

AGR Press Release

8<sup>th</sup> November, 2017.

### Continued increase in public funds abuse/waste worrying

The office of the auditor general on 2<sup>nd</sup> November, 2017, released a report on the Accounts of the Republic for the financial year ending 31<sup>st</sup> December 2016. The Jesuit centre for theological reflection is concerned with the current public financial mismanagement in Zambia which keeps getting worse every year without corrective measures. While seven out of twelve categories of irregularities showed some reduction, irregularity such as untouched expenditure remained the highest ranking irregularity at K170 million, an amount that could have doubled 2018 budgetary allocation to Skills Development and enabled hundreds of young school leavers acquire some skills. We have been studying the auditor general's reports and it's saddening to note that the misuse of tax payers money keeps worsening. With the current national poverty levels at 54.4% and rural poverty levels at 76.6%, high unemployment and high cost of living; Zambia cannot afford to continue on this path of imprudent use of public resources.

Zambia has many developmental challenges to continue on the path of wasteful use of public resources. In the last few years, government has struggled to balance its incomes with expenditure partly due to reduced economic growth which has been caused by reduced copper prices on the international market and low electricity supply among others. This has resulted in government recording huge budget deficits of over 6% of GDP per annum way above the projected annual deficit of 3% of GDP. Government has thus been courting the IMF for a US\$1.3 billion for balance of payment support. While the economy has shown signs of recovery with projected growth of 4% for 2017 from 3.4% of 2016, government fiscal space is still under serious strain. Seeing that we are on a route to economic recovery stringent public financial management policies should be instituted in our country to ensure that funds are used for the intended purpose in order to uplift lives of the poor.

The irregularities that the report highlights to be of grave concern includes misapplication of funds which increased by more than five times the misapplication level of 2015, from K28 million to K162 million. Unaccountable for revenue, unaccounted for funds, unretired imprest as well as unaccounted for stores all showed significant increases from their 2015 level. The 2016 Auditor General's report is a serious indictment on the PF government's credibility on public resource management as it reflects an ever deteriorating culture of wastefulness by those entrusted to manage public finances. The total number of audit queries in Auditor General's reports under the PF government have been increasing from 719 in 2012 to 867 in 2013 and 1215 in 2014. It is without doubt that those with the responsibility of managing public funds have terribly failed the Zambians and quick measures need to be put in place to avoid this wastefulness. Zambia has so many developmental challenges where abused resources could have been used. University of Zambia for instance has postponed its opening date to 2018 on account of lack of funds and yet the country is wasting resources. The goals of the seventh national development plan risks not being realized with this kind of un-targeting and wasteful spending. The JCTR therefore demands that the anti-corruption commission prosecutes all erring officers cited in the

report for abusing public resources. JCTR further demands that government implements all recommendation in the audit report without fail. Further there is need for the Secretary to the Treasury being the Chief Controlling Officer to see how financial management systems can be strengthened in Ministries to help curb the abuses. Publicity of treasury minutes on the Parliament or Auditor General's websites which provide details of commitments and works of different Permanent Secretaries to address Auditor Generals' and Public Accounts Committees comments. There is also urgent need for the revision of the Public Finance Act to strengthen punitive measures so as to ensure adherence to laid down financial regulations.

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**Jesuit Centre for Theological Reflection (JCTR)**

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Advocacy on Public Finance Accountability

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