



THE UNIVERSITY OF ZAMBIA

AUDIT COMMITTEE

Cou/2019/20

MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING HELD ON THURSDAY, 14TH MARCH, 2019, AT THE INSTITUTE OF DISTANCE EDUCATION BOARDROOM, ALONG GREAT EAST ROAD CAMPUS, LUSAKA, AT 14.30 HOURS.

PRESENT

Mr. Levy Mwanza	-	Chairperson
Prof. Luke E. Mumba	-	Vice-Chancellor
Mrs. Joyce Phiri-Sundano	-	Member
Mrs. Misozi K. Nyimbiri	-	Member
Mrs. Alice J. Tembo	-	Member
Mr. Willa Mulabika	-	Member
Mr. Daniel Siakalima	-	Secretary

IN ATTENDANCE

Mr. Arnold Kapambwe	-	Bursar
Mr. Ronald Hatoongo	-	Legal Counsel
Mr. Norman Kamanga	-	Chief Accountant (Schools & Units)
Dr. Aubrey Masumbu	-	Chief Internal Auditor
Mr. Donald Fulai	-	Deputy Chief Internal Auditor
Mr. Dube Kasaro	-	Chief Accountant (Financial Reporting)
Mrs. Audrey K. Chisenga-Mumba	-	Acting Assistant Registrar (Council), Recorder

1.0 QUORUM

The quorum was formed at 14.37 hours.

2.0 APOLOGIES

No apologies were received.

3.0 ADOPTION OF AGENDA

The agenda was adopted following the proposal from Mrs. Joyce Phiri-Sundano and seconded by Mrs. Misozi K. Nyimbiri.

4.0 DECLARATION OF INTEREST

There was no interest that was declared.

5.0 CHAIRPERSON'S OPENING REMARKS

The Chairperson welcomed members to the meeting of the Audit Committee and requested members to deliberate on matters with open minds.

6.0 SUBMIT FOR APPROVAL:

6.1 Minutes of the Ordinary Audit Committee meeting held on 6th June, 2018

6.1.1 Minutes of the Ordinary Audit Committee were approved as a correct record of what was discussed on the 6th June, 2018, after the following corrections:

- a) Page 1, the name Mrs. Nyimbili to read '*Mrs. Nyimbiri*' and remove Mr. Willa Mūlabika under members present so that it appeared under apologies.
- b) To remove '*Mr. Arnold Kapambwe*' under In-Attendance.
- c) Under item 3.0, to interchange the surname of Mrs. Joyce Sundano Phiri to '*Mrs. Joyce Phiri-Sundano*.'
- d) Page 3, item 6.2.3 (i) the date to read 8th June, 2018.
- e) Page 9, item 7.1.7 (i) third line, to remove 'Department of'
- f) Page 10, item 7.2.1 (b) last sentence, to include 'have' between not and policies.

6.1.2 The minutes were proposed for approval by Mrs. Joyce P. Sundano and seconded by Mrs. Misōzi K. Nyimbiri.

6.2 Matters arising from minutes of the ordinary Audit Committee meeting held on 6th June, 2018

The Deputy Registrar Council, Mr. Daniel Siakalima, presented on matters arising as follows:

6.2.1 Item 6.2.1 (g) (i – ii) - Status on the Draft Risk Management Policy and Whistle Blower Policy

- i) The Committee was informed that the Risk Management Policy was approved by the Audit Committee at a special meeting of Audit Committee held on 13th August, 2018.
- ii) Further reported that the final draft of the Whistle Blower Policy was ready awaiting consideration by the Policy Formulation and Development Committee. The policy was expected to be finalized and presented for approval by 30th April, 2019.

iii) Comments/Observations

- a) Members of the Committee reiterated the need to operationalise the Risk Management Policy and Framework.
- b) The Committee directed that in the absence of Risk Manager, Management should in the interim identify an Officer in the Bursar's Department or Internal Audit Department to operationalise the Risk Management Policy.

6.2.2 Item 6.2.5 – Veterinary Clinic Pharmacy (Status on the establishment of pharmaceutical Inventory Management Policy and the University-wide Inventory Management Policy)

Reported that a Committee had since been constituted by the Registrar to draft both the Pharmaceutical Inventory Management Policy and the University-wide Inventory Management and work was in progress.

6.2.3 Item 6.2.7 – Lack of Anti Plagiarism tool in the School of Medicine

Management responded that the Procurement Department had commenced the procurement of the anti-plagiarism software in liaison with the Centre of Information and Communication Technologies.

6.2.3 Item 6.2.8 (iv) (viii) – Dilapidated State of Anatomy Dissection Room – School of Medicine

- a) The Committee was informed that an assessment of material requirements was done and procurement of the same materials had been initiated. Works were expected to commence on 8th March 2019 and be completed by 15th March 2019.
- b) Reported that the planned site visitation had been planned for 7th May 2019. This would be immediately after the next Audit Committee meeting scheduled for 7th May 2019.
- c) Further reported that the EXPO was successfully implemented and the School of Medicine received a 70 Seater Bus. The School also received Scholarships. A total of K799, 876.40 was realized from the EXPO.

6.2.5 Item 6.2.9 (ii) – Payments without Goods Received Notes (GRNs)

The Committee was informed that Management had established that only part of the goods were collected initially as Cairo Chemist had run out of stock. The balance of the goods were later collected and verified by Internal Audit. No disciplinary action has been taken as the concerned Officers were not at fault.

6.2.6 Item 7.1.3 (i – iii) – Status on payments not fully supported with relevant documents

- a) Management informed the Committee that on follow up audit, Internal Audit verified the documents and that amounts still outstanding were: US\$300 and K235,225.00.
- b) Stated that Management would effect recoveries from erring officers with effect from March 2019.

6.2.7 Item 7.2.1 (i-iii) – Lack of Policy on Students Admissions

Reported that the drafting of the Admissions and Examinations policies was part of the 2019 Work Plan for the Academic Office. The two policies were expected to be finalized and presented for approval by 30th September 2019. In the meantime, the University had Senate approve regulations on Student admissions, which it had been using since its inception and the regulations underwent several revisions over time.

6.2.8 Item 7.2.2 (i-iii) – Lack of Policy on Customer Relations

Following the appointment of a Manager, Customer Service in January 2019, a Team had been constituted to draft the Customer Service Policy and it was expected to be finalized and presented for approval by 30th June 2019.

6.2.9 Item 7.2.6 (i-iv) – Huge sums of money spent on Hire of Tents and Plastic Chairs for Graduation Ceremonies

Reported that the long term strategy on reducing huge sums of money spent on hiring tents and plastic chairs for graduation ceremonies, was the construction of the multi-purpose hall, while the short-term strategy was the on-going procurement of chairs which was intended to cut down costs relating to hire of chairs and about a thousand chairs had so far been bought.

6.2.10 Item 7.3 – Status on the review proposed amendments to the Audit Charter

Reported that the Audit Charter was reviewed and adopted by the Audit Committee at a special meeting held on 13th August, 2018, and ratified by the Caretaker Committee.

6.3 Minutes of the Special Audit Committee meeting held on 13th August, 2018

6.3.1 Minutes of the special Audit Committee were approved as a correct record of what was discussed on the 13th August, 2018, after the following corrections:

- i) Page 2, item 6.1.1 (iii) line 2, to remove constrain and replace it with 'contain' while in line 3, to remove take and replace with 'make.'
- ii) Page 3, item 6.2 (iv) line 4, to add 'Internal' between in and auditing....and on page 4 item 6.2. (iv) line 6, to remove auditing and add 'assessment.'

6.3.2 The minutes were approved following a proposal from Mrs. Misozzi Nyimbiri and seconded by Mrs. Joyce P. Sundano.

6.4 Matters arising from the minutes of the special Audit Committee meeting held on 13th August, 2018

The Deputy Registrar, Mr. Daniel Siakalima, presented matters arising as follows:

6.4.1 Item 6.1 (i-v) – Request to consider and approve the University of Zambia Risk Management Policy and Risk Management Framework

- a) Reported that the position of Manager, Risk Manager was not provided for in the 2019 recruitment budget due to budgetary constraints. However, the position would be provided for in the 2020 recruitment budget.
- b) In response to the above, the Committee directed that in the interim, Management should assign the responsibilities of the Risk Manager to the Internal Audit Unit, adding that an Officer in the Internal Audit Unit should be identified and assigned additional responsibilities of Risk Manager.

6.4.2 Item 6.2 (i-vi) – Request to consider and approve the proposed amendments to the University of Zambia Internal Audit Charter

Reported that the Internal Audit Charter was revised and the revised Charter was approved by the Audit and Risk Committee and ratified by the Caretaker Committee.

7 SUBMISSION FOR CONSIDERATION

The Deputy Chief Internal Auditor, Mr. Donald Fulai, presented the 4th Quarter Report for 2018. The following were the highlights:

7.1 Routine and Investigative Audit Reports – School of Education Adult Education and Extension Studies (AEES), Mongu Provincial Office

7.1.1 Strategic Direction of the AEES Provincial Centres

- i) The Committee was informed that the University of Zambia established the Extension Studies Department in 1967 and since then, the University has been running extension studies programmes in the provincial centres.
- ii) Further informed the Committee that the proliferations of private higher education providers had seriously affected the relevance of provincial centres. However, the University of Zambia had not adequately responded to changes in the environment, which had adversely affected the running of extension studies programmes.
- iii) The resultant effects of the inertia to restructure the extension studies programmes were low enrollment levels and the inability of the centres to generate income to sustain their operations.
- iv) The audit was restricted to the Western Province Office and the audit concluded that on the basis of audit procedures performed and audit evidence gathered, the results of the audit were by no means unique to Western Province. The audit revealed that some of the major issues bordering on the weaknesses were highlighted as follows:

a) Poor Learning Infrastructure

The audit revealed that Mongu Centre conducted its classes in classrooms for grade 1 to 7 pupils as well as 8 and 9 pupils at Mulambwa Basic School. This school was old with extreme dilapidation and with the growing competition from private universities and colleges offering similar programmes using quality learning facilities, the Centre had lost its market share in the province.

b) Competition

It was observed that the Western Province office faced stiff competition from other training providers in the province which were offering similar programmes on full-time basis and owned their own learning facilities.

c) High Tutor Turnover

The audit established that in 2016/2017 academic years alone, the centre had 45 resignations of tutors in total at their three local centres namely Mongu, Kaoma and Shangombo. The resignations took place at different stages of the academic year leaving students stranded for some time before tutors could be replaced. The main reason for the high turnover of tutors was delays in payment of allowances.

- v) In response to the above, Management informed the Committee that it had since constituted an Adhoc Committee to assess the viability of running extension studies programmes.

vi) Decision

The Audit Committee directed Management to look into ways of addressing the operational challenges of the provincial centres and take corrective action.

7.1.2 Imprest not retired through 'Form 2' as required

- i) The audit established that imprest payments for the Mongu centre in the period under review totaling K65,340.00 were examined and it was observed that all imprest payments in the period, though supported by receipts, invoices, acquittal sheets, etc. were not retired through the standard imprest retirement Form 02 as per UNZA Financial regulations. Imprest holders submitted all documents supporting the expenditure to Accounts office as an end in itself to the requirement of the retirement process.
- ii) Management indicated that going forward, the Resident Lecturer shall ensure that 'Form 2' shall be filled in with the guidance of the Accounts Clerk. All Accounts Clerks employed were inducted on financial regulations and guidelines.
- iii) Decision

The Committee directed Management to ensure that financial regulations were adhered to.

7.1.3 Lack of Supporting Documents for Payments – K25,500.00

- i) The audit revealed that Western Province Centre expenses for the 2017 academic year revealed that five (5) expenditure items totaling K25,500.00 did not have approved source documents on file to support the expenditure. It was therefore not possible to establish legitimacy of the payments.
- ii) Management's response to the audit query was that the transactions were done from Lusaka because the second signatory to the bank account was based in Lusaka. Management indicated that the copies of letters of bank transfer and vouchers for all Finance Bank Account conducted in the year were left with the School of Education Accountant to use during bank reconciliation process. Added that with effect from May, 2018, all bank transactions were being undertaken by the Mongu Office following the deployment of an Accounts Clerk to the centre.
- iii) Decision

The Committee directed Management to make a follow-up on the documents in question and submit the same to the Internal Audit Unit for verification.

7.1.4 Allowances Claimed by Illegitimate Tutors – K26,640.00

- i) The audit revealed that at a local teaching centre called Muoyo center in Western Province there were four (4) people who were not legitimate UNZA tutors but who had been allowed to teach and claim allowances from UNZA using details of legitimate tutors at the Centre. The Centre Coordinator at Muoyo reported that the four Tutors were degree holders. However, there was no evidence that they were qualified and neither did they apply for appointment.
- ii) The Centre Coordinator explained that tutors who were formally appointed were not available to continue teaching for various reasons. However, the Resident Lecturer expressed ignorance over the arrangement. According to the Muoyo Centre Coordinator, the Tutors started teaching on 10th October, 2016 but did not provide proof to support the claim, and in the 2016/2017 academic year claims totaling K26,640.00 were approved by the Resident Lecturer before they

came to Lusaka for further approvals. The K26,640.00 was part of Tutor's outstanding balances for the province as at the date of auditing.

iii) Decision

The Committee directed Management to take disciplinary action against erring officers (Resident Lecturer and Centre Coordinator) for allowing fraudulent activities.

7.1.5 Tutors paid Twice for the same claim – K37,360.00

- i) The audit revealed that at the time of auditing Western Province, the Center had a total of K554,173.00 net in tutor claims of which K205,875.49 related to 2017 academic year while K348,297.50 related to previous academic years.
- ii) The audit verified a sample of 2016 academic year claims for tutors who claimed allowances for courses taught in term 2 and term 3 but paid in 2017 academic year indicated that six (6) tutors collected money twice for the same claims.
- iii) Management's response to the audit query was that reconciliations were done by the Accounts Clerk and the Tutors in question were contacted and agreed to pay back the duplicated funds using funds still owed to them by UNZA. The Accountant had began the process of recovering the funds.

iv) Decision

The Committee directed Management to take disciplinary action against the Accounts Clerk.

7.1.6 Weakness of Input controls in the Student Information System (SIS)

- i) Another revelation of the audit findings was that the data entry into the Student Information System (SIS) indicated a weakness of the input controls. It was observed that the student information system was capable of accepting duplicated student biodata.
- ii) It was further observed that the system was pervasive as it affected not only the province under review but the entire University and that the weakness was a result of lack of data validation and verification controls within the system.
- iii) Management's response to the audit query was that the Resident Lecturer, through the office of the Head, AEES would work with the Director, CICT, to rectify the weaknesses and clean up the system by eliminating all duplicated data. Further Management responded that it was still working on improving the SIS.

iv) Decision

The Committee directed Management to enhance the security features of the Student Information System as soon as possible.

7.2 Routine and Investigative Audit Reports – University Library

7.2.1 Outdated Binding Machinery in the Bindery Department

- i) The Committee was informed that the Bindery Department was one the income-generating departments in the Library. This was evidenced by revenue realized

amounting to K87,105 in two quarters, i.e. quarter 2 of 2017 and quarter 1 of 2018.

- ii) The physical verification conducted during the audit in July 2018 revealed that outdated machines were being used for binding and sewing and this had led to loss of business as binding of books and publications of bigger volumes had proved a challenge.
- iii) Management's response to the audit query was that the University had embarked on an exercise to purchase a modern stitching and sewing machine.
- iv) Decision

The Committee Noted Management's response on the matter.

7.2.2 Uninscribed UNZA Assets

- i) The audit revealed that from 1st January, 2017 to 31st March, 2018, the University Library bought various assets valued at K141,232.62. Out of these assets ranging from electronic equipment to office furniture valued at K102,974.62 representing 73% of the acquired assets had either UNZA partial code or no code at all. In some cases, the codes put on some assets had pilled off thereby exposing the assets to pilferage.
- ii) Management's response to the audit query was that all assets had been coded at the time of the meeting.
- iii) Decision

The Committee directed Management to ensure that all goods procured were coded before they were delivered to user departments.

7.2.3 Insufficient Computers in Computer Laboratory at UNZA Main Library and Ridgeway Library

- i) The Committee was informed that the University of Zambia had entered into an agreement with Elsevier, a Dutch publisher for the access of e-books and e-journals for the period of five years i.e. from January 2014 to December 2018. This agreement saw the birth of e-Library, a facility aimed at enabling students and other UNZA Library users to access books and Journals online anywhere within UNZA.
- ii) This facility has been running with an annual subscription of \$51, 456.27. To yield the desired results, e-Library entails that a user has to have access to internet (wireless or cable) plus a gadget such as a laptop, computer, smart phone etc. A physical verification conducted in August 2018 on the computer laboratories in the three libraries revealed that there are 66 computers in the three libraries and 25 of the same computers are not working, leaving a balance of 41 in operation.
- iii) The Veterinary Library has no computer laboratory nor single computer designated for library users. The internet connectivity using Wi-Fi facility across UNZA is generally weak as can be evidenced by clusters of students at selected places near the Library, School of Education Bridge Building as they have better connectivity, whilst other places far from the library Wi-Fi signal is nonexistent. This has significantly limited the accessibility of e-Library even to students who may have their own laptops, iPads or smart phones.

iv) In response to the audit query, Management informed the Committee that procurement of computers was an on-going process and that procurement of twenty-five (25) additional computers have provided for in the 2019 budget. Further, the University through CICT will expand the Wi-Fi coverage in the Veterinary Library.

v) Decision

The Committee directed Management to ensure that the Wi-Fi coverage was expanded and procurement of computers in order to derive maximum benefits from the MoU which was entered into with Elsevier, a Dutch publisher for the access of e-books and e-journals where the University is paying an annual subscription of \$51, 456.27.

7.2.4 Lack of Cameras in Veterinary and Medical Libraries

i) The Committee was informed that Veterinary and Ridgeway Campus Libraries did not have cameras (CCTV) fitted to enhance security of books and other items within the library. For Veterinary Library, the entrance and exit points had no sensors to trigger an alarm should a book be stolen from the library. At the Ridgeway Campus Medical library, the absence of cameras in the library had led to vandalism to the computer laboratory as well as theft of computer accessories.

ii) In response to the above, Management informed the Committee that installation of cameras and sensors at the three Libraries (Vet, Ridgeway and Confucius) was work in progress. Further, Management indicated that surveillance cameras were currently being used in the Main Library and that plans were underway to extend the same to Veterinary and Medicine Libraries in phases should funds allow.

iii) Decision

The Committee directed Management to enhance security in the libraries in order to curb theft of books. Further, the Committee directed that Management should avail to the Committee a detailed report on the site visitation to South Africa by Library staff on library security.

7.2.5 Supply and Delivery of wrong bindery materials

i) The Committee was informed that between 15th August and 25th September 2017, the Library Unit initiated procurement of bindery materials. Explained that the order was issued to Printech on 30th August, 2017 valued at K5,356.00 to supply yellow manila paper which was on the request from the initiating Unit, instead of the white paper.

ii) Further informed the Committee that at the time of the audit verification, some yellow paper was found to be unused while some customers whose books were bound with yellow paper unlike white paper had returned their books to the Bindery Department.

iii) Decision

The Committee observed that procurement procedures were not followed and that the UNZA Librarian did not review the procurement request before approving it, resulting in procurement of yellow paper, instead of white paper. In view of the above, the Committee directed that disciplinary action should

be taken against the Head of the Unit for causing the University to procure wrong bindery materials.

7.2.6 Decision

The Audit Committee Approved the 4th quarter Audit report for 2018 having been proposed by Mrs. Misozi Nyimbiri and seconded by Mrs Alice Tembo.

7.3 Annual Work Plan and Budget for 2019

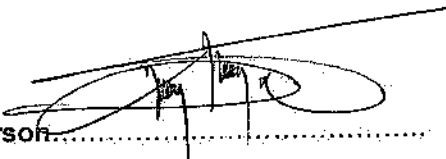
The Chief Internal Auditor, Dr. Aubrey Masumbu, presented the matter on the Internal Audit Annual plan for the period 1st January to 31st December, 2019. The following were the comments and observations:


- i) The Committee observed that the audit plan had no details on risk matters. Informed that once a formal Risk policy was implemented, there was need to develop a risk based approach work plan that incorporated the risk management training aspects.
- ii) The Committee observed that the total budget for workshops and review of audit manual was underestimated. Requested Management to recalculate the figures by inserting the right amounts.
- iii) Observed that the annual work plan lacked some details in its presentation. Urged that the next report of a work plan should include key result areas, overall challenges and successes of the Internal Audit.
- iv) The Committee commended Management over the good relationship that existed between Management and external Auditors.
- v) Decision

The Audit Committee approved the Internal Annual Work Plan and Budget for 2019 following a proposal by Mrs. Alice Tembo and seconded by Mr. Willa Mulabika.

8:0 CHAIRPERSON'S CLOSING REMARKS

The Chairperson thanked and commended members for their constructive contributions and declared the meeting closed at 17.46 hours.

Chairperson.....


Secretary.....


Date.....
2/9/2019

Date.....
5/9/19