

**REPORT OF THE AUDITOR GENERAL  
ON THE  
ACCOUNTS OF THE GOVERNMENT  
OF THE  
REPUBLIC OF MALAWI**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2010**

## NATIONAL AUDIT OFFICE

### VISION

: To be an autonomous Supreme Audit Institution that effectively contributes to public accountability, transparency and good governance.

### MISSION

: To promote accountability, transparent administration and good governance in the public sector through the provision of quality audit services which assure the Nation that public resources are economically, efficiently and effectively applied.

### CORE VALUES

: Professionalism  
Integrity  
Objectivity  
Independence  
Confidentiality  
Continuous Professional Development  
Open Communication

National Audit Office  
P.O. Box 30045  
Capital City  
Lilongwe 3  
Malawi

20th December, 2010

The Honourable Minister of Finance  
Ministry of Finance  
P.O. Box 30049  
Lilongwe 3  
Malawi

Dear Sir,

Pursuant to the provision of Section 184 (2) of the Constitution of the Republic of Malawi and the Public Audit Act, I have the honour to submit my Report on the results of the audit of the Accounts of the Government of the Republic of Malawi for the year ended 31st June, 2010 for tabling in the National Assembly.

Yours faithfully,

R. A. Kampanje  
*Auditor General*

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## EXECUTIVE SUMMARY

In accordance with Section 6 of the Public Audit Act, I have, on behalf of the National Assembly, examined and enquired into and audited the accounts of Controlling Officers and Receivers of Revenue and persons entrusted with the collection, receipt, custody or disposal of public moneys or public stores.

The audits have not been limited to the accounts for the year ended 30th June, 2010 but have, where necessary, been continued into the subsequent year.

The Government budgetary operations registered expansions in both revenue and expenditure during the year under review. Total revenue collected increased by K37.8 billion to K231.9 billion which compares favorably with K194.1 billion realized in 2008/09 financial year. Total expenditures increased by K6.9 billion from K189.5 billion in 2008/09 to K196.5 billion in 2009/10 financial year. Domestic revenue remained relatively buoyant and continued to maintain an upward trend. This was mainly premised on the improved tax collection and administration by the Malawi Revenue Authority.

The Recurrent Account registered K231.9 billion in Revenue while the Recurrent Expenditure was K196.5 billion resulting into a surplus of K35.4 billion. Development Account enjoyed resources amounting to K43.5 billion which is K4.9 billion more when compared to 38.6 billion for 2008/09 financial year. Total expenditure charged to the Development Account increased by K9.5 billion when compared to K36.1 billion for 2008/09. Government implemented sound fiscal and monetary policies that have resulted in the continued donor support during the period under review.

In the endeavor to improve financial management and expenditure control, Government continued to implement a number of public finance management reforms. During the year under review, Government continued to implement the Integrated Financial Management Information System (IFMIS). It is hoped that with the introduction of (IFMIS) and its roll out to Assemblies including full implementation of the Public Finance Management Act, Public Audit Act and Public Procurement Act, Ministries and Departments should experience improved public expenditure management and control.

## PART I

### INTRODUCTION

#### Audit of Public Accounts

1. I am required under Section 184 (1) of the Constitution of the Republic of Malawi to audit and report on the public accounts of the Government of Malawi and to exercise such other powers in relation to the public accounts and accounts of other public authorities and bodies as may be prescribed by an Act of Parliament, in so far as they are compatible with the principle duties of my office.
2. Section 184 (2) requires me to submit reports at least once a year to the National Assembly through the Minister responsible for Finance. Although Section 15 of the Public Audit Act requires me to report to the National Assembly through the President and the Speaker, the provision is inconsistent with the Constitution, and since the Constitution is a supreme law, this provision is deemed to be invalid to the extent of the inconsistency.
3. The Public Audit Act provides, *inter alia*, for the administration, control and audit of the public finances of Malawi. In discharging these duties, I am required in terms of Section 6 (4) (d) to determine whether the procedures and systems of internal control of each ministry, department, agency and public authority or body do ensure that—
  - Revenue is properly assessed and collected;
  - Expenditure is validly and correctly authorized;
  - Revenue, expenses, assets and liabilities are properly recorded and accounted for;
  - Financial and operating information is reliable;
  - Assets are safeguarded against loss or destruction;
  - Resources are employed and managed in an economic, effective and efficient manner;
  - There has been no waste or extravagance
  - Outcomes or provisions produced are consistent with those specified in any Appropriation Act;
  - Relevant government policies and legislation are being complied with;
  - All expenditure is charged against the relevant allocation appropriated by the National Assembly; and
  - The accounts and records have been properly kept.
4. Section 6 (2) of the Act requires me to undertake an audit programme to review and approve the audited accounts of statutory bodies and conduct audits of any statutory body that has not had its financial statements audited by a firm of private auditors, and where I do not approve the audited financial statements.

5. Section 6 (3) of the Act requires me to audit and examine transactions, books and accounts and other financial records associated with any project, programme, and any other activity receiving funding in whole or in part from public money, public resources which in my opinion justifies further investigations.
6. In fulfilling my duties, powers and responsibilities lawfully conferred on me under Section 7 (1), I am required and any person authorized by me to—
  - (a) Have full access at all reasonable times to all documents, books and accounts, public funds, public securities, government contracts, and books and accounts relating thereof and subject to audit, and to any place where they are kept;
  - (b) Request any person to supply any information or answer any questions relating to documents, books and accounts, money, or operations subject to audit and examination by me.
  - (c) Give notice in writing, requiring any person having possession or control of any documents, books and accounts subject to audit and examination by me to deliver all or any of them at a time and place and to such person specified in the notice;
  - (d) Inspect, measure or test any real or personal property to which any Government contract relates; and
  - (e) Enter any land, building, or place, other than a dwelling house, where a government contract is being performed that is subject to audit and examination by me.

### **Submission of Financial Statements**

7. Section 83 (1) of the Public Finance Management Act requires the Secretary to the Treasury to prepare, sign and transmit to me the Statements of Accounts within a period of four (4) months but not later than 31st October after the closure of each financial year. The form and content of the financial statements are as follows—
  - (a) A Consolidated Operating Statement showing revenue and expenditure and the surplus or deficit for the reporting period;
  - (b) A Statement of financial position showing the assets, liabilities and net financial position as at balance sheet date of the reporting period;
  - (c) A statement of cash flows showing the cash receipts and cash payments during the reporting period, and the cash balance as at balance sheet date of the reporting period;
  - (d) A statement of cash balance showing breakdown of the balances held by type of holding;
  - (e) A statement of Statutory Expenditure showing details of domestic debt servicing, external debt servicing, statutory remuneration and other material items of expenditure.



- (f) A statement of investments showing the nature or type of investment and current and non-current investments;
- (g) A statement of borrowings showing total debt and the breakdown of current and non-current debts; and for each debt showing the opening and closing balances for the reporting period and the nature of the movement during the period, the impact of exchange rate movements, average interest rate, and loan balances available for breakdown (if applicable)
- (h) A statement of ex-gratia payments approved under the provisions of an Act; budgets, actual performance and variations between actual and budget;
- (i) A statement showing for each account in the Trust Fund, balances at the beginning and end of the reporting period, and the nature of the movement in the reporting period;
- (k) A statement of accounting policies setting out the significant accounting policies on which the financial statements are prepared; and other information specified by the Secretary to the Treasury in Treasury Instructions as required to provide more detailed information or explanations.

### **Controlling Officer's Responsibility**

8. In terms of Section 10 of the Public Finance Management Act, it is the Controlling Officer's responsibility to maintain proper financial management systems. This involves keeping appropriate financial records, and where applicable, following generally accepted accounting principles. The responsibilities of management also include ensuring that—
  - (a) Public funds are only used to the extent, and for the purpose intended by the National Assembly;
  - (b) All necessary precautions are taken to safeguard the collection and custody of public money;
  - (c) All necessary precautions are taken to safeguard public resources;
  - (d) All expenditure is incurred with due regard to economy, efficiency and effectiveness and the avoidance of waste;
  - (e) There is no over-expenditure or over-commitment of funds and a review is undertaken each month to ensure that there is no such over-expenditure or over-commitment; and
  - (f) The collection of public moneys is according to approved plans and the estimates.

### **Scope of Audit**

9. The audit of public accounts is performed in accordance with International Standards of Supreme Audit Institutions (ISSAIs). The audit is intended to

provide an overall assurance of the general accuracy and propriety of Government's financial and accounting transactions. Although the audit is conducted in accordance with generally accepted auditing standards, practices and methods, it does not guarantee absolute accuracy of the accounts or detection of every error, financial irregularities and fraud.

The Public Audit Act empowers me to use discretion and make tests in any particular case. The extent of audit examinations varied depending on the strength of internal control systems in operation and the nature of transactions involved. Substantive tests were made on selected areas of public accounts in order to form an opinion as to whether or not public money is expended economically, and in conformity with the wishes of the National Assembly. The audits have not been limited to the accounts for the year ended 30th June, 2010, but have where necessary extended into the subsequent year.

### **Audit Methodology**

10. During the year under review the National Audit Office launched its five year Strategic Plan which is running from 2009 to 2013. The Strategic Plan has five goals one of which is ***“To deliver high quality and timely audit services”***. In this regard the office introduced the regularity audit manual which provides audit procedures which auditors are following when conducting audits. This has assisted the office to conduct the audits in line with the international best practices.

It should be emphasized that the core objective of the external audit function is to ensure accountability of public funds. To discharge this responsibility my approach to audit involves the following—

- Planning the audits to obtain relevant information in the most efficient manner and to determine the audit procedures employed;
- Evaluation and testing of the accounting and internal control systems;
- Testing of controls to ensure that procedures have been applied and that the relevant laws and regulations have been complied with, including the test for validity, completeness and accuracy of the accounts; and
- Reporting the audit findings based on the audit procedures performed and evidence gathered.

### **Responding to Audit Reports**

11. Section 14 (1) of the Public Audit Act requires a Controlling Officer, head of an agency, statutory body or other affected person in respect of any matters that may relate to an audit, to respond to me within fourteen (14) days of receiving the report.

There has been improvement in responding to audit queries, and therefore Controlling Officers are encouraged to maintain the existing trend.

## **Co-operation with Office of the Auditor General, Norway**

12. During the period under review, the National Audit Office's institutional cooperation with the Office of the Auditor General of Norway continued through the Institutional Development Project II financed by the Government of the Kingdom of Norway. The core objective of the institutional cooperation project is to build capacity of the NAO for a better delivery of audit services.

## **Reporting Procedure**

13. In the course of preparing this report, each Controlling Officer was sent an appropriate draft paragraph for his/her comments and confirmation of the correctness of the facts presented. Where comments were received in good time and happened to be materially satisfactory, the affected draft paragraphs were amended accordingly. In cases where it was not possible for Controlling Officers to provide comments in the time available, the draft paragraphs formed part of this report without amendment.

This report is therefore submitted in accordance with the requirements of Section 184 (2) of the Constitution of the Republic of Malawi and in terms of Section 15 of the Public Audit Act.

## **Certificate on the Accounts**

14. I am required to express an opinion on the public accounts based on my audit. My audit opinion on the public accounts for the financial year ended 30th June, 2010 is unqualified and is presented separately in Volume I of the Consolidated Annual Appropriation Accounts for the year ended 30th June, 2010.

## PART II

### BUDGET OUT-TURN FOR 2009/10

#### REVENUE

15. Total revenue collected during the period ended 30th June, 2010 was K231,942.516 million reflecting an increase of K37,834.992 million over the 2008/09 revenue which was recorded at K194,107.524 million. The main sources of revenue were Customs and Excise K52, 152.600 million, Income Tax K67.670,500 million, Balance of Payments (BOP) K34,039.700 million, Non tax revenue K35,924.431 million, Dedicated Grants K20,223.685 million and Value Added Tax (VAT) K21,931.600 million.

The revenue collection for 2009/10 was less than the revised amount of K240,919.510 million by K8,976.994 million. In the main, the under-collection was attributed to Custom and Excise and Dedicated Grants which registered under-collections of K11,747.400 million, and K11,291.315 million, respectively. The trend of revenue collection for the past four years is tabulated as follows:

<u>Year</u>	<u>Provision MK' Million</u>	<u>Actual Collection MK' Million</u>	<u>Over-collection MK' Million</u>
2006/2007	79,188.202	110,975.886	31,787.684
2007/2008	105,893.000	126,987.721	21,094.721
2008/2009	203,131.400	194,107.524	(9,023.876)
2009/2010	240,919.510	231,942.516	8,976.994

#### EXPENDITURE

16. During the year under review, total expenditure charged to the Consolidated Fund was K196,552.786 million representing an increase in expenditure of K6,993.853 million when compared to the total expenditure of K189,558.933 million for 2008/09. The overall picture of the voted expenditure was a net saving of K12,667,950 million which compares favorably to a net saving of K3,379,842 million for 2008/09.

#### CONSOLIDATED REVENUE ACCOUNT

17. The consolidated revenue account had improved during the year under review since the cumulative deficit of K117,392.280 million as at 30th June, 2009 had decreased to K82,002.550 million as at 30th June, 2010 arrived at as follows—

	<u>K' Million</u>
Balance as at 1st July, 2009	117,392.280 DR
Add: Revenue for the year	<u>231,942.516 CR</u>
Subtotal	114,550.236 CR
Less: Expenditure for the year	<u>196,552.786 DR</u>
Cumulative Deficit as at 30th June, 2010	<u>82,002.550 DR</u>

The planned recurrent deficit before grants for the year under review was K28,635.226 million. The actual Revenue Account out-turn as at 30th June, 2010 was a surplus of K35,389.73 million.

The annual surplus could largely be attributed to fiscal reforms including implementation of an Integrated Financial Management Information Systems (IFMIS) instituted by Government and improved expenditure management and control.

Recurrent Budget Performance for the past four years is as follows—

	<i>2006/07</i>	<i>2007/08</i>	<i>2008/09</i>	<i>2009/2010</i>
	<i>MK' Million</i>	<i>MK' Million</i>	<i>MK' Million</i>	<i>MK' Million</i>
Actual Revenue	10,975.886	126,987.721	194,107.524	231,942.516
Less: Actual Expenditure	96,664.357	119,542.665	189,558.933	196,552.786
Surplus/(Deficit)	14,311.529	7,445.056	4,548.591	35,389.730

Details of actual receipts and payments are articulated in statements 3 and 4 of the Appropriation Accounts.

## CONSOLIDATED DEVELOPMENT ACCOUNT

18. The total expenditure charged to Development Account for the year ended 30th June, 2010 amounted to K45,578.133 million reflecting a decrease of K9,459.916 million over the previous year's expenditure of K36,118.217 million.

A comparative analysis of expenditure out-turn of the Development Account for the past four years is as follows—

	<i>2006/07</i>	<i>2007/08</i>	<i>2008/09</i>	<i>2009/2010</i>
	<i>K' Million</i>	<i>K' Million</i>	<i>K' Million</i>	<i>K' Million</i>
Revised Estimates	49,007.012	63,523.424	57,857.238	71,761.356
Actual Expenditure	27,375.685	39,981.959	36,118.217	45,578.133
	21,631.327	23,541.465	21,739.021	26,183.223

Thirty Five (35) votes recorded an aggregate under expenditures of K27,802.224 million. The largest unspent balances of K12,176.640 million, K2,560.208 million and K2,420.101 million were recorded against Vote 420-National Roads Authority, Vote 270-Ministry of Finance and Vote 310-Ministry of Health and Population.

The unspent balances on the Development votes could be a reflection of projects which were not implemented in full due to inadequate funding or delays in aid inflows.

The overall state of affairs of the Development Fund as at 30th June, 2010 was a cumulative deficit of K9,763.550 million, registering a decrease of K2,024.913 million from K11,788.463 million recorded at the end of the 2008/09 financial year. Details are as follows—

	<u>MK' Million</u>
Receipts during the year	43,553.220 CR
Less: Payments	<u>45,578.133 DR</u>
Surplus/(Deficit) for the year	2,024.913 DR
Add: Opening balance	<u>11,788.463CR</u>
Cumulative Surplus as at 30th June, 2010	<u>9,763.550 CR</u>

## CONSOLIDATED FUND

### FINANCING OF THE DEFICIT

- 19 The Budget Statement for 2009/10 financial year envisaged a deficit of K12.5 billion on the Revenue Account while the Development Budget was expected to break-even at K66.6 billion.

During the year under review, the Recurrent Revenue Account collected K231, 942,516 million while the Recurrent Expenditure was K196,552,786 million resulting into a surplus of K35,389.73 million.

The Development Account realized K43,553,220 million registering an increase of K4,902,067 million when compared to K38,651,153 million of 2008/09 financial year.

The combined net cumulative position of the Recurrent and Development Accounts for the past four years is as follows—

<u>Year</u>	<u>Combined (Deficit)/Surplus MK' Million</u>
2006/07	(51,946.011)
2007/08	(42,740.182)
2008/09	(105,603.817)
2009/10	(72,239.001)

It is envisaged that full implementation of the Integrated Financial Management Information System (IFMIS) and compliance with the provisions of the Public Finance and Management Act and Public Procurement Act will enhance improvement public financial management and control in Ministries, Departments and other Government Agencies.

## PART III

### MINISTRIES, DEPARTMENTS AND OTHER PUBLIC UTILITIES

#### NATIONAL ASSEMBLY

##### DEVELOPMENT ACCOUNT

##### UNDER PERFORMANCE

**VOTE: 080** : **National Assembly**  
**CONTROLLING OFFICER** : **Clerk of Parliament**  
**PROVISION** : **K700,000,000**  
**ACTUAL EXPENDITURE** : **K 50,000,000**  
**UNDER PERFORMANCE** : **K650,000,000**

20. An examination of financial statements on Development Resources showed under Performance on the following items

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Program</u>	<u>Sub Program</u>	<u>Donor Project</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Expenditure</u>	<u>Under Performance</u>	<u>% of under Performance</u>
2	4	01	52	01			External Resources Headquarters				
					01		Local Loans Administration				
						02	And support services Management and				
						01	Support services Malawi Government				
						060	National Assembly				
								700,000,000	50,000,000	650,000,000	92.9

21. An audit inspection of the financial and stores records of the National Assembly was completed in May, 2010. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 13th August 2010. The report highlighted the following observations—

**(a) Payments of external travel allowances for trips not undertaken: K343,446.44**

An examination of transactions pertaining to external trips disclosed that the office paid a sum of K343,446.44 between July 2007 and March 2008 as external travel allowances for trips which were not undertaken.

As at the date of audit the amount was still unrecovered from the officers involved.

**(b) Receipted payment Vouchers for subsistence allowances not produced for audit: MK33,937,790.56**

Public Audit Act empowers the Auditor General or any person delegated by him to have access to all documents, books of accounts, among other things, that are subject to audit for examination.

It was observed that the National Assembly did not produce receipted payment Vouchers in respect of subsistence, duty, transport and travelling allowances amounting to K33,937,790.56 made between July, 2007 and December 2009. Consequently it was difficult to ascertain how the allowances were accounted for.

**(c) Stores item not recorded in the Stores Ledger: K3,742,668.75**

Treasury instructions require that all stores items purchased should upon delivery, be recorded in the stores ledger and issues made therefore should be signed for by the recipients.

It was observed that stores items valued at K3,742,668.75 purchased between 15th October 2007 and 15th March 2008 were not recorded in the stores ledger. As a result, the disposal of the items could not be ascertained.

**(d) Cash not accounted for: K590,400.00**

An examination of receipted payment vouchers pertaining to subsistence allowances revealed that payment voucher numbers 418 and 787 dated 29th August 2008 and 15th October 2008 respectively drawn in favour of Mr. B. K. Gompho for staff with a total of K11,441,281.28 were not fully substantiated by documentation. It was observed that a sum of K590,400.00 could not be supported and the cash was also not available as at the date of audit review. Consequently the inspecting auditors were unable to ascertain how the cash was accounted for.

**(e) Subsistence allowances drawn but not accounted for: K2,022,909.12**

An examination of payment vouchers along with Parliamentary Committee minutes disclosed that an amount of K2,022,902.12 paid through payment voucher numbers 787 and 1400 dated 15th October 2008 and 18th December 2008 respectively was in respect of allowances of twelve (12) Members of Parliament who did not attend the Health and Population and HIV and AIDS meetings. The allowances were paid to Mr. Gompho for staff.

The acquitted receipted payment vouchers were not produced for examination, therefore, it was difficult to ascertain how the allowances totaling K2,022,909.12 were accounted for.

**(f) Payment for Computer services overcharged by Microtech: K108,000.00**

An examination of payment vouchers pertaining to the maintenance of computers disclosed that some invoices raised by Microtech were inflated. The overcharging was a result of describing one services in several different ways although it was the same services.



It was, therefore observed that Microtech overcharged the National Assembly on invoice numbers 537 and 397 for K48,000.00 and K60,000.00 dated 5th December 2007 dated 23rd January, 2008 respectively. There was no evidence to show that the amount was recovered from the supplier.

**(g) Payment Voucher not produced for Examination: K17,146,953.71**

An examination of expenditure cash books for the period 30th June 2008 disclosed that fifteen (15) payment vouchers amounting to K17,146,953.71 were not presented for audit examination.

It was, therefore difficult for inspecting auditors to ascertain the validity of the expenditure in the absence of the payment vouchers and their supporting documents.

## THE OFFICE OF PRESIDENT AND CABINET

### DEVELOPMENT ACCOUNT

#### UNDER PERFORMANCE

#### VOTE 090

**: Office of the President and Cabinet**

#### CONTROLLING OFFICER

**: Chief Secretary**

#### PROVISION

**: K 979,740,106**

#### ACTUAL EXPENDITURE

**: K 556,447,211**

#### UNDER PERFORMANCE

**: K 423,292,895**

22. An examination of financial statements on Development Resources showed under performance on the following items:

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Sub Program</u>	<u>ProgramDonor</u>	<u>Project</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Expenditure</u>	<u>Under Performance</u>	<u>% of under Performance</u>
2	4						RESOURCES				
		01					HEADQUARTERS				
			41				GRANT				
				01			ADMINISTRATION & SUPPORT SERVICES				
					23		FINANCIAL MGT.				
							TRANSPARENCY AND ACCOUNTABILITY				
						03	INTERNATIONAL DEV. ASSOCIATION (IDA)				
						002	MAINTENANCE AND DEVELOPMENT OF WIDE NETWORK	169,495,336	65,495,336	104,000,000	61.4
						006	DEVELOPMENT OF INTERNAL AUDIT (OPC)	44,140,754	39,500,000	4,640,754	11
						07	TRAINING FUND UNDER (DHRMD)	122,294,234	77,294,234	45,000,000	36.8
						009	PERFORMANCE CONTRACTING AND CIVIL SERVICE SAFEGUARDS	15,926,470	11,926,470	4,000,000	25.1
							CHIEF ADVISOR TO THE PRESIDENT				11
						015	HUMAN RESOURCE INFORMATION SYSTEM	219,183,440	149,183,440	70,000,000	32
						017	ECONOMIC POLICY SUPPORT TO MOF	341,616,000	173,047,731	168,568,269	49.3
						018	PERFORMANCE INCENTIVE FUND	20,564 000	15,000,000	5,564,000	27.1
						019		46,519,872	25,000,000	21,519,872	32
											46.3
											49
							TOTAL	979,740,106	556,447,211	423,292,895	43.2

## STAFF DEVELOPMENT INSTITUTE

23. An audit inspection of financial and stores records of Staff Development Institute was completed on 30th March, 2010. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 15th November, 2010. The report highlighted the following observations—

### **Failure to collect outstanding Debts- K2,025,890.00**

Treasury Instructions require that all revenue for the government should be collected at the earliest possible opportunity and banked intact.

An examination of debtor ledgers for the period between July, 2008 and June, 2009 revealed that the Institute did not collect a sum of K2,025,890.00 in respect of receivables as at the time of audit. There was no evidence to show that reminders were sent to the debtors.

## THE OFFICE OF THE VICE PRESIDENT

24. An audit inspection of the financial and stores records of the Office of the Vice President was completed in July 2009. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 27th July 2010. The report highlighted the following observations—

### **(a) Rations not recorded in the Stores Ledger: K964,345.00**

An examination of payment vouchers in respect of purchases of rations for the residence of the Vice President disclosed that rations valued at K964,345.00 purchased between January 2006 and February 2008 were not recorded in the stores ledger. Consequently the inspecting auditors were unable to ascertain whether the rations were properly disposed in absence of any disposal records.

### **(b) Failure to record Fuel Purchases in the Fuel Register: K12,567,508.00**

An examination of payment vouchers pertaining to fuel purchases disclosed that fuel valued at K12,567,508 bought between September 2006 and September 2009 was not recorded in the fuel register. As a result the audit review could not ascertain the accountability of the fuel in absence of any disposal record.

# THE OFFICE OF THE DIRECTOR OF PUBLIC PROCUREMENT

## REVENUE ACCOUNT

### REVENUE UNDER-COLLECTED

**VOTE: 990** : **Department of Public Procurement**  
**CONTROLLING OFFICER** : **The Director of Public Procurement**  
**PROVISION** : **K2,000,000**  
**ACTUAL COLLECTION** : **K524,000**  
**UNDER-COLLECTION** : **K1,476,000**

25. An examination of financial statements on Revenue account showed under collection on the following items—

<i>Source Under</i>	<i>Budget Type</i>	<i>Cost Centre</i>	<i>Type of Receipt</i>	<i>Type of Revenue</i>	<i>Specific Revenue</i>	<i>Details</i>	<i>Revised Estimates</i>	<i>Actual Collection</i>	<i>Under Collection</i>	<i>% of Collection</i>
1						Local				
	03					Revenue Receipts				
	01					Headquarters				
		02				Non Tax Revenue				
			23			Sale Proceedsfrom Departments				
				353		Sale of Prequalification Documents				
					<b>TOTAL</b>		<u>2,000,000</u>	<u>524,00</u>	<u>1,476,000</u>	<u>74</u>
							<u>2,000,000</u>	<u>524,000</u>	<u>1,476,000</u>	<u>74</u>

## LOCAL GOVERNMENT AND RURAL DEVELOPMENT

### POVERTY REDUCTION PROGRAMME

26. An audit inspection of the financial and stores records of Poverty Reduction Programme was completed in October 2008. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 28th October 2008. The report highlighted the following observations—

#### Expenditure not related to the Project

- (a) **Phalombe District Council-Funds used for a different activity: K700,000.00**

An examination of financial records revealed that the Project remitted a sum of K700,000.00 to Phalombe District Council between 17th January, 2008 to 20th May, 2008 to be used for the activities of District Development Fund. The funds were however used to construct a guest house for the Council, contrary to the agreement which was signed with the African Development Fund in relation to activities that are financed under the District Development Fund. Consequently, poverty reduction programmes suffered at the expense of the Guest house.

- (b) **Mulanje District Council-Funds used for a different activity: K1,912,495.00**

The audit also noted that District Development Funds amounting to MK1,912,495.00 were utilized for Mulanje District Council projects contrary to the project agreement document. The following payments

were made to rehabilitate revenue generating facilities for the District Council and not for district development as decided by chiefs to benefit the local communities.

Below are the details—

<u>Date</u>	<u>Payee</u>	<u>Chq no.</u>	<u>Amount (MK)</u>	<u>Description</u>
29.04.08	Limbani Enterprises	01251	108,000.00	Hire of concrete mixture
10.04.08	Moley Investments	01240	730,545.00	Bus depot building materials
12.05.08	Super Hardware	01260	1,073,950.00	Construction of Limbuli Market
			<u>1,912,495.00</u>	

## NENO DISTRICT COUNCIL

27. An audit inspection of the financial and stores records of Neno District Council was completed on 28th August 2009. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 21st September, 2010. The report highlighted the following—

**(a) Un authorized transfer of funds from different accounts to ORT Account: MK1,522,455.00**

An examination of payment vouchers, general receipts and other revenue receipts as well as bank deposit slips for the period August, 2006 to June, 2009 disclosed that Neno District Council was making temporary transfers of funds from one account to another without authority from the Treasury.

It was observed that several unauthorized transfers amounting to MK1,522,445.00 were made from DDF to ORT account. There was no evidence to show that the amounts drawn were deposited back to District Development Fund Account.

**(b) Revenue collected but spent at source: K676,384.50**

Treasury Instructions and Local Finance Accounting Procedures require that revenue collected should be banked intact to enhance accountability and transparency before any expenditure is incurred.

An examination of revenue records disclosed that the office spent MK676,384.50 between November, 2008 and July, 2009 from revenue collected before banking. There was no evidence to show that the amount was later recovered from ORT and deposited into Government Account No. 1.

## THYOLO DISTRICT COUNCIL

28. An audit inspection of the financial and stores records of Thyolo District Council was completed on 17th February 2009. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 22nd February 2010. The report highlighted the following observations—

**(a) Failure to account for unclaimed Deceased Estates: K724,494.71**

A review of internal auditors report disclosed that a sum of K724,494.71 in respect of unclaimed deceased estates was not accounted for by Mr. H. A. Bello an accounts assistant. As at the date of audit, the matter was in court.

**(b) Stores items not recorded in Stores Ledger: K1,838,345.00**

Government rules and regulations require that all purchases of stores items must be recorded in the stores ledger for proper accountability. A review of stores records disclosed that stores items valued at K1,838,345.00 were not recorded in the stores ledger between July 2007 and March 2008.

## MWANZA DISTRICT COUNCIL

29. An audit inspection of the financial and stores records of Mwanza District Education Office was completed in May 2010. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 22nd September, 2010. The report highlighted the following observations—

**(a) Misappropriation of Deceased Estate Funds: MK1,167,496.54**

An examination of deceased estate records disclosed that some beneficiaries were convinced to sign for cash meant for minors after informing them that the trustee accounts would be opened. It was however observed that the trustee accounts for a sum of K1,167,496.54 were not opened between 2005 and November 2008 and the funds were not paid to the beneficiaries. The cash was not available as at the date of audit.

**(b) Misappropriation of unclaimed Trustee Funds: MK301,222.63**

An examination of Trustee Registers, Trustee Passbooks and Malawi Savings Bank records revealed that Mr. Nelson Naligoja, a Deceased Estate Officer (SCO.GD) closed some trustee passbooks between 1999 and November, 2008 which had a total of K301,222.63. The amount was neither available nor paid to the beneficiaries as at the date of audit.

**(c) Cash withdrawn from the trustee passbook not accounted for: MK145,000.00**

An examination of the trustee passbooks disclosed that between July, 2005 and November, 2008, Mr. Nelson Naligoja withdrew cash from trustee passbooks amounting to K145,000.00. The cash was neither distributed to the beneficiaries nor available as at the date of audit.

**MULANJE DISTRICT COUNCIL**

30. An audit inspection of the financial and stores records of Mulanje District Council was completed on 8th January, 2008. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 21st January, 2010. The report highlighted the following observations—

**(a) Revenue received not accounted for: K387, 000.00**

The Public Finance Management Act states that each Controlling Officer is responsible for ensuring that in relation to his Ministry, all accounts and records relating to the functions and operations of the Ministry are properly maintained and that all necessary precautions have been taken to safeguard the collection and custody of public money.

An examination of receipts cashbook and general receipts for local revenue collected between December, 2007 and January, 2009 disclosed that the Council did not maintain books of accounts and records in a transparent manner to afford independent checks.

It was noted that revenue amounting to K387,000.00 for general receipts issued during the above mentioned period could not be traced as deposited and the cash was not available as at the date of audit.

**(b) Failure to account for Fuel: K1,210, 000.00**

An examination of fuel purchases for the period between January, 2008 and March, 2009 revealed that fuel worth K1,210,000.00 purchased for various departments and kept by heads of the departments had no records to show how the fuel was disposed of.

**(c) Failure to record stores purchases in the ledger: K590, 685.00**

Treasury Instructions require that stores items should be recorded in the stores ledgers once they are procured before issues are made.

An examination of payment vouchers revealed that some stores items valued at K590,685.00 were not recorded in the stores ledger and as such it was difficult to ascertain their disposal.

In addition it was observed that ninety percent (90%) of the stationery was purchased from M.M stationery which was based at the Council Offices without obtaining at least three quotations as required by stores regulations.

## **ZOMBA DISTRICT COUNCIL**

31. An audit inspection of the financial and stores records of the Zomba District Council was completed in March, 2010. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report issued in June, 2010. The report highlighted the following observation—

### **Payment Vouchers without supporting documents: MK6,481,790.00**

An examination of payment vouchers disclosed that the Council did not effectively enforce financial controls so as to ensure maintenance of adequate financial records. The audit disclosed that some payment vouchers amounting MK6,481,790.00 raised between June 2007 and August 2008 had no supporting documents.

## **ZOMBA DISTRICT AGRICULTURE OFFICE**

32. An audit inspection of the financial and stores records of Zomba District Agriculture Office was completed in February, 2008. The audit review disclosed weaknesses in financial control which were communicated to the Controlling officer in my report issued in March 2010. The report highlighted the following observations:

### **Payment Vouchers without supporting documents**

The Public Finance Management Act states that a payment voucher must be fully supported by original documents.

An examination of payment transactions revealed that some payment vouchers for the period from July 2006 to January 2008 amounting to K951,936.82 had no supporting invoices or delivery notes. In the absence of supporting documents, it was difficult to establish the validity of the expenditure.

## **CHITIPA DISTRICT AGRICULTURE DEVELOPMENT OFFICE**

33. An audit inspection of the financial and stores records of Chitipa District Agriculture Development Office was completed in October, 2009. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report issued in February, 2010. The report highlighted the following observation.

### **Payment vouchers without supporting documents: K1,355,122.00**

An examination of payment vouchers disclosed that payment vouchers amounting to K1,355,122.00 were paid without attaching any supporting documents. Consequently it was difficult for the inspecting auditors to ascertain the propriety of the expenditure.

## NATIONAL DEFENCE

### DEVELOPMENT ACCOUNT

#### RESOURCES UNDER PERFORMANCE

**VOTE: 100** : **Ministry of Defence**  
**CONTROLLING OFFICER** : **Secretary for Defence**  
**PROVISION** : **K407, 885,500**  
**ACTUAL EXPENDITURE** : **K139, 073,516**  
**UNDER PERFORMANCE** : **K268,811,984**

34. An examination of financial statements of development account showed an under performance of resources on the following items—

<u>Budget</u> <u>Source</u>	<u>Cost</u> <u>Type</u>	<u>Type of</u> <u>Centre</u>	<u>Receipt</u> <u>Program</u>	<u>Sub</u> <u>Program</u>	<u>Donor</u> <u>Project</u>	<u>Details</u>	<u>Revised</u> <u>Estimates</u>	<u>Actual</u> <u>Expenditure</u>	<u>Under</u> <u>Performance</u>	<u>% of under</u> <u>Performance</u>	
2	4	01	52	67	51	01	External Resources				
							Headquarters				
							Local Loans				
							Security Services				
							Defence Military Logistics				
							Malawi Government				
						060	Sewerage and Water Works	K50,000,000	K14,686,246	K35,313,754	71%
						061	Magazine House	K5,000,000	-	K5000,000	100%
						062	Agriculture Production Unit	K14,060,000		-K14,060,000	100%
						066	Chilumba Garrison Hospital	K41,919,197		-K41,919,197	100%
						071	Changalume, Chilumba				
							Blantyre Construction of				
							Kitchen	K30,000,000	-	K30,000,000	100%
						074	Construction of houses	K29,558,319	-	K29,558,319	100%
						075	Construction of referral				
							Hospital t	K25,000,000	-	k25,000.00	100%
						080	Construction of VVIP Chalet	K15,000,000	-	-K15,000,000	100%
						081	Individual Metering	K30,000,000	-	k30,000,000	100%
							Construction of Firing range				
						07	Planning	K129,577,000	K124,387,270	K5,189,730	4%
						01	083 Malawi Government				
							083 Rehabilitation of houses	K37,770,984	K37,770,984		100%
								K407,886=5,500	K139,073,516	K268,811,984	

### MALAWI ARMY SECONDARY SCHOOL

35. An audit inspection of the financial and stores records of Malawi Army Secondary School was completed on 10th July, 2010. The audit disclosed some weaknesses in financial control which were communicated to the Controlling Officer in my report dated 15th November, 2010. The report highlighted the following observation:

#### Revenue used at source- K481,264.52

A review of general receipts for school fees collected against deposit slips and bank statements disclosed that between July, 2008 and June, 2009 school fees worth MK481,264.52 was not banked but used at source contrary to Treasury Instructions which require all revenue collected to be banked intact.



# AGRICULTURE AND FOOD SECURITY

## MINISTRY OF AGRICULTURE HEADQUARTERS

### REVENUE ACCOUNT

### REVENUE UNDER-COLLECTED

**VOTE: 190**

**: Ministry of Agriculture and Food Security**

**CONTROLLING OFFICER**

**: Secretary for Agriculture and Food Security**

**PROVISION**

**: K27,735,712**

**ACTUAL COLLECTION**

**: K9,988,884**

**UNDER-COLLECTION**

**: K17,746,828**

36. An examination of financial statements of revenue account showed an under-collection of revenue on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimate</u>	<u>Actual Collection</u>	<u>Under Collection</u>	<u>%of Under collection</u>
2						Local Revenue Receipts				
	3					Headquarters				
		01				Non tax Revenue				
			02			Administrative fees				
				21		Veterinary Services fees	1,215,500	920,243	295,257	24.3
				23	020	Sale Proceeds from Department				
					332	Sale of Rural Dairy Produce	3,594,445	23,250	3,571,195	99.4
							4,809,945	943,493	3,866,452	80.4
				03		Blantyre ADD				
						Non Tax Revenue				
		02				Administration Charges				
			22			Accommodation and Hire of Hall	7,250,000	6,624,030	625,970	8.6
04					101	Machinga ADD				
		02				Non Tax Revenue				
			22			Administrative Charges				
					101	Accommodation and Hire of Hall	5,487,200	331,800	5,155,400	94.0
			23			Sales Proceeds from Departments				
					318	Sale of Livestock	120,000	42,500	77,420	64.5
							5,607,200	374,380	5,232,820	93.3
		05				Salima ADD				
						Non Tax Revenue				
			22			Administration Charges				
					101	Accommodation and Hire of Hall	400,000	70,500	329,500	82.4
					145	Rent - Government Houses	26,000	170,330	355,670	67.6
					308	Sale of Farm Produce	100,000	59,000	41,00041.0	
							1,026,000	299,830	726,170	70.8
06						Lilongwe ADD				
						Non Tax Revenue				
		02				Administrative Charges				
101			22			Accommodation and Hire of Hall	6,650.800	1,013,200	5,637,600	84.8
		07				Kasungu ADD				
			02			Non Tax Revenue				
				22		Administrative Charges				
					101	Accommodation and Hire of Hall	400,000	327,520	72,480	18.1
10						Chitedze Research Station				
			02			Non Tax Revenue				
		22				Administration Charges				
062						Laboratory Fees	24,000	-	24,000	100
				101		Accommodation and Hire of Hall	178,867	-	178,867	100
				23		Sale proceeds from Department				
				318		Sale of Livestock	91,000	17,400	73,600	80.9
							293,867	17,400	276,467	94.1
11						Bvumbwe Research Station				
		02				Non Tax Revenue				
23						Sale Proceeds from departments				
		307				Sale of research Stations Produce	540,200	103,350	436,850	80.9
12						Makoka Research Station				
			02			Non Tax Revenue				
				23		Sale Proceeds from Departments				
					307	Sales of Research Stations Produce	227,000	90,267	136,733	60.2
					46	Kasinthula Research Station				
		02				Non Tax Revenue				



52	21	Agriculture and food security					
	04	Crop production & field crops					
	004	European union (eu)					
	019	Farm income diversification project (FIDP)	532,574,000	-532,574,000		100	
	19	Institutional development across agricultural food sector	511,218,000	-511,218,000		100	
	009	Japanese Government Training institutional partnership for sustainable fisheries	16,900,000	-16,900,000		100	
	31	Agribusiness Development and marketing					
	07	United states agency to international development					
	008	Malawi agricultural commodity exchange (mace)	51,728,779	34,513,220	17,215,559		33.28
69	35	Public Administration Management & support (general administration)					
	01	malawi government					
	076	Agriculture development programme	38,000,000	- 38,000,000		100	
14		Extension services					
13	01	extension methodologies malawi government					
	065	Dairy Sock Development	150,000,000	140,000,000	10,000,000		
14		agricultural communication services					
01		malawi government					
	062	Livestock specialist training	126,000,000	-126,000,000		100	
30		Nutrition & Food security					
	24	Crop development & mechanism					
	01	malawi government					
	067	Promotion of Cotton production	30,000,000	25,000,000	5,000,000		17
	075	Smallholder Cane growers		110,000,000-	110,000.00		100
31		Planning services					
	26	Programme development					
	01	Malawi Government					
	077	Irrigation, Rural, Livehood and agriculture development	40,000,000,	36,000,000	4,000,000		10
	070	Malawi Agriculture					
		Commodity Exchange (nace)	40, 000,000	33,000,000	7,000,000		18
64		Research and Development					
	11	Agricultural Research					
	01	Malawi Government					
	072	Improvement of Irrigation structure in agriculture research	70,000,000	65,000,000	5,000,000		
	52	Agriculture & Food					
	53	Security					
	21	Crop Production and field crop					
	01	Malawi government					
	067	Promotion of Cotton growers	30,000,000	-30,000,000		100	
	31	Agribusiness Development and marketing					
	01	Malawi Government					
	070	Malawi Agriculture commodity exchange (mace)	40,000,000	-40,000,000		100	
	36	Management & Support/ Planning					
	01	Malawi government					
	077	Irrigation, rural, livehood and Agriculture Development	60,000,000	- 60,000,000		100	

	61	Community Youth and Sports and Development					
	43	Social Welfare Services and Community Capacity Building					
	01	Malawi Government					
	069	Lake Malawi Artisanal Fisheries Development Research and Development (R&D)	885,753	-	885,753	100	
	11	Agriculture Research					
	01	Malawi Government					
	069	Lake Malawi Artisanal Fisheries Development	5,718,509	-	5,718,509	100	
	69	Public Administration					
41		hr Development and Internal Training					
	01	Malawi Government					
	069	Lake Malawi Artisanal Fisheries Development	1,660,982	1,660,982		100	
71		Internal Monitoring and evaluation					
	01	Malawi Government					
	069	Lake Malawi Artisanal Fisheries Development	16,734,756	-	16,734,756	100	
		<b>Total</b>	<b>8,063,175,968</b>	<b>1,241,048,820</b>	<b>6,822,127,148</b>	<b>85</b>	

38. An audit inspection of the financial and stores records of the Ministry of Agriculture Headquarters was completed in January 2009. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report issued in January, 2009. The report highlighted the following observations—

**Payments made without supporting documents:- K4,270,000.34**

Treasury Instructions require that a payment voucher must be fully supported by original documents such as invoices, delivery notes, purchase orders and cash sales.

It was observed that payment vouchers amounting to K4,270,000.34 were processed and passed for payment without supporting documents. Therefore, the propriety of the expenditure could not be ascertained.

**DEPARTMENT OF CROPS**

39. An audit inspection of financial and stores records of the Department of Crops was completed in June 2010. The audit review disclosed some weaknesses in financial controls which were communicated to you in my report dated 24th June, 2010. The report highlighted the following observations—

**(a) Cash drawn but not accounted for: K18, 258,075.69**

Treasury Instructions require that where a cheque is drawn to pay several officers, each payee (officer) must sign against his/ her name for the cash received and cash sale receipts must be obtained where cash was used for other services to support the expenditure.

It is further required that acquitted receipted payment vouchers should be returned to the cash office for record and audit purposes within ten (10) days after the close of the activity.

An examination of expenditure records for the Department of Crops disclosed that cash totaling K18,258,075.69 was drawn during the financial year 2008/09 but no evidence in terms of payees' signatures and receipts was available to show the accountability of the funds drawn.

**(b) Stores Purchases not recorded in Stores Ledger: K7,530,023.33**

Treasury instructions require that effective system of control, custody, issue and record keeping of stores should be maintained. The instructions further require that all goods procured should be recorded in the stores ledgers and that items received and issued should be supported by receipt and issue vouchers.

An examination of stores records for the period June 2008 and September 2009 disclosed that stores worth K7,530,023.33 were purchased by the Department but no records were available to show that the items were delivered and properly accounted for.

**(c) Fuel not recorded in the Fuel register: K8,365,400.00**

Treasury Instructions recognise fuel coupons/cards as another form of cash and that they are prone to risks of loss, misappropriation and wastage. It is therefore, necessary that proper control measures regarding the custody and accountability of fuel as stipulated in the Treasury Instructions are strictly adhered to. It is a requirement that fuel purchased should be recorded in fuel registers and that fuel issues are signed for and recorded in the log books to enhance accountability.

It was observed that fuel valued at K8,365, 400.00 purchased between December 2007 and June 2009 was not recorded in fuel registers. The audit team could therefore not establish the accountability of the fuel absence of any record.

**(d) Incomplete payment Vouchers passed for payment: K3,445,220.00**

Treasury Instructions stipulate, among other things, that payment vouchers must be duly authorised and countersigned by relevant authorities before they are passed for payment. They further require payment vouchers to be fully supported by relevant documents such as invoices.

A test check of payment transaction revealed that payment vouchers totaling K3,445, 220.00 were raised and passed for payment between June 2008 and May 2009 without supporting documents. The propriety of the expenditure could, therefore, not be ascertained.

**(e) Payment for accommodation without indicating names of guests: K5,598,636.00**

The Malawi Public Service Regulations provide instructions regarding payment of staff accommodation for officers officially working out of their duty stations to enhance control over public funds. It is required that names of officers so accommodated should be indicated on the payment voucher and invoices attached.

An examination of expenditure records for the period January 2008 to August 2009 disclosed that proper procedures regarding payment of accommodation for staff were not adhered to. It was observed that payments totaling MK5,598, 636.00 in respect of accommodation for staff were made without indicating names of officers, contrary to the requirement. It was therefore difficult for the audit team to ascertain the propriety of the expenditure.

**DEPARTMENT OF FISHERIES**

40. An audit inspection of the financial and stores records of the Department of Fisheries was completed in May, 2010. The audit review disclosed some weaknesses in financial control which were communicated to the Controlling Officer in my report dated 23rd August, 2010. The report highlighted the following observations.

**(a) Stores items not recorded in the Stores Ledger: K5,328,000.61**

Treasury Instructions require maintenance of an effective system of control over accounting and stores records. The instructions further require all stores items procured to be recorded in the ledgers. Items received and issued must be supported by recipient's signatures or issue vouchers.

An examination of stores records disclosed that stores items worth K5,328,000.61 procured between November 2007 and December 2008 were not recorded in the stores ledger. The audit failed to establish how the stores items were disposed off.

**(b) Fuel not accounted for: K8,516,056.00**

Treasury instructions require that fuel purchases should be signed for by the recipients.

An examination of fuel records for the period between March 2008 and June 2009 revealed that fuel worth K8,516,056 bought from BP Malawi Ltd was not recorded in the fuel register. The audit failed to establish whether the fuel was used for the intended purposes in absence of any disposal records.

**(c) Cash drawn but not accounted for: K7,194,713.00**

Treasury Instructions require that where a cheque is drawn to pay several officers, each officer must sign on the payment voucher against

his or her name to acknowledge receipt and where applicable cash sale receipts must be obtained to support the expenditure.

An examination of expenditure records for the period January 2008 to May, 2009 disclosed that monitoring of large sums of money drawn for various field activities was not effective. Money drawn for compensations, meetings and other field activities totaling K7,194,713.00 was not supported by acquitted receipted payment vouchers.

The accountability of the cash so drawn could, therefore, not be established by the audit team.

## **NATURAL RESOURCES COLLEGE**

41. An audit inspection of financial and stores records of Natural Resources College was completed in June 2010. The audit review disclosed some weaknesses in financial controls which were communicated to Controlling Officer in my report dated 24th June, 2010. The report highlighted the following observations.

**(a) Outstanding Fees: K63,644,544.17**

An examination of revenue records disclosed that measures on collection of revenue were not effectively enforced by management.

It was noted that revenue in respect of fees and hiring out services amounting to K63,644,544.17 was not collected between 30th June, 2009 and 31st January, 2010.

**(b) Stores not recorded in Stores Ledger: K4,236,000.00**

Treasury instructions require that stores items purchased should be recorded in the stores ledger and issues made thereof should be signed for by the recipients.

An examination of stores records disclosed that control and accounting for procurements was not effective. It was observed that goods worth K4,236,000.00 bought between July, 2008 and June 2009 were not recorded in the ledger. Consequently the audit review could not ascertain how the items were disposed off.

## **BLANTYRE AGRICULTURAL DEVELOPMENT DIVISION**

42. An audit inspection of the financial and stores records of Blantyre Agricultural Development Division was completed on 25th June, 2010. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 15th November, 2010. The report highlighted the following observations—

**(a) Revenue collected but not accounted for: K181,000.00**

An assessment of revenue collected and banked between July 2008 and June 2009 revealed that revenue amounting to K181, 000.00 was not accounted for. The revenue which was collected on general receipt numbers 00256 to 002628 amounted to K12,083,350.00 but total deposits on deposit slip numbers 378981-379000 and 190487-190499 only amounted to K11,902,350.00. Consequently a sum of K181,000.00 could not be accounted for.

**(b) Purchases of Fuel not recorded in the Ledger: K1,302,648.50**

An examination of payment vouchers revealed that fuel amounting to K1,302,648.50 purchased between November, 2008 and June, 2009 was not recorded in the fuel register and as such its disposal could not be ascertained.

**(c) Stores items not recorded in the Stores Ledger: K425,052.34**

Treasury Instructions Stores require that stores items should be recorded in the stores ledger before making any issues.

An examination of stores ledger revealed that some purchases of stores items valued at K425,052.34 were not recorded in the stores ledger. In the absence of any disposal record it was difficult for the inspecting auditors to ascertain how the stores items were accounted for.

## **MAKOKA AGRICULTURAL EXPERIMENT STATION**

43. An audit inspection of financial and stores records of Makoka Agricultural Experiment Station was completed in February, 2010. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report issued in June 2010. The report highlighted the following observation—

**Payment Vouchers without supporting documents: K1,819, 342.40**

Treasury instructions require that all payment vouchers should be fully supported with valid documents such as invoices and cash receipts.

An examination of payment vouchers revealed that payment vouchers in respect of Trust Fund and Other Recurrent Transactions (ORT) amounting to MK1,819,342.40 made between February 2008 and November 2009 had no supporting documents. The audit could therefore not establish propriety of the expenditure incurred due to non availability of the supporting documents.

## **CHOMA HATCHERY**

44. An audit inspection of the financial and stores records of Choma Hatchery (Mzuzu) was completed in August 2009. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer you in my report dated 10th March, 2010. The report highlighted the following observations—



**(a) Payment Vouchers without supporting documents: K361,070.50**

Treasury Instructions require that all payment vouchers must be complete in themselves with all relevant supporting documents attached to afford independent checks.

An examination of the petty cash book and payment vouchers for the period July 2007 to June 2009 revealed that payment vouchers amounting to K361,070.50 had no supporting documents. It was, therefore difficult for the auditors to ascertain whether the expenditure was a proper charge to Government funds.

**(b) Fuel issued but not signed for: K207,693.70**

Treasury Instructions stipulate that the stores ledger for the purpose of recording receipt and issue of all stores will be kept for each stores item and that all issues of all stores will be signed for in the stores ledger by the officer requisitioning them.

It was observed that fuel worthy K207,693.70 issued between September and June 2008 was not signed for by officers who collected the fuel. As a result, the audit review could not ascertain the accountability of the fuel.

**LUNYANGWA RESEARCH STATION**

45. An audit inspection of the financial and stores records of Lunyangwa Research Station was completed in August 2009. The audit review disclosed weaknesses in financial control which were communicated to Controlling Officer in my report dated 18th March, 2010. The report highlighted the following observations—

**(a) General receipts not produced for Examination: K835,345.00**

Public Audit Act stipulates that the Auditor General or every person authorized by him shall have full access at all reasonable time to all documents, books and accounts, public funds, public securities, Government Contracts and books and accounts relating thereto and subject to audit, and to any place where they are kept.

An examination of general receipts and banking records, disclosed that general receipts used to collect a sum of K835,345.00 were not produced for audit review. Consequently, it was difficult for auditors to verify whether the revenue collected was accounted for.

**(b) Stores not recorded in the Stores Ledger: K1,109,200.00**

Treasury Instructions states that all consumable stores must be recorded in the stores ledger.

An examination of payment vouchers and stores ledger revealed that stores worth K1,109,200.00 were not recorded in the stores ledger between July 2007 and June 2009. As a result, the accountability of the stores items could not be ascertained.

**(c) Stores issued but not signed for: K284,854.00**

Treasury Instructions stipulate that stores recorded in the stores ledger will be made under the supervision of the authorizing officer, who will initial each entry and ensure that each issue is signed for.

An examination of the stores ledger for the period between July 2007 and June 2009 disclosed that stores items valued at K284,854.00 issued to various officers were not signed for in the ledger. It was therefore difficult to ascertain whether the items were officially used.

**(d) Fuel not recorded in Fuel Register: K1,340,592.68**

The Treasury Instructions state that all consumable stores must be recorded in the stores ledger.

An examination of payment vouchers and fuel register for the period between January 2008 and January 2009 revealed that fuel valued at K1,340,592.68 was not recorded in the fuel register. As a result, the accountability of the fuel could not be ascertained.

**(e) Fuel issued but not signed for: K289,100.00**

Treasury Instructions stipulate that fuel recorded in the fuel ledger will be made under the supervision of the authorized officer who will initial each entry and ensure that each issue is signed for.

An examination of the fuel register showed that fuel worthy K289,100.00 bought between January 2008 and December 2008 was issued to various officers without being signed for as required by regulations.

**LAND, HOUSING AND URBAN DEVELOPMENT**

**REVENUE ACCOUNT**

**REVENUE UNDER COLLECTED**

**VOTE: 130 : Ministry of Lands, Housing and Urban Development**

**CONTROLLING OFFICER : Secretary for Land, Housing, Urban Development**

**PROVISION : 180,969,674**

**ACTUAL COLLECTION : 138,991,540**

**UNDER COLLECTION : 41,978,134**

46. An examination of financial statement of revenue accounts showed an under collection of revenue on the following items—

<i>Budget Source</i>	<i>Cost Type</i>	<i>Type of Centre</i>	<i>Type of Receipts</i>	<i>Type of Revenue</i>	<i>Specific Revenue</i>	<i>Details</i>	<i>Revised Estimates</i>	<i>Actual Collection</i>	<i>Under Collection</i>	<i>% of Collection</i>
1						Local Revenue Receipts				
	3					Housing, Lands, And Estate Management				
		21				Non Tax Revenue				
			02			Administrative Fees				
				21		Deeds Registry Fees	1,400,000	130,520	1,269,480	90.7
					011	Lands Miscellaneous	3,677,274	555,677	3,121,597	84.9
					050					

					055	Conveyance And Document Preparation	2,500,000	1,329,412	1,170,588	46.8
					22	Administrative Charges				
					134	Lease, House, Public And Customary Land	160,742,400	135,573,723	25,168,677	15.7
							168,319,674	137,589,332	30,730,342	18.3
Source	Budget Type	Cost Centre	Type of Receipts	Type of Revenue	Specific Revenue	Details	Revised Estimates	Actual Collection	Under Collection	% of Collection
1	3	43				Local Revenue Receipts				
			02			Studies Survey And Valuation				
				23		Non Tax Revenue				
						Sale Proceeds From Department				
					320	Sale Of Maps And Plans	12,650,000	1,402,208	11247,792	88.9
		Total					180,969,674	138,991,540	41,978,134	23.2

<i>Budget</i>	<i>Cost</i>	<i>Type of</i>	<i>Sub</i>	<i>Donor</i>	<i>Details</i>	<i>Revised</i>	<i>Actual</i>	<i>Under</i>	<i>% of under</i>	
<i>Source</i>	<i>Type</i>	<i>Centre</i>	<i>Receipt Program</i>	<i>Program</i>	<i>Project</i>	<i>Estimates</i>	<i>Expenditure</i>	<i>Performance</i>	<i>Performance</i>	
2			4		External Resources					
				01	Headquarters					
				52	Local Loans					
					54	Natural Resources				
					32	And Management				
						Local Resources				
						And Evaluation				
<i>Budget</i>	<i>Cost</i>	<i>Type of</i>	<i>Sub</i>	<i>Donor</i>	<i>Details</i>	<i>Revised</i>	<i>Actual</i>	<i>Under</i>	<i>% of under</i>	
<i>Source</i>	<i>Type</i>	<i>Centre</i>	<i>Receipt Program</i>	<i>Program</i>	<i>Project</i>	<i>Estimates</i>	<i>Expenditure</i>	<i>Performance</i>	<i>Performance</i>	
					084	Public Land				
				34	Development	50,000,000	40,000,000	10,000,000	20	
						Land Resource And				
				01	Information					
					063	Systems				
					080	Malawi Government	1,790,000	-	1,790,000	100
						Demarcation of				
				35	Boundaries Malawi-					
						Zambia				
				01	Malawi-Mozambique					
					063	Border Stabalisation	620,000	-	620,000	100
						Management Systems	9,306,000	-	9,306,000	100
				36	Demarcation of	3,140,000	-	3,140,000	100	
						Boundaries Malawi-				
				01	Zambia					
					080	Land Resource And				
						Cadastral				
						Malawi Government				
				69	Malawi -Mozambique	39,380,000	36,000,000	3,380,000	9	
						Border Stabalisation				
				35	Public Administration					
						Management And				

			Support Services/ General Administration					
	01		Malawi Government					
		94	Malawi Herbarium	75,000,000	-	75,000,000		100
09			Botanical Garden					
	62		Housing Headquarter					
			Transport, Building And Housing					
		11	Building And Housing Services/Urban					
			Housing Headquarter					
		01	Malawi Government					
			Construction of Govt Offices-Capital Hill	250,000,000	208,000,000	42,000,000		17
			082					
			Construction of Govt Offices-Lilongwe	150,000,000	10,000,000	140,000,000		93
			086					
			Rehabilitation of Vice President Residences	35,000,000	31,000,000	4,000,000		11
			087					
		12	Building And Housing Services/Rural Housing					
			01					
			Malawi Government					
			National Slum Upgrading	50,000,000	40,000,000	10,000,000		20
			085					
		15	Building And Housing Services/Design					
			01					
			Construction					
			Malawi Government					
			National Land Use & Management Policy	35,000,000	-	35,000,000		100
			075					
			Songwe River Institutional Dev. Project	100,000,000	-	100,000,000		100
			079					
		15	Building And Housing Services					
			01					
			Malawi Government					
			National Local Policy Public	250,000,000	-	250,000,000		100
			082					
			<b>Total</b>	<b>1,049,236,000</b>	<b>365,000,000</b>	<b>684,236,000</b>		<b>65</b>

48. An audit inspection of financial and stores records of Ministry of Lands, Housing and Urban Development was completed in January, 2009. The audit disclosed some weaknesses in financial controls which were communicated to the Controlling Officer in my report dated 31st March, 2009. The report highlighted the following observations—

**(a) Fuel Purchases not accounted for: K5,812,000.00**

Fuel purchases need to be strictly safeguarded and proper care must be taken which include recording of such purchases in the registers as well as recording fuel drawn in the vehicle log books to ensure accountability.

An examination of fuel records disclosed that control over fuel purchases was not effective. It was noted that fuel valued at K5,812,000.00 purchased between July 2007 and June 2008 was not recorded in the registers. As a result the accountability of fuel could not be ascertained.

**(b) Stores items not recorded in the Stores Ledgers: K7, 117,121.55**

Treasury Instructions stipulate that all controlling officers must ensure that efficient systems exist within their Ministry or Department for control of stores. Stores keepers are appointed to ensure proper custody and maintenance of stores records.

An examination of stores records disclosed that proper system for accounting and control over public stores was not effectively implemented. It was observed that stores items worth K7,117,121.55 purchased between January 2007 and December 2008 were not recorded in the stores ledger.

## **DEPARTMENT OF LANDS (SOUTH)**

49. An audit inspection of the financial and stores records of the Department of Lands (South) was completed on 23rd April, 2009. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 19th January, 2009. The report highlighted the following observations—

**(a) Long outstanding rates for commercial plots: K1,685,045.10**

An examination of property files for plots allocated for commercial purposes disclosed that some rates amounting to K1,685,045.10 were not collected and the rates were not revised to reflect the current value of the land.

**(b) Long outstanding ground rent: K1,927,600.00**

A test check of land and property files for the period July, 2000 and June, 2006 disclosed that the office did not follow-up and demand ground rent from property owners. It was observed that a sum of K1,927,600.00 in respect of ground rent had been outstanding for a long period of time.

**(c) Fuel not recorded in the Fuel Ledger: K617,000.00**

An examination of payment vouchers and fuel ledger for the period between February 2008 and June, 2008 revealed that fuel worth K617,000.00 was not recorded in the fuel ledger. It was therefore difficult for the auditors to verify how the fuel was accounted for in absence of any record.

## **EDUCATION SCIENCE AND TECHNOLOGY**

### **REVENUE ACCOUNT**

#### **REVENUE UNDER COLLECTED**

**VOTE: 250 : MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY**

**CONTROLLING OFFICER : SECRETARY FOR EDUCATION, SCIENCE AND TECHNOLOGY**

**PROVISION : K378,838,017**

**ACTUAL COLLECTION : K157,828,828**

**UNDER COLLECTION : K220,472,189**

50. An examination of financial statement of revenue account showed under collections of revenue on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipts</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Collection</u>	<u>Under Collection</u>	<u>% of under Collected</u>
2						Local Revenue Receipts				
	3					MCDE				
		02				Non Tax Revenue				
			02			Administrative fees				
				21		Registration fees	K4,200,000	K4,073,522	K29,478	3.08
				034						
1						Local Revenue Receipt				
	3					MCDE				
		02				Non Tax Revenue				
			02			Administrative Charges				
				22		Government Houses	K168,000	K9,600	K 158,400	94
					145		<b>K4,368,000</b>	<b>K4,083,122</b>	<b>K287,878</b>	
		31				Soche Technical College				
			02			Non Tax Revenue				
				21		Administrative Fees				
					005	Boarding Fees	K2,100,000	K54,000	K2,046,000	97
					008	Course Fees	K13,540,000	K310,100	K13,229,900	98
					018	Tuition Fees	K1,200,000	K585,000	K615,000	51
				22		Administrative Charges				
					145	Government Houses	K504,000	K 163,800	K340,200	68
				23		Sale Proceeds from Department				
					143	Production Services	K600,000	K10,000	K590,000	98
							<b>K17,944,000</b>	<b>K1,122,900</b>	<b>K16,821,100</b>	
		32				Lilongwe technical College				
			02			Non Tax Revenue				
				21		Administration fees				
					005	Boarding fees	K4,092,100	K 59,000	K4,033,100	99
					018	Tuition fees	K20,600,100	K88,800	K19,971,300	97
				22		Administrative Charges				
					145	Government Houses	K1,056,000	K1,056,000		100
							<b>K25,748,200</b>	<b>K147,800</b>	<b>K25,060,400</b>	
		33				Mzuzu Technical college				
			02			Non Tax Revenue				
				21		Administrative fees				
					005	Boarding fees	K2,520,000	K30,000	K2,490,000	99
							<b>K2,520,000</b>	<b>K30,000</b>	<b>K2,490,000</b>	<b>99</b>
		34				Livingstonia Technical College				
			02			Non Tax Revenue				
				21		Administrative fees				
					005	Boarding fees	K2,880,000	K1,087,316	K1,792,684	62
					018	Tuition fees	K2,475,000	-	K2,475,000	100
							<b>K5,355,000</b>	<b>K1,087,316</b>	<b>K4,267,684</b>	
		35				Namitete Technical Collage				
			02			Non Tax Revenue				
				21		Administrative fees				
					008	Course fees	K1,890,000	K374,200	k1,515,800	80
					018	Tuition fees	K660,000	-	K 660,000	100
							<b>K2,550,000</b>	<b>K374,200</b>	<b>K2,175,800</b>	
	100					Northern Division				
			02			Non Tax Revenue				
				21		Administrative fees				
					145	Government houses	K342,000	K232,850	K109,150	32
	200					Central west Division				
			02			Non Tax Revenue				
				21		Administrative fees				
					357	PTA/Development fund	K53,882,500	K25,296,086	K28,586,414	53
	300					Central Eastern Division				
			02			Non tax Revenue				
				21		administrative fees				
					005	Boarding fees	K78,554,200	K50,599,414	K27,954,786	36
					356	General purpose fund	K35,593,875	K16,069,659	K19,524,216	55
					359	Text books revolving fund	K8,886,700	K4,416,268	K4,470,432	50
				22		Administrative charge				
					145	Rent government houses	K4,230,500	K1,681,050	K 2,549,450	60
				21		Administrative fees				
					005	Boarding fees	K40,702,500	K13,892,135	K26,810,365	65
					018	Tuition fees	K34,205,500	K14,595,842	K19,609,659	57
					356	General purpose fund	K34,205,500	K10,097,982	K24,109,518	70
					357	PTA/Development Fund	K14,890,450	K10,188,852	K4,701,598	31
					358	Computer Laboratory fund	K1,920,000	K963,091	K956,909	49
			22			Administrative charges				
					145	Rent - government houses	K7,851,339	K2,950,261	K 4,901,078	62
			02			Non Tax revenue				
				23		Sale proceeds from departments				

			101	Hire of school facilities	K372,000		K372,000		100
					<b>261,412,564</b>	<b>K125,454,554</b>	<b>K135,958,010</b>		
500				South Eastern Division					
	02			Non Tax Revenue					
		22		Administrative charges					
			145	Rent government houses		K4715,753	K4,715,753		100
				<b>TOTAL</b>	<b>378,838,017</b>	<b>157,828,828</b>	<b>220,472,189</b>		<b>58</b>

## DEVELOPMENT ACCOUNT

### RESOURCES UNDER COLLECTED

**VOTE: 250** : **Ministry of Education, Science and Technology**  
**CONTROLLING OFFICER** : **Secretary for Education, Science and Technology**  
**PROVISION** : **K2,802,520,178**  
**ACTUAL EXPENDITURE** : **K1,127,449,316**  
**UNDER COLLECTION** : **K1,675,070,862**

51 An examination of financial statements of development resources showed an under performance on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Sub Program</u>	<u>Program</u>	<u>Donor Project</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Expenditure</u>	<u>Under Performance</u>	<u>% of under Performance</u>
1							External Resources				
	4						Headquarters Grant				
		01					Educational Vocational				
			41				Pre - Primary and Primary School training Mgt				
				50			DFID				
	11						011 Essup-Project Coordination	K1,381,703,415	K863,524,123	K518,179,29	37%
							22 Secondary Education learning materials				
05							003 African Development Bank ADV IV Construction		K178,975,563	K178,975,563	100
							Community day Secondary School				
				62			Transport, Building and Housing Building and Housing Services				
					15		05 African Development fund				
							002 ADF Education IV Project	K298,055,929	K242,125,193	K55,930,736	18.7
							002 ADF Education IV project		K32,795,071	K32,795,071	100
							067 Construction of Oxidation Ponds Mzuzu		K50,000,000	K50,000,000	100
					11		Construction				
						01	Malawi Government				
							060 Construction of girls hostels		K400,000,000	K400,000,000	100
							069 Constructing Hostels at		K30,000,000	K30,000,000	100
				36			Malawi institute of Education Secondary Education				
					11		Construction				
						01	Malawi Government				
							061 ADF IV Construction of		K56,486,305	K56,486,305	100
							40 Community Secondary Schools				
							062 ADF V Education Project		K62,515,695	K62,515,695	100
							066 Rehabilitation of Secondary Schools		K207,763,200	K207,763,200	100
				06			Department of Science and Technology				
					35		Research Technology Generation				
						33	Research Programmes				
						01	Malawi Government				
							068 Ethanol Research Technology		K29,225,000	K29,225,000	100
					45		Tertiary Education				
						02	management and Support Services				
							01 Malawi Government				
							065 Establishing Lilongwe University of Science and Technology		K45,000,000	K45,000,000	100

62			Transport, Building and Housing						
	15		Building and Housing Services						
		01	Malawi Government						
		061	DDF IV - Construction of	K30,000,000	K21,800,000	K8,200,000	27		
			Community day Secondary						
			Schools						
TOTAL				<u>K2,802,520,178</u>	<u>K1,127,449,316</u>	<u>,675,070,862</u>	<u>60</u>		

52. An audit inspection of the financial and stores records of the Ministry of Education, Headquarters was completed in June 2010. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 30th June, 2010. The report highlighted the following observations—

**(a) Payment Vouchers without supporting documents: K19,629,870.60**

Treasury Instructions require that supporting documents such as delivery notes, invoices, local purchase orders, minutes and cash sale receipts should be firmly attached to the payment vouchers to afford independent checks.

An examination of payment vouchers revealed that payments amounting to K19,629,870.60 were made to suppliers of goods and services without supporting documents between September 2007 and December 2008.

**(b) Payment Vouchers not produced for audit: K7,072,443.00**

An examination of expenditure records revealed that payment vouchers amounting to K7,072,443.00 for the period between June 2007 and April 2008 were not presented for audit inspection. In the absence of these documents it was difficult for auditors to validate the expenditures.

**(c) Maintenance of Government vehicles at private owned garage without authority form (PVHO): K34,090,122-26**

Government financial regulations require that motor vehicles should be sent to reputable garages for repairs and services through the Plant and Vehicle Hire Organisation (PVHO) for any quotations above K30,000.00.

An examination of payment vouchers for the period between July 2007 and June 2008 revealed that vehicles were repaired for K34,090,122.26 by private garages without the approval from PVHO.

**(d) Stores not recorded in the Stores Ledger: K20,642,688-43**

Treasury Instructions require that all receipts of stores and other consumable items should be recorded in the Stores Ledger before issue.

An examination of payment vouchers against stores ledgers for the period between 2007 and 2008 revealed that stores items were not recorded in the stores ledger. Consequently, it was difficult for the inspecting auditors to ascertain their disposal.



**(e) Fuel not accounted for: K5,414,000-00**

A review of fuel records disclosed that some fuel which was purchased between June and July 2008 valued at K5,414,000-00 could not be traced. Consequently, the inspecting auditors could not ascertain how the fuel was utilized.

**(f) Overpayment to contractors for supplying teaching and learning materials: K4,930,000-00**

An examination of records pertaining to Tender No. 025/IPC/MOE/06/06 disclosed that the Ministry paid a sum of K96,980,000-00 to Impression Printers Ltd instead of the agreed contract amount of K92,050,000.00 there by overpaying by K4,930,000.00. There was no evidence to show that efforts were made to recover the excess amount from the contractor.

**SOUTH EAST EDUCATION DIVISION**

53. An audit inspection of financial and stores records of South East Education Division was completed in January, 2008. The audit disclosed some weaknesses in financial control which were communicated to the Controlling Officer in my report issued in February 2010. The report highlighted the following observation—

**Payment Vouchers without supporting documents-K1,595,271.00**

An examination of payment vouchers for the period between January 2007 and September 2007 disclosed that payment vouchers amounting to K1,595,271.00 had no valid supporting documents. Consequently the validity of the expenditure could not be ascertained.

**MALAWI COLLEGE OF DISTANCE EDUCATION**

54. An audit inspection of the financial and stores records of Malawi College of Distance Education was completed on 16th July 2010. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 15th November 2010. The report highlighted the following observations—

**(a) Payments made without supporting documents: K353,900.00**

Treasury instructions stipulate that payment vouchers should have supporting documents before effecting payments.

An examination of payment vouchers disclosed that payments amounting to K153,900.00 were made in September 2009 without supporting documents. Consequently the propriety of the expenditure could not be ascertained.

**(b) Failure to Record and account for Stores items: K3,265,526.13**

Treasury instructions stipulate that stores items should be recorded in the stores ledgers for accountability purposes.

An examination of payment vouchers against stores ledgers for the period between July 2008 and March 2010 revealed that the office did not record stores items worth K3,265,526.13 in the stores ledger. It was further observed that the items purchased were of low quality.

**(c) Stores items purchased and paid for but not delivered by the supplier: K2,836,625.00**

An examination of payment vouchers, invoices and delivery notes for the period between July 2008 and April 2010 revealed that the office paid a sum of K2,836,652.00 for the purchase of office supplies. However the items were not delivered by the supplier.

## **ZINGWANGWA SECONDARY SCHOOL**

55. An audit inspection of the financial and stores records of the Zingwangwa Secondary School was completed on 14th January, 2010. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 14th July, 2010. The report highlighted the following observation—

**Failure to collect outstanding Tuition Fees from students for 2009 school session: MK194,070.00**

An examination of school fees registers and general receipt books for the period between September, 2009 and January, 2010 disclosed that the school failed to collect outstanding tuition fees amounting to K194,070.00 from students who were admitted at the school. There was no evidence to show that efforts were made to collect the outstanding fees.

## **CHITIPA SECONDARY SCHOOL**

56. Audit inspection of the financial and stores records of Chitipa Secondary School was completed in October, 2009. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report issued in February, 2010. The report highlighted the following observations—

**(a) Fuel not recorded in the Fuel Register K562, 412.00**

Treasury Instructions stipulate that stores represent cash in another form and that the same care must be given to their custody and accountability as is applied to cash accounts.

An examination of payment vouchers revealed that fuel worth K562,412.00 was purchased. The office however had no fuel register to record the fuel. It was further noted that although the school had a vehicle, no log book where fuel drawn could have been recorded was maintained. In absence of the records, the inspecting auditors were unable to establish the accountability of the fuel.

**(b) Failure to deduct withholding Tax: K 195,443.57**

The Taxation Act stipulates that an entity should deduct withholding tax when making payments to suppliers of goods and services unless they are holders of withholding tax exemption certificates. The tax deducted should be remitted to Malawi Revenue Authority.

An examination of payment vouchers for the period between July 2006 and September 2009 revealed that Chitipa Secondary School procured goods and services from various suppliers amounting to K1,962,306.74. However withholding tax amounting to K195,443.57 was not deducted. There was no evidence to show that the suppliers were exempted from withholding tax.

**HEALTH**

**REVENUE ACCOUNT**

**REVENUE UNDER COLLECTED:**

**VOTE: 310 : Ministry of Health**  
**CONTROLLING OFFICER : Secretary for Health**  
**PROVISION : K34,260,400**  
**ACTUAL COLLECTION : K15,873,371**  
**UNDER COLLECTION : K18,387,029**

57. An examination of financial statements of revenue account showed under collection on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Collection</u>	<u>Under Collection</u>	<u>% Under Collection</u>
							K	K	K	
1						Local				
	03					Revenue Receipt				
		02				Queen Elizabeth				
			02			Central Hospital				
				21		Non Tax Revenue				
					058	Administrative Fees				
				23		User Fees	31,132,300	15,176,889	15,955,411	5
						Sales of Proceeds from				
					005	Departments	843,300	25,700	817,600	95
					354	Boarding Fees	500,000	24,000	476,000	95
		06				Sales of Health booklets				
			02			Mzuzu Central Hospital				
				21		Non Tax Revenue				
					001	Administrative Fees				
						Administration				
						General Fees	1,000,000	17,500	982,500	
		14				Zomba DHO				
			02			Non Tax Revenue				
				21		Administrative Fees				
					058	User Fees	784,800	629,282	155,518	
							<u>34,260,400</u>	<u>15,873,371</u>	<u>18,387,029</u>	<u>54</u>

## DEVELOPMENT ACCOUNT

### UNDER PERFORMANCE

**VOTE: 310 : Ministry of Health**

**CONTROLLING OFFICER : Secretary for Health**

**PROVISION : K7,214,016,317**

**ACTUAL EXPENDITURE : K 559,843,113**

**UNDER COLLECTION : K6,654,173,204**

58. An examination of financial statements on development resources showed an under performance on the following items—

<i>Source</i>	<i>Budget Type</i>	<i>Cost Centre</i>	<i>Type of Receipt</i>	<i>Prog.</i>	<i>Sub Prog.</i>	<i>Donor</i>	<i>Project</i>	<i>Details</i>	<i>Revised Estimates</i>	<i>Actual Expenditure</i>	<i>Under Performance</i>	<i>% of under Performance</i>
2								External Resources Headquarters Grants				
	4	01		41	01			Administration and Support Services Management and support services Bank of Arab Development Agency				
					02	25		031 Construction of New Phalombe Hospital		266,280,000	266,280,000	100
41				59				Grant Health Services				
					41			Medical Infrastructure and equipment African Development Bank (ADB)				
				41				006 Health Sector support Project	1,800,000,000	559,843,113	1,240,156,887	69
					41			Grants Medical Infrastructure and Equipment				
						35		009 OPEC Fund				
					41			Nkhotakota District Hospital		555,870,000	555,870,000	100
				38				Grants DFID				
						022		Rehabilitation of Balaka Hospital		18,500,000	18,500,000	100
								032 Construction of Dowa Hospital	15,000,000		15,000,000	100
								035 Umoyo Housing Project		3,433,500,487	3,433,500,487	100
								036 Constructions of laboratories (swap)		300,000,000	300,000,000	100
								037 Chancy Maples (Swaps POOL)		50,000,000	50,000,000	100
								038 Constructions of Orthopedic Centre (KCH)		105,000,000	105,000,000	100
03								Zomba Central Hospital				
	41							Grants				
		23		25				Infrastructure Development Rehabilitation & Maintenance				
					15			Tertiary Health Infrastructure Development				
								Norwegian Agency for International Development				
								005 Replacement of Zomba Central Hospital		498,085,830	498,085,830	100
	29							Nkhatabay District Health Office				
					41			Grant				
					23			Infrastructure Development Rehabilitation & Maintenance				
					24			24 sec. Health infrastructure Development services				
					35			OPEC fund				
								009 Nkhatabay District Hospital		266,280,000	266,280,000	100
<b><u>TOTAL</u></b>									<b><u>K7214 016 317</u></b>	<b><u>K559843113</u></b>	<b><u>K6654173204</u></b>	<b><u>92</u></b>

## QUEEN ELIZABETH CENTRAL HOSPITAL

59. An audit inspection of the financial and stores records of Queen Elizabeth Central Hospital was completed on 24th March, 2010. The audit review disclosed some weaknesses in financial control which were communicated to you in my report dated 14th September, 2010. The report highlighted the following observation—

**Food stuff and general stores fully paid for but not delivered by the supplier: K1,146,592.90**

An examination of payment vouchers against ration ledgers and the delivery notes disclosed that food stuffs worth K1,146,592.90 which were fully paid for were not delivered by the suppliers.

### **CHITIPA DISTRICT HOSPITAL**

60. An audit inspection of the financial and stores records of Chitipa District Hospital was completed in October 2009. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report issued in February, 2010. The report highlighted the following observation.

#### **Payment Vouchers without supporting documents: K2,770,332.50**

Treasury Instructions stipulate that a voucher must be fully supported by an original invoice and in cases where stores are purchased for cash, the payment voucher should be endorsed “cash” and should be supported by a receipt or cash sales slip.

An examination of payment vouchers for the period between July 2007 and August 2009 disclosed that expenditure amounting to K2,770,332.50 was not supported by documents. Therefore the audit could not establish the propriety of the expenditure.

### **ZOMBA CENTRAL HOSPITAL**

61. An audit inspection of the financial and stores records of the Zomba Central Hospital was completed in September, 2009. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report issued in June, 2010. The report highlighted the following observations—

#### **Payment Vouchers without supporting documents: MK32,195, 427.73**

Treasury Instructions require that all payment vouchers must have valid supporting documents such as receipts and invoices attached to them to support the payment.

An examination of payment transactions disclosed that some payment vouchers for the period 2006 to 2008, amounting to MK32,195,427.73 had no supporting documents. Consequently, the propriety of the expenditure could not be ascertained in absence of supporting documents.

# INTERNAL AFFAIRS AND PUBLIC SECURITY

## DEVELOPMENT ACCOUNT

### UNDER PERFORMANCE

<b>VOTE: 342</b>	<b>:</b>	<b>Internal Affairs and Public Security</b>
<b>CONTROLLING OFFICER</b>	<b>:</b>	<b>Secretary for Internal Affairs and Public Security</b>
<b>PROVISION</b>	<b>:</b>	<b>K216,535,700</b>
<b>ACTUAL EXPENDITURE</b>	<b>:</b>	<b>K195,767,700</b>
<b>UNDER PERFORMANCE</b>	<b>:</b>	<b>K20,768,000</b>

62. An examination of financial statements on development resources showed an under performance on the following items—

<u>Budget Source</u>	<u>Cost Type</u>	<u>Type of Centre Receipt</u>	<u>Sub Prog.</u>	<u>Sub Prog.</u>	<u>Donor Project</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Expenditure</u>	<u>Under Performance</u>	<u>% of under Performance</u>
4		01				External Resources				
			52			Headquarters				
				69		Local loans				
					35	Public Admi.				
						Management & Support/General Admin.				
					01	Malawi Government				
					067	Construction of Maximum Prisons	K108,752,900	K88,751,700	K20,001,200	18
					075	Construction of New Ntchisi Prison	K107,782,800	K107,016,000	K766,800	0.7
					-		<b>K216,535,700</b>	<b>K195,767,700</b>	<b>K20,768,000</b>	<b>10</b>

## DEVELOPMENT ACCOUNT

### UNDER PERFORMANCE

<b>VOTE: 340</b>	<b>:</b>	<b>Internal Affairs and Public Security</b>
<b>CONTROLLING OFFICER</b>	<b>:</b>	<b>Secretary for Internal Affairs and Public Security</b>
<b>PROVISION</b>	<b>:</b>	<b>K495,000,000</b>
<b>ACTUAL EXPENDITURE</b>	<b>:</b>	<b>K65,555,556</b>
<b>UNDER PERFORMANCE</b>	<b>:</b>	<b>K429,444,444</b>

63. An examination of financial statements on development resources showed an under performance on the following items.

<u>Budget Source</u>	<u>Cost Type</u>	<u>Type of Centre Receipt</u>	<u>Sub Prog.</u>	<u>Sub Prog.</u>	<u>Donor Project</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Expenditure</u>	<u>Under Performance</u>	<u>% of under Performance</u>
2						External Research				
	4					Headquarters				
		01				Local loans				
			52			Home affairs & Internal security				
				20		Administrative & Support Services				
					02	Malawi Government				
					01	Rehabilitation of Prison training school	K19,974,000		K19,974,000	100
					062	Construction of Mwanza Prison and staff houses	K33,026,000		K33,026,000	100
					064	Staff Houses Prog	K100,000,000	K61,555,556	K38,444,444	38
					066	Construction of Morsroum Prison Lilongwe	K2,000,000		K2,000,000	100
					067	Construction of Salima Prison	K5,000,000		K5,000,000	100
					070	Community Policing	K10,000,000	K2,000,000	K8,000,000	80
					071	Rehabilitation of Prisons	K68,384,000		K68,384,000	100
					072	Irrigation Dev. In				
					074					

				Prisons	K17,576,279		K17,576,279	100
		075		Construction of New Ntchisi Prison	K37,039,721		K37,039,721	100
		076		Construction of Mankhanga Prison	K7,000,000		K7,000,000	100
		077		Construction of Mchinji Prison	K5,000,000		K5,000,000	100
		079		Water Metering	K40,000,000	K2,000,000	K38,000,000	
67				Security Services				
	23			Immigration Services				
		01		Malawi Government				
		066		Staff Houses Immigration	K100,000,000		K100,000,000	100
		069		Computerisation of Boarder entry and exit print		K45,000,000	K45,000,000	100
-					<b>K495,000,000</b>	<b>K65,555,556</b>	<b>K429,444,444</b>	

## REVENUE ACCOUNT

### REVENUE UNDER COLLECTED

**VOTE: 342 : Prisons**

**CONTROLLING OFFICER : The Secretary for Internal Affairs and Public Security**

**PROVISION : K853,125**

**ACTUAL COLLECTION :**

**UNDER COLLECTION : K853,125**

64. An examination of financial statements on Revenue account showed an under collection on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Collection</u>	<u>Under Collection</u>	<u>% Under Collection</u>
1		3				Local Revenue Receipts				
		06				Farms				
			02			Non Tax Revenue				
				23		Sale Proceeds From Departments				
					308	Sale Of Farm Produce				
							853,125	-	853,125	100
					<b>TOTAL</b>		<b>K853,125</b>	<b>-</b>	<b>K853,125</b>	<b>100</b>

## REVENUE ACCOUNT

### REVENUE UNDER COLLECTED

**VOTE: 341 : Malawi Police Office**

**CONTROLLING OFFICER : Secretary for Internal Affairs and Public Security**

**PROVISION : K201,300,000**

**ACTUAL COLLECTION : K123,290,346**

**UNDER COLLECTION : K 78,009,654**

65. An examination of financial statements of revenue accounts showed under collection on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Collection</u>	<u>Under Collection</u>	<u>% Under Collection</u>
1		3				Local Revenue receipts		K	K	K
		01				Headquarters				
			02			Non-tax revenue				
				21		Administrative fees				
					52	fire arm license fees	1,500,000	971,662	528,338	35
					53	Traffic Fees	198,000,000	121,497,470	76,502,530	38
				25		Miscellaneous receipts				
					606	Police Stores and Miscellaneous				
							1,800,000	821,214	978,786	54
							<b>201,300,000</b>	<b>123,290,346</b>	<b>78,009,654</b>	<b>39</b>

**REVENUE ACCOUNT****REVENUE UNDER COLLECTED****VOTE: 343 : Immigration Department****CONTROLLING OFFICER : Secretary for Internal Affairs and Public Security****PROVISION : K719,200,000****ACTUAL COLLECTION : K303,518,530****UNDER COLLECTION : K 415,681,400**

66. An examination of financial statements of revenue accounts showed under collection on the following items—

<i>Budget Source</i>	<i>Cost Type</i>	<i>Type of Centre</i>	<i>Type of Receipt</i>	<i>Specific Revenue</i>	<i>Details</i>	<i>Revised Estimates</i>	<i>Actual Collection</i>	<i>Under Collection</i>	<i>% Under Collection</i>
						K	K	K	
1	3				Local				
		01			Revenue receipts				
			02		Headquarters				
				21	Non-tax revenue				
					Administration fees				
				006	Citizenship fee	62,169,000	17,520,070	44,639,930	71
				030	Postage fees	1,700,000	456,190	1,243,810	73
				22	Admin charges				
				030	Postage fees	2,440,000	83,240	2,356,760	96
				140	Passport issues, renewal				
					And certificate	652,800,000	285,459,030	367,340,970	56
				23	Sale proceeds from Dept				
				301	Sale of Boarded off items	100,000	70	99,930	99.9
						<u>719,200,000</u>	<u>303,518,53</u>	<u>415,681,400</u>	<u>57.79</u>

**IMMIGRATION HEADQUARTERS-BLANTYRE**

67. An audit inspection of the financial and stores records of Immigration Headquarters was completed on 26th June, 2009. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 3rd February, 2010. The report highlighted the following observations—

**(a) Failure to deduct withholding Tax-K1,495,928.78**

Malawi Taxation Act Cap.41.01 requires deduction of withholding tax when making payments to suppliers of goods and services using appropriate rates unless they possess valid withholding tax exemption certificates.

An examination of payment vouchers disclosed that between July, 2008 and February, 2009 the office did not deduct withholding tax amounting to K1,495,928.78 from payments made to suppliers of goods and services. There was no evidence to show that the suppliers had withholding tax exemption certificates.

**(b) Failure to account for Government Revenue: K1, 545,465.80**

An examination of general receipts, bank deposit slip and cash books disclosed that between September, 2008 and January 2009, revenue amounting to K1,545,465.80 was under banked and the accountability of the under banked amount could not be ascertained.



**(c) Stores items not recorded in the Stores Ledger: K489, 187.00**

Treasury Instructions require that all receipts of stores items must be recorded in the ledger for proper accountability.

An examination of delivery notes and stores ledger for the period November, 2008 to April 2009 disclosed that stores items valued at K489,187.00 were not recorded in the stores ledger. Consequently it was difficult to ascertain the accountability of the items in absence of any disposal record.

**(d) Salaries not signed for- K264, 391.00**

An examination of payrolls for the period July, 2008 to April, 2009 disclosed that a sum of K264,391.04 in respect of salaries and wages was not signed for by the recipients. It was therefore difficult for the auditors to satisfy themselves as to whether the salaries were properly paid.

**SOUTHERN REGION POLICE HEADQUARTERS**

68. An audit inspection of the financial and stores records of Southern Region Police Headquarters was completed on 5th March, 2010. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 22nd September 2010. The report highlighted the following observations—

**Revenue spent at source: K11,420,884.00**

An examination of revenue records disclosed that the office collected revenue amounting to MK23, 094,584.00 between July 2009 and February 2010, out of which only MK11,673,700.00 was banked into the consolidated fund, and the difference of MK11, 420,884.00 was used by the office for its daily operations without Treasury authority. There was no evidence to show that the amount was recovered from ORT and banked into Government Account No.1.

**EASTERN REGION POLICE HEADQUARTERS-ZOMBA**

69. An audit inspection of the financial and stores records of the Eastern Region Police Headquarters was completed in March 2009. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report issued in January 2010. The report highlighted the following observations—

**(a) Revenue Spent at Source: MK 4,080,888.53**

Treasury Instructions require that Government ministries and departments should collect revenue and bank it intact and promptly. It was however observed that the office spent part of revenue collected amounting to K 4,080, 888.53 between July 2007 and March 2009.

There was no evidence to show that the revenue was recovered from ORT and banked into Government Account No. 1.

**(b) Payment Vouchers without supporting documents: K8,746,3909.64**

An examination of payment vouchers for the period between August, 2007 and March 2009 revealed that payment vouchers amounting to K 8,746,690.64, had no supporting documents. The audit could therefore not establish the propriety of the expenditure in the absence of the supporting documents.

**(c) ORT Funds withdrawn fraudulently: K100, 000.00**

An examination of payment vouchers revealed that a sum of K100, 000.00 was disbursed based on a photocopied invoice dated 12 December 2007 which was signed by the then authorizing Officer, Mr. Bello. The payment was in favour of Liwonde Town Council for a service not delivered. The Council was contracted to clear a septic tank and maintain officers' houses which it did not do.

## **NKHATA BAY POLICE STATION**

70. An audit inspection of the financial and stores records of Nkhata Bay Police Station was completed in March, 2010. The audit review disclosed some weaknesses in financial control which were communicated to the Controlling Officer in my report dated 10th March, 2010. The report highlighted the following observations.

**(a) Revenue spent without treasury authority: K179,420.00**

Treasury Instructions stipulate that all revenue collectors are required to account for the whole amount of such revenue collected which should be banked within a fortnight.

An examination of payment vouchers on which funds from revenue were paid disclosed that a sum of K179,420.00 was spent from revenue collected without treasury authority. The revenue was used to finance different activities at the station between January 2008 and February, 2010. There was no evidence to show that the amount was recovered from ORT and banked into Government Account No 1.

**(b) Stores not recorded in the Ledger: K279,815.18**

Treasury Instructions require that a stores ledger must be opened and maintained for the purpose of recording receipts and issues of all stores.

An examination of the stores ledger and payment vouchers pertaining to stores, disclosed that stores items worth K239,346.51 were not recorded in the ledger. Consequently, the audit team could not ascertain whether the stores items were properly used.

**(c) Fuel not recorded in the Motor Vehicle Log Books: K279,815.18**

In accordance with Treasury Instructions, the officer in charge of the vehicle or major item of self propelled plant must ensure that full details of all petrol, oil and lubricant requisitions issued in respect of the item are recorded in the vehicle log book.

An examination of fuel register and log books for motor vehicles belonging to the station revealed that fuel worth K279,815.18 which was drawn by the vehicles was not recorded in the log books.

**KARONGA POLICE STATION**

71. An audit inspection of the financial and stores records of Karonga Police Station was completed in January 2010. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report issued in February, 2010. The report highlighted the following observation—

**(a) Revenue collected and used on ORT activities: K216,700.00**

Treasury Instructions require all revenue collectors who receive in their official capacity any revenues or other public moneys to account for the whole amount of such money and bank it at the earliest possible opportunity and in any case not less than once a fortnight.

An examination of revenue records disclosed that revenue amounting to K216,700.00 collected between December 2009 and January 2010 was spent on Other Recurrent Transactions (ORT) before it was banked. There was no evidence to show that the amount was recovered from ORT funds and deposited into Government Account No. 1.

**JUSTICE AND CONSTITUTIONAL AFFAIRS**

**REVENUE ACCOUNT**

**REVENUE UNDER COLLECTED**

**VOTE: 350 : Ministry of Justice**  
**CONTROLLING OFFICER : Secretary for Justice and Constitutional Affairs**  
**PROVISION : K840,000**  
**ACTUAL COLLECTION : K131,116**  
**Under Collection : K 708,884**

72. An examination of financial statements of Revenue Accounts showed an under collection on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Collection</u>	<u>Under Collection</u>	<u>% Under Collection</u>
							K	K	K	
1						Local				
	3					Revenue receipts				
		01				Headquarters				
			02			Non-tax revenue				
				23		Sale proceeds from				
						Department.				
					319	Sale of Malawi Law				
						Reports	840,000	131,116	708,885	84

**REVENUE ACCOUNT****REVENUE UNDER COLLECTED****VOTE: 353 : Administrator General****CONTROLLING OFFICER : The Solicitor General and Secretary for Justice****PROVISION : K500,000****ACTUAL COLLECTION :****UNDER COLLECTION : K500,000**

73. An examination of financial statements of Revenue Accounts showed an under collection on the following items—

<i>Source</i>	<i>Budget Type</i>	<i>Cost Centre</i>	<i>Type of Receipt</i>	<i>Type of Revenue</i>	<i>Specific Revenue</i>	<i>Details</i>	<i>Revised Estimates</i>	<i>Actual Collection</i>	<i>Under Collection</i>	<i>% Under Collection</i>
1						LOCAL				
	3					REVENUE RECEIPTS				
		01				HEADQUARTERS				
			02			NON TAX REVENUE				
				21		ADMINISTRATIVE FEES				
					001	ADMINISTRATION GENERAL'S FEES		500,000	500,000	100
					<b>TOTAL</b>			<b>K500,000</b>	<b>K500,000</b>	<b>100</b>

**REVENUE ACCOUNT****REVENUE UNDER COLLECTED****VOTE: 352 : Registrar General****CONTROLLING OFFICER : The Solicitor General and Secretary for Justice****PROVISION : K104,192,114****ACTUAL COLLECTION : K 74,591,006****UNDER COLLECTION : K 29,601,108**

74. An examination of financial statements of Revenue Accounts showed an under collection on the following items—

<i>Source</i>	<i>Budget Type</i>	<i>Cost Centre</i>	<i>Type of Receipt</i>	<i>Type of Revenue</i>	<i>Specific Revenue</i>	<i>Details</i>	<i>Revised Estimates</i>	<i>Actual Collection</i>	<i>Under Collection</i>	<i>% Under Collection</i>
1						Local				
	3					Revenue Receipts				
		01				Headquarters				
			02			Non Tax Revenue				
				21		Administrative Fees				
					032	Registrar General's Fees	31,260,678	23,372,963	7,887,715	25.2
				22		Administrative Charges				
					116	Estate Duties	72,931,436	51,218,043	21,713,393	29.8
					<b>TOTAL</b>		<b>104,192,114</b>	<b>74,591,006</b>	<b>29,601,108</b>	<b>28.4</b>

**REGISTRAR GENERAL**

75. An audit inspection of the financial and stores records of the Registrar General was completed in September 2009. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 1st June 2010. The report highlighted the following observations—

**(a) Registration forms, Birth Certificates and Marriage Books Purchased but not delivered by the supplier: K749,958.60**

An examination of delivery notes and ledgers disclosed that registration forms, birth certificates and marriage books worth K749,958.60 which

were paid for were not delivered by Government Printer, the supplier, since June 2008 and no action was taken by the office against the supplier.

**(b) Failure to deduct withholding Tax: K194,533.47**

An examination of payment vouchers for the period between September 2008 and May 2009 revealed that a sum of K1,945,335.18 was paid to suppliers and contractors without deducting withholding tax of K194,533.47, contrary to the provision of the Taxation Act.

**LEGAL AID DEPARTMENT**

- 76 An audit inspection of the financial and stores records of Legal Aid Department was completed on 3rd September, 2009. The audit review disclosed weaknesses in financial control which were communicated to you in my report dated 22nd January, 2010. The report highlighted the following observation—

**Outstanding Fines: K248,000.00**

A test check of case files for the period between July, 2008 and June, 2009 disclosed that a sum of K248,000.00 in respect of fines was still outstanding as at the date of audit. There was no evidence to show that efforts were being made to collect the amount.

**CHIEF STATE ADVOCATE CHAMBERS**

77. An audit inspection of financial and stores records of Chief State Advocate Chambers was completed in March, 2009. The audit disclosed some weaknesses in financial control which were communicated to the Controlling Officer in my report dated 16th April, 2010. The report highlighted the following observation—

**Stores items not recorded in the Stores Ledger: K538,652.00**

Treasury Instructions require stores items to be recorded in the stores ledger before issues are made for proper accountability of stores items.

An examination of payment vouchers for the period between April and November, 2008 disclosed that stores items worth K538, 652.00 were not recorded in the stores ledger. Consequently the inspecting auditors were unable to ascertain the disposal of the stores items.

## JUDICIARY

### REVENUE ACCOUNT

#### REVENUE UNDER COLLECTED

**VOTE: 070 : Judiciary**

**CONTROLLING OFFICER : The Registrar of High and Supreme Court of Appeal**

**PROVISION : K179,988,000**

**ACTUAL COLLECTION : K22,630,331**

**UNDER COLLECTION : K157,357,669**

78. An examination of financial statements of revenue account showed under collection on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Collection</u>	<u>Under Collection</u>	<u>% Under Collection</u>
								K	K	K
1						LOCAL				
	3					REVENUE RECEIPTS				
		01				HEADQUARTERS				
			02			NON TAX REVENUE				
				21		ADMINISTRATIVE FEES				
					009	COURT FEES	47,200,000	322,850	46,877,150	99.3
					010	COURT FINE	57,000,000	22,260,481	34,739,519	60.9
					116	SHERIFF FEES	75,788,000	47,000	74,741,000	99.9
					<b>TOTAL</b>		<b>179,988,000</b>	<b>22,630,331</b>	<b>157,357,669</b>	<b>87.4</b>

## DEVELOPMENT ACCOUNT

### UNDER PERFORMANCE

**VOTE: 070 : Judiciary**

**CONTROLLING OFFICER : Registrar of High and Supreme Court of Appeal**

**PROVISION : K750,000,000**

**ACTUAL EXPENDITURE : K100,000,000**

**UNDER PERFORMANCE : K650,000,000**

79. An examination of financial statement on development resources showed under performance on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Expenditure</u>	<u>Under Performance</u>	<u>% Under Performance</u>
2						External				
4						Resources				
		01				Headquarters				
			52			Local Loans				
				68		Governance and Rule of Law				
				11		Judicial Services				
					01	Malawi Government				
					061	Maintenance of Buildings	K600,000,000	K600,000,000		100%
					17	judicial Services/ commercial / Courts				
				01		Malawi Government				
					060	Commercial Courts	K100,000,000	K85,000,000	K15,000,000	15%
					064	Judicial Complex				
					<b>Lilongwe</b>		<b>K50,000,000</b>	<b>K15,000,000</b>	<b>K35,000,000</b>	<b>70%</b>
							<b>K750,000,000</b>	<b>K100,000,000</b>	<b>K650,000,000</b>	

## **BLANTYRE CHIEF RESIDENT MAGISTRATE COURT (SOUTH)**

80. An audit inspection of the financial and stores records of Blantyre Chief Resident Magistrate Court (South) was completed on 7th September 2010. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 15th November 2010. The report highlighted the following observations—

### **Failure to maintain Fuel Registers: K1,691,483.00**

Treasury instructions stipulate that all purchases of fuel should be recorded in the fuel register.

An examination of payment vouchers revealed that fuel purchased during the period ending 30 June 2009 worth K1,691,483.00 was not recorded in a fuel register. Consequently the inspecting auditors could not ascertain the disposal of the fuel in absence of the disposal records.

## **NEW BLANTYRE MAGISTRATE COURT**

81. An audit inspection of the financial and stores records of New Blantyre Magistrate Court was completed on 22nd March, 2010. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 14th September 2010. The report highlighted the following observations;

### **Misappropriation of Funds: K4,025,700.00**

An examination of cheque dispatch register and votes ledgers disclosed that on 6th November, 2009 Mr F. Malla from the Judiciary prepared a voucher in the name of Mr J. Kafumbata for staff in respect of subsistence allowances for members of staff allegedly attending a meeting in Mangochi.

A sum of K4,025,700.00 was cashed on cheque number 150894 dated 6th November, 2009 using Malawi Savings Bank, Blantyre Branch.

A further review of records disclosed that Mr J. Kafumbata did not exist in the Judicial Service. The cheque was identified by D.K. Banda who is not an employee of the Judiciary. The matter was being investigated by the Fiscal Police as at the date of audit.

## PERSONS WITH DISABILITIES AND THE ELDERLY

### DEVELOPMENT ACCOUNT

#### UNDER PERFORMANCE

**VOTE: 200** : **Persons with Disabilities and the Elderly**  
**CONTROLLING OFFICER** : **Secretary for Persons with Disabilities and the Elderly**  
**PROVISION** : **K75,000,000**  
**ACTUAL EXPENDITURE** : **-**  
**UNDER PERFORMANCE** : **K75,000,000**

82. An examination of financial statement on development resources showed under performance on the following items—

<i>Source</i>	<i>Budget Type</i>	<i>Cost Centre</i>	<i>Type of Receipt</i>	<i>Sub Prog.</i>	<i>Prog. Donor</i>	<i>Project</i>	<i>Details</i>	<i>Revised Estimates</i>	<i>Actual Expenditure</i>	<i>Under Performance</i>	<i>% of under Performance</i>
2							External Resources				
	4						Headquarters				
			01				Local Loans				
				52			Culture and Development services				
					06		Elderly Services				
						01	Malawi Government				
						060	Construction of				
							Elderly Services	50,000,000		50,000,000	100
	05						Disability Services				
			01				Malawi Government				
						062	Expansions of Community Based Rehabilitation	25,000,000		-25,000,000	100
								<u>75,000,000</u>		<u>75,000,000</u>	<u>100</u>

83. An audit of the financial and stores records of the Ministry of Persons with Disability and the Elderly (Headquarters) was completed in December 2008. The audit disclosed some weaknesses in financial control which were communicated to the Controlling Officer in my report dated January 2010. The report highlighted the following observations—

**(a) Misallocation of development project funds: K79,539,588.34**

Treasury Instructions stipulate that expenditure must be charged to the appropriate Vote/Programme and spend on intended purposes in accordance with the approved budget estimates. The instructions further state that no expenditure for that purpose may be charged to any other allocation without treasury approval and ratification by the National Assembly.

An examination of expenditure records disclosed that control over Part II Development resources was unsatisfactory. It was observed that between March and June 2008 expenditure amounting to K79,539,588.34 was made for activities which were not related to the construction of female hostel at Mulanje School for the Blind.

**(b) Failure to record stores items in Stores Ledgers: K67,198,901.09**

Treasury Instructions stipulate that Controlling Officers must ensure that an effective system exists within their ministries for the control of stores and equipment and that store keepers are appointed with the



responsibilities for the custody and issue of all stocks and records as required by these instructions.

An examination of procurement records and stores ledger disclosed that control system regarding management of procurement was not effective. It was observed that stores items valued at K67,198,901.09 procured between June 2006 and June 2008 were not recorded in the stores ledger. As a result the audit team could not ascertain the accountability of the stores.

## NATURAL RESOURCES, ENERGY AND ENVIRONMENTAL AFFAIRS

### DEVELOPMENT ACCOUNT

#### UNDER PERFORMANCE

**VOTE: 470 : Natural Resources Energy and Environmental Affairs**

**CONTROLLING OFFICER : Secretary for Natural Resources Energy and Environmental Affairs**

**PROVISION : K931,258,000**

**ACTUAL EXPENDITURE : K144,722,033**

**UNDER PERFORMANCE : K786,535,967**

84. An examination of Financial Statements on Development Resources showed under performance on the following items:

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Sub Prog.</u>	<u>Prog. Donor</u>	<u>Project</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Expenditure</u>	<u>Under Performance</u>	<u>% of under Performance</u>
02	04	18					External Resources Energy Division				
				41			Grants				
				13			Environmental Management				
					08		Enforcement Of				
							Law And Policy				
					11		United Nations				
							Dev. Programme				
						001	Forestry Mgt. For	426,088,000	-	436,088,000	100
							Sustainable				
							Livelihood				
		18					Energy Division				
			52				Local Loans				
				65			Mining, Energy				
							Generation And				
					21		Supply				
						01	Energy Supply				
							Malawi Government				
						063	Community Solar	50,000,000	-	50,000,000	100
							Installation				
						069	Oil Pipeline And	15,000,000	10,000,000	5,000,000	33
							Fuel Storage				
							Forestry Hq				
		08					Environmental Mgt				
		13					Planning And				
				05			Evaluation				
						060	Forestry Replanting	65,000,000	38,000,000	27,000,000	42
							And Tree Nursery				
					10		Extension Services				
						085	Tree Planting Carbon	115,000,000	52,138,700	62,861,300	55
							Ecosystem-				

				35		Environmental Research, Technology Generation					
				07		Research Services					
					061	Tree Planting Carbon	17,170,000	-	17,170,000	100	
						Ecosystem-Environment					
			18			Energy Division					
				01		Administration And					
					02	Support Services					
						Manage Mnt And					
						Support Services					
					01	Malawi Government					
<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Sub Prog.</u>	<u>Donor Prog.</u>	<u>Project</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Expenditure</u>	<u>Under Performance</u>	<u>% of under Performance</u>
						064	Rural Electrification Programme-Phase Iv	64,000,000	-	64,000,000	100
				12			Energy And Mining Services				
					28		Alternative Energy Development				
						063	Community Solar Installation	50,000,000	-	50,000,000	100
						066	Alternative Source of Energy	50,000,000	44,583,333	5,416,667	11
							Gardens	20,000,000	-	20,000,000	100
						069	Oil Pipeline And Fuel Storage	50,000,000	-	50,000,000	100
						<b>Total</b>		<b>931,258,000</b>	<b>144,722,033</b>	<b>786,535,967</b>	<b>84</b>

## DEVELOPMENT ACCOUNT

### UNDER PERFORMANCE

**VOTE: 470 : Natural Resources, Energy and Environment**

**CONTROLLING OFFICER : Secretary for Natural Resources, Energy and Environmental**

**PROVISION : K129,523,635**

**ACTUAL EXPENDITURE : K62,673,884**

**UNDER PERFORMANCE : K66,849,751**

85. An examination of financial statement on revenue account showed an under performance of revenue on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Expenditure</u>	<u>Under Performance</u>	<u>% Under Performance</u>
							K	K	K	
1		3				Local Revenue Receipts				
			09			Forestry Research				
				02		Institute of Malawi				
					22	Non Tax Revenue				
						Administrative Charges				
					024	Licence Fees	951,023	902,340	48,683	5.1
			10			Regional Forestry Office (S)				
				02		Non Tax Revenue				
					21	Administrative Fees				
					024	Licence Fees	1,750,000	1,639,251	110,749	6.3
				22		Administrative Charges				
					133	Land Husbandry Services	332,360	167,500	164,860	49.6
					150	Royalties on Forestry Produce	3,500,000	3,403,891	96,109	2.7
							5,582,360	5,210,642	371,718	6.7
				11		Regional Forestry Office (C)				
			02			Non Tax Revenue				
					22	Administrative Charges				
					149	Road Trust Charges	211,338	121,350	89,988	42.6
					150	Royalties on Forestry Produce	6,340,155	4,635,764	1,704,391	26.9
							6,551,493	4,757,114	1,794,379	27.4
			12			Regional Forestry Office (N)				

02	21	025	Non Tax Revenue Administrative Fees				
	22	101	Research Fees	528,346	132,800	395,547	74.9
		145	Administrative Charges Accommodation and Hire of Hall		52,835	52,835	100
		150	Rent - Government Houses		31,652	31,652	100
	25	608	Royalties on Forestry Produce	3,170,077	3,025,710	144,367	4.6
			Miscellaneous Receipts	2,641,731	4,800	2,636,931	99.8
			Miscellaneous	6,424,641	3,163,310	3,261,331	50.8
02	14		Malawi College of Forestry				
	22	149	Non Tax Revenue Administrative Charges	729,750		729,750	100
		150	Road Trust Charges				
			Royalties on Forestry Produce	541,894		541,894	100
	23	308	Sale Proceeds From Departments				
		310	Sale of Farm Produce	105,669	3,475	102,194	96.7
		344	Sale of Fire Wood	500,599	150,450	350,149	69.9
			Log Sales	13,908,602	637,289	13,425,238	96.5
				15,786,514	637,289	15,149,225	96
16	02	22	Viphya Plantation Non Tax revenue Administrative Charges				
		101	Accommodation and Hire of Hall	414,292	322,445	91,847	22.2
		23	Sale Proceeds From Departments				
		308	Sale of Farm Produces	258,963	37,300	221,663	85.6
		344	Log Sales	92,689,319	47,516,444	45,170,875	48.7
	25	605	Miscellaneous Receipts	867,030	127,000	740,030	85.4
			Lands Miscellaneous Fees	94,227,604	48,003,189	46,224,415	49.1
			<b>TOTAL</b>	<b>129,523,635</b>	<b>62,673,284</b>	<b>66,850,351</b>	<b>51.6</b>

## REVENUE ACCOUNT

### REVENUE UNDER COLLECTED

**VOTE: 472 : Geological Survey**

**CONTROLLING OFFICER : Secretary for Natural Resources Energy and  
Environmental Affairs**

**PROVISION : K198,969,280**

**ACTUAL COLLECTION : K 44,774,235**

**UNDER COLLECTION : K154,195,045**

86 An examination of financial statements of revenue account showed under collections of revenue on the following items—

<u>Budget Source</u>	<u>Cost Type</u>	<u>Type of Centre</u>	<u>Type of Receipt</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Collection</u>	<u>Under Collection</u>	<u>% Under Collection</u>
1	3	19	02	21	Local Revenue Receipts Mines Headquarters Non Tax Revenue Administrative Fees				
				066	Reserved Mining Licence	389,760	251,150	138,610	35.6
				067	Non Exclusive Prospecting Licence	76,800	13,500	63,300	8.2
				070	Dealers Licence	60,000	34,581	25,419	42.4
				22	Administrative Charge				
				179	Ground Rent	2,954,640	1,921,500	1,033,140	35
				193	Royalties	195,488,080	42,553,504	152,934,576	78.2
				<b>TOTAL</b>	<b>198,969,280</b>	<b>44,774,235</b>	<b>154,195,045</b>		<b>77</b>

## DEPARTMENT OF FORESTRY

87. An audit inspection of the financial and stores records of Department of Forestry was completed in June 2010. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report issued in June 2010. The report highlighted the following observations—

**(a) HIV and AIDS Funds used for unrelated activities: K921,060.00**

An examination of payment vouchers disclosed that a total amount of K921,060.00 meant for HIV and AIDS activities was used for other purposes in the month of February 2010, representing seventy three (73%) per cent of the total amount allocated for HIV and AIDS activities during the period under review. As at the time of audit, there was no indication that efforts were being made to refund the amount.

**(b) Stores items purchased but not recorded in the Stores Ledger: K262,616.02**

Treasury Instructions require that an officer in charge of stores should maintain a stores ledger for the purposes of recording receipts and issues of stores items.

An examination of records disclosed that stores items valued at K262,616.02 purchased between September 2008 and May 2009 were not recorded in the stores ledger. It was therefore difficult to ascertain how the stores items were disposed off.

**(c) Payment for office supplies not delivered: K308,660.50**

An examination of payment vouchers and delivery notes revealed that the Department of Forestry paid a total of K308,660.50 between January 2009 and June 2009 to various suppliers but there was no evidence that the stores items were delivered by the suppliers.

**(d) Fuel purchased but not recorded in the Fuel Register: K715,284.00**

An examination of payment vouchers and fuel records disclosed lapses in the control of fuel purchases and maintenance of fuel records. It was observed that fuel valued at K715,284.00 purchased between August 2008 and June 2009 was not recorded in the fuel register. Consequently, it was difficult for the inspecting auditors to ascertain the accountability of the fuel.

**(e) Fuel issued but not accounted for by Section Heads: K2,396,956.24**

An examination of fuel records revealed serious weakness in accounting for fuel by section heads. It was observed that section heads did not keep records of fuel valued at K2,396,956.24 issued to them between July 2008 and June 2009. In the absence of such records it was difficult to ascertain how the fuel was accounted for.

## **REGIONAL FORESTRY OFFICE (NORTH)**

88. An audit inspection of the financial and stores records of Regional Forestry Office (North) was completed in August 2009. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 10th March, 2010. The report highlighted the following observations—

**(a) Misappropriation of Funds: K250, 300.00**

Treasury Instructions stipulate that cash, cheques, security documents and any documents of value received by public officers must be deposited as soon as possible after receipt in a safe, strong room, secured cash chest or other secure lockable place.

A review of general receipt books disclosed that between June 2009 and July 2009 funds amounting to K250,300.00 were under-banked and misappropriated, as there were no records to show how the revenue was utilised.

**(b) Debtors for sawing Trees: K704,785.12**

The Log Supply and Logging Agreement (reframed from Forest Act) states that sawing of trees should only commence after full payment is made.

An examination of records for the period between March 2009 and July 2009 revealed that tree blocks valued at K704,785.12 were sawed before full payment was made. The revenue was still uncorrected as at the date of audit review.

**(c) Missing Stores Items: MK140,000.00**

Treasury Instructions state that stores represent cash in another form and that the same care must be given to their custody and accountability as is applied to cash accounts.

An examination of stores records for items which were bought in July 2004 revealed that inventory sheet and physical balances could not agree. The missing items were valued at K140, 000.00.

**(d) Outstanding Debts: MK415, 361.12**

Treasury Instructions state that all monies due to government should be collected as soon as it is possible.

An examination of records for the period July 2006 to June 2009 revealed that an amount of MK415,361.12 in respect of revenue from dam operation fees, telecommunication equipment installation and tree block sawing was still uncollected as at the date of audit.

## **REGIONAL FORESTRY OFFICE (SOUTH)**

89. An audit inspection of the financial and stores records of Regional Forestry Office (South) was completed on 9th July, 2010. The audit review disclosed

weaknesses in financial control which were communicated to the Controlling Officer in my report dated 12th November, 2010. The report highlighted the following observation—

### Revenue not banked - K718,300.00

An examination of general receipts and bank records revealed that revenue amounting to K718,300.00 collected through general receipts numbers 001885 to 001950 between July 2008 and June 2009 was not banked. The cash was not available as at the date of audit. As such it was difficult for the inspecting auditors to ascertain how the unbanked revenue was accounted for.

## ANTI-CORRUPTION BUREAU

### DEVELOPMENT ACCOUNT

#### RESOURCES UNDER COLLECTED

**VOTE: 510** : **Anti Corruption Bureau**  
**CONTROLLING OFFICER** : **The Director Anti Corruption Bureau**  
**PROVISION** : **K372,975,940**  
**ACTUAL EXPENDITURE** : **K357,508,935**  
**UNDER COLLECTION** : **K15,467,005**

90. An examination of financial statement on development resources showed an under performance on the following items:

<i>Budget Source</i>	<i>Cost Type</i>	<i>Type of Centre</i>	<i>Type of Receipt</i>	<i>Specific Revenue</i>	<i>Details</i>	<i>Revised Estimates</i>	<i>Actual Expenditure</i>	<i>Under Performance</i>	<i>% Under Performance</i>
						K	K	K	
4				2	External Resources				
01					Lilongwe Headquarters				
				68	Governance And Rule Of Law				
				42	Anti- Corruption And Prevention				
				15	Nowergian Agency For Development				
				060	Support To Anti-Corruption Bureau				
						<u>372,975,940</u>	<u>357,508,935</u>	<u>15,467,005</u>	<u>4</u>

## GENDER, CHILD AND COMMUNITY DEVELOPMENT

### REVENUE ACCOUNT

#### RESOURCE UNDER COLLECTED

**VOTE: 320** : **Department of Community Services**  
**CONTROLLING OFFICER** : **Secretary for Gender, child and Community Development**  
**PROVISION** : **K86,000,000**  
**ACTUAL COLLECTION** : **K2,338,600**  
**UNDER COLLECTION** : **K83,661,400**

91. An examination of financial statements on revenue account showed an under collection of revenue on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Collection</u>	<u>Under Collection</u>	<u>% Under Collection</u>
							K	K	K	
2						Social and Community Services Revenue Receipts				
	09					Headquarters				
		01				Non Tax Revenue				
			02			Administrative Charges				
				22		Accommodation and Hire of Hall	12,019,000	426,100	11,592,900	96
					101	Magomero Com. Dev. Centre				
	05					Non Tax revenue				
			02			Administrative Charges				
				22		Accommodation and Hire of Hall	861,000	455,500	405,500	47
					101	Course Fees	73,120,000	1,457,000	71,663,000	98
					008		<u>86,000,000</u>	<u>2,338,600</u>	<u>83,661,400</u>	<u>97</u>

## DEVELOPMENT ACCOUNT

### RESOURCES UNDER COLLECTED

**VOTE: 320 : Ministry of Gender Child and Community Development**

**CONTROLLING OFFICER : Secretary for Gender Child and Community Development**

**PROVISION : K77,197,500**

**ACTUAL EXPENDITURE : K33,357.703**

**UNDER COLLECTION : K43,839,797**

92. An examination of Financial Statements on Development Resources showed under performance on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Sub Prog.</u>	<u>Prog. Donor</u>	<u>Project</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Expenditure</u>	<u>Under Performance</u>	<u>% of under Performance</u>
1							External Resources				
	4						Headquarters				
		01					External Loans				
			53				Community Youth				
				61			And Sports Dev.				
					42		Social Welfare				
							Services And Adult Literacy				
					06		African Dev .				
						002	Bank (Adb)				
							Skills Dev. And Income Generation	77,197,500	33,357,703	43,839,797	57

## MPEMBA JUVENILE REFORMATORY CENTRE

93. An audit inspection of the financial and stores records of Mpemba Juvenile Reformatory Centre was completed on 30th March 2010. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my reported dated 15th November, 2010. The report highlighted the following observation—

**Payment of personal water and Electricity Bills by the office: K104,700.00**

An examination of payment vouchers disclosed that between 5th October and 4th November, 2009, the office paid personal water and electricity bills

on behalf of members of staff totalling to K66,000.00 and K38,700.00 respectively. The money was not recovered from the officers concerned.

## TOURISM, WILDLIFE AND CULTURE

### REVENUE ACCOUNT

#### REVENUE UNDER COLLECTED

**VOTE: 360 : Ministry of Tourism, Wildlife and Culture**  
**CONTROLLING OFFICER : Secretary for Tourism, Wildlife and Culture**  
**PROVISION : K19,965,000**  
**ACTUAL COLLECTION : K33,390**  
**UNDER COLLECTION : K 19,931,610**

94. An examination of financial statements of revenue accounts showed under collection on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Collection</u>	<u>Under Collection</u>	<u>% Under Collection</u>
1	3	6	02	22		Local Revenue receipts		K	K	K
					121	Game Licence	120,000	32,940	87,060	73.0
					138	Park Entrance	8,000,000	450	7,999,550	99.9
					23	Sale proceeds from Departments				
					301	Sale of firewood	100,000	-	100,000	100
					337	Sale of trophies	100,000	-	100,000	100
					343	Sale of game meat	1,000,000	-	1,000,000	100
							<b>9,320,000</b>	<b>33,390</b>	<b>9,286,610</b>	<b>99.6</b>

  

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Collection</u>	<u>Under Collection</u>	<u>% Under Collection</u>
1	3	07	02	22		Local Revenue receipts		K	K	K
					024	Culture Non-tax revenue				
					040	Administrative charges				
						Licence fees	70,000	-	70,000	100
						Operator permit and Authorization fees	120,000	--	120,000	100
					132	Kwacha Cultural Troupe	450,000	-	450,000	100
					134	Lease, House, Public				
						Customary Land fee	192,000	-	192,000	100
					168	Censoring and Grading				
						Video Tape-old	2,535,000	--	2,535,000	100
					169	Censoring and Grading				
						Video Tape-New	5,518,240	-	5,518,240	100
					188	Foreign Research	709,760	-	709,760	100
					189	Local Research	60,000	-	60,000	100
					309	Sale of Firms	250,000	-	250,000	100
					329	Sale of Publications	540,000	-	540,000	100
					608	Miscellaneous Duties	200,000	-	200,000	100
							10,645,000		10,645,000	100
						<b>TOTAL</b>	<b>19,965,000</b>	<b>33,390</b>	<b>19,931,610</b>	<b>99.8</b>



## DEVELOPMENT ACCOUNT

### UNDER PERFORMANCE

**VOTE: 360** : **Ministry of Tourism, Wildlife and Culture**  
**CONTROLLING OFFICER** : **Secretary for Tourism, Wildlife and Culture**  
**PROVISION** : **K704,969,000**  
**ACTUAL EXPENDITURE** : **K600,067,136**  
**UNDER PERFORMANCE** : **K104,901,864**

95. An examination of Financial Statements on Development Resources showed under performance on the following items:

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Sub Prog.</u>	<u>Prog. Donor</u>	<u>Project</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Expenditure</u>	<u>Under Performance</u>	<u>% of under Performance</u>
2	4						Resources				
		07					Department of				
				41			Culture				
					06		Grant				
							Culture and Social				
						16	Development				
						15	Culture Services				
							Norwegian Agency				
							For Development				
						044	Culture Support	36,160,000	-	36,160,000	100
		02					Director of				
							Tourism				
			52				Local Loans				
				55			Tourism and				
							Cultural Dev				
					11		Tourism Industry				
						01	Development				
						061	Malawi Government	58,809,000	55,809,000	3,000,000	5.1
						064	Construction of				
							Cultural Villages				
							Improvement of	60,000,000	57,500,000	2,500,000	4.16
							Access Roads to				
							Resort areas				
		06					Director of Parks				
							And Wildlife				
				55			Tourism an Cultural				
							Development				
					21		Wildlife Mgt. and				
						01	Conservation				
							Malawi Government				
						067	Restocking of	100,000,000	90,000,000	10,000,000	10
							National Parks and				
							Wildlife Reserves				
						068	Construction of	100,000,000	75,000,000	25,000,000	25
							Electric Fence				
						069	Development of	150,000,000	145,091,470	4,908,530	3.27
							Ecotourism				
						071	Infrastructure	200,000,000	176,666,666	23,333,334	11.67
							Development in				
							National Parks and				
							Wildlife				
						<b>Total</b>		<b>704,969,000</b>	<b>600,067,136</b>	<b>104,901,864</b>	

## REGIONAL TOURISM OFFICE (SOUTH)

96. An audit inspection of the financial and stores records of Regional Tourism Office (South) was completed on 7th September 2008. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 22nd January 2010. The report highlighted the following observations—

**(a) Payment Vouchers without supporting documents: K313,578.32**

Treasury instructions require among other things that payment vouchers must be fully supported by an original invoice.

An examination of payment vouchers for the period between July 2006 and June 2008 disclosed that the office did not comply with the above instructions. It was observed that payment vouchers amounting to K313,578.32 were passed for payment without supporting documents. It was therefore not possible to ascertain the propriety of the expenditure.

**(b) Stores not Recorded in the Stores Ledger: K1,032,275.23**

Treasury Instructions require that where stores items are received, the consignment must be recorded in the stores ledger before issue.

An examination of payment vouchers revealed that stores items valued at K1,032,275.23 were not recorded in the ledger. As a result the accountability of stores items could not be ascertained.

## **TRANSPORT AND PUBLIC INFRASTRUCTURE DEVELOPMENT**

### **REVENUE ACCOUNT**

#### **REVENUE UNDER COLLECTED**

**VOTE: 400 : Ministry of Transport and Infrastructure Development**  
**CONTROLLING OFFICER : Secretary for Transport and Infrastructure Development**  
**PROVISION : K1,681,850,126**  
**ACTUAL COLLECTION : K1,116,561,244**  
**UNDER COLLECTION : K565,288,882**

97. An examination of financial statement of revenue account showed an under collection of revenue on the following items—

<u>Budget</u>	<u>Cost</u>	<u>Type of Sub</u>					<u>Revised</u>	<u>Actual</u>	<u>Under</u>	<u>% of under</u>	
<u>Source</u>	<u>Type</u>	<u>Centre</u>	<u>Receipt</u>	<u>Prog.</u>	<u>Prog.Donor</u>	<u>Project</u>	<u>Details</u>	<u>Estimates</u>	<u>Collection</u>	<u>Collection</u>	<u>Collection</u>
1		3	07				Local		K	K	K
				02			Revenue Receipts				
							Meteorology				
					21		Non Tax Revenue				
						008	Administrative Fees				
					22		Course Fees	117,750	-	117,750	100
						123	Administrative Charges				
					23		Hire of Plant and Equipment	81,188	-	81,188	100
						329	Sale Proceeds from Departments				
							Sales of Publications	519,188	-	519,188	100
								718,126		718,126	100
1		3	09				Local				
				02			Revenue Receipts				
							Civil Aviation				
					21		Non Tax Revenue				
						023	Administrative Fees				
						024	Landing Fees	119,820,000	18,027,232	101,792,768	85
							Licence Fees	522,000	140,446	381,555	73
					22		Administrative Charges				
						102	Air Navigation Charges	58,200,000	50,685,294	7,514,706	13
						111	Concessions	6,960,000	313,220	6,646,780	95
						138	Park Entrance	6,000,000	585,098	5,414,902	90
						139	Passengers Service Charges	488,580,000	394,001,355	94,578,645	19

14	23	Sale Proceeds from Department					
	329	Sale of Publications	240,000	3,500	236,500	99	
	336	Sale of Tender Documents	360,000	-	360,000	100	
			<b>680,682,000</b>	<b>463,756,145</b>	<b>216,925,856</b>	<b>32</b>	
	02	Road Traffic					
		Non Tax revenue					
	21	Administrative Fees					
	039	Motor Vehicle Licence fees	930,000,000	607,902,343	322,097,657	35	
	040	Operator Permit and					
		Authorization fees	64,000,000	41,560,671	22,439,329	35	
			994,000,000	649,463,014	344,536,986	35	
		18	Marine				
		02	Non Tax Revenue				
		21	Administrative fees				
	008	Course fees	650,000	426,100	233,900	34	
	22	Administrative Charges					
	130	Inspection of Vessels	2,000,000	1,230,111	769,889	38	
	142	Port charges	1,800,000	1,685,875	114,125	6	
	25	Miscellaneous Receipts					
	608	Miscellaneous	2,000,000	-	2,000,000	100	
			<b>6,450,000</b>	<b>3,342,086</b>	<b>3,107,914</b>	<b>48</b>	
		<b>TOTAL</b>	<b>1,681,850,126</b>	<b>1,116,561,244</b>	<b>565,288,882</b>	<b>34</b>	

## DEVELOPMENT ACCOUNT

## UNDER PERFORMANCE

**VOTE: 400** : **Ministry of Transport and Infrastructure Development**

**CONTROLLING OFFICER : Secretary for Transport and Infrastructure Development**

**PROVISION : K2,282,519,000**

**ACTUAL EXPENDITURE : K565,501,219**

**UNDER PERFORMANCE : K1,717,017,781**

98. An examination of financial statement on Development Resources showed an under performance on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Sub Prog.</u>	<u>Prog.</u>	<u>Donor Project</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Expenditure</u>	<u>Under Performance</u>	<u>% of under Performance</u>
	4						Resources				
		10					Kamuzu International Airport				
							External Loans				
							Transport And Traffic Services				
					02		Management And Support Services				
						25	Bank Of Arab Development Agency				
						001	Rehabilitation of Runway at Kia	552, 401,000	310,501,219	241,899,781	44
					62		Transport, Building An Housing				
							Air Transport Services				
							Sesings, Construction, Rehabilitation				
						04	European Development Fund				
						001	Rehabilitation Of Runway At KIA		602, 401,000	602,401,000	100
							Headquarters				
							Local Loans				
		01					Headquarters				
				52			Local Loans				
					01		Administration And Support Services				
						05	Planning And Evaluation				
							Malawi Government				
						01	Shire Zambezi Navigation				
						061	Study	120, 000,000	-	120,000,000	100
						063	Institutional Support				
							To Capacity Building	120,000,000	-	120,000,000	100
							Public Works				
		02					Headquarters				

			Local Loans						
			Infrastructure						
			Dev, Rehabilitation And						
		02	Maintenance						
			Management And Support						
			Services						
		01	Malawi Government						
			Rehabilitation Of Terminal						
		067	Building Fence						
			Lilongwe		30,000,000	20,000,000	10,000,000		33
		064	Rehabilitation of						
			Railway System			462,717,000-	462, 717, 00		100
07			Civil Aviation Headquarters						
			Local Loans						
			Transport Building And						
			Housing						
		21	Air Transport Services And						
			Operations						
		01	Malawi Government						
		075	Acquisition Of Airport						
			Navigation Equipment		150,000,000	110,000,000	40,000,000		27
		065	Acquisition And						
			Moderation Of Fire						
			Fighting Equipment		30,000,000	5,000,000	25,000,000		83
			Lilongwe International						
			Airport						
			Local Loans						
			Transport And Traffic						
			Service						
		02	Management & Support						
			Service						
		01	Malawi Government						
			Rehabilitation Of Runway						
		066	At KIA		85,000,000	75,000,000	10,000,000		12
			Civil Aviation Training						
			School						
			Local Loan						
			Transport And Traffic						
			Services						
		02	Management And Support						
			Services						
		01	Malawi Government						
			Rehabilitation Of School Of						
		068	Aviation		6,000,000	5,000,000	1,000,000		16
			Marine Headquarters						
52			Local Loans						
	47		Transport And Traffic Services						
		02	Management & Support Services						
		01	Malawi Government						
		071	Construction Of Marine						
			Training College		9,000,000	-	9, 000,000		100
			Road Traffic Headquarters						
			Local Loans						
	47		Transport And Traffic Services						
		35	Traffic Information And						
			Management Information						
			Services						
		01	Malawi Government						
		069	Automation Of road Traffic						
			Services		57,000,000	-	57,000,000		100
			Marine Training						
			College						
			Local Loan						
		02	Marine Training College						
			Transport And Traffic						
			Services						
		01	Management And Support						
			Services						
		060	Construction Of Marine						
			Training College Building		8,000,000	-	8,000,000		100
24			Public Works Headquarters						
	52		Local Loans						
		47	Transport And Traffic Services						
			Air Transport Services And						
		24	Commercial Services						
		01	Malawi Government						
		085	Automation Of airport						
			Administration System		50,000,000	40, 000,000	10,000,000		20
					<b>2, 282, 519,000</b>	<b>565,501,219</b>	<b>1,717,017,781</b>		<b>75</b>

# DEVELOPMENT ACCOUNT

## UNDER PERFORMANCE

**VOTE: 420 : Road Fund Administration**

**CONTROLLING OFFICER : Secretary for Transport for Infrastructure Development**

**PROVISION : K15, 590, 931, 000**

**ACTUAL EXPENDITURE : K5,112,880,667**

**UNDER PERFORMANCE : K10,478,050,333**

99. An examination of financial statements on development resources showed under performance on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipts</u>	<u>Prog</u>	<u>Sub- Prog</u>	<u>Donor</u>	<u>Project</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Expenditure</u>	<u>Under Performance</u>	<u>% of Performance</u>
2		4						External Resources Headquarters Grants				
			01	41	23			Infrastructure Dev, Rehabilitation & Maintenance Construction				
					08		03	International Development Association				
							007	Integrated Infrastructure Development Programme	49,660,000	-	49,660,000	100
					62			Transport, Building And Housing				
								Road Transport Services & Periodic Maintenance				
							22	European Union (Eu)				
							001	Masasa - Golomoti				
								Monkeybay Road	449,400,000	-	449,400,000	100
							013	Mangochi Monkeybay	175,980,000	-	175,980,000	100
							018	Rural Roads Upgrading	268,750,000	-	268,750,000	100
							022	Lilongwe - Dedza - Nsipe	1,500,000,000	739, 146, 000	760,854,000	49.3
							023	Nchalo - Bangula	1,300,000,000	862, 277, 000	437,723,000	66.3
							024	Chikwawa - Nchalo	500,000,000	-	500,000,000	100
							025	Mzuzu - Bwengu Road	150,800,000	-	150,800,000	100
							039	Liwonde- - Mangochi	207,200,000	-	207,200,000	100
				53				External Loans				
					25			Bank Of Arab Development				
							006	Zomba - Jali - Kamwendoo				
								Phalombe - Chitakale	1,600,000,000	878,,085 000	721, 915, 000	100
							008	Rumhpi - Nyika - Chitipa Road (Feasibility)	280,000,000	-	280,000,000	100
							014	Liwonde - Naminga Road	722,800,000	-	722,800,000	100
							027	Mzimba - Eswazini				
								Kafukule Ekwendeni Road Grants	75,000,000	-	750,000,000	100
				41			35	Opec Fund				
							014	Liwonde - Naminga Road	785,000,000	-	785,000,000	100
					56			Road Transport Services & Construction				
							06	African Development				
							042	Zomba - Blantyre Road	120,000,000	-	120,000,000	100
							043	Lilongwe City By Pass (Bunda)				
								Chinsapo, Kanda Road)	103,000,000	-	103,000,000	100
							108	Ntcheu - Tsangano				
								Mwanza Road	120,000,000	-	120,000,000	100
					41			Grants				
							22	European Union (Eu)				
							001	Masasa - Golomoti	35,000,000	-	35,000,000	100
								Monkey Bay				
							040	Feeder Roads	800,000,000	39,206000	760,794,000	95
					53			External Loans				
							31	Kuwait Fund				
							027	Mzimba - Eswazini				
								Kafukule - Ekwendeni	1,500,000,000	-	1,500,000,000	100
							41	African Capacity Building Foundation				
							041	Infrastructure Services				
								Monitoring	50,000,000	-	50,000,000	100
					52			Local Loans				

01		Headquarters				
		Transport, Building & Housing				
62	01	Malawi Government Construction Upgrading				
	094	Msulira Nkhotakota Road Transport Services And Malawi Government	400,000,000	235,500,000	164,500,000	41
56						
01	062	Bunda - Mitundu (Design)	310,000,000	210,000,000	100,000,000	32
	068	Zomba Jali - Kamwendo Phalombe Chitakale	450,000,000	320,000,000	130,000,000	29
	070	Compensation Payments For New Project	200,000,000	-	200,000,000	100
	075	Liwonde - Naminga	83,441, 000	-	83,441, 000	100
	076	Thyolo - Thekerani Muwona Bangula	250,000,000	180,000, 000	70,000,000	28
	077	Jenda- Edingeni Eithini Rupmhi	50,000,000	26, 666, 667	23, 333 333	47
	078	Old Airport Kasiya, santhe	100,000,000	-	100,000,000	100
	080	Lumbadzi Dowa Ntchisi Salima Spur	750,000,000	650,000,000	100,000,000	100
	089	Mzimba- Eswazeni Kafukule Ekwendeni Road	150,000,000	-	150,000,000	100
	094	Construction & Upgrading Msulira Nkhotakota Road	100,000,00	-	100,000,000	100
	096	Masasa- Golomoti- Monkeybay Road	174,000,000	-	174,000,000	100
	098	Mangochi- Monkeybay Gom Construction)	100,900,000	-	100,900,000	100
	099	Ekwendeni- Ezondweni Mtwalo	410,000,000	-	410,000,000	100
	100	Mzuzu - Bula Usisia Road	200,000,000	170,000,000	30,000,000	
	101	Chiweta - Mlowe	200,000,000	165,000,000	35,000,000	18
	102	Kasitu- Rupashe -Kakwale Road	200,000,000	155,000,000	45,000,000	23
	103	Ntaja - Nayuchi Road	200,000,000	177,000,000	23,000,000	12
	104	Lilongwe Kasiya Road	200,,000,000	140,000,000	60,000,000	30
	105	Mzimba Street In Lilongwe City Road	200,000,000	115,000,000	85,000,000	43
	107	Chilinga - Mloza Road	70,000,000	50,000,000	20,000,000	29
		<b>Total</b>	<b>15,590,931,000</b>	<b>5,112,880,667</b>	<b>102,478,050,333</b>	<b>67</b>

## PLANT AND VEHICLE HIRE ORGANISATION (PVHO)

100. An investigative audit inspection of financial and stores records of Plant and Vehicle Hire Organization was completed on 30th September 2009. The audit disclosed some weaknesses in financial control which were communicated to the Controlling Officer in my report dated 15th November 2010. The report highlighted the following observations—

### (a) Outstanding debts on hire charges and auction sales: K60,875,358.79

An examination of motor vehicle and plant hire debtors records disclosed that a sum of K56,970,158.79 was outstanding in respect of hire services provided by PVHO between June, 2005 and 30th June 2010.

It was further observed that, successful bidders failed to pay an amount of K3,905,200.00 relating to vehicles sold by public auctions that were conducted between 24th June 2008 and 4th May 2009. There was no evidence to show that management was taking any initiatives to recover the amounts which had been outstanding for more than four years.

**(b) Payment Vouchers without supporting documents: K21,158,247.84**

Treasury instructions state, among other things, that a voucher must be fully supported by an original invoice which must be firmly attached to the voucher. Statements of accounts will not be accepted as supporting documents.

An examination of payment vouchers disclosed that payment vouchers amounting to K18,394,247.84 were made between September 2008 and June 2009 without supporting documents.

**(c) Failure to deduct withholding Tax: K628,455.94**

Taxation Act requires all institutions to deduct withholding tax when making payments to suppliers of goods and services who do not possess withholding tax exemption certificates and remit such tax to Malawi Revenue Authority.

An examination of payment vouchers, revealed that between February 2008 and June 2009, a sum of K628,455.94 was not deducted from various suppliers of goods and services. There was no evidence to show that the suppliers were holders of withholding tax exemption certificates.

**(d) Subsistence allowances not signed for by Recipients: K431,000.00**

An examination of payment vouchers disclosed that subsistence allowances totaling K431,000.00 allegedly paid between 16th June 2008 and 3rd April 2009 were not supported by signatures as evidence that the money was indeed paid.

**(e) Hiring of Motor Vehicles from members of staff: K2,266,614.49**

An examination of payment vouchers disclosed that PVHO hired motor vehicles belonging to members of staff and paid a total of K2,266,614.49 contrary to procurement procedures.

## **DEPARTMENT OF MARINE**

101. An audit inspection of the financial and stores records of the Department of Marine was completed in February 2010. The audit review disclosed weaknesses in financial control which were communicated to the Controlling Officer in my report dated 23rd July 2010. The report highlighted the following observation—

**(a) Outstanding Revenue (Chipoka Port): K2,816,822.00**

Chipoka Port, which is under the Department of Marine, allows various companies to use the port for various services. These companies are supposed to pay for using the port.

An examination of the invoices raised by the Department to various companies revealed that the Port did not collect a sum of K2,816,822.00

owed by five firms /Institutions as at the date of audit. Below are the details—

<u>Institution</u>	<u>Invoice No</u>	<u>Date</u>	<u>Amount(MK)</u>
Mloza Farm - Balaka	827096	04/02/08	60,000.00
.. ..	827097	11/02/08	60,000.00
.. ..	827098	11/02/08	60,000.00
.. ..	827100	11/02/08	540,000.00
Fisheries Research Unit M/Bay	827055	15/04/07	15,000.00
Hippo View Lodge	827056	26/06/07	20,000.00
Central East Africa Railways	827064	28/11/07	28,500.00
Malawi Lake Services			<u>2,033,322.00</u>
			<b><u>2,816,822.00</u></b>

There was no evidence to show that efforts were being made to collect the amount from the firms/Institutions.

**(b) Subsistence Allowances Paid To The General Manager and Human Resources officer of Malawi Lake Services: K2, 590, 000.00**

On 27 August 2008, the Malawi Lake Service (MLS) Steering Committee met to discuss how the Malawi Lake Services would be managed since the contract with Glens Waterway had been terminated. It was agreed at that meeting that government officers should be working at the Malawi Lake Service during the transition period and that the officers should be paid daily allowances by the Malawi Lake Services.

A test check of transactions in respect of allowances disclosed that although the General Manager and Human Resources Officer were accommodated in a company house, they were being paid subsistence allowances equivalent to government rate applicable to places where accommodation is not available. It was noted that from 30 September, 2008 to 29 May, 2009, the General Manager was paid a total of K1,813,000.00 while the Human Resources Officer was paid K777,000.00 as allowances giving a total of K2,590,000.00.

## FINANCE

### ACCOUNTANT GENERAL

#### REVENUE ACCOUNT

#### REVENUE UNDER COLLECTED

**VOTE: 350 : Accountant General Department**  
**CONTROLLING OFFICER : Accountant General**  
**PROVISION : K159,810,560**  
**ACTUAL COLLECTION : K53,653,214**  
**UNDER COLLECTION : K 106,155,346**

102 An examination of financial statements of revenue accounts showed under collection on the following items—



<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Collection</u>	<u>Under Collection</u>	<u>% Under Collection</u>
								K	K	K
3	1					Local				
		01				Revenue receipts				
			02			Headquarters				
				23		Non-tax revenue				
						Sale proceeds from				
						Department.	581,973	2,100	579,873	99
					329	Sale of publications	609,280	1,000	608,280	99
					340	Sale of vehicles				
					352	Sale of cheque pad	94,934	1,400	93,534	99
						Requisition				
				24		Interest on Government				
						Lending				
					503	Interest on personal	158,524,373	53,648,714	104,875,659	66
						Advances				
							<b>159,810,560</b>	<b>53,653,214</b>	<b>106,155,346</b>	<b>66.3</b>

## DEVELOPMENT ACCOUNT

### UNDER PERFORMANCE

**VOTE: 271 : Accountant General**

**CONTROLLING OFFICER : The Accountant General**

**PROVISION : K205, 000, 000**

**ACTUAL EXPENDITURE : K 55, 000, 000**

**UNDER PERFORMANCE : K150, 000, 000**

103. An examination of financial statements of development resources showed an under performance on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipts</u>	<u>Sub- Prog</u>	<u>Prog</u>	<u>Donor</u>	<u>Project</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Expenditure</u>	<u>Under Performance</u>	<u>% of Performance</u>
2								External				
	4							Resources				
		01						Headquarters				
			52					Local Loans				
				15				Government Financial				
					20			Management & Accounting Services				
						01		Training Coordinator				
							060	Malawi Government				
								Malawi College of Accountancy	100,000,00	- 100,000,000	100	
								(Joint camps)				
							66	Economic and Financial				
					41			Management				
						01		Public Finance management				
								and accounting systems				
								Malawi Government				
							063	Accounting systems Review	25,000,000	5,000,000	20,000,000	80
							065	Construction of Salima,				
								Rumphi and regional	80,000,000	50,000,000	30,000,000	37.5
								<b>TOTAL</b>	<b>205,000,000</b>	<b>55,000,000</b>	<b>150,000,000</b>	<b>73.2</b>

## REVENUE ACCOUNT

### REVENUE UNDER COLLECTED

**VOTE: 270 : Ministry of Finance**

**CONTROLLING OFFICER : Secretary to the Treasury**

**PROVISION : K10,725,510,168**

**ACTUAL COLLECTION : K4,197,684,312**

**UNDER COLLECTION : K 6,527,825,856**

104. An examination of financial statements of revenue accounts showed under collection on the following items—

<u>Budget</u> <u>Source</u>	<u>Cost</u> <u>Type</u>	<u>Type of</u> <u>Centre</u>	<u>Type of</u> <u>Receipt</u>	<u>Specific</u> <u>Revenue</u>	<u>Specific</u> <u>Revenue</u>	<u>Details</u>	<u>Revised</u> <u>Estimates</u>	<u>Actual</u> <u>Collection</u>	<u>Under</u> <u>Collection</u>	<u>% Under</u> <u>Collection</u>
								K	K	K
1	3	01	02	24		Local Revenue receipts Headquarters Non-tax revenue Interest on Government Lending				
					509	Special receipts (Red Lexy)	7,664,873,130	3,847,309,621	3,817,563,509	49.8
					511	Stabilization Fees	3,060,637,038	350,374,691	2,710,262,347	88.6
							<b>10,725,510,168</b>	<b>4,197,684,312</b>	<b>6,527,825,856</b>	<b>60.9</b>

## DEVELOPMENT ACCOUNT

### UNDER PERFORMANCE

**VOTE: 270 : Ministry of Finance**

**CONTROLLING OFFICER : Secretary to the Treasury**

**PROVISION : K7,854,641,000**

**ACTUAL EXPENDITURE : K796,199,615**

**UNDER PERFORMANCE : K7,058,441,385**

105. An examination of financial statement on development resources showed under performance on the following items—

<u>Budget</u> <u>Source</u>	<u>Cost</u> <u>Type</u>	<u>Type of</u> <u>Centre</u>	<u>Type of</u> <u>Receipts</u>	<u>Sub-</u> <u>Prog</u>	<u>Prog</u>	<u>Donor</u>	<u>Project</u>	<u>Details</u>	<u>Revised</u> <u>Estimates</u>	<u>Actual</u> <u>Expenditure</u>	<u>Under</u> <u>Performance</u>	<u>% of</u> <u>Performance</u>
									K	K		
2	4	01	41	10				K External Resources Headquarters Grants				
					02			Economic Management and development				
						49		Economic service affairs World Bank				
						002		Support to policy making and coordination	1,498,333,333	-	1,498,333,333	100
						003		NAO Capacity	249,722,223	-	249,722,223	100
						004		Building Program				
								Technical coope- ration facility	499,444,444	-	499,444,444	100
		66						Economic and Financial Management				
					21			Fiscal Policy Management and Budget Planning				
						22		European Union (EU)				
						002		Support to Policy Making And corporation	22,143,000	-	22,143,000	100
						26		Fiscal Policy management and Debt and Aid Management				
						22		European Union (EU)				
						001		Technical- Cooperation Facility	794,805,000	502,538,015	292,266,985	36.8
						13		Economic Planning and Development/ poverty reduction				
						22		European Union (EU)				
						005		Micro Project	1,793,822,000	-	1,793,822,000	100
					68			Governance and rule of law				
						25		Legal service and Legal Advisory Service				
						22		European Union (EU)				
						006		Good Governance Program (GGC)	1,756,443,000	-	1,755,443,000	100
		52						Local Loans				
					52			Building Services				
						08		Budget Planning and Management				
						01		Malawi Government				
						061		Introduction of new				

	09	Budget system	173,000,000	142,500,000	30,500,000	17.6
		Economic Affairs				
		Services				
	01	Malawi Government				
	062	MASAF Phase 111	400,000,000	-	400,000,000	100
	066	Millennium				
		Challenge Account	163,000,000	151,161,600	11,838,400	7.3
	66	Economic and				
		Financial Management				
	021	Fiscal Policy Management				
		and Budget Planning				
	01	Malawi Government				
	061	Introduction of New				
		Budget System	210,000,000	-	210,000,000	100
	022	Fiscal Policy Management				
		and Economic Affairs				
	01	Malawi Government				
	064	MASAF 111-Primary				
		School Staff Houses	179,928,000	-	179,928,000	100
69		Public Administration				
	08	Management and support				
		Services / General Admin				
	01	Malawi Government				
	063	Millennium Challenge	15,000,000	-	115,000,000	100
		Account				
		<b>TOTAL</b>	<b>7,854,641,000</b>	<b>796,199,615</b>	<b>7,058,441,385</b>	<b>89.9</b>

## DEVELOPMENT ACCOUNT

### UNDER PERFORMANCE

**VOTE: 275 : Subventions**

**CONTROLLING OFFICER : Secretary to the Treasury**

**PROVISION : K690,564,169**

**ACTUAL EXPENDITURE : K310,000,000**

**UNDER PERFORMANCE : K380,564,169**

106. An examination of financial statement on development resources showed under performance on the following items—

<i>Source</i>	<i>Budget Type</i>	<i>Cost Centre</i>	<i>Type of Receipts</i>	<i>Sub- Prog</i>	<i>Donor</i>	<i>Project</i>	<i>Details</i>	<i>Revised Estimates</i>	<i>Actual Expenditure</i>	<i>Under Performance</i>	<i>% of Performance</i>
2							External Resources				
	4						Headquarters				
		01					Local Loans				
			52				Industry and				
				57			Investment promotion				
						41	Cooperatives Development and Management				
						01	Malawi Government				
						065	Renovation and computerisation of MBC	95,000,000	85,000,000	10,000,000	10.5
	60						Education and				
						33	Vocational Training				
							Tertiary Education and Teaching services				
						01	Malawi Government				
						063	Support to Kamuzu College of Nursing	240,564,169	-	240,564,169	100
						067	Rehabilitation of University of Malawi	250,000,000	18,000,000	70,000,000	28
						63	Information communication and Technology (ICT)				
						16	MEDIA and information Services and broadcasting				
						01	Malawi Government				
						061	Construction of Factory Shells	55,000,000	-	5,000,000	100
						066	Renovation of TVM	50,000,000	45,000,000	5,000,000	10
							<b>TOTAL</b>	<b>690,564,169</b>	<b>310,000,000</b>	<b>380,564,169</b>	<b>55.1</b>

**REVENUE ACCOUNT****RESOURCE UNDER COLLECTED****VOTE: 273 : Malawi Revenue Authority (MRA)****CONTROLLING OFFICER : Secretary to the Treasury****PROVISION : K65,700,000,000****ACTUAL COLLECTION : K58,783,422,191****UNDER COLLECTION : K6,916,577,809**

107. An examination of financial statements on revenue account showed an under collection of revenue on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Collection</u>	<u>Under Collection</u>	<u>% Under Collection</u>
								K	K	K
1						Local				
	03					Revenue Receipts				
		01				Customs & Excise				
			01			Tax Revenue				
				13		Domestic Taxes				
						on Goods & Services				
					700	Import Excise	16,400,000,000	14,693,000,806	1,706,999,194	10
					800	Local Excise	7,000,000,000	5,351,431,178	1,648,568,822	24
				14		Taxes and International				
						Trade and Transaction				
					100	Import duty	15,800,000,000	15,001,212,247	798,787,753	5
				18		VAT on Imports				
					200	VAT on imports	24,500,000,000	22,182,206,188	2,317,793,812	9
		02				Income Tax Department				
			01			Tax Revenue				
				11		Tax on income, Profits				
						and Capital Assets				
					600	Fringe Benefits	2,000,000,000	1,555,571,772	444,428,228	22
							<b>65,700,000,000</b>	<b>58,783,422,191</b>	<b>916,577,809</b>	<b>11</b>

**IRRIGATION AND WATER DEVELOPMENT****REVENUE ACCOUNT****REVENUE UNDER COLLECTED****VOTE: 210 : Ministry of Irrigation and Water Development****CONTROLLING OFFICER : Secretary for Irrigation and Water Development****PROVISION : K10,500,000****ACTUAL COLLECTION : K2,502,534****UNDER COLLECTION : K7,997,466**

108. An examination of financial statements of revenue accounts showed under collection on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Collection</u>	<u>Under Collection</u>	<u>% Under Collection</u>
								K	K	K
1						Local				
	3					Revenue Receipts				
		01				Headquarters				
			02			Non-tax revenue				
				22		Administrative charges				
					192	Water Rights				
						Certificate	10,500,000	2,502,534	7,997,466	76

# DEVELOPMENT ACCOUNT

## UNDER PERFORMANCE

### VOTE: 210

**CONTROLLING OFFICER : Secretary for Irrigation and Water Development**

**PROVISION : 4,002,097,309**

**ACTUAL EXPENDITURE : 292,946,170**

**UNDER PERFORMANCE : 3,709,151,139**

109. An examination of financial statements on Development Resources showed under performance on the following items—

<i>Budget</i>	<i>Cost</i>	<i>Type of</i>	<i>Sub-</i>							<i>Revised</i>	<i>Actual</i>	<i>Under</i>	<i>% of</i>
<i>Source</i>	<i>Type</i>	<i>Centre</i>	<i>Receipts</i>	<i>Prog</i>	<i>Prog</i>	<i>Donor</i>	<i>Project</i>	<i>Details</i>		<i>Estimates</i>	<i>Expenditure</i>	<i>Performance</i>	<i>Performance</i>
										K	K	K	
2								External Resource					
	4							Headquarters					
		01						External Loan					
			53					Water Resources Development, Management and Supply					
				52				Water Supply Sanitation					
					11			Rural Supply					
							06	African Development Bank (ADB)					
							021	Rural Water Supply Sanitation	1,300,000,000	121,352,956	1,178,647,044		91
							34	Dutch					
							006	Rural Water Supply & Sanitation 12 Districts	321,984,000	171,593,214	150,390,786		47
							23	Water Resources Development/ Hydrological					
							06	African Development (ADB)					
							096	Songwe River Basin Development Programme	1,496,028,309	-	1,496,028,309		100
				52				Local Loans					
					014			Extension Services					
							22	Irrigation Development					
							01	Malawi Government					
							076	Lower Shire Irrigation Project	10,000,000	-	10,000,000		100
								Water Resources Development Management					
							07	Hydrological Services					
							01	Malawi Government					
							064	Sadc Hydro Project	26,000,000	-	26,000,000		100
							070	Integrated Water Resources Management	7,000,000	-	7,000,000		100
							090	NWDP 11- (Programme Preparation & Management	30,000,000	-	30,000,000		100
							096	Songwe River Basin Development Programme	41,636,000	-	41,636,000		100
							097	Monitoring of Water Surface	40,284,000	-	40,284,000		100
					08			Hydrogeological Services					
							01	Malawi Government					
							066	Holticulture ANF					
								Food Crops Development	102,784,000	-	102,784,000		100
							093	Lilongwe West Ground Water Project	8,000,000	-	8,000,000		100
							094	Establishment of Ground Water Monitor	95,000,000	-	95,000,000		100
								Community Based Management					
							01	Malawi Government					
							067	Rural Water Supply and Sanitation 12 Districts	16,665,000	-	16,665,000		100
							19	Rural Water Supply					

			and Sanitation					
		01	Malawi Government					
		077	Construction of Small					
			Earth Dams	60,200,000	-	60,200,000	100	
		20	Water Resources					
			Development					
		01	Malawi Government					
		081	Integrated Rural Water					
			Supply for Mzimba/Ntchisi	77,216,000	-	77,216,000	100	
		095	Catchment Management					
			area	6,800,000	-	6,800,000	100	
			Blantyre Management					
			Unit Irrigation Services					
14			Extension Services					
		22	Irrigation Department					
		01	Malawi Government					
		084	Small Holder Irrigation					
			Project	20,000,000	-	20,000,000	100	
	13		Irrigation Services					
			Headquarters					
			Agriculture and Food					
			Security					
		11	Irrigation Services/					
			Agronomy					
			Malawi Government					
		062	Small Farms Irrigation					
			Project	16,972,453	-	16,972,453	100	
		069	Shire Valley Irrigation					
			Scheme	13,771,000	-	13,771,000	100	
		071	Small Holder Crop					
			Production& Marketing	8,147,540	-	8,147,540	100	
		090	Nwdp 11 (Programme					
			Preparation Management	1,355,200	-	1,355,200	100	
		12	Irrigation Service and					
			Engineering					
		01	Malawi Government					
		062	Small Farms Irrigation					
			Projects	110,798,003	-	110,789,003	100	
		069	Shire Valley Irrigation					
			Scheme	111,729,000	-	111,729,000	100	
		071	Small Holder Crop					
			Production & Marketing	15,290,403	-	15,290,403	100	
		090	NWDP 11 (Programme					
			Preparation &					
			Management	14,359,200	-	14,359,200	100	
		69	Public Administration					
			Management and Support					
		31	Internal Audit					
		01	Malawi Government					
		062	Small Farms Irrigation Projects	48,400,000	-	48,000,000	100	
		34	Management and Support					
			Internal Financial					
			Management					
		01	Malawi Government					
		062	Small Farms Irrigation					
			Project	19,181,144	-	19,181,144	100	
		35	Management and support					
			services general					
			Administration					
		01	Malawi Government					
		071	Small Holder Crop					
			Production and Marketing	25,747,501	-	25,747,501	100	
			Hr Development and					
			Management Internal Training					
		01	Malawi Government					
		090	NWDP 11(Programme					
			Preparation and					
			Management	4,285,600	-	4,285,600	100	
		71	Internal Monitoring					
		01	Malawi Government					
		071	Small Holder crop					
			Production and					
			Marketing	814,556 000	-	814,556,000	100	
			<b>Total</b>	<b>4,002,097,309</b>	<b>292,946,170</b>	<b>3,709,151,139</b>	<b>93</b>	

## YOUTH DEVELOPMENT AND SPORTS

### REVENUE ACCOUNT

#### REVENUE UNDER COLLECTED

**VOTE: 180 : Ministry of Youth Development and Sports**

**CONTROLLING OFFICER : The Secretary for Youth Development and Sports**

**PROVISION : K17,000,000**

**ACTUAL COLLECTION : K 5,047,441**

**UNDER COLLECTION : K11,952,559**

110. An examination of financial statements of revenue account showed under collection on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u> K	<u>Actual Collection</u> K	<u>Under Collection</u> K	<u>% Under Collection</u>
1						Local				
	03					Revenue Receipts				
		01				Headquarters				
			02			Non Tax Revenue				
				22		Administrative Charges				
					156	Stadium Charges	13,000,000	3,872,441	9,127,559	70
					170	Bill Board And Vending	4,000,000	1,175,000	2,825,000	71
						<b>Total</b>	<b>17,000,000</b>	<b>5,047,441</b>	<b>11,952,559</b>	<b>70</b>

### DEVELOPMENT ACCOUNT

#### UNDER PERFORMANCE

**VOTE: 180 : Youth Development and Sports**

**CONTROLLING OFFICER: Secretary for Youth Development**

**PROVISION : K462,984,000**

**ACTUAL EXPENDITURE : K109,053,210**

**UNDER PERFORMANCE : K353,930,790**

111. An examination of financial statement on revenue account showed an under performance of revenue on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipts</u>	<u>Prog</u>	<u>Sub- Prog</u>	<u>Donor</u>	<u>Project</u>	<u>Details</u>	<u>Revised Estimates</u> K	<u>Actual Expenditure</u> K	<u>Under Performance</u> K	<u>% of Performance</u>
2								External				
	4							Resource				
		06						Department				
			41					of Youth				
				61				Grants				
					31			Community Youth and				
						11		Sports Development				
								Economic Empowerment				
								United Nations Dev.				
								Programme (UNDP)				
							046	Integrated Youth				
								Development Initiative	284,000,000	27,053,210	256,946,790	90.5
	05							Department of Youth				
		52						Local Loans				
			61					Community Youth and				
								Sports Development				
				21				Sports Services /				
								Sports development				
							01	Malawi Government				
							071	Rehabilitation of				
								Kamuzu Stadium	42,422,000	-	42,422,000	100
							072	Youth Dev. Services	35,000,000	-	35,000,000	100
							078	Construction of indoor				
								Netball Court	85,000,000	82,000,000	3,000,000	3.5
							080	Integrated Youth				
								Dev. Initiative	16,562,000	-	16,562,000	100
								<b>TOTAL</b>	<b>462,984,000</b>	<b>109,053,210</b>	<b>353,930,790</b>	<b>76.5</b>

STATE RESIDENCES

DEVELOPMENT ACCOUNT

UNDER PERFORMANCE

VOTE: 050 : State Residences  
CONTROLLING OFFICER : The Director General  
PROVISION : K150,000,000  
ACTUAL EXPENDITURE : K115,672,727  
UNDER PERFORMANCE : K34,327,273

112. An examination of financial statements on development resources showed an under performance on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipts</u>	<u>Type of Prog</u>	<u>Sub- Prog</u>	<u>Donor</u>	<u>Project</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Expenditure</u>	<u>Under Performance</u>	<u>% of Performance</u>
									K	K	K	
2		4						External Resources Headquarters Local Loans Public Admi. Management & Support services Malawi Government Rehabilitation of Zomba State House	150,000,000	115,672,727	34,327,273	23

INFORMATION AND CIVIC EDUCATION

REVENUE ACCOUNT

REVENUE UNDER COLLECTED

VOTE: 360 : Ministry of Tourism, Wildlife and Culture  
CONTROLLING OFFICER : Secretary for Tourism, Wildlife and Culture  
PROVISION : K19,965,000  
ACTUAL COLLECTION : K33,390  
UNDER COLLECTION : K19,931,610

113 An examination of financial statements of revenue accounts showed under collection on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Collection</u>	<u>Under Collection</u>	<u>% Under Collection</u>
								K	K	K
1		3				Local Revenue receipts Headquarters Non-tax revenue Administrative charges Game Licence Park Entrance Sale proceeds from Departments Sale of firewood Sale of trophies Sale of game meat	120,000 8,000,000 100,000 100,000 1,000,000 9,320,000	32,940 450 - - - 33,390	87,060 7,999,550 100,000 100,000 1,000,000 9,286,610	73.0 99.9 100 100 100 99.6
1		3				Local Revenue receipts Culture Non-tax revenue Administrative charges Licence fees Operator permit and Authorization fees	70,000 120,000	- - - 70,000 - 120,000	70,000 120,000	100 100



	132	Kwacha Cultural Troupe	450,000	-	450,000	100
	134	Lease, House, Public Customary Land fees	192,000	-	192,000	100
	168	Censoring and Grading Video Tape-old	2,535,000	-	2,535,000	100
	169	Censoring and Grading Video Tape-New	5,518,240	-	5,518,240	100
	188	Foreign Research	709,760	-	709,760	100
	189	Local Research	60,000	-	60,000	100
	309	Sale of Firms	250,000	-	250,000	100
	329	Sale of Publications	540,000	-	540,000	100
25		Miscellaneous Receipts				
	608	Miscellaneous Duties	200,000	-	200,000	100
			10,645,000		10,645,000	100
		<b>TOTAL</b>	<b>19,965,000</b>	<b>33,390</b>	<b>19,931,610</b>	<b>99.8</b>

## INDUSTRY AND TRADE

### REVENUE ACCOUNT 2009/2010

#### REVENUE UNDER COLLECTED

**VOTE: 390 : Ministry of Industry and Trade**

**CONTROLLING OFFICER : The Secretary for Industry and Trade**

**PROVISION : K64,757,290**

**ACTUAL COLLECTION : K 46,769,953**

**UNDER COLLECTION : K17,987,337**

114 An examination of financial statements of revenue account showed under collection on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipt</u>	<u>Type of Revenue</u>	<u>Specific Revenue</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Collection</u> K	<u>Under Collection</u> K	<u>% Under Collection</u> K
1						Local				
	03					Revenue Receipts				
		01				Headquarters				
			02			Non Tax Revenue				
				21		Administrative Fees				
					024	Licence Fees	63,613,745	46,769,953	16,843,792	26.5
				22		Administrative Charges				
					105	Automotive Trade Registration	1,143,545	-	1,143,545	100
						<b>TOTAL</b>	<b>K 64,757,290</b>	<b>46,769,953</b>	<b>17,987,337</b>	<b>27.8</b>

## DEVELOPMENT ACCOUNT

### UNDER PERFORMANCE

**VOTE: 390 : Ministry of Trade and Industry**

**CONTROLLING OFFICER : Secretary for Industry and Trade**

**PROVISION : K571,554,160**

**ACTUAL EXPENDITURE : -**

**UNDER PERFORMANCE : K571,554,160**

115. An examination of Financial Statements on Development Resources showed under performance on the following items—

<u>Source</u>	<u>Budget Type</u>	<u>Cost Centre</u>	<u>Type of Receipts</u>	<u>Sub- Prog</u>	<u>Prog</u>	<u>Donor</u>	<u>Project</u>	<u>Details</u>	<u>Revised Estimates</u> K	<u>Actual Expenditure</u> K	<u>Under Performance</u> K	<u>% of Performance</u>
2								External Resources				
	4							Headquarters				
		01						Grants				
			41					Administration and Support Services				
				01								

	05		Management and Support Services					
		22	European Union					
		007	Enhanced Food Security through Trade	187,617,501	-	187,617,501	100	
	04		Commerce and Industries Dev. Services					
		10	Domestic Trade					
		22	European Union					
		010	National Dev. Trade Policy	85,130,499	-		100	
	53		Agriculture and Food Security					
		31	Agri-Business Dev. and Marketing					
		04	European Dev. Fund					
		007	Enhanced Food Security through Trade	63,440,000	-	63,440,000	100	
	41		Grants					
		66	Economic & Financial Management					
		11	Economic Planning Dev./Planning					
		04	European Dev. Fund					
		007	Enhanced food Security through Trade	108,231,000	-	108,231,000	100	
	41		Grants					
		12	Economic Planning and Development/					
		04	Public Sector					
		009	European Dev. Fund	8,740,000	-	8,740,000	100	
			Enhanced Food Security through Trade					
	52		Local Loans					
6		01	Administration and Support Services					
		05	Economic Planning and Policy					
		01	Malawi Government					
		080	Construction of Cotton Shells	25,378,160	-	25,378,160	100	
		07	Rural					
		01	Industrialisation					
		064	Malawi Government	8,281,000	-	8,281,000	1000	
			Rural					
		11	Industrialisation					
		01	Foreign Trade					
		065	Malawi Government	8,281,000	-	8,281,000	100	
			National Export Strategy/Agoa Total					
	57		Industry and Investment					
		31	Promotion					
		01	Industry Dev. And Private Sector Dev.					
		075	Malawi Government	27,162,000	-	27,162,000	100	
			Cotton Strengthening Project					
	33		Industrial Dev and Investment					
		01	Promotion					
		075	Malawi Government	19,900,000	-	19,900,000	100	
		081	Cotton Strengthening Project					
			Horticultural and Floricultural	7,800,000	-	7,800,000	100	
			Export Project					
	41		Cooperatives Dev. and Management					
		01	Malawi Government					
		081	Horticultural And Floricultural	2,400,000	-	2,400,000	100	
			Export Project					
	66		Economic & Financial					

11		Management Economic Planning & Dev./Planning				
	01	Malawi Government				
	070	Mawtco	11,885,000	-	11,885,000	100
12		Economic Planning & Dev./Public Sector				
	01	Malawi Government				
	070	Mawtco	1,740,000	-	1,740,000	100
71		Economic, Financial Monitoring & Evaluation				
	01	Malawi Government				
	075	Cotton Strengthening Project	2,938,000	-	2,298,000	100
	081	Horticultural And Floricultural Export Project	2,630,000	-	2,630,000	100
		<b>TOTAL</b>	<b>571,554,160</b>	<b>-</b>	<b>571,554,160</b>	<b>100</b>

## LABOUR AND VOCATIONAL TRAINING

### REVENUE ACCOUNT

#### REVENUE UNDER COLLECTED

**VOTE: 370 : Ministry of Labour and Vocational Training**  
**CONTROLLING OFFICER : Secretary for Labour and Vocational Training**  
**PROVISION : K14,078,750**  
**ACTUAL COLLECTION : K 9,311,264**  
**UNDER COLLECTION : K 4,767,486**

116. An examination of financial statement of revenue account showed an under collection of revenue on the following items—

<i>Budget Source</i>	<i>Cost Type</i>	<i>Type of Centre</i>	<i>Type of Receipt</i>	<i>Type of Revenue</i>	<i>Specific Revenue</i>	<i>Details</i>	<i>Revised Estimates</i>	<i>Actual Collection</i>	<i>Under Collection</i>	<i>% Under Collection</i>
								K	K	K
1						Local				
	3					Revenue Receipts				
		01				Headquarters				
			02			Non Tax Revenue				
				21		Administrative Fees				
				016		Trade Testing Fees	9,879,750	7,851,664	2,028,086	2.5
				031		Pressure Vessels and Inspection	3,920,000	1,457,400	2,462,600	62.8
				22		Administrative Charges				
				107		Certificate Replacement	79,000	-	79,000	100
				23		Sales Proceeds from Departments				
				329		Sales of Publications	200,000	2,200	197,800	98.9
						<b>TOTAL</b>	<b>14,078,750</b>	<b>9,311,264</b>	<b>4,767,486</b>	<b>33.9</b>

### DEVELOPMENT ACCOUNT

**UNDER PERFORMANCE : Ministry of Labour an Vocational Training**  
**VOTE: 370 : Secretary for Labour and Vocational Training**  
**CONTROLLING OFFICER : K351,211,000**  
**PROVISION : -**  
**ACTUAL EXPENDITURE : K351,211,000**  
**UNDER PERFORMANCE : -**

117. An examination of Financial Statements on Development Resources showed under performance on the following items—

<u>Budget Source</u>	<u>Cost Type</u>	<u>Type of Centre</u>	<u>Receipts</u>	<u>Prog</u>	<u>Sub- Prog</u>	<u>Donor</u>	<u>Project</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Expenditure</u>	<u>Under Performance</u>	<u>% of Performance</u>
									K	K	K	
2	4							Resources				
		01						Headquarters				
			41					Grants				
					04			Workers				
								Compensation				
								United Nations				
						52		Environment Prog				
							001	Combat child	325,705,000	-	325,705,000	100
								Labour in Malawi				
		01						Headquarters				
			52					Local Loans				
				11				Employment and				
								Labour				
					08			Labour Relations				
						01		Malawi Government				
							060	Combat Child	25,506,000	-	25,506,000	100
								Labour In Malawi				
								<b>TOTAL</b>	<b>351,211,000</b>	<b>=</b>	<b>351,211,000</b>	<b>100</b>

## ECONOMIC PLANNING AND DEVELOPMENT

### DEVELOPMENT ACCOUNT

#### UNDER PERFORMANCE

**VOTE: 110 : Ministry of Development Planning and Cooperation**

**CONTROLLING OFFICER: The Secretary for Development Planning and Cooperation**

**PROVISION : K798,849,000**

**ACTUAL EXPENDITURE : K278,000,000**

**UNDER PERFORMANCE : K511,849,000**

118. An examination of financial statements of development resources showed an under performance on the following items—

<u>Budget Source</u>	<u>Cost Type</u>	<u>Type of Centre</u>	<u>Receipts</u>	<u>Prog</u>	<u>Sub- Prog</u>	<u>Donor</u>	<u>Project</u>	<u>Details</u>	<u>Revised Estimates</u>	<u>Actual Expenditure</u>	<u>Under Performance</u>	<u>% of Performance</u>
									K	K	K	
1	4							External				
								Resources				
		01						Headquarters				
			41					Grant				
				01				Administration and Support services				
					02			Management and Support Services				
						15		Norwegian Agency for Development				
							009	Ministry of economic Planning and				
								Development Institutional	40,000,000	34,000,000	6,000,000	15
		53						External Loan				
							10	Economic Management and				
								Development				
					12			Development				
						49		World Bank				
							011	Infrastructure Service Project	304,000,000	253,000,000	50,950,000	16.7
				66				Economic & financial management				
					11			Economic Planning and Development				
								And planning				
						15		Norwegian agency for				
								development				
							016	Mepd Institutional				
								Cooperation	40,000,000	34,000,000	6,000,000	15
		53						External				
						41		African Capacity Building foundation				
							014	Capacity Building	62,801,000	-	62,801,000	100
							015	Malawi Public Policy				
								Research Centre	129,301,400	-	129,301,400	100
				41				Grant				
					17			Economic financial monitoring				



52	01	69	Public Administration					
		35	Management and support					
			Services/ general admin					
		15	Norwegian Agency for					
			Development					
		039	Statistics and planning					
			For the MGDS-Institution Co.	190,725,000	-	190,725,000	100	
			Local loans					
			Statistical Services					
		02	Management and					
			Support Services					
		01	Malawi Government					
		063	MASEDA	10,000,000	-	10,000,000	100	
		66	Economic and					
			Financial Management					
		61	Statistical Services /					
			Economic Statistics					
		01	Malawi Government					
		062	Malawi Statistical					
			System Project	30,000,000	15,000,000	15,000,000	50	
		62	Statistical Services/					
			Demography and social					
			statistics					
		01	Malawi Government					
		060	2008 Population and					
			Housing census	128,000,000	102,898,000	25,102,000	19.6	
			<b>TOTAL</b>	<b><u>2,995,252,000</u></b>	<b><u>117,898,000</u></b>	<b><u>2,877,354,000</u></b>	<b><u>96.1</u></b>	

## **PART IV**

### **RECOMMENDATIONS AND ACKNOWLEDGEMENTS**

#### **RECOMMENDATIONS**

120. In the course of my audit of the 2009/2010 Accounts of the Government of the Republic of Malawi, each Controlling Officer was sent appropriate management letter with recommendations. While I have noted improvements in responses to audit queries by some Controlling Officers, other controlling officers made limited efforts in complying with the requirements. I would therefore like to urge all Controlling Officers to respond to audit queries within the defined time frame. Those who responded in time are accordingly encouraged to maintain or excel in this area. A summary of my recommendations include—

- (a) To ensure greater accountability, Government should urge Ministries and Departments to prepare their own annual financial statements for audit before they are consolidated into the National Accounts;
- (b) Capacity in the internal audit should continue to be enhanced
- (c) Audit Committees in all Ministries and Departments should meet regularly
- (d) Procurement of goods and services should be executed within set processes and procedures;
- (e) Losses of public funds and stores should be expeditiously investigated and reported to in accordance with the Treasury Instructions, and appropriate disciplinary action taken against officers concerned;
- (f) Knowledge and skills of accounting personnel should be regularly enhanced through generic training, including refresher courses and workshops

#### **ACKNOWLEDGEMENTS**

121. I wish to place on record my profound gratitude and appreciation to staff in my office who carried out their duties diligently despite resources constraints.

I also wish to acknowledge the assistance and cooperation given to me during the year under review by the Chief Secretary to the Government, the Secretary to the Treasury, the Accountant General, Controlling Officers and their staff. The cooperation enabled me to obtain information and documentation for the audit services and to deliver this report within the statutory framework.

*20th December , 2010*

*LILONGWE.*