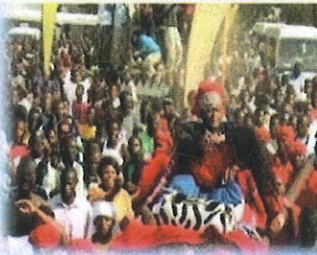


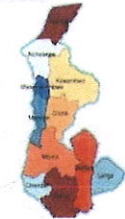
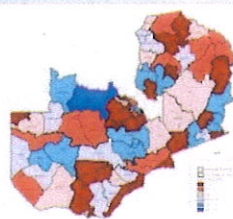


# MWANSABOMBWE TOWN COUNCIL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023



## MWANSABOMBWE TOWN COUNCIL

The Civic Centre  
P.O.Box 750002,  
Kazembe,  
Mwansabombwe.



<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
Report of the Council	2-5
Statement of Responsibilities for Annual Financial Statements	6
Independent Auditor's Report	7-9
Statement of Cash Receipts and Payments	10
Statement of Comparison of Budget and Actual Amounts	11
Statement of Cash Receipts and Payments for Local Government Equalization Fund	12
Statement of Cash Receipts and Payments for Constituency Development Fund	13
Summary of Significant Accounting Policies	14-19
Notes to the Financial Statements	20-33

## **REPORT OF THE COUNCIL**

The Council has the pleasure of presenting the report together with the financial statements for the year ended 31<sup>st</sup> December 2023 which disclose the sources, utilization and balances of cash for Mwanabombwe Town Council during the period under review.

### **Background and Location of the Council**

Mwanabombwe Town Council was established and given a district council status in July, 2012. It was delineated from Kawambwa District and is located in Kazembe along the valley of the Luapula River, on the northern part of Luapula Province. Mwanabombwe is 182 Km from the provincial capital, Mansa and 940 Km from the nation's capital, Lusaka.

Mwanabombwe District is located within longitudes 28° 30' and 29° 0' east of the Greenwich Meridian and latitudes 9° 41' and 10° 9' south of the Equator. The rainfall pattern in the area is good for farming activities for crops like maize and cassava. It shares boundaries with Nchelenge District in the north, Mwense District in the south, the Democratic Republic of the Congo (DRC) in the west and Kawambwa District in the east. The district covers an area of approximately 1,200 Square kilometres Km<sup>2</sup>, which is 2.4% of the Total area of Luapula Province. Out of the 1,200 km<sup>2</sup>, only 64 km<sup>2</sup> make up state land and the remaining 1136 km<sup>2</sup> is customary land under the traditional leadership of his Royal Highness Mwata Kazembe.

Mwanabombwe has a very rich cultural heritage, most notably the famous Umutomboko traditional ceremony, which attracts a huge number of people including local and international tourists and uplifts the economy of the district. It is held annually on the last Saturday of July.

The Kazembe Kingdom was established during the 1740s. During the height of its power in the 1800s, the Kazembe Kingdom occupied a vast territory including parts of the Katanga region of Congo and northern part of Zambia during the reign of the greatest ruler, Kazembe II, named Kaniembo, who conquered most territories and established his capital at Kazembe. It became the centre of trade between the people in the African interior and the Portuguese and Arabs in the eastern coast.

Mwanabombwe District has linear type of settlements. The Census of Population undertaken by the Zambia Statistics Agency in 2022 revealed that the population of Mwanabombwe District had reached 58,919 comprising of 30,375 female representing 52 per cent of the Total population and 28,546 male representing 48 per cent, respectively (CSO, 2012). Making it the Eighth (8<sup>th</sup>) most populous district in the province after Mansa -327,063, Nchelenge - 233,696, Chiengi - 189,893, Samfya- 147,189, Kawambwa- 123,652, Mwense - 122,605 and Chifunabuli - 116,326 respectively. The population density was about 49 persons per square kilometre way above the national average of 17.4 and the regional average of 19.6 persons per square kilometre. The population growth was estimated at an average of 2.2 per cent per annum from 45,294 in 2010 to 58,919 in 2022 (ZSA, 2012).

The postal address of the registered office of Mwanabombwe Town Council (MTC) is as follows:

The Civic Centre

P.O Box 750002

Kazembe

**MWANSABOMBWE**

## REPORT OF THE COUNCIL

### Composition of the Council

Mwansabombwe Town Council is a corporate body established under Article 152 of the Constitution of Zambia (Amendment) Act No. 2 of 2016 and section 6 of the Local Government Act No. 2 of 2019, mandated to perform functions, among them, service delivery to the community and policy making.

The Council is composed of an elected Chairperson, Twelve (12) elected councillors in each ward and a chief representative as provided for under Article 153 (2) (c) of the Constitution of Zambia (Amendment) Act No. 2 of 2016. The current Council Chairperson was elected to office in 2021 to serve a five year term up to 2026. The Vice Council Chairperson was elected from among the Councillors in 2021 for the period of two and half years.

The district has only one constituency namely, Mwansabombwe which is comprised of twelve (12) wards named as Mununshi, Mulele, Salanga, Lufubu, Mwansabombwe, Kazembe, Chipita, Kayo, Kakose, Pembe, Kabalenge and Mbereshi Wards.

The Councillors who held office during the year were;

S/N	NAME	GENDER	POSITION	WARD
1	Terrioh Mwape Chungu	Male	Council Chairperson	Not Applicable
2	Ngosa Milambo	Male	Deputy Council Chairperson	Mununshi
3	Chanda Kabwe	Male	Councillor	Mbereshi
4	Mbangu Monica	Female	Councillor	Kayo
5	Kapya John	Male	Councillor	Mulele
6	Ng'andwe Christine	Female	Councillor	Kazembe
7	Mwape Patson	Male	Councillor	Lufubu
8	Kapembwa Otis	Male	Councillor	Kakose
9	Chansa Nelson	Male	Councillor	Mwansabombwe
10	Blaston Mpundu	Male	Councillor	Chipita
11	Kapya Justine	Male	Councillor	Pembe
12	Chishala Justine	Male	Councillor	Salanga
13	Ngosa Justine	Male	Councillor	Kabalenge
14	Paul Kaniembo Mpemba	Male	Councillor	Not Applicable

The District also has one (1) elected Member of Parliament for Mwansabombwe Constituency. The Member of Parliament that held office during the year was:

NAME	GENDER	CONSTITUENCY
Hon.Kampampi Kabaso	Male	Mwansabombwe

The affairs of Central Government in the district are coordinated by the District Commissioner. During the year under review Mrs Rosemary Chikonde Mwiche was the District Commissioner for Mwansabombwe District.

## REPORT OF THE COUNCIL

### Council Secretariat

Mwansabombwe Town Council secretariat is headed by the Council Secretary who together with other support staff are appointed by the Local Government Service Commission. To assist the Council Secretary are five (5) heads of department namely; Finance, Planning, Works, Human Resource and Administration. Under administration are two units namely Procurement and Internal Audit.

### Functions of the Council

The main function of the Council is the delivery of local public goods and services to the people in the District and discharge all or any of the functions set out in Article 147 (2) (c) of the Constitution of Zambia (Amendments) Act No. 2 of 2016 and First Schedule of the Local Government Act No. 2 of 2019 which include, among others, power to make By-Laws, power to make regulations, imposition of levies, fees and charges and to formulate local policies to promote, guide and regulate development in the district through various relevant departments of the Council.

### Financial Results

	2023 Kwacha	2022 Kwacha
Cash Receipts	41,307,489	35,169,321
Payments	<u>(45,650,285)</u>	<u>(16,768,416)</u>
<b>Decrease/Increase in Cash and Cash Equivalents</b>	<b><u>(4,342,796)</u></b>	<b><u>18,400,905</u></b>

### Key Policies Adopted During the Year

The Council did not adopt any new policy during the year.

### Investments in Other Entities

The council did not invest in any entity or organisation.

### Administered Transactions

There were no administered transaction during the year 2023.

### External Assistance

The council did not received funds from external assistance.

### Third Party Payments

The council did not incur any third party transaction during the year under 2023.

### Related Party Disclosures

There were no related party transactions during the financial year.

### Property, Plant and Equipment

The Council purchased property, plant and equipment amounting to K15,520,253.

### Intangible Assets

There were no purchases of intangible assets during the year.

**REPORT OF THE COUNCIL**

**Employees**

The number of employees at the beginning of the year was 48 and 49 at end of the year. The Total amount spent on employees' remunerations and welfare during the year was K6,094,671.

**Health and Safety of Employees**

The Council is aware of its responsibilities regarding the safety and health of employees as prescribed in the Occupational, Health, and Safety Act No. 36 of 2010 and took appropriate measures to safeguard their safety and health.

**Auditors**

In line with Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016 and Section 44(2) of the Local Government Act No. 2 of 2019, the Council is audited by the Auditor-General

By order of the Council

Signature 

Name: Terroth Mwaape Chumbe

Position: Council Chairperson

Date: 26/11/2024

**STATEMENT OF RESPONSIBILITIES FOR ANNUAL FINANCIAL STATEMENTS**

The Mwanabombwe Town Council is responsible for preparing the financial statements for the year ended 31<sup>st</sup> December 2023 which are free from material misstatement, whether due to fraud or error, and are prepared, in all material respects, in accordance with the Cash Basis International Public Sector Accounting Standard (IPSAS). In preparing the financial statements, the Council selected applicable policies from Amended Local Authorities Accounting Policies (LAAPs) No. 2 of 2022 and then applied them consistently, making judgment and estimates that were reasonable and prudent.

The Council is also responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The Auditor-General has audited the financial statements and his report is shown on pages 7 to 9.

The Council accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with the Cash Basis IPSAS, the requirements of the Local Government Act No. 2 of 2019, the Public Finance Management Act No. 1 of 2018 and Amended Local Authorities Accounting Policies (LAAPs) No. 2 of 2022.

The Council further accepts responsibility:

- for the maintenance of accounting records that may be relied upon in the preparation of financial statements,
- for designing, implementing and maintaining systems of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Nothing has come to the attention of the Council to indicate that the Mwanabombwe Town Council will not remain a going concern for at least twelve months from the date of this statement.

In the opinion of the Council, proper books of accounts were maintained to support preparation of Financial Statements that present fairly the financial results of the Mwanabombwe Town Council for the financial year ended 31<sup>st</sup> December 2023.

Signed on behalf of the Council on 26/11/2024 by;

Name: TERRIOT MWAPE CHANCHA

Name: FELIX MUSILA MUSILA

Signature: [Handwritten Signature]

Signature: [Handwritten Signature]

Position: Council Chairperson

Position: Council Secretary

Name: SIMUTAUWE JUSTUS

Signature: [Handwritten Signature]

Position: Director Finance



**INDEPENDENT AUDITOR'S REPORT**

**STAND No. 7951**

**HAILE SELASSIE AVENUE  
LONGACRES**

**P.O BOX 50071**

**LUSAKA, ZAMBIA**

**E-mail: [auditorg@ago.gov.zm](mailto:auditorg@ago.gov.zm)**

**Website: [www.ago.gov.zm](http://www.ago.gov.zm)**

**Telephone: +260252611/252771**

To: The Minister – Ministry of Local Government and Rural Development

**Report on the Audit of the Financial Statements for Mwansabombwe Town Council for the Financial Year Ended 31<sup>st</sup> December 2023**

**Opinion**

I have audited the financial statements of the Mwansabombwe Town Council for the financial year ended 31st December 2023 which comprise the Statement of Cash Receipts and Payments, the Statement of Comparison of Budget and Actual Amounts, Statement of Cash Receipts and Payments for Local Government Equalization Fund and the Statement of Cash Receipts and Payments for Constituency Development Fund (CDF) and a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements of Mwansabombwe Town Council present fairly, in all material respects, its cash receipts and payments and balances for the year ended 31st December 2023 in accordance with the Cash Basis International Public Sector Accounting Standard (IPSAS) and the Local Authorities Accounting Policies (LAAPs).

**Basis for Opinion**

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of my report. I am independent of Mwansabombwe Town Council in accordance with the International Organisation of Supreme Audit Institutions (INTOSAI) Code of Ethics together with the ethical requirements that are relevant to my audit of the financial statements in Zambia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the INTOSAI Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements. Key audit matters are selected from the matters communicated to those charged with governance but are not intended to represent all matters that were discussed with them.

However, I have determined that there are no key audit matters to communicate.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Cash Basis International Public Sector Accounting Standard, the Local Government Act No.2 of 2019, the Public Finance Management Act No.1 of 2018 and Local Authorities Accounting Policies (LAAPs) of 2019, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Those charged with governance are responsible for overseeing the Council's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

In communicating with those charged with governance, I also determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

The Council is required, under Section 45 of the Local Government Act No. 2 of 2019 to prepare a Statement of Comprehensive Income and a Statement of Financial Position. However, the Council prepared the Statement of Cash Receipts and Payments, the Statement of Comparison of Budget and Actual Amounts, Statement of Cash Receipts and Payments for Local Government Equalization Fund and the Statement of Cash Receipts and Payments for Constituency Development Fund (CDF) using Cash Basis IPSAS in line with the LAAPS.



Dr. Ron M. Mwambwa, FCMA, FZICA, CGMA, CFE

**ACTING AUDITOR GENERAL**

DATE: ..... 29/11/2024 .....

**THE STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023**

	NOTES	2023 Kwacha	Restated 2022 Kwacha
<b>RECEIPTS</b>			
Local taxes	2	10,005	12,992
Fees and Charges	3	540,389	523,628
Licences	4	325	400
Levies	5	93,219	47,570
Permits	6	231,417	75,165
Local Government Equalisation Fund	7	10,112,549	10,212,408
Constituency Development Fund	8	27,261,470	23,986,190
Other Grants	9	2,082,297	300,635
Borrowings	10	-	-
Commercial Venture	11	-	-
Other Receipts	12	975,819	10,334
<b>TOTAL RECEIPTS</b>		<b>41,307,489</b>	<b>35,169,321</b>
<b>PAYMENTS</b>			
Personal Emoluments	13	6,094,671	5,768,492
Use of Goods and Services	14	14,985,029	7,133,710
Financial Charges	15	-	-
Social Benefits	16	6,048,583	3,114,629
Non-Financial Assets Acquisition	17	15,520,253	471,809
Financial Assets	18	2,735,470	-
Loan Repayments	19	-	-
Other Payments	20	266,279	279,776
<b>TOTAL PAYMENTS</b>		<b>45,650,285</b>	<b>16,768,416</b>
<b>Increase/(decrease) in Cash</b>		<b>(4,342,796)</b>	<b>18,400,906</b>
<b>Foreign Exchange Losses</b>	21	-	-
Cash at beginning of the year		22,670,226	4,269,320
<b>Cash at the end of the year</b>	22	<b>18,327,430</b>	<b>22,670,226</b>

Incorporated in the payments recognised in this Statement are those for Local Government Equalisation and Constituency Development Funds. However, the details of payments under each of these Funds are presented separately in each Fund's own Statement of Cash Receipts and Payments.

Name: T. Arhwa Mwahe Chacha

Name: FELIX MWAHA MWILA

Signature: [Signature]

Signature: [Signature]

Position: Council Chairperson

Position: Council Secretary

Name: SIMUTOWE JEBE

Signature: [Signature]

Position: Director Finance



**THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023**

	Original Budget Kwacha	Adjustments Kwacha	Final Budget Kwacha	Actual Amounts Kwacha	% Performance	Variance Kwacha	% Variance
<b>RECEIPTS</b>							
Local taxes	12,915	-	12,915	10,005	77%	2,910	23%
Fees and Charges	2,722,860	-	2,722,860	540,389	20%	2,182,471	80%
Licences	375	-	375	325	87%	50	13%
Levies	112,427	-	112,427	93,219	83%	19,208	17%
Permits	33,330	-	33,330	231,417	694%	(198,087)	-594%
Local Government Equalisation Fund	10,632,620	-	10,632,620	10,112,549	95%	520,070	5%
Constituency Development Fund	28,313,902	-	28,313,902	27,261,470	96%	1,052,432	4%
Other Grants	-	-	-	2,082,297	-	(2,082,297)	-
Borrowings	-	-	-	-	-	-	-
Commercial Venture	-	-	-	-	-	-	-
Other Receipts	561,850	-	561,850	975,819	174%	(413,969)	-74%
<b>TOTAL RECEIPTS</b>	<b>42,390,279</b>	<b>-</b>	<b>42,390,279</b>	<b>41,307,489</b>	<b>97%</b>	<b>1,082,789</b>	<b>3%</b>
<b>PAYMENTS</b>							
Personal Emoluments	6,869,916	-	6,869,916	6,094,671	89%	775,245	11%
Use of Goods and Services	33,209,363	-	33,209,363	14,985,029	45%	18,224,334	55%
Financial Charges	-	-	-	-	-	-	-
Social Benefits	18,000	-	18,000	6,048,583	33603%	(6,030,583)	-33503%
Non-Financial Assets Acquisition	2,143,000	-	2,143,000	15,520,253	724%	(13,377,253)	-624%
Financial Assets	-	-	-	2,735,470	-	(2,735,470)	-
Loan Repayments	-	-	-	-	-	-	-
Other Payments	150,000	-	150,000	266,279	178%	(116,279)	-78%
<b>TOTAL PAYMENTS</b>	<b>42,390,279</b>	<b>-</b>	<b>42,390,279</b>	<b>45,650,285</b>	<b>108%</b>	<b>(3,260,006)</b>	<b>-8%</b>
<b>Increase/(Decrease in Cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,342,796)</b>		<b>4,342,795</b>	

The composition of budget adjustments and explanations of major variances are provided in note 23.

