	AMOUNT PAID (E)	VARIANCE (E)
623802	114672223	FIRST SEC	March 2009	300.00	2 705.37	2 405.37
623802	114672223	FIRST SEC	April 2009	300.00	1 312.28	1 012.28
623802	114672223	FIRST SEC	May 2009	300.00	2 730.74	2 430.74
623802	114672223	FIRST SEC	June 2009	300.00	2 759.31	2 459.31
623802	114672223	FIRST SEC	July 2009	300.00	2 138.63	1 838.63
623802	114672223	FIRST SEC	August 2009	300.00	3 393.10	3 093.10
623802	114672223	FIRST SEC	September 2009	300.00	2 374.38	2 074.38
623802	114672223	FIRST SEC	October 2009	300.00	1 868.93	1 568.93
623802	114672223	FIRST SEC	December 2009	300.00	693.48	393.48
623802	114672223	FIRST SEC	January 2010	300.00	1 052.29	752.29
623802	114672223	FIRST SEC	February 2010	300.00	1 394.99	1 094.99
<b>Total</b>						<b>E19 123.50</b>

### DEFENCE ATTACHE

ACCOUNT#	TEL. NO.	SUBSCRIBER	MONTH	SET LIMIT PER MONTH (E)	AMOUNT PAID (E)	VARIANCE (E)
2732793	116295761	Defense attaché	March 2009	300.00	3 869.98	3 569.98
2732793	116295761	Defense attaché	April 2009	300.00	976.23	676.23
2732793	116295761	Defense attaché	May 2009	300.00	1 838.24	1 538.24
2732793	116295761	Defense attaché	June 2009	300.00	1 720.20	1 420.20
2732793	116295761	Defense attaché	July 2009	300.00	1 533.76	1 233.76

2732793	116295761	Defense attaché	August 2009	300.00	2 389.25	2 089.25
2732793	116295761	Defense attaché	September 2009	300.00	2 804.22	2 504.22
2732793	116295761	Defense attaché	October 2009	300.00	1 868.66	1 568.66
2732793	116295761	Defense attaché	December 2009	300.00	1 132.98	832.98
2732793	116295761	Defense attaché	January 2010	300.00	1 772.78	1 472.78
2732793	116295761	Defense attaché	February 2010	300.00	1 316.87	1 016.87
<b>Total</b>						<b>E17 923.17</b>

The Controlling Officer did not comment on the above serious poor telephone management and it is disturbing to note that if the above wastage is left uncontrolled and the money paid beyond the set limit is not recovered, government will end up not achieving its intended objectives, due to insufficient funds.

**(f) Non-Existent Post**

I noted with concern that the post of an Assistant Accountant at the Mission was not reflected in the Establishment Register. This post was previously occupied by a local staff, Bits it Endale, who resigned from the Mission on 31<sup>st</sup> December 2008 and another officer, who is a Swazi citizen, was recruited with effect from 10<sup>th</sup> March 2009.

In February 2010 the Ministry of Foreign Affairs issued a memorandum to the Ambassador (Ethiopia) referenced MFAIC. 9/25 dated 9<sup>th</sup> February 2010 advising him to disengage the Assistant Accountant with immediate effect since the posts of Accountancy Cadre are the sole prerogative of the Accountant General and the Civil Service Commission, but the Ambassador ignored the instruction.

The total unauthorized earnings comprising salaries and bus allowances during period March 2009 to December 2011, for financial year 2008/9, 2009/10, 2010/11 and 2011/12 is Birr 137 914.41, equivalent to E 58 021.08.

The analysis is as follows:-

Financial Year	Month	Salary Received (Birr)	Bus Allowance (Birr)	Total Earnings (Birr)	Average Exchange Rate	Equivalence to Emalangeni (E)
2008/9	March	2 910.00	Nil	<b>2 910.00</b>	.41	<b>1 183.10</b>
2009	April	3 684.37	92.04	3 776.41	.41	1 548.33
	May	3 931.66	104.32	4 035.98	.41	1 654.75
	June	3 931.66	102.86	4 034.52	.41	1 654.15
	July	3 931.66	135.00	4 066.66	.41	1 667.33
	August	3 931.66	129.13	4 060.79	.41	1 664.92
	September	3 931.66	128.57	4 060.23	.41	1 664.69
	October	3 931.66	128.57	4 060.23	.41	1 664.69
	November	3 931.66	135.00	4 066.66	.41	1 667.33
	December	3 931.66	Nil	3 931.66	.41	1 611.98



	January	3 931.66	Nil	3 931.66	.42	1 651.30
	February	3 931.66	Nil	3 931.66	.42	1 651.30
	March	3 931.66	128.25	4 059.91	.42	1 705.16
	<b>Total</b>			<b>48 016.37</b>		<b>E19 805.93</b>
2010/11	April	4 049.39	129.13	4 178.52	.42	1 754.98
	May	4 049.39	110.45	4 159.84	.42	1 747.13
	June	4 049.39	109.25	4 158.84	.42	1 746.71
	July	4 049.39	135.00	4 184.39	.42	1 757.44
	August	4 049.39	128.86	4 178.25	.42	1 754.87
	September	4 049.39	128.86	4 178.25	.42	1 754.87
	October	4 049.39	116.59	4 165.98	.42	1 749.71
	November	4 049.39	Nil	4 049.39	.42	1 700.74
	December	4 049.39	Nil	4 049.39	.42	1 700.74
	January	4 049.39	Nil	4 049.39	.43	1 741.30
	February	4 049.39	Nil	4 049.39	.43	1 741.30
	March	4 049.39	Nil	4 049.39	.43	1 741.30
	<b>Total</b>			<b>49 451.02</b>		<b>E20 891.09</b>
2011/12	April	4 170.78	Nil	4 170.78	.43	1 793.44
	May	4 170.78	Nil	4 170.78	.43	1 793.44
	June	4 170.78	Nil	4 170.78	.43	1 793.44
	July	4 170.78	Nil	4 170.78	.43	1 793.44
	August	4 170.78	Nil	4 170.78	.43	1 793.44
	September	4 170.78	Nil	4 170.78	.43	1 793.44
	October	4 170.78	Nil	4 170.78	.43	1 793.44
	November	4 170.78	Nil	4 170.78	.43	1 713.44
	December	4 170.78	Nil	4 170.78	.43	1 793.44
	<b>Total</b>			<b>37 537.02</b>		<b>E16 140.96</b>

(g) **Expenditure for School Trip**

I also raised concern about an unauthorized expenditure in respect of an air ticket and accommodation for the Counselor's child for the school trip to the Netherlands.

Flight and accommodation expenses amounting to E7 790.00 were incurred without authority from the Ministry of Public Service.

**In response to the above serious violation of government regulations, the Controlling Officer expressed his view to recover the money paid for the Counselor's child but did not state the commencement date of the deductions. To date no update has been forwarded to my office about the recovery.**

I consider the above act as a hoax aimed into making me believe that the unauthorized expenditure will be recovered.

**18.3 Audit Inspection: Swaziland Embassy in Kuwait**

An audit inspection report, ref. F14/Vol.10/62, dated 17<sup>th</sup> September 2010, presenting my audit findings on the above mentioned Embassy was issued to the Principal Secretary in the Ministry of Foreign Affairs and International Cooperation.

However, the Controlling Officer in his response ref. KWT. 05 dated 8<sup>th</sup> October 2010, the following paragraphs were not addressed satisfactorily.

(a) **Petty Cash**

In the report referenced above, I reported to the Principal Secretary that cash amounting to a sum of KD15,268.7000, equivalent to E434,699.89 at an (exchange rate –  $KD3.65 \times USD1 \times E7.80 = E28.47$  per KD) was withdrawn from the Embassy coffers as petty cash to be used for petty expenditure. The cash withdrawal was for the period 31<sup>st</sup> October 2009 and 31<sup>st</sup> December 2009. However, this money could not be accounted for, because there were no cash slips or expenditure receipts made available for audit, to support the expenditure incurred.

**The Controlling Officer in his response stated that a report on the expenditure of the petty cash was submitted to the Ministry of Foreign Affairs.**

However, without the petty cash receipts, such response did not address the issue of the unsupported petty cash expenditure. Therefore the petty cash expenditure was not justified.

The petty cash which could not be supported by cash receipts was in violation of Financial and Accounting Instructions 1406 which states that in the case of petty cash payments a cash sale slip will be sufficient to support the petty cash expenditure.

(b) **Unsupported Expenditure**

In the same report, I also expressed concern that unsupported expenditure amounting to KD22 990.00 equivalent to E654 525.30 at an exchange rate of  $KD3.65 \times E7.80 = E28.47$  per KD was incurred in respect of passage allowance for the Ambassador's trips.

The only documents attached to the payment vouchers were notes which acknowledged payments by the Travel Agent, Jumbo Tour and Travel.

The below expenditure is not authentic since it was not supported by invoices from the travel agent and therefore it was unaccounted for.

The Table showing the unsupported expenditure is as follows:-

Voucher No.	Cheque No. / Cash	Total Amount Paid (KD)	Date of Travel	Destination
0030023	Cash	197,000	22.06.09	Kuwait - United Arab Emirates
0030012	Cash	277,000	07.05.09	Kuwait - United Arab Emirates
0040001	326	1,632,000	29.06.09	Kuwait – Swaziland

0060021	366	480,000	17.09.09	Kuwait – Qatar
007004	377	1,510,000	08.10.09	Kuwait -United Arab Emirates, Qatar, Yemen
008002	397	3,010,000	31.10.09	Kuwait – Swaziland via U.K.
008006	402	1,409,000	08.11.09	Swaziland – Kuwait
0080010	403	1,822,000	09.11.09	Kuwait – Swaziland
0090008	417	115,000	09.12.09	United Arab Emirates – Kuwait
0090026	424	2,198,000	16.12.09	Kuwait – Swaziland via Qatar
0110024	455	2,205,000	16.02.09	Kuwait – Swaziland
0120003	463	8,135,000	05.03.10	Kuwait R.S.A., London, Canada, Belgium
	<b>TOTAL</b>	<b>22,990,000</b>		

However, the Controlling Officer in his response neither addressed the issue of unsupported payment nor provided the invoices as supporting documentation for payments to justify the payment of E654 525.30 to the Travel Agent, which is a requirement by Financial and Accounting Instruction 0803.

(c) **Unoccupied Leased House**

The Mission leased a house in Dahiya Mubarak Al Abdulla, Al Jaber Black st.106 in Kuwait for the Counselor before assumption of duty.

The lease is for the duration of five(5) years, commencing 1<sup>st</sup> May 2008 to 30<sup>th</sup> April 2013 and rental payment is KD 18 000.00 per annum which was equivalent to E512 460.00 @ an exchange rate of  $KD3.65 \times USD1 \times E7.80 = E28.47$  per KD.

The House which is fully furnished by Government is still vacant even to date and Government for the past 3 years, 1<sup>st</sup> May 2008 to 30<sup>th</sup> April 2011 had suffered a loss of KD54 000.00 which was equivalent to E1 537 380.00 calculated at  $KD3.65 \times USD1 \times E7.80 = E28.47$  per KD.

To date, I have neither been updated on the termination of the lease nor informed of the efforts made by the Principal Secretary to save Government from this loss.

It should be noted that the drain of Government resources is a thorn in the flesh of the taxpayers especially this time of dire need of cash flow.

(d) **Double Payment**

Further, the mission double paid the annual rental payment of (KD18 000.00x2=KD36 000) = E1 024 920.00 of the unoccupied house set aside for the Counselor.

The rental paid for the period 1<sup>st</sup> May 2009 to 30<sup>th</sup> April 2010 amounted to KD36 000.00 instead of KD18 000.00. The double payment resulted to overpayment of KD18 000.00=E512 460.00

The payments were made by cheques 242 and 492 amounting to KD18 000.00

each.

Cheque No.242 was acknowledged as received by the Landlord on 3<sup>rd</sup> May 2009 and presented to the bank on 25<sup>th</sup> May 2009 whilst cheque No.492 was acknowledged on 3<sup>rd</sup> May 2010 and presented to the bank on 26<sup>th</sup> April 2010, exactly, after 12 months.

Despite that I advised the Principal Secretary, Ministry of Foreign Affairs and International Cooperation to recover the overpaid amount from the Land Lord, to date, I have not been apprised of the action taken.

Seemingly, there are apparent losses of funds in this Mission which are not taken seriously by the Embassy to be recovered.

**The Controlling Officer did not respond to my observations and thus violated Financial and Accounting Instruction 0315 (ii) which prescribes that it is the duty of all Accounting Officers to reply promptly to any queries raised by the Auditor General, giving fully the particulars or information desired.**

#### **18.4 Unauthorised Over Expenditure on Recurrent Vote**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
07	Professional and Special Services (15)	105,000.00	117,927.55	12,927.55	12

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

**The Controlling Officer did not respond to my observations and thus violated Financial and Accounting Instruction 0315 (ii) which prescribes that it is the duty of all Accounting Officers to reply promptly to any queries raised by the Auditor General, giving fully the particulars or information desired.**

#### **18.5 Re: Audit Inspection: Ministry of Foreign Affairs and International Cooperation**

An audit inspection report referenced F14/Vol. IV/75, dated 23<sup>rd</sup> December 2010, presenting audit findings for the financial years 2009/2010 and 2010/2011, was issued to the Principal Secretary, Ministry of Foreign Affairs and International Cooperation. However, the Controlling Officer's response referenced MFAIC. 07.2, dated 24<sup>th</sup> May 2011, did not satisfactorily address the following issues.

(a) **Exceeded Usage of Cell phone and Residential Telephone Limits**

In my report, the attention of the Principal Secretary was drawn to the excess payment, amounting to E142 400.84, which was paid by government in respect of the excess of the set limits, for mobile telephones and residential telephones which were provided by government in the fiscal year ended 31<sup>st</sup> March 2010.

The authority used by the Ministry to support the payment for the excess amounts was not relevant.

According to Establishment Circular No.2 of 2005, the excess amount should be paid by the officials concerned. In addition, Finance Circular No.3 of 2005 paragraph 13 (a) states that any exceeded limit shall be deducted from the salary of the user on a monthly basis.

Below are tables showing the exceeded limits

**Employment Number: 2231644**

Month	Cell:6062909 Bill	Circular Limit	Excess	Landline: 5480552 Bill	Circular	Excess	Overall Excess
	E	E	E	E	E	E	E
April	7 113.53	4 500.00	2 613.53	724.81	1 500.00	-	2 613.53
June	6 858.19	4 500.00	2 358.19	1 656.78	1 500.00	156.78	2 514.97
July	8 322.14	4 500.00	3 822.14	5 199.60	1 500.00	3 699.60	7 521.74
September	9 325.54	4 500.00	4 825.54	758.58	1 500.00	-	4 825.54
October	9 779.15	4 500.00	5 279.15	2 129.78	1 500.00	629.78	5 908.93
December	5 127.97	4 500.00	627.97	2 739.02	1 500.00	1 239.02	1 866.99
January	5 162.58	4 500.00	662.58	3 013.83	1 500.00	1 513.83	2 176.41
March	6 549.26	4 500.00	2 049.26	720.17	1 500.00	-	2 049.26
<b>Total</b>			<b>E22 238.36</b>			<b>E7 239.01</b>	<b>E29 477.37</b>

**Employment Number: 8742180**

Month	Cell: 76063101 Bill	Authorised Limit	Excess Amount	Landline: 24090179	Landline: 24090025	Total E	Authorised Limit	Excess Amount	Overall Excess
April	6,762.21	2,500.00	4,262.21	367.96	261.24	629.20	1,200.00	-	4 262.21
May	11,575.87	2,500.00	9,075.87	468.61	261.24	729.85	1,200.00	-	9 075.87
June	19,433.99	2,500.00	16,933.99	768.12	261.24	1,029.36	1,200.00	-	16 933.99
July	12,541.47	2,500.00	10,041.47	931.04	261.24	1,192.28	1,200.00	-	10 041.47
August	5,391.66	2,500.00	2,891.66	657.89	261.24	919.13	1,200.00	-	2 891.66
September	10,779.42	2,500.00	8,279.42	1,425.69	261.24	1,686.93	1,200.00	486.93	8 766.35
October	4,395.94	2,500.00	1,895.94	1,202.77	261.24	1,464.01	1,200.00	264.01	2 159.95
November	3,657.95	2,500.00	1,157.95	520.46	261.24	781.70	1,200.00	-	1 157.95
December	7,071.65	2,500.00	4,571.65	677.63	261.24	938.87	1,200.00	-	4 571.65
January	8,678.73	2,500.00	6,178.73	484.09	261.24	745.33	1,200.00	-	6 178.73
February	7,543.58	2,500.00	5,043.58	1,391.91	261.24	1,653.15	1,200.00	453.15	5 496.73
March	9,880.80	2,500.00	7,380.80	2,087.31	261.24	2,348.55	1,200.00	1,148.55	8 529.35
<b>Total</b>			<b>E77,713.27</b>						<b>E80 065.91</b>

Employment Number: 3159983

Month	Cell: 76063104 Bill	Authorised Limit	Excess Amount	E
April	175.00	1,500.00	-	
May	175.00	1,500.00	-	
June	175.00	1,500.00	-	
July	2,414.50	1,500.00		914.50
August	3,487.40	1,500.00		1,987.40
September	7,344.31	1,500.00		5,844.31
October	10,640.70	1,500.00		9,140.70
November	5,146.96	1,500.00		3,646.96
December	5,481.50	1,500.00		3,981.50
January	1,058.19	1,500.00	-	
February	175.00	1,500.00	-	
March	175.00	1,500.00	-	
April	175.00	1,500.00	-	
May	175.00	1 500.00	-	
June	175.55	1 500.00	-	
July	2 494.09	1 500.00		994.09
August	2 640.00	1 500.00		1,140.00
September	6 708.10	1 500.00		5,208.10
<b>Total</b>				<b>E32,857.56</b>

**In his initial response, the Controlling Officer stated that he had been granted a waiver by the Ministry of Public Service, to pay the excess amounts using public funds. The authorization through memorandum referenced OS61/5 and dated 3<sup>rd</sup> October 2008 from Ministry of Public Service was granted to pay certain excesses of phone bills, incurred in the financial year 2008/2009, upon the request made by the Ministry. In addition the Ministry of Public Service urged the Controlling Officer to comply with Circular No.2 of 2005, as is.**

Therefore, my understanding is that this Ministry was not granted any permanent waiver of the terms of Circular No.2 of 2005.

The purpose of setting the maximum limits for the phone usage facility to contain telephone expenditure to an acceptable level was not effective. As a result Government lost E142,400.84 in savings that could have been made, if the Ministry had spent within the authorized threshold.

**After communicating my intention to report the matter to Parliament , the Controlling Offer, in his response referenced MFA 1C.07/2 dated 9<sup>th</sup> January 2012, remained steadfast on the initial response. He expressed the understanding that the authority that was granted by the Ministry of Public Service was not confined to a particular period and financial year and thus it addressed the request of his Ministry to be afforded unlimited usage of hand held cellular phones and residential telephone bills.**



However, I still maintain that the authority granted only allowed the Ministry to pay the excess amounts at that particular period and succinctly stated that the Ministry should abide by the conditions of the Circular.

In this regard the Ministry was not exempted from the set limits.

(b) **Payments made for unused MTN Mobile Phone Account number: Cell phone Number 76063120**

I further reported to the Principal Secretary that the Ministry continued to service unused and unallocated MTN Mobile phone account number 76063120, at E175.00 per month, since the beginning of the fiscal year 2009/2010 to 2010/2011; from April 2009 to February 2011. Hence the bills accumulated to E4 025.00 were paid, without any performance benefit/ to Government.

I am concerned that Government funds are abused and wasted for no services rendered since the expenditure incurred was not necessary and should have been avoided by merely closing this account and reopening it when the post is filled.

**However, in his initial response, the Principal Secretary concurred with my finding. He stated that the number had been reserved by the Ministry for the Deputy Chief of Protocol who was to be appointed shortly before the end of the financial year 2009/2010 and the appointment did not materialize after being pushed forward time and again by the relevant Ministry. He further stated that the Ministry had since notified the service provider to remove the number from its account.**

After indicating that the matter is referred to Parliament, the Controlling Officer in his response stated that the matter was discussed and understood by the auditors. This indicates that no corrective action was taken about the loss incurred, except to terminate the contract as indicated in the initial response.

(c) **Overtime Allowances**

(i) **Overtime claims without Authorities**

I further drew the attention of the Principal Secretary to the terms of General Order A250 (2), in respect of the officers listed below, that by virtue of their grades, they are not entitled to claim overtime allowances unless a special request is approved by the Principal Secretary in the Ministry of Public Service.

Overtime allowances without authority:-

Officer's Employment Number	Designation	Grade	Period for overtime claim	Pay Date	Amount E
3803936	Protocol Officer	B7	16-04-2010 to 20-04-2010	21 July 2010	6 173.48
			05-04-2010 to 26-04-2010	21 May 2010	2 680.41
			<b>Fiscal year</b>	<b>2010/2011</b>	<b>E8 853.89</b>
			06-09-2009 to 24-10-2009	17 December 2009	5 993.77
			18-08-2009 to 30-08-2009	23 November 2009	6 685.89
			01-07-2009 to 12-07-2009	24 October 2009	4 568.00
			28-11-2008 to 30-11-2008	24 April 2009	2 280.00
			<b>Fiscal year</b>	<b>2009/2010</b>	<b>E19 527.66</b>
			01/09/2008 to 09/11/2008	16 December 2008	9 696.00
			09-07-2008 to 31-08-2008	23 October 2008	7 907.20
			<b>Fiscal year</b>	<b>2008/2009</b>	<b>E17 603.20</b>
			25-06-2007 to 03-09-2007	22 October 2007	8 172.90
			01-05-2007 to 24-06-2007	23 July 2007	5 448.60
			06-01-2007 to 13-02-2007	23 April 2007	1 332.12
			<b>Fiscal year</b>	<b>2007/2008</b>	<b>E14 953.62</b>
			10-12-2006 to 18-12-2006	15 January 2007	2 233.26
			31-07-06 to 10-09-2006	24 November 2006	7 535.36
			03-08-2006 to 27-08-2006	24 October 2006	4 305.92
			07-07-2006 to 23-07-2006	24 August 2006	4 027.52
			18-05-2006 to 25-05-2006	24 July 2006	1 763.20
			30-03-2006 to 24-04-2006	24 May 2006	6 496.00
			<b>Fiscal year</b>	<b>2006/2007</b>	<b>E26 361.26</b>
			27-01-06 to 22-02-2006	24 March 2006	5 512.32
				24 February 2006	835.20
				18 January 2006	760.96
				16 December 2006	1 884.74

			<b>Fiscal year</b>	<b>2005/2006</b>	<b>E8 993.22</b>
<b>Total</b>					<b>E96 292.85</b>
<b>3866933</b>	<b>Protocol Officer</b>	<b>B7</b>	17-02-2010 to 25-02-2010	22 May 2010	2 159.42
			28-10-2009 to 08-11-2009	17 December 2009	3 654.40
			11-09-2009 to 26-10-2009	24 November 2009	3 875.88
			13-08-2009 to 30-08-2009	23 October 2009	5 647.72
			31-05-2009 to 22-07-2009	24 September 2009	6 007.61
			19-04-2009 to 21-05-2009	24 June 2009	2 373.12
			22-01-2009 to 22-01-2009	21 July 2010	432.00
			<b>Fiscal year</b>	<b>2009/2010</b>	<b>E24 150.15</b>
			04-08-2008 to 01-09-2008	23 October 2008	3 144.00
			28-04-2008 to 08-05-2008	23 June 2008	3 234.26
			12-03-2008 to 23-04-2008	23 May 2008	2 394.99
			<b>Fiscal year</b>	<b>2008/2009</b>	<b>E8 773.25</b>
			05-11-2007 to 11-11-2007	14 December 2007	1 146.32
			31-08-2007 to 21-10-2007	22 November 2007	10 186.80
			23-03-2007 to 22-04-2007	22 May 2007	3 808.38
			14-06-2007 to 28-08-2007	22 October 2007	6 210.03
			<b>Fiscal year</b>	<b>2007/2008</b>	<b>E21 351.53</b>
<b>Fiscal year</b>	<b>2006/2007</b>		06-12-2006 to 22-02-2007	23 April 2007	<b>1 418.02</b>
<b>Total</b>					<b>E55 692.95</b>

I further expressed my concern on how the above officers were paid overtime allowances without the appropriate authority from the Ministry of Public Service. Notable was that the overtime claims were processed and passed by Accountant General even though there was no authority from the Ministry of Public Service.

To date I am not made aware of any recovery of the above unauthorized overtime allowances.

**However, in his initial response, the Controlling Officer concurred with my findings and conceded the anomaly. He stated that the implicated officers had been approached about the matter and were made aware that the funds**

**have to be refunded to Government since they were not supposed to benefit without the approval of the Ministry of Public Service.**

**As an update on the matter, in his reply, the Controlling Officer informed me that he approached the implicated officers about the issue but they expressed their view that the overtime claims were duly authorized and they would seek legal redress to avert recovery. In that regard the Ministry is still consulting with the relevant Ministry on the way forward on this issue.**

However no evidence has been produced to confirm authorization of the overtime, by the Ministry of Public Service.

According to government regulations expenditure incurred without proper authorization is not authorized.

**(ii) Overtime Allowances paid to Chauffeur**

I also reported to the Principal Secretary that an overtime allowance, of E2196.89 in the month of May 2009, was received by the Chauffeur employment number: 3180039 who in lieu of overtime allowance, gets monthly Chauffeur Allowance of 35% of the basic salary as per Finance Circular no. 1 of 2009. As a result the overtime paid to the employee constitutes an overpayment that should be recovered.

Therefore, the employee was not entitled to overtime allowance because he receives a monthly overtime pay which is included in his monthly gross salary.

I am concerned that my advice to the Principal Secretary, Ministry of Foreign Affairs and International Cooperation to recover the irregular overtime allowance from the officer, was not considered. Hence, the Financial and Accounting Instructions, section 0509 that prescribes prompt recovery of overpayment, was grossly violated by the Principal Secretary, Ministry of Foreign Affairs and International Cooperation.

**In his response, the Controlling Officer justified this matter and stated that “the overtime allowance (money) was paid to the officer after being engaged in an Inter State Politics and Diplomacy Committee which was hosted by SADC. The organizers of the meeting agreed that all officers working during the said meeting would be compensated hence the payment.”**

The Controlling Officer promised to recover the money from the Chauffeur.

**(iii) Unsupported Overtime Payments**

I pointed out that overtime allowances amounting to E161, 370.44 were paid in the fiscal year 2009/10 without the relevant authorisation by Ministry of Public

Service and supporting documents, to confirm that the extra hours were indeed worked.

The unauthorised overtime are shown below:

<b>Employment Number</b>	<b>Designation</b>	<b>Period of Overtime claimed</b>	<b>Month</b>	<b>Overtime Paid E</b>
3319778	Driver	11/12/2008 to 22/02/2009	April, 2009	9 353.49
3491140	Accountant	28/02/2009 to 22/03/2009	April, 2009	2 240.55
3865011	Personal Secretary I	05/07/2008 to 28/02/2009	April, 2009	2 650.79
4201038	Personal Secretary	26/12/2008 to 21/01/2009	April, 2009	3 228.16
6196370	Assistant Protocol Officer	23/01/2009 to 28/01/2009	April, 2009	1 770.31
	<b>Sub – Total</b>			<b>19 243.30</b>
3576151	Personal Secretary	26/03/2009 to 30/03/2009	May, 2009	2 036.37
3180039	Chauffer	27/03/2009 to 30/03/2009	May, 2009	2 196.89
3318904	Messenger	28/03/2009 to 30/03/2009	May, 2009	8 57.28
3319778	Driver	07/03/2009 to 20/04/2009	May, 2009	9 181.79
3442108	Cleaner	04/04/2009 to 20/04/2009	May, 2009	744.58
3491140	Accountant	28/03/2009 to 30/03/2009	May, 2009	2 393.75
3711510	Messenger	28/03/2009 to 30/03/2009	May, 2009	778.63
3837731	Cleaner	28/03/2009 to 31/03/2009	May, 2009	580.19
4694339	Clerical Officer	28/03/2009 to 30/03/2009	May, 2009	956.28
8903622	Messenger	28/03/2009 to 30/03/2009	May, 2009	857.28
5233133	Assistant Protocol Officer	28/03/2009 to 30/03/2009	May, 2009	2 995.84
9046865	Personal Secretary I	26/03/2009 to 31/03/2009	May, 2009	1 995.15
39794138	Assistant Political Analyst II	28/03/2009 to 30/03/2009	May, 2009	3 406.56
3866933	Protocol Officer	20/02/2009 to 20/04/2009	May, 2009	8 973.36
4201038	Personal Secretary	18/03/2009 to 30/03/2009	May, 2009	2 208.91
4443803	Assistant Protocol	01/03/2009 to 31/03/2009	May, 2009	6 195.63
6196370	Assistant Protocol Officer	26/03/2008 to 20/03/2009	May, 2009	7 223.74
	<b>Sub – Total</b>			<b>E53 582.23</b>
3576151	Personal Secretary	19/04/2009 to 19/04/2009	June, 2009	1 193.74
39924861	First Secretary	17/04/2009 to 19/04/2009	June, 2009	554.74
3318904	Messenger	19/04/2009 to 19/04/2009	June, 2009	534.82
3711510	Messenger	19/04/2009 to 19/04/2009	June, 2009	534.82
3837731	Cleaner	19/04/2009 to 19/04/2009	June, 2009	323.94
8903622	Messenger	19/04/2009 to 19/04/2009	June, 2009	566.28
5233133	Assistant	19/04/2009 to 19/04/2009	June, 2009	1 063.04

	Protocol			
3866933	Protocol Officer	19/04/2009 to 21/05/2009	June, 2009	2 373.12
4443803	Assistant Protocol	04/04/2009 to 21/04/2009	June, 2009	4 894.89
6196370	Assistant Protocol Officer	18/04/2009 to 19/04/2009	June, 2009	1 619.27
	<b>Sub – Total</b>			<b>E13 658.66</b>
5233133	Assistant Protocol	19/04/2009 to 20/04/2009	July, 2009	1 860.32
	<b>Sub – Total</b>			<b>E1 860.32</b>
3803936	Principal Protocol Officer	01/07/2009 to 12/07/2009	September2009	4 568.00
6196370	Assistant Protocol Officer	09/07/2009 to 13/07/2009	September 2009	1 489.02
	<b>Sub – Total</b>			<b>E6 057.02</b>
39924861	First Secretary	12/08/2009 to 13/08/2009	October, 2009	705.90
3318904	Messenger	12/08/2009 to 13/08/2009	October, 2009	211.31
3415867	Accountant	22/08/2009 to 29/08/2009	October, 2009	1 144.45
3430767	Security Officer	22/08/2009 to 30/08/2009	October, 2009	805.98
6196370	Assistant Protocol Officer	07/08/2009 to 15/08/2009	October, 2009	2 577.15
	<b>Sub – Total</b>			<b>E5 444.79</b>
3576151	Personal Secretary	28/08/2009 to 31/08/2009	November 2009	3 017.81
	<b>Sub – Total</b>			<b>E3 017.81</b>
3521326	Personal Secretary	07/11/2009 to 08/11/2009	December 2009	957.33
3527504	Personal Secretary	06/11/2009 to 18/11/2009	December 2009	1 290.92
3803936	Protocol Officer	06/09/2009 to 24/10/2009	December 2009	5 993.77
3866933	Protocol Officer	28/10/2009 to 08/11/2009	December 2009	3 654.40
	<b>Sub – Total</b>			<b>E11 896.42</b>
3576151	Personal Secretary	18/07/2009 to 20/07/2009	January, 2010	2 319.88
39924861	First Secretary	17/07/2009 to 20/07/2009	January, 2010	2 658.89
3318904	Messenger	17/07/2009 to 20/07/2009	January, 2010	933.32
3375118	Cleaner	05/12/2009 to 13/12/2009	January, 2010	551.06
3381694	Cleaner	05/09/2009 to 31/10/2009	January, 2010	1 510.76
3442108	Cleaner	05/12/2009 to 13/12/2009	January, 2010	638.96
3711510	Messenger	17/07/2009 to 20/07/2009	January, 2010	1 285.52
3837731	Cleaner	18/07/2009 to 20/07/2009	January, 2010	720.18

3521326	Personal Secretary	16/12/2009 to 19/12/2009	January, 2010	1 423.26
4894711	Assistant Political Officer	17/07/2009 to 20/07/2009	January, 2010	3 030.72
5233133	Assistant Protocol Officer	17/12/2009 to 19/12/2009	January, 2010	1 785.96
39794138	Assistant Social Political Analyst II	18/07/2009 to 20/07/2009	January, 2010	2 462.46
	<b>Sub – Total</b>			<b>E19 320.97</b>
39924861	First Secretary	17/12/2009 to 19/12/2009	February, 2010	1 552.98
3318904	Messenger	17/12/2009 to 19/12/2009	February, 2010	528.29
3711510	Messenger	16/12/2009 to 19/12/2009	February, 2010	686.78
8903622	Messenger	17/12/2009 to 19/12/2009	February, 2010	475.47
3521326	Personal Secretary	16/12/2009 to 19/12/2009	February, 2010	1 423.26
	<b>Sub – Total</b>			<b>E4 666.78</b>
4694339	Clerical Officer	-	March, 2010	1 483.20
3803936	Principal protocol officer	15/12/2009 to 20/12/2009	March, 2010	4 097.36
6196370	Assistant Protocol Officer	14/02/2010 to 27/02/2010	March, 2010	1 718.10
4307529	Personal Secretary I	-	March, 2010	2 654.10
	<b>Sub-Total</b>			<b>E9 952.76</b>
3318904	Messenger	20/02/2010 to 28/02/2010	April, 2010	915.72
3375118	Cleaner	13/02/2010 to 14/02/2010	April, 2010	275.53
3711510	Messenger	20/02/2010 to 28/02/2010	April, 2010	915.72
4585822	Senior Clerical Officer	20/02/2010 to 28/02/2010	April, 2010	1 349.04
8903622	Messenger	20/02/2010 to 28/02/2010	April, 2010	915.72
	<b>Sub – Total</b>			<b>E4 371.73</b>
2568742	Night watchman	24/04/2010 to 26/04/2010	May, 2010	742.50
3375118	Cleaner	03/04/2010 to 11/04/2010	May, 2010	588.42
3381694	Cleaner	06/03/2010 to 11/04/2010	May, 2010	1 443.03
9751631	Assistant Accountant	08/05/2010 to 09/05/2010	May, 2010	1 273.86
3527504	Personal Secretary I	01/03/2010 to 17/04/2010	May, 2010	1 604.68
4443803	Assistant Protocol Officer	17/03/2010 to 30/03/2010	May, 2010	2 645.16
	<b>Sub – Total</b>			<b>E8 297.65</b>
<b>Overall Total</b>	<b>Overall Total</b>			<b>E161 370.44</b>

The Principal Secretary, Ministry of Foreign Affairs and International Cooperation, did not comply with the General Order A250, which clearly states that “it shall be the responsibility of Heads of Departments to ensure that:

(a) Where overtime is to be worked, it is necessary, properly authorised in advance....., and

(b) A record of all overtime duty should be kept and will be subjected to audit inspection/query.”

Furthermore, I requested the Principal Secretary, Ministry of Foreign Affairs and International Cooperation to furnish my office with the relevant supporting documents of the above overtime allowance payments, for audit review and authenticate the necessity of working extended hours (overtime hours).

The Principal Secretary, did not provide my office with the supporting documents for the overtime allowances. However, in his response, he stated that “the Ministry submitted that the lack of supporting documents for these overtime claims was a result of improper record keeping by the Human Resources office of the same Ministry.”

**(d) Unauthorised Petty Cash Expenditure**

In my report referenced above, I drew the attention of the Principal Secretary about the petty cash of E4 519.49 which was spent on unauthorized expenditure in the financial year 2009/2010. According to the Imprest Warrant No. 43 of 2009/2010 from Accountant General/ Treasury Department, the petty cash funds were to be used for the buying of newspapers for the office and Embassies, and tea groceries for the office. However, the petty cash was diverted to purchase items which were not authorized in the imprest warrant. Thus it simply shows that the Ministry was handling an excessive amount of petty cash on hand, which was then being used for unauthorized petty cash expenditure.

The analysis of unauthorized petty cash expenditure in the fiscal year is depicted below.

**Unauthorised Petty Cash Expenditure**

Month	Voucher Number	Cheque Number	Payee	Item Description	Amount
04	040070	421514	SPTC	Refilling Tranking Machine	500.00
			Tikhetsele	M:M Key	13.90
			AM wholesale	Adaptor plug	160.00
			Inter rent	Petrol	420.00
			Government sales tax	Registered parcel for Minister	60.00
	040002	412144	Bob’s Midas	Cable Ties	60.00



					<b>1 213.90</b>
05	050018	435801	Cash Build	Double CY1 Deadlock and 3L lock	209.90
					<b>209.90</b>
06	060005	448066	Webster's	1X 3 Quire note book	14.50
			Shoprite	Brown cover for portrait of PM	1.79
			Key Hole Security	Key	12.00
			PC System	USB for the ministry	195.00
					<b>223.29</b>
07	070056	469134	Cash Build	P/Pan imbal – white SCC cistern universal white & fittings cistern semi close couple	571.95
			Clicks	Duracell plus AAA4 and Safeway adaptor	79.95
			Tax De Fronteira	Petrol and toll gates to Maputo	17.00
			Inter Rent	Petrol and toll gates to Maputo	310.00
			Portagem De Maputo	Petrol and toll gates to Maputo	100.00
07	070022		Tikhetsse General Dealer	Mortice lock set	69.90
	070021		Inter Rent	Toll gates to Maputo	13.50
			Portagem De Maputo	Toll gates to Maputo	20.00
			Fronteira Taxade	Toll gates to Maputo	17.00
					<b>1 199.30</b>
08	080014	477153	Portagem De Maputo	Petrol and toll gates to Maputo	20.00
			Inter Rent	Petrol and toll gates to Maputo	400.00
			Direcsao Geral DAS	Toll gates to Maputo	10.00
			Fronteira Taxade	Petrol and toll gates to Maputo	17.00
					<b>E447.00</b>
<b>09</b>	<b>090063</b>	517422	Cellular Choice	USB for the Ministry	150.00
			Fronteira Taxade	Toll gates to Maputo	95.00
					<b>E245.00</b>
11	110058	54507	Cash Build	Multi switched plugs	121.95
			Motors spares	Cable ties	120.00
			Apollo Services	Ribbons	14.95
	110022	518283	C N A	Christmas Cards	299.90
			Options (Pty) Ltd	4 GB Flash	190.00
			Webster's	Office Stationery	36.30
					<b>E783.10</b>
12	120032	539536	Direcqd Gaal DAS ALTADEGAS	Boarder pass to Maputo	10.00
			Chumana. Com	Nokia Charge for US	80.00

				Political	
			Portagem De Maputo	Petrol to Maputo	40.00
			Fronteira Taxade	Toll gates to Maputo	68.00
	120046	532605	Ever Green Trading	Duracell Batteries for PS's Mouse	20.00
<b>Total</b>					<b>E218.00</b>
<b>Overall</b>					<b>E4 519.49</b>

**The Controlling Officer, in his initial response concurred with my findings. He said that the reason to purchase some of the listed items, above, is that when applying for the imprest, it was mentioned to the office of the Accountant General that sometimes the petty cash is used to buy incidental items.**

**The words incidental items were not included in the Warrant issued by the Accountant General.**

The Controlling Officer again concurred with my findings and regretted the use of funds for items not listed on the imprest warrant.

**(e) Undelivered Furniture**

I reported to the Principal Secretary that the Ministry paid an amount of E 286 900.00 in respect of furniture which was not delivered. The undelivered furniture items were acquired from CITI Import and Export (Pty) Ltd, where invoice number 07771, dated 15 March 2010, amounting to E1 546 846.00 was fully paid by the Ministry while part delivery had been made by the supplier. Attached to the invoice was an unsigned and undated delivery note, number: 0833, 0835, and 0836. The payment was processed with voucher number: 120093 on the 18<sup>th</sup> March 2010. Moreover, it transpired that CITI GROUP HOLDINGS was fully paid after a partial delivery and during the audit inspection the audit team confirmed that two wooden drawers, for Personal Secretary – SADC Director's office, were not yet delivered. Also, I noted that this purchase was made towards the end of the financial year 2009/2010. This reflected that the intention behind was only to exhaust the released budget provision.

It is disturbing to note that the supplier was fully paid before the furniture items were fully delivered. This means that the supplier used government funds to finance the purchase order before delivery.

The analysis of undelivered durable items is depicted below:

Purchase d items	Delivered items	Differen ce	Item description	Payee	Unit price E	Total Amount E
95	60	35	Leather arm chairs	Citi Import & Export (Pty) Ltd	2 600.00	91 000.00
55	33	22	Leather swivel	Citi Import & Export	2 950.00	64 900.00

			chairs	(Pty) Ltd		
19	15	4	Solid wood desk set	Citi Import & Export (Pty) Ltd	2 150.00	8 600.00
53	33	20	Filing cabinet	Citi Import & Export (Pty) Ltd	5 000.00	100 000.00
5	4	1	Credenza 1800W 450d 760H	Citi Import & Export (Pty) Ltd	15000.00	15000.00
1	0	1	Bar fridge cabinet	Citi Import & Export (Pty) Ltd	1 200.00	1 200.00
4	3	1	Coffee table	Citi Import & Export (Pty) Ltd	2 200.00	2 200.00
2	1	1	Executive Board Chairman High Back Swivel chair with adjustable height	Citi Import & Export (Pty) Ltd	4 000.00	4 000.00
<b>TOTAL</b>						<b>E286 900.00</b>

**In his belated reply, the Controlling Officer claimed that the audit team had miscalculated the furniture items and that the cheque was withheld, but this was not the presentation given to the audit team during the audit inspection.**

The reply was not convincing because when a recount was performed in August 2010, the Audit Team came up with the same findings.

It is worth mentioning that my concern is that the Ministry prepaid before delivery of the furniture against government Regulations and this was confirmed by the bank transfer which was made on 30<sup>th</sup> March 2010.

**(f) Uniform Record**

In my report I pointed out that the Uniform Record was not up to date, and was last recorded in 2004. Moreover, a control weakness was noted when uniforms amounting E50, 828.70 were purchased from LN Swaziland Cleaning Materials, during the financial year 2009/2010. During the inspection there were no records maintained showing delivery and issue of the uniforms. Hence, it was impossible to ascertain whether the uniforms purchased, by the Ministry of Foreign Affairs and International Cooperation, were delivered and issued to the deserving officers, as required by the relevant Circulars and General Orders. The details of payments during the financial year 2009/2010 are depicted below.

Voucher No.	Cheque No.	Payee	Item descriptions	Amount E
090094	506654	LN Swaziland Cleaning Supplies	Uniforms	50 828.70
100012	506507	Bonizulu Masuku (Temporary Chauffeur)	1X3 Piece Suit	2 369.54
030053	405794	Nkosinamandla Nhlabatsi (Chauffeur)	1X Carducci Suit	2 115.67
030051	405792	Samuel D. Mavuso (Chauffeur)	1X Suit	2 115.67
030052	405793	Lucas Matsebula (Chauffeur)	1X Black Suit	2 115.67
120067	393624	Isaiah L. Dlamini (Temporary	1X Yellow Suit	2 100.00

		Chauffeur)		
<b>Total</b>				<b>E61 645.25</b>

**In his belated response, the Controlling Officer said that the uniforms were ordered and duly delivered, but no supporting evidence provided.**

It is noteworthy that the spending pattern, by this Ministry, reflects that there is minimal adherence to government regulations and lack of accountability.

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

**Objectives:**

To ensure the security of the country.

**19.0 Unauthorised Over Expenditure on Recurrent Vote**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). The Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
08	CTA Vehicle Charges (11)	560,542.00	3,094,277.76	2,533,735.76	452
08	CTA Vehicle Charge (12)	19,112,990.00	76,658,865.81	57,545,875.81	301

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

**In his response the Controlling Officer stated the various causes of the over expenditure on CTA charges that are:-**

**Activity 12**

- **The hiring of 50 motor vehicles that were later recalled early January 2011.**
- **Failure by CTA to implement numerous requests by the Ministry for boarding vehicles.**
- **Added military operations that were not budgeted for.**

**Activity 11**

- **Was caused by the intensive farming after hiring of the farm Manager.**

**He also pointed out that the situation was a result of the reduction of funds released by 50% from the approved budget.**

However, the authority that allowed the Ministry to overspend was not mentioned/produced.

**HEAD: 09**

**MINISTRY OF TINKHUNDLA AND REGIONAL DEVELOPMENT**

**Objectives:**

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

**20.0 AUDIT INSPECTION: KHUBUTHA INKHUNDLA**

An audit inspection was conducted at Khubutha Inkhundla on 19<sup>th</sup> August 2009 and a report referenced N15/Vol.VIII/77 dated 19<sup>th</sup> October 2009 was issued to the Principal Secretary in the Ministry of Tinkhundla Administration and Development.

**(a) Purchase of Hardware Material – Kandlovu Youth Association**

In my report referenced above, I drew the attention of Controlling Officer that fencing and watering material amounting to E16 713.00 for a vegetable production project, was lying idle at Ezishineni Umphakatsi, allegedly because the members of the above Association deserted the above vegetable project in order to further their studies. The items were purchased on the 13<sup>th</sup> March 2008 but during the physical verification, 19<sup>th</sup> August 2009, they were still found lying idle and unused.

Amongst the materials purchased, there were 3 diamond mesh fencing material valued at E3 757.00 that were stolen from the consignment listed below:-

<b>Item</b>	<b>Quantity</b>	<b>Unit Price (E)</b>	<b>Total Price (E)</b>
500 ml water tank	2	E3 600.00	E 7 200.00
Meranti door	2	E 999.00	E 1 998.00
Diamond mesh 1.8m	6	E1 252.00	E 7 515.00
<b>Total</b>			<b>E16 713.00</b>

The supplier, G.C.T. Investments was paid on voucher No. 030051, cheque no. 5562.

**In his initial response, referenced Tinkh 2/3/vol.1/63, dated 4<sup>th</sup> November, 2010, the Controlling Officer agreed that 3 diamond mesh rolls were stolen and the matter was reported to the Police, but the matter was still pending. He also undertook to inform my office upon receipt of information on the issues raised.**

However the response was silent on the assertion that the association deserted the project to further their studies.

Even though the Controlling Officer made an undertaking to keep my office informed about the status of the vegetable production project and the present position regarding the stolen fencing material, I am concerned that the Controlling Officer has not kept his promise. As a result at the time of reporting I have not been informed of an outcome of the police investigations on this matter.

The terms of the Regional Development Fund Regulation, Legal Notice No. 83 of 2008 Section 12 (1) (a) (b) state that “in considering an application, a project committee shall satisfy itself in addition to the criteria set out in Regulation 10 (2) and 11 (1) that the project has been professionally screened, appraised and certified as viable and that the Association is ready to proceed with the project”.

It is disheartening to note that the provisions of the above act were ignored when considering financial assistance to the above Association. I therefore consider the above payment charged against Public Funds a waste of State resources because the project was a non starter.

**The response, to my reference sheet, referenced Tinkh 2/3 dated 7<sup>th</sup> October 2011 indicated that the association was met and it transpired that fencing was in progress. Also, the association cited that the reason why its members were discouraged to be active, was the delay in getting that functional mill.**

**The Controlling Officer informed me that the association was given one month (October) to complete the works, supposedly to allow the project to commence.**

**The issue of the stolen fence is still pending and is to be followed up by the Gogo Centre Manager.**

The response is not convincing to make me believe this matter has been resolved and the project will take off, given the lapse of time from the date the materials were purchased (3 years ago). There is no evidence to confirm this assertion.

It is noteworthy that the reasons given in the response does not correspond to the one obtained during the inspection, that the members left, to further their studies or rather information whether a new association has been established.

## **20.1 Audit Inspection: Maseyisini Inkhundla**

An Audit inspection was carried out at Maseyisini Inkhundla Centre on the 26<sup>th</sup> August 2009 and a report referenced N15/ Vol.VIII/85 dated 5<sup>th</sup> January 2010 was issued to the Controlling Officer, Ministry of Tinkhundla Administration and Development.



(a) **Purchase of 200 Bags of Cement– Ka Dlovunga Community**

In my report referenced above, I drew the attention of Controlling Officer in the Ministry of Tinkhundla Administration and Development, that 200 bags of cement amounting to E13 900.00 were purchased and charged to the Regional Development Fund in 2008/09 financial year. The goods were purchased from CRB Trading and paid through voucher number 026010 dated 5<sup>th</sup> May 2008 by cheque number 5462.

The 200 bags of cement were purchased for the construction of a Poultry Shed for Ka-Dlovunga Community. However, the project was a non-starter and as a result the cement bags were distributed amongst the members of the Association(project) for personal use.

During the physical verification of the project, evidence collected was that, one member of the Association/project was interviewed and she admitted that after receiving her fair share of the cement she constructed a rondavel for personal use.

The other members of the Association made cement blocks with a view of extending their houses.

**In his initial response referenced TINK.2/2vol.II 119, dated 28 February 2010, the Principal Secretary agreed with my observations stating that a decision to share the bags of cement amongst members of the community project came after efforts to secure a site to operate the project failed, and the matter is with the inner Council of the area.**

The Regional Development Fund Regulations notice of 2008 stipulates that the availability of land where the proposed business or scheme will operate must be ascertained and confirmed prior to Funding.

I therefore consider that due care was not exercised when scrutinising the associations request for funding and I find the expenditure unjustified, irregular and the act was tantamount to fraud, because unused material should have been returned to government for reallocation to other deserving associations/projects.

**In his reply, referenced Tinkh 2/3 Vol II, dated 7<sup>th</sup> October 2011, the Controlling Officer stated that the Regional Office met the association and the members stated that they initially asked for chicks and not the cement and they were forced to accept the cement. The Controlling Officer resolved that the cement should be returned and the Regional Office should investigate the issue of the 50 bags.**

In view of the above information the issue has not been corrected and he did not state how he intends to recover the cement that was purchased through public funds which benefited individuals for personal gain.

## **20.2 Under Expenditure on Project X46599 – Construction of Tinkhundla**

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

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

An amount of E3 000 000.00 was approved and released for minor repairs of existing Tinkhundla Centres.

The whole released amount was not utilized thus resulting in the savings of 100%.

The Ministry is expected to explain and give the reasons for the non-implementation of this project as well as the savings.

**The Controlling Officer denied the over expenditures. He stated that the E3 000 000.00 was allocated for minor repairs on Tinkhundla Centres and part of it was utilized to reconstruct the Mayiwane Inkhundla, which was also completed.**

## **20.3 Under Expenditure on Project X46699 – Construction of Kitchens and Hostels II**

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

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

An amount of E3 000 000.00 was approved and released for the completion of kitchens and hostels and Woman in Development (WID) Centres.

The Ministry is expected to explain and give the reasons for the savings and justify whether the project was completed.

**The Controlling Officer reported that there was no under expenditure under this project. The total sum of E3 000 000.00 was released for the completion of the project. However since the project was a non starter the money was, with authority, reallocated for the construction of the Mhlambanyatsi Inkhundla which is in progress.**

#### **20.4 Under Expenditure on Project X46799 – Security at Tinkhundla Centres**

Under expenditure are as serious as over expenditures in that if approved funds are locked up and unutilized, retards the development and economic growth..

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

An amount of E2 000 000.00 was approved and released for fencing, security lights and construction of guard houses at Tinkhundla Centres.

The whole released amount was not utilized resulting in the savings of 100%.

The Ministry is expected to explain failure to implement the project.

**The Controlling Officer in his reply assured me that there was no under expenditure on this project. The focus of this project was in the installation of flood lights in all Tinkhundla and the whole sum of E2 000 000.00 that was released was utilized for the project and it was accomplished.**

#### **20.5 Under Expenditure on Project X49699 – Phocweni Resettlement**

Under expenditure are as serious as over expenditures in that if approved funds are locked up and unutilized, retards the development and economic growth..

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

An amount of E20 000 000.00 was approved and released for the settlement of Pocweni residents to make available for the expansion of Matsapha Industrial Area.

Actual expenditure amounted to E258 492.00 resulting in an under expenditure of (E5 000 000.00 – E258 492.00) E4 741 508.00 (94.8%).

The Ministry is expected to explain the status of the project and give reasons for the slow implementation and further justify the high savings.

**In his reply the Controlling Officer stated the reason for the under expenditure to have been that the Ministry of Finance did not release the funds and thereafter projects implementation was suspended due to the Economic crisis.**

#### **20.6 Unauthorised Over Expenditure on Recurrent Vote**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated

the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
09	CTA Vehicle Charges (12)	4,137,396.00	7,103,222.82	2,965,826.82	72
09	Personal Costs (12)	44,352,131.00	49,807,251.35	5,455,120.35	12

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

**In his reply the Controlling Officer stated the following causes of over expenditure:-**

- (i) **CTA Vehicle Charges**  
The over expenditure was a result of various assignments at Chieftom levels which Tinkhundla is involved in.
- (ii) **Personnel Cost**  
The over expenditure was a result of the escalation of personnel cost due to introduction of Circular no. 1 which was back dated to April 2011 creating arrears resulting in the over expenditure.

No comment was made about the authority allowing the Ministry to over spend.

**20.7 Audit Inspection: Motshane Inkhundla Empowerment Fund For The Year 2008/2009**

In July 2009, I conducted an audit inspection at Motshane Inkhundla and a report referenced P10/ V111/93 dated 3<sup>rd</sup> August 2009 was issued to the Principal Secretary.

The Principal Secretary did not respond to the concerns raised which are stated below.

**(a) Purchase of Materials: Ntambande Youth Association**

In my report, referenced above, I brought to the attention of the controlling officer that one hundred and sixteen (116) bags of cement and various tools amounting to thirteen thousand one hundred and thirty two Emalangeneni (E13 132.00) purchased for the above association, were not used for the benefit of the association, which intended to make cement blocks, for sale.

The materials which were purchased from the Empowerment Fund, during 2008/2009 Financial Year, were alleged to be in the custody of a certain community member, under Motshane Inkhundla, who is also a Civil Servant, employee number 4222910.

The items purchased were

Item	Quantity	Unit Price (E)	Amount (E)
50kg bags cement	116	87.00	10 150.00
Concrete wheel barrow	3	600.00	1 800.00
Garden Spades	6	127.00	762.00
Shovels	3	140.00	420.00
Total			<b>E13 132.00</b>

In the same memorandum, I pointed out that during an interview with the inner council members of the above Inkhundla (Bucopho, Indvuna) it transpired that the member of the community, who is a Civil Servant, claimed ownership of the above Items, citing that the approval of the project was a result of his idea and therefore he should benefit from it.

Further, during a follow-up inspection, conducted on 1<sup>st</sup> September 2011, it was discovered that the project was no longer operating because the member decided to abandon the project and kept the durable items in his possession.

It is my major concern and worry that the controlling officer ignored the above serious matter of depriving the youth association a good course, that of generating income and allowed an individual to unjustly enrich himself using the tax payer's money.

In view of the above scenario, government's aim to alleviate poverty at grassroots level is being jeopardized, at the expense of the taxpayers.

Also, it should be noted that if poverty alleviation is not achieved the crime rate will increase and become uncontrollable.

**In his reply, referenced Tinkh 2/3 Vol. I/68, dated 20<sup>th</sup> December 2011, the Controlling Officer informed me that the member of the association who claimed the material has been instructed to pay a fine and give the material back to the youth.**

Further, he promised to update me when the instruction has been duly executed.

At the time of writing the report I have not been updated on the matter.

**20.8 Audit Inspection: Mahlangatsha Inkhundla, Regional Development Fund For The Year 2008/2009**

An audit inspection was carried out at the above Inkhundla Centre on the 20<sup>th</sup> April 2010, and a report referenced m4.Vol.IX.16,dated 18<sup>th</sup> May 2010 was issued to the Principal Secretary in the Ministry Tinkhundla Administration and Development.

The Controlling Officer's response was not satisfactory because the matter was not addressed.

**(a) Purchase of Welded Wire Mesh**

In my memorandum quoted above, I reported that welded wire mesh valued at E33 000.00 were unused at the Mahlangatsha Gogo Centre.

These items were purchased by order number 509003 dated 25th November 2008 from L.S.M Distributors (Pty) Ltd and delivered on 8<sup>th</sup> December 2008.

The payment was made on the 9<sup>th</sup> December 2008 on payment voucher, 090011 by cheque number 482.

The details were:-

Description of goods	Quantity	Unit Price (E)	Total Price (E)
Welded wire mesh	10	3 300.00	E33 000.00

However, a further enquiry revealed that the materials were rejected by the Kazulu Farmers Association at Mahlangatsha Inkhundla, because they were not the required items.

The Association requisitioned 10 rolls of fencing material, Diamond mesh but 10 welded wire mesh were purchased and delivered, which they could not utilize.

A follow up inspection conducted on the 29<sup>th</sup> September 2011 revealed that the welded mesh, twenty nine months after delivery, was still lying idle at the Gogo Centre exposed to all kinds of weather conditions.

I find it hard to come into terms with the controlling officer's response referenced Tinkh 2/3 Vol 1/122 dated 9<sup>th</sup> September 2010 informing my office that matters surrounding the above expenditure are being under consideration, looking at the length of time it has taken the association to make use of the expensive building material.

I see no good reason for failure, by the ministry, to reallocate the above material which has cost government so dearly to another deserving association, as required by the Regional Development Fund Regulations, no 83 of 2008.

In view of the above scenario, government's intention to alleviate poverty from grassroots level is being jeopardized and the objective of the fund, will not be realized.

**20.9 Audit Inspection – Shiselweni Region**

An Audit inspection was carried out at 14 Tinkhundla centers in the Shiselweni region and a report referenced N15VOLIII dated 24 November 2010 was issued to the Principal Secretary in the Ministry of Tinkhundla Administration and Development.

The Principal Secretary's response did not satisfactorily address the following Audit concerns raised on the following purchases.

**(a) Cleaning Material**

In my report, referenced above, I expressed concern about cleaning material, valued at E169 280.00 which were purchased from Hidings Investments (PTY) LTD, using the Empowerment Fund, for 2010 financial year, in respect of the following 14 Tinkhundla centres:

1. Nkwene
2. Mtsambama
3. Shiselweni II
4. Shiselweni I
5. Khubutha
6. Maseyisini
7. Gege
8. Ngudzeni
9. Sigwe
10. Zombodze
11. Hosea
12. Matsanjeni
13. Sandleni
14. Somntongo

The cleaning material purchased was as follows:

QTY	ITEM DESCRIPTION	UNIT PRICE (E)	TOTAL PRICE (E)
480	Bales industrial toilet paper	120.00	57 600.00
42	Cases sunlight soap	455.00	19 110.00

14	Long handle feather duster	395.00	5 530.00
28	Toilet brushes	45.00	1 260.00
30	25L liquid soap	350.00	10 500.00
28	Deoblock (blue or pink)	395.00	11 060.00
28	20L wax floor polish	375.00	10 500.00
28	25L general purpose cleaner	375.00	10 500.00
28	25L heavy duty cleaner	345.00	9 660.00
40	Mops	95.00	3 800.00
30	Carpet shampoo	350.00	10 500.00
240	Dyroach	40.00	9 600.00
28	Toilet bowl cleaner	345.00	9 660.00
<b>TOTAL</b>			<b>E169 280.00</b>

The cleaning material which was to be shared amongst the 14 Tinkhundla centres in the Shiselweni region was received by the Assistant Accountant, Shiselweni Regional Administration office and were delivered on the 24<sup>th</sup> February 2010, by delivery note number 19 and paid on 26<sup>th</sup> February 2010, voucher number 120022 by cheque number 000928.

However, a physical verification, which was conducted at the Tinkhundla centres from 26<sup>th</sup> July 2010 to 13<sup>th</sup> August 2010 revealed that the material amounting to E76 090.00 were distributed to the Tinkhundla centres, and materials amounting to E98 320.00 were missing and untraceable

In summary the cleaning materials distributed were:-

QTY	DESCRIPTION	UNIT PRICE (E)	AMOUNT (E)
21X14	Bales industrial toilet paper	120.00	30 480.00
1X14	Cases sunlight soap	455.00	6 370.00
2X14	Toilet brushes	45.00	1 260.00
1X14	25L liquid soap	350.00	4 900.00
1X14	20L wax floor polish	375.00	5 250.00
1X14	25L general purpose cleaner	345.00	4 830.00
1X14	Toilet bowl cleaner	345.00	4 830.00
2X14	25L heavy duty cleaner	345.00	4 830.00
1X14	Long Mops	95.00	2 660.00
1X14	Dyroach	40.00	560.00
1X14	Carpet shampoo	350.00	4 990.00
<b>TOTAL</b>			<b>E76 090.00</b>

**(b) Missing Cleaning Material – E 98 320.00**

The missing cleaning material valued at E98 320.00 were:

QTY	ITEM DESCRIPTION	UNIT PRICE	TOTAL PRICE (E)
186	Bales industrial toilet paper	120.00	22 320.00
28	Case sunlight soap	455.65	12 740.00
16	25L liquid soap	350.00	5 600.00
14	25L general purpose cleaner	375.00	5 250.00



14	25L toilet bowl cleaner	345.00	4 830.00
14	25L heavy duty cleaner	345.00	4 830.00
18	Long mops	95.00	1 710.00
30	Carpet shampoo	350.00	10 500.00
14	Wax floor polish	375.00	5 250.00
<b>TOTAL</b>			<b>E98 320.00</b>

(c) **Irrelevant Purchase**

I noted with concern that 30X25 litres of carpet shampoos, valued at E10 500.00 were purchased but there were no carpets at the Tinkhundla centres.

Further, there were no carpet shampoos delivered or distributed to the Tinkhundla centres.

This indicates that the purchase of this product was not genuine but a strategy to steal the money from the fund.

**In response to the above serious anomaly, the Controlling Officer forwarded two responses, one referenced TINKH 2/3 Vol II, dated 22 February 2011, stating that the cleaning items were delivered to various fourteen Tinkhundla centres and some other items were left at Regional Offices in Nhlangano to be delivered on request.**

**He further pointed out that another visit, by my Office, could assist on updating the records.**

**The other response referenced TNKH 2/3 VOL II, dated 11<sup>th</sup> August 2011, denied that there were missing material and attached 15 dubious delivery notes asserting that the whole consignment was shared and delivered at once, to the 14 Tinkhundla centres, including the Tinkhundla Regional Office, at Nhlangano.**

The delivery notes were not authentic because they were not signed by the alleged recipients to acknowledge receipt of the items.

Further, the materials were purchased for the 14 Tinkhundla centres but the delivery notes include one consignment in respect of the Regional Administration office which has its own budget for recurrent expenditure.

These conflicting statements confirm that indeed the whereabouts of the other items are unknown and the expenditure did not benefit the Tinkhundla Centres.

Further, as if it was not enough my office made another visit, by appointment, to inspect the material kept at the Regional office, but could not gain entry into the storeroom. The reason given was that the keys were not available because the cleaner had gone to Mbabane, thereafter, there was no update about this matter.

In view of the above, the amount of E98 320.00, in respect of the missing material which were not accounted for, is a loss to government and tantamount fraud.

**(d) Purchase of Office Stationery**

I also stated that office stationery for all the Tinkhundla centres under the Shiselweni Regional Administration office amounting to E212 984.00, was purchased using the Empowerment fund.

The items were as follows:

QTY	ITEM DESCRIPTION	UNIT PRICE (E)	TOTAL PRICE (E)
28	50 bic click pens blue	6.90	9 660.00
28	50 bic click pens black	6.90	9 660.00
28	Staplers 993430	15.30	428.40
100	Staples	14.95	1 495.00
300	Typing carbon paper	159.00	47 700.00
1500	Reams A4 photocopying paper	79.00	119 850.00
140	2 quire hard cover notebook	14.50	2 030.00
300	Treasury tags - Indian	24.50	7 350.00
28	Stamp pad large	39.50	1 106.00
100	Adding machine rolls	7.50	750.00
100	Endorsing ink violet and black	7.50	750.00
50	Boxes rubber bands	9.50	475.00
250	Eraser pencil	13.50	3 375.00
350	Marking pens	19.50	7 410.00
50	Tippex fluid set	18.90	945.00
<b>TOTAL</b>			<b>E212 984.00</b>

The above stationery was received by the Assistant Accountant, Shiselweni region and was paid on voucher number 120050, cheque number 482.

In my memorandum referenced above, I stated that during the physical verification conducted at the Tinkhundla centres I noted that the underlisted stationery items, amounting to E39 647.60, was not received by the Tinkhundla centres.

The missing stationery was as follows:

QTY	ITEM DESCRIPTION	UNIT PRICE (E)	TOTAL PRICE (E)
14	50 bic click pens (blue)	6.90	4 830.00
14	50 bic click pens (black)	6.90	4 830.00
90	Typing carbon papers staples	159.00	14 310.00
72	Staples	14.95	1 076.40
100	Reams	79.90	7 990.00
90	Treasury tags	24.50	2 205.00
100	Adding machine rolls	7.50	750.00
16	Endorsing ink violet	7.50	120.00

8	Boxes rubber bands	9.50	76.00
40	Erasers, pencil	13.50	540.00
142	Marking pens	19.50	2 769.00
8	Tippex fluid	18.90	151.20
<b>TOTAL</b>			<b>E39 647.60</b>

**In his response, referenced TINKH2/3 VOL III, dated 14 July 2011, the Controlling Officer concurred with my observation and stated that not all the stationery purchased for the Tinkhundla centres, was issued because some of it was kept at the Shiselweni Regional offices.**

It was however disturbing to note that, during the physical inspection, there were no records confirming the Controlling Officer's assertion, that stationery was transferred to Tinkhundla centres.

The above action is also a clear indication that the Empowerment Fund was diverted from its primary purpose, that is, poverty alleviation, to purchase stationery which is budgeted for in the recurrent budget.

Further to the above, the procedure set out in regulation 0505 of the stores regulation of 1975, which enforces Accounting Officers to maintain accounting records in case of transfer of stores between departments, was not observed.

It is worth mentioning that the assistant accountant during the interview agreed that there were problems with both orders and promised to talk to the suppliers, Hidings Investments (Pty) Ltd, suppliers of cleaning material and Two Sisters, stationery suppliers.

In view of the findings, the whole expenditure was not genuine since the purpose and need of the goods is not clear.

**20.10 Audit Inspection : Lomahasha Inkhundla , Regional Development Fund for the Financial Year 2008/ 2009**

An audit inspection was conducted at the above Inkhundla Centre on the 7<sup>th</sup> October 2009 and a report referenced S17 Vol . IX. III dated 30<sup>th</sup> December 2009, was issued to the Controlling Officer, Ministry of Tinkhundla Administration and Development.

However, the Controlling Officer in his response, ref Tinkh 2/3 Vol 1/115, dated 10<sup>th</sup> March 2010, did not take corrective action on the issues raised.

**(a) Purchase of building material for Bhubezi Dip-Tank : Shewula Area**

Building material worth E121 037.30 was purchased on the 27<sup>th</sup> May 2008 from Lapet Investment for the construction of Bhubezi Dip Tank. The supplier was paid on the 5<sup>th</sup> June 2008 on voucher number 030074 by cheque number 5486.

The goods purchased consisted of the following items:

Description	Quantity Ordered	Unit Price	Total Amount Paid (E)
Cement	316	75.60	23,889.60
Re-inforcement rods 6m	120	17.90	2,148.00
100mm wire	7	31.70	221.90
Cresonated poles 6m	150	121.70	18,255.00
Cresonated poles 2.5m	153	121.70	18,620.00
Plain wire 8 gauge	5	720.00	3,600.00
Plain wire 14 gauge	1	930.00	930.00
Corrugated iron sheets	216	190.00	41,040.00
IBR Ridge	4	582.40	2,329.60
IBR Sheets 1.5m	40	83.85/m	5,031.00
Roofing screws	5	54.60	273.00
Roofing washers	5	51.00	255.00
Door frame 813 *2032	1	1 350.00	1,350.00
Window frame C 4 H	1	671.00	671.00
Brickforce	123	19.70	2,423.10
<b>Total payment</b>			<b>E121,037.30</b>

**(b) Part Delivery**

In the report referenced S17 Vol IX III, dated 30<sup>th</sup> December 2009, I stated that the roofing material which was part delivered consisting of corrugated iron sheets and IBR sheets amounting to E42 605.50 was missing.

The missing items were:

Description	Quantity	Unit Price	Total Price (E)
Corrugated Iron Sheets	211	190.00	40,090.00
IBR Sheets	30	83.85/m	2,515.50
<b>Total</b>			<b>E42,605.50</b>

The Principal Secretary in his response referenced Tinkh 2/3 Vol. 1 /115 dated 10<sup>th</sup> March 2010 concurred with my observation and stated that the roofing material was kept at one of the Homesteads and had since been returned by the chairperson of the organization.

During a follow up inspection conducted on the 28<sup>th</sup> September 2011, it was discovered that only 31 corrugated iron sheets were later delivered by the supplier to make good the undelivered iron sheets.

Therefore the shortfall of 180 corrugated iron sheets, valued at E34 200.00 and 30 IBR sheets, worth E2 515.50, remained missing. Thus a total of E36 715.50 were paid for undelivered items.

The table below depicts the missing roofing material:

Description	Quantity available	Quantity not available	Unit Price	Total Amount (E)
Corrugated iron sheets	31	180	190.00	34,200.00
IBR Sheets 1.5 m	10	30	83.85 /m	2,515.50
Grand Total				<b>E36,715.50</b>

The above state of affairs was communicated to the Principal Secretary of the Ministry, whose response Tinkh 2/3 Vol 1/115 dated 2<sup>nd</sup> November 2011 attached a letter from the supplier in an effort to clarify the shortage. However the information furnished by the supplier was disputed because it did not match the information contained in the purchase order form.

(c) **Duplication of funding**

Notably whilst the building material was purchased and charged to the Regional Development Fund for the construction of the Dip Tank, the construction of the project was in progress and was financed by the Community Development Fund, Micro Projects Programme, at a cost of E20,000.00, under the Ministry of Economic Planning Development. The total cost of the project was E85,000.00 broken down as follows:

Micro Project / Community Development Fund	E20,000.00
Shewula Community Contributions	<u>E65,000.00</u>
	<b>E85,000.00</b>

During a follow up audit inspection which was conducted on the 28<sup>th</sup> September 2011, I was not surprised to find the building material, that was purchased through the Regional Development Fund amounting to E121,037.30, still lying idle at the Inkhundla Centre, exposed to all kinds of weather conditions.

It should be noted that the material has been lying idle since it was purchased in 2008, that is over two (2) years.

In view of the above scenario , there is no seriousness demonstrated by this Community to put into good use the Regional Development Fund, which is intended to alleviate poverty at grassroots level.

It is patently clear, therefore, that during the application for funding the screening process by the Development Committee for the Inkhundla Centre, did not consider the approved projects under the Micro Project Programme, before approving funding from the Regional Development Fund.

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

## HEAD: 10

### MINISTRY OF NATURAL RESOURCES AND ENERGY

#### Objectives:

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

#### **21.0 Irregular Salary Payment- Employment No. 39886743**

In my memorandum referenced N18 VOL.IV, dated 5<sup>th</sup> October 2010, I drew the attention of the Principal Secretary, Ministry of Natural Resources and Energy about an officer, employment number 39886743 who went on study leave without proper authorization and received full salary for thirty six months (3years) while away, on training.

Records revealed that, in August 2007, the Officer was awarded a pre-service scholarship, which is meant for school leavers who are not employed, whilst in the service of the Government of Swaziland, under the Ministry of Tinkhundla and Regional Administration. The Officer pursued her studies at the university of Swaziland, on a full time basis, since August 2007, without obtaining proper authority for study leave and received full salaries totaling E230,000.00, for three (3) academic years starting from August 2007 to August 2010.

In mitigation, the Officer in her unreferenced letter, dated 17 November 2010, alleged to have obtained a verbal approval to proceed on study leave, from her previous Supervisor at the Ministry of Tinkhundla and Regional Administration.

Since this officer was already employed by government she was entitled to the in-service training scholarship and not the pre-service scholarship.

Therefore, the Officer in order to qualify for salary payment whilst on study leave, should have complied with General Order A370, which states that officers have to be nominated by government so that the whole period of absence including vacations shall count as duty.

Instead, the whole process was a conglomeration of issues without reference to the applicable rules and regulations such that; the nomination process was not clear, the scholarship obtained was not suitable for a serving officer and no authority was

obtained from the relevant authority, Ministry of Public Service, in relation to the study leave.

Furthermore, under no circumstances this officer should have earned full salary for the duration of study, if regulations were followed accordingly.

It is quite evident that this Officer, personally, initiated the training and was not nominated by government and therefore she should have complied with the relevant General Order A371, which regulates training for officers not nominated by government.

Therefore, General Order A371 which stipulates that self nominated officers should utilize their vacation leave for absence while on training and if vacation leave is not adequate they should apply for leave without pay through the Ministry of Public Service or exit from the Service, either through resignation or retirement, provided the age so allows, was not adhered to.

I am concerned that the Principal Secretary in the Ministry of Tinkhundla and Regional administration released the Officer for a course of instruction which is long term without compliance with laid down regulations and allowed the Officer to draw the salaries while not on duty.

This is collusion which resulted in defrauding government a thirty six months' salary amounting to E230 000.00, which has to be recovered and disciplinary action be taken.

While I am aware that the Controlling Officer in the Ministry of Natural Resources did not authorize the absence from duty, since this officer joined his office, on transfer, in July 2010, his intervention was necessary to facilitate the stoppage of salary and recovery of the unauthorized salaries in liaison with the Controlling Officer, Ministry of Tinkhundla and Regional Administration, from which the anomaly emanated.

However, his efforts are applauded because he managed to stop the salary payments, immediately, after I alerted him about this matter.

Even the Controlling Officer in the Ministry of Natural Resources cannot be absolved in this matter because I drew his attention on the anomaly but he did not take it serious to liaise with his counterpart, Controlling Officer Ministry of Tinkhundla and Regional Administration to arrest this situation.

**The Controlling Officer, in his response, referenced PF 25610 dated 29<sup>th</sup> November 2011, stated that it was him who reported the anomaly to the Executive Secretary, Civil Service Commission and copied the letter to my office, which I used for my investigation.**

However, the matter is still pending because the Civil Service Commission has not deliberated it as yet.

**He further informed me that it was outside his jurisdiction to question the other Ministry why it failed to take appropriate action about the study leave and that recovery of the over payment is now impossible since the officer absconded from duty and is not earning any salary.**

**He stated that the recommendation he would table before the Commission is that of the termination of employment and thereafter instruct the Attorney General to take legal action to recover the money owed.**

Therefore, the matter has not been resolved.

### **21.1 Over Expenditure on Project F01699 – Wind Measuring Equipment Along the Lubombo Plateau**

Over expenditure in excess of budget provision and released funds is illegal in that it distorts the fiscal budget of a country.

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

An amount of E500 000 was approved but only E497 710 was released for the implementation of the project, measuring equipment along the Lubombo.

Actual expenditure amounted to E721 499.32 resulting in over expenditure of E223 783.32 (44%) (E497 710 – E721 499.32).

The Controlling Officer is expected to explain the authority that allowed him to spend beyond released funds.

**The Controlling Officer stated that there was, actually, no under expenditure under this project. The apparent over expenditure was a result of a mistake by the Treasury Department to capture a certain payment as two payments when, actually, it was one payment. This payment was prepared at different intervals and due to the exchange rate fluctuation the amounts to be paid differed and seemed to be two separate payments.**

He assured me that only one payment was made and not two payments as reflected in Treasury accounting system.



## **21.2 Under Expenditure on Project M30999 – Review of Mining Legislation**

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

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

An amount of E500 000.00 was approved as budget but only E409 506.00 was released for completing the review of the mining legislation.

Actual expenditure amounted to E322 331.00 resulting in an under expenditure of (E409 506.00 – E322 331.00) E87 175.00 (21.2%) savings.

The Ministry is expected to explain the status of the project and the reasons for the savings.

**The Controlling Officer did not respond to my observation and thus violated Financial and Accounting Instruction 0315 which states that “It is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully the particulars or information desired”.**

## **21.3 Under Expenditure on Project M33499 – Mining of Geological Data Management System**

Under expenditure are as serious as over expenditures in that if funds are locked up and not utilized, retards the development and economic growth.

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

An amount of E2 200 000.00 was approved as budget but only E1 342 473.00 was released to establish a mining and geological data management system.

Actual expenditure amounted to E1 177 607.04 resulting in an under expenditure of (E1 342 473.00 – E1 177 607.04) E164 865.96 (12.2%) savings.

The Ministry is expected to explain the status of the project and the resultant savings of 12.2%.

**The Controlling Officer did not respond to my observation and thus violated Financial and Accounting Instruction 0315 which states that “It is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully the particulars or information desired”.**

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

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

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

An amount of E1 660 000.00 was approved as budget but only E397 799.00 was released for design review and for undertaking preliminary works for the construction of the strategic fuel depot facility.

Actual expenditure amounted to E68 829.00 resulting in an under expenditure of (E397 799.00 – E68 829.00) E328 970.00 (82.6%) savings.

The Ministry is expected to update my office on the status of the project implementation and further justify the high savings.

**In his response, referenced Min/NAT/C3F dated 5<sup>th</sup> December 2011, the Controlling Officer agreed with my findings.**

**He stated that the under expenditure was a result of the CTA Restructuring Exercise which caused the fuel tendering process to be stalled, to date, thus delaying progress on his project.**

**Further, the proposed storage for the Ethanol fuel could not be procured because the installation site had not been identified by the Central Transport Administration.**

#### **21.5 Under Expenditure on Project F01986 – Fuel Marketing and Quality Assurance**

Under expenditure are as serious as over expenditures in that if funds are locked up and not utilized, within the set time frame, the development and economic growth of a country is retarded.

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

An amount of E5 784 000.00 was approved as budget but only E4 627 694.00 was released for implementing regulatory measures on the fuel standards, purchase materials for marking all fuels imported into the country and monitor fuel quality.

Actual expenditure amounted to E2 299 369.99 resulting in an under expenditure of (E4 627 694.00 – E2 299 369.99) E2 328 324.01 (50%) savings.

The Ministry is expected to update my office on the status of the project implementation and further justify the high savings.

**The reply, referenced MIN/NAT/C3F, dated 30<sup>th</sup> November 2011, indicated that there was no under expenditure in this project.**

**The amount seemingly, remaining was paid to the Consultant, authentic in the next financial year, from the strategic oil reserve, due to the shortage of funds and as a result it was reflected in the 2010/11 financial year instead of 2009/10 to which it relates.**

#### **21.6 Under Expenditure on Project F01799 – Energy Efficiency in Public Buildings**

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

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

An amount of E5 000 000.00 was approved as budget but only E499 187.00 was released for the installation of energy saving solar heaters at Mbabane Correctional Services and education awareness on energy saving technologies.

Actual expenditure amounted to E215 038.19 resulting in an under expenditure of (E499 187.00 – E215 038.19) E284 148.81 (56.9%) savings.

The Ministry is expected to explain the status of the project and the reasons for the savings.

**The Controlling Officer, in his response referenced NRF/E/124, dated 1<sup>st</sup> December 2011, concurred with my findings.**

**However, he cited the reason for the under expenditure to be that all Ministries were advised to halt all uncommitted expenditure and the Energy Efficiency Awareness was stopped until the financial situation would improve. But he did not provide any documentary evidence for this assertion.**

#### **21.7 Expenditure on Project F01299 – Rural Electrification Phase V**

Expenditure beyond appropriated funds by Parliament are illegal and distorts the overall capital project fiscal budget of a country.

This is supported by Financial and Accounting Instruction 0202(ii) and 0401 which stipulate that no amount should be spent in excess of the amounts specified in the Treasury Warrant and that, officers who will spend in excess of authorized amount

has been liable to surcharge in accordance with the Finance and Audit Act.

An amount of E5 840 000 was approved but only E5 539 862 was released for rural electrification.

Actual expenditure amounted to E6 282 623.00 resulting in over expenditure of E742 761.00 (13.4%) (E5 539 862 – E6 282 623.00).

The Controlling Officer is expected to explain the authority that allowed him to spend beyond the released funds.

**In his reply, referenced MIN/NAT/C.59 dated 2<sup>nd</sup> December 2011, the Controlling Officer acknowledged my observation.**

**However, he stated that the E742 761.00 actually related to the previous financial year 2009/10 but was erroneously reflected in 2010/11 fiscal year because the actual transfer to the payee was made on 8<sup>th</sup> April 2011. Documents confirming this assertion were attached.**

In view of the above scenario records were indeed distorted, by this amount and thus not giving a true status about this project.

## **21.8 Over Expenditure on Project P02499 – Feasibility Study For Solar Energy**

Over expenditure beyond budget provision and released funds is illegal and distorts the fiscal budget of a country.

This is supported by Financial and Accounting Instruction 0202(ii) and 0401 which disallow spending in excess of funds appropriated by Parliament, also, Financial and Accounting Instruction 0401 states that Controlling Officers should encourage economy in the use of public funds and further prescribe that officers who spend in excess of funds may face surcharge in accordance with section 20 of the Finance and Audit Act.

An amount of E1 200 000.00 was approved but only E113 255.00 was released for the feasibility study for solar energy.

Actual expenditure amounted to E2 232 602.20 resulting in over expenditure of E2 119 347.20 (1871.3%) (E113 255 000 – E2 232 602.20).

The Controlling Officer is expected to explain the authority that allowed him to spend beyond the appropriated amount and released funds.

**In his reply, referenced MIN/NAT/C3F dated 7<sup>th</sup> December 2011, the Controlling Officer stated that there was no over expenditure under this project because the Ministry spent E113 255.00 which was released from the**

**budgeted amount of E2 119 347.00.**

**The apparent over expenditure was due to an amount of E2 100 000.00 which was donated by the Embassy of the Republic of China, Taiwan.**

However, it is noteworthy that although this amount was a donation, it is still considered an over expenditure because the Ministry over looked the appropriation act and utilized the money without authority.

Procedurally all monies including donations should be routed through the Ministry of Economic Planning and Development. No monies should be spent without being properly authorized.

### **21.9 Under Expenditure on project W31199-Water Resources Management Institutional Reforms**

Under expenditure are as serious as over expenditures in that if funds are locked up and not utilized, within the set time frame the development and economic growth of a country is retarded.

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

An amount of E3 750 000.00 was approved as budget but only an amount of E1 015 208.00 was released for the operationalisation of the newly formed river basin authorities and to finalise the development of the water Act and Regulations and Awareness creation.

Actual expenditure amounted to E523 345.92 resulting in an under expenditure (E1 015 208.00 – E523 345.92) E491 862.02, 48.4%

**In his response, referenced DWA 42, dated 12<sup>th</sup> December 2011, the Controlling Officer stated that the under expenditure was a result of the freezing of issuing of government purchase orders and financing of other activities by government in October 2010, due to the cash flow crisis.**

### **21.10 Unauthorised Over Expenditure on Recurrent Vote**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
15	CTA Vehicle Charges (10)	-	7,386.95	7,386.95	100
15	CTA Vehicle Charges (11)	1,132,042.00	1,275,748.14	143,706.14	13
15	CTA Vehicle Charges (12)	1,217,344.00	1,755,060.60	537,716.60	44
15	Consumable Materials and Supplies (13)	48,496.00	57,735.00	9,239.00	19

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

**The Controlling Officer did not respond and thus violated Financial and Accounting Instruction 0315 which states that “It is the duty of all accounting officers to reply promptly to any audit queries addressed to them by the Auditor General giving fully the particulars or information desired”.**

#### **21.11 Unauthorised Over Expenditure on Recurrent Vote**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
10	Personal Costs (26)	4,244,782.00	5,700,223.19	1,455,441.19	34
10	CTA Vehicle Charges (34)	2,517,239.00	3,081,714.66	564,475.66	22
10	CTA Vehicle Charges (36)	5,549,303.00	13,833,693.26	8,284,390.26	149
10	Consumable Materials and Supplies (36)	831,925.00	985,109.00	153,184.00	18
10	CTA Vehicle Charges (45)	411,986.00	988,265.76	576,279.76	140
10	Grants and subsidies – External (46)	90,207.00	1,903,551.30	1,813,344.30	2010

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

**In his reply, the Controlling Officer concurred with my findings and in his responses submitted the following explanations:-**

**Item 01 Personnel Costs – response referenced NRF/29 dated 14<sup>th</sup> December 2011:-**

**The Controlling Officer stated that there was no supplementary budget to cater for living cost adjustment and re-instatement of transport reimbursement allowance for the entitled grades (E5,F2,F4) which had been suspended.**

**In addition the personnel costs for the conveyancing section that was moved to this Ministry without its allocation and the establishment of the Land Board which was supposed to be remunerated under Judiciary were catered for from the Ministry's budget. No adjustments were made.**

**Item 00 CTA Charges and 06 Consumables – response referenced GE 06/000 dated 14<sup>th</sup> December 2011:-**

**The Controlling Officer stated that the over expenditure amounting to E8 284 390.26 was due to CTA charges for the Department of Water Affairs (DWA) together with Rural Water Supply functions, for carrying out their activities, such as drilling and conducting pumping tests, including repairs and maintenance costs for the old drilling rigs and Rural Water Supply Designs and Construction, respectively.**

**The CTA charges included vehicle hire charges, due to serious shortage of vehicles and CTA presented the costs, which were very high, at the end of the hire period.**

**The over expenditure under Consumables, item 06, was caused by the purchase of protective clothing for the drilling crew.**

**He pointed out that it was impossible to suspend operations because the clients had paid deposits for drilling services.**

#### **Grants and Subsidies (External)**

**The response referenced 28<sup>th</sup> December 2011 state that, the over expenditure of E1 813 344.30 under Grants and Subsidies (External) was a result of two payments made to World Energy Council (WEC) for 2011 subscriptions, the payment of E1 711 228.28 to MEFMI Foreign account which the Ministry did not authorize and the payment to London Tankers for 2010 fuel information subscription that was supposed to have been paid in 2009/10 but was not paid due to delays by the Treasury Department.**

**I am not convinced by this explanation because there was no authorization for the over expenditure, as per appropriation act. Further, I am not aware of the**

business relationship between MEFMI and the Ministry of National Resources and Energy.



## HEAD: 20

### MINISTRY OF AGRICULTURE

#### **Objectives:**

To formulate policy and administer all legislation related to agriculture and the organisation and management of co-operative societies; to develop and implement plans in pursuit of the agricultural development policy especially in the area of rural development and subsistence farming.

#### **22.0 AUDIT INSPECTION – MALKERNS RESEARCH STATION**

an audit inspection was carried out at Malkerns Research Station and a report referenced M4/VoIVIII/108 dated 24<sup>th</sup> June 2009 was issued to Principal Secretary, Ministry of Agriculture but there was no corrective action taken.

#### **(a) Misappropriation of Funds**

In my memorandum referenced above, I reported that in 2008/09 fiscal year, revenue collected on general receipt numbers 3651201-3651251 amounting to E11 958.00 was missing and never brought to account.

On receipt of my findings, the Principal Secretary, Ministry of Agriculture set up an internal investigation to confirm my findings.

Resultant from the internal inquiry, the Controlling Officer in his response ref.AGF95, dated 19<sup>th</sup> August 2009, acknowledged the shortage of E11 958.00 and furnished my office with documentary proof, to confirm that the shortage was made good.

Following the confirmation of my findings, the Controlling Officer further conducted another internal audit inspection on revenue collected at Malkerns Research Station for the 2009/10 fiscal year and issued a report dated 27<sup>th</sup> May 2010. During this audit it was discovered that an amount of E91 220.00 was missing again and two Account Officers, whose employment numbers are 39804378 and 4822448, accepted full responsibility of the loss of funds, through a memorandum dated 1<sup>st</sup> June 2010.

In their acknowledgement letters, the Officers further requested an arrangement to be made with the Accountant General to facilitate deduction of the monies from their monthly salaries.

I am concerned that even though the Controlling Officer had evidence that the two Accounts Officers misappropriated government funds, over 12 months ago, no action has been taken with regard to:

- Discipline the Officers to deter such future occurrences
- Recover the loss from the implicated Officers
- Report the matter to Police since theft was suspected, in order to bring to books the culprits.

It is disturbing to note that the Officers are still at work even to date yet they are implicated in a fraudulent act.

**The responses by the Controlling Officer AG 95 dated 21<sup>st</sup> September 2011 and referenced AG 95 dated 23<sup>rd</sup> September 2011 indicated that the action which has been taken in relation to my concerns was:-**

- **The Ministry has given verbal warnings to the officers to indicate the seriousness of the offence and have terminated them from collecting revenue.**
- **The officers sought salary advances to make good the shortage but the Accountant General turned down their request. Consequently they have arranged to repay the money through deduction from their salaries commencing in October 2011.**

**Records have revealed that, as per the Controlling Officers response, recovery of the money has indeed commenced from October 2011 at monthly instalments of E1 266.94 per officer, over a period of 36 months.**

- **That the Ministry did report the matter to the police in May 2011 and investigations are in progress. Also, an internal investigation team has been set up to look into the irregular practices and fraudulent action.**

However there has not been any outcome from the police investigation and thus no legal action has been taken.

The efforts being made by the Controlling Officer are commended subject to my reservations such as:-

That the officers have no sign of remorse and were bold to sought salary advances from the very government they defrauded in order to double the burden on government.

I am even more concerned that the Controlling Officer supported such a move. It should be noted that advances from government are only a kind gesture to help its employees in dire need and should not be taken for granted to cover deliberate irregular acts.

The fact that fraud is a criminal offence cannot be over looked and therefore repayment of the money is not adequate to address this matter. More so, because even though the money owed resulted from intentional illegal practices, it is still repaid with out interest, a matter to be looked into, and thus not deterrent to future occurrences.

I have also noted that the theft and kindred act, which clearly deals with (amongst others) issues of suspension, has not been considered in this matter.

In view of the above state of affairs this matter has not been addressed exhaustively.

(b) **Salary Overpayment**

My memorandum, referenced A15 Vol. IX/37, dated 30<sup>th</sup> May 2011, was issued to the Principal Secretary, Ministry Of Agriculture. But the Controlling Officer did not address the following matter satisfactorily.

In my memorandum, quoted above, I reported that an officer whose employment number was 8337793 retired on the 31<sup>st</sup> of July 2008, but his salary payment was not ceased immediately, resulting in a salary overpayment amounting to E15 900.00. The overpayment occurred over a period of 8 months, with effect from 1<sup>st</sup> August 2008 to 31<sup>st</sup> March 2009.

**In his initial response ref AGF 95, dated 16<sup>th</sup> June 2011, the Controlling Officer, in mitigation, stated that the pensioner had relocated to Canada and that his office did not have the officer's contact details. He further promised to update my office as soon as the officer had responded.**

However, the reply by the Controlling Officer did not rectify the anomaly of overpayment. Further, I am still not aware of any progress made towards the recovery of the loss.

Details of the overpayment of salary are depicted below:

Period	Basic salary (E)	Overpayment (E)
August 2008 to December 2008	5 months x 1987.54	9 937.70
January 2009 to March 2009	3 months x 1987.54	5 962.62
<b>Total</b>		<b>15 900.32</b>

It is disturbing to note that the Ministry ignored Government standing regulations and continued to pay salaries to a pensioner, for a long time, despite that he served notice prior to exit and during this period the stoppage of salary should have been effected.

This scenario demonstrates laxity, by the Controlling Officer yet he is entrusted with the overall responsibility of safeguarding state resources.

After I had communicated my intention to refer the matter to Parliament, in his reply, referenced AGF 95, dated 12<sup>th</sup> October 2011, the Controlling Officer informed me that he has written to the Attorney General and Accountant General requesting their assistance. He requested that inclusion of the matter be delayed since he believes the overpayment will be recovered.

Although the action taken is commended, it does not guarantee recovery and at the time of reporting the money had not been recovered.

### **22.2 Under Expenditure on Project A37299 – Water and Irrigation Development at Sigangeni, Mpuluzi, Gege, Ngcoseni and Nyamane**

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

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

An amount of E18 500 000.00 was approved as budget but only E9 399 630.00 was released for the implementation of harnessing water for irrigation development and other farming activities at Sigangeni, Mpuluzi, Gege, Ngcoseni and Nyamane.

Actual expenditure amounted to E6 384 721.60 resulting in an under expenditure of (E9 399 630.00 – E6 384 721.60) E3 014 908.40 (32%) savings.

The Ministry is expected to explain the status of the project and the reasons for the savings.

**In his reply, referenced ACC 30/1 dated 2<sup>nd</sup> December 2011, the Controlling Officer concurred with my findings, he explained that the project was highly affected by the current financial or cash flow problem, and that actually the 32% was not a saving as far as the project is concerned, it reflects the level of how it was affected. The Ministry of Finance stopped project managers from committing government by ordering the required materials and equipment. He was informed that it was now the Minister for Finance who was to authorize the expenditure of government funds. Several orders were forwarded to the Ministry of Finance for authorization but were not granted owing to the non-availability of cash thus the project could not continue being executed.**

### **22.3 Under Expenditure on Project A34499 – National Livestock Identification II**

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

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

An amount of E2 955 000.00 was approved as budget but only E201 500.00 was released for a computerized registration database for livestock identification and traceability system.

The released amount of E201 500.00 was not utilized thus resulting in a one hundred percent (100%) savings.

The Ministry is expected to clarify, update and give reasons for not implementing the project.

**In his reply, referenced ACC 30/1 dated 2<sup>nd</sup> December 2011, the Controlling Officer stated that “The Ministry of Agriculture prepared and submitted requisitions accordingly. However the office of the Accountant General failed to issue orders due to lack of funds. As such, the procurement is still outstanding and has negatively affected project implementation. This is worsened by the Ministry of Finance’s refusal to carry the budget forward to future years”.**

#### **22.4 Under Expenditure on Project A36499 – Revatilising Beef Cattle Breeding Centres**

Under expenditures are as serious as over expenditures in that if approved funds are not utilized within the set time frame, implementation of the project becomes expensive to complete the project. Thus retarding the development and economic growth of a country.

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

An amount of E3 000 000.00 was approved and released for purchasing fencing material for the completion of internal fencing at all five cattle breeding centres.

Actual expenditure amounted to E2 699 975.00 resulting in an under expenditure of E300 025.00 (10%). savings.

The Ministry is expected to explain the status of the project and the reasons for the savings.

**In his reply, referenced ACC 30/1 dated 2<sup>nd</sup> December 2011, the Controlling Officer stated that “The Ministry of Agriculture prepared and submitted requests accordingly for the procurement of brush cutters, chain saws and the revitalization of cattle breeding stations”. However, due to the current**

**government cash flow challenges the whole process was stalled.**

## **22.5 Under Expenditure on Project A36699 – Buseleni Irrigation Scheme**

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

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

An amount of E1 200 000.00 was approved and released for installing an irrigation system at Buseleni government farm to produce irrigated organic cotton.

Actual expenditure amounted to E123 709.10 resulting in an under expenditure of E1 076 290.90 (89%). savings.

The Ministry is expected to explain the status of the project and the reasons for the high savings.

**In his reply, referenced ACC 30/1 dated 2<sup>nd</sup> December 2011, the Controlling Officer stated that “The project has been highly affected by the current financial or cash flow problem. Actually the 89% reflects the level of how the project was affected.**

**The Ministry of Finance stopped project managers from committing government funds. A number of orders for materials were forwarded to the Ministry of Finance for authorization which was not forthcoming due to cash flow problems. Thus the project could not continue being executed.**

## **22.6 Unauthorised Over Expenditure on Recurrent Vote**

Over expenditures beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202(ii).

However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

<b>Head</b>	<b>ITEM</b>	<b>RELEASED BUDGET (E)</b>	<b>ACTUAL COMMITTED EXPENDITURE (E)</b>	<b>OVER EXPENDITURE</b>	<b>OVER EXPENDITURE (%)</b>
20	Professional and special services (10)	14,352.00	19,181.79	4,829.97	34
20	CTA vehicles	186,782.00	304,190.92	117,408.92	63

	charges (24)				
20	CTA vehicle charges (26)	7,177,224.00	12,536,000.30	5,358,776.30	75

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

**In his response, the Controlling Officer cited various reasons that caused the over expenditure. However, the explanations do not absolve him from having spent beyond the budget provisions, without authority. Therefore this matter remains reportable.**

## HEAD: 23

### MINISTRY OF ECONOMIC PLANNING & DEVELOPMENT

#### Objectives:

- Planning**
- To assist Government in deciding upon and implementing economic policies and measures that will best accomplish its major economic and other objectives. To prepare economic and social development plans and programme for Government's approval; to follow up implementation of approved programmes.
- Statistics**
- To collect and provide statistical information needed for the formulation and implementation of economic and social policies.

#### 23.0 TRANSPORT MANAGEMENT

I drew the attention of the Principal Secretary, Ministry of Economic Planning and Development through my report referenced S62A.VoL.III/60 dated 22<sup>nd</sup> February 2010, that one of the Ministry's vehicles which cost government a total amount of E141 274.00 was deregistered during the financial year 2008/2009, from the Ministry's Inventory, because it was alleged to have been destroyed by fire.

The description of the vehicle is shown below

Reg. No.	Make/Model	Date Purchased	Vehicle	Purchase Price (E)	Reasons for Deregistration	Report not made available
SD 012 UN	Toyota Hilux Pickup	02-06-08		141 274.00	Burnt to ashes	Accident Report

Furthermore, another vehicle that was registered SD 074 UN a Toyota Hilux Pickup was alleged to have been involved in an accident. The estimated purchase price of the vehicle was E141 274.00. The vehicle was purchased during the financial year 2008/2009. However, the accident and police reports were also not available for audit purposes.

#### (a) Undelivered Vehicle – Toyota Hiace Bus

It was further noted that amongst the deregistered vehicles listed in the above analysis, the Toyota Hiace Bus registered SG 037 PL was alleged to have never been delivered by CTA to the Ministry of Economic Planning and Development.

The vehicle was purchased on 6<sup>th</sup> August 1997 and an amount of E90, 932.80 was paid to the supplier from the Ministry's vote.

It was disturbing to note that over the years, the Ministry of Economic Planning and



Development did not take the initiative of either requesting a refund of the E90, 932.80, or making a follow-up on the whereabouts of the vehicle.

At the time of compiling this report the whereabouts of the vehicle remained unknown.

**(b) CTA Charges**

I also reported that a number of vehicles belonging to other Ministries were charged fuel, under the Ministry of Economic Planning and Development's vote for the financial year 2008/09.

As a result of this anomaly, an amount of E42 700.26 was wrongfully charged to the ministry's budget.

Below is an analysis of the vehicles which were wrongfully charged under the ministry's vote

<b>Date of Fuel Purchase</b>	<b>Vehicle Registration</b>	<b>Vehicle Make</b>	<b>Fuel cost/litre (E)</b>	<b>Total no. of litres filled</b>	<b>Amount Charged (E)</b>
01-06-2007	SG 140 NR	Isuzu 4x4 Pick-up	6.83	194	1 324-62
09-07-2007	SG 055 PO	Not stated	6.73	238	1 602-70
18-07-2007	SG 020 PO	Toyota sedan	6.73	284	1 909-60
03-07-2007	SG 019 PR	Toyota sedan	6.73	240	1 612-40
06-07-2007	SG 556 WO	Nissan Flat Truck	6.83	318	2 173-05
06-07-2007	SG 531 WO	Isuzu Flat Truck	6.83	421	2 875-45
06-07-2007	SG 034 CT	Isuzu Roll-back truck	6.83	270-76	1 849-32
17-08-2007	SG 746 PO	Toyota sedan	6.73	135-60	972-40
16-08-2007	SG 601 PO	Suzuki motorcycle	6.73	469-55	3160-08
30-08-2007	SG 355 HE	Isuzu 2x4 Pick-up	6.83	155-78	1063-98
16-08-2007	SG 054 PR	Toyota station wagon	6.73	322-89	2 173-09
03-08-2007	SG 044 PR	Toyota 4x4 Pick-up	6.83	205-51	1 403-60
06-08-2007	SG 044 PO	Toyota Pick-up	6.73	310-10	2 087-00
08-08-2007	SG 040 PO	Toyota Pick-up	6.73	177-86	1 196-99
11-08-2007	SG 003 LE	Nissan 4x2 pick-up	6.73	213-82	1 439-04
03-08-2007	SG 044 PO	Toyota sedan	6.73	188-68	1 269-84
05-09-2007	SG 032 JU	Toyota sedan	6.73	218-89	1 473-12
06-09-2007	SG 068 CM	Toyota sedan	6.73	205-13	1 380-52
18-09-2007	SG 629 WO	Not stated	6.73	185-76	1250-19
26 -09-2007	SG 710 WO	Toyota Pick-up	6.73	195-65	1 316-70
24-09-2007	SG 066 CM	Toyota Pick-up	6.73	162-84	1 095-90
08-10-2007	SG 104 TI	Toyota Pick-up	6.83	207-18	1 415-08
27-07-2007	SG 044 PR	Toyota Pick-up	6.83	213-46	1 457-95
26-10-2007	SG 021 LE	Isuzu d/ cab	6.83	136-25	930-59
01-10-2007	SG 008 PR	Toyota Pick-up	6.83	197-49	1 348-90
23-10-2007	SG 236 HE	Nissan 2x4 Pick-up	6.83	207-18	1 415-08

291-10-2007	SG 060 HO	Isuzu light truck	7.03	287-23	2 019-25
29-10-2007	SG 132 NR	Toyota 4x2 Pick-up	6.83	155-88	1 064-68
01-02-2008	SG 041 PR	Toyota sedan	7.43	180-61	1 342-00
25-02-2008	SG 041 PR	Toyota sedan	7.43	207-26	1 540-00
08-02-2008	SG 165 ED	Toyota Station Wagon	7.43	149-85	1113-40
17-04-2008	SG 001 CM	Toyota Station Wagon	8.88	187-78	1 667-50
<b>Total Amount</b>					<b>E42,700.26</b>

The above situation indicates that the Controlling Officer does not undertake any reconciliation with the CTA records.

There were no efforts made by the Ministry to rectify this anomaly at the time of compiling this report.

(c) **Cellular/landline Telephone Payments in Excess of Allowable Limits**

I also expressed concern about payments for residential, landline, telephone bills amounting to E17, 687.77 for the financial year 2007/2008 which were in excess of the authorized limits, in respect of, three officials of the Ministry. I am not aware of any recoveries of the excess amounts.

**The Controlling Officer in his response stated that he did not manage to recover the amounts of E15 382.10 and E2 305.17 owed by the officials' employment No.3083970 and employment No. 4164478, respectively. The total amount outstanding is E18, 137.77 in respect of residential telephone bills.**

The details of the excess expenditure on the landlines are:-

**Employee 3083970**

**Financial Year 2007/8**

Month	Telephone No.	Authorised Limit (E)	Amount Paid (E)	Excess amount (E)
April	4041173	1 200.00	1 867.94	667.94
May	4041173	1 200.00	2 402.04	1 202.04
June	4041173	1 200.00	1 798.09	598.09
July	4041173	1 200.00	2 975.53	1 775.53
August	4041173	1 200.00	4 007.45	2 807.45
September	4041173	1 200.00	2 798.62	1 598.12
October	4041173	1 200.00	4 939.46	3 739.46
November	4041173	1 200.00	3 405.10	2 205.10
December	4041173	1 200.00	1 988.37	788.37
<b>Total</b>				<b>E15,382.60</b>

**Employee 4164478**

**Financial Year 2007/8**

Month	Telephone No.	Authorised Limit (E)	Amount Paid (E)	Excess Amount (E)
April	5057615	1000.00	2053.14	1053.14
May	5057615	1000.00	1748.10	748.10
June	5057615	1000.00	1444.70	444.70
October	5057615	1000.00	1059.23	59.23
				<b>E2305.17</b>

The mobile telephone bills were paid to the amount of E57 022.54, beyond authorized limits.

**The Controlling Officer only managed to make recoveries to the total amount of E32 767.99 in relation to the mobile phones. Thus a balance of E24 254.55 was still outstanding, at the time of compiling this report.**

Below is an analysis of the amount still outstanding:

CELLPHONE NUMBER	EMPLOYMENT NO.	AUTHORISED LIMIT PER MONTH (E)	AMOUNT PAID (E)	EXCESS AMOUNT (E)	TOTAL AMOUNT PAID IN EXCESS (E)
6062710	3083970	2 500.00	3 100.36	600.36	
6062710	3083970	2 500.00	3 047.65	547.65	
6062710	3083970	2 500.00	3 106.16	606.16	
6062710	3083970	2 500.00	5 592.28	3 092.28	
6062710	3083970	2 500.00	3 094.92	594.92	
					5 441.37
6062702	4164478	1 500.00	1 709.48	209.48	
6062702	4164478	1 500.00	3 450.22	1 950.22	
6062702	4164478	1 500.00	4 170.96	2 670.96	
6062702	4164478	1 500.00	6 555.70	5 055.70	
6062702	4164478	1 500.00	1 634.82	134.82	
					10 021.18
6062711	3335844	2 000.00	2 104.10	104.14	
6062711	3335844	2 000.00	2 217.69	217.69	
6062711	3335844	2 000.00	2 931.37	931.37	
6062711	3335844	2 000.00	2 523.42	523.42	
6062711	3335844	2 000.00	2 147.73	147.73	
					1 924.35
6062707	4656940	1 500.00	3 355.41	1 855.41	
6062707	4656940	1 500.00	454.42	2 954.42	
6062707	4656940	1 500.00	4054.28	2 554.28	
6062707	4656940	1 500.00	2 314.23	814.23	
6062707	4656940	1 500.00	3 438.44	1 938.44	
6062707	4656940	1 500.00	2 542.60	1 042.60	
6062707	4656940	1 500.00	4 300.04	2 800.04	
6062707	4656940	1 500.00	3 353.08	1 853.08	
6062707	4656940	1 500.00	5112.52	3 612.52	

6062707	4656940	1 500.00	6 411.60	4 911.60	
6062707	4656940	1 500.00	5 174.19	3 674.19	
<b>TOTAL AMOUNT PAID</b>				<b>28 010.81</b>	
<b>LESS PAID ON GR. NO. 03243286</b>				(21 143.16)	
					6 867.65
<b>TOTAL AMOUNT PAID IN EXCESS</b>				<b>24 254.55</b>	

(d) **Double Payments to Mobile Telecommunication Network (MTN)**

On another note the Principal Secretary's attention was drawn that the Ministry made double payments to MTN which resulted to an overpayment of E49 127.46, during the financial years 2006/2007 and 2007/08.

Below is an analysis of the double payments

Batch No	a/c Month	Invoice No.	Voucher No.	Cellphone No.	Amount paid (E)
07	10	275009	100114	6062702	1 709.48
06	03	275009	030028	6062702	1 709.48
07	10	275007	100114	6062703	820.99
06	03	275007	030028	6062703	820.99
07	10	275008	100114	-	175.00
06	03	275008	030028	-	175.00
07	10	275006	100114	6062705	936.19
06	03	275006	030028	6062705	936.19
07	10	275006	100114	6062711	1 106.57
06	03	275006	030028	6062711	1 106.57
07	10	275004	100114	6062710	3 100.36
06	03	275004	030028	6062710	3 100.36
06	10	279253	100115	6062700	5 534.02
06	03	279253	030028	6062700	5 534.02
09	10	287854	100118	6062701	1 805.58
09	03	287854	030022	6062701	1 805.58
09	10	287855	100118	6062710	1 909.09
09	03	287855	030022	6062710	1 909.09
09	10	287856	100118	6062703	6 555.70
09	03	287856	030022	6062703	6 555.70
09	10	287860	100118	6062702	4 300.04
09	03	287860	030022	6062702	4 300.04

09	10	287857	100118	6062703	591.35
09	03	287857	030026	6062703	591.35
09	03	279248	100114	6062710	1 757.82
07	10	279248	030027	6062710	1 757.82
09	03	287859	100118	6062700	5 827.72
07	10	287859	030026	6062700	5 827.72
09	03	279251	100114	-	175.00
07	10	279251	030027	-	175.00
09	03	279254	100115	6062707	4 454.42
07	10	279254	030027	6062707	4 454.42
09	03	279252	100115	6062703	1 093.94
07	10	279252	030027	6062703	1 093.94
09	03	279247	100115	6062711	1 862.53
07	10	279247	030027	6062711	1 862.53
09	03	279250	100115	6062703	672.83
07	10	279250	030027	6062703	672.83
<b>TOTAL OVERPAYMENT</b>					<b>E49 127.46</b>

**The Controlling Officer in his response referenced Head 58, dated 29<sup>th</sup> April 2010 submitted evidence from the Ministry alerting MTN of the double payments.**

However, I am still not aware if the overpaid amounts have been recovered.

**(e) Non-Existence of Computer Equipment**

I noted that computer equipment valued E661 450.00 which was purchased by the Ministry from SGL Technologies (PTY) LTD and was paid through voucher 030156, during the financial year 2007/2008.

The whereabouts of the computer equipment was not known by the Ministry yet it was purchased from the Ministry's budget.

Below is an analysis of the computer equipment.

Date of Purchase	Item description	Unit price (E)	Quantity	Total amount (E)
27-06-2007	HP DX 7300PA 3.2 GHZ 512 MB, 160GB HDD,17	6 750.00	73	492 750.00

	CRT, WIN XP			
27-06-2007	HP NX9420 DUO PROCESSOR T2600 (2,16GHZ) 1024MB VIEW, BLUETOOTH, 802.11a/b/g, RADEON X 1600256 MB LAN/MODEM.WIN XP(WITH CARRY CASE)	15 650.00	2	31 300.00
27-06-2007	1KVA MEISSNER UPS	700.00	72	50 400.00
27-06-2007	HP LASERJET 2420 (WITH USB CABLE)	4 350.00	20	87 000.00
	<b>TOTAL AMOUNT</b>			<b>E661450.00</b>

**In his response referenced Head 58, dated 29<sup>th</sup> April 2010, the Principal Secretary submitted a list of computer items that were collected from the Computer Department which were very much different from the ones cited in my inspection report.**

At the time of the compilation of this report, computer equipment worth E661 450.00 remained unaccounted for.

Notably, these findings, demonstrate that this Ministry is not prudent in the use of the meagre state resources, to the extent that it is not remorseful to remedy the situation and deter future occurrence.

**The Controlling Officer did not respond to my findings after indicating that the matter is referred to Parliament and thus has violated Accounting Instruction 0315 (ii) which states that “it is the duty of all Accounting Officers to reply promptly to any queries addressed to them by the Auditor General, giving fully the information required”.**

### **23.1 Salary Overpayment**

A memorandum dated 04 May 2011; referenced S62A.Vol.III.73, was issued to the Principal Secretary, Ministry of Economic Planning and Development. The Controlling Officer did not take corrective action on the following matter.

In my memorandum, quoted above, I reported that an officer whose employment number was 4161891 retired on the 13<sup>th</sup> February 2011. The officer received full salary in the months of February 2011 and March 2011 because salary payments were not ceased immediately, thus resulting in a salary overpayment amounting to E31 558.88. The overpayment occurred between the period 14<sup>th</sup> February 2011 and 31<sup>st</sup> March 2011.

**In his response dated 17<sup>th</sup> May 2011, ref Head 23, the Controlling Officer stated that the above matter had already been discussed with the officer and**

**he further promised to update my office as soon as the recovery had been made.**

I am concerned that the Controlling Officer did not take responsibility to recover the overpayment before the employee left the Civil Service, as per the dictates of the government regulations.

Further, I am confident that the Controlling Officer is aware that any overpaid amount should be recovered immediately.

**As an update, in his reply, referenced Head 58, dated 31<sup>st</sup> October 2011, the Controlling Officer informed me that the officer acknowledged the debt and has started repaying the money. An amount of E5 000.00 had been paid on General Receipt 04008084, dated 15<sup>th</sup> August 2011.**

**He further stated that the officer has applied for early retirement and if granted he will pay the balance from his gratuity.**

**Therefore an amount of E26 558.88 is still outstanding at the time of writing this report.**

**HEAD 24**  
**MINISTRY OF HOUSING AND URBAN DEVELOPMENT**

**Objectives:**

To initiate and draft policies and development objectives relating to housing and urban development.

**24.0 AUDIT INSPECTION - CAPITAL PROJECT X48799 NOKWANE LAND COMPENSATIONS.**

An audit was carried out on the above mentioned Capital Project and a report referenced HICP/5 dated 16<sup>th</sup> August 2011 was issued to the Principal Secretary, Ministry of Housing and Urban Development.

The purpose of the project was for the payment of compensations to individuals who purchased plots that were situated on portion 1 of Farm 6921 at Matsapha, under the then proposed Nokwane Township, after government repossessed it in 1998.

However, the response referred CEO/NT, dated 8<sup>th</sup> September, 2011, did not address the following issues, satisfactorily.

**(a) Compensations for Properties Zone Commercial**

I drew the attention of the Principal Secretary that there was no documentary evidence to confirm the plots that were zoned –commercial to authenticate the high compensation amounts.

**The response, from the Principal Secretary was not satisfactory because he did not provide any documentary evidence to confirm that the plots were, indeed commercial. He only alleged that the zoning was done and confirmed by the Ministry of Housing and Urban Development through the Nokwane Technical Committee and the Swaziland National Housing Board (SNHB) acted on the advice and direction of the committee.**

The Plots are:-

<b>PLOT</b>	<b>SIZ E</b>	<b>RATE USED ON PLOTS ZONED COMMERCIA L M2</b>	<b>AMOUNT (E)</b>	<b>RATE USED ON OTHER PLOTS</b>	<b>AMOUNT (E)</b>	<b>DIFFEREN CE (E)</b>
15	2950	132.2	39,000.00	95m <sup>2</sup>	280,250.00	109,750.00
1	3361	130.0	436,930.00	95m <sup>2</sup>	319,295.00	1,117,635.00
3	4864	147	715,000.00	95m <sup>2</sup>	46,080.00	252,920.00



I also noted with concern, the varying rates per square metre, used to compute the compensation amounts for these properties.

**(b) Outstanding Compensations**

I also raised concern over property owners who never collected their compensations totaling E75 820.00.

There was no explanation what circumstances led to this situation, since funds were available.

**The Principal Secretary, in his response only stated that these people did not come to collect their monies when called. But there was no documentary evidence confirming that the property owners were informed about these monies.**

I am concerned that the outstanding compensation, due to individuals, was tarnishing government's image.

**(c) Funds Transferred for Compensations**

I also brought to the attention of the Principal Secretary, that, a balance of E3,123,038.24 that remained from project funds after compensations were paid and reflected in the financial statement prepared by the Swaziland National Housing Board as at 30 September 2009.

This amount should have been re deposited to the consolidated fund. A further enquiry into the existence of the money at the SNHB Bank account revealed that the money is no longer available but it was utilized for the SNHB purposes.

However, no authority was produced that permitted the parastatal to utilize the money except a verbal promise to send the authority, the next day but nothing came forth, until I wrote this report.

I am concerned that, even in times of serious crisis, due care is not exercised by those entrusted with the responsibility to safeguard Public funds.

It is noteworthy that SNHB did not account for the money transferred into its account for the project

**The Controlling Officer did not respond to my reference sheet number (29) and thus violated Financial and Accounting Instruction 0315 that stipulates that Accounting Officers should respond promptly to audit queries and give all the information required.**

#### 24.1 Unauthorised Over Expenditure on Recurrent Vote

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202(ii). However, the Ministry violated Government Standing regulations and allowed the occurrence of the following over expenditure.

HD	ITEM	RELEASED BUDGET (E)	ACTUAL/COMMITTED EXPENDITURE (E)	OVER EXPENDITURE (E)	OVER EXPENDITURE (%)
26	CTA vehicle charges (11)	1,127,298.00	2,338,609.95	1,211,311.95	107
26	Personnel costs (11)	11,322,784.00	19,332,045.01	8,009,261.01	71
26	CTA vehicle charges (12)	3,727,608.00	7,381,414.09	3,653,806.09	98
26	Personnel costs (12)	23,830,232.00	34,198,005.81	10,367,773.81	44

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

**In his reply, referenced FS/298 dated 14<sup>th</sup> December 2011, the Controlling Officer concurred with my observations. He cited that the over expenditure to be a result of non wholly release of the CTA budget and unbudgeted overtime allowances.**

The issue of the authority which permitted the Ministry to over spend was not addressed.

#### 24.2 Unauthorised Over Expenditure on Recurrent Vote

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated Government standing regulations and allowed the occurrence of the following over expenditure.

HEAD	ITEM	RELEASED BUDGET (E)	ACTUAL/COMMITTED EXPENDITURE (E)	OVER EXPENDITURE (E)	OVER EXPENDITURE (%)
24	CTA Vehicle charges (41)	1,462,152.00	4,945,776.40	3,483,624.40	238

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

**In his reply, referenced HUD CONF 11, dated 14<sup>th</sup> December 2011, the Controlling Officer regretted the over expenditure on CTA charges, citing the reasons as being the obligations the Ministry has to carry out. He stated that the released amount of E1 462 152.00 was less than their request of E2.93 million, causing the over expenditure.**

He did not respond to the question of the authority to over spend. In essence the over expenditure was due to non-reconciliation of expenditure with CTA charges.

**HEAD: 29**  
**MINISTRY OF COMMERCE INDUSTRY AND TRADE**

**Objectives:**

- Industrial Development** - To ensure and promote efficient and sustained Development of the industrial and commercial Sectors of the economy.
- Labour Regulations** - To develop labour relations policy and administer regulations.

**25.0 AUDIT INSPECTION: REGISTRAR GENERAL**

An audit inspection was carried out at the Registrar General's Office, and a report referenced R19/7, dated 27<sup>th</sup> May 2011 was issued to the Principal Secretary, Ministry of Commerce Industry and Trade.

In my report I communicated my concerns about various anomalies relating to the collection of revenue for the registration of companies and renewal of annual company licenses.

However, the Controlling Officer did not respond to my memorandum despite several reminders that were sent to him. The following issues were raised in the report:

**(a) Renewal of Annual Company Licences**

In my memorandum I reported that out of a sample of 750 company files audited, 116 companies were found owing renewals and penalties amounting to E204,360.00. This money was outstanding in the financial years 2008/2009 and 2009/2010 respectively.

The same issue of outstanding revenue, in respect of company licences which were not renewed, under this Ministry, was reported in my 2009 audit report. The revenue outstanding was E973,920 for the period 13 August 2000 to 29<sup>th</sup> August 2007.

It is hard to believe that this year, 2011, I have had to report, again, about outstanding revenue, amounting to E204,360.00, arising from non-renewal of company licences.

Below is a table depicting the outstanding fees:

File No.	Company / File Name	Date of Registration	Renewal/ Penalty Fees (E)		Total (E)
			2008/9	2009/10	
R7/31969	Isaa Mawu Pty Ltd	22/06/2009	600.00	1080.00	1, 680.00
R7/28752	Tsunami Invest. Pty	21/03/2005	1080.00	1080.00	2, 160.00
R7/24035	Manile Invest. Pty	21/03/2005	1080.00	1080.00	2, 160.00
R7/24036	Hlamusi Invest Pty	21/03/2005	1080.00	1080.00	2, 160.00
R7/24037	Optic business Solutions Pty	21/03/2005	1080.00	1080.00	2, 160.00
R7/24038	Sea and Bee Invest. Pty	21/03/2005	1080.00	1080.00	2, 160.00
R7/24039	Trans Swazi Tolly Pty	21/03/2005	1080.00	1080.00	2, 160.00
R7/24042	Peral Invest. Pty	21/03/2005	1080.00	1080.00	2, 160.00
R7/28752	Long Pop Pty Ltd	19/07/2007	1080.00	1080.00	2, 160.00
R7/28684	Lemag Invest. Pty	04/07/2007	1080.00	1080.00	2, 160.00
R7/26185	Swazi Rubber & Retreading Pty Ltd	23/07/2006	1080.00	1080.00	2, 160.00
R7/28397	Misha Invest. Pty	08/05/2007	1080.00	1080.00	2, 160.00
R7/28309	Nifty Invest. Pty	13/04/2007	1080.00	1080.00	2, 160.00
R7/28253	Dumezweni Pty	30/03/2007	1080.00	1080.00	2, 160.00
R7/28226	Albatross Invest. Pty	27/03/2007	1080.00	1080.00	2, 160.00
R7/28434	Prisan Invest. Pty	11/05/2007	1080.00	1080.00	2, 160.00
R7/29055	United Technologies	28/09/2007	1080.00	1080.00	2, 160.00
R7/31970	Salxol Invest. Pty	18/03/2009	600.00	1080.00	1, 680.00
R7/31973	Masukane Pty	26/06/2009	600.00	1080.00	1, 680.00
R7/31975	Masik Invest. Pty	25/06/2009	600.00	1080.00	1, 680.00
R7/31988	TN Digitech Pty	23/07/2009		1000.00	1, 000.00
R7/31989	Wetworkers S. Seroios Pty	25/07/2009		1000.00	1, 000.00
R7/31992	SSLTG Invest. Pty	24/07/2009		1000.00	1, 000.00
R7/31994	FX Africa Foreign Exchange PTY	09/07/2009		1000.00	1, 000.00
R7/32026	Huigang Invest	16/07/2009		1000.00	1, 000.00
R7/32030	Tiles and accessories	13/07/2009	800.00	200.00	1, 000.00
R7/32049	Sasi Investments	14/07/2009	800.00	200.00	1, 000.00
R7/32125	Cazago Investments	11/07/2009	800.00	200.00	1, 000.00
R7/32126	Impendulo Invest Pty	11/07/2009	800.00	200.00	1, 000.00
R7/32128	Roy Pat Services Pty	11/07/2009	800.00	200.00	1, 000.00
R7/32130	Matimavu Limited	12/08/2009	800.00	200.00	1, 000.00
R7/32033	Wit Quality Invest	30/08/2009	800.00	200.00	1, 000.00
R7/32101	HGM Caterers Pty	06/08/2009	800.00	200.00	1, 000.00
R7/32107	ABSAMS Carpentry and Joinery Pty	06/08/2009	800.00	200.00	1, 000.00
R7/32105	Pepch Invest Pty	06/08/2009	800.00	200.00	1, 000.00
R7/32108	Lucpam Invest Pty	06/08/2009	800.00	200.00	1, 000.00
R7/32110	Scara Thindwa Foundation	07/08/2009	800.00	200.00	1, 000.00
R7/32114	Jupiter Construction	07/08/2009	800.00	200.00	1, 000.00
R7/32134	Ilula Investments	13/08/2009	800.00	200.00	1, 000.00
R7/32138	Spot-on Services Pty	13/08/2009	800.00	200.00	1, 000.00
R7/32137	Solmakah Invest	13/08/2009	800.00	200.00	1, 000.00
R7/32139	Libongwe Invest	14/08/2009	800.00	200.00	1, 000.00
R7/32140	Vidaf Invest Pty	14/08/2009	800.00	200.00	1, 000.00
R7/32216	Tatatel aConstruction	02/09/2009	800.00	200.00	1, 000.00

R7/32267	Lamin Invest Pty	15/07/2009	800.00	200.00	1,000.00
R732261	NHT invest Pty	15/09/2009	800.00	200.00	1,000.00
R7/32286	Donda Zikodze invest	18/09/2009	800.00	200.00	1,000.00
R7/32293	Cleantek Industries Pty	21/09/2009	800.00	200.00	1,000.00
R7/32226	Nkomanzi View Enterprises	09/09/2009	800.00	200.00	1,000.00
R7/32217	MKDS Invest Pty	03/09/2009	800.00	200.00	1,000.00
R7/32202	Ba-Hla Invest	01/09/2009	800.00	200.00	1,000.00
R7/32210	Kukhnya kweMdzimba Pty	01/09/2009	800.00	200.00	1,000.00
R7/32225	Afriforma Swaziland	08/09/2009	800.00	200.00	1,000.00
R7/32214	BouyTech Pty	11/09/2009	800.00	200.00	1,000.00
R7/32266	Werma Invest	15/09/2009	800.00	200.00	1,000.00
R732282	Fragram Invest	17/09/2009	800.00	200.00	1,000.00
R7/32286	Aysha Invest Pty	21/09/2009	800.00	200.00	1,000.00
R7/24044	Insele Africa Invest	23/03/2005		800.00	800.00
R7/24045	O'Afrique Invest	25/02/2005	800.00	1080.00	1,880.00
	Jet lag Pty	23/02/2005	800.00	1080.00	1,880.00
R7/23859	Wind Shield Repairs	23/02/2005	1080.00	1080.00	2,160.00
R7/23858	Franco Construction	23/02/2005	1080.00	1080.00	2,160.00
R7/23860	Water Services Technologies	23/02/2005	1080.00	1080.00	2,160.00
R7/24921	APL Invest			800.00	800.00
R7/24204	Musa and Vumile Construction	24/08/2005	1080.00	1080.00	2,160.00
R7/24205	Cyndaw Invest	18/04/2005	1080.00	1080.00	2,160.00
R7/23862	Imani Invest	24/02/2005	1080.00	1080.00	2,160.00
R7/23863	Ethnic Ciffin Distributors Pty	24/02/2005	800.00	1080.00	1,880.00
R7/25575	Patton's Invest Pty	25/02/2005	1080.00	1080.00	2,160.00
R7/25101	Golden Butchery Pty	22/09/2005	1080.00	1080.00	2,160.00
R7/25581	Dameta Invest	06/12/2005	1080.00	1080.00	2,160.00
R7/28123	Luvatsi Import and Export Pty	07/03/2007	1080.00	1080.00	2,160.00
R7/28121	Nkombe Invest	07/03/2007	1080.00	1080.00	2,160.00
R7/28120	Bhembe Invest Pty	07/03/2007	1080.00	1080.00	2,160.00
R7/28118	Kholekakahle Invest	07/03/2007	1080.00	1080.00	2,160.00
R7/28116	Pinecrest Invest	07/03/2007	1080.00	1080.00	2,160.00
R7/28143	Menclip Invest Pty	14/03/2007	1080.00	1080.00	2,160.00
R7/28142	Indilinga Invest	14/03/2007	1080.00	1080.00	2,160.00
R7/28176	Engineering World Industrial Supplies	19/03/2007	1080.00	1080.00	2,160.00
R7/28175	Nine 27 Supplies	19/03/2007	1080.00	1080.00	2,160.00
R7/28174	C.W. Ducker and Associates	19/03/2007	1080.00	1080.00	2,160.00
	IFAW Holdings Swd	19/03/2007	1080.00	1080.00	2,160.00
R7/25989	Etzo Investments	28/02/2006	1080.00	1080.00	2,160.00
R7/26077	Imbabala Security	13/03/2006	1080.00	1080.00	2,160.00
R7/25985	Aw Lean Properties	13/03/2006	1080.00	1080.00	2,160.00
R7/25983	Embiteni Invest Pty	28/02/2006	1080.00	1080.00	2,160.00
R7/25982	Lontombi Invest	28/02/2006	1080.00	1080.00	2,160.00
R7/26018	Cape of good Invest	06/03/2006	1080.00	1080.00	2,160.00
R7/26016	W.M.A. Invest	02/02/2006	1080.00	1080.00	2,160.00
R7/28215	Fezamaphupho Invest	26/03/2006	1080.00	1080.00	2,160.00
R7/28224	Hlane Investments	27/03/2007	1080.00	1080.00	2,160.00

R7/28221	Southern Africa Driver Empowerment Federation Pty	27/03/2007	1080.00	1080.00	2, 160.00
R7/28220	Khubuta Agricultural Industrial Pty	27/03/2007	1080.00	1080.00	2, 160.00
R7/25791	Skitot Copiers Pty	28/02/2006	1080.00	1080.00	2, 160.00
R7/24199	Kapco Enterprises	18/04/2005	1080.00	1960.00	3, 040.00
R7/24146	Soda Investments	08/04/2005	1080.00	1960.00	3, 040.00
R7/24147	Ants Investments	08/04/2005	1080.00	1960.00	3, 040.00
R7/24148	BZM Television	08/04/2005	1080.00	1960.00	3, 040.00
R7/24151	Double J Building	08/06/2005	1080.00	1960.00	3, 040.00
R7/25513	Elimiz Distributors	24/02/2005	1080.00	1960.00	3, 040.00
R7/25412	PVM Distributors	24/02/2005	1080.00	1960.00	3, 040.00
R7/25572	Msandi's Kitchen	02/12/2005	1080.00	1960.00	3, 040.00
R7/25579	MS&N Investments	02/12/2005	1080.00	1960.00	3, 040.00
R7/28363	Towncklons Invest	26/04/2007	1080.00		1, 080.00
R7/28580	Swaziland mining	13/06/2007	1080.00	1080.00	2, 160.00
R7/24927	Msebenzi Wholesalers	25/08/2007	1080.00	1080.00	2, 160.00
R7/24929	Hensi Investments	25/08/2005	1080.00	1080.00	2, 160.00
R7/24930	Welly	25/06/2005	1080.00	1080.00	2, 160.00
R7/23980	Ntsabane Invest	14/03/2005	1080.00	1960.00	3, 040.00
R731902	Incredible Loan Masters Pty Ltd	26/09/2009	800.00	880.00	1, 680.00
R7/31904	Eradication of Pests & Hygien Specialists	29/06/2009	800.00	880.00	1, 680.00
R7/31905	Jafel Invest	30/06/2009	800.00	880.00	1, 680.00
R7/31907	Madolo Fortune Invest	30/06/2009	800.00	880.00	1, 680.00
R7/31909	Sibam Invest	01/07/2009	800.00	880.00	1, 680.00
R7/31911	Sangoti Food Services Pty Ltd	21/07/2009		600.00	600.00
R7/32155	Ezaleni Investments	18/08/2009		600.00	600.00
<b>TOTAL</b>			102,440	101,920	<b>E204, 360.00</b>

After being made aware that the matter is reportable to Parliament the Controlling Officer in his reply, referenced MCIT/18/3/4 dated 23<sup>rd</sup> December 2011, responded to the reference sheet (32) as follows:-

The Controlling Officer acknowledged my observation and pointed out the following:-

- (i) The Ministry prepared statements of arrears and notices of deregistration for defaulting companies, however, due to lack of funds he could not mail the letters to the companies. A sample of the letters which were prepared between July and August 2011 were attached. In addition, due to lack of transport and fuel he was unable to conduct physical inspections.
- (ii) Using the automated system linkages, the issuance of Trading Licences is now linked with Company Licences. The Ministry therefore believes that the defaulting companies are actually not trading as Trade Licences are normally issued if there is no certificate of renewal for Company Licence.

**In this regard therefore the Ministry is in the process of deregistering the defaulting companies through a notice to be published in the media as soon as funds become available. Consequently he does not believe there will be any monies collectible by Government.**

It is noteworthy that the under collection of government revenue, through evasion by clients/companies contributes to the depletion of financial resources, leading the deficit and financial crisis.

**(b) Unauthorised Study Leave**

I also brought to the attention of the Controlling Officer that the Accounts Section in the department only operated on Wednesdays and Fridays because the Accounts Officer employment number 3306185 was enrolled at the University of Swaziland, where she was studying Commerce, on a full time basis and worked once a week. However, there was no authority for study leave made available or produced.

I also noted that the Accounts Officer was paid full salaries amounting to E208, 752.00, for the three years, while studying on a full time basis.

Further, I pointed out that the Accounts Officer claimed overtime during her study period for no service rendered.

The tables below show the payments made to the accounts officer.

**Table 1: Salary Paid**

<b>Period of Study</b>	<b>Salary Paid (E)</b>
2007 / 2008	60, 489.00
2008 / 2009	68, 844.96
2009 / 2010	79, 418.04
<b>Total</b>	<b>E208, 752.00</b>

**Table 2: Overtime Paid**

<b>Date of Salary</b>	<b>Overtime period</b>	<b>Overtime Amount Paid (E)</b>
April 2007	Cheque payment	3, 524.79
June 2007	Cheque payment	3, 971.30
June 2007	26/05/07 – 27/05/07	1, 015.42
July 2007	03/06/07 – 23/06/07	806.78
August 2007	06/07/07 – 15/07/07	368.61
March 2008	09/02/08 – 24/02/08	2, 449.99
April 2008	01/03/08 – 30/03/08	2, 449.99
May 2008	06/04/08 – 06/04/08	628.95
July 2008	115/06/08 – 15/06/08	658.90
September 2008	12/07/08 – 12/07/08	397.08
<b>Total</b>		<b>E16, 270.91</b>



General Orders state that public officers should be nominated by Government to go on study leave. A. 371 (1) further states that: “If an officer wishes to undertake a course of training or instruction which is primarily in his own interests, and for which he has not been nominated by the government, he shall be required to do so during a period of vacation leave.....”

**The Controlling Officer noted the issues raised concerning the alleged lack of authorization for the officers’s study leave and non staggering of salary during the “three year” period. According to information in their possession the officer signed a bonding agreement for the study leave period from August 2008 to May 2010, which suggests that Government did sanction her study leave (copy was attached). She was further granted an extension of one year commencing August 2011 to May 2012. He requested me to note that the management of the officer’s training plan involves the office of the Accountant General since she belongs to the Accountancy Cadre (A copy of the letter from Accountant General regarding staggering of salary was enclosed.**

**He further stated that his Ministry is continuing with its investigations and will submit another report pertaining to this issue, once they are through since some of my observations, particularly relating to over time claims, occurred while the officer was working under a different Ministry, they undertake to deduct any monies she may have gained irregularly and update my office on progress.**

Based on the Controlling Officers comments that, investigations were still on going, the matter has not been resolved.

At the time of compiling this report I was not aware of any adjustments effected in addressing the error.

## **25.1 Unauthorised Overexpenditure on Recurrent Vote**

Over expenditures beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

<b>Head</b>	<b>Item</b>	<b>Released Budget (E)</b>	<b>Actual/Committed Expenditure (E)</b>	<b>Over Expenditure (E)</b>	<b>Over Expenditure (%)</b>
28	CTA Vehicle Charges (11)	41,164.00	48,293.91	7,129.91	17
28	CTA Vehicle Charges (14)	-	3,040.17	3,040.17	100
28	CTA Vehicle Charges (22)	-	2,356.99	2,356.99	100
28	Personnel Costs (22)	-	13,963.58	13,963.58	100

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

Further, it is disturbing to note that funds for CTA charges were released and there was expenditure incurred from Head 28 – Enterprise and Employment for CTA charges and Personnel Costs.

The Ministry of Enterprise and Employment is non-existent during this period of ninth (9<sup>th</sup>) Parliament of the Kingdom of Swaziland.

**In his reply, referenced CIT 18/3/4, dated 12 December 2011 the Controlling Officer concurred with my observation but denied knowledge of the transaction under Head 28, which is a defunct Ministry. He promised to liaise with the office of the Accountant General and the Computer Department to assist him in this matter.**

However he neither mentioned the authority that allowed him to over spend nor provided me with explanation about who benefited from the expenditure incurred, since the Ministry is non-existent.

## HEAD: 30

### MINISTRY OF EDUCATION AND TRAINING

#### **Objectives:**

To provide facilities and training for the purpose of increasing the general level of education.

#### **26.0 AUDIT OF CAPITAL PROJECT E38099 – ENTITLED INSTALLATION OF A SECURITY SYSTEM IN THE MINISTRY OF EDUCATION AND TRAINING**

An audit inspection was carried out on Capital Project E38099 entitled “Installation of a Security System in the Ministry of Education and Training” and a report referenced E7.C.P.1 dated 18<sup>th</sup> October 2010, was issued to the Principal Secretary, Ministry of Education. The Principal Secretary, in his response, referenced EA. 15/5/1/16, dated 15<sup>th</sup> November 2010, concurred with my observations.

**The Controlling Officer in his reply, referenced EA.15/5/1/16 dated 15<sup>th</sup> November 2010, agreed that this was an anomaly and regretted that this anomaly happened. However, he promised that this anomaly will not happen in the future and also promised to abide by the laid down regulations.**

#### **(a) Misappropriation of Project Funds**

In my report referenced above, I stated that an amount of E900,000.00 was released during the financial year 2009/2010 for an installation of a security system. The actual expenditure amounted to E899,438.99 resulting to an under expenditure of E561.01. It was noted that part of the project funds amounting to E37,487.99 were used for purchasing office furniture and partitioning of an office without obtaining authority from the Ministry of Economic Planning and Development. The expenditure was as follows:-

Quantity	Supplier	Description	Amount (E)
4	Electro Dynamic Projects	Executive Armchair with aluminium base and castors swivel seat	10,580.00
1	Electro Dynamic Projects	Deep pedestal armchair	3,220.00
32m	Peace Distributors	Sensation carpet	11,800.00
32m	Peace Distributors	Underlayer	3,888.00
1	Kallote Distributors	Partitioning of office 119-4160 x 2570x 100	7,999.99
			<b>E37,487.99</b>

This indicates that the Ministry over budgeted in order to use the Capital Project funds for items that are outside the scope of the Project. This violated Financial and Accounting Instructions number 0202 (iii) which states that Controlling Officers must ensure that public monies are spent for the purpose for which they are authorized.

It should be noted that a diversion of funds is a serious discrepancy which cannot be overlooked because the money was used for recurrent expenditure which does not contribute to development.

**26.1 Audit Inspection – Ntfontjeni National High School For The Calendar Year Ended 31<sup>st</sup> December 2008**

An audit inspection was carried out at Ntfontjeni National High School, and a management letter, referenced P10B.Vol.IV.60, dated 23<sup>rd</sup> April 2010, was issued to the Principal Secretary, Ministry of Education. The Principal Secretary did not respond satisfactory to the following observations.

**(a) Undelivered School Computers**

In my report quoted above I mentioned to the Principal Secretary that the school made payments in four installments to Wisertron Technologies (Pty) Ltd, for computers amounting to E215 000.00. The school did not receive the computers whereas payment was made. My concern was raised on the payments made which were neither supported by receipts nor invoices, to authenticate the cost of the computers. This was a violation of School's Accounting Regulations which states that incurred expenditure should be supported.

Furthermore, though there is an existence of a computer laboratory but it was not functional since there were no computers, implying that pupils were deprived a chance of learning the computer skills that were set in the prevocational syllabus. Taking into account that parents had paid for the prevocational subjects, it is a loss to the parents.

Below were the payments made for the computers bought.

<b>Date</b>	<b>Cheque no</b>	<b>Amounts (E)</b>
13/02/2008	3776	40 000.00
25/03/2008	4010	60 000.00
16/07/2008	4115	15 000.00
23/07/2008	4129	100 000.00
	<b>Total</b>	<b>E215 000.00</b>

**(b) Rental of School Hall and Furniture**

In the same report I pointed out that rent collected for the usage of the School Hall and furniture was not banked although receipts were issued. On the 29<sup>th</sup> July

2008 the League of churches paid E400.00 for renting the school hall and on the 21<sup>st</sup> August 2008 Mazibuko Thandekile, also paid E400.00, for rental of two hundred school chairs.

Also, I could not ascertain whether the fees charged for the rental of these school resources were proper because the rental tariffs set by the school could not be obtained.

The revenue collected in respect of the property rental was not properly accounted for by the Head Teacher, and there was no record of income and expenditure as a result the usage of revenue collected could not be established. Therefore, the Head Teacher violated section 6.1 of the School Accounting Regulations that prohibits usage of revenue before banking.

**(c) Unsupported Expenditure**

I further pointed that various payments amounting to E99 448.35 were made without the necessary supporting documents, such as, receipts and invoices. The expenditure was therefore not accounted for. Therefore, I could not ascertain that the expenditure incurred and goods paid for, benefited the school.

The breakdown of unsupported expenditure is as shown below:-

<b>Date</b>	<b>Cheque No.</b>	<b>Payee</b>	<b>Cheque Amounted (E)</b>
04/02/08	3751	Atlas Electrical	22 000.00
05/02/08	3757	P.B.K.N. Investments	649.00
09/07/08	04111	Fakudze Lungile	2 500.00
01/04/08	04029	Dlamini A.M.	2 350.00
04/02/08	03754	UNISWA	7 500.00
08/02/08	03772	Masilela Nomvula	2 000.00
07/02/08	3769	Cashbuild	3 793.00
12/02/08	03778	Multi-Skills Investment	25 000.00
29/07/08	04142	Vilakati John	1 200.00
23/07/08	04130	Velem Investments	32 456.35
		<b>Total</b>	<b>E99 448.35</b>

**(d) Ntfontjeni Rural Education Centre**

During the audit I found that the centre offers a six months computer learning program which is conducted twice a year at E1 800.00 tuition fee per student per program.

I observed that proper accountability was not practiced at the centre and there were no records maintained in respect of the revenue collected.

(i) **Revenue Collected**

The audit revealed that during the year under review 16 students enrolled with 8 students per program. However, 3 of the students failed to pay the tuition fees and did not sit the examinations. Therefore an amount of E23 400.00 was collected during this year, 2008.

However, an amount of E13 150.00 was collected by the centre, as per the receipts provided for the audit and was not accounted for since no record was maintained and the money collected could not be traced into the bank account. The difference of E10 250.00 could not be authenticated since even the bank statements were not fully availed for audit purposes. Also, noted was that the receipts used when collecting the revenue were not the official receipts prescribed by the Schools Regulations.

Moreover there was no cash safe, at the centre, to keep the revenue. The revenue was kept in a desk drawer and was exposed to the risk of theft.

At the time of reporting it was not clear what action had been taken to address this matter.

(ii) **Expenditure File**

The Centre did not maintain an expenditure file yet this is a record meant to ensure accountability and transparency of expenditure incurred by the school. Therefore, stakeholders are deprived of the knowledge of activities financed by the school.

Expected revenue collected under this centre was E23 400.00 per annum. However, receipts found at the centre to account for tuition fees in respect of the computer lessons amounted to E13 150.00 for the 2008 school year. But as at 3<sup>rd</sup> January 2009 the bank statement reflected a bank balance of E3 584.23 held at a bank current account number 1110322345901 at Swazi Bank yet expenditure receipts/invoices amounted to E2 439.00. This indicates that the money is used, without supporting documents, before banking, which the regulation prohibits. Therefore it could not be ascertained whether the expenditure was relevant to the activities of the centre.

Further, non accountability of the money perpetrates fraud and renders the transaction untraceable.

**The Controlling Officer did not respond and thus violated Financial and Accounting Instruction no. 0315 (ii) which states that “it is the duty of the Accounting Officers to reply promptly to any queries addressed to them by the Auditor General giving fully the particulars of information desired”.**

## 26.2 Audit Inspection – Peak Central Primary School for the year ended 2008

An audit inspection was carried out at Peak Central Primary School, and a report referenced P10A.Vol.V11.24 dated 8<sup>th</sup> January 2010 was issued to the Principal Secretary, Ministry of Education. In his response the Principal Secretary did not satisfactorily address the following issues.

**In response, the Controlling Officer attached a copy of the response from the Headteacher, dated 22<sup>nd</sup> October 2011, which had been quoted by me as unsatisfactory to the concerns raised in the inspection report.**

Therefore this matter remains reportable.

### (a) Funds Withdrawn in Excess of the Expenditure Incurred

A total expenditure of E18 779.70 was incurred by the school. However, an expenditure amounting to E1 658.60 was not supported by either receipts or invoices

The breakdown of unsupported expenditure is shown below:

Date	Cheque no.	Payee	Cheque Amount (E)	Total supporting documents (E)	Unsupported Amount (E)
23/01/08	2832	Lucky Save Cash & Carry	3 149.95	3 134.00	15.95
04/03/08	2864	Zikalala December	1 390.00	1 263.57	126.43
08/05/08	2904	Lucky Save Cash & Carry	1 652.90	1 612.90	40.00
20/06/08	2931	Zikalala December	4 747.00	4 199.40	547.60
10/07/08	2942	Ming Sheng	600.75	557.50	43.25
17/07/08	2945	Dlamini Nomvula	800.00	586.83	213.17
12/08/08	2950	Sibandze Ambrose	200.00	-	200.00
15/09/08	2956	Lucky Save	3 906.50	3 833.60	72.90
16/10/08	2979	F & R Printers	330.00	-	330.00
20/10/08	2986	Buy Cash	682.00	634.90	47.10
21/10/08	2987	Ming Sheng	1 320.60	1 298.40	22.20
		<b>Total</b>	<b>1 8779.70</b>	<b>17 121.10</b>	<b>E1658.60</b>

**As per resolution, by the Ministry, the Head teacher refunded an amount of E581.00 in relation to the unsupported expenditure, into the schools account on 24<sup>th</sup> October 2011.**

**He alleged that the amount of E1 077.00 was not refunded because the schools committees, old and new, agreed in a meeting held on 14<sup>th</sup> October, 2011, that this money was used for the school.**

However, no supporting documents were furnished to confirm this assertion.

**(b) Expenditure above E2 000.00**

It was observed that expenditure above E2 000.00 amounting to E30 786.20 was not authorized and minuted by the School Committee, as prescribed by the Schools Accounting Regulation 12.2.

The table below shows such expenditures:

<b>Date</b>	<b>Cheque no.</b>	<b>Payee</b>		<b>Amount (E)</b>
23/01/08	2832	Lucky Save Cash & Carry	Zondle Groceries	3 149.95
31/01/01	2838	Websters	Stationery	6 237.75
17/02/08	2848	Dlamini Mark	Loan to Head teacher	3 500.00
25/02/08	2861	Ming Sheng Investment	Zondle Groceries	2 046.25
18/03/08	2879	Burning Bush	Uniform (School)	2 620.00
08/05/08	2903	Ming Sheng	Groceries	2 822.25
6/05/08	2909	Mdu's Investments	Cleaning material	2 503.50
11/09/08	2956	Lucky Save Cash & Carry	Zondle Groceries	3 906.50
18/09/08	2961	Dlamini Nomvula	Home Economics Practicals	2 000.00
06/10/08	2973	Websters	Stationery	2 000.00
		<b>Total</b>		<b>E30 786.20</b>

**The Head teacher submitted that he was given the mandate with the chairperson by the old school committee in a meeting held on 22<sup>nd</sup> February 2007 to incur expenditure above E2 000.00 because other members were at work and did not turn up for the meeting.**

**Further on 14<sup>th</sup> October 2011, a meeting was then held by the old and new school committees where consensus was reached about this matter and the expenditures minuted again.**

However I was not furnished with the minute authorizing this expenditure to normalize the situation.

**(c) Loan to Head Teacher**

The head teacher was loaned E3 500.00 on the 17<sup>th</sup> February 2008 from, the school fund Account. He only repaid an amount of E1 500.00. A balance of E2 200.00 was still outstanding at the time of the audit. The above mentioned loan was not authorized since it was not authorised in the School Committee's minutes, thus violating Schools Accounting Regulation 12.0. At the time of audit there was no documentary evidence produced which confirmed that the amount of E2 200.00 was fully settled.



**The Head teacher apologized about this issue and stated that the outstanding balance of E2 200.00 was paid into the school account on 12<sup>th</sup> April 2010 and attached the bank deposit slip and the bank statement.**

**(d) Unauthorised Payment**

In the year 2008 the school held a farewell function for a teacher, Ms Methula who was retiring. An amount of E6,230.00 was collected for the farewell function and was accounted for, on receipt numbers 1962101 to 196200. Total expenditure for the farewell function amounted to E11,853.80 which led to an over expenditure amounting to E5,623.80. The amount of E5,623.80 was not authorized by the School Committee, since it was not budgeted for and was not authorized by the parents, who are the financiers of the school, thus violating Schools Accounting Regulation 12.2.

**The response, by the Head teacher, stated that the old school committee pointed out that they knew this money. They had agreed that they would get the money from the rental which is collected from the old school situated at A4. He stated that this agreement was done at a meeting held on 16<sup>th</sup> April 2008. The minutes of the meeting at which this matter was deliberated were attached.**

However, I am not aware of any consent given by the parents, who are the financiers of the school, allowing this expenditure.

**(e) Orphans and Vulnerable Children (O.V.C) Fund**

On 21 August 2009 an amount of E19,500.00 was deposited in School Bank Account of Piggs Peak Central Primary. The deposit was for the payment of 60 OVCs. Out of the 60 OVCs there were three pupils who were not in the School Enrolment Register but each child benefited E325.00 which resulted to an amount of E975.00 not accounted for. This money was never refunded to government coffers.

Below is the list such pupils:

<b>Name of pupil</b>	<b>Grade</b>	<b>Amount (E)</b>
Jiyane Bonginkosi	6	325.00
Mhlanga Oscar	2	325.00
Dlamini Siphwe	1	325.00
	<b>Total</b>	<b>E975.00</b>

**The response stated that the first two pupils were not ghosts. Only the names were a problem because they used other names and thus the pupils used the money and therefore there was no need to pay it back.**

**The third child was admitted in that year but disappeared without informing the school. Since, he never used the money, the school committee requested the headteacher to pay the money back to government on DPM's account which he did on 24<sup>th</sup> October 2010. The receipts and bank deposit slips were attached.**

**(f) Denied Access to School Records – Sulutane Primary School**

My office visited the school on the 5<sup>th</sup> October 2009 for audit purposes but was unsuccessful because the Headteacher alleged that the school records were left at home for safety reasons, as there were some rats which might destroy the records.

Again, an appointment with the Headteacher was made by the Audit team to avail the school records on the 12 October 2009, for examination. However, on the agreed date 12 October 2009, the Headteacher did not report for duty for unexplained reasons. He further failed to exercise courtesy to inform the Audit Team, before the meeting date, that he would not be available. Also discovered was that even the Lubombo Regional Education Officer was not aware of his absenteeism.

I then contacted the Principal Secretary, Ministry of Education and Training to request the Headteacher to avail the school records for audit inspection on or before 31<sup>st</sup> December 2009. Indeed the Principal Secretary instructed the Headteacher through a letter dated 22<sup>nd</sup> December 2009 but he did not comply with the Controlling Officer's instruction.

After three attempts to examine the school records had failed, a reminder reference 517A Vol.V/4 dated 23 April 2010 was further issued to the Principal Secretary, Ministry of Education and Training to make convenient arrangements for the audit inspection to take its course but all my efforts proved futile.

I am concerned that though the school handles public funds, the Controlling Officer did not put enough effort to make the audit successful in order to account for the public moneys. This also contributes to poor corporate governance.

It is noteworthy to mention that records from the Ministry of Education and Training revealed that in addition to the fees paid by parents, Sulutane Primary School had received an amount of E66 950.00 in 2009 and E33 620.00 in 2010 school year in respect of Orphaned and Vulnerable Children OVC educational grant for school fees and examination fees.

Further, it is evident that this act was intended to conceal some misdemeanor, in this school, which cannot be overlooked.

Finally, I was denied access to the school records despite that I am mandated by the Constitution of the Kingdom of Swaziland and the Audit Act to access the

public accounts of Swaziland of all offices courts and authorities of the Government in order to discharge my statutory obligation.

**In his reply referenced EF/10, dated 7<sup>th</sup> November 2011, the Controlling Officer informed me that on 30<sup>th</sup> August 2011 he engaged the Headteacher Mr Mangaliso Sihlongonyane and gave him a copy of the reference sheet so that he could assist in responding to it. The Ministry requested the Headteacher to prepare a response to the issues raised and return the responses by 5<sup>th</sup> September 2011. To date he has not received the response despite many reminders. It could be that the Headteacher is currently under supervision and his matter is with the police who are investigating a case of arson, since the school office with all official books was burnt down. The case has not come before a court of law and the Headteacher is out on bail.**

However, it is apparent that the funds were deliberately mis-managed and the books were burnt down to conceal evidence, which is a criminal offence, while the effort of the Controlling Officer, is applauded, that is, to report the matter to the police for investigation, the matter remains re-reportable.

### **26.3 Audit Inspection – Nhletjeni Central Primary**

My office conducted an audit inspection at Nhletjeni Central Primary School on the 27<sup>th</sup> July 2010. A report referenced N15A.Vol.I. dated 26<sup>th</sup> October 2010 was then issued to the Principal Secretary, Ministry of Education.

In my memorandum quoted above, I communicated my findings to the Controlling Officer that a total amount of E44 013.00 and E23 270.00 was owed to government due to payment of unauthorised housing allowances to teachers who were accommodated by the school and non payment of rent by certain teachers, respectively, as follows:-

#### **(a) Housing Allowance**

I pointed out that certain teachers whose employment Numbers are 8736776, 6673398 and 7405169 received housing allowance yet they are accommodated by the school. As a result an unauthorized housing allowance received by the teachers have accumulated to E44, 013.00 for the period between 1<sup>st</sup> February 2003 to 31<sup>st</sup> may 2006.

Table showing received housing allowance

<b>Employment No.</b>	<b>Teacher's name</b>	<b>Year of occupation</b>	<b>Months Owed/Rate</b>	<b>Total (E)</b>
8736776	Philani Ndzabandzaba	May 2006	May-Dec 2006 8 months x 185	1,480.00
			Jan –Oct.2007 10 months x185	1,850.00
			Housing back pay (for	

			1 month) E185 was paid in Oct instead of E601 =( 601-185)	416.00
			Nov - Dec. 2008 2 months X 601	1,202.00
			Jan - Dec 2009 12months x 601	7,212,00
			Jan - Dec 2010 12 months X 601	7,212.00
			Jan – Nov 2011 11 months X 601	6,611.00
<b>Total</b>				<b>E25,983.00</b>
6673398	Petros Masuku	February 2003	Back pay from Sept 2010 to April 2011 (8 months X 601)	4,808.00
			May – Nov 2011 7 months X 601	4,207.00
<b>Total</b>				<b>E9,015.00</b>
7405169	Treasure Masuku	Jan 2007	Back pay from Sept 2010 to Apr 2011 (8 months X 601)	4,808.00
			May – Nov 2011 7 months x 601	4,207.00
<b>Total</b>				<b>E9,015.00</b>
<b>Grand Total</b>				<b>E44,013.00</b>

**(b) Rent Owing**

Also noted was that this school allowed some teachers to stay in Institutional houses without paying any rent.

On this note the Head Teacher violated School Accounting Regulations 2.4 which states that “the head of school will inform the Teachers’ Salaries Supervisor and Regional Education Officer immediately following the allocation and or change of house at the school....”

To date rent arrears have accumulated to E23, 270.00 for the period between 1<sup>st</sup> February 1991 to 31<sup>st</sup> July 2009.

**Table For Non Deduction of Rent**

Employment no	Teacher’s name	Occupation date	Rate / months	Total ( E )
00408781	Elizabeth Mngometulu	Feb 1991 / sharing	Feb 1991- Dec 1999 107 months X 13	1,391.00
			Jan 2000 – Dec 2009	1,560.00

			120 months X 13	
			Jan 2010 – Dec 2010 12 months X 13	156.00
			Jan – Nov 2011 11 months X 13	143.00
			<b>Total</b>	<b>3,250.00</b>
7407219	Welile Simelane	July 2009 / sharing	Jul 2009 – Dec 2009 6 months X 13	78.00
			Jan 2010 – Dec 2010 12 months X 13	156.00
			Jan – Nov 2011 11 months X 13	143.00
			<b>Total</b>	<b>377.00</b>
7169843	Ruth Sithole	Feb 1998 / sharing	Feb 1998 – Dec 1998 11 months X 13	143.00
			Jan 1999 – Dec 1999 12 months X 13	156.00
			Jan 2000 – Dec 2009 120 months X 13	1,560.00
			Jan 2010 – Dec 2010 12 months X 13	156.00
			Jan – Nov 2011 11 months X 13	143.00
<b>Total</b>				<b>E2,158.00</b>

6733100	Betty Nxumalo	Jul 2008 / not sharing	Jul 2008 – Dec 2008 6 months X 26	156.00
			Jan 2009 – Dec 2009 12 months X 26	312.00
			Jan 2010 – Dec 2010 12 months X 26	312.00
			Jan – Nov 2011 11 months X 26	286.00
<b>Total</b>				<b>E1,066.00</b>
6462765	Stella Mbingo	Jan 2000 / sharing	Jan 2000 – Dec 2010 132 months X 13	1,716.00
			Jan – Nov 2011 11 months X 13	143.00
<b>Total</b>				<b>E1,859.00</b>
7405169	Treasure Masuku	Jan 2007 / not sharing	Jan 2007 – Dec 2009 36 months X 26	936.00
			Jan 2010 – Dec 2010 12 months X 26	312.00
			Jan – Nov 2011 11 months X 26	286.00
<b>Total</b>				<b>E1,534.00</b>
6697118	Thabsile	Jan 2002 /	Jan 2002 – Dec 2009	1,248.00

	Dlamini	sharing	96 months X 13	
			Jan 2010 – Dec 2009 12 months X 13	156.00
			Jan – Nov 2011 11 months X 13	143.00
<b>Total</b>				<b>E1,547.00</b>
6711416	Nobuhle Nhleko	Jan 2002 / not sharing	Jan 2002 – Dec 2009 96 months X 26	2,496.00
			Jan 2010 – Dec 2010 12 months X 26	312.00
			Jan – Nov 2011 11 months X 26	286.00
<b>Total</b>				<b>E3,094.00</b>
6911410	Nozipho Mbingo	July 2009 / sharing	Jul 2009 – Dec 2009 5 months X 13	65.00
			Jan 2010 – Dec 2010 12 months X 13	156.00
			Jan – Nov 2011 11 months X 13	143.00
<b>Total</b>				<b>E364.00</b>
6673398	Petros Masuku	Feb 2003 / sharing	Feb 2003 – Dec 2009 84 months X 13	1,092.00
			Jan 2010 – Dec 2010 12 months X 13	156.00
			Jan – Nov 2011 11 months X 13	143.00
<b>Total</b>				<b>E1,391.00</b>

4356994	Redeemed Mthimkhulu	Jan 1981 / sharing	Jan 1981 – Dec 2009 336 months X 13	4,368.00
			Jan 2010 – Dec 2010 12 months X 13	156.00
			Jan – Nov 2011 11 months X 13	143.00
<b>Total</b>				<b>E4,667.00</b>
6162063	Elphas Sithole	May 1998 / sharing	May 1998 – Dec 2009 128 months X 13	1,664.00
			Jan 2010 – Dec 2010 12 months X 13	156.00
			Jan – Nov 2011 11 months X 13	143.00
<b>Total</b>				<b>E1,963.00</b>
<b>Grand total</b>				<b>E23,270.00</b>

It is

worrying that the Head teacher who is the accounting officer of the school is not exercising due care to follow necessary procedures to collect rent from the teachers who occupy the houses in the school in conformity with the schools

accounting regulations. As a result government is being deprived the revenue to finance its activities.

**The Controlling Officer informed me that the payment of housing allowance has been stopped and the unjustified housing allowance will be recovered. In addition the Ministry has processed deduction of rent from those teachers who were not paying rent.**

I am not aware if the deductions have been duly implemented.

#### **26.4 Audit Inspection – Swaziland College of Technology**

An audit inspection at Swaziland College of Technology was conducted and a report referenced P10B Vol.VI/15 dated 14 July 2011 was issued to the Principal Secretary, Ministry of Education and Training.

However, the following anomalies were not addressed though the Principal Secretary, Ministry of Education concurred with my findings.

##### **(a) Withheld College Results By City and Guilds**

In my report quoted above, I expressed concern over unreleased college results, in respect of students who sat for City and Guilds examinations, during the academic years, 2007/2008,2008/2009 and 2009/210, because the Swaziland College of Technology is still owing registration examination fees amounting to E38, 400.00.

The debt owed to the City and Guilds resulted from SCOT part time students including private students from:-

- Bosco Skills Centre
- Mpaka High School
- Birch Cooper Institute
- Manzini Youth Care and
- MUC College

The students quoted above were alleged to have registered for the examination because a certain lecturer, at the Swaziland College of Technology, collected cash from those students who were supposed to make deposits into the revenue account as per procedure.

During these academic years the outstanding examination fees were E316, 210.00 but the college managed to reduce the debt by E239 410.00 leaving a balance of E76, 800.00. After a lengthy discussions between the College and the Board of City and Guilds, the Board wrote off an amount of E38, 400.00, which was half of the outstanding balance.

The remainder of E38, 400.00 owed to the City and Guilds has not been settled to date. Consequently the results and certificates are still withheld by the City and Guilds Board to the detriment of the students.

It is evident that the examination fees were mismanaged in this College and as a result these students, who sat for the examinations during this period were defrauded their opportunities for advancement.

It is noteworthy, to mention that the students were deprived their education and future. Also, parents' efforts in paying tuition fees, to upgrade the standard of living for their children was jeopardized, because their monies went down the drain.

**The response, by the Controlling Officer revealed that the remainder, amounting to E38 400.00, which was still owed to the City and Guilds was settled by government and consequently the withheld results and certificates were released.**

Though the Ministry's intervention, to rescue the situation is commendable, I consider the money paid, as a result of mismanagement of funds, to be a loss to government and unfair to the tax payers. I am not aware if the Ministry has reported the loss, as per Financial and Accounting Regulations.

Also he did not state the action taken against the implicated official who collected the examination fees from the students but did not remit to the City and Guilds, the Examination Board.

Further, to date, no one has been held accountable for this serious misdemeanour, despite that the investigation report revealed some misconduct, by the Senior Lecturer, which could be the root cause of the anomaly.

It is noteworthy that, it is these losses which might be considered minute but in totality may pose serious repercussions on the government resources, as a whole and therefore each episode deserves to be taken seriously.

#### **26.5 Audit Inspection: Gwamile Vocational & Training Centre**

An audit inspection was conducted at Gwamile Vocational and Commercial Training Institute Matsapha (VOCTIM) and a report ref E7 VOL.IV/36 dated 22<sup>nd</sup> April 2010 was issued to the Principal Secretary, Ministry of Education and Training. However, the following irregularities which were brought to the attention of the Controlling Officer were not addressed.



(a) **Unauthorised Housing Allowance**

The Government's policy regarding housing allowance is that an officer who is accommodated in a government quarter shall not be eligible for payment of a housing allowance.

However, the Principal Secretary, Ministry of Education and Training violated the laid down regulations by spending public funds for the payment of Housing allowance to two (2) officers whose employment numbers are 4736255 and 3259375. These officers were allocated government quarters since December 2008 and are currently occupying the houses and yet at the same time they are receiving housing allowance.

The unauthorized housing allowance received by the employees has accumulated to E11, 419.00 and E4, 465.00 respectively, for the duration of twenty one months (21) from 1<sup>st</sup> December 2008 to 30<sup>th</sup> June 2010.

Despite that the matter was brought to the attention of the Principal Secretary, Ministry of Education and Training nineteen (19) months ago, no corrective action had been taken to recover the unauthorized housing allowances, until I resolved to take the matter to Parliament.

**Housing Allowance**

Below is the unauthorised Housing Allowance

<b>Employment number</b>	<b>Occupation date</b>	<b>Housing allowance rate X months (E)</b>	<b>Total amount paid (E)</b>
3259375	Dec 2008 to Jun 2010	Dec 2008 – Dec 2009 13 months X 235	3,055.00
		Jan 2010 – Jun 2010 6 months X 235	1,410.00
		<b>Total</b>	<b>4,465.00</b>
4736255	Dec 2008 to Jun 2010	Dec 2008 – Dec 2009 13 months X 601	7,813.00
		Jan 2010 – Jun 2010 6 months X 601	3,606.00
		<b>Total</b>	<b>11,419.00</b>
		<b>Grand Total</b>	<b>15,884.00</b>

The Controlling Officer has stopped the payment of the illegal housing allowance and is recovering the amount paid.

(b) **Rental Owning**

In the same report, I also pointed out that the same officers, employment numbers 4736255 and 3259375 who received the housing allowance were not paying rent yet they are occupying government quarters at VOCTIM, house no.DY505 Rental arrears for both officers have accumulated to E494.00 and E988.00 respectively for the period 1<sup>st</sup> December 2008 30<sup>th</sup> June 2010.

Another officer, employment no.3521412 owes rent yet she is occupying hostel no.3 (three) at VOCTIM. The rental arrears for 70 months have accumulated to E1, 716.00 between 1<sup>st</sup> January 2005 to 30<sup>th</sup> June 2010.

To date rental deductions have not been effected despite that one of the Controlling Officer's responsibility is to ensure that revenue is collected and promptly brought to account.

Details of the rent owing are as follows:-

### **Owed Rent**

<b>Employment number</b>	<b>Occupation date/ Room no</b>	<b>Housing rent rate X months (E)</b>	<b>Total amount paid (E)</b>
4736255	December 2008 to June 2010 Hostel no 1	Dec 2008 – Dec 2009 13 months X 26	338.00
		Jan 2010 – Jun 2010 6 months X 26	156.00
		<b>Total</b>	<b>494.00</b>
3259375	December 2008 to June 2010 DY 505	Dec 2008 – Dec 2009 13 months X 52	676.00
		Jan 2010 – Jun 2010 6 months X 52	312.00
		<b>Total</b>	<b>988.00</b>
3521412	January 2005 to June 2010 Hostel no 3	Jan 2005 – Dec 2005 12 months X 26	312.00
		Jan 2006 – Dec 2006 12 months X 26	312.00
		Jan 2007 – Dec 2007 12 months X 26	312.00
		Jan 2008 – Dec 2008 12 months X 26	312.00
		Jan 2009 – Dec 2009 12 months X 26	312.00
		Jan 2010 – Jun 2010 6 months X 26	156.00
		<b>Total</b>	<b>1,716.00</b>
		<b>Grand total</b>	<b>E3,198.00</b>

I am concerned that even though government housing rates are subsidised there are officers who, still, cheat payment of rent. This is a serious act which cannot be ignored because government has been deprived of its meager revenue.

**In his reply the Controlling Officer stated that a casualty has been prepared to recover the rental owed, beginning in January 2012.**

**(c) Underpayment of Rent**

Further, I noted with concern that when rental deductions were effected from 1<sup>st</sup> July 2011 to 30<sup>th</sup> November 2011, in respect of the same officers quoted above deductions were not as per the rates of the categories of the houses occupied.

The under payment is listed below:-

<b>Employment no</b>	<b>Room no</b>	<b>Months stayed</b>	<b>Understated Amount (E)</b>	<b>Total (E)</b>
4736255	Hostel no 1	Jul – Dec 2010	6 months X 12	72.00
		Jan – Nov 2011	11 months X12	132.00
			<b>Total</b>	<b>E204.00</b>
3259375	DY 505	Jul – Dec 2010	6 months X 26	156.00
		Jan – Nov 2011	11 months X 26	286.00
			<b>Total</b>	<b>E442.00</b>
3611379	Hostel no 3	Dec 2009	1 month X 13	13.00
		Jan 2010 – Dec 2010	12 months X 13	156.00
		Jan 2011 – Nov 2011	11 months X 13	143.00
			<b>Total</b>	<b>312.00</b>
			<b>Grand Total</b>	<b>E958.00</b>

**The Controlling Officer has since resolved to recover the rent owing and a casualty has been prepared to commence deductions with effect from January 2012.**

**(d) Occupation of the Institution’s House by a Non Civil Servant**

During the physical verification of the Houses, at VOCTIM, it was discovered that House No. DY390 which was allocated to a lecturer, employment number 4309806 was occupied by Mr Kenneth Ndzinisa, who is not a civil servant but working for Swaziland Brewers.

The lecturer is no longer staying in the house and taking advantage of the rates of government rentals, he continued to pay the rental of E52.00 per month. He left Mr Ndzinisa in the house whom he alleged to be his relative.

It was gathered that the house was passed on to the lecturer’s relative without the consent of the Principal at VOCTIM, but the Principal is aware of the arrangement.

The non-civil servant has enjoyed the comfort of a government house at rent and water utility free ,at the expense of the taxpayers while enjoying fringe benefits of the company (Swaziland Brewers) he is working for.

Total water bills paid by government in 2009, for the whole Institution including the house occupied by a non civil servant, amounted to E750,620.55 for the period 1<sup>st</sup> January 2009 to 31<sup>st</sup> December 2009.

It is evident that the lecturer was no longer in need of the house and it was supposed to be taken back to the College, for reallocation to deserving officers.

Occupation of a government quarter by persons who are non civil servants is contrary to General Orders governing the allocation of government quarters. Further General Order .A 702(1) does not permit officers to let or sub-let either in whole or part of government quarters, which have been allocated to them.

I am concerned about lack of supervision by the Principal of the College as well as the Controlling Officer who did not take any action to discipline the lecturer involved, after their attention was drawn that the state property, which is a fringe benefit for the College employees, was being misused.

**The Controlling Officer, in his response, informed me that an eviction letter has been written to the non-civil servant who is occupying the Institution's house.**

However, at the time of writing this report I am not aware of the outcome, whether the non-civil servant has vacated the house.

(e) **Bulk Metre – Water Bills**

I also pointed out to the Controlling Officer that water bills of the Institution were too high because the water metre for the College and lecturers' residences were not separated. As a result the lecturers were not paying water bills consumed by them but only pay electricity bills.

Government is paying the water bills for the College as well as consumption by the lecturers and other staff members.

The high escalation cost of water bills is caused by persistent running water taps which were not repaired and attended to by the College Management. Water bills paid by government were E775, 654.00 in 2008 E750, 620.55 in 2009 and E753, 432.70 for 2010.

The following tables show water bills paid in 2008, 2009 and 2010

Year 2008	Amount paid (E)	Year 2009	Amount Paid (E)	Year 2010	Amount paid (E)
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January	61,008.78	January	107,665.44	January	8,143.62
February	78,510.45	February	74,540.75	February	102,651.93
March	66,220.83	March	67,011.39	March	413,231.14
April	70,000.59	April	90,890.75	April	66,755.58
May	80,028.65	May	0.00	May	108,051.91
June	78,193.74	June	97,627.17	June	0.00
July	72,751.42	July	83,574.18	July	12,843.02
August	1,426.30	August	78,671.33	August	7,193.02
September	0.00	September	103,187.43	September	8,822.62
October	69,837.60	October	46,767.81	October	8,439.22
November	99,516.35	November	342.15	November	9,036.02
December	98,159.29	December	342.15	December	8,264.62
<b>Grand total</b>	<b>E775,654.00</b>		<b>E750,620.55</b>		<b>E753,432.70</b>

In my report, I recommended that individual metres should be installed in the houses occupied by the staff members so that they pay water bills as per their consumption and be responsible for unattended leakages, observed.

Further, it is an unnecessary burden to the taxpayers, to have the water consumed by employees but paid by government.

The Controlling Officer has not taken, seriously, my recommendations since the water metres are not separated even to date.

I am concerned by the laxity, care free attitude, demonstrated by the Controlling Officer even during the times of liquidity crisis in the country. In essence it is these kind of inherited expenses, by government, that have contributed to the crisis currently suffered by government.

**In his response, the Controlling Officer, stated that the Ministry has submitted a project for funding by government in financial year 2012/2013 and explained the urgency the project desires.**

**(f) Outstanding College Fees**

On another note, it was brought to the attention of the Controlling Officer that, students graduated and left the College without having fully settled the College fees.

College fees for resident students at the campus were E13, 760.00 per year and non-resident students were E10, 130.00 per year.

An amount of E240, 745.00, for the 2009 year of study, was still outstanding from the following students:-

<b>Year of study</b>	<b>Student Name</b>	<b>Resident / Non resident</b>	<b>Faculty Department</b>	<b>College Fees (E)</b>	<b>Paid Fees (E)</b>	<b>Outstanding fees (E)</b>
2008/2009	Nkambule Mabonga	Resident	Automotive	13,760.00	5,555.00	8,205.00
2008/2009	Sibiya Sphiwo	Resident	Automotive	13,760.00	5,540.00	8,220.00
2008/2009	Mabila Zakithi C.	Resident	Commercial	13,760.00	7,630.00	6,130.00
2008/2009	Dlamini Nkosinathi S.	Resident	Woodwork	13,760.00	6,260.00	7,500.00
2008/2009	Dlamini Nhlanhla N.	Resident	Woodwork	13,760.00	3,335.00	10,425.00
2008/2009	Mabuza Khethwa B.	Resident	Mechanical	13,760.00	10,760.00	3,000.00
2008/2009	Dube Bongani	Resident	Mechanical	13,760.00	11,260.00	2,500.00
2008/2009	Broadwell Ntokozo	Resident	Electrical	13,760.00	8,220.00	5,540.00
2008/2009	Takitsi Mamba	Non resident	Automotive	10,130.00	6,040.00	4,090.00
2008/2009	Thulani H. Zwane	Non resident	Automotive	10,130.00	5,155.00	4,975.00
2008/2009	Thokozane Mkhulisi	Non resident	Automotive	10,130.00	3,630.00	6,500.00
2008/2009	Mfundo Dlamini	Non resident	Automotive	10,130.00	5,730.00	4,400.00
2008/2009	Mfanelo M. Mthethwa	Non resident	Automotive	10,130.00	4,810.00	5,320.00
2008/2009	Nkosinathi Nhlabatsi	Non resident	Automotive	10,130.00	7,630.00	2,500.00
2008/2009	Sabelo Dlamini	Non resident	Automotive	10,130.00	6,220.00	3,910.00
2008/2009	John Gama	Non resident	Automotive	10,130.00	5,130.00	5,000.00
2008/2009	Themba Matsebula	Non resident	Automotive	10,130.00	7,630.00	2,500.00
2008/2009	Mzwakhile N. Zwane	Non resident	Automotive	10,130.00	6,220.00	3,910.00
2008/2009	Thokozani Ndzabandzaba	Non resident	Automotive	10,130.00	8,430.00	1,700.00
2008/2009	Makhosonkhe Matsebula	Non resident	Automotive	10,130.00	8,130.00	2,000.00
2008/2009	Bhekinkosi J. Dube	Non resident	Automotive	10,130.00	6,220.00	3,910.00
2008/2009	Sibusiso Anderson	Non resident	Automotive	10,130.00	6,200.00	3,910.00
2008/2009	Sibusiso E. Mdluli	Non resident	Automotive	10,130.00	5,540.00	4,590.00
2008/2009	Wandile Gamedze	Non resident	Automotive	10,130.00	5,555.00	4,575.00
2008/2009	Mpendulo Matsebula	Non resident	Automotive	10,130.00	7,720.00	2,410.00
2008/2009	Phindile Vilakati	Non resident	Automotive	10,130.00	9,130.00	1,000.00
2008/2009	Lamile N. Shongwe	Non resident	Commercial	10,130.00	7,130.00	3,000.00
2008/2009	Lomathemba Magagula	Non resident	Commercial	10,130.00	7,130.00	3,000.00
2008/2009	Mumcy C. Matsebula	Non resident	Commercial	10,130.00	7,630.00	2,500.00
2008/2009	Mbuso Simelane	Non resident	Commercial	10,130.00	7,130.00	3,000.00
2008/2009	Zama Dlamini	Non resident	Commercial	10,130.00	7,630.00	2,500.00
2008/2009	Gcebizwe B.	Non	Commercial	10,130.00	7,630.00	2,500.00

	Simelane	resident				
2008/2009	Nokukhanya Mkhonta	Non resident	Commercial	10,130.00	7,130.00	3,000.00
2008/2009	Tengetile Mkhaliphi	Non resident	Commercial	10,130.00	7,130.00	3,000.00
2008/2009	Nompumelelo Simelane	Non resident	Commercial	10,130.00	7,130.00	3,000.00
2008/2009	Nonhlanhla Kunene	Non resident	Commercial	10,130.00	7,130.00	3,000.00
2008/2009	Sipho T. Dlamini	Non resident	Commercial	10,130.00	7,630.00	2,500.00
2008/2009	Linda Magagula	Non resident	Woodwork	10,130.00	7,630.00	2,500.00
2008/2009	Sibonelo Makhanya	Non resident	Woodwork	10,130.00	7,130.00	3,000.00
2008/2009	Mcebo Makhanya	Non resident	Woodwork	10,130.00	5,735.00	4,395.00
2008/2009	Xoli S. Mthunzi	Non resident	Woodwork	10,130.00	6,310.00	3,820.00
2008/2009	Joel S. Hlatshwayo	Non resident	Woodwork	10,130.00	6,335.00	3,795.00
2008/2009	Makhosonkhe Ginindza	Non resident	Building	10,130.00	7,130.00	3,000.00
2008/2009	Zwelibanzi Matsebula	Non resident	Building	10,130.00	6,130.00	4,000.00
2008/2009	Mongi Dlamini	Non resident	Building	10,130.00	5,130.00	5,000.00
2008/2009	Michah Mkhaliphi	Non resident	Building	10,130.00	7,130.00	3,000.00
2008/2009	Mandla Sithole	Non resident	Building	10,130.00	7,130.00	3,000.00
2008/2009	Makhosonke Ginindza	Non resident	Building	10,130.00	7,130.00	3,000.00
2008/2009	Bongani Tsabedze	Non resident	Mechanical	10,130.00	7,130.00	3,000.00
2008/2009	Noncedo Nkambule	Non resident	Mechanical	10,130.00	7,130.00	3,000.00
2008/2009	Nhlanhla Dlamini	Non resident	Mechanical	10,130.00	7,130.00	3,000.00
2008/2009	Mfundo Dlamini	Non resident	Mechanical	10,130.00	4,890.00	5,240.00
2008/2009	Sizwe Khumalo	Non resident	Mechanical	10,130.00	3,630.00	6,500.00
2008/2009	Maxwell Shabangu	Non resident	Mechanical	10,130.00	3,630.00	6,500.00
2008/2009	Mthunzi Metfula	Non resident	Mechanical	10,130.00	5,975.00	4,155.00
2008/2009	Linda B. Mkhonta	Non resident	Mechanical	10,130.00	7,130.00	3,000.00
2008/2009	Nomcebo P. Vilakati	Non resident	Mechanical	10,130.00	1,960.00	8,170.00
2008/2009	Manuel Magongo	Non resident	Mechanical	10,130.00	4,135.00	5,995.00
2008/2009	Hlatshwayo Majaheni	Non resident	Mechanical	10,130.00	6,155.00	3,975.00
			<b>Total</b>	<b>626,710.00</b>	<b>385,905.00</b>	<b>E240,765.00</b>

Although the Controlling Officer is aware that government is in dire need of the revenue to finance its activities he is care free and not bothered to trace the students and demand the outstanding monies due to government.

**The Ministry has since started tracing the students who have outstanding fees and has also engaged the Ministry's Legal Advisor on a way forward.**

**(f) Non Operational Library Services**

A library at VOCTIM was built in 2003 but has not been in operation for 7 years. During the audit inspection, books required for the library had not been bought.

However, the Library Unit has eight permanent working staff comprising of five Cleaners, one Typist, Assistant Librarian and one Librarian.

The employees, under this Unit, received monthly salaries for no services rendered to government. As a result government suffered a loss of E507, 707.95 for salaries paid between 7<sup>th</sup> April 2008 to 14<sup>th</sup> December 2009.

The details are:-

Assumption of duty	Employment no	Post Held	Period/ Monthly Salary (E)	No of months	Total Paid (E)
07/04/2008	3185618	Senior Librarian	Jan 2010 13,337.58	1	13,337.58
			Aug 2009 – Dec 2009 13,337.58	5	66,687.90
			Aug 2008 –Jul 2009 11,940.67	12	143,288.04
			Apr 2008 – Jul 2008 10,806.00	4	43,224.00
			<b>Total</b>	<b>22</b>	<b>E266,537.52</b>
01/06/2008	3213634	Assistant Librarian	Jan 2010 8,821.92	1	8,821.92
			Aug 2009 –Dec 2009 8,821.92	5	44,109.60
			Apr 2009 – Jul 2009 8,442.00	4	33,768.00
			Aug 2008 – Mar 2009 8,196.08	8	65,568.64
			Jun 2008 – Jul 2008 7,317.92	2	14,635.84
			<b>Total</b>	<b>20</b>	<b>E166,904.00</b>
19/05/08	7952991	Cleaner	Jan 2010 1,620.42	1	1,620.42
			Aug 2009 – Dec 2009	5	8,102.10



			1,620.42		
			Sept 2008 – Jul 2009 1,446.83	11	15,915.13
			Jun 2008 – Aug 2008 1,309.33	3	3,927.99
			May 2008 253.38	13 days	253.38
			<b>Total</b>	<b>20 months 13 days</b>	<b>E29,819.02</b>
19/05/08	2628334	Cleaner	Jan 2010 1,620.42	1	1,620.42
			Aug 2009 – Dec 2009 1,620.42	5	8,102.10
			Sept 2008 – Jul 2009 1,446.83	11	15,915.13
			Jun 2008 – Aug 2008 1,309.33	3	3,927.99
			May 2008 253.38	13 days	253.38
			<b>Total</b>	<b>20 months 13 days</b>	<b>E29,819.02</b>
14/12/09	9139220	Cleaner	Jan 2010 1,805.37	1	1,805.37
			Dec 2009 1,203.58	1	1,203.58
			<b>Total</b>	<b>2</b>	<b>E3,008.95</b>
14/12/09	40059314	Cleaner	Jan 2010 1,805.37	1	1,805.37
			Dec 2009 1,203.58	1	1,203.58
			<b>Total</b>	<b>2</b>	<b>E3,008.95</b>
14/12/09	40134284	Cleaner	Jan 2010 1,805.37	1	1,805.37
			Dec 2009 1,203.58	1	1,203.58
			<b>Total</b>	<b>2</b>	<b>E3,008.95</b>
14/12/09	39867818	Typist	Jan 2010 3,360.84	1	3,360.84
			Dec 2009	1	2,240.70
			<b>Total</b>	<b>2</b>	<b>E5,601.54</b>
			<b>Grand Total</b>	<b>90 months 26 days</b>	<b>E507,707.95</b>

The Controlling Officer did not state how he intends to recover the loss.

**The Controlling Officer concurred with my observation stating that books were not purchased due to non allocation of funds. However a budget has again been submitted and hopefully some books will be purchased before the end of the financial year.**

The Controlling Officer did not mention how the issue of the Library staff would be handled, pending the purchase of books.

#### **26.6 Under Expenditure on Project E34399 – Water Supply to Schools V**

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

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

An amount of E1100, 000.00 was approved and released for sitting and drilling of boreholes and installation of pumps in 20 schools and purchase of 110 water tanks in selected schools throughout the country.

Actual expenditure amounted to E322, 000.00 resulting in an under expenditure of (E1, 100,000.00-E322, 000.00) E778, 000.00 70% savings.

The Ministry is expected to explain the status of the project and the reasons for the high savings

**In his reply, the Controlling Officer pointed out that the project was completed by 31<sup>st</sup> March 2011 but the payment of E660 000.00 to date, has not been made to the Contractor due to the prevailing cash flow challenges.**

However evidence of the completed projects was not furnished to my office.

#### **26.7 Under Expenditure on Project E34499 – Schools Toilet VI**

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized for purposes intended and within the timeframe the development and economic growth of a country is retarded.

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

An amount of E3 000.000.00 was approved and released for the construction of pit latrines in selected schools throughout the country.

Actual expenditure amounted to E2 543, 244.64 resulting in an under expenditure of

(E3 000, 000.00-E2 543, 244.64) 15.2%.

The Ministry is expected to update my office on the implementation status of the project and justify the savings.

**In response the Controlling Officer stated that the project was stalled and remains incomplete due to the severe cash flow crisis. However, the Ministry purchased and distributed building materials to the 46 targeted schools but regarding cement blocks only 20 schools received the cement blocks, because government vehicles were suspended due to the cash flow challenges and thus the under expenditure.**

#### **26.8 Under Expenditure on Project E37599 – Teachers’ Houses VII**

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

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

An amount of E2 751, 000.00 was approved as budget and released for the construction of B2D Teachers’ houses in selected Secondary schools throughout the country.

The whole released amount of E2 751, 000.00 was not utilized thus resulting in a 100% savings non implementation of the project.

The Ministry is expected to give reason for not implementing the project.

**In his reply the Controlling Officer stated that this project was completed and the houses are in use and the total expenditure at the end of March 2011 was E2 600 058.58.**

However lists of completed houses were not furnished to my office for verification.

#### **26.9 Under Expenditure on Project E37899 – Construction of Secondary School Libraries**

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

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

An amount of E1 400.000.00 was approved as budget and released for the construction of schools libraries in selected secondary schools around the country.

The whole released amount of E1 400,000.00 was not utilized thus resulting in the savings of 100%.

The Ministry is expected to explain the non-implementation of the project.

**The reply, by the Controlling Officer, stated that there was no under expenditure in this project. The whole sum, E1 400 000.00 was utilized to construct one library at Siphofaneni High School, which is now in use.**

**26.10 Under Expenditure on Project E38299 – Academic Precinct Development at UNISWA Kwaluseni Campus**

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized retards the implementation of the project.

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

An amount of E14, 100.000.00 was approved and released for the academic precinct development at UNISWA; construction of a sports emporium at UNISWA Kwaluseni Campus (E690 000.00). Construction of a National Crop Production Centre at UNISWA Luyengo Campus (E720 000.00)

Actual expenditure amounted to E9 622 000.00 resulting in an under expenditure of (E14,100,000.00–E9 622 000.00) E4 478,000.00 31.7%. Savings.

The Ministry is expected to explain the status of the project and the reasons for the savings.

**The Controlling Officer agreed that the project under spent. The reason given was that government did not release the second request for funds amounting to E9 622 000.00 and as a result the project remains incorrect.**

However, he corrected me that the total expenditure as at 31<sup>st</sup> March 2011 was E4 478 000.00 and not E9 622 000.00. While we note the disparity it is worth mentioning that my amounts were obtained through the government accounting system.

**26.11 Under Expenditure on Project E38399 – Rehabilitation of Infrastructure and Equipment at UNISWA**

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

country.

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

An amount of E5,000,000.00 was approved and released for the Rehabilitation of library, laboratories and classrooms at the three (3) UNISWA Campuses.

Actual expenditure amounted to E1 779,000.00 resulting in an under expenditure of (E5,000,000.00–E1 779,000.00) E3,221,000.00 (64.4%) savings.

The Ministry is expected to explain the status of the project and the reasons for the high savings.

**The Controlling Officer conceded that there was under expenditure under this project. However, he corrected the amount of savings stated in my report to be E1 779 000.00 and the actual expenditure to be E3 221 000.00.**

**The reason for the under expenditure was that government did not release the E1 779 000.00 that was requested to complete the project due to the on going cash flow crisis.**

#### **26.12 Under Expenditure on Project E39099 – Construction of Technical Subjects Workshop**

Under expenditures are as serious as over expenditures in that if funds are tied up and unutilized retards the development and economic growth of a country.

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

An amount of E9, 000,000.00 was approved and released for the Construction of technical subjects workshops in ten(10) Secondary schools around the country.

The released amount of E9, 000,000.00 was not utilized for the implementation of the project thus resulting in a 100% savings.

The Ministry is expected to clarify and justify the non-implementation of the project.

**In his reply the Controlling Officer stated that the funds were utilized and the total expenditure as at the end of March 2011 was E8 726 425.00.**

**The project status was that 5 contracts have been awarded and site clearing has started but due to financial crisis only the 5 workshops will be constructed instead of the initial 7 that were envisaged.**

**26.13 Under Expenditure on Project E39399 – Construction of Schools Science Laboratories**

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

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

An amount of E4, 932,000.00 was approved and released for the Construction of Science laboratories in selected secondary schools around the country.

The whole released amount of E4 932,000.00 was not utilized resulting in the non-implementation of the project. Thus the funds were idle with no benefit to the country.

The Ministry is expected to give reasons for failure to implement the project.

**In his reply the Controlling Officer disagreed with my observation. He stated that the money has been utilized and science laboratories were constructed in 8 secondary schools and are all in use. The total expenditure as at the end of March 2011 amounted to E4 507 776.14.**

**26.14 Under Expenditure on Project E39499 – Secondary School Classroom VI**

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

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

An amount of E9, 713,000.00 was approved and released for the Construction of Secondary schools classrooms in selected schools around the country.

The released amount of E9, 713,000.00 was not utilized thus resulting in a 100% savings.

The Ministry is expected to explain and give reasons for failure to implement the project.

**The Controlling Officer disagreed with my observation and stated that according to his records an amount of E9 713 000.00 was requested but E9**

**180 702.87 was released and was utilized to construct classrooms in 39 secondary schools and are still in use.**

However, no evidence was provided for further verification.

**26.15 Under Expenditure on Project E39799 – Rehabilitation of Storm Damaged Schools**

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

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

An amount of E2, 000.000.00 was approved and released for the Rehabilitation of storm damaged schools throughout the country.

Actual expenditure amounted to E478, 979.37 thus resulting in an under expenditure of (E2, 000,000.00-E478, 979.37) E1 521, 020.63 (76%) savings.

The Ministry is expected to update this office with the status of the project and further explain this high savings.

**In his reply the Controlling Officer stated that implementation of the project was transferred to micro project a sum of E1 521 020.63 was spent in the 2011/12 financial year leaving a balance of E339 261.99 as at 1<sup>st</sup> December 2011.**

**The explanation given was that funds amounting to E1 480 000.00 which were released on 18 January 2011 was not honoured by government due to the on going challenges.**

**26.16 Under Expenditure on Project E40499 – Separation of Electricity and Water Metres at Boarding Schools**

Under expenditures are as serious as over expenditures in that if funds are locked up and unutilized retards the development and economic growth of a country.

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

An amount of E2, 500.000.00 was approved and released for the Separation of utility metres in public funded boarding schools around the country.

The released amount of E2, 500,000.00 was not utilized thus resulting in a 100% savings.

The Ministry is expected to explain and give reasons for the non-implementation of the project.

**The Controlling Officer concurred with my observation that an amount of E2 500 000.00 was approved and released for this project.**

**An amount of E2 352 962.00 was spent in the separation of metres at 4 boarding schools.**

**26.17 Under Expenditure on Project E40999 – Construction of Resource Centre for the Visually Impaired**

Under expenditures are as serious as over expenditures in that if funds are locked up and unutilized retards the development and economic growth of a country.

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

An amount of E3,200,000.00 was approved and released for the Construction of resource centres at Mbasheni Primary schools.

The released amount of E3, 200,000.00 was not utilized thus resulting in a 100% savings.

The Ministry is expected to explain and give reasons for the non-implementation of the project.

**The Controlling Officer concurred with the amount released, E3 260 000.00 and informed me that the total expenditure at the end of March 2011 was E3 050 694.38 a sum of E2 809 467.80 was used for the construction of the Mbasheni Resource Centre and E241 226.58 was used for the designs of the Equisweni Resource Centre.**

**26.18 Under Expenditure on Project E41999 – Construction of Primary Schools Classrooms**

Under expenditures are as serious as over expenditures in that if funds are locked up and unutilized retards the development and economic growth of a country.

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

An amount of E12, 120,000.00 was approved and released for the Construction of Primary School classrooms in selected schools around the country.

Actual expenditure amounted to E3254,814.00 resulting in an under expenditure of



(E12,120,000.00-E3,254,814) E8,865,186.00 (73.1%) Savings.

The Ministry is expected to explain the status of the project and further justify the high savings.

**The Controlling Officer, in his reply, stated that an amount of E12 120 000.00 was approved and released and an amount of E12,094,087.61 was used to construct classrooms in 63 primary schools around the country. The project was completed and are in full use.**

List of schools that benefited from the project was not provided for verification.

**26.19 Under Expenditure on Project E42099 – Construction of Primary Schools Teachers’ Houses**

Under expenditures are as serious as over expenditures in that if funds are locked up and unutilized retards the development and economic growth of a country.

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

An amount of E14, 940.000.00 was approved and released for the Construction of Primary schools Teachers’ houses in selected schools around the country.

The released amount of E3 E14, 940.000.00 was not utilized thus resulting in a 100% savings.

The Ministry is expected to explain and give reasons for the non-implementation of the project.

**The Controlling Officer denied the under expenditure. The information given was that an amount of E14 940 000.00 was released and utilized to construct 53 teachers houses, which are now in use, around the country. The total expenditure amounted to E14 925 199.20.**

**26.20 Under Expenditure on Project E42199 – Construction of Kitchens in Primary Schools**

Under expenditures are as serious as over expenditures in that if funds are locked up and unutilized within the set timeframe. The implementation of the project becomes expensive at the end. Therefore it retards the development and economic growth of a country.

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

An amount of E8,938.000.00 was approved and released for the Construction of schools kitchen in selected primary schools around the country.

The released amount of E8, 938,000.00 was not utilized thus resulting in a 100% savings.

The Ministry is expected to explain and give reasons for the non-implementation of the project.

**The Controlling Officer denied that there was under expenditure in this project. He submitted that total expenditure at year end, 31<sup>st</sup> March 2011 was E7 888 236.17 and kitchens were constructed in 34 schools and are now in full use.**

**Also, savings amounting to E1 000 000.00 were re-allocated to the construction of free primary school classrooms.**

The list of the schools that benefited was not provided for verification.

**26.21 Under Expenditure on Project E42299 – Construction of Ramps Pathways and Modifications of Infrastructure such as Toilets and Classrooms.**

Under expenditures are as serious as over expenditures in that if funds are locked up and unutilized retards the development and economic growth of a country.

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

An amount of E3,000.000.00 was approved and released for the Construction of ramps, pathways and modification of infrastructure such as toilets and classrooms.

The whole released amount of E3, 000,000.00 was not utilized thus resulting in a 100% savings.

The Ministry is expected to explain and give reasons for the non-implementation of the project.

**The Controlling Officer concurred with my observation that this project under spent.**

**The information, given, was that the funds, E3 000 000.00, were released on 31<sup>st</sup> January 2011 subsequently permission was sought from the Ministry of Economic Planning to transfer the project to Micro Project Coordination Unit (MPCU) for implementation. The permission was granted and the project was transferred but due to logistical challenges the project failed to**

**commence on time and eventually the funds were reallocated to Free Primary Education Projects due to budgetary shortfalls.**

However, the Controlling Officer, duly, attached the request to utilize the money for the other projects but did not provide documentary evidence that the authority was given and the funds were re-allocated accordingly.

**26.22 Over Expenditure on Project E39299 – Construction of Computer Laboratories in Schools**

Expenditures beyond appropriated funds, by Parliament and released warrant are illegal and distort the overall fiscal budget of a country.

This is supported by Financial and Accounting Instruction 0202(ii) in conjunction with Financial Accounting 0401.

Financial and Accounting Instruction 0202(ii) states that accounting officers should ensure that “no amount is spent in excess of the amounts specified in the Treasury Warrant and 0401 states that “officers who incur expenditure in excess of the authorized amounts will be held personally responsible and may be liable to surcharge in accordance with section 20 of the Finance and Audit Act”.

An amount of E2, 200.000.00 was approved and released for the Construction of computer laboratories in schools.

Actual expenditure amounted to E71, 694,000.00 resulting in an over expenditure of E69, 494,000.00 (E3158.8%) (E2, 200,000-E71694, 000)

**The Controlling Officer denied the over expenditure and stated that there were savings of E300 000.00 that were reallocated to free primary education project.**

**The total expenditure as at the end of March 2011 was E1 707 007.37 and 3 laboratories were constructed at Ekuphakameni, Mphundle and Madzanga.**

**Since each laboratory was estimated at E650 000.00, the savings of E300 000.00 were reallocated to FPE, as stated above.**

**26.23 Unauthorised Expenditure on Project E41299 – Purchase and Installation of Mobile Classrooms**

Expenditures not appropriated and approved, by Parliament, are not authorized.

This is endorsed by Financial Accounting Instruction 0103 which states that after the enactment of the appropriation Bill a general warrant will be issued by the Ministry of Finance, followed by a treasury warrant authorizing Controlling Officers to spend

in accordance with the approved estimates.

An actual amount of E4, 557,088.00 was spent for the purchase and installation of mobile classrooms, but there were no funds approved or released for this project. Therefore expenditure of E4, 557,088.00 was not authorized.

The Controlling Officer is expected to explain the authority that allowed him to spend public funds without the appropriation which is the authority to spend.

**The response, by the Controlling Officer reflects that, indeed, there was no budget provision in the 2010/11 financial year and the funds utilized were carried over from the previous year 2009/10 without authority.**

**The reasons given were that in the previous year the funds were released late in January 2010 and by this time it was too late to request a carry over to the subsequent year 2010/11.**

**Moreover an agreement was signed in January 2010 and it was not possible for the contractor to finish the work in 2 months and therefore the project under spent in 2009/10 and the Ministry utilized the remainder in the subsequent year.**

**The Controlling Officer admitted the mistake of entering into agreement with the contractor by year end. He also cited the pressure to provide class rooms for the free primary education programme to have been another factor to this situation.**

However in my view, no matter what predicament the Controlling Officer might have come across he should have contacted the relevant authorities to address the issue appropriately in respect of the timing.

The explanation given is not adequate without having taken appropriate action.

#### **26.24 Audit of Capital Project E39599 – Purchase of Equipment for Home Economics Laboratories II**

An audit inspection was carried out on Project E39599, for two financial years 2008/9 and 2009/10.

A report referenced E7.C.P.4 dated 6<sup>th</sup> July 2011 was issued to the Principal Secretary, Ministry of Education and Training.

A reminder, dated 26<sup>th</sup> September 2011, together with a copy of the inspection report, was also issued to the Principal Secretary, but there was no response to the concerns raised.

The objective of the project was to purchase furniture and equipment for Home Economics Laboratories, in schools.

However, there were irregularities which were noted in the distribution of the equipment as follows:-

(a) **Financial Year 2008/9**

An amount of E600 000.00 was spent for purchasing furniture and equipment for the schools. However, equipment comprising, water resistant tables Defy electric stove and sewing machines, valued at E24 250.00, were found missing and not accounted for.

This anomaly was unveiled during the physical verification of the balances of stock, of items that were not distributed to the schools.

The table below reflects the missing items.

Item	Order No.	Quantity Purchased (A)	Quantity Issued (B)	Quantity Variance (C) = (A) - (B)	Stock on Hand (D)	Missing items (E) = (C-D)	Unit Price (F)	Unaccounted for Amount (G) = (E) X (F)
Nina 788 Overlockers	908737	25	19	6	4	2	E3,900.00	E7,800.00
Defy Electric Stoves	909640	28	27	1	0	1	E4,300.00	E4,300.00
Water Resistant tables	909029	135	126	9	0	9	E1,350.00	E12,150.00
<b>Total</b>								<b>E24,250.00</b>

The reply, by the Controlling Officer stated that :-

1. **Nina Over Lockers**

One over locker was issued to Lulakeni REC through a directive from the then Minister for Education in year 2000. The other over locker was issued to Lubombo Regional Inspector as a demo for training teachers

2. **Defy Electric Stoves**

The stove was given to the Lutsango Regiment delegation as per directive of the then Principal Secretary. It was further redirected from Ekubongeni.

### 3. Water Resistant Tables

**The Ministry's investigation revealed that all the tables were accounted for.**

The reply is not convincing because when my office undertook the physical verification with the assistance of the Ministry the whereabouts of the items were unknown.

Further, regarding the over lockers and electric stoves it is not clear why these did not appear in the record distribution list which reflected issuance of the items.

This demonstrates that there is absolute lack of accountability by this Ministry.

#### (b) Financial Year 2009/10

An amount of E2,399,751.85 was spent to purchase equipment and furniture for schools.

During the physical verification of stocks, on hand, equipment and furniture amounting to E186 395.30 were found missing and not accounted for.

The missing items consisted of sewing machines, microwaves, electric fridges, ironing boards, household blenders, electric steam irons, plastic chairs with steel frames, electric urns, and water resistant tables.

The details of the missing items is shown below:-

Item	Order No.	Quantity Purchased (A)	Quantity Issued (B)	Quantity Variance (C) = (A) - (B)	Stock on Hand (D)	Missing items (E) = (C-D)	Unit Price (F)	Unaccounted for Amount (G) = (E) X (F)
Sewing machines	731854	118	68	50	33	17	4,250.00	72,250.00
Microwaves	731803	82	77	5	2	3	1,285.00	3,855.00
Ninette overlockers	731856	44	41	3	0	3	4,500.00	13,500.00
Double door Fridges	733657	38	28	10	6	4	4,195.00	16,780.00
Brabantia ironing boards	733662	100	92	8	3	5	450.00	2,250.00
Blender	733659	82	75	7	4	3	619.00	1,857.00
Steam irons	733659	82	73	9	0	9	199.00	1,791.00
Urn	733669	59	45	14	0	14	875.00	12,250.00
Plastic chairs with steel frames	733663	700	420	280	42	238	134.00	31,892.00

Water resistant tables	733656	180	144	36	18	18	1,665.00	29,970.00
<b>Total</b>								<b>E186,395.00</b>

### Sewing Machines

**In response the Controlling Officer stated that 37 sewing machines were in store and not 33, 8 singer machines were allocated to Swazi National High in compensation for a fire in April 2009. Only 4 sewing machines are unaccounted for, which are valued at E17 000.00.**

### Microwaves

**The response stated that only one microwave valued at E1 285.00 is unaccounted for.**

### Ninette Over Lockers

**One over locker was given to Swazi National High in compensation for a fire in April 2009 and only one over locker is unaccounted for valued at E3 900.00.**

### Double Door Fridges

**The Controlling Officer concurred with the finding that 4 fridges valued at E16 780.00 were not accounted for.**

### Barbantia Growing Boards

**The reply revealed that 90 ironing boards were issued to schools, 6 were in store and 4 valued at E1 800.00 accounted for and not 5.**

### Blender

**The reply concurred with my finding that 3 blenders valued at 1 857.00 were unaccounted for.**

### Steam Irons

**The reply stated that 75 steam irons were issued to schools, 3 were in store and 4 valued at E796.00 are unaccounted for.**

### Urns

**The reply concurred with my finding that 14 urns were not accounted for.**

### Plastic Chairs

The reply revealed that 630 tables were issued to schools and 70 were diverted to two schools due to emergencies but will be reimbursed/have been reimbursed.

However, the Controlling Officer is not certain about the issue of reimbursement of the plastic chairs.

### Water Resistant Tables

The Controlling Officer stated that all the tables were distributed to schools and accounted for.

It is worth mentioning that the results of my audit emanated from records provided by the Ministry and the disparity between my details and the Controlling Officer's submission are, mainly, due to lack of accountability. Further it is apparent that the records are not updated promptly on occurrence of events.

I am concerned about the mal administration of the above project, which rendered these attractive items untraceable.

In view of the above scenario, the items were misdirected for personal use and therefore the amount of money involved is a loss to government.

## **26.25 Audit Inspection – Maloyi Primary School**

An audit inspection was carried out at Maloyi primary School. The attention of the Principal Secretary, Ministry of Education was drawn to the following irregularities which have not been addressed.

In my inspection report ref.S.17A/Vol.V/49, dated 31 May2010, I pointed out the following irregularities:

### **(a) Unsupported Expenditure to Individuals**

Payments amounting to E114, 740.25 were made from the Maloyi Primary School account to certain individuals, including the Head Teacher and without supporting documents as a result the services and goods paid for were not known. This made it impossible to ascertain if the school funds were expended and used efficiently, to finance the school's activities.

### **(b) Unaccounted for Variance**

The school drew cheques with amounts higher than the purchase prices of the items, that is the amount shown in the payment voucher or receipts differed from



the cheque amount. A variance of E9, 615.15 was noted which was unaccounted for because no documentary proof was provided to justify the variance.

The following analysis reflects a summary of the anomaly or variance that unfolded during the year under review.

<b>Date</b>	<b>Cheque No.</b>	<b>Payee</b>	<b>Amount E</b>	<b>Total Supporting Documents E</b>	<b>Excess Amount E</b>
07.07.09	2723	Johannes B Shongwe	3000.00	1,366.00	1,634.00
12.09.09	2654	De Man Investment	9,474.00	1,820.00	7,654.00
07.05.09	2772	Johannes B Shongwe	2,000.00	1,672.85	327.15
<b>Total</b>					<b>E9,615.15</b>

Further, I informed the Controlling Officer that at times the invoice/ supporting documents exceeded the amount reflected in the cheque issued. As a result an amount of E2, 477.49 was top up monies whose sources are not known.

Example of such is depicted below:

<b>Date</b>	<b>Cheque No.</b>	<b>Payee</b>	<b>Amount E</b>	<b>Total Supporting Documents E</b>	<b>Unaccounted For Top up E</b>
25.07.09	2638	Johannes B Shongwe	820.00	1,400.00	580.00
11.10.09	2663	Bonsile Sibandze	4,190.00	4,823.20	633.20
27.02.09	2590	Johannes B Shongwe	2,500.00	3,764.29	1,264.29
<b>Total</b>					<b>E2,477.49</b>

It is obvious that the School funds were mismanaged by the School Head Teacher, by deliberately overdrawing monies in excess of the expenditure incurred, in respect of the School activities. This is an indication that the School Head keeps a lot of cash which is untraceable and unaccounted for.

This practice did not consider that the objective of supporting documents is to enhance accountability and transparency in the use of funds. However of greater concern was that the legitimacy of the payments made, were not guaranteed.

(c) **Missing Cheques**

The Ministry of Education Schools Accounting Regulation, regarding signing of school cheques, is that a cheque should be signed by two authorized signatories. The two signatories include the Head teacher who is a secretary to the school committee and the chairperson or the vice chairperson of the school committee. However the Head teacher wrote and paid out cheques from the school account, which amounted to E37, 521.52, without the knowledge of the other signatories Vice or Chairperson. At the time of the audit cheques drawn amounting to E17, 121.52 were still missing yet they had been issued illegally and had been honoured by the bank. That is, they were not availed for audit purposes.

The following analysis reflects a summary of the missing cheques

<b>Cheque no.</b>	<b>Amount E</b>
2721	5,651.52
2722	600.00
2730	1,500.00
2733	1,000.00
2734	1,500.00
2735	650.00
2736	2,000.00
2742	1,500.00
2747	400.00
2756	220.00
2758	600.00
2781	1,500.00
<b>Total</b>	<b>E17,121.52</b>

Out of the cheques amounting to E37, 521.52 withdrawn from the bank, the returned cheques amounting to E20, 400.00 were identified by the Chairperson to have been forged by the Head Teacher, particularly his signature. Also noted was that most of the cheques were drawn infavour of the School Head Teacher, Mr. Johannes B Shongwe.

The following is an illustration of the cheques paid from the school fund with the forged Signature of the chairperson.

<b>Date</b>	<b>Cheque no.</b>	<b>Payee</b>	<b>Amount E</b>
07.05.09	2772	Johannes B Shongwe	2000.00
07.07.09	2723	Johannes B Shongwe	3000.00
13.05.09	2771	Joseph Langwenya	1500.00
11.05.09	2754	Johannes B Shongwe	1500.00
13.05.09	2773	Vusumuzi P Dladla	1600.00
13.11.09	2728	Johannes B Langwenya	900.00
29.06.09	2701	Sifiso Maduma	3600.00
27.02.09	2590	Johannes B Shongwe	2500.00
17.07.09	2678	Sithembiso Dlamini	3800.00
<b>Total</b>			<b>E20 400.00</b>

It is therefore convincing that the school funds were mismanaged and were not used for their intended purpose and as a result the school did not benefit anything.

**(d) Missing Cheque stubs**

I also informed the controlling officer that in some of the school cheque books, the cheque stubs were removed from the cheque book, completely. The cheque stubs that were removed were in respect of cheques 2747-2748 and 2753-2758.

Again efforts to trace these cheque stubs and information contained in them was not successful. I am concerned about the custodian of the school records, since the action indicates intentional concealment of information and is tantamount to fraud.

(e) **Dishonored Cheques**

Schools accounting regulation 7.3 prohibits the school from writing cheques when there are insufficient funds in the school account. The bank charges for this are penalizing and the integrity of the school suffers. However, the school had a handful of dishonored cheques that amounted to E1580.00.

Below is an illustration of the dishonored cheques

<b>Cheque no</b>	<b>Cheque date</b>	<b>Payee</b>	<b>Amount (E)</b>
2776	02.11.09	Lillian Nhleko	435.00
2673	02.11.09	Nqobile Mamba	710.00
2679	02.11.09	Tholakele Nxumalo	435.00
<b>Total</b>			<b>E1,580.00</b>

**In response the Controlling Officer submitted the chronology of events surrounding the concerns raised in the inspection report.**

**In summary the Ministry held a meeting with the Headteacher and he admitted the fraud and promised to secure a loan to repay the money. Charges have been laid against the Headteacher and the Ministry has officially opened a fraud case with the Siteki Police Fraud Unit.**

**The Ministry has also instructed the Standard Bank not to honour any school cheques bearing the signature of the Head Teacher. The Ministry will also dispatch its auditors to audit the 2010, 2011 years.**

At the time of reporting I am not aware if the Head Teacher has repaid the money.

**HEAD: 34**

**MINISTRY OF FINANCE**

**Objectives:**

To ensure that Government is prudently advised on all fiscal matters and that annual estimates and appropriation drafts are prepared and processed as required.

**27.0 AUDIT INSPECTION – MINISTRY OF FINANCE**

An audit inspection report dated 15<sup>th</sup> April 2010 referenced F13.Vol.v/108 was issued to the Principal Secretary, Ministry of Finance. However, the Controlling Officer did not satisfactory address the following issues.

**(a) Salary Paid While Officer on Study Leave**

An amount of E11 404.26 was lost as a result of salary overpayment to an employee who was on study leave.

The officer, employee number 4771029 was granted study leave to pursue a Master's in Business Administration (MBA) at the University of Stellenbosch, with effect from January 2008 to March 2009.

However, this officer, in the last 3 months of study, January, February and March 2009, continued to receive a full salary of E15 205.67 per month, yet government regulations set out clearly that employees, on study leave, should be paid 75% of the basic salary for the second 12 months of study leave.

The Salary payments were as follows:

<b>PERIOD</b>	<b>AMOUNT (E)</b>	<b>75% SALARY(E)</b>	<b>OF</b>	<b>OVERPAYMENT (E)</b>
January 2009	15 205.67	11 404.25		3 801.42
February 2009	15 205.67	11 404.25		3 801.42
March 2009	15 205.67	11 404.25		3 801.42
<b>TOTAL</b>	<b>E45 617.01</b>	<b>E34 212.75</b>		<b>E11 404.26</b>

I noted with concern that to date, this amount has not been recovered despite that regulations dictate that immediate action should be taken to recover any overpaid amount.

**The Controlling Officer concurred with the loss of E11 404.26 through over payment of salary whilst on study leave and E17 796.67 over payment for the month of December 2010. The officer made a commitment to repay the**

**money in instalments of E500.00 per month and the first instalment was paid in November 2011 on GR 04167720.**

**(b) Overpayment of Salary**

The former Legal Advisor, employment No. 3571242 was granted authority to proceed on early retirement by the Ministry of Public Service, in its memo ER/29/2 dated 17<sup>th</sup> February 2010. The officer served a reduced period of notice which started with effect from 1<sup>st</sup> to 28<sup>th</sup> February 2010.

The net salary of E20, 497.85 was not stopped on the last date of service, 28<sup>th</sup> February 2010 but continued to be paid to the officer's personal account even though no service was delivered by him to the government.

**The Controlling Officer stated that the Ministry has been promised by the officer that the debt of E20 497.85 would be cleared by the end of November 2011.**

However at the time of reporting I am not aware if the payment has been made.

**(c) CTA Charges**

A total of E23 527.81 and E11 921.32 for financial years 2009/10 and 2008/09 respectively, were charged to the Ministry's recurrent budget, in respect of CTA charges for motor vehicles not belonging to the Ministry. There was no evidence that justify the charges made to the Ministry.

The details of the expenditures are as follows:-

**2009/2010**

<b>PERIOD</b>	<b>EXPENDITURE CHARGE</b>	<b>VEHICLE REGISTRATION</b>	<b>DESCRIPTION</b>	<b>AMOUNT (E)</b>
April 2009	Fuel	SG005IT	TOYOTA PICK-UP	226.80
April 2009	Maintenance	SG005IT	TOYOTA PICK-UP	660.00
May 2009	Fuel	SG005IT	TOYOTA PICK-UP	302.40
May 2009	Maintenance	SG005IT	TOYOTA PICK-UP	880.00
June 2009	Fuel	SG005IT	TOYOTA PICK-UP	233.10
June 2009	Maintenance	SG005IT	TOYOTA PICK-UP	678.32
June 2009	Fuel	SG054CE	TOYOTA bus	308.70
June 2009	Maintenance	SG054CE	TOYOTA bus	898.32
June 2009	Fuel	SG382CP	TOYOTA sedan	409.50
June 2009	Maintenance	SG382CP	TOYOTA sedan	1,430.00
June 2009	Fuel	SG862CP	BMW Sedan	296.10
June 2009	Maintenance	SG862CP	BMW Sedan	1,430.00
June 2009	Fuel	SG862CP	BMW Sedan	409.50
June 2009	Maintenance	SG862CP	BMW Sedan	795.36
June 2009	Fuel	SG862CP	BMW Sedan	812.30
June 2009	Maintenance	SG862CP	BMW Sedan	1,100.00
July 2009	Fuel	SG005PL	Open sedan	304.65
July 2009	Maintenance	SG005PL	Open sedan	1,237.50

July 2009	Fuel	SG012CE	ISUZU Pick-up	270.80
July 2009	Maintenance	SG012CE	ISUZU Pick-up	799.98
Oct 2009	Fuel	SG005ED	-	346.40
Oct 2009	Maintenance	SG005ED	-	112.00
Nov 2009	Fuel	SG003TI	-	421.60
Nov 2009	Maintenance	SG003TI	-	1,705.00
Nov 2009	Fuel	SG005FE	Nissan Pick-up	346.80
Nov 2009	Maintenance	SG005FE	Nissan Pick-up	935.00
Nov 2009	Fuel	SG075JU	Mazda sedan	292.40
Nov 2009	Maintenance	SG075JU	Mazda sedan	1,182.50
Dec 2009	Fuel	SG003TI	-	408.00
Dec 2009	Maintenance	SG003TI	-	1,650.00
Jan 2010	Fuel	SG014IT	ISUZU Pick-up	414.80
Jan 2010	Maintenance	SG014IT	ISUZU Pick-up	1,219.98
<b>TOTAL FOR THE YEAR</b>				<b>E23,527.87</b>

**2008/2009**

<b>PERIOD</b>	<b>EXPENDITURE CHARGE</b>	<b>VEHICLE REGISTRATION</b>	<b>DESCRIPTION</b>	<b>AMOUNT (E)</b>
Sept. 2008	Fuel	SG069CP	Toyota 40seater	1,719.00
Sept. 2008	Maintenance	SG069CP	Toyota 40seater	2,912.75
Oct. 2008	Fuel	SG014IT	ISUZU Pick-up	342.00
Oct. 2008	Maintenance	SG014IT	ISUZU Pick-up	759.99
March 2009	Fuel	SG014IT	ISUZU Pick-up	233.10
March 2009	Maintenance	SG014IT	ISUZU Pick-up	739.99
March 2009	Fuel	SG014IT	ISUZU Pick-up	371.70
March 2009	Maintenance	SG014IT	ISUZU Pick-up	1,179.99
March 2009	Fuel	SG014	ISUZU flat truck	255.45
March 2009	Maintenance	SG014	ISUZU flat truck	594.75
March 2009	Fuel	SG014	ISUZU flat truck	438.85
March 2009	Maintenance	SG014IT	ISUZU flat truck	1,021.75
March 2009	Fuel	SG075JU	Mazda sedan	252.00
March 2009	Maintenance	SG075JU	Mazda sedan	1,100.00
<b>TOTAL FOR THE YEAR</b>				<b>E11,921.32</b>

During the years under review, my findings revealed that the Ministry did not reconcile its accounts and above that overrode budgetary controls by catering for expenses belonging to other Ministries without encountering the budget constraints.

Therefore, I am inclined to conclude that the Ministry over budgeted for its activities.

**(d) Telephone Expenditure For Line 2404 5498**

A total of E48, 545.91 was paid by the Ministry in respect of line 24045498, to Swaziland Posts and Telecommunications Corporation for 2009-2010. Enquiries made revealed that the line was for supporting IT Systems, thus costs should have been borne by the Ministry of Information, Communication and Technology.

The Payments were as follows:-

VOUCHER NO.	ACCOUNT NO.	DATE OF BILL	AMOUNT (E)
020002	0590142	March 2009	775.27
020034	0590142	April 2009	6 533.11
030042	0590142	May 2009	7 776.31
040040	0590142	June 2009	7 661.38
050030	0590142	July 2009	7 767.03
060030	0590142	Aug. 2009	7 062.35
070032	0590142	Sept.2009	5 363.83
110045	0590142	January 2009	5 606.63
<b>TOTAL</b>			<b>48,545.19</b>

**I was informed that it is difficult to recover this money from the Ministry of Information Communication and Technology (ICT) because at the time the expenditure was incurred and during the transaction period the expenses were to be borne by the Ministry of Finance. She did not know how the loss would be handled under this situation since the loss, indeed, occurred.**

At the time of reporting there was neither evidence that the line was disconnected nor a journal voucher that adjustment of the cost was duly effected.

(e) **Re-imbursable-Expenditure**

An amount of E6 530.40 was paid by the Ministry of Finance for a meeting held on the 7<sup>th</sup> May 2008, at Esibayeni Lodge. The meeting was for a discussion of FINCORP loan guarantee by the Parliamentary Finance Committee. The expenses of the meeting were supposed to be catered for by the Ministry of Agriculture but without justification the payment was made by the Ministry of Finance.

I noted with concern that there was no correspondence from the Ministry of Agriculture requesting the Ministry to make an order on its behalf. Instead, an officer in the Ministry of Finance, in a minute dated 8<sup>th</sup> May 2008 sought authority from the Controlling Officer, Ministry of Finance, to pay on behalf of the ministry of Agriculture because it had a bad credit history with Esibayeni Lodge and been blacklisted. Thus, finally the payment was made by the Ministry of Finance.

However, at the time of writing this report, the Ministry of Finance had not been reimbursed its funds used for the meeting. As a result the Ministry of Agriculture made unrealistic savings from its budget.

I am disturbed by the kind gesture by this Ministry since there was no documentary evidence from the Ministry of Agriculture soliciting payment protection from the Ministry of Finance and no follow-up was made for a refund.

**The Controlling Officer stated that the Ministry of Agriculture has re-imbursed the money through a journal voucher.**

But there was no evidence that the money was re-imbursed.

**(f) Exceeded Limit on Cellphone Bills**

A total of E660.53 was spent by the Ministry in excess of a monthly set limit by government for cell phone bills of a retired employee, employment number 3571242. The exceeded limits occurred during the months of December 2008 and January 2009.

In compliance with Establishment Circular No.2 of 2005, the pensioner was supposed to refund government the money paid in excess of the limit.

The payments were as follows:-

<b>VOUCHER NO.</b>	<b>DETAILS</b>	<b>EMPLOYMENT NO.</b>	<b>AMOUNT (E)</b>	<b>LIMIT (E)</b>	<b>EXCESS (E)</b>
100074	DEC.2008 Cell phone bill-6063022	3571242	1 660.27	1500.00	160.27
120030	Jan 2009 cell phone bill 6063022	3571242	2 000.26	1500.00	500.26
<b>TOTAL OVERPAID</b>					<b>E660.53</b>

I am concerned that even though the officer served the notice, the Controlling Officer did not take precautionary measures to recover all debts due to government before exit from the service, as per the Financial and Accounting instructions 0506.

**The Controlling Officer stated that the amount owed would be paid at the end of the month, November 2011 or first week of December 2011. At the time of writing this report there was no proof for such payment.**

In view of the above scenario the monies due to government have not been recovered.

**27.1 Audit Inspection - Allowable Deductions From Retirement and Death Benefits**

An audit inspection was carried out on the above matter and the memoranda referenced 4/Vol.vi/83 dated 14 February 2011 and 4/Vol.vii/8, dated 31<sup>st</sup> August 2011 were issued to the Ministry of Finance.

The Ministry's response was not, satisfactory since it did not rectify the issues raised.



In the reports quoted above, I expressed my concern about funds due to government amounting to E1,248,248.85 that were lost through non-recovery of outstanding debts from employees, who exited the Civil Service on retirement, the debts were:-

- Salary advances
- Overpayment of salaries
- Comprehensive insurance loans
- Car loans
- Short term study loans
- Tax due to government etc

The debts are for the period, January 2010 to December 2010

The anomaly arose in the event of the Retirement Act which was enacted in October 2005.

This Act was established by the Registrar of Insurance and Retirement Funds and it did not accommodate debts of this nature in its allowable deductions.

According to the Act allowable deductions are:-

- Housing loans or guarantees
- Debts suffered, by employer, due to unlawful activity of the member, provided there is a court judgement and written acknowledgement, by member, allowing the debt to be deducted from his benefits.

However, this act overruled government regulations which allowed all dues to government to be deducted from the employee's terminal benefits.

As a result, it was not possible for government to recover any debts after the last day in the service, except for advances against gratuities for deceased employees.

Since the Registrar of Insurance and Retirement Funds (RIRF) reports to the Ministry of Finance, the Ministry is better placed to take corrective action and avoid unnecessary loss to the government.

Following is the Comprehensive Report reflecting amount due by employees, (January 2010 to December 2010).

Employment No.	Ministry/ Department	Debts due Government	Amount due to Govt.(E)	Debt Recovered (E)	Outstanding Balance (E)	Last date of Service/ Stop Payment date
4304629	Justice and Constitutional Affairs	Overpayment of salary	13 816.37	Nil	13 816.37	24.07.10
		Advance against gratuity	20 000.00	20 000.00	Nil	
7240953	Education and Training	Overpayment of salary	16 725.08	Nil	16 725.08	17.08.10
		Advance against gratuity	10 000.00	10 000.00	Nil	
		Short term loan	24 492.62	Nil	24 492.62	
5282405	Customs and Excise	Car Loan advance	88 500.72	Nil	88 500.72	25.07.10
		Overpayment of salary	9 005.53	Nil	9 005.53	
		Advance against gratuity	15 000.00	15 000.00	Nil	
39794231	Health	Overpayment of salary	3 278.20	Nil	3 278.20	01.09.10
		Advance against gratuity	10 000.00	10 000.00	Nil	
8254588	Agriculture	Salary advance	2 000.00	Nil	2 000.00	19.10.10
		Overpayment of salary	2 267.07	Nil	2 267.07	
		Advance against gratuity	10 000.00			
9053012	Police	Overpayment of salary	8 416.57	Nil	8 416.57	02/01/10
		F.D.S due	803.37	803.37	Nil	
5100655	Defence	Overpayment of Salary	7 072.29	Nil	7 072.29	08/02/10
		F.D.S due	295.33	295.33	Nil	
8886266	Hazel Matsebula	Advance against gratuity	10 000.00	10 000.00	Nil	23/12/09
		Study-Long term	6 339.28	Nil	6 339.28	
		Overpayment of salary	2 702.39	Nil	2 702.39	
7065488	Public Service	Advance against gratuity	10 000.00	10 000.00	Nil	07/03/10
		Overpayment of salary	17 454.77	Nil	17 454.77	
4302517	Economic	Advance	10 000.00	10 000.00	Nil	23/11/09

	Planning & Development	against gratuity Overpayment of salary	1 341.72	Nil	1 341.72	
9334951	Police	Overpayment of salary F.D.S due	267.48 684.39	Nil 684.39	267.48 Nil	30/01/10
4588409	Defence	Overpayment of salary F.D.S due	8 224.43 271.87	Nil 271.87	8 224.43 Nil	06/01/10
4049375	Health	Advance against gratuity Overpayment of salary	10 000.00 17 211.00	10 000.00 Nil	Nil 17 211.00	03/11/09
4050784	Commerce, Industry and Trade	Rental Certificate Overpayment of salary	5 000.00 47 979.48	Nil Nil	5 000.00 47 979.48	31/12/08
10048263	Defence	Advance against gratuity Overpayment of salary F.D.S due	20 000.00 4 012.20 596.10	20 000.00 Nil 596.10	Nil 4 012.20 Nil	16/01/10
6493385	Police	Overpayment of salary F.D.S due	5 553.48 1 097.73	Nil 1 097.73	5 553.48 Nil	12/10/09
4778088	Public Works and Transport	Advance against gratuity Overpayment of salary	10 000.00 1 157.24	10 000.00 Nil	Nil 1 157.24	18/12/08
3571259	Central Transport Administration	Advance against gratuity Overpayment of salary	10 000.00 10 842.00	10 000.00 Nil	Nil 10 842.00	01/01/10
4829139	Education and Training	Advance against gratuity Overpayment of salary	10 000.00 3 718.41	10 000.00 Nil	Nil 3 718.41	01/10/09
8426927	Education and Training	Advance against gratuity Overpayment of salary	10 000.00 1 983.53	10 000.00 Nil	Nil 1 983.53	01/11/08
8549303	Defence	Overpayment of salary F.D.S due	292.29 961.63	Nil 961.63	292.29 Nil	30/01/09
8551342	Police	Overpayment of salary F.D.S due	4 384.33 1 372.15	Nil 1372.15	4 384.33 Nil	06/05/09
3443501	Natural Resources and Energy	Advance against gratuity Overpayment of salary	10 000.00 295.52	10 000.00 Nil	Nil 295.52	29/10/09
3590971	Income Tax	Advance against Gratuity	10 000.00 9 401.68	10 000.00 Nil	Nil 9 401.68	28/11/09

		Overpayment of salary				
4279792	Education and Training	Advance against gratuity	10 000.00	10 000.00	Nil	01/08/09
		Overpayment of salary	11 994.88	Nil	11 994.88	
7068766	Education and Training	Salary advance	1 000.00	Nil	1 000.00	20/12/09
		Advance against gratuity	10 000.00	10 000.00	Nil	
		Overpayment of salary	4 745.46	Nil	4 745.46	
		Study loan-short term	10 000.00	10 000.00	Nil	
7036815	Education and Training	Advance against Gratuity	10 000.00	10 000.00	Nil	01/09/09
		Overpayment of salary	11 025.11	Nil	11 025.11	
		F.D.S due	196.99	196.99	Nil	
4255147	Defence	Overpayment of salary	4 360.20	Nil	4 360.20	18/08/09
		Garnishee Order	655.28	655.28	Nil	
4149042	Correctional Services	Overpayment of salary	284.68	Nil	284.68	29/11/09
		F.D.S due	1 168.13	1 168.13	Nil	
3928716	Central Transport Administration	Overpayment of salary	3 563.73	Nil	3 563.73	08/09/09
		Advance against gratuity	8 000.00	8 000.00	Nil	
7079223	Health	Advance against gratuity	5 000.00	5 000.00	Nil	09/10/09
		Overpayment of salary	5 027.54	Nil	5 027.54	
		Study loan short term	5 000.00	5 000.00	Nil	
3301551	Public Works and Transport	Advance against gratuity	10 000.00	10 000.00	Nil	28/09/09
		Overpayment of salary	688.24	Nil	688.24	
9001125	Correctional Services	Advance against gratuity	10 000.00	10 000.00	Nil	17/12/09
		Overpayment of salary	5 935.31	Nil	5 935.31	
3704521	Information, Communication & Technology	Overpayment of salary	6 525.12	Nil	6 525.12	22/08/09
		F.D.S due	363.62	363.62	Nil	
5080832	Police	Overpayment of salary	14 198.71	Nil	14 198.71	16/11/09
		F.D.S due	718.83	718.83	Nil	
8046745	Education and Training	Overpayment of salary	10 489.17	Nil	10 489.17	14/08/09
		F.D.S due	275.22	275.22	Nil	
6031329	Correctional	F.D.S due	283.06	283.06	Nil	12/02/10

	Services	Overpayment of salary	436.37	Nil	436.37	
4209476	Education and Training	Officer's personal account	3 700.00	Nil	3 700.00	23/12/09
		Overpayment of salary	1 622.58	Nil	1 622.58	
		F.D.S due	183.00	183.00	Nil	
3091111	Correctional Services	Overpayment of salary	930.25	Nil	930.25	28/10/09
		F.D.S due	1 538.05	1 538.05	Nil	
6354864	Defence	Overpayment of salary	1 692.71	Nil	1 692.71	23/2/10
		F.D.S due	437.33	437.33	Nil	
5061079	Education and Training	Car Loan Advance	55 027.98	Nil	55 027.98	04/10/09
		against gratuity	10 000.00	10 000.00	Nil	
		Overpayment of salary	12 612.26	Nil	12 612.26	
8245054	Natural Resources and Energy	Advance against gratuity	10 000.00	10 000.00	Nil	05/11/09
		Overpayment of salary	12 463.99	Nil	12 463.99	
2048196	Public Works and Transport	Advance against gratuity	10 000.00	10 000.00	Nil	08/10/09
		Overpayment of salary	25 836.43	Nil	25 836.43	
3276631	Education and Training	Advance against gratuity	10 000.00	10 000.00	Nil	15/11/09
		Overpayment of salary	2 450.54	Nil	2 450.54	
4709309	Police	Overpayment of salary	9 260.94	Nil	9 260.94	31.12.09
		F.D.S due	716.10	716.10	Nil	
9002683	Natural Resources and Energy	Advance against gratuity	10 000.00	10 000.00	Nil	09/07/09
		Overpayment of salary	3 071.79	Nil	3 071.79	
		F.D.S due	333.48	333.48	Nil	
5294729	Health	Advance against gratuity	10 000.00	10 000.00	Nil	26/02/10
		Overpayment of salary	241.33	Nil	241.33	
4127956	Police	Overpayment of salary	9 262.42	Nil	9 262.42	02/01/10
		F.D.S due	561.17	561.17	Nil	
9141843	Police	Overpayment of salary	1 135.10	Nil	1 135.10	27/01/10
		F.D.S due	772.04	772.04	Nil	
2528533	Police	Overpayment of salary	4 382.91	Nil	4 382.91	15/01/10
		Advance	604.14	604.14	Nil	

		against gratuity				
3409295	Education and Training	Advance against gratuity	10 000.00	10 000.00	Nil	07/07/09
		C.P.A	23 767.00	Nil	23 767.00	
		Rental	8 961.00	Nil	8 961.00	
		Certificate	8 251.00	Nil	8 251.00	
		Overpayment of salary	1 449.21	Nil	1 449.21	
		Tax on backpay				
4897518	Education and Training	Advance against gratuity	10 000.00	10 000.00	Nil	7/11/09
		Overpayment of salary	5 949.46	Nil	5 949.46	
3484261	Police	Overpayment of salary	2 114.22	Nil	2 114.22	
		F.D.S due	1 002.52	1 002.52	Nil	
9035140	Agriculture	Advance against gratuity	8 000.00	8 000.00	Nil	12/10/09
		Overpayment of salary	1 211.82	Nil	1 211.82	
3594762	Labour and Social Security	Advance against gratuity	10 000.00	10 000.00	Nil	19/11/09
		Overpayment of salary	5 078.50	Nil	5 078.50	
4442194	Education and Training	Overpayment of salary	8 366.83	Nil	8 366.83	11/07/09
		F.D.S due	72.93	72.93	Nil	
4877314	Correctional Services	Advance against gratuity	10 000.00	10 000.00	Nil	20/10/09
		Overpayment of salary	9 020.00	Nil	9 020.00	
9725054	Income Tax	Advance against gratuity	10 000.00	10 000.00	Nil	11/11/09
		Overpayment of salary	4 460.87	Nil	4 460.87	
2329767	Defence	Overpayment of salary	4 341.25	Nil	4 341.25	17/12/09
		F.D.S due	182.67	182.67	Nil	
6142405	Information, Communication & Technology	Advance against gratuity	10 000.00	10 000.00	Nil	10/12/09
		Overpayment of salary	4 352.20	Nil	4 352.20	
2342696	Public Works and Transport	Advance against gratuity	10 000.00	10 000.00	Nil	24/01/10
		Overpayment of salary	424.13	Nil	424.13	
		Study loan short term	10 000.00	10 000.00		
5287747	Correctional Services	Advance against gratuity	10 000.00	10 000.00	Nil	25/11/08
		Overpayment of salary	285.62	Nil	285.62	

3260124	Geological Surveys and Mines	Advance against gratuity Overpayment of salary	10 000.00 8 756.63	10 000.00 Nil	Nil 8 756.63	28/10/09
10130335	Education and Training	Advance against gratuity Study-long term Rental Certificate Overpayment of salary	10 000.00 43 869.72 460.00 4 079.38	10 000.00 Nil Nil Nil	Nil 43 869.72 460.00 4 079.38	19/01/10
3105939	Geological Surveys and Mines	Advance against gratuity Overpayment of salary	10 000.00 197.83	10 000.00 Nil	Nil 197.83	29/09/09
6239417	Economic Planning and Development	Advance against gratuity Overpayment of salary	10 000.00 886.08	10 000.00 Nil	Nil 886.08	24/09/09
7148411	Agriculture	Advance against gratuity Rental Certificate Overpayment of salary	10 000.00 1 484.00 6 537.69	10 000.00 Nil Nil	Nil 1 484.00 6 537.69	11/11/09
2145042	Education and Training	Advance against gratuity Overpayment of salary	10 000.00 3 792.48	10 000.00 Nil	Nil 3 792.48	09/02/10
6454562	Agriculture	Advance against gratuity Overpayment of salary	10 000.00 1 308.75	10 000.00 Nil	Nil 1 308.75	16/02/10
3159639	Home Affairs	Advance against gratuity Comprehensive Insurance Salary advance Surcharge Overpayment of salary House loan	65 000.00 863.20 2 333.33 814.89 21 059.00 209881.08	65 000.00 Nil Nil Nil Nil Nil	Nil 863.20 2 333.33 814.89 21 059.00 209 881.08	04/02/10
8601777	Defence	Overpayment of salary F.D.S due	4 453.05 601.03	Nil 601.03	4 453.05 Nil	16/01/10
6586582	Police	F.D.S due	225.88	Nil	225.88	24/10/07
9051412	Foreign Affairs	Study-long term Overpayment of salary	16 232.06 44 331.57	16 232.06 34 639.09	Nil 9 692.48	01/12/08
8766113	Agriculture	Advance	10 000.00	10 000.00	Nil	09/05/09

		against gratuity Study-long term Overpayment of salary	18 952.58 3 429.39	Nil 3 429.39	18 952.58 Nil	
4075031	Education and Training	Overpayment of salary F.D.S due	6 293.14 82.21	Nil 82.21	6 293.14 Nil	02/10/09
8005793	Agriculture	Overpayment of salary	2 928.43	Nil	2 928.43	14/08/09
8297264	Education and Training	Rental Certificate F.D.S due	5 635.72 696.37	Nil 696.37	5 635.72 Nil	02/07/09
4279204	Housing and Urban Development	Advance against gratuity Overpayment of salary	10 000.00 6 658.17	10 000.00 Nil	Nil 6 658.17	16/09/09
4807830	Education and Training	Advance against gratuity Overpayment of salary	10 000.00 5 140.64	10 000.00 Nil	Nil 5 140.64	08/01/09
7106619	Education and Training	Advance against gratuity Rental Certificate Overpayment of salary	10 000.00 31 138.00 6 459.04	10 000.00 Nil Nil	Nil 31 138.00 6 459.04	08/01/09
8431732	Education and Training	Advance against gratuity Overpayment of Salary	10 000.00 3 882.65	10 000.00 Nil	Nil 3 882.65	23/10/09
2493383	Defence	Overpayment of Salary	1 208.13	Nil	1 208.13	26/04/10
2057981	Education and Training	Advance against gratuity Overpayment of Salary	30 000.00 956.12	30 000.00 Nil	Nil 956.12	27/02/10
5097845	Police	Overpayment of salary	1 980.24	Nil	1 980.24	24/04/10
6507093	Correctional Services	Advance against gratuity Overpayment of salary	10 000.00 7 932.81	10 000.00 Nil	Nil 7 932.81	14/06/10
3791440	Agriculture	Advance against gratuity Overpayment of Salary	8 000.00 1 967.26	8 000.00 Nil	Nil 1 967.26	03/02/10
9025275	Education and Training	Advance against gratuity Overpayment	10 000.00 1 135.28	10 000.00 Nil	Nil 1 135.28	25/05/10



		of salary				
8814137	Agriculture	Advance against gratuity	10 000.00	10 000.00	Nil	04/06/10
		Overpayment of salary	2 928.25	Nil	2 928.25	
3247099	Justice and Constitutional Affairs	Advance against gratuity	10 000.00	10 000.00	Nil	03/04/10
		Overpayment of Salary	10 072.13	Nil	10 072.13	
4110606	Sports, Culture and Youth Affairs	Advance against Gratuity	20 000.00	20 000.00	Nil	12/05/10
		Overpayment of salary	6 989.50	Nil	6 989.50	
6092386	Income Tax	Car Loan advance	21 851.00	Nil	21 851.00	27/05/10
		Advance against gratuity	10 000.00	10 000.00	Nil	
		Overpayment of salary	1 511.76	Nil	1 511.76	
8726320	Agriculture	Advance against gratuity	10 000.00	10 000.00	Nil	16/03/10
		Overpayment of Salary	4 432.86	Nil	4 432.86	
2332501	Defence	Overpayment of salary	10 248.91	Nil	10 248.91	24/04/10
		F.D.S due	119.26	Nil	119.26	
7096826	Public Works and Transport	Advance against gratuity	10 000.00	10 000.00	Nil	20/04/10
		Overpayment of salary	2 937.77	Nil	2 937.77	
325169	Central Transport Administration	Advance against gratuity	10 000.00	10 000.00	Nil	12/02/10
		Overpayment of salary	12 406.50	Nil	12 406.50	
3151765	Tinkhundla Administration and Development	Advance against gratuity	10 000.00	10 000.00	Nil	07/04/10
		Overpayment of salary	5 687.08	Nil	5 687.08	
5106369	Education and Training	Advance against gratuity	10 000.00	10 000.00	Nil	26/02/10
		Overpayment of salary	997.39	Nil	997.39	
3510845	Education and Training	Advance against gratuity	10 000.00	10 000.00	Nil	25/10/09
		Overpayment of salary	1 814.99	Nil	1 814.99	
7078143	Police	Overpayment of Salary	6 722.63	Nil	6 722.63	08/05/10
		F.D.S due	137.26	Nil	137.26	
2234551	Education and Training	Salary advance	1 000.00	Nil	1 000.00	19/03/10
		Advance against gratuity	10 000.00	10 000.00	Nil	
		Overpayment of salary	2 672.75	Nil	2 672.75	

10055771	Education and Training	Advance against gratuity Study short-term Overpayment of salary	10 000.00 49 781.34 8 729.14	10 000.00 Nil Nil	Nil 49 781.34 8 729.14	04/02/10
4896919	Education and Training	Advance against gratuity Rental Certificate Overpayment of Salary Officer's Personal Account	10 000.00 91.00 5 351.00 4 326.00	10 000.00 Nil Nil Nil	Nil 91.00 5 351.00 4 326.00	15/11/08
9183157	Education and Training	Advance against gratuity Rental Certificate Overpayment of salary	10 000.00 1 850.00 19 320.04	10 000.00 Nil Nil	Nil 1 850.00 19 320.04	14/08/09
4302641	Education and Training	Overpayment of salary F.D.S due	7 572.07 172.42	Nil 172.42	7 572.07 Nil	21/08/09
<b>Total Funds lost through advances</b>					<b>E1 248 248.85</b>	

The Principal Secretary's response referenced fin.25, dated 6<sup>th</sup> October 2011, stated that the Accountant General highlighted that the retirement and death benefits fall under the Ministry of Public Service because it is a Human Resource issue, was not convincing. In addition, she only acknowledged responsibility for employees by the Ministry of Finance and referred the other cases to their respective Ministries, yet the Ministry of Finance is the overall overseer, on financial matters.

Therefore, rationally, as soon as the Retirement Funds Act came into operation the Accountant General, who is under the Ministry of Finance, should have developed a parallel system to ensure that all dues to government are recovered from employees either before or after retirement

Ultimately, no remedial action has been taken to resolve this matter.

Further, it should be noted that the loss reported is only a tip of an iceberg considering that the Retirement Act was enacted in October 2005 and as such no deductions have been made since October 2005, to date.

**In her reply, referenced CF dated 9<sup>th</sup> December 2011, the Controlling Officer stated that she has embarked in the process of designing a mechanism for following up the officers in question in order to recover the outstanding monies.**

**She reiterated that it is the Ministry of Public Service’s responsibility as custodian of the Human Resource System to ensure that all Ministries take corrective measures to avoid loss of government money. She further requested the Ministry of Public Service to instruct Ministries to contact the retired officers to repay the outstanding money owed to government.**

At the time of writing this report no fruitful action had been taken.

## **27.2 Unauthorised Over Expenditure on Recurrent Vote**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
51	CTA Vehicle Charges (10)	2,694,286.00	8,364,282.50	5,669,996.50	210

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

**In his reply, referenced FIN 25/79 dated 12<sup>th</sup> December 2011, the Controlling Officer concurred with my observation. She stated that the Ministry was still liaising with the Swazi National Treasury to find out how the over expenditure occurred.**

## **27.3 Unauthorised Over Expenditure on Recurrent Vote**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
35	Personnel Costs (21)	19,057,996.00	22,381,919.12	3,323,923.12	17

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

The reply, referenced FIN 25/77 dated 12<sup>th</sup> December 2011, stated that the cause of the over expenditure in the personnel cost, 21, was the increase of salaries by 4.5% which was not budgeted for.

However the Controlling Officer was silent about the authorization of this expenditure.

#### **27.4 Unauthorised Over Expenditure on Recurrent Vote**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
60	Grants and subsidies – Internal	168,000,000.00	228,000,000.00	60,000,000.00	36

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

In her response, referenced 25/76 dated 12<sup>th</sup> December 2011, the Controlling Officer expressed difficulty to confirm the facts as true because according to her records there was under expenditure. She agreed that actual expenditure was E228 000 000.00 but released funds were E239 000 000.00 and not E168 000 000.00.

However warrants supporting funds released amounted to E168 000 000.00.

#### **27.5 Unauthorised Over Expenditure on Recurrent Vote**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
51	Grants +subsidies – Internal (10)	152,670,486.00	167,670,488.00	15,000,002.00	10

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

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

## **27.6 Audit Inspection – Revenue Collection**

Audit inspections were carried out at the Mbabane and Mankayane Revenue offices and memoranda, referenced T4, Vol./4 dated 14th July 2011 and T4VII/10, dated 30th September 2011, respectively, were issued to the Principal Secretary, Ministry of Finance.

The Principal Secretary, in his response referenced 050/1251, dated 25th October 2011, concurred with my findings and informed me that he also discovered the anomaly and reported the matter to the Police, under case no. RCCI 1749/2011.

While the efforts of the Principal Secretary are appreciated, his response is not satisfactory because there has not been any outcome from the Commissioner of Police. In addition, the Theft and Kindred Offences Order No.22 of 1975 has not been followed, which provides for immediate suspension and prosecution of a Public Officer who has misappropriated public funds.

There was no response pertaining my report on the Mankayane Revenue Office.

### **(a) Misappropriation of Funds**

In my memorandum, quoted above, I reported that revenue collections amounting to E591,141.88 and E46,999.90, were embezzled at the Mbabane and Mankayane Revenue offices, respectively.

I drew the attention of the Principal Secretary that in both instances the suspect fraudsters used a similar tactic, by deliberately delaying deposits, into the consolidated fund, to future dates, to allow them to use the revenue for their personal gain.

I concluded that this practice was not an end in itself and it is obvious that without stringent controls the future collections were used to cover up the arrear bankings, endlessly. This is confirmed by the banking pattern reflected in 2010 banking details.

However, the misappropriation was confirmed and admitted by the suspects in their letters of confession.

Regarding Mbabane Revenue Office the suspect, Senior Accountant, employee no.3238400 confessed and apologized in his letter dated 1st March 2011 and in respect of Mankayane Revenue Office, the Accountant, employee 3555396, confessed and apologized, in her letter dated 10th March 2011.

The analysis of the misappropriated funds is as follows

**(b) Mbabane Revenue Office**

The misappropriated funds amounting to E591 141.88 were collected from the 2nd November 2010 to 17 June 2011, as shown in the table below;

**Mbabane revenue office**

Collection Date	Total Amount (E) Collected	Amount (E) Banked	Deposit slip number	Amount (E) not banked
02-11-2010	103 271-85	71 391-65	65478	31 880-20
05-11-2010	51 415-50	-	No deposit slip	51 415-50
12-11-2010	62 049-89	-	No deposit slip	62 049-89
25-11-2010	45 891-72	2 024-38	63219	43 867-34
29-11-2010	84 730-04	47 082-04	65547	37 648-00
13-12-2010	45 438-65	-	No deposit slip	45 438-65
22-12-2010	121 067-58	58 109-58	65359	62 958-00
28-12-2010	66 049-96	99-96	66826	65 950-00
29-12-2010	76 875-20	-	No deposit slip	76 875-20
31-12-2010	53 125-50	-	No deposit slip	53 125-50
01-02-2011	50 708-25	-	No deposit slip	50 708-25
17-06-2011	39 666-10	29 666-10	69175 and manual	10 000-00
<b>Total</b>	<b>800 290-24</b>	<b>178 707-61</b>		<b>E591 141.88</b>

However, the Principal Secretary, after the suspect admitted the fraud, effected recovery of the money from his salary, from June 2011, in installments of E4654.37 for a period of ten years, until retirement in year 2021.

At the time of writing this report the amount recovered was E29926.20, from his salary.

I further noted, with concern, that currently this officer, after all deductions from the gross pay, remains with zero net pay.

I am very skeptical about the safety of government resources while the officer remains in the government system pending the hearing of the case.

**(c) Mankayane Revenue Office**

The misappropriated funds amounting to E46999.70 were collected from the 18<sup>th</sup> January 2011 to 31<sup>st</sup> January 2011 as shown in the table below.

Collection Date	Total Amount Collected (Collected) (E)	Amount Not Banked (E)
18-01-2011	3,144-40	3,144-40
19-01-2011	4,196-60	4,196-60
20-01-2011	4,727-20	4,727-20
21-01-2011	4,323-20	4,323-20
24-01-2011	6,639-20	6,639-20
25-01-2011	4,152-70	4,152-70
26-01-2011	2,936-20	2,936-20
27-01-2011	3,499-80	3,499-80
28 -01-2011	7,679-60	7,679-60
31-01-2011	5,700-80	5,700-80
<b>Total</b>	<b>46,999-70</b>	<b>E46,999-70</b>

However, records revealed that the Accountant General, in his memorandum dated 18<sup>th</sup> May 2011, reported to the Commissioner of Police that an amount of E74643.00 had been stolen by the Accountant at Mankayane Revenue Office. I observed that by the time the audit was undertaken from 23<sup>rd</sup> May 2011 collections amounting to E27661.30 which were collected from 12<sup>th</sup> January 2011 to 17<sup>th</sup> January 2011 had been banked on 7<sup>th</sup> April 2011. As a result the actual amount unbanked, at the time of the audit inspection was E46 999.70

I am not aware of any action taken to recover this money.

(d) **Delayed Banking**

Having stated that delaying banking of revenue collections was the tool used to defraud government its revenue; the following tables confirm this practice as depicted below.

**Mbabane Revenue Office**

Delayed banking

Collection Date	Amount Collected (E)	Banking Date	Amount Banked (E)	Comments
06-08-2010	69 452-65	20-10-2010	69 452-65	52 working days
10-08-2010	103 008-50	20-10-2010	103 008-50	7 working days
13-08-2010	45 406-90	07-09-2010	45 406-90	14 working days
19-08-2010	42 476-00	27-08-2010	42 476-00	5 working days
26-08-2010	54 559-44	01-09-2010	54 559-44	3 working days
10-09-2010	66 059-80	26-11-2010	66 059-80	45 working days
19-09-2010	47 509-40	23-12-2010	47 509-40	46 working days
22-09-2010	1 474 168-08	03-11-2010	1 474 168-08	7 working days

26-09-2010	214 703-17	03-11-2010	214 703-17	5 working days
02-11-2010	103 271-85	22-02-2011	71391-65	Cheques banked after 76 working days
25-11-2010	45 891-72	13-12-2010	2024-38	9 working days
29-11-2010	84 730-04	22-02-2011	47 082-04	59 working days
22-12-2010	121 067-58	16-02-2011	58 109-58	39 working days
28-12-2010	66 049-96	31-03-2011	99 -96	66 working days
17-06-2011	39 666-10	24-08-2011	20 046-10	47 working days

### **Mankayane Revenue Office**

Delayed banking \

#### **April 2010**

<b>Collection date</b>	<b>Collected Amount (E)</b>	<b>Banking Date</b>	<b>Banked Amount (E)</b>	<b>Comments/delay</b>
1/4/2010	9,146.60	10/4/2010	9,146.60	5 working days
6/4/2010	10,924.30	15/4/2010	10,924.30	6 working days
7/4/2010	3,909.80	15/4/2010	3,909.80	5 working days
8/4/2010	4,367.20	15/4/2010	4,367.20	4 working days
9/4/2010	9,253.00	15/4/2010	9,253.00	3 working days
13/4/2010	5,128.10	27/4/2010	5,128.10	9 working days
14/4/2010	2,355.80	27/4/2010	2,355.80	8 working days
15/4/2010	1,177.60	22/4/2010	1,177.60	4 working days
22/4/2010	1,671.00	29/4/2010	1,671.00	4 working days
23/4/2010	3,510.00	29/4/2010	3,510.00	3 working days
28/4/2010	3,191.60	5/5/2010	3,191.60	5 working days
29/4/2010	1,984.20	5/5/2010	1,984.20	4 working days
30/4/2010	5,454.40	5/5/2010	5,454.40	3 working days

#### **May-2010**

<b>Collection date</b>	<b>Collected Amount (E)</b>	<b>Banking Date</b>	<b>Banked Amount (E)</b>	<b>Comments</b>
3/5/2010	115,438.75	11/5/2010	115,438.75	5 working days
7/5/2010	8,462.00	14/05/2010	8,462.00	4 working days
10/5/2010	4,391.40	18/05/2010	4,391.40	5 working days
14/5/2010	6,058.60	25/05/2010	6,058.60	5 working days
18/5/2010	2,822.80	26/05/2010	2,822.80	4 working days
19/5/2010	1,396.40	26/05/2010	1,396.40	4 working days
20/5/2010	2,392.00	28/05/2010	2,392.00	4 working days
21/5/2010	5,227.00	28/05/2010	5,227.00	3 working days



25/5/2010	1,809.00	3/6/2010	1,809.00	6 working days
26/5/2010	9,049.00	3/6/2010	9,049.00	5 working days
27/5/2010	2,401.00	3/6/2010	2,401.00	4 working days

#### June-2010

Collection date	Collected Amount (E)	Banking Date	Banked Amount (E)	Comments
2/6/2010	2,068.60	16/06/2010	2,068.60	9 working days
8/6/2010	3,206.40	16/06/2010	3,206.40	5 working days
9/6/2010	2,996.60	18/06/2010	2,996.60	6 working days
10/6/2010	2,405.00	18/06/2010	2,405.00	5 working days
14/6/2010	2,909.80	24/06/2010	2,909.80	7 working days
15/6/2010	2,850.30	24/06/2010	2,850.30	6 working days
16/6/2010	2,894.70	24/06/2010	2,894.70	5 working days
17/6/2010	1,277.00	24/06/2010	1,277.00	4 working days
18/6/2010	2,746.00	24/06/2010	2,746.00	3 working days
23/6/2010	5,006.00	30/06/2010	5,006.00	4 working days
24/6/2010	2,092.00	30/06/2010	2,092.00	3 working days
25/6/2010	8,522.00	2/7/2010	8,522.00	4 working days

#### July-2010

Collection date	Collected Amount (E)	Banking Date	Banked Amount (E)	Comments
1/7/2010	4,915.70	12/7/2010	4,915.70	6 working days
2/7/2010	7,035.80	12/7/2010	7,035.80	5 working days
5/7/2010	7,739.60	12/7/2010	7,739.60	4 working days
6/7/2010	6,160.20	15/07/2010	6,160.20	6 working days
7/7/2010	6,631.80	15/07/2010	6,631.80	5 working days
8/7/2010	5,797.40	15/07/2010	5,797.40	4 working days
9/7/2010	5,146.80	23/04/2010	5,146.80	9 working days
12/7/2010	4,916.80	23/07/2010	4,916.80	8 working days
13/7/2010	4,228.80	23/07/2010	4,228.80	7 working days
14/7/2010	4,179.00	23/07/2010	4,179.00	6 working days
15/7/2010	2,990.20	29/07/2010	2,990.20	8 working days
16/7/2010	4,103.40	29/07/2010	4,103.40	7 working days
19/7/2010	3,127.00	29/07/2010	3,127.00	6 working days
20/7/2010	8,776.40	29/07/2010	8,776.40	5 working days
21/7/2010	21,714.00	29/07/2010	21,714.00	4 working days
23/7/2010	12,236.60	10/8/2010	12,236.60	11 working days
27/7/2010	4,380.60	10/8/2010	4,380.60	9 working days
28/7/2010	4,133.60	10/8/2010	4,133.60	8 working days

29/7/2010	3,786.20	13/08/2010	3,786.20	11 working days
30/7/2010	4,552.40	13/08/2010	4,552.40	10 working days

### August-2010

Collection date	Collected Amount (E)	Banking Date	Banked Amount (E)	Comments
2/8/2010	4,668.30	13/08/2010	4,668.30	8 working days
3/8/2010	2,586.20	19/08/2010	2,586.20	11 working days
4/8/2010	3,511.00	19/08/2010	3,511.00	10 working days
5/8/2010	3,655.80	19/08/2010	3,655.80	9 working days
6/8/2010	4,658.80	19/08/2010	4,658.80	8 working days
9/8/2010	4,176.20	19/08/2010	4,176.20	7 working days
10/8/2010	5,563.90	19/08/2010	5,563.90	6 working days
11/8/2010	2,660.00	19/08/2010	2,660.00	5 working days
12/8/2010	5,710.60	26/08/2010	5,710.60	9 working days
13/8/2010	6,991.80	26/08/2010	6,991.80	8 working days
16/8/2010	6,521.40	26/08/2010	6,521.40	7 working days
17/8/2010	4,704.80	26/08/2010	4,704.80	6 working days
18/8/2010	3,323.00	1/9/2010	3,323.00	9 working days
19/8/2010	3,872.60	2/9/2010	3,872.60	9 working days
20/8/2010	7,603.20	1/9/2010	7,603.20	8 working days
23/8/2010	7,949.00	10/9/2010	7,949.00	13 working days
24/8/2010	3,411.80	2/9/2010	3,411.80	6 working days
25/8/2010	3,498.80	2/9/2010	3,498.80	5 working days
26/8/2010	4,347.40	10/9/2010	4,347.40	9 working days
27/8/2010	4,322.20	10/10/2010	4,322.20	working days
31/08/2010	6,828.80	10/9/2010	6,828.80	6 working days

### September 2010

Collection date	Collected Amount (E)	Banking Date	Banked Amount (E)	Comments
1/9/2010	5,200.00	10/9/2010	5,200.00	5 working days
2/9/2010	5,646.00	10/9/2010	5,646.00	4 working days
3/9/2010	7,775.50	10/9/2010	7,775.50	3 working days
7/9/2010	8,407.80	17/09/2010	8,407.80	7 working days
8/9/2010	19,175.60	17/09/2010	19,175.60	6 working days
9/9/2010	365.00	17/09/2010	365.00	5 working days
9/9/2010	15,868.00	17/09/2010	15,868.00	4 working days
13/9/2010	11,136.40	24/09/2010	11,136.40	8 working days

14/9/2010	8,449.60	24/09/2010	8,449.60	7 working days
15/9/2010	8,659.00	24/09/2010	8,659.00	6 working days
16/9/2010	3,534.60	24/09/2010	3,534.60	5 working days
17/9/2010	7,109.00	1/10/2010	7,109.00	9 working days
20/9/2010	9,597.80	1/10/2010	9,597.80	8 working days
21/9/2010	11,116.20	1/10/2010	11,116.20	7 working days
22/9/2010	3,717.80	1/10/2010	3,717.80	6 working days
23/9/2010	7,807.70	1/10/2010	7,807.70	5 working days
24/9/2010	9,813.00	1/10/2010	9,813.00	4 working days
27/9/2010	26,863.60	1/10/2010	26,863.60	3 working days
29/9/2010	13,560.60	8/10/2010	13,560.60	6 working days
30/9/2010	35,932.00	8/10/2010	35,932.00	5 working days

**October 2010**

<b>Collection date</b>	<b>Collected Amount (E)</b>	<b>Banking Date</b>	<b>Banked Amount (E)</b>	<b>Comments</b>
1/10/2010	21,773.80	8/10/2010	21,773.80	4 working days
5/10/2010	17,295.60	19/10/2010	17,295.60	9 working days
6/10/2010	29,565.60	19/10/2010	29,565.60	8 working days
7/10/2010	16,865.20	19/10/2010	16,865.20	7 working days
8/10/2010	21,143.00	19/10/2010	21,143.00	6 working days
11/10/2010	28,720.60	25/10/2010	28,720.60	9 working days
12/10/2010	3,633.20	20/10/2010	3,633.20	5 working days
13/10/2010	19,750.20	19/10/2010	19,750.20	3 working days
14/10/2010	18,383.60	25/10/2010	18,383.60	7 working days
15/10/2010	15,348.00	25/10/2010	15,348.00	6 working days
18/10/2010	17,972.20	25/10/2010	17,972.20	4 working days
19/10/2010	16,058.20	1/11/2010	16,058.20	8 working days
20/10/2010	10,134.00	1/11/2010	10,134.00	7 working days
21/10/2010	11,401.40	1/11/2010	11,401.40	6 working days
22/10/2010	12,582.40	1/11/2010	12,582.40	5 working days
26/10/2010	13,280.60	1/11/2010	13,280.60	3 working days
27/10/2010	10,674.80	4/11/2010	10,674.80	5 working days
28/10/2010	6,911.00	4/11/2010	6,911.00	4 working days
29/10/2010	7,382.40	4/11/2010	7,382.40	3 working days

**November 2010**

<b>Collection date</b>	<b>collected amount (E)</b>	<b>Banking date</b>	<b>banked amount (E)</b>	<b>Comment</b>
1/11/2010	7,799.80	11/11/2010	7,799.80	7 working days
2/11/2010	6,637.80	11/11/2010	6,637.80	6 working days
3/11/2010	8,207.40	11/11/2010	8,207.40	5 working days

4/11/2010	11,382.20	15/11/2010	11,382.20	6 working days
5/11/2010	4,700.60	15/11/2010	4,700.60	5 working days
8/11/2010	8,237.20	19/11/2010	8,237.20	8 working days
9/11/2010	3,832.80	19/11/2010	3,832.80	7 working days
10/11/2010	2,240.20	19/11/2010	2,240.20	6 working days
11/11/2010	4,417.40	19/11/2010 <sup>3</sup>	4,417.40	5 working days
12/11/2010	3,180.00	24/11/2010	3,180.00	7 working days
15/11/2010	6,047.20	24/11/2010	6,047.20	6 working days
16/11/2010	3,733.80	24/11/2010	3,733.80	5 working days
17/11/2010	6,175.40	1/12/2010	6,175.40	9 working days
18/11/2010	4,262.80	1/12/2010	4,262.80	8 working days
19/11/2010	8,315.20	1/12/2010	8,315.20	7 working days
20/11/2010	5,442.80	1/12/2010	5,442.80	6 working days
23/11/2010	5,702.60	1/12/2010	5,702.60	5 working days
24/11/2010	3,252.40	1/12/2010	3,252.40	4 working days
25/11/2010	2,996.80	8/12/2010	2,996.80	8 working days
26/11/2010	5,896.00	8/12/2010	5,896.00	7 working days
29/11/2010	6,565.80	23/12/2010	6,565.80	17 working days
30/11/2010	7,322.50	28/12/2010	7,322.50	18 working days

**December-2010**

Collection date	Collected Amount (E)	Banking Date	Banked Amount (E)	Comments
2/12/2010	4,359.80	23/12/2010	4,359.80	14 working days
3/12/2010	4,104.80	20/12/2010	4,104.80	13 working days
6/12/2010	4,594.00	20/12/2010	4,594.00	9 working days
7/12/2010	3,853.80	20/12/2010	3,853.80	8 working days
8/12/2010	6,532.00	20/12/2010	6,532.00	7 working days
9/12/2010	6,420.00	20/12/2010	6,420.00	6 working days
10/12/2010	5,768.00	20/12/2010	5,768.00	5 working days
13/12/2010	6,834.00	23/12/2010	6,834.00	7 working days
14/12/2010	5,688.80	23/12/2010	5,688.80	6 working days
15/12/2010	5,003.20	31/12/2010	5,003.20	10 working days
16/12/2010	6,572.80	31/12/2010	6,572.80	9 working days
17/12/2010	20,510.80	31/12/2010	20,510.80	8 working days
20/12/2010	7,998.60	19/01/2011	7,998.60	20 working days
21/12/2010	7,366.80	19/01/2011	7,366.80	19 working days
22/12/2010	6,734.40	19/01/2011	6,734.40	18 working days

				days
23/12/2010	3,235.00	7/1/2011	3,235.00	9 working days
28/12/2010	5,536.80	7/1/2011	5,536.80	7 working days
29/12/2010	8,003.40	7/1/2011	8,003.40	6 working days
30/12/2010	8,731.30	7/1/2011	8,731.30	5 working days
31/12/2010	3,839.60	19/1/2011	3,839.60	12 working days

### January-2011

Collection date	Collected Amount (E)	Banking Date	Banked Amount (E)	Comments
3/1/2011	5,875.80	19/01/2011	5,875.80	11 working days
4/1/2011	8,440.80	19/01/2011	8,440.80	10 working days
5/1/2011	8,874.50	21/01/2011	8,874.50	11 working days
6/1/2011	8,217.40	21/01/2011	8,217.40	10 working days
7/1/2011	9,349.60	31/01/2011	9,349.60	21 working days
10/1/2011	10,499.60	31/01/2011	10,499.60	14 working days
11/1/2011	6,441.10	31/01/2011	6,441.10	13 working days
12/1/2011	3,521.80	7/4/2011	3,521.80	60 working days
13/1/2011	9,122.60	7/4/2011	9,122.60	59 working days
14/1/2011	10,781.70	7/4/2011	10,781.70	58 working days
17/1/2011	4,235.20	7/4/2011	4,235.20	53 working days

### February 2011

Collection date	Collected Amount (E)	Banking Date	Banked Amount (E)	Comments/delay
3/2/2011	2,888.40	11/2/2011	2,888.40	5 working days
4/2/2011	4,719.00	11/2/2011	4,719.00	4 working days
7/2/2011	4,379.60	11/2/2011	4,379.60	3 working days

It is evident that the delays in banking ranged between 3 working days to 76 working days, which is irregular.

Further, more enquiries revealed that bankings delayed for 2 working days were not normal and should be accompanied with written explanations. However, no written justifications were produced regarding these collections,

In view of the above situation, I have no doubt that the monies collected were borrowed without authority and at no interest and attributed, adversely, to the prevalent cash flow crisis.

In addition, Financial Regulations, which the Accountants are clearly acquainted with, were deliberately violated, specifically the Financial and Accounting Instruction 0501(iv) which states that “It is the duty of accounting officers, “To pay over their entire collections to a Revenue office or into the bank for the credit of a government account, as frequently as possible and preferably on a daily basis,” and Financial and accounting Instruction 0502(ii). which states that “between the time of receipt and the time of payment into bank or Treasury Revenue Office, no revenue collections shall be used in any way whatsoever, nor shall any officer advance, lend or borrow any sum for which he is accountable”.

I am grievously concerned that Government revenue is siphoned at the point of collection by the officials who are entrusted with the responsibility of this service.

I am further disturbed by the fact that although the Controlling Officer is aware of the theft no disciplinary action has been taken on the unscrupulous employees. Instead, the Accountant has been transferred from Mankayane Revenue Office to Matsapa Revenue Office, where government revenue is still exposed to the same risk of theft and the Senior Accountant, at Mbabane Revenue Office, has been placed in another unit within the government accounting system and still handling government transactions, which also need to be safeguarded.

Moreover, it is noteworthy that the internal controls instituted are quite effective, especially the banking supervision and credit of revenue collections into the government system because it reflects all the transactions that occur. This system is such that the revenue collected, revenue banked and revenue unbanked are clearly reflected in the computerized system, online. But due to laxity in the supervision of the collections and bankings by their supervisors they managed to overlook the Regulations and default bankings for personal gain.

The worst scenario is that the supervising officer, at the Mbabane Office, when the fraud emerged, expressly stated that he vested too much trust on the Senior Accountant because he, senior Accountant was a Christian and a preacher yet the Regulations carry no exception conditions for adherence.

It should be noted that the cash flow crisis is aggravated by the unscrupulous officers who enrich themselves with public funds without remorse.

If punitive measures are not taken against the offenders to prevent future occurrences, the economy of this country will not improve.

**In her reply, referenced FIN 25/78 dated 12<sup>th</sup> December 2011, the Controlling Officer concurred with my findings. She further stated that on**

**the Mbabane Revenue Office, the Treasury Executives and the officer were summoned to a meeting at the Civil Service Commission where the matter was deliberated.**

**The Civil Service Commission wrote a letter to the officer to which he responded and the Ministry is awaiting the outcome.**

There was no comment on the similar matter on the Mankayane Revenue Office. However both issues have not been addressed.

**(e) Overpayment of Salary-Employment number 4771029**

An examination of records revealed the following anomalies which the Principal Secretary, Ministry of Finance did not address satisfactorily.

Records revealed that an officer, employment number 4771029 who left Government service on resignation on the 30<sup>th</sup> November 2010 was inappropriately paid salary for December 2010, amounting to E17 796.67. I noted that on the pay date, the Controlling Officer made efforts and requested Treasury to recall the salary from the bank but all in vain.

**However, in response to the above anomaly, the officer offered to refund the overpaid amount at E500.00 per month for a period of 36 months.**

I am disturbed by the arrangement made between the Ministry and the officer because it implies that the officer was granted an interest free loan, which is repayable over a period of 36 months. The officer should have acted responsibly and returned unauthorised salary erroneously paid to him and the Ministry should have stopped the salary on time because the intention to resign was indicated on the 24<sup>th</sup> September 2010. This indicates that the Ministry had ample time to avoid the situation.

**(f) Rental Arrears**

The same officer was occupying Government house which drew a rental payment of E47.00 per month. However, he paid rent between the period 1<sup>st</sup> October 1996 to 31<sup>st</sup> December 2004. In January 2005 his rental deduction was stopped without the formal cessation slip yet the officer was still occupying the Government house up to February 2009. Rent arrears for the 50 months between the period 1<sup>st</sup> January 2005 to February 2009 amounted to E2 350.00.

In March 2009 the officer moved to another Government house number 226 Hlanganani Road. Rental payment per month was E100.00. Records revealed that rental deductions were not effected from 1<sup>st</sup> March 2009 up to 31<sup>st</sup> October 2010. Therefore rental arrears for 20 months between the period 1<sup>st</sup> March 2009 up to

31<sup>st</sup> October 2010 amounted to E2 000.00. Notably out of the rent owing amounting to E2 000.00 the officer managed to settle an amount of E900.00 leaving the balance of E1 100.00 owing.

(g) **Occupation of Government house by a Non- Civil Servant**

After the officer's last day of service on 30<sup>th</sup> November 2010, he continued to occupy the Government house until February 2011. In accordance with General Order A779, the officers who occupy Government quarters beyond their last date of service should be charged open market rental. In this case, the officer was supposed to pay E1 820.00 per month since the house occupied was under category D. Therefore rent owing for three (3) months amounted to E5 460.00 for the period 1<sup>st</sup> December 2010 to 28<sup>th</sup> February 2011. The total rental to be recovered from the officer is E8 910.00 which is made up of E2 350.00+E1 100.00+ E5 460.00 and Government is in dire need of this revenue.

**The Controlling Officer did not respond to my observation and thus violated Financial and Accounting Instruction 0315 (ii) which states that "it is the duty of all Accounting Officers to reply promptly to queries addressed to them by the Auditor General, giving fully the particulars or information desired".**



**HEAD: 40**  
**MINISTRY OF LABOUR AND SOCIAL SECURITY**

**Objectives:**

Labour Regulations - To create, maintain and improve an environment for Sustainable development through decent work and to Promote social protection and social justice.

**28.0 AUDIT INSPECTION REPORT: MINISTRY OF LABOUR AND SOCIAL SECURITY**

An audit inspection report on the accounts for the financial year 2007/2008, referenced L32/Vol.II/10, dated 26<sup>th</sup> October 2010, presenting audit findings was issued to the Principal Secretary in the Ministry of Labour and Social Security.

**The Principal Secretary in her unreferenced response, dated 15<sup>th</sup> March 2011, and reference MOLSS/AC/3a/Vol.II dated 6<sup>th</sup> June 2011 respectively, did not address the following paragraphs satisfactorily.**

**(a) Fraudulent Sitting Allowances Claims**

In my report referenced above, I communicated to the Principal Secretary that a sum of E344, 858.84 was unjustifiably paid to Statutory Board members who claimed sitting and reimbursement car mileage allowances on dates when there were no board meetings, on dates when members were absent, on repeated dates, and claimed using unauthorized Legal Notices (forged member lists) as supporting documents. The tables below show a summary of such cases:

Table 1

Claims paid to the Wages Council when there were no meetings:

Name of Claimant	Sitting Allowance (E)	Car Mileage (E)	Total Claim Paid (E)
Ben Simelane	45, 450.00	35, 234.20	80, 684.20
Dumsan Dlamini	21, 150.00	13, 866.56	30, 016.56
Phindile Fakudze	11, 700.00	13, 866.56	35, 016.56
Sibongile Malinga	9, 900.00	Nil	9, 900.00
Busi Jele	8, 550.00	Nil	8, 550.00
Jekwa Mkhaliphi	7, 200.00	Nil	7, 200.00
Henry M. Mazibuko	6, 750.00	Nil	6, 750.00
Meshack L. Simelane	2, 700.00	957.90	3, 657.00
Jabulane Mabuza	1, 350.00	Nil	1, 350.00
Khetsiwe Hlophe	1, 350.00	Nil	1, 350.00
Peggy M. Lunes	1, 350.00	Nil	1, 350.00
Maurice Dupont	1, 350.00	Nil	1, 350.00
Thokozani Hlatshwayo	1, 800.00	Nil	1, 800.00

Elecia Hlatshwayo	3, 600.00	Nil	3, 600.00
Nompumelelo Ginindza	1, 350.00	Nil	1, 350.00
Sipho Mamba	2, 250.00	Nil	2, 250.00
Nomcebo Ngwenya	1, 800.00	Nil	1, 800.00
Ntombi Dlamini	1, 800.00	Nil	1, 800.00
Ric M. khoza	900.00	Nil	900.00
Mduduzi Gama	900.00	Nil	900.00
Phumzile Dube	900.00	Nil	900.00
Caleb Mlangeni	900.00	451.52	1, 351.52
Jane T. Dlamini	450.00	Nil	450.00
Allan Fawcet	450.00	Nil	450.00
Shirly Middleton	450.00	Nil	450.00
Margaret Maziya	450.00	Nil	450.00
Mirriam Nxumalo	450.00	Nil	450.00
Nokuthula Simelane	450.00	Nil	450.00
Nonhlanhla Msibi	450.00	Nil	450.00
Mgadlela Sitfungo	450.00	Nil	450.00
Muzi Mdluli	450.00	Nil	450.00
John S. Mntshali	450.00	Nil	450.00
Dumsile Magagula	2, 250.00	Nil	2, 250.00
Sabelo K. Matsebula	9, 104.00	96.00	9, 200.00
Mduduzi P. Khumalo	1, 350.00	Nil	1, 350.00
Mduduzi Hlophe	1, 800.00	Nil	1, 800.00
Erickson Dlamini	1, 000.00	Nil	1, 000.00
Celumusa Dlamini	900.00	Nil	900.00
Peterson Dlamini	900.00	114.24	1, 024.24
Carol Ngcobo	1, 800.00	Nil	1, 800.00
Nellie Dlamini	900.00	Nil	900.00
Zodwa Mabuza	450.00	Nil	450.00
Jobe Mashwama	450.00	Nil	450.00
Dr. Priscilla Dlamini	2, 700.00	Nil	2, 700.00
Jinoh Nkambule	500.00	Nil	500.00
Sihle Mlangeni	5, 400.00	Nil	5, 400.00
Vincent Ncongwane	3, 150.00	Nil	3, 150.00
Siphon Mamba	9, 900.00	Nil	9, 900.00
Michael Mntshali	3, 500.00	275.90	3, 775.90
Khabo Dlamini	4, 500.00	Nil	4, 500.00
Felton Mhlongo	2, 700.00	Nil	2, 700.00
Kenneth Dlamini	3, 150.00	Nil	3, 150.00
Hezekial Mabuza	450.00	Nil	450.00
<b>Total</b>			<b>E255, 066.62</b>

Table 2

Falsified claims paid to the Wages Council attached with unauthorized/forged Board Member lists.

<b>Name of Claimant</b>	<b>Sitting Allowance (E)</b>	<b>Car Mileage (E)</b>	<b>Total Claim Paid (E)</b>
Dumsani Dlamini	26, 100.00	19, 592.22	45, 692.22
Mfaniseni Mkhalihi	450.00	Nil	450.00
Jabulane mabuza	3, 150.00	Nil	3, 150.00
Elecia Mabuza	4, 500.00	Nil	4, 500.00
Eugine Malambe	2, 250.00	Nil	2, 250.00
Ben Simelane	2, 250.00	Nil	2, 250.00
Perfect Masuku	1, 800.00	Nil	1, 800.00
Thokozani Hlatshwayo	1, 800.00	Nil	1, 800.00
Khetsiwe Hlophe	1, 800.00	Nil	1, 800.00
Stanford Vilakati	1, 350.00	Nil	1, 350.00
Busi Jele	1, 350.00	Nil	1, 350.00
Simanga Hlatshwayo	1, 350.00	Nil	1, 350.00
Ben Gwebu	450.00	Nil	450.00
Mazwi Mbatha	450.00	Nil	450.00
<b>Total</b>			<b>E74, 492.22</b>

Table 3

Claims paid on repeated Sitting dates (claimed twice for the same dates)

<b>Claimant</b>	<b>Statutory Board</b>	<b>Membership Status</b>	<b>Date of sittings</b>	<b>Total Amount Overpaid (E)</b>
Ben Simelane	The Wages Council	Secretary	22.05.07 21.08.07 23.08.07 13.12.07	2, 250.00
Ben Simelane	Labour Advisory Board	Secretary	25.10.07 08.11.07	900.00
Ben Simelane	Essential Services Committee	Secretary	20.08.07 23.08.07 06.11.07 12.11.07	1, 800.00
Henry Mazibuko	The Wages Council	Employee Representative	21.08.07 23.08.07	1, 800.00
Mduduzi Khumalo	Labour Advisory Board	Employee Representative	15.03.07 22.03.07 08.11.07	1, 350.00
Siphon Mamba	Essential Services Committee	Employee Representative	19.09.07 19.10.07 06.11.07	1, 350.00
Kennedy Dlamini	Essential Services Committee	Employee Representative	09.10.07 19.10.07	900.00
Dumsile Magagula	Labour Advisory Board	Government Representative	07.03.07	450.00
<b>Total</b>				<b>E10, 800.00</b>

Table 4

Claims paid for meetings not attended. (absentees)

<b>Claimant</b>	<b>Statutory Board</b>	<b>Membership Status</b>	<b>Sitting Dates</b>	<b>Total Paid (E)</b>
Busi Jele	Wages Council	Employee Representative	15.05.07	450.00
Nompumelelo Ginindza	Wages Council	Employee Representative	22.05.07	450.00
Sabelo Matsebula	Labour Advisory Board	Government Representative	07.03.07 09.11.07	900.00
Jan Sithole	Labour Advisory Board	Employee Representative	23.03.07 08.11.07	900.00
Dumsile Magagula	Labour Advisory Board	Government Representative	08.11.07	450.00
Vincent Ncongwane	Labour Advisory Board	Employee Representative	08.11.07	450.00
Thomas Dlamini	Labour Advisory Board	Employee Representative	08.11.07	450.00
<b>Total</b>				<b>E4, 500.00</b>

**Responding on the issue of fraudulent claims, the Controlling Officer, in her unreferenced memorandum, dated 15<sup>th</sup> March 2011, stated that on the 5<sup>th</sup> march 2010, the issue on audit findings relating to fraudulent claims was brought to the attention of the Secretary of all the Wages Council and Labour Advisory Boards, Mr. Ben Simelane (Senior Labour Officer) who was implicated.**

**She further stated that on the 5<sup>th</sup> April 2010 and 2<sup>nd</sup> June 2010, respectively, they also had discussions with the officer, (Mr. Simelane) and he agreed that he would pay E183, 782.98 to government in respect of the fraudulent claims. In addition, she also stated that during the meeting, the officer also asked to be given time in order to decide on how he was going to repay the money to government.**

**The Controlling Officer also stated that on the 25<sup>th</sup> June 2010, the officer paid E30, 000.00 to government in respect of the fraudulent claims.**

**Furthermore, the Controlling Officer stated that on the 16<sup>th</sup> February 2011, the officer submitted a letter of consent, informing the office that a monthly deduction of E1, 000.00 was to be made from his salary with effect March 2011, until the balance was fully paid.**

At the time of writing this reporting an amount of E9, 000.00 had already been recovered, and a balance of E143, 782.98 was still outstanding.

According to Government records, the officer was born on 28<sup>th</sup> November 1962 and will therefore be retiring from the Public Service on 28<sup>th</sup> November 2022. As a result, a balance of E11, 782.98 will still be outstanding after retirement.

Although the Controlling Officer responded on the issue of E183, 782.98, but she did not state who was to be held responsible for the balance of E161, 075.86 of the fraudulent claims.

**In her response referenced MOLSS /AC / 3a/ Vol.II, dated 6<sup>th</sup> June 2011, she further advised that upon their further investigation, they also discovered that Mr. Simelane had colluded with Mr. Dumsani Dlamini, employed by the Ministry of Commerce (Employment no. 8926290, and had written a letter requesting the Ministry that E80, 708.78 be deducted from the officer's salary in respect of the fraudulent claims.**

However, at the time of writing this report I was not aware of any recoveries made from the latter officer.

In my memorandum referenced above, I also advised the Controlling Officer to report the issue of fraudulent claims to the Police, or Anti-Corruption Unit, so that the law could take its course. In the same memorandum I further drew her attention to the Theft and kindred offences by Public Officers Act of 1975 which has not been followed, that provides for immediate suspension and prosecution of a Public Officer who has misappropriated public funds.

However, at the time of compiling this report I was not updated about the developments of the cases.

**(b) Overpayments of Telephone Bills**

I also reported about an amount of E32, 905.71 which was double paid to SPTC in respect of telephone bills for the Ministry. These bills were all pertaining to the month of August 2007.

Below is a table depicting such double payments.

Voucher no.	Date of Payment	Phone no.	Account no.	Cheque no.	Total amount Paid (E)	Total Overpaid (E)
070012	09.10.07	4055155	0341916	119327	477.13	
110117	12.02.08	4055155	0341916	177435		477.13
070014	09.10.07	4041440	03111111	119329	68.00	
110117	12.02.08	4041440	03111111	177435		68.00
070014	09.10.07	4040215	0620807	119329	65.85	
110117	12.02.08	4040215	0620807	177435		65.85
070014	09.10.07	36336509	0406678	119329	1, 444.85	
110118	12.02.08	36336509	0406678	177435		1, 444.85
070014	09.10.07	36336508	0406651	119329	962.99	

110118	12.02.08	36336508	0406651	177436		962.99
070015	09.10.07	3131022	0593346	119330	1, 622.58	
110118	12.02.08	3131022	0593346	177436		1, 622.58
070012	09.10.07	4048106	0692166	119327	86.79	
110118	12.02.08	4048106	0692166	177436		86.79
070013	09.10.07	4044270	0872466	119328	47.88	
110118	12.02.08	4044270	0872466	177436		47.88
070013	09.10.07	4043896	4011639	119328	47.88	
110118	12.02.08	4043896	4011639	177436		47.88
070014	09.10.07	4041966	0308404	119329	260.33	
110118	12.02.08	4041966	0308404	177436		260.33
070013	09.10.07	4041971	0308447	119328	4, 365.12	
110118	12.02.08	4041971	0308447	177436		4, 365.12
070016	10.10.07	5506087	0243191	119451	1, 510.58	
110119	12.02.08	5506087	0243191	177437		1, 510.58
070015	09.10.07	2078578	0437328	119330	1, 588.25	
110119	12.02.08	2078578	0437328	177437		1, 588.25
070015	09.10.07	2078578	0434078	119330	1, 219.16	
110119	12.02.08	2078578	0434078	177437		1, 219.16
070016	09.10.07	5052792	0367613	119451	5, 401.69	
110120	12.02.08	5052792	0367613	177437		5, 401.69
070016	09.10.07	5388324	A2011463	119451	107.16	
110119	12.02.08	5388324	A2011463	177437		107.16
070015	09.10.07	3434282	04011595	119330	143.26	
110119	12.02.08	3434282	04011595	177437		143.26
070015	09.10.07	3434215	0400912	119330	592.55	
110119	12.02.08	3434215	0400912	177437		592.55
070015	09.10.07	3434180	0400580	119330	1, 008.03	
110119	12.02.08	3434180	0400580	177437		1, 008.03
070012	09.10.07	4371110	0419737	119327	391.30	
110120	12.02.08	4371110	0419737	177438		391.30
070012	09.10.07	4373230	0863769	119328	740.78	
110120	12.02.08	4373230	0863769	177438		740.78
110120	09.10.07	5052792	0367613	177438		5, 406.01
070014	12.02.08	4040182	0620823	119329	537.21	
110120	09.10.07	4040182	0620823	177438		537.21
070012	12.02.08	4048073	0559008	119327	223.75	
110120	09.10.07	4048073	0559008	177438		223.75
070012	12.02.08	4048098	0692158	119327	247.88	
110120	09.10.07	4048098	0692158	177438		247.88
070013	12.02.08	4041973	0308643	119328	2, 119.15	
110120	09.10.07	4041973	0308643	177438		2, 119.15
070013	12.02.08	4041972	0308455	119328	2, 223.87	
110120	09.10.07	4041972	0308455	177438		2, 223.87
<b>Total</b>						<b>E32, 905.71</b>

Financial and Accounting Instruction 0509 (i), clearly states that “Immediate action must be taken to recover any amounts overpaid”.

On the other hand Financial and Accounting Instruction 0802 (ii) also states that “In the event of an incorrect payment being made, the authorizing officer will be

held personally responsible and will be liable to be surcharged therewith in accordance with the Finance and Audit Law”.

**Responding on the issue of the overpayments, the Principal Secretary stated that when they checked with SPTC, they found that the amounts were indeed paid twice. However, they could not ascertain the actual invoices overpaid. As a result, it was very difficult for the Ministry to recover the money overpaid.**

At the time of compiling this report, I was not aware of any recoveries made in respect of the money overpaid.

(c) **Payments in Excess of Allowable Limits for Mobile and Residential Telephones**

I further reported about an amount of E3, 097.43 which was paid in excess of the allowable limits in respect of the mobile and residential telephone facilities for the then Labour Commissioner, employment no. 4187211.

Establishment Circular no. 2 of 2010, Revised Guidelines for the Provision of Mobile Telephones and Residential Telephones, II(iv), states that any excess of set limits at the end of the government financial year will be settled by the handheld user.

**In response, the Controlling Officer stated that the issue on the excess payments was brought to the attention of the former Labour Commissioner Ministry of Justice who responded by paying an amount of E1, 585.39 instead of E3, 097.43. This money was receipted on General Receipt no. 532156, dated 27<sup>th</sup> May 2011. However, a balance of E1, 512.05 is still outstanding.**

(d) **Double Payments of Invoices**

An overpayment of E14, 136.76 occurred in respect of services rendered by the following suppliers. Invoices were paid twice for the same services. The table below shows analysis of such double payments.

Supplier	Invoice no	Date	Voucher no	Cheque no	Amount paid (E)	Total (E)
Times of Swaziland	IN162016	28.07.07	120085	199473	5, 702.40	
Times of Swaziland	IN162016	28.07.07	120379	212108		5, 702.40
Swazi Observer	INC10947	19.07.07	120381	212110	5, 166.00	
Swazi Observer	INC10947	19.07.07	120598	211875		5, 166.00
Tums George Hotel	10904	29.02.08	120072	199473	2, 470.00	

Tums George Hotel	10904	18.03.08	120446	198258		2,470.00
					<b>TOTAL</b>	<b>E14,136.72</b>

**The Controlling Officer in her response denied the double payments, citing that it was difficult to trace payments using voucher numbers.**

As a result, at the time of compiling this report, I was not aware of any action taken in recovering the money.



## **HEAD: 41**

### **MINISTRY OF PUBLIC SERVICE**

#### **Objectives:**

The Ministry's responsibility is Personnel Administration of the Public Service . To meet staffing requirements of ministries/departments in accordance with Civil Service Commission Regulations. To control the size and rates of pay of the public service and to improve its overall quality; to provide the necessary training for civil servants and adequate manpower for public service needs; to provide central advisory administrative and technical services to Government agencies.

#### **29.0 LEASE OF OFFICE ACCOMMODATION**

A memorandum reference H8Vol.XII/83, dated 25 November 2010 was issued to the Principal Secretary Ministry of Public Service. However, an unreferenced reply dated 21 December 2010, was not satisfactory in that the Principal Secretary only concurred with my findings but did not address the concern raised. As a result a follow up memorandum, referenced H8/Vol.XII/87 dated 9<sup>th</sup> May 2011, was issued requesting information on how the issue at hand would be rectified but there was no response.

The bone of contention was that a loss amounting to E261 000.00 was suffered by government through rental payment for a leased office space, on Lot 218, Mbabane situated on the corner of Somhlolo street and Muir street which was never occupied. The prospective occupant was the Ministry of Labour and Social security.

The lease agreement was for a period of 10 months, commencing from 1<sup>st</sup> June 2010 to 31<sup>st</sup> March 2011.

The leased office space was to accommodate two new departments namely National Employment Service and Scholarship Secretariat, under the Ministry of Labour and Social Security. The departments never occupied the offices. The offices were left vacant for 6 months commencing 1<sup>st</sup> June 2010 to 23 November 2010 whilst drawing a monthly rental of E43 500.00 which totalled E261 000.00. However, the lease agreement was terminated on 23<sup>rd</sup> November 2010 after my office has raised concern about this anomaly.

The Controlling Officer did not exercise economy in the use of funds because he committed government funds for no benefit,

This scenario indicates that government funds were committed before carrying out a through research on logistics and other requirements to allow occupation of the premises.

I am concerned about the drainage of this precious scarce resource at the time of financial adjustment and economic meltdown.

Ultimately public funds were wasted since there was no value for money in this expenditure.

Further, at the time of writing this report I am not aware of any action taken regarding the loss incurred.

**In his reply, referenced ESC 36/17, dated 30<sup>th</sup> August 2011, the Controlling Officer, distanced himself from the responsibility of the loss, suffered by government.**

**He argued that he signed the lease agreement on the promise that the Ministry of Labour and Social Security assured him that funds were available to pay the rental. He only became aware that the offices were not occupied, through the report from the Auditor General and thus immediately terminated the lease on 31<sup>st</sup> December 2010.**

The reply is not convincing because the Ministry of Public Service is responsible for accommodation and as a result the rental payment was made by the Ministry of Social Security through this Ministry. Therefore it cannot be absolved from the duty to exercise due care and economy in the use of funds.

Further, that the lease has since been terminated does not make good the loss incurred.

## HEAD 43

### INFORMATION, COMMUNICATION AND TECHNOLOGY

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

#### 30.0 AUDIT INSPECTION – SWAZILAND BROADCASTING & INFORMATION SERVICE

An inspection of Swaziland Broadcasting and Information Services for the financial year 2009/10 was conducted and an inspection report referenced B4/Vol.II.7 dated 13 December 2010 was issued.

The Controlling Officer in his memorandum referenced SBIS/C/115 dated 20<sup>th</sup> January 2010 concurred with my observations but did not take any corrective action.

##### (a) Outstanding Advertising Fees

In the inspection report quoted above, I drew the attention of the Controlling Officer advertising fees amounting to E183 286.00 were still owed by clients for period 1<sup>st</sup> August 2008 to 30<sup>th</sup> September 2010.

However the response referenced ICT/1/5 dated 23<sup>rd</sup> November 2011, revealed that, in pursuit of my report follow ups were made and as a result an amount of E92 338.00 has been recovered leaving an amount of E90 948.00 still outstanding.

The response further reflect serious repercussions, from the prolonged debt collection, because some clients are untraceable, and some have requested time to verify the invoices before payment is made while some have only made promises to pay.

In addition, some alleged payments are not traceable in the government accounting system and thus, without adequate documentary evidence can not be considered as settled.

The outstanding fees are as follows:-

INVOICE DATE	INVOICE NO	NAME OF CUSTOMER	PURCHASE ORDER NO.	AMOUNT (E)	STATUS
Aug. 2008	8909	Nedbank Swaziland	5105	4,358.00	Paid GR 360749 dated

					05/02/09, but not traceable in the accounting system
Jan. 2009	8955	ABC Fashion House	0365	1,539.00	Letter written to Attorney General to assist in tracing them
Feb. 2009	9002	ABC Fashion House	0381	1,364.00	Letter written to Attorney General to assist in tracing them
Sept. 2010	9390	ABC Fashion House	0454	825.00	Letter written to Attorney General to assist in tracing them
Sept. 2010	9373	Technisol	03/2010	1,438.00	They refused to pay and claimed that they are still waiting for government to pay them first
Sept. 2009	9134	Technisol	06/2009	1,200.00	They refused to pay and claimed that they are still waiting for government to pay them first
Jan 2010	9237	Matata	4317	1,777.00	Paid cheque number 713 dated 30/09/08 but no evidence to confirm payment and not traceable in the accounting system
March 2010	9268	Matata	4378	2,929.00	Payment being processed
Aug 2009	9117	Matata	3339	1,026.00	Paid cheque

					no. 713 dated 30/09/08 , no evidence to confirm this
Feb 2009	8990	Swaziwire Industry	-	2,565.00	Company still verifying invoice
Aug 2009	9128	Swaziwire Industry	45964	2,565.00	Company still verifying invoices
June 2009	9083	Swaziwire Industry	45960	2,665.00	Company still verifying invoices
Sept 2009	9133	Swaziwire Industry	45966	2,565.00	Company still verifying invoices
May 2010	9299	Swaziwire Industry	45973	2,665.00	Verifying invoices
Sept 2009	9141	Swd Building Society	-	6,669.00	Client verifying invoices
Dec 2008	8940	Swd Building Society	-	7,182.00	Client verifying invoices
July 2009	9101	Technoserve	--	1,750.00	Acknowledged debt but to seek clarification in due course
Sept 2009	9149	Technoserve	-	1,475.00	Acknowledged debt but to seek clarification in due course
Sept 2009	9151	Technoserve	-	3,636.00	Acknowledged debt but to seek clarification in due course
Dec 2009	9209	Technoserve	-	238.00	Acknowledged debt but to seek clarification in due course
Nov. 2009	9195	Multichoice	74	1,500.00	Debt will be settled
-	9165	Once Always	3143	3,125.00	Verifying invoices

Dec 2009	9207	The Wheel Centre	216	3,125.00	Payment is being processed
Feb. 2010	9259	The Wheel Centre	229	1,375.00	Payment is being processed
-	8883	Wellness Zone	-	7,408.00	Debt will be settled
Feb. 2009	9007	Standard Bank	-	17,030.00	Acknowledged debt but requested a few days to process payment
Sept. 2009	9154	Business Place	-	1,666.00	Verifying invoices
Dec 2008	8929	Photo Pro	-	788.00	Acknowledged debt, promised to send a letter
Dec. 2008	8926	Photo Pro	-	1,100.00	Acknowledged debt and promised to send a letter
Sept 2009	9132	National Chicks	-	3,400.00	Acknowledged debt in writing and promised to pay
<b>TOTAL</b>				<b>E90 948.00</b>	

I also noted with concern that the debtors age was too long since some advertising fees had been outstanding for more than two (2) years.

There was no evidence that follow ups were made to ensure settlement of the debts. This indicates a carefree attitude, by the Controlling Officer. Therefore, there was no adherence to Financial and Accounting Instruction 0202(i) which prescribes prompt collection of revenue, as one of the duties of the Controlling Officer.

Ultimately, this affects, negatively, the cash flow position of government since revenue collections are credited to the consolidated fund.

**(b) Unauthorised Discounts**

I drew the attention of the Controlling Officer that discounts and free slots were allowed for advertisement broadcasts to some clients, without authority. As a result government was deprived of revenue amounting to E3 319.00 despite that government has offered reasonable rates of E275.00 for morning slots and E238.00 for evening slots, since it is not profit oriented, due to the discounts and free advert broadcasts or both. There was no explicit criteria or guidelines on conditions to be met in order to qualify for the price reductions or free slots.

**In his response the Controlling Officer concurred with my findings that there was no policy on discounting and he informed me that it was done on a natural justice basis depending on the number of days of continuous advertising. He further stated that there was also a commercial code allowing the Director to use his discretion to award discounts.**

**However, I could not identify any clause pertaining to this discretion in the copy of the code that was furnished to me, on this matter.**

Therefore, I consider the amount not tendered to government through this irregular practice to be unauthorized and a loss. Further, this act is tantamount to deliberate undercollection of revenue.

The beneficiaries from the discounts and free slots are:-

CLIENT	Expected amount E	Actual Amount (E)	Discount allowed (E)	Free slot amount (E)	Total price reduction (E)	Transaction details
Phathwakahle	5,643.00	4800.00	363.00	480	843	10 days adverts from 15 <sup>th</sup> November to 26 <sup>th</sup> November 2010 and was granted E33.00 discount per day and one free slot
Bed City	1,100.00	825.00	-	275.00	275.00	3 days adverts from 6 <sup>th</sup> to 9 <sup>th</sup> November 2010 and granted one morning free slot
Logico Limited	6,669.00	5,643.00	-	1,026.00	1,026.00	Eleven days adverts, morning and evening from 1 <sup>st</sup> October to 25 <sup>th</sup> October 2010 and was granted 2

						free slots morning and evening
Mr Matata	4,104.00	2929.00	1,175.00	-	1,175.00	8 sports adverts morning and evening from 19 <sup>th</sup> to 27 <sup>th</sup> February 2010 and was granted a discount of E1175.00
<b>TOTAL</b>					<b>3,319.00</b>	

### **30.1 Over expenditure on Project M33170 – Establishment of Science and Technology Park**

Over expenditure beyond budget provision and appropriated act is illegal in that it distorts the fiscal budget of any country. This is further supported by financial and accounting instruction 0202 (ii) which disallows unauthorised over expenditure.

An amount of E40 000 000.00 was budgeted and only E10 222 550.00 was released for the establishment of the Science and Technology Park.

Actual expenditure amounted to E18 797 310.00 resulting in over expenditure of E7 574 760.00 (67%) E10 222 550.00 – E18 797 310.00).

The Controlling Officer is expected to explain the authority that allowed him to spend beyond the released funds.

**In his reply, referenced ICT/8/1/2, dated 7<sup>th</sup> December 2011, the Controlling Officer concurred with my findings. He stated that a mis-posting occurred whereby he instructed the Treasury to charge a wrong account when making payment for the project.**

This error has not been rectified.

### **30.2 Unauthorised Over Expenditure on Recurrent Vote**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
43	Travel, Transport and	944,812.00	1,055,432.64	110,620.64	12



	Communications (13)				
43	CTA Vehicle Charges (14)	1,212,062.00	2,337,596.10	1,125,534.10	93
43	Travel, Transport and Communication (15)	672,017.00	766,436.89	94,419.89	14
43	CTA Vehicle Charges (17)	67,000.00	218,487.75	151,487.75	226

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

**In his reply, referenced ICT/8/1/2, dated 14<sup>th</sup> December 2011, the Controlling Officer concurred with my findings. The reasons given for the over expenditure on items 022, travel transport and communication activity 13 and 002, CTA charges activity 14 were that funds were committed in anticipation that the approved budget would be fully released.**

However regarding item 022 travel transport and communication, activity 13 the over expenditure was due to an error made in reallocation from one department to another

However, I am concerned that the Controlling Officer did not obtain any authority to overspend.

## HEAD 44

### ELECTIONS AND BOUNDARIES COMMISSION

**Objectives:** To promote confidence in the conduct and management of Electoral process.

#### 31.0 AUDIT INSPECTION: ELECTIONS AND BOUNDARIES COMMISSION

An audit inspection was carried out at the Elections and Boundaries Commission and a report referenced E24.15 dated 1<sup>st</sup> April, 2010 was issued to the Head of Secretariat. The Head of Secretariat in his reply referenced EBC/36 dated 30<sup>th</sup> June, 2010 did not provide satisfactory answers to my observations.

##### (a) **Purchase of Office Furniture**

In my report, referenced above, I drew the attention of the Head of Secretariat that the furniture delivered by the supplier LUCKY'S ARK INVESTMENT was not the true reflection of the furniture described by the invoice No. 001 and delivery note 005, dated 6<sup>th</sup> February 2009 because it did not possess certain additional features as reflected in the invoice. The furniture purchased valued at E229, 600.00 was paid through voucher No. 011086. The items were as follows:

Quantity	Description	Unit Price (E)	Total Price (E)	Comments
2	Executive classic Egyptian import desk model of Saligna and trimmed with an elephant skin of top	52,000.00	104,000.00	Desk delivered no elephant skin on top
2	Executive classic Egyptian imported cabinet made of saligna and trimmed with some glasses	35,000.00	70,000.00	Furniture delivered not trimmed with glasses
2	Imported single fridge special for offices and hotels made of steel appearance	8,900.00	17,800.00	Fridge delivered is white in colour and has no steel appearance
2	Classic lunar high back chair dark and maroon imported type	9,900.00	19,800.00	Not as described in the invoice
4	Classic imported duke visitor's arm chairs maroon in colour	4,500.00	18,000.00	Not as described in the invoice
<b>Total</b>			<b>E229,600.00</b>	

Revised Stores Regulation Part I of 1975 chapter 6 No. 41 (3) states that; when stores are received the receiving officer shall inspect the goods for quality compliance and shall ensure that the goods are not differing in form or material from the requirement of contract. This regulation was violated.

**The Head of Secretariat in his reply referenced EBC/36 dated 30<sup>th</sup> June, 2010 stated that the Storeman arrived on Monday the following week after the furniture was delivered, he was handed over the delivery note and the furniture. The Storeman informed the Head of Secretariat that he did not notice that there were some missing items on the furniture, he thought all was well.**

The Controlling Officer did not prove beyond doubt the cost remained the same, despite that it did not comply with the description. My understanding is that logically the furniture without these features should have been cheaper since the quality can not be the same as the items with the additional features.

**(b) Purchase of Mobile Telephone**

The Elections and Boundaries Commission purchased a mobile telephone at E2 321.00 in favour of the Deputy Chairman, using an irrelevant authority, ES 36/44, dated 29<sup>th</sup> June 2009.

The authority, quoted above, was granted by the Ministry of Public Service, as per request of the Commission to reimburse the Mobile Telecommunications Network (MTN) an amount of E221 749.15. This amount was in respect of the usage of the MTN facility by the EBC officials including the Deputy Chairman and other government employees during the registration exercise, primary and secondary national elections of 2008.

**In his reply the Controlling Officer concurred with my finding and confirmed that his office erroneously sought wrong authority to buy the mobile phone.**

I am discontent with this assertion because the authority, quoted above, states it clearly, that the authorisation was to enable the Commission to reimburse airtime consumed by EBC for elections exercise. Therefore the purchase of a mobile phone was a clear diversion of funds and thus it was unauthorised.

Financial accounting instruction of 1970 number 0202(iii) states that controlling officers must ensure that public moneys are spent only for the purpose for which they are authorised.

The Head of Secretariat in his reply referenced EBC/36 dated 30<sup>th</sup> June, 2010 stated that his office erroneously sought authority to purchase airtime for the Deputy Chairman instead of authority to purchase a mobile phone.

**HEAD: 45**  
**MINISTRY OF HEALTH**

**Objectives:**

To improve and preserve the state of health of the citizens of Swaziland and also provide relief, emergency and social services.

**32.0 AUDIT INSPECTION – MANKAYANE GOVERNMENT HOSPITAL.**

An audit inspection report dated 28<sup>th</sup> September 2009; referenced M4/Vol. VIII/145 was issued to the Principal Secretary, Ministry of Health. The Controlling officer did not respond to the concerns raised.

**(a) Salary Received Whilst on Secondment**

In my memorandum referenced above, I reported that an officer, employment number 4945295, who was employed as a nurse in the Mankayane Government hospital continued to receive salary totaling E91 244.66, from April 2006 until March 2007 yet she was on secondment as a Regional T.B. Coordinator at the National T.B. Control Programme Unit during this period. The salaries earned are as follows:-

**Monthly Salary Overpayments**

<b>Date</b>	<b>Grade</b>	<b>Notch</b>	<b>Amount (E)</b>
20/04/2006	C5	5	7 447.08
22/05/2006	C5	5	7 447.08
22/06/2006	C5	5	7 447.08
21/07/2006	C5	5	7 447.08
22/08/2006	C5	5	7 447.08
22/09/2006	C5	5	7 447.08
23/10/2006	C5	5	7 558.75
22/11/2006	C5	5	7 558.75
15/12/2006	C5	5	7 861.17
15/01/2007	C5	5	7 861.17
23/02/2007	C5	5	7 861.17
23/03/2007	C5	5	7 861.17
		<b>Total</b>	<b>91 244.66</b>

According to paragraph 2 of the terms of secondment letter, referenced CSB/21403 and dated 5<sup>th</sup> September 2006, the officer was to be paid salary by the National Emergency Response Council for HIV and AIDS, NERCHA, for the duration of the secondment. Therefore the officer was not entitled to earn salary from government while being paid by NERCHA as well.

This is double payment and should be recovered and credited back to the Consolidated fund.

**In his reply, referenced MH/208, dated 10<sup>th</sup> November 2011, the Controlling Officer informed me that the officer has been called to discuss this matter and I would be updated in due course.**

Therefore, no corrective action has been taken at the time of writing this report.

### **32.1 Over Expenditure on Project H33699 – Rehabilitation of Mbabane Government Hospital**

Over expenditure in excess of budget provision and released funds is illegal in that it distorts the fiscal budget of a country.

This is further supported by Financial and Accounting Instruction 0202(ii). However the Ministry violated the standing regulations and allowed over expenditure without authority.

An amount of E94 000 000 was approved but only E4 100 650.00 was released for the implementation of the project.

Actual expenditure amounted to E7 686 951.00 resulting in over expenditure of E3 586 301.40 (87%) (E4 100 650.00 – E7 686 951.00).

The Controlling Officer is expected to explain the authority which allowed him to spend beyond the budget provision and released funds.

**The Controlling Officer did not respond and thus violated Financial and Accounting Instruction which states that “It is the duty of the Accounting Officers to reply promptly to any queries addressed to them by the Auditor General giving fully the particulars of information desired”.**

### **32.2 Unauthorised Over Expenditure on Recurrent Vote**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
45	CTA Vehicle Charges (11)	13,830,602.00	15,926,795.74	2,096,193.74	15
45	Personnel Costs	24,704,752.00	28,951,491.36	4,246,739.36	17

	(11)				
45	CTA Vehicle Charges (12)	1,345,914.00	2,011,475.55	665,561.55	49
45	CTA Vehicle Charges (32)	3,140,370.00	9,193,083.74	6,052,713.74	193
45	CTA Vehicle Charges (41)	111,178.00	1,721,677.45	1,610,499.45	1449
45	Personnel Costs (41)	2,653,324.00	4,186,332.68	1,533,008.68	58
45	CTA Vehicle Charges (42)	1,698,930.00	4,642,905.45	2,943,975.45	173
45	CTA Vehicle Charges (43)	1,845,644.00	6,955,913.18	5,110,269.18	277
45	CTA Vehicle Charges (44)	1,135,314.00	4,511,271.88	3,375,957.88	297
45	Personnel Costs (44)	27,065,672.00	30,109,578.00	3,043,906.00	11
45	CTA Vehicle Charges (45)	1,576,220.00	7,781,944.60	6,205,724.60	394
45	CTA Vehicle Charges	148,582.00	172,443.70	23,861.70	16

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

**The Controlling Officer did not respond and thus violated Financial and Accounting Instruction which states that “It is the duty of the Accounting Officers to reply promptly to any queries addressed to them by the Auditor General giving fully the particulars of information desired”.**

**HEAD: 46**  
**MINISTRY OF JUSTICE AND CONSTITUTIONAL AFFAIRS**

**Objectives:**

Administration of Justice through the various courts; the drafting of new legislation and amendments to existing laws and registration of companies, property rights and vital statistics.

**33.0 UNAUTHORISED OVER EXPENDITURE ON RECURRENT VOTE**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
46	CTA Vehicle Charges (11)	928,612.00	1,493,221.56	564,609.56	61
46	CTA Vehicle Charges (21)	361,506.00	931,372.28	569,866.28	158
46	Consumable Materials and Supplies	2,178.00	2,800.06	622.06	29

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

**The response, by the Controlling Officer, referenced JUS 1438, dated 30<sup>th</sup> November 2011, indicated that generally, the over expenditure was caused by release of insufficient funds. Further in all the activity centres there were also unforeseen activities that were carried out, which increased the over expenditure.**

However the Controlling Officer did not produce any authority allowing him to over spend.

**HEAD 48:  
JUDICIARY**

**Objectives:**

- To provide administration and timely delivery of justice to all the people of Swaziland

**34.0 AUDIT INSPECTION: JUDICIARY**

An audit inspection was carried out at Judiciary and a report referenced J2.14 dated 19<sup>th</sup> July 2010 was issued to the Registrar of Supreme Court. The Registrar of the Supreme Court in her unreferenced reply dated 26<sup>th</sup> August 2010 did not respond satisfactory to the following observations.

Out of the E1 047 888.38 unaccounted for stores only items worth E478 419.08 were traced and recorded leaving E569 469.30 items, which are listed below, untraceable.

**(a) Items Not Accounted For**

In my report quoted above I drew the attention of the Registrar of The Supreme Court, that supplies worth E1 047 888.38 purchased during the financial years 2008/2009 and 2009/2010 were not accounted for. They were neither recorded nor physically available for verification. Amongst the items purchased were building material valued at E1 294.20 which I could not ascertain relevance of the Judiciary Department because the construction works responsibility lies with the Ministry of Public Works and Transport.

**Building Material**

<b>Order No</b>	<b>Voucher No.</b>	<b>Payee</b>	<b>Item</b>	<b>Quantity</b>	<b>Unit Price (E)</b>	<b>Total (E)</b>
SG 905828	060998	Lunkanka Investment	1kg nails 75 x 3.55mm	4	15.95	63.80
SG 905828	060998	Lunkanka Investment	1kg nailspanel pins 40 x 1.6	2	60.95	121.90
SG 905828	060998	Lunkanka Investment	CB nails plugs 61mm x 70mm	30	36.95	1,108.50
<b>Sub-total</b>						<b>E1,294.20</b>

The materials were purchased at the instruction of the Ministry of Public Works which advised the Judiciary that it did not have sufficient funds to carry out the maintenance works required by the Judiciary.



However, it was irregular for the Judiciary to purchase these materials without authority.

The unaccounted for items were:-

Order No	Voucher No.	Payee	Item Description	Quantity In Order	Not Seen	Seen	Unit Price (E)	Total (E)
916778	129983	SGL Technologies	High Level 166 GHZ Intel Centrino Laptops	10	10	Nil	14 800.00	148 000.00
916778	129983	SGL Technologies	Entry Level 1.66 GHZ Intel Dual Core Laptops	36	36	Nil	10 200.00	367 200.00
905778	05824	Real Import & Export	Olympia Digital Audio Recorder	1	1	Nil	2 850.00	2 850.00
905749	050823	Nhloko Investments	Executive Desk And Modesty Panel 233 x 1100 x 760mm	2	1	1	9 751.00	19 502.00
905749	050823	Nhloko Investments	3 Drawer Height Pedestral	2	1	1	6 433.00	12 866.00
905749	050823	Nhloko Investments	L-Extension	2	1	1	3 088.00	6 176.00
907426	120922	Hoageys	Fan Pad 40cm	2	2	Nil	312.65	625.30
904485	070192	Rapid Stationery	3 Bar Heaters	10	6	4	500.00	3 000.00
905855	050590	Zaza Investments	4 Drawer Steel Filing Cabinet	7	3	4	1 800.00	3 600.00
914733	120383	SGL Technologies	Black and White Laserjet Printers	2	1	1	5 650.00	5 650.00
							<b>Total</b>	<b>E569 469.30</b>

**(b) Purchase of 46 Laptops**

The Controlling Officer confirmed the purchase but explained that only 36 laptops were distributed to the Judiciary staff because 10 laptops were stolen.

(c) **Action Taken About the Theft**

A losses report was prepared and the police duly informed but the Ministry was still awaiting a progress report.

The Attorney General was also alerted.

(d) **Unrecorded Items**

The Controlling Officers acknowledged the over sight in not recording the queried items. She informed me that all the items had since been correctly listed and recorded in the ledger folios as per government Regulations, and invited my office for a re audit to confirm this.

In my view, the above scenario, non recording of items worth more than one million Emalangeni, indicated clear lack of accountability by the Controlling Officer.

Government Regulations call for prompt recording of items. As a result of the laxity attractive items were lost without trace, yet Regulations state is succindly, the duty of the Controlling Officer is to ensure that the attractive items are fully safe guarded.

**34.1 Unauthorised Over Expenditure on Recurrent Vote**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
48	Personnel Costs (11)	7,984,414.00	9,239,922.79	1,255,508.79	16
48	CTA Vehicle Charges (12)	762,638.00	1,523,225.60	760,587.60	100

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

**In his response, referenced JUD/144, dated 12<sup>th</sup> December 2011, the Controlling Officer stated that the over expenditure on personnel costs and CTA charges was due to insufficient release of the budgeted funds, as a result of the cash flow crisis.**

However no authority was produced, that allowed the Ministry to over spend.

(a) **For The Year Ended 31<sup>st</sup> March**

An examination of the above account was carried out and a report referenced A2/2010/2011/29 was issued to the Registrar of the Supreme Court and no corrective action was taken..

(b) **Overdrawn Estate - The Late Tobhi G. Ndlangamandla- File no.EM189/2010**

The above estate was overdrawn by E76 285.74 which was charged to the consolidated fund and thus a loss to government.

The total amount available for distribution, to four beneficiaries, was E152, 571.49 and each beneficiary was entitled to E38 142.87.

However, records revealed that the overall amount distributed to the beneficiaries was E228, 857.22 as follows:-

Table depicting actual distribution

Requisition date	Payee (Beneficiary)	Voucher #	Cheque #	Amount (E)	Issue date
25-10-10	Khayaletu Ndlangamangla	08709	656165	38,142.87	09-12-10
<b>10-12-10</b>	<b>Khayaletu Ndlangamandla</b>	<b>100941</b>	<b>672442</b>	<b>38,142.87</b>	<b>14-01-11</b>
05-10-10	Titselo Ndlangamandla	08710	656166	38,142.87	09-12-10
<b>10-12-10</b>	<b>Titselo Ndlangamandla</b>	<b>100940</b>	<b>672441</b>	<b>38.142.87</b>	<b>14-01-11</b>
05-10-10	Tikhontele Ndlangamandla	080711	656167	38,142.87	09-12-10
10-12-10	Mliba Ndlangamandla	100939	672440	38,142.87	14-01-11
	<b>TOTAL</b>			<b>E228,857.22</b>	

I noted that two of the deceased's beneficiaries Khayaletu Ndlangamandla and Titselo Ndlangamandla were paid twice. Their inheritance of E38142.87 each, resulted in the overdrawn amount of E76, 285.74, borne by government. The first payment was made on the 9<sup>th</sup> December 2010 and the second payment was made on the 14<sup>th</sup> January 2011.

The details are:-

**Khayaletu Ndlangamandla**

DATE	CHEQUE	AMOUNT (E)
9-12-10	656165	38 142.87

14-01-11	672442	38 142.87
		E76 285.74

**Titsetlo Ndlangamandla**

DATE	CHEQUE	AMOUNT (E)
9-12-10	656166	38 142.87
14-01-11	672441	38 142.87
		E76 285.74

I am not aware of any refund being made to the consolidated fund.

**In her reply referenced J2/9 dated 15<sup>th</sup> December 2011, the Controlling Officer notified me that the beneficiaries acknowledged the double payment and requested her to recover the money from their father's estate, which had insufficient funds. They eventually requested her to deduct the difference from their siblings account.**

At the time of writing this report there was no evidence that the money had been recovered.

(c) **Liquidation and Administration Fees – Estate, the Late Humphrey Bathathe Dladla**

An overpayment of E10 500.00 occurred to the Attorney, Mbuso Simelane and Associates in respect of the estate administration fees.

The Liquidation fees and Administration fees due to the Attorneys were E15 000.00 and E10,500.00, respectively, totaling E25,500.00.

However, actual payment, as per records revealed that a total amount of E36, 000.00 was paid as follows:-

DATE	CHEQUE	AMOUNT (E)	PAYEE
02-02-2010	589734	25,500.00	Mbuso Simelane & Associates
02-09-2010	622946	10,500.00	Mbuso Simelane & Associates
<b>TOTAL</b>		<b>E36,000.00</b>	

In view of the above, the latter payment of E10,500.00 by cheque 622946 was a duplication of payment because the first payment on cheque 589734 included the same amount, in respect of the estate administration fees. As a result the amount of E10, 500.00 was charged to the government general account and thus a loss to government.

I am not aware of any action taken to rectify this anomaly.

**In his reply, the Controlling Officer disagreed with the over payment of E10 500.00 stating that this amount was in respect of motor vehicle valuations.**

However, in the distribution account, examined by me there was no disclosure of any movable properties and therefore such provision was irrelevant.

Further, there was no documentary proof for this assertion.

**HEAD: 49**  
**DEPARTMENT OF CORRECTIONAL SERVICES**

**Objectives:**

**Operation of the Penal System** - To administer sentences imposed by the Courts and to prepare inmates for their return as useful citizens in the community.

**35.0 UNDER EXPENDITURE ON PROJECT P 31599-REHABILITATION OF PRISONS**

Under expenditure are as serious as over expenditures in that if funds are locked up and not utilized for the needed request, retards development and economic growth.

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

An amount of E24 000 000.00 was approved but only E812 250.00 was released for the rehabilitation of Correctional Institutions: Juvenile, Matsapha, Mbabane and Big-Bend.

Actual expenditure amounted to E684 222.50 resulting in an under expenditure of (E812 250.00 – E684 222) E128 027.50 (15.7 %).

The Ministry is expected to explain the status of the project and further justify the savings.

**The Controlling Officer concurred with my observation citing the reasons of the under expenditure to have been a consequence of the financial crisis experienced by government and that warrants were released for projects implementation but Treasury stated that there were no funds.**

**35.1 Unauthorised Over Expenditure on Recurrent Vote**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202(ii).

However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

HD	ITEM	RELEASED BUDGET (E)	ACTUAL COMMITTED EXPENDITURE (E)	OVER EXPENDITURE	OVER EXPENDITURE (%)
49	CTA vehicles charges (II)	3,034,869.00	7,568,400.56	4,533,531.56	149
49	Personnel costs (II)	36,085,220.00	40,021,430.89	3,936,210.89	11
49	Drugs (II)	6,092.00	8,519.45	2,427.45	40
49	CTA vehicle charges (12)	7,894,933.00	14,431,215.66	6,536,282.66	83
49	CTA vehicle charges (13)	774,111.00	1,296,404.13	522,293.13	67

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

**In his reply the Controlling Officer the factors that caused the over expenditure to have been:-**

**(a) C.T.A. Vehicle Charges – 1100**

**There was a reduction from E27 736 509.00 to E18 402 574.00 yet there was expansion in their operation.**

**(b) Personnel Costs – 1100**

**The over expenditure was a result of the 4.5% increase of salaries as per Circular number 4 of 2010/11 and there was no approval of the supplementary budget.**

**(c) Drugs – 1100**

**The department experienced a diarrhea out break in inmates in Big Bend Correctional Services and they had to buy more drugs as an emergency.**

**(d) C.T.A. Charges – 1200**

**The over expenditure was caused by the same reason under activity 1100 but the bulk of expenditure is incurred while conveying inmates to various courts.**

**(e) C.T.A. Charges - 1300**

**Again the reason is the same as in activity 1100 and that in addition to the activities of the Institution, Cultural Activities are located in this Institution.**

However, with due regard to the various reasons cited for the over expenditure there was no indication towards adherence to Government Regulations to obtain authority to spend beyond the released funds.

**HEAD: 50**  
**MINISTRY OF HOME AFFAIRS**

**Objectives:**

To provide relief, emergency and social services and provide sporting and recreational activities. Administration of legislation pertaining to immigration, citizenship and refugees.

**36.0 UNAUTHORISED OVER EXPENDITURE ON RECURRENT VOTE**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202(ii).

However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

<b>HD</b>	<b>ITEM</b>	<b>RELEASED BUDGET (E)</b>	<b>ACTUAL COMMITTED EXPENDITURE (E)</b>	<b>OVER EXPENDITURE</b>	<b>OVER EXPENDITURE (%)</b>
50	CTA vehicles charges (11)	4,344,020.00	9,186,473.05	4,842,453.05	111
50	Personnel costs (12)	3,278,436.00	3,903,215.36	624,779.36	19
50	CTA vehicle charges (31)	925,388.00	1,958,999.17	1,033,611.17	112
50	Personnel costs (31)	12,188,888.00	15,099,700.49	2,910,812.49	24
50	CTA vehicle charges (32)	488,108.00	1,108,931.19	620,823.19	127
50	CTA vehicle charges (35)	23,412.00	26,628.00	3,216.00	14
50	CTA vehicle charges (36)	-	4,516.66	4,516.66	100

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

**The Controlling Officer did not respond and thus violated Financial and Accounting Instruction no. 0315 (ii) which states that “it is the duty of the Accounting Officers to reply promptly to any queries addressed to them by the Auditor General giving fully the particularly of information desired”**

**36.1 Unauthorised Over Expenditure on Recurrent Vote**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following



over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
50	Personnel Costs (91)	-	47,223.22	47,223.22	100

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

**The Controlling Officer did not respond and thus violated Financial and Accounting Instruction no. 0315 (ii) which states that “it is the duty of the Accounting Officers to reply promptly to any queries addressed to them by the Auditor General giving fully the particularly of information desired”**

### **Purchase of Swazi Flag Blankets for the Celebration of the Country’s Thirty Fifth Year of Independence**

An Audit of the procurement of the Swazi Flag Blankets was carried out at the Ministry of Home Affairs on the 12<sup>th</sup> October 2011. A report referenced H.22. Vol.V dated 14<sup>th</sup> November 2011 was issued to the Principal Secretary, Ministry of Home Affairs.

**The Principal Secretary in his initial reply ref. HA/083 VOL 111 dated 8<sup>th</sup> December 2011 stated that he would inform my office, in due course, on the next line of action regarding the transaction.**

The response was not satisfactory since corrective action was not taken.

In my report quoted above, I communicated to the Principal Secretary that three thousand units of Bella 150 x 200 Swazi Flag Blankets valued one million three hundred and fifty Emalangen (E1, 350 000.00) were purchased and delivered at the ministry.

However, there were no records kept by the ministry in relation to the purchase, delivery and distribution of the whole consignments of the blankets. As a result the Ministry did not account for the blankets.

Out of 3000 Swazi Flag blankets, 1231 blankets valued E555 950-00 were kept at Government stores without the necessary documents for record purposes. The storage was discovered to be unsuitable because fourteen (14) of them worth E6 300-00 had been damaged and soiled by rats and most of the packaging boxes had been damaged resulting in their exposure to dust and rats.

On the same purchase, the whereabouts of 1769 blankets amounting to E769 000-00 could not be ascertained as pointed out earlier on, that the whole consignment was not recorded anywhere.

Although the Stores Department, in its unreferenced memorandum, dated 27<sup>th</sup> April 2011 encouraged the Ministry to make decisions on the blankets, it has not yielded any positive results.

It is evident that initially there was no purpose and need for the Ministry to purchase the blankets because they have been lying idle for seven (7) years without being put to good use.

The amount of E1 350 000-00 was a loss to government and it is translated to a waste of this scarce, precious resource. Further, the ministry is unable to account for the whole consignment.

Due to the fact that the blankets are abandoned and rotting, the Controlling Officer is therefore not exercising his duty to safeguard the government's assets.

**As per his promise earlier on, that he would inform my office on the next line of action, the Controlling Officer in his reply, referenced HA(O83 Vol.III) dated 27<sup>th</sup> December 2011, acknowledged my concerns.**

However, he did not give any explanation about the issue, except that he has requested authority from the Ministry of Finance to institute an enquiry into this matter.

## HEAD: 53

### MINISTRY OF PUBLIC WORKS AND TRANSPORT

#### Objectives:

- Roads** • To construct and maintain the country's road network.
- Building** • To construct, maintain and administrate Government buildings.
- Transport** • To provide and maintain facilities for ensuring availability of adequate transportation.

#### **37.0 UNDER EXPENDITURE ON PROJECT T36599 –PURCHASE OF GRADERS**

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

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

An amount of E50 000.000 00 was approved as budget and released for the purchase of heavy plant and equipment for road works.

Actual expenditure amounted to E39 652 208.80 resulting in an under expenditure of (E50 000 000.00 – E39 652 208.80) E10 347 791.20 20.6%

The Ministry is expected to explain the status of the project and further justify whether the savings are genuine.

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

#### **37.1 Unauthorised Over Expenditure on Recurrent Vote**

Over expenditure beyond budget provision and appropriated funds by Parliament are illegal in that it disturbs the fiscal budget of any Ministry. This is further supported by Financial and Accounting Instruction 0202 (ii). However, the Ministry violated the Government standing regulations and allowed the occurrence of the following over expenditure.

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
53	CTA Vehicle Charges (21)	13,977,866.00	36,882,453.18	22,904,587.18	164
53	CTA Vehicle Charges (44)	944,862.00	1,924,178.30	979,316.30	104

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

**In his reply, referenced RTD E1,18, the Controlling Officer stated that amongst the duties he undertakes there were those which require extensive traveling all over the country, such as**

- **Tests of Learners Drivers**
- **Road worthiness of vehicles tests**
- **Public passenger compliance with regulations**

**Also, the Ministry erred and budgeted for 13 vehicles instead of 25 vehicles, thus increasing the over expenditure.**

The Controlling Officer did not mention any authority having been obtained to allow the Ministry to over spend. Further, his reply clearly states that he knew that he spent beyond the budget because of the budget he submitted to the Ministry of Finance.

### **37.2 Audit Inspection – Project G22899- Compensation for Relocation of Property.**

In my memorandum quoted above, I drew the attention of the Controlling Officer that an amount of E861,948.03 was spent by the Ministry to construct a four (4) bed roomed house to compensate Mr Gilbert Mabila, whose property (portion 155 of Farm 188 measuring 47066 hectares was falling within the security zone of the Royal Residence at Nkoyoyo. Mr Mabila was compensated with portion 144 of Farm 1117 measuring 48312 hectares and construction of the house began in 1996/97 financial year and was completed in the financial year ended 31<sup>st</sup> March, 1999.

The expenditure is illustrated in the table below:-

Financial year	Amount released (E)	Amount spent (E)
1996	0.00	0.00
1997	600,000.00	84,827.00
1998	500,000.00	485,388.78
1999	300,000.00	291,783.25
<b>Total expenditure</b>		<b>E861,948.03</b>

### **37.3 Occupation of the House**

Government through the Ministry of Public Works and Transport lost funds amounting to E861,948.03 through the construction of the house which has not been occupied for almost twelve (12) years after its completion in 1999, thus rendering it a white elephant.

Reasons for the non-occupation were not provided to my office.

Further, the Ministry did not produce the certificate of completion of the house and evidence of handing over the house keys to the prospective occupant.

During the physical verification of the house, on site, the worst than non-occupation was revealed. The house was vandalized tremendously, rendering it no longer fit for human habitation.

The state of the house is a sorry sight and disappointing when considering that taxpayers' money was injected into this project for nothing. Noteworthy, the responsible Ministry of Public Works and Transport is aware of the situation since the main entrance doors have been replaced with welded corrugated iron doors, purportedly to prevent entry into the house.

The state of the damage is shown below:-

#### **Damaged items:**

- All windows broken and one burglar bar removed to gain entry through the window.
- Ceiling broken
- Fire place
- Septic tank
- Fence
- Floor tiles

#### **Stolen items:**

- Meter box
- All wall wardrobe doors
- 5 manhole covers
- Jet master
- Conduit pipes
- 2 window seals
- All stays (window lockers)
- Plumbing materials including water pipes

- Drawers for wall wardrobes
- Electric lighting fittings and bulbs
- Baths and toilet seats
- Kitchen sink
- All doors
- Geyser

The Principal Secretary, Ministry of Public Works and Transport concurred with my findings and stated that there were misunderstandings that were being sorted out with Mr. G. Mabila. He further stated that the project involved other government Ministries and departments like the Ministry of Housing and Urban Development, Ministry of Natural Resources and Energy and Department of Surveyor General. His Ministry was only instructed to construct the house.

**The reply is not convincing since it does not resolve the matter at hand because the amount spent on the project, which is tantamount to loss could have been used for other projects which could have been to the best interest of the public at large. Further rehabilitating the house will also be too costly for government.**

I am disgruntled that over a period of 12 years no solution has come forth about this issue.

## **PART C**

## **APPENDICES**

APPENDIX 1

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2011

<u>Assets (E)</u>	<u>Consolidated Fund (E)</u>	<u>Trust Fund (E)</u>	<u>Consolidated Fund (E)</u>
Bank Accounts	-2,361,436,681.59		-2,361,436,681.59
Cash Accounts	3,817,280,332.38		3,817,280,332.38
Employee Advances	173,515,096.83		173,515,096.83
Ministry and Departmental Advances	133,242,732.76		133,242,732.76
Other Advances	-6,059,624.37		-6,059,624.37
Sundry Investments	858,158,497.18		858,158,497.18
Investments	-12,547,219.15		-12,547,219.15
Treasury Bills	72,087,805.30		72,087,805.30
Fairview Township (52103)		64,979.02	
Prison Officers Reward Fund (52112)		21,733.50	
Ngwane Park Township (52116)		168,631.82	
Disaster Relief Fund (52124)		-814,574.06	
Sibhimbi Fund (52125)		1,031,759.32	
Water Relief Fund (52127)		489,366.23	
Strategic Oil Reserve (52157)		260,920,215.83	
<b>Total Assets</b>	<b>2,674,240,939.34</b>	<b>261,882,111.66</b>	<b>2,674,240,939.34</b>
<u>LIABILITIES</u>			
Capital Funds	-111,003,269.90		-111,003,269.90
Capital Funds – Other	21,859,951.43		21,859,951.43
Accounts Payable	436,334,830.65		436,334,830.65
Sundry Deposits	-173,247,942.47		-173,247,942.47
Customs	104,552,593.71		104,552,593.71



Special Fund	764,568,477.60		764,568,477.60
Accrue Liabilities and Deductions	-321,750,227.47		-321,750,227.47
Reserves	575,706,332.63		575,706,332.63
Treasury Bills	239,528,953.50		239,528,953.50
Government Stock	436,777,919.52		436,777,919.52
Consolidated Fund	769,646,850.52		769,646,850.52
Trading Accounts - Sundry	-68,733,530.38		-68,733,530.38
	<b>2,674,240,939.34</b>	<b>261,882,111.66</b>	<b>2,674,240,939.34</b>

Public debt as at 31 March 2011 amounted to **E2,543,348,000.80**

Contingent Liabilities as at 31st March 2011 amounted to **E1,288,530,046.96**

**THE STATEMENT DOES NOT REFLECT THE FOLLOWING INVESTMENTS HELD BY THE SWAZILAND GOVERNMENT**

1. 160 Shares of one Lilangeni in AON Swaziland Insurance Brokers LTD.
2. 5 506 234 Shares of fifty cents in Nedbank.
3. 3 651 187 Shares of one Lilangeni each in Standard Bank.
4. 6 262 511 Shares of one Lilangeni each in Royal Swd. Sugar Corporation.
5. 2 401 Shares of one Lilangeni each in S.E.D.C.O.
6. 600 000 Shares of one Lilangeni each in Swazi Can.
7. 615 000 Shares of one Lilangeni each in S.R.I.C.
8. 7 580 000 class "A" Shares of one Lilangeni each in S.I.D.C.  
845 000 class "B" Shares of one Lilangeni each in S.I.D. C.
9. 54 861 000 Shares of one Lilangeni each in Swazi Bank.
10. 220 Shares of \$1000 each in International
11. 18 Shares of \$10 000 each in A.D.B.
12. 132 Subscription shares of \$1 000 each in the International Bank For Reconstruction and Development.
13. 750 Shares of one Lilangeni each in R.S.N.A.C.
14. 320 Subscription shares of \$1000 each in International Development Association.

**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES.**

1. The Credit Capital Funds Figure reflect amounts receivable to Government from Donor Agencies.
2. The Credit amount shown under liabilities for Sundry Deposit results from the accumulation of several years losses of the C.T.A.
3. There is a deliberate double accounting on the Trust Funds on both Assets and Liabilities sections of the balance sheet to ensure disclosure of them while they are under trustship of Government.
4. Equity for Trust Funds is **E262,709,586.06** and is included in the Sundry Investments under Assets. This figure has been affected by some anomalies which will be made good next financial year.
5. The trading account figure is a debit balance of **E68,733,530.38** this financial year, yet last financial year 2009/10 it was **E 23,315,386.15** This difference owes to several trading accounts which have made savings, these include ; Matsapha industrial estate, Statutes Revision Manyonyaneni beef ranch, Tractor Hire,etc

**APPENDIX 5**

**SURPLUS AND DEFICIT ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

Receipts	65,142,918.44	<b><u>CAPITAL FUND</u></b>	
Local Funds	1,814,915,191.92	Overdrawn balance brought forward	
Receipts in the form of direct payments	819,026.97	1/4/2011	193,579,133.08
	<u>1,880,877,137.33</u>	Expenditure by way of direct payment	819,026.97
Balance overdrawn as at 31/03/2010	171,555,501.28	Capital Expenditure	<u>1,897,956,180.45</u>
			2,092,354,340.50
	<b><u>2,052,432,638.61</u></b>		<b><u>2,052,432,638.61</u></b>

		<b><u>CONSOLIDATED FUND</u></b>	
Balance as at 31/03/2010	3,395,966,704.32	Recurrent Expenditure	8,049,350,998.97
Revenue	7,237,946,337.09	Local Fund Contribution to Capital	1,814,915,191.92
		Surplus as at 31/03/2011	769,646,850.52
	<b><u>10,633,913,041.41</u></b>		<b><u>10,633,913,041.41</u></b>

APPENDIX 10

**CAPITAL FUND**

**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31ST MARCH 2011**

**BALANCE IN HAND as at 1st April 2010**

Dvokolwako Rural Water	34,238.18
S.D. ANS S. Bank Loan	3,551,100.00
Enhlambeni Water Supply	2,329,152.32
MOAG Information System	364,750.95
MOAG Fish Survey	167,329.86
Feeder Roads & Rehab. Of Armcos & Calverts	6,510,578.63
Rural electrification 111 (Taiwan)	1,802,071.06
Purchase of Computers- Economic Planning	3,892,578.65
National livestock identification	262,622.24
Promotion of community based food processing	240,144.68
Water supply to schools VI	803,429.72
Ngwenya Mbabane Road Rehab (Taiwan Grant)	5,143,618.42
Replacement Of Transmission & Ancillary Equip.	270,806.08
Comprehensive Fish Survey M.O.A.G-(Taiwan)	142,088.51
Operation Equipment for CMAC	138,691.23
Distance & Continuing Education Programme	4,278.53
Medical Equip. & Furniture for TB Hos. & Newly B.	1,581,606.03
Luyengo Sicunusa Road upgrading-Taiwan grant	2,577,243.92
Rural Settlement	18,441,159.91
Rural Financial Review - MOAG	307,769.02
I.B.R.D. 3RD Loan Edu Project	904,301.19
I.B.R.D. Loan No.1058 Water Supply	309,868.38
Computerisation of Customs Data 11	5,045,532.25
Replacement of medical equipment	229,757.25

**BALANCE OVERDRAWN as at 1st April 2010**

Taiwanese Constitutional Grant	973,094.56
Japanese Constitutional Grant	3,406,554.02
ADB Loan Mbabane Ngwenya Road Rehab	2,045,000.00
Chinise Piggery Grant	232,352.18
Matsapha Dry Port	19,421,125.44
Taiwan-Grant Land Rehab	3,566,958.95
Taiwan-Grant Development Programme	905,258.68
World Bank Grant	436,910.48
Taiwan-Grant Communication Network	1,000,000.00
Siteki-Mhlumeni Road (Taiwan)	2,584,628.82
Lobamba Medical Equipment	53,990.46
Search Camera for Police (Taiwan)	508,027.43
Control of Alien Spicies (Taiwan)	2,878,202.21
World Bank Loan: Urban Dev. Project	8,358,946.41
Taiwan - Grant Siteki Mhlumeni Road Upgrading	11,055,227.80
Taiwan - Grant Lomahasha Water Supply	11,658,535.93
Construction of a post entry plant quarantine	449,346.78
Rural Water Supply-Denmark Grant	37,945,861.96
Mining Policy-(Taiwan Grant)	3,372,997.46
Capital Investment Fund	20,993,267.88
Purchase of Clinical Equip. for Correctional	90,000.00
Rehab. Of Rice Production Fields	92,863.18
National Elections	3,136,675.04
Feasibility study on strategic fuel depot	1,186,208.89

Establishment of science & Tech. park (taiwan g)	429,125.15
Computerisation of income tax mngt syst	4,611,483.89
R.S.A Nsoko-Lavumisa	14,405.57
High School Equipment AID	2,458,240.00
Computerisation of trading licences mangt syst	820,197.58
Rural water supply ii ( Taiwan - grant)	36,007,560.35
Mlawula Nature Reserve Upgrading	1,249,647.40
SWD National Herbarium Botanical Garden	5,957,216.90
Mnjoli Dam (K F W) Loan	4,430,751.69
Recording & Security Equip 4 High & Ind courts	643,014.00
King Sobhuza ii Memorial Park	805,000.00
New international Airport- Millenium Project(Taiwan	13,654,565.10

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**126,135,924.64**

**Receipts during the year**

Local Funds	1,814,915,191.92
Solar school lamp	2,099,760.00
Establishment of technology park ( bio tech)	8,352,000.00
Establishment of technology park ( bio tech)	2,062,526.40
Establishment of technology park ( bio tech)	1,044,000.00

Expansion of Matsapha Dryport (taiwan)	939,858.44
E.D.F. Miscellaneous Grants	1,267,693.60
Upgrading of Malolotja Nature Reserve(Taiwan)	4,897,652.07
IFAD Small Holders Agric. Project	3,167,932.68
Training Centre	1,961,927.20
Pre-Vocational Education Facilities	363,727.00
Small Holder Credit Marketng (I.F.A.D.)	859,189.86
Micro-Project - Small Scale (Japanese)	19,906,800.00
Mliba/Mafutseni Road	453,845.54
Farm Machinery	504,027.87
Metreological Observing Equip.-Matsapha-Sikh.	153,262.47
Poverty Alleviation	85,965.34
Soil Testing & Chemistry Lab.	3,570,849.99
Komati Basin Project-Downstream Dev. (A.D.B.)	17,819,000.00
Fuel Marking and quality assurance	4,911,011.84
Ethanol Blending	712,788.14
E.D.F Manzini Mbabane Road Section iii	990,200.07
A.D.B. Maphiveni Bridge	5,209,649.58
Micro-project small scale v ( Stanbex-Grant)	2,093,000.00
A.D.B. Loan Manzini Mbabane Road	500,000.00
A.D.B Loan Institutional Support Roads Branch	2,488,742.62
Replacement of drilling rigs	3,025,901.00
Lower Usuthu Project- Down Stream Development	105,703,789.57
Farmers bussiness	43,400,000.00
Provision of equipment for hospitals	775,243.00

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**362,114,092.44**

**Payments made during the year**

Local Funds	1,814,915,191.32
Fuel marking and quality assurance	2,299,369.99
Ethanol blending	68,829.00
Establishment of Science and Technology Park	18,797,310.00
Construction link road skhuphe	21,912,000.00

Computers fo Govt ministries	2,193,609.00
Rural electirfication	20,880,000.00
Equipment for portable supply water scheme	8,447,250.00
Equipment for state security (police)	3,169,273.04
Procurement of ICU & rural clinic equip RFM	16,894,500.00
Capital balances cleared	142,872,949.72
	<u>2,022,931,060.08</u>

Capital balances cleared	39,963,481.30
	<u>1,897,956,181.61</u>

Estimated Direct Receipts **819,026.97**

Estimated Direct Payments **819,026.97**

**BALANCE OVERDRAWN as at 31 March 2011**

New international Airport- Millenium Project(Taiwan)	21,912,000.00
Rural water supply- Denmark grant	37,945,861.96
Mining Policy - Natural Resources Taiwan Grant	3,372,997.46
Capital Investment fund	20,993,267.88
Purchase of clinical equipment for correctional	90,000.00
Rehabilitaiton of rice production fields	92,863.18
National elections	3,136,675.04
Feasibility study on strategic fuel Depot	1,186,208.89
Expansion of Matsapha dry port- Taiwan grant	939,858.44
EDF miscellaneous grants	1,267,693.60
Upgrading of Malolotja nature reserve	4,897,652.07
Lower Usuthu - down stream project	32,365,000.00
Ifad small holders Agric. Dev	3,167,932.68
Replacement of drilling rigs	3,025,901.00
Training centre	1,961,927.20
Farmers Business	43,400,000.00
Pre- vocational education facilities	363,727.00
Provision of equipment for hospitals	775,243.00
Small holder credit marketing IFAD	859,189.86

**BALANCE IN HAND as at 31st March 2011**

Solar School lamp	2,099,760.00
Equipment for portable supply of water schemes	8,447,250.00
Equipment for State Security- Police service	3,169,273.04
Procurement of ICU - rural clinic equipment RFM	16,894,500.00
Purchase of computers for govt ministries	2,193,609.00
Water supply to schools VI	803,429.72
Replacement of Transmission&ancillary equipment	270,806.08
Comprehensive Fish survey- MOAG Taiwan Grant	142,088.51
Operation Equipment for CMAC	138,691.23
Distance & continuing education programme	4,278.53
Medical equipment & furniture for TB hos	-
Luyengo Sicunusa road upgrading- taiwan	2,577,243.92
Rural Settlement - taiwan grant	18,441,159.91
Rural Financial Review- MOAC Taiwan	307,769.02
IBRD 3RD loan education programme	904,301.19
IBRD Loan no. 1058 water supply	309,868.38
Computerisation of Customs data ii	5,045,532.25
Replacement of medical equipment	229,757.25
Establishment of Science and technology park	-

Micro project - small scale	19,906,800.00	Computerisation of Income Tax mangt system	4,611,483.89
Mliba/Mafutseni road	453,845.54	Health services dev	20.00
Farm machinery	504,027.87	R.S.A. Nsoko Lavumisa	14,405.57
Metreological observing equipment	153,262.47	High School equipment US AID	2,458,240.00
Poverty Alleviation study	85,965.34	Computerisation of Trading licences mngt syst	820,197.58
Soil testing & chemistry laboratory	3,570,849.99	Rural water Supply ii Taiwan - grant	36,007,560.35
Komati basin project -down stream development	17,819,000.00	Mlawula Nature Reserve upgrading	1,249,647.40
Fuel Marking and quality Assurance	7,210,381.83	Swd National Herbarium Botanical Garden	5,957,216.90
Ethanol blending	781,617.14	Mnjoli Dam KFW loan	4,430,751.69
E.D.F. Manzini Mbabane road section 111	990,200.07	Recording & security equip. for high and industiral	643,014.00
ADB Maphiveni bridge	5,209,649.58	King Sobhuza 11 Memorial Park	805,000.00
Micro- project small scale (stanbex- grant)	2,093,000.00	Rural electrification Program iii	20,880,000.00
ADB loan manzini Mbabane road	500,000.00		
ADB loan Institutional support roads branch	2,488,742.62		
Establishment of Science Technology Park	7,338,783.60		
	<u><u>250,860,125.31</u></u>		<u><u>139,856,855.41</u></u>
	<u><u>2,399,927,110.03</u></u>		<u><u>2,399,927,129.46</u></u>

**STATEMENT OF PUBLIC DEBT FOR THE YEAR ENDED 31ST  
MARCH 2011**

<u>DESIGNATION</u>	<u>NO</u>	<u>AUTHORITY</u>	<u>OPENING</u>		<u>PAYMENTS</u>			<u>FOREIGN CU</u>	<u>EMALANGENI</u>	<u>PARTICULARS OF PAYMENTS</u>
			<u>BALANCE</u>	<u>PRINC</u>	<u>INT</u>	<u>COMMI</u>	<u>DRAWD</u>			
			<u>FX</u>	<u>FX</u>	<u>FX</u>	<u>FX</u>	<u>FX</u>			
			000s	000s				000s	000s	
International Dev Assciation Loan US\$ 3,373,186	20	Proclamation no. 9 of 1962	259.00	99.70	1.40	0.00	0.00	159.30	1,080.70	Capital and interest repayable in 28 ann- ities commenced on 1st Jan 1980
USAID RDA`S 645/T/004A US\$4,600,000	84		1,882.40	135.30	60.30	0.00	0.00	1,747.10	11,852.00	Interest repayment commenced on the 20th 1983-2019 October 1983
USAID LOAN	17		415.20	103.40	7.20	0.00	0.00	311.80	2,115.30	Capital repayment period 1982-2012
Kred tstant l nt Loan Mpaka-Siteki Improv D.M 3,000,000 KFW	90	Kings Order in Council no.12 of 1978	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Repayments comm- enced in June 1988- 2008
Kred tstant Fur	92	Kings Order	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capita, interest



Wiepenanfbay Fairview D.M 42,000,000		in Council no.12 of 1978							repayable in 40 equal semi-annual instal- ments commencing 1988 – 2008	
E.E.C Loan Main sugar project ECU 3,500 000	99		1,272.00	124.40	10.90	0.00	0.00	1,147.60	11,038.10	Capital, interest repayable in 60 half yearly instal com- mencing in 1988 - 2018
USAID Loan No. 645-k-003 R.D.A' s Infratructure US\$5,400,000	100		1,909.10	157.30	50.10	0.00	0.00	1,751.80	11,883.90	Capital and interest repayable in 60 half instal commencing in 1988 - 2018
A,D.F Loan cs/swz/tr/78/2 Mkhondo-Mahamba rd ADF 8,000,000 AUA	102	Kings Order in Council no.27	4,059.20	161.10	22.80	0.00	0.00	3,898.10	42,701.70	Capital repayable in 50 annuities of UA 40,000 commencing 1989-2034 1989
USAID Small Farmer Agric .518,263. \$ Wiederanfbay for Construction Hydro US\$19,000,000 kfw	16		171.90	11.20	1.80	0.00	0.00	160.70	1,090.20	Period 1985-2015
	112	Act no. 16 of 1981	183.50	183.50	0.00	0.00	0.00	0.00	0.00	Capital and interest repayable in 41 half yearly instal beginning 1991 – 2012

EIB Fourth Feeder-S.E.B US\$ 15,000,000			10,584.20	1,159.00	393.70	0.00	0.00	9,425.20	90,655.20	Commencing 2001 and ending 2021
UK/Swaziland Dev Loan 1982 Rural Water p.3,000,000 GBP	117	Act No.15 of 1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital payable in 36 consecutive semi- annual instal comm- encing 1990 - 2008
International Dev assoia to promote educational objective US\$5,000,000	518	Kings order of 1975	2,479.10	154.70	19.40	0.00	0.00	2,324.40	15,768.30	Repayments comm- enced in 1985-2024
BADEA TWO INTERNATIONAL US75,000,000			4,118.50	532.00	127.90	0.00	0.00	3,586.50	24,330.10	Repayment commencing comme- 2003 – 2014
A.D.B Loan cs/swz/h/ 84/012 for financing local cost of the Health Services A.UA 5,130,000	118	Act no.4 of 1984	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital and interest repayable in 40 equal semi-annual instalm Commencing in 1989 – 2009
A.D.B Loan on behalf of the Nigeria Trust Fund cs/swz/4/84/11 A.UA 5,000,000	119	Act no.4 of 1984	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital repayable in 20 consecutive instal commencing 1989 – 2009

Danish Loan for constructing two bridges DKK 50,000,000	133	4,130.00	0.00	0.00	0.00	0.00	4,130.00	5,319.00	Capital repayable in 35 consecutive semi-annual instal over 18years comm 1993 -2011
Mkhondo/Mahamba Rehabilitation AUA5,000,000	142	3,162.40	104.50	19.10	0.00	0.00	3,057.90	33,497.80	Repayment commences in 1994
Matsapha Vocational Training Centre ECU 3,200,000	143	1,649.90	85.00	10.70	0.00	0.00	1,564.90	15,051.80	Repayment commencing in 1996-2026
Fourth Danish Loan P&T DKK80,000,000	147	2,666.70	2,200.00	0.00	0.00	0.00	466.70	601.10	Capital and interest repayable in 36 equal bi-annual payments through 2011
A.D.B Loan Mafutse-ni/Mliba Rd AUA 6,200,000	150	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital and interest repayable in 32 equal bi-annual payments Commencing 1992 - 2008
A.D.F Loan Mafutse-ni/Mliba Rd AUA 3,380,000	150A	2,127.80	89.70	18.10	0.00	0.00	2,038.10	22,326.40	Capital repayable in 80 equal bi-annual payments commenc-

									ing 1997 - 2037
EIB Loan Human Resources dev prog ECU 5,000,000	202	3,456.70	152.70	17.80	0.00	0.00	3,304.00	31,779.20	Payments commnci- ng in 2000 - 2029
K.F.W Hlatikhulu Hospital Rehab DM 5,000,000	203	1,021.70	202.40	38.80	0.00	0.00	819.30	7,880.40	Capital and interest repayable in 60 equal bi-annual payments Commencing 1999 - 2029
A.D.B Road Rehab Studies A.U.A 3,220,000	200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Semi- annually com- mencing in 1995-2010
A.D.B Mbabane/Mhla AUA 5,200,000		4,440.50	128.80	722.20	0.00	0.00	4,311.70	47,232.50	Semi-annually com- mencing in 1998-2038
K.F.W Matsapha Ind Park DM 17500000		5,650.20	444.80	68.00	0.00	0.00	5,205.40	50,067.60	Semi-annually com- mencing in 2000-2030
A.D.F Main Rd Rehab		4,097.60	158.90	35.10	0.00	0.00	3,938.70	43,146.50	Capital repayable

A.U.A 5,680,000

over 40 years commencing in 2000 - 2040

A.D.B Transport Sect AUA 39,500,000 B/SWZTRA-SEC/92/17	6,240.90	2,627.50	480.70	0.00	0.00	3,613.40	39,583.00	Commencing 1998 - 2013
IBRD Urban Develop 3807 SW \$	9,465.70	2,940.80	160.80	0.00	0.00	6,524.90	44,263.60	Commencing 2000- 2014
ADF Transport Sector F/Swa/T RA-SEC/92/17 AUA 9,200,000	7,391.70	92.80	64.70	0.00	0.00	7,298.90	79,955.80	Commencing 2003 - 2043
S A SPTC PROJ 111 E/R 37,330,000	10,369.40	4,147.80	595.20	0.00	0.00	6,221.60	6,221.60	Commencing 2003 - 2012
IFAD Small Holder SDR	343-323sz 319.60	166.30	10.50		0.00	153.30	1,648.60	Commencing 1993 - 2013
BADEA mbadlane Sikhuphe	0.00	0.00	0.00	0.00	1,247.30	1,247.30	8,461.40	Commencing 2011 - 2028
KUWAIT Mbadlane	0.00	0.00	1.6	0.1	678.5	678.5	16,631.30	Commencing 2011 -

Sikhuphe Road								2028
A.D.B -S.D.S.B Line of credit		0.00	0.00	0.00	0.00	0.00	0.00	0.00 Commencing 1996 - 2010
S A Loan Komati Maguga dam		142,241.90	0.00	5,526.10	0.00	0.00	142,241.90	142,241.90 Commencing 2003 - 2012
S A Hambros bank/ Maguga		95,660.10	32,573.40	58,349.50	0.00	0.00	63,086.70	63,086.70 Commencing 1997 - 2027
ADB Two International Roads		12,104.10	2,085.00	1,367.90	0.00	0.00	10,019.10	109,754.20 Commencing 2001 - 2016
ICDF Two international Roads \$		2,797.50	107.80	34.90	0.00	0.00	2,689.70	18,246.40 Commencing 2003 - 2018
ADF Education project AUA	9211	4,644.40	114.80	744.10	0.00	0.00	4,529.60	49,619.50 Commencing 2004 - 2034
ADB Road Network studies AUA		1,123.60	16.30	16.50	0.00	0.00	1,107.30	12,129.90 Commencing 1998 - 2018
EIB Equity Participa-	146	539.20	308.00	12.40	0.00	0.00	231.20	2,223.80 Commencing 1992 -

tion SIDC ECU								2011	
KFW Eletricity Grid Rehab DM	135	227.50	58.30	6.30	0.00	0.00	169.30	1,627.90	Commencing 1995 - 2015
KFW Rural Health Fac- ility DM	136	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Commencing 1995 - 2005
Kuwait Two Internatio- nal Rd 3,100,000		1,787.50	194.00	36.40	0.00	0.00	1,593.50	39,062.60	Commencing 2003 - 2018
Italian Rehabilitation East West Line ECU 1,447,179,203.00		9,939.00	0.00	40.10	0.00	0.00	9,938.10	95,588.60	Commencing 2027 - 2040
SA SPTC DEV Project I SADC E/R 42,903,000	13546	6,435.50	4,290.40	1,504.50	0.00	0.00	2,145.20	2,145.20	Commencing 2001 - 2011
SA SPTC DEV Project 11 SADC	13919	16,813.80	8,406.80	1,652.90	0.00	0.00	8,407.00	8,407.00	Commencing 2002 - 2012
Japan JBIC Northern MR5 & 6 JPY		4,412,000.00	10,102.00	84,834.00	0.00	0.00	4,401,898.00	360,950.40	Commencing 2001 - 2041

ADB Komati Downstream Dev Proj	11,632.20	577.20	299.50	14.10	3,473.90	14,528.90	159,156.80	Commencing 2008 - 2023
ADB Mbabane by pass road project	30,471.60	2,022.70	2,827.20	1,390.40	0.00	28,448.90	311,643.50	Commencing 2008 - 2024
S.A. DBSA LUSIP	99,981.00	746.50	4,323.20	0.00	0.00	99,234.50	99,234.50	Commencing 2003 - 2011
SA. DBSA SEB	10,286.20	735.70	798.50	0.00	0.00	9,550.50	9,550.50	
IFAD LUSIP SDR	5,934.90	616.30	31.60	0.00	0.00	5,318.60	57,195.70	
BADEA LUSIP \$	10,861.50	0.00	233.00	0.00	0.00	10,861.50	73,682.20	
ADB-NTF Komati downstream	1,852.60	94.30	63.30	22.00	1,304.90	3,063.20	33,555.80	
ADB LUSIP AUA	6,153.50	592.20	610.50	0.50	2,472.30	5,561.30	60,921.30	
EIB LUSIP (ECU)	15,663.30	1,529.00	598.70	0.00	0.00	14,134.30	135,949.40	
ICDF LUSIP	4,852.90	254.90	117.70	0.00	0.00	4,598.00	31,191.90	

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2,543,348.80

End Period rates:

E/GBP	10.9535
E/US\$	6.7838
E/AUA	10.9545
E/ECU	9.6184



E/DM	9.6184
E/R	1.0000
E/DKK	1.2879
E/BF BF LOAN NOW DENOMINATED IN EUR	9.6184
E/SDR	10.7539
E/JPY	0.0820
E/KWD	245137

**APPENDIX 15**

**STATEMENT OF CONTINGENT LIABILITIES AS AT 31ST MARCH 2011**

Non-negotiable non-interest bearing notes issued in favour of the International Development Association	255,270.30
Swaziland Development and Savings Bank deposits guaranteed in terms of Law no.4 of 1965	750,584,681.00
International Bank of Reconstruction and Development promissory note	1,461,121.96
International Monetary Fund	488,044,211.00
Common Fund for Commodities: Promissory Note 1*	624,971.96
Promissory Note 2*	2,499,873.00
Small Scale Enterprise Loan Guarantee Scheme held with the Barclays Bank of Swaziland	40,705,355.00
Swaziland Co-operative Union with SDSB	302,844.00
Swaziland Farmer cooperation Union guaranteed with FINCOP	4,051,718.74
	<hr/>
	<b><u>1,288,530,046.96</u></b>

APPENDIX 17

STATEMENT OF WRITE OFFS OF ,LOSS OF CASH,STAMPS,STORES  
AND ABANDONED CLAIMS AND LOSSES DUE TO ACCIDENTS ON  
VEHICLES FOR THE YEAR ENDED 31ST MARCH 2011

<u>PARTICULARS</u>	<u>MINISTRY/DEPARTMENT</u>	<u>HEAD</u>	<u>AUTHORITY</u>	<u>AMOUNT</u>
NIL	NIL	NIL	NIL	NIL

**APPENDIX 43**

**CTA TRADING ACCOUNT AS AT 31ST MARCH 2011**

Revenue income	28,347,506.92	Personnel emolments	26,361,905.91
Capital income	<u>108,696,429.59</u>	CTA charges	13,883,666.21
Fuel sales	137,043,936.51	Travel & Communication	1,102,129.41
Repairs & maintenance	133,545,406.60	Professional services	87,468,920.71
Self Acc bodies	302,399,389.00	Rentals	50,942,844.55
Auction sale	8,116,669.09	Consumables	188,292,215.90
Driver Training fees	5,588,350.00	Durables	3,690,812.47
Sundries	32,017.00	Motor vehicles	71,900,143.85
Capital expenditure 2010-2011	464.00	Capital expenditure 2010-2011	<u>108,696,429.59</u>
	71,900,143.85		552,339,068.60
		Surplus	106,287,307.45
	<u>658,626,376.05</u>		<u>658,626,376.05</u>

**SURPLUS AND DEFICIT ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

Deficit brought forward	-33,997,439.29	Surplus carried forward	72,289,868.16
Less trading surplus	106,287,307.45		
	<u>72,289,868.16</u>		<u>72,289,868.16</u>

**PLANT RENEWAL FUND AS AT 31ST MARCH 2011**

Surplus brought forward	460,601,628.73	Capital expenditure 2010-2011	71,900,143.85
Earnings for the year	108,696,429.59	Surplus for the year	497,397,914.47
	<u>569,298,058.32</u>		<u>569,298,058.32</u>