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MISPLACED PRIORITIES

A REPORT ON AN INVESTIGATION INTO ALLEGATIONS
CONCERNING LACK OF TRANSPARENCY AND ACCOUNTABILITY IN THE
IMPLEMENTATION OF MALAWI'S NATIONAL COVID-19
PREPAREDNESS AND RESPONSE PLAN

“MISPLACED PRIORITIES”

FIRST REPORT

**A REPORT ON AN INVESTIGATION INTO ALLEGATIONS CONCERNING
LACK OF TRANSPARENCY AND ACCOUNTABILITY IN THE
IMPLEMENTATION OF MALAWI’S NATIONAL COVID-19 PREPAREDNESS
AND RESPONSE PLAN**

NOVEMBER, 2020

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Executive Summary



“Misplaced Priorities” is my first investigation report as the Ombudsman of the Republic of Malawi in a series of investigations into allegations concerning lack of transparency and accountability in the implementation of Malawi's National COVID-19 Preparedness and Response Plan.

The investigations are based on public outcry on lack of transparency and accountability by public institutions and officials on the utilisation of the funds meant for fight against COVID-19 pandemic. The public outcry was generally instigated and amplified by a leakage of a conversation of two former cabinet ministers on allowances for an activity trip related to COVID-19.

This first report, particularly focuses on activities implemented by the Co-ordination Cluster for the period between March to July 2020, with a budget of MK322,651,196 00. Subsequent reports will cover the remaining clusters under the National COVID-19 Response Plan. This investigation was conducted by engaging in the following activities:

- a) Notifying DoDMA about commencement of the investigations;
- b) Requesting information relating to implementation of COVID-19 activities from 7 Ministries, Departments and Agencies (MDAs), namely DoDMA, the Ministry of Health, the Ministry of Finance (MoF), the Reserve Bank of Malawi (RBM), the Ministry of Local Government and Rural Development, and the Office of the President and Cabinet (OPC);

- c) Reviewing submissions made by the above MDAs;
- c) Interviewing representatives of the above MDAs, other public officers and suppliers mentioned on issues being investigated;
- d) Verifying and clarifying facts.

The investigation, particularly, established the following acts of maladministration:

- a) The opening of a separate account for receiving COVID-19 donations by the MoF was unjustified and created unnecessary administrative nightmare. MoF should have simply played oversight role concerning the funds in DoDMA account through the Secretary to the Treasury (ST) as provided for by the law;
- b) RBM acted illegally by departing from the conventional tools for price stability as provided for in the RBM Act (2018) to be able to make a MK6.2 billion donation towards the COVID-19 fight;
- c) RBM Irregularly categorised MK6.2 billion as a Corporate Social Responsibility (CSR) donation and inappropriately channelled the funds through the Governor's Account instead of the designated Gift and Donations Account;
- d) OPC irregularly equated the COVID-19 Response Taskforce to a Commission of Inquiry in determining payable allowances;
- e) Task Force Co-Chairperson omitted his duty to inform the public that the Taskforce started receiving allowances;
- f) The Task Force Co-Chairperson omitted her duty to put the suspension of the Taskforce allowances in writing;
- g) Payment of DSAs for more days than the actual days the officers would be genuinely required to work outside their normal duty stations was exploitative and irregular;
- h) Procuring obviously price inflated goods and liquidating the same without questioning responsible individuals or without seeking any clarification was a serious omission of duty;
- i) Purchasing lunch for officers who were paid full DSAs was irregular;
- j) Inviting a colleague who had been paid DSAs for meals at the hotel for meals paid by public funds was highly exploitative;
- k) Payment of a meal allowance not corresponding with any applicable government policy to an officer working on full board was irregular
- l) Assigning of a large numbers of officers for tasks which could ably be done by few officers was exploitative and irregular;
- m) Using a questionable receipt to justify a MK459, 000.00 payout from public funds without evidence of delivered goods anywhere is akin to fraud.

The report further makes directives and recommendations which I have made to redress the foregoing acts of maladministration.

Directives

1. The Taskforce co-chairpersons should put in writing the suspension of payment of the

allowances, including reasons behind the suspension and such communication should be made public to satisfy the public's legitimate interest to know the settlements of the Taskforce.

2. The OPC should develop separate policy guidelines for an allowances regime for taskforces such as the Presidential Taskforce on COVID-19 and the entitlements should be commensurate with the service to be provided and reasonable taking into account the economy of the country.
3. The Secretary to the Treasury should close the Covid Relief and Response Account because it is redundant.
4. DoDMA should publish using radio and newspapers all cash and noncash donations that they received from March to July 2020 and how they were disbursed and utilised.
5. All participants who were served lunch while they had been paid DSAs during the National Coordination Meeting held in Mponela from 9th - 11th July, 2020 should refund costs of the lunch.
6. The officer who invited another officer for meals using public funds should refund cost of the meals and the money should be deposited into the Disaster Management Account.
7. DODMA should discipline an officer who was responsible for procurement of Butex at MK995.00 and make sure that in future there are mechanisms to detect instances of bloated prices and responsible officers are held accountable.
8. An officer who was paid incidental allowances above his entitlement must refund the excess amount into DoDMA account.
9. The officer who last handled MK500, 000.00 meant for cleaning materials for Machinga DHO for reception of the returnees in June 2020 should pay back the money.

Recommendations

1. The RBM should establish mechanisms for desisting from breaking its own Law should a similar situation arise in future.
2. Spending 79.8% of the total funding for the Coordination Cluster on allowances is a reflection of misplaced priorities. The OPC should comprehensively review the government allowances policies by making them more realistic, considerate to country's economy and clearer to avoid abuses.

It is my sincere hope that this investigation helps to sanitise the handling of COVID-19 funds in general and allowances by structures responsible for implementing the Response Plan so that it may truly benefit the country.

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Abbreviations

CSR	Corporate Social Responsibility
DHO	District Health Office
DoDMA	Department of Disaster Management Affairs
DSAs	Daily Subsistence Allowances
LRR	Liquidity Reserve Requirement
MDA	Ministries Departments Agencies
MoF	Ministry of Finance
MPSR	Malawi Public Service Regulations
MRA	Malawi Revenue Authority
OPC	Office of the President and the Cabinet
PFMA	Public Finance Management Act
PHIM	Public Health Institute of Malawi
RBM	Reserve Bank of Malawi
SPC	Secretary to the President and Cabinet
ST	Secretary to the Treasury
TnT	Wear and Tear
WHO	World Health Organization
WaSH	Water, Sanitation and Hygiene

1.0

Background

1.1. COVID-19 Timeline

On 31st December, 2019, the People's Republic of China reported that a new Coronavirus had been identified in one of its Provinces, Wuhan, Hubei. On 30th January, 2020, the World Health Organization (WHO) declared the novel Corona Virus outbreak a Public Health Emergency of International Concern. In turn, on 20th March 2020, the Government of Malawi declared “*a State of Disaster*” in the country due to the spread of the COVID-19 pandemic worldwide and its potential devastating impact on the wellbeing of economies, communities and individuals as evidenced in Europe and Asia at that time. The then President of Malawi, Professor Arthur Peter Mutharika, appointed a Special Cabinet Committee on Coronavirus to lead, support and coordinate efforts against the COVID-19 pandemic. On 1st April 2020, Malawi recorded its first COVID-19 case. On 6th May, 2020, President Mutharika replaced the Special Committee on Coronavirus with a multi-stakeholder Presidential Taskforce consisting of cabinet members, health professionals, members of faith-organisations, and members of political organisations. A three- month National COVID-19 Preparedness and Response Plan (The Response Plan) was developed to guide COVID-19 – related activities for the period 1st April 2020 to 30th June 2020.

1.2. The Response Plan

The Response Plan has activities under four broad pillars, namely Preparedness and Capacity Building, Spread Control, Response, and Early Recovery. The Response Plan was revised in May 2020 and the implementation of the revised version was pegged at U\$D 375.5 million (MK276.74 billion).

The implementation of the Response Plan is coordinated, facilitated, overseen, guided and supported by the Presidential Taskforce on COVID-19 (The Taskforce), the National Disaster Preparedness and Relief Committee (The Committee) and a collaborative mechanism between the Department of Disaster Management Affairs (DoDMA) and the United Nations Resident Coordinator's Office (The Collaborative Mechanism).

The Taskforce meets every Thursday and is responsible for overseeing implementation of the Response Plan and for providing strategic leadership. The Committee, which is chaired by the Secretary to the President and Cabinet and meets every Wednesday, comprises all Principal Secretaries and is responsible for providing technical policy guidance concerning the implementation of the Response Plan. The Collaborative Mechanism is responsible for facilitating resource mobilisation and it meets every Friday.

Originally, the activities were, being implemented by various public institutions categorized into eleven operational clusters. namely Health; Inter-cluster Coordination; Protection and Social Support; Water, Sanitation and Hygiene (WaSH); Education; Food Security; Transport and Logistics, and ad hoc clusters, namely Communication, Employment and Labour Force Protection, Economic Empowerment, and Enforcement. However, Agriculture, Nutrition, and Shelter and Camp Management clusters were recently introduced, bringing the total to thirteen.

1.3. Funding and disbursement arrangements

The Response Plan is being funded by local and international institutions/organizations as well as private and or public institutions/organizations. The funding is in form of cash and equipment and is provided through the Department of Disaster Management Affairs (DoDMA), the Ministry of Finance and respective Ministries, Departments and Agencies (MDAs).

There are two bank accounts through which organisations/institutions and people of goodwill are making cash contributions. The first account is named Disaster Management is held by DoDMA at FDH Bank. The second one is named Corona Virus Relief Response and is held by the Ministry of Finance, at FDH Bank.

As at 30th June, 2020, MK75.602 billion had been mobilized against a total requirement of MK276.743 billion, creating a deficit of MK201.144 billion. (See Annex Table 1) Of the MK75.602 billion mobilized, the Malawi Government contributed cash amounting MK7.718 billion while local and international organizations, and individuals contributed MK 171,184,196.00.

The rest of the resources were directed to the implementing agencies in kind. The actual total mobilized resources may be higher than the captured amount as some of the contributions were possibly not reported to DODMA by the MDAs.

2.0

Basis of the Investigation

Around 1st May, 2020, both conventional media and social media were awash with reports that some members of the Cabinet and some Members of Parliament were being paid hefty allowances whenever they were conducting COVID-19 related activities.

Sooner or later, there was a leakage of a video clip showing two former Cabinet Ministers belonging to the Taskforce discussing calculations about subsistence and fuel allowances for a COVID-19 pandemic related activity that they needed to carry out. The content of the video clip generated a big public outcry concerning how funds meant for the fight against the COVID-19 pandemic were being managed by the Committee. The Committee's efforts to clarify what was going on in the video clip were largely deemed inadequate by the public.

2.1 Preliminary surveillance and monitoring initiative

A preliminary surveillance and monitoring initiative by My Office in April 2020 revealed that most MDAs especially those at District level and Local level had been left out in the initial disbursement of funds meant for COVID-19 preparedness and Response with the potential of putting so many lives at stake. Moreover the public was greatly concerned about the effectiveness and responsiveness of the national COVID-19 response because its coordination agencies were perceived by the general public as being more preoccupied with their political and individualistic motives than they were with the fight against the pandemic.

2.2 Key concerns identified

In particular, My Office identified the following four key concerns from the public outcry:

- a) Lack of transparency concerning terms and conditions of the Presidential Taskforce on COVID-19;
- b) Leading, coordinating and implementing agencies' abuse of funds meant for the fight against the COVID-19 pandemic;
- c) Lack of accountability by institutions and public officials and inadequate monitoring mechanisms;
- d) Ineffectiveness and unresponsiveness of the implementation of the Response Plan.

My Office positioned that the above concerns if validated were serious with potential loss of lives and resources, could negatively affect the effectiveness of the Response Plan to the pandemic, and erode the general public's confidence in public administration. These potential injustices necessitated a rapid response that could pro-actively ensure the protection of lives and resources and the restoration of the public's confidence in public administration. It was for this reason that My Office decided to carry out a real time investigation into the transparency and accountability of the COVID-19 Response by Malawi government

3.0

Legal Mandate

Based on a combined reading of section 123 of the Constitution and Section 5 of the Ombudsman Act 1996, the Ombudsman is mandated to investigate allegations of injustice; abuse of power, unfair treatment, manifest injustice, or conduct qualifying as oppressive or unfair in an open and democratic society, and the exercise or performance of powers, duties and functions in an unreasonable, unjust or unfair way. This includes decisions or recommendations made by or under the authority of any organ of Government or any act or omission of such organ that is unreasonable, unjust or unfair or based on any practice deemed as such and also that the powers, duties and functions which vest in any organ of Government are exercised in a manner which is unreasonable, unjust or unfair.

Under section 6(1) of the Ombudsman Act, the Ombudsman is further empowered to determine the nature and extent of any inquiry or investigation.

Where the allegations in the investigation are proved, under section 126 of the Constitution, the Ombudsman is empowered to direct appropriate administrative action to redress the injustice, to cause an organ of Government to ensure that there is practical remedy to redress a grievance, and even to recommend prosecution by the Director of Public Prosecution.

4.0

Issues for Investigation

The major issue for investigation is the transparency, accountability and responsiveness of the Response Plan. In particular, the investigation concerns itself with establishing the following;

- a) Whether funds for the fight against the COVID-19 pandemic are directed to relevant activities and are being properly accounted for
- b) Whether implementing agencies are providing adequate and accurate information to the public about the use of funds for the fight against the COVID-19 pandemic

5.0

Scope and Methodology

5.1 Scope

The investigation shall cover the whole Government National COVID-19 Preparedness and Response Plan for April to June 2020 being implemented by the thirteen clusters. I am aware that currently, Government is drafting a successor Response Plan, however, considering that the Covid-19 Response activities continue to take place my Office will continue with the present investigation as the country waits for the successor plan.

This report particularly focuses on activities implemented by the Coordination Cluster (comprising of DoDMA and Presidential Task Force) from March to July 2020. This is an appropriate starting point because activities of all other clusters depend on implementation of activities of the Coordination Cluster. Thus, activities of the other clusters shall be covered in subsequent reports.

During this period, the cluster was allocated MK322, 651,196.00 of which MK304 million was from the Malawi Government while the remaining MK18, 651,196.00 was donated by various organisations.

5.2 Investigation activities

The following activities were used to conduct this investigation;

- a) Notifying DoDMA about commencement of the investigation,
- b) Requesting information relating to implementation of COVID-19 activities from DoDMA, the Ministry of Health, the Ministry of Finance, the Reserve Bank of Malawi, the Ministry of Local Government and Rural Development, and the Office of the President and Cabinet,
- c) Reviewing submissions by the MDAs,
- d) Interviewing representatives of the MDAs,
- e) Verifying and clarifying facts.

6.0

Evidence

The evidence generated by this investigation is presented in three broad categories, namely Funds Disbursement, Funds Utilisation, and Coordination Cluster Activities.

6.1 Funds disbursement

The investigation focussed on funds channelled through DoDMA and the Ministry of Finance.

6.1.1 Funds channelled through DoDMA

As at 30th June, 2020, the contributions channelled through DoDMA amounted to MK11.456 billion. The Malawi Government allocated the funds in two tranches, namely MK5 billion for a general Response Plan activities and MK238million for facilitating the reception of returning Malawian citizens from South Africa. Table 1 below shows sources of the funds mobilised through DoDMA.

Table 1: Sources of funds mobilised through DoDMA

S/N	Institution	Amount (MK)
1	Reserve Bank of Malawi	6,200,000,000.00
2	Malawi Government	5,238,000,000.00
3	Malawi Gaming Board	10,000,000.00
4	Total Malawi	5,000,000.00
5	SADC Competition Commission	3,651,196.00
	Total	11,456,651,196.00

6.1.1.1 Funds Contributed by the Reserve Bank of Malawi

The donation made by the Reserve Bank of Malawi contributed over 50% of the funds channelled through DoDMA. In its submissions to My Office, the Bank stated that it “...*decided to contribute MK6.2 billion as part of the Bank's Corporate Social Responsibility ('CSR') and to mitigate the impact of the pandemic on the Bank's mandate of price stability*” after an approval of a board paper, which was prepared internally within the Bank, by its Board of Directors.

6.1.1.1.1 The Reserve Bank of Malawi's understanding of its donation

During a verification meeting with the Bank, it stated that price stability mandate is derived from Sections 4 and 28 of Reserve Bank of Malawi Act (2018) and it elaborated that the tools for the price stability are Bank/policy rate, Liquidity Reserve Requirement (LRR) ratio, discount window facilities, purchase and sale of the exchange, purchase and sale of securities e.g. treasury bills, repurchase agreements and reserve repurchase agreements, and bail-outs of ailing enterprises including banks.

Having listed the tools for price stability, the Bank confirmed that making a donation is an unconventional tool for price stability. However, it explained that it made the donation to help save Malawi's economy from collapsing on an understanding that if the economy had collapsed, the Bank could have had the responsibility to save it. The Bank further asserted that, whilst provision of an advance to Government is a conventional way to finance budget deficit, the current legal regime, particularly Section 40 of the Reserve Bank of Malawi Act 2018 restricts such advances to twenty per cent of estimated annual local revenue, and further restricts their repayment to the last four months of the financial year. Taking into consideration the adverse effects of the pandemic on the economy the advance could not have been made to Government because it could not have been in a position to repay the loan before end of June 2020.

When asked whether meetings were conducted between the Bank and the Ministry of Finance on the donation, the Bank's officials responded that they were not aware of such meetings. Similarly, when they were given opportunity to consult with their colleagues at their offices, they responded in writing that *"there are no records to show a formal discussion between the Bank and Ministry of Finance"*.

The Bank processed MK6.2 billion to assist the fight against the COVID-19 pandemic based on the President's declaration of a State of National Disaster and call for private sector and international community support, and by *"considering the impact of Covid-19 pandemic on the objective of the Bank"*. This is in contrast to what, the Ministry of Finance stated that *"the Reserve Bank of Malawi responded to the Minister of Finance's appeal to well-wisher to assist in dealing with the Coronavirus Pandemic and its resultant impact."*

The Bank asserted that in normal circumstances, donations are guided by a Corporate Social Responsibility (CSR) Policy budget and are made through the Gifts and Donations Account whose *"profit centre"* is Communication and Protocol. However, in this instance, the donation was made through the Governor's office particularly *"in light of the unprecedented crisis"*. The Governor's office account usually does not have funds, and donations made through it are for hospitality and entertainment for the Governor's visitors.

The Bank confirmed that the donation was not included in the Corporate Social Responsibility Policy budget. Actually, during the previous five years, expenditure under this account had ranged from MK41 million to MK 264million. The Bank further explained that it sourced funds

from other budget lines within the bank to raise the MK6.2 billion and that it was the first time the Bank made such a huge donation. Table 2 below indicates the Bank's CSR expenditures during the past five years.

Table 2: Corporate Social Responsibility Expenditure

S/N	Year	Amount (MK)
1	2015	41,000,000.00
2	2016	35,000,000.00
3	2017	210,000,000.00
4	2018	54,000,000.00
5	2019	264,000,000.00
6	2020	69,000,000.00

6.1.1.1.2 DoDMA's understanding of the RBM's Donation

The investigation established two different understandings concerning purposes of the COVID-19 funds. On the one hand, the Bank stated that *“funds will go into the pool of funds that Government has established to finance efforts to fight the pandemic”*. On the other hand, DoDMA stated that during discussions between Government and the donor community, it was resolved that there should be social cash transfer cushioning urban people in Lilongwe, Blantyre, Mzuzu and Zomba against the effects of the pandemic in view of an impending lockdown. A four-month budget social cash transfer programme was endorsed by the development partners and Government with a budget of the social cash transfer pegged at around MK6.1billion per month. The development partners undertook to contribute three months worth of support on condition that Government commits to fund the remaining budget of one month. The lockdown, was, however, never effected due to a Court injunction.

6.1.2 Funds channelled through the Ministry of Finance

The Ministry of Finance opened the Corona Virus Relief Response Account on 26th March 2020. As at 25th August 2020 the total amount deposited into the account was MK6,352,533,000.00. The amount consisted donation made by the then President, Vice President, Cabinet Ministers' salaries, the Reserve Bank of Malawi, and other well-wishers. Table 3 shows details of the donations.

Table 3: Deposits into Corona Virus Relief Response Account *(Source: Ministry of Finance)*

S/N	Contributor	Amount (MK)
1	Reserve Bank of Malawi	6,200,000,000.00
2	Airtel Malawi	104,962,000.00
3	FDH Bank	25,000,000.00
4	10% Cabinet Deduction	13,671,000.00
5	100% Salary for Vice President	6,000,000.00
6	Oxfam	2,000,000.00
7	10% Salary for Former President	900,000.00
	TOTAL	6,352,533,000.00

Concerning the donation by the Reserve Bank of Malawi, the Ministry of Finance stated that this money was wrongly transferred into DoDMA's account and the Ministry regularized this anomaly by advising DoDMA to transfer the funds to the Ministry of Finance considering that the Public Finance Management Act mandates only the Secretary to the Treasury to authorize release of public money. Regarding how this was particularly done, DoDMA stated that it received a letter from the Ministry of Gender, Disability and Social Welfare requesting for access to the MK6.2 billion on cash transfer. Upon receiving the letter, DoDMA sought advice from the Ministry of Finance and the Ministry, in turn, informed DoDMA to transfer -the 'donation'- into its account, which was done accordingly.

Regarding the MK6.2 billion donations by the Reserve Bank of Malawi, the Ministry stated that the Bank made it in response to the Minister of Finance's appeal to well-wishers to assist the Government in the fight against the COVID-19 pandemic.

6.2 Funds utilization

According to submissions by the Ministry of Finance and DoDMA, during the time of this investigation, MK11, 609,184,196. 00 had so far passed through their accounts for purposes of fighting the pandemic. Table 4 below shows donated amounts and their sources.

Table 4: Resources Channelled Through DoDMA and MoF

S/N	Source	Amount (MK)
1	Reserve Bank of Malawi	6,200,000,000.00
2	Government of Malawi	5,000,000,000.00
3	Government of Malawi	238,000,000.00
4	Airtel Malawi	104,962,000.00

5	FDH Bank	25,000,000.00
6	10% Cabinet Deduction	13,671,000.00
7	Malawi Gaming Board	10,000,000.00
8	100% 3 month's Salary for Vice President	6,000,000.00
9	Total Malawi	5,000,000.00
10	SADC Competition	3,651,196.00
11	Oxfam	2,000,000.00
12	10% 3 month's Salary for former President	900,000.00
	Total	11,609,184,196.00

6.2.1 Utilization of funds managed by the Ministry of Finance

A response from the Ministry of Finance concerning how it utilised the funds shows that of the MK6,352,533,000.00 credited into the account managed by the Ministry, MK2,268,087,012.00 (See Annex, Table 2 A) was spent on receiving Malawian returnees and deportees from the Republic of South Africa, on Presidential Taskforce Meetings, and on funding MDAs, including local councils. This was done between 17th July, 2020 and 12th August, 2020 (See Annex, Table 2 B).

Details of the direct expenditure from the account and activities on which the transfers were done shall be presented in the next report which shall cover Local Government, Security and Health clusters.

6.2.2 Utilization of the funds managed by DoDMA

Of the MK11, 456,651,196.00 channelled through DoDMA, the MK6.2billion donated by the Reserve Bank of Malawi was transferred to the Ministry of the Finance at the Ministry's advice while fuel worth MK5million donated by Total Malawi was disbursed to Lilongwe, Blantyre, Mzuzu and Zomba City Councils. Annex Table 3 shows how the MK5 billion from Government of Malawi was allocated and utilized.

6.3 Coordination cluster activities

As at 30th June, 2020, the Cluster had received MK322,651,196.00 and 79.8% was spent on various allowances. In terms of activities, out of MK322,651,196.00, MK242, 978,009.77 was spent on receiving returnees from abroad the rest was spent on other technical meetings and on logistics. In turn, of the funds spent on receiving the returnees, MK31, 804,104.50 was spent on the Taskforce Meetings.

6.3.1 Reception of Returnees and Deportees

During the period under investigation, Malawi received 5112 returnees and deportees who

came on numerous trips (See Annex Table 4). The receipt of these returnees involved COVID-19 screening, provision of food and sanitary materials, and transportation of the returnees and deportees to reception centers and to their final destination.

Table 5: Reception of Returnees Expenditure Report as at 30th June 2020

S/N	Item	Funding	Expenditure	Balance
1	Allowances and fuel refunds for Presidential Taskforce meetings on Coronavirus	31,804,104.50	31,804,104.50	0
2	Accommodation and conference facility for Presidential Taskforce	4,112,986.00	4,112,986.00	0
3	Communication for Presidential Taskforce	40,000.00	40,000.00	0
4	Allowances for reception of returnees	166,751,381.27	166,751,381.27	0
5	Fuel for reception of returnees	21,161,914.00	21,161,914.00	0
6	Conference facility for returnees meeting	637,252.00	637,252.00	0
7	Communication for reception of returnees	2,400,000.00	2,400,000.00	0
8	Maintenances of reception centres	2,600,000.00	2,600,000.00	0
9	Catering services	13,470,372.00	13,470,372.00	0
	Totals	242,978,009.77	242,978,009.77	0

Table 5 above displays the list of activities on which the funds were spent and their corresponding expenditure. The table reveals that of MK242, 978,009.77, MK198, 555,485.77 (82%) was spent on allowances for receiving returnees and on fuel refunds. The allowances were issued to teams from the Department of Immigration, the Malawi Revenue Authority, the Police, the District Health Office/Hospitals, media houses, the Malawi Defence Force and the Public Health Institute of Malawi/National Coordination team which either coordinating, supervising or implementing sub-activities of the activity.

With exception of the Malawi Defence Force which only had 3 to 5 members, the teams from other MDAs were large. The District Health Office (DHO) contributed 20 to 30 officers; Immigration, 10 to 20; the Police 20 to 40; and the National Coordination Team, 13 to 50. In most cases, all officers were being paid allowances for the whole period of an activity.

The team also included senior government officials such as District Commissioners, Disaster Commissioner and District Health Officers who, according to allowance sheets that were used, were available for entire activity periods.

6.3.1.1 Issues related to implementation of reception of returnees activities

The submissions before My Office show the following issues related to implementation of reception of returnees' activities:

6.3.1.1.1 Bloated prices for some goods

It was observed that prices of some of the commodities which were purchased by DoDMA were questionable. For instance, DoDMA bought Butex tablets of an undisclosed size at MK995 each alongside 10 mops at MK2,500.00 each and 5 bales of toilet tissue paper of undisclosed type and quantity per bale at MK8,950.00 from PS Enterprise and General Dealers.

On the price of Butex, DODMA stated that the size of the soap was 300grams and single sourcing was used because the items were needed urgently. Further, DODMA stated that the items were procured from the supplier because he was only one who accepted deferred payment and the price per unit was MK995.00 as the supplier bought the soap at MK795.00

6.3.1.1.2 Suspicious purchases

It was observed that some reported purchases were made in suspicious ways. The Zomba District Health office and Machinga District Hospital, for example, bought from REF General Dealers 1kg Omo soap at MK2, 580.00 each, 250ml JIK at MK1, 225.00 each, 250ml Salvon at MK3, 800.00 each, Lifebuoy at MK315.00 each, and plastic shopping bags at MK90.00 and MK60.00 respectively. However, the two purchases were issued two different receipts bearing the same Receipt Number, 0153 and bore same date of 17th June, 2020. The total cost of items bought was MK500, 000.00 for Zomba District Health Office and MK459, 000.00 for Machinga District Hospital.

Though he had earlier on denied to have sold the stated items the supplier later changed his position and stated that he supplied the goods to Zomba DHO. He however denied to have supplied the stated items to Machinga DHO. Two Machinga Health District Office officers who were responsible for coordination of the activities denied to have procured nor received the said items.

6.3.1.1.3 Extravagant hotel meals

The documents before my office shows that an officer, who was on full-board terms and accommodated at Mount Soche Hotel, on field mission to support receiving of the returnees took dinners that even included prawns at MK28,100.00 and MK45,900.00 on 30th May 2020 respectively. DODMA referred my Office to officer in question on this particular matter but admitted to my Office that it did not provide price ceiling for the meals and it did not obtain quotations for the meals. The officer appeared before my Office and when asked what will be his comments on the meals charges if an officer under his charge took such meals, the officer admittedly said that he would consider it “*extravagancy*”.

Relatedly, the documents and verification meetings show that on 1st June 2020 and 2nd June 2020 lunch meals were billed twice instead of once. The officer who was on the mission stated the he invited the driver to take the meals on the both occasion although the driver was not entitled as he had already received or was supposed to receive full DSAs.

6.3.1.1.4 Payment of allowances above approved rate

An officer was paid MK10, 000.00 incidental allowance per day for 4 days which does not correspond to any rate according to government rate. DoDMA stated that they need to do their investigations on the matter but also stated that the officer had to respond himself. The officer informed my Office that he was entitled to MK5, 500.00 per day not MK 10, 000.00 and this anomaly was not detected by the accounts section.

6.3.2 Presidential Taskforce Meetings

According to an OPC submission, members of the Presidential Taskforce are supposed to be receiving professional allowance, TnT, Airtime, Duty allowance and honoraria.

An internal memo from the Principal Secretary for Administration to the Secretary to the President and Cabinet (SPC), formerly known as Chief Secretary to Government, dated 12th May, 2020 and approved on 13th May, 2020 partly reads *“Subject to your approval, Sir, I would like to propose that given its status, the Taskforce should be treated like other ad hoc Committees such as Commissions of Inquiry that are appointed by the President from time to time”*. The memo further states *“a budget for the activities of the Taskforce for at least a period of six months is amounting to MK154million.”* The allowances rates were extracted from the above memo. Other sources indicate that the issue about allowances was first discussed at one of the taskforce meetings and the allowances were determined using entitlements rates for board members of Statutory Corporations.

Below are details of the allowances.

Table 6: Presidential Taskforce Allowances

S/N	Allowance	Designation/ Description	Amount
1	TnT	Members outside public service	MK 414.3 per KM
2	Professional Allowance	Chairperson	MK50,000.00
		Member	MK45,000.00
		Secretariat	MK30,000.00

3	Meal allowance where accommodation is provided	Chairperson	MK10,000.00
		Member	MK10,000.00
		Secretariat	MK10,000.00
4	Airtime	Chairperson	MK40,000.00
		Member	MK20,000.00
		Secretariat	MK15,000.00
5	Duty Allowance	Secretariat/Support Staff	MK7,000.00
6	Honoraria as per government exiting rates	All	MK300,000.00

The evidence submitted to My Office shows that these allowances, except honoraria, are being paid to Taskforce members, the Secretariat, as well as to support staff for every meeting they attend. The secretariat is composed of senior government officers, including the Secretary to the President and Cabinet.

The T n T, is paid at MK414.3 per KM to members who are not in mainstream Civil Service. The Ministers and the Secretariat are provided Fuel and Daily Subsistence Allowances whenever they travel outside their duty station.

A one-day Presidential Taskforce Meeting costs about MK2million in allowances, with the majority of the expenses being incurred through professional allowances and airtime allowances for Taskforce members and the Secretariat. For instance, a meeting held on 16th May, 2020 at BICC cost MK 2,142,000.00 for allowances. Out of the MK 2,142,000.00; MK1, 360,000.00 was professional allowances (MK820, 000.00 for members and MK540, 000.00 for secretariat and “officials”), MK670, 000.00 for airtime allowance (MK400, 000.00 for members and MK270, 000.00 for secretariat and “officials”) and MK112, 000.00 duty allowances for support staff.

From March to June 2020, the Presidential Taskforce meetings, funded only under the reception of returnees activities, cost MK31, 804,104.50 and over 70% of this amount was spent on allowances. Of MK13.6 million donated by well-wishers, MK11.5million was used for support coordination operations, including payment of Taskforce allowances.

With regards to the date the allowances became effective, a representative of OPC during facts verification meeting stated that the payment of the allowances became effective on the 13th May 2020, the day Secretary to the President and the Cabinet approved the allowances. She further stated that the Special Cabinet Committee on Corona Virus members were not receiving the allowances and the allowances were only applicable to the members of the

Taskforce because the scope of work of the Taskforce was expansive than the scope of work of the Special Cabinet Committee. The review of the terms of reference of the two shows that the overall function of the two are similar and the difference is, the Taskforce has 10 points specific duties whilst the Special Cabinet Committee has two duties.

She also informed my office that in July 2020 the payment of the allowances was suspended verbally by the current Co-chairperson of the taskforce. The suspension was made in response to the initial public outcry over payment of the allowances to the members.

6.3.3 Oversight and other coordination-related activities

Of the MK5 billion that was channelled to DoDMA, MK66million was spent on coordination: MK12.767 million on monitoring health facilities by Special Cabinet committee; MK1.610 million on airtime; MK1.080 million on procurement of PPEs; approximately MK28million on visits to health centres and boarder districts for funds utilization assessment; and MK22.437 million on other activities as shown in the table below.

Table 7: Coordination Cluster Expenditure

S/N	Activity/ Item	Allocation	Expenditure	Balance
1	Visit to health Centres	6,439,225	6,439,225	0
2	Assessment on utilization of COVID-19 funds	10,260,000	10,260,000	0
3	Airtime for COVID-19	1,610,000	1,610,000	0
4	Coordination field visits	4,008,700	4,008,700	0
5	Coordination strengthening in boarder districts	7,326,800	7,326,800	0
6	Fuel	2,000,000	2,000,000	0
7	Transportation of housing units	3,821,200	3,821,200	0
8	Awareness adverts on COVID-19	1,164,817	1,164,817	0
9	Purchase of PPEs	1,080,000	1,080,000	0
10	Conference facility	9,451,578.00	6,871,532.00	2,580,046.00
11	Monitoring of public health facilities by special cabinet committee	12,767,538.00	12,697,396.00	70,142.00
12	COVID-19 number plates	6,000,000	6,000,000	0
	Cluster Total	65,929,858.00	63,279,670.00	2,650,188.00

7.0

Analysis

7.1 Management of Public funds

Section 172 of the Constitution provides that all revenues or other monies raised or received for Government purposes shall, subject to the Constitution and any Act of Parliament, be paid into the Consolidated Fund. The Consolidated Fund, therefore, comprises all public money. According to Section 2 of the Public Finance Management Act (PFMA) 2003, public money means all money other than trust money received by the Government, including all revenue, grants, loans, etc. received by or on account of or payable to, or belonging to, or deposited with the Government or any Ministry by an officer of Government in his capacity as such, or any person on behalf of Government.

Under section 31(2) of PFMA (2003), all public money needs to be paid into bank accounts designated by the Secretary to the Treasury (ST) for that purpose and such accounts shall form part of the consolidated fund. Furthermore, no such bank accounts shall be opened, operated or continued to be operated for the deposit or withdraw of public money without the express authority of and on conditions as the ST determines.

The ST is further empowered by Section 31(6) to demand of the Manager of any bank operating in Malawi for disclosure of the records of the accounts, current or otherwise operated by a Ministry or Statutory Body and on receipt of such demand, the Manager shall comply with the demand accordingly.

The law clearly gives the ST power to manage all public money, including money in the DoDMA donation account which was duly authorised by government to receive donations for disasters in the country.

7.2 Bank accounts used for making COVID-19 Response donations

Evidently the COVID-19 Response Plan was funded by the Malawi Government, Development Partners and well-wishers and some donations were made through DoDMA's Disaster Management Account and the Corona Virus Relief Response Account opened and managed by the Ministry of Finance.

Justifying the opening of the Corona Virus Relief Response account, the MoF stated that they opened it because they have the responsibility over all public funds. However, considering the mandate that the ST has over all public funds as stated above, opening a parallel account was an unnecessary duplication, especially bearing in mind that the Disaster Management Account

managed by DoDMA was authorized by the Government to receive donations for disasters in the country. The ST should have simply concentrated on its oversight role of assisting with setting of policies, practices and procedures to ensure proper financial management of the account in the light of the COVID-19 pandemic.

7.3 Challenges associated with presence of two accounts

The presence of the two accounts and the lack of coordination between MoF and DoDMA created a communication gap to the effect that when money from DoDMA was needed by some institutions, the institutions were informed that there was no money in the DoDMA's Disaster Management Account yet the Corona Virus Relief Response Account held at MoF had money. This undesirable situation ended up defeating the responsiveness of the plan itself. For instance, from June to July 2020, Health Workers at Kameza Isolation Centre conducted a strike and downed their tools as a result of non-payment of their allowances, which resulted in the centre's closure. DoDMA failed to honour a financial request which Blantyre City Council had made to it citing lack of funds, yet the MoF account had funds.

It is also significant to note that while all the money that was in the DoDMA Donation Account qualified to be public money, the MoF was only interested in recalling the MK 6.2 billion that was donated by the Reserve Bank to the DoDMA account. This act leaves more questions than answers and it cannot be justified by arguing that the money was recalled because it was public money because all the money that was in DoDMA account was public money.

7.4 The donation by the Reserve Bank of Malawi

The MK6.2 billion donation by the Reserve Bank of Malawi is also a matter of concern. The Bank stated that it decided to contribute the MK 6.2 billion as part of the Banks' CSR and to mitigate the impact of the pandemic on the Bank's mandate on price stability. According to section 4(d) of the Reserve Bank of Malawi Act 2018, one of the Bank's objectives is to implement measures designed to influence the money supply and the availability of credit, interest rates and exchange rates with the view to promoting economic growth, employment, stability in prices and sustainable balance of payments position.

Concerning putting in place measures for availability of credit when it comes to financing government or public function budget deficit as it was in the distress plea by the former President on COVID-19 budget deficit, section 40(1) of the Reserve Bank of Malawi Act 2018 empowers the Bank to make short term advances to the government in respect of temporary shortfalls in budget revenues on such terms and conditions as the Bank may determine. Section 40 (2) (3) and (4) provides that such advances should not exceed twenty percent of annual revenues derived from sources within Malawi and repayable within four months of the end of the financial year.

The Bank's Corporate Social Responsibility Policy reads *“the Bank will actively identify other areas for involvement and funding depending on the nature of the needs identified and benefit to society”* for corporate social responsibility in addition to three clearly defined focus areas of the

policy, namely education; talent and innovation awards; and arts, culture, sports and recreation. Furthermore, the policy stipulates that the donations are made through the Gifts and Donations Account whose “*profit centre*” is Communication and Protocol.

It is clear from the evidence that was gathered that the donation was not one of the conventional tools for price stability. The Bank itself acknowledged this observation. In addition, their Board Paper did not justify the departure from the conventional practice. Perpetuating the irregularity, the donation was not channeled through the normal CSR Communication and Protocol's account; instead it was channeled through the Governor's account which is officially meant for hospitality and entertainment. Releasing such a huge amount of money through an account that is at the discretion of the Governor is incompatible with good corporate governance. There was need for due diligence and deeper discussion before the money was released. It seems to me that this process was engaged simply to rubberstamp a resolution made elsewhere. This is more considering that there are no formal records of meetings between MoF and RBM on this huge donation and also that the donation of MK6.2 billion by the Bank came at same time Government was in dire need of around MK6.1 billion to contribute towards the social cash transfer programme.

I am fully convinced in holding this position considering the sociopolitical and economic environment prevalent during the time the donation was made; the country had been hit hard by the pandemic at a time that it was going towards fresh presidential elections. The contribution of this large sum of money towards the social cash transfer programme had potential to give the then ruling party significant political mileage.

7.5 Allowances drawn by the Taskforce members

Regarding public concerns about allowances that were being drawn by the Taskforce members, an internal memo in the OPC dated 12th May, 2020 shows that the SPC approved payment of the allowances to the members of the Task Force and other presidential ad hoc committees using commission of inquiry rates. The members of the Taskforce are entitled to professional fees, airtime allowance and fuel whenever they attend the meetings, honoraria at the end of the assignment, and to field allowances, including DSAs whenever they are implementing field-related activities as indicated in Table 6 above.

The practice of equating an initiative such as the taskforce to a commission of inquiry without making a full determination of the scope of work and without determining whether it satisfies conditions applicable to commissions of inquiry is questionable. Under the Commission of Inquiry Act, Cap. 18.01 of the Laws of Malawi, powers of a commission of inquiry are equated to powers of the High Court to summon witnesses, call for production of books, plans and documents and to examine witnesses and parties concerned on oath. This unquestionably shows that the functions of the Taskforce are totally different from those of a Commission of Inquiry.

In my considered view, prudence would demand that the actual work that a particular taskforce such as this one is tasked to do should inform the kind of allowances the members should

receive. Whilst it may be argued that having separate allowances guidelines for the taskforce could be an administrative nightmare, it is imperative for government to exercise fiscal prudence by ensuring that services are proportionally compensated. Thus, developing separate guidelines for taskforces such as the present one should be considered extremely important.

A close look at the rates of the allowances reveals that the payment of airtime allowances (MK400, 000.00 per meeting) to the taskforce members and the secretariat (MK270, 000.00 per meeting) is unjustified because, largely, the taskforce members were expected to be communicating with each other directly through meetings and majority of them receive communication allowances and have access to the ground phones in their respective MDAs. Furthermore, there was no justification for payment of professional allowances to the Taskforce members and to the Secretariat considering that it is very clear that all of them were doing their regular work. To this end, I find justification by the OPC during the facts verification exercise that the Taskforce members have more responsibilities than the Special Cabinet Committee thereby justifying the allowances wanting. The only difference between the roles of these entities is how elaborative are their terms of references nothing more. The Special Cabinet Committee has two points and it's less elaborative whilst the Taskforce has 10 points and more elaborative. In essence, the actual scope of works is not different.

7.6 Provision of information on Payment and Suspension of the Allowances to the public

Section 12 of the Constitution makes open, accountable and transparent Government as well as informed democratic choice as part of the fundamental principles that sustain the trust of the people of Malawi and gives authority to exercise powers of the State. Section 15 (1) of the Constitution of the Republic of Malawi requires all organs of Government and its agencies to respect, protect and uphold human rights and freedoms in chapter IV. Section 37 states that every person shall have the right of access to all information held by the State or any of its organs.

Accordingly making information readily available by Government organs is a matter of obligatory accountability and transparency by Government and one of human rights for its people. With regards to the allowances, members of the Special Cabinet Committee provided right information that they were not receiving any allowances. However, this is only true for period before 13th May 2020 because once the committee was changed to the Presidential Taskforce the members started receiving the allowances. The Taskforce did not inform the public about these payments and their subsequent silent suspension in July 2020 due to public outcry. In an environment like ours where these payments were being scrutinized by the public the omission to so inform was a serious failure of duty on the part of the Government. The public had a right to know. The silent unwritten suspension of the same is equally dangerous. Such Government pronouncements are supposed to be in writing as it can easily be challenged making room for the members of the Taskforce to easily claim the allowances later.

7.7 Implementation of COVID-19 Response activities

The activities implemented by DoDMA were extracted from the Response Plan. Some of the activities were receiving returnees, visits to health facilities, sensitization meetings, and monitoring of utilizations of funds. With the exception of the reception of returnees, monitoring of utilization of funds and visits to health facilities, the rest of the activities for the Coordination Cluster under the Plan had no concerns raised. A concern, was, for example, raised concerning duplication of monitoring of utilization of funds and visits to health facilities by DoDMA on the one hand, and MDAs such as Ministry of Health, Ministry of local Government and the National Local Government Finance Committee on the other. DoDMA took note of the concern and undertook to work towards minimizing duplications by coordinating with other entities. This lack of prior coordination reflects poor and unreasonable discharge of functions and obviously has huge negative implications on use of public funds.

7.8 Allowances for reception of returnees

Regarding payment of allowances during the reception of returnees, regulations 1:770 and 1:772 of Malawi Public Service Regulations (MPSR) stipulate that subsistence allowance is payable to a civil servant who necessarily has to work out of their normal duty station for a period of not less than 24 hours and no meal allowance is payable where a civil servant has received subsistence allowance. A circular Ref. No. HRM/ALL/01 dated 6th December, 2019 provides rates of subsistence allowances applicable to the public officials traveling on duty within Malawi. The circular has the rates for subsistence allowance for civil servants working within Malawi where accommodation has been provided and also not provided. A circular Ref. ADM 1/1 dated 20th April, 2020 on allowances for health workers undertaking Covid-19 related work provides rates of allowances for health workers working in Isolation/Treatment centers as well as *“conducting surveillance/contact tracing/follow-up of Covid-19 patient in a community set-up (Out-patient).”*

An analysis of all the allowance payments that were made available to us shows that most of the officers who received subsistence allowance were outside their normal duty stations thereby suggesting that payments were made according to the law and available policy. It is very difficult, however, to ascertain if indeed all of them were away from their duty stations for more than 24 hours or indeed if it was necessary for them to spend a night away from their duty station. These are gaps that the regulations don't capture. Further, the way the regulations for allowances were crafted are not very clear and therefore prone to abuse.

7.9 Daily Subsistence Allowances amounts

The reception of returnees involved screening, provision of food and sanitary materials, and transportation of returnees and deportees to reception centers and to their final destination. This obviously involved various civil service personnel, including those from the Police, DoDMA, Immigration, Malawi Revenue Authority (MRA), Public Health Institute of Malawi (PHIM), Health and Malawi Defence Force (MDF) whose roles were played at different times.

What is striking, however, is that all of them were paid subsistence allowances for three or four days when the services of some of them were possibly not required for more than two days. Examples of these short term services are those provided by the MRA, Immigration, disinfection teams, the supervisory team of District Commissioners, District Health Officers, PHIM, Director of Finance, Directors of Administration and Principal Secretaries.

7.10 Payment of Daily Subsistence Allowances and provision of meals

Another critical issue that the investigation team observed concerning the allowances is the payment of subsistence allowances and provision of meals contrary to the regulations and policy highlighted above. Evidence show that from 9th to 11th July, 2020 attendees of the National Coordination Meeting on COVID-19 Response comprising officials from DoDMA and other Stakeholders which was conducted at Mponela to draft a Comprehensive Report on Implementation of Covid-19 Activities were paid full DSAs but were also served lunch. DoDMA pointed out that the *“lunch was paid ... for convenience of the meeting as people could have taken long to source lunch.”* This is basically double-dipping and abuse of public funds and an attempt to justify that is purely unjustifiable.

Relatedly, DoDMA paid an officer incidental allowances at a rate of MK10, 000.00 per day instead of the MK5, 500.00 per day. This laissez-faire attitude in performance of duties by officers involved in processing public funds payments is dangerous and exploitative.

7.11 Extravagant Meals

DoDMA booked accommodation for an officer without getting quotation of the meals nor providing ceiling for the meals costs. This is as good as giving the person a blank cheque and a reflection of lack of prudence in handling of public funds. The Officer went ahead and spent Mk 28, 100.00 and MK 45, 900. 00 on two corresponding dinners which included prawns.

Relatedly, the officer invited his driver who had already been paid full DSA for lunch at the same Mount Soche Hotel This is purely abuse.

7.12 Bloated commodity prices

A review of other instances related to the reception of returnees revealed fiscal abuses committed through use of bloated prices when purchasing goods such as groceries. For instance, one of the receipts shows that Butex soap tablets purchased from PS Enterprise and General Dealers was costing MK995.00 whilst prices for a small tablet and big tablet of the same soap range from MK230.00 to MK250.00 and MK380.00 to MK420.00 respectively. DoDMA response on the price variances was, *“the supplier who supplied us indicated he brought the soap at MK795 and sold us at MK995”*. As nonsensical as the alleged supplier's response is, DoDMA's apparent belief of the said response is even more baffling. That a tablet of Butex soap costs less than K500 in this country is a matter of common sense and all factors considered to demand almost double that amount and purchase it outside this price range is clearly a matter

of fraud or collusion to defraud. Moreover, Section 10 (1) (h) of the Public Finance Management Act (2003) requires Controlling Officer to make sure that “*all expenditure is incurred with due regard to economy, efficiency and effectiveness and the avoidance of waste.*” DoDMA Management failed in their duty in this regard.

7.13 Suspicious purchases of goods

The investigation also revealed suspicious purchases of goods. A REF General Dealers Receipt No. 0153 dated 17th June 2020 was issued in both Zomba and Machinga in reference to DoDMA Cheque Numbers 002719 and 002720 respectively. Similarly, the types of goods that were purchased through these two different transactions were the same but of different quantities. The goods from Zomba were 85 (1kg) OMO soap packets, 50 (750ml) bottles of JIK, 81 tablets of Lifebuoy soap, 50 (750ml) Savon bottles and 1 plastic bag costing K95. The goods apparently purchased in Machinga were 70 (1kg) packets of OMO, 50 (750ml) bottles of Jik, 86 tablets of Lifebuoy soap, 50 (750ml) bottles of Savon, and 1 plastic bag costing K60. The supplier accepted that he supplied the items to Zomba DHO but denied to have supplied Machinga DHO the claimed items on the receipt. Zomba DHO officers acknowledged that they received money from DoDMA and bought the items from the supplier whilst Machinga DHO officers denied to have received money from DoDMA nor received the items. This shows that MK 500, 000.00 that was meant to buy cleaning materials for Machinga DHO is unaccounted for.

8.0

Maladministration acts occasioned

8.1 Having a separate account under the Ministry of Finance for receipt of COVID-19 donations

Considering the legal mandate that the ST has over public money and public accounts, the opening of a separate account under the MoF for receipt of COVID-19 donations was unnecessary and unjustified. All the Ministry of Finance needed to do was to provide expert advice and oversight over the existing DoDMA Account. Thus the opening of this account created an unnecessary responsibility that only promoted confusion concerning coordination between the Ministry and DoDMA thereby undermining the responsiveness of the Response Plan itself. This was maladministration.

8.2 Illegal and irregular actions by the Reserve Bank of Malawi

The Reserve Bank of Malawi acted illegally by departing from the conventional tools for price stability as provided for in the Reserve Bank of Malawi Act 2018 and opting for the donation. This is maladministration.

Categorising MK6.2billion as a donation which is a thousand times over the budget of CSR provision and channelling the funds through the Governor's Account is irregular. This is maladministration.

8.3 Equating the COVID-19 Response Taskforce to a Commission of Inquiry

The decision by the OPC to equate the Taskforce to a Commission of Inquiry and the failure to come up with specific allowances and honoraria regime for ad hoc Taskforces such as this one reflects administrative laxity and total indifference to prudent use of public funds. This is maladministration.

8.4 Verbal Suspension of Taskforce allowances

The Chairperson of the Taskforce's verbal suspension of the allowances that were being paid to the Taskforce members is contrary to the spirit of Section 43 of the Constitution and the principle of transparency. The omission to put the suspension in writing is maladministration.

8.5 Payment of Daily Subsistence Allowances to undeserving workers

The payment of Daily Subsistence Allowances to government officials not directly involved in

the processing of the returnees for the same number of days as for those directly involved is not only unreasonable but also an abuse of the funds. This is maladministration.

8.6 Irregular purchasing and handling of goods

Paying for goods with obvious inflated prices, purchasing goods in suspicious ways, and liquidating such goods without questioning responsible individuals or seeking any clarification does not only demonstrate lack of due diligence but is unacceptable, negligence and akin to fraud. This is maladministration.

8.7 Irregular provision of lunch and Daily Subsistence Allowances

Purchasing lunch for meeting attendees who have been paid Daily Subsistence Allowances is a classic and obvious example of double-dipping and abuse of funds. This is maladministration.

8.8 Payment of amounts inconsistent with government policy

The Payment of MK10, 000.00, an amount which does not correspond with any government policy applicable to such an officer, who is on full board, is failure to work diligently. This is maladministration.

8.9 Assigning a large number of officer to a small task

Assigning a large number of officers to a task which could ably be carried out by few officers is unjustifiable, unacceptable and costly. Such an act is maladministration.

8.10 Booking a Hotel for an officer without a Ceiling on cost of meals

Booking a hotel for an officer without prescribing maximum cost of a meal the officer could take is creating a room for abuse of funds and failure to safeguard public resources. This is maladministration.

8.11 Offering meals to an officer who has received or will receive DSAs

Inviting an officer who received DSA to take meals on government's account is misuse of public funds, and enabling and facilitating double-dipping. This is maladministration.

8.12 Accepting goods bought on inflated prices

Accepting bloated commodity prices and doing nothing to an officer or committee who procured the commodity is creating environment for enabling abuse and embezzlement of public funds. This is maladministration.

8.13 Failure to account for items procured by public funds and use of a questionable receipt

Using a questionable receipt to justify a MK459, 000.00 payout from public funds without evidence of delivered goods anywhere is akin to fraud. It is maladministration.

9.0

Remedial actions

In view of the foregoing, I direct that:

- 9.1 The co-chairpersons of the Taskforce should put in writing the suspension of payment of the allowances, including reasons behind the suspension and such communication should be made public to satisfy the public's legitimate interest to know the settlements of the Taskforce. This should be done by 20th December, 2020.
- 9.2 The OPC should develop separate policy guidelines for an allowances regime for taskforces such as the Presidential Taskforce on COVID-19 and the entitlements should be commensurate with the service to be provided and reasonable taking into account the economy of the country. This should be done by end of 2020/21 Financial Year.
- 9.3 The Secretary to the Treasury should close the Covid-19 Relief and Response Account because it is redundant. All donations related to disaster should henceforth be deposited into the account managed by DoDMA and the Secretary to the Treasury should provide oversight in accordance with the PFMA.
- 9.4 In the spirit of transparency and accountability, DoDMA should publish two times during the one week and weekend using radio and newspapers all cash and kind donations, which they received, from March to July 2020 and how they were disbursed and utilised. This should be done by 30th January , 2021. All the donations received thereafter should be published equally using radio and newspapers every quarter until the disaster declaration is lifted.
- 9.5 All participants who were served lunch while they had been paid Daily Subsistence Allowances during the National Coordination Meeting held in Mponela from 9th- 11th July, 2020 should refund costs of the lunch and the funds should be deposited into the Disaster Management Account managed by DoDMA. DoDMA should be responsible for getting the refunds from the participants. This should be done by 20h December, 2020.
- 9.6 Officer who invited another officer for meals at the Mount Soche should refund cost of the meals and the money should be deposited into the Disaster Management Account. This should be done by 20th December 2020.
- 9.7 DODMA should discipline the officer who was responsible for procurement of Butex at

MK995.00 and make sure that in future there are mechanisms to detect instances of bloated prices and responsible officers are held accountable.

- 9.8 An officer who was paid incidental allowances above his entitlement must refund the excess. The money should be deposited in the Disaster Management Account.
- 9.9 The officer who last handled MK500, 000.00 meant for cleaning materials for Machinga DHO for reception of the returnees in June 2020 should pay back the money. The money should be deposited into the Disaster Management Account by 20th December 2020. Furthermore, this Officer should be properly investigated and go through disciplinary and criminal processes where elements of that are revealed.

In view of the foregoing

- 9.10 I recommend that the Reserve Bank of Malawi should put in place mechanisms that shall enable it desist from breaking its own Law should a similar situation arise in future.
- 9.11 To spend 79.8% of the total funding for Cluster Committee on allowances is a reflection of misplaced priorities. The OPC should comprehensively review the government allowances policies by making them more realistic, considerate to country's economy and clearer and more firmed up to avoid abuses.

Dated this 27th Day of November, 2020



Martha Chizuma
OMBUDSMAN

ANNEX

Table 1: Resources Mobilized

Cluster	Required(USD)	Mobilized(USD)	Gap(USD)
Coordination	446,890.00	131,336.50	315,553.50
Coordination (Local Government)	-	314,789.69	(314,789.69)
Communication	1,539,968.00	135,685.21	1,404,282.79
Health	76,622,491.00	25,749,102.00	50,873,389.00
WaSH	16,075,000.00	600,458.00	15,474,542.00
Protection	5,590,000.00	776,891.00	4,813,109.00
Social Support	120,043,956.00	55,295,761.00	64,748,195.00
Employment & Labour Force Protection	4,890,000.00	67,842.61	4,822,157.39
Security & Enforcement	11,215,390.85	420,624.16	10,794,766.69
Education	28,815,103.00	18,000,000.00	10,815,103.00
Food Security	22,296,000.00	111,842.61	22,184,157.39
Transport & Logistics	1,734,400.00	67,842.61	1,666,557.39
Agriculture	60,200,000.00	108,000.00	60,092,000.00
Nutrition	25,994,294.00	800,000.00	25,194,294.00
Shelter & Camp Management	35,685.21	-	35,685.21
Total (USD)	375,499,178.06	102,580,175.39	272,919,002.67
Total(MK)(US\$=MK737	276,742,894,230.22	75,601,589,262,.43	201,141,304,967.79

Table 2 A: Details of Funds Disbursement by the Ministry of Finance (Source: Ministry of Finance)

No	Date	Amount		Activity
1	17-Jul	24,359,550.00	Department of Disaster	Reception Of Malawian Returnees From Republic Of South Africa
2	21-Jul	4,054,290.80		Presidential Task Force Meeting
3	30-Jul	2,099,390.80		Presidential Task Force Meeting
4	7-Aug	2,553,780.80		Presidential Task Force Meeting
5	5-Aug	500,000,000.00	Transfer	Department of Disaster
6	11-Aug	170,000,000.00	Transfer	Malawi Prison Service
7	12-Aug	185,000,000.00	Transfer	Ministry of Information(Through Disaster)
8	12-Aug	60,000,000.00	Transfer	Councils
9	12-Aug	60,000,000.00	Transfer	Councils
10	12-Aug	120,000,000.00	Transfer	Councils
11	12-Aug	920,000,000.00	Transfer	Councils
12	12-Aug	220,000,000.00	Transfer	Councils
	TOTAL	2,268,067,012.40		

Table 2 B: Funds Disbursement to the Councils

No	Council	Bank	Amount
1	Mangochi Town Council	FDH	30,000,000.00
2	Zomba City Council Revenue	FDH	30,000,000.00
	Sub-Total		60,000,000.00
1	Thyolo District Assembly DDF	First Capital Bank	30,000,000.00
2	Mzuzu City Development Account	First Capital Bank	30,000,000.00
	Sub-Total		60,000,000.00
1	Blantyre City Council	National Bank	40,000,000.00
2	Blantyre District Council	National Bank	85,000,000.00
3	Chikwawa District Development Fund	National Bank	30,000,000.00
4	Chiradzulu District Assembly	National Bank	30,000,000.00
5	Chitipa District Council	National Bank	30,000,000.00
6	Karonga District Council DDF	National Bank	60,000,000.00
7	Kasungu D D Fund	National Bank	30,000,000.00
8	Likoma District Council DDF	National Bank	30,000,000.00
9	Lilongwe City Council	National Bank	40,000,000.00
10	Lilongwe District Council DDF	National Bank	85,000,000.00
11	Mangochi District Council	National Bank	60,000,000.00
12	Mchinji District Assembly DDF	National Bank	30,000,000.00
13	Mulanje District Council	National Bank	30,000,000.00
14	Mwanza District Council	National Bank	60,000,000.00
15	Mzimba (M'mbelwa) District Council	National Bank	100,000,000.00
16	Nsanje District Council DDF	National Bank	30,000,000.00
17	Ntchisi District Council	National Bank	30,000,000.00
18	Phalombe DDF	National Bank	30,000,000.00
19	Rumphi District Council	National Bank	30,000,000.00
20	Zomba District DDF	National Bank	60,000,000.00
	Sub-Total		920,000,000.00
1	Machinga District Development Fund	NBS Bank	60,000,000.00

2	Neno District Council	NBS Bank	30,000,000.00
3	Nkhotakota District Council	NBS Bank	30,000,000.00
	Sub-Total		120,000,000.00
1	Balaka District Council DDF	Standard Bank	30,000,000.00
2	Dedza District Council	Standard Bank	30,000,000.00
3	Dowa District Council DDF	Standard Bank	30,000,000.00
4	Kasungu Municipal Council	Standard Bank	20,000,000.00
5	Lucheza Municipal Council	Standard Bank	20,000,000.00
6	Nkhatabay District Council	Standard Bank	30,000,000.00
7	Ntcheu District Council DDF	Standard Bank	30,000,000.00
8	Salima District Council DDF	Standard Bank	30,000,000.00
	Sub-Total		220,000,000.00
	TOTAL		1,380,000,000.00

Table 3: Expenditures and Disbursements through DoDMA (Source: MoDAMAPE)

	Cluster	Budget	Funding	Gap	Expenditure	Cash Balance	Commitments	Funding Bal
1	Coordination	66,000,000.00	66,000,000.00		65,929,858	70,142.00	-	70,142
2	Communication	100,000,000.00	100,000,000.00		99,869,888.00	130,112.00	-	130,112.00
3	Health	3,982,000.00	3,982,000.00		3,463,708,215.00	518,291,785.00	482,336,321.00	35,955,464.00
4	Wash	60,000,000.00	60,000,000.00		4,021,321.00	55,978,679.00	55,978,679	
5	Protection And Social Support	50,000,000.00	50,000,000.00		31,766,208.00	18,233,792.00	18,200,000.00	33,792.00
6	Employment and Labour Force Protection	50,000,000.00	50,000,000.00		49,883,500.00	116,500.00	-	116,500.00
	Security And Enforcement							
7	Malawi Defence Forces	100,000,000.00	100,000,000.00		100,000,000.00			
8	Malawi Police Service	100,000,000.00	100,000,000.00		100,000,000.00			
9	Malawi Prisons	10,000,000.00	10,000,000.00		10,000,000.00			
10	Immigration	30,000,000.00	30,000,000.00		30,000,000.00			
11	NIB	20,000,000.00	20,000,000.00		20,000,000.00			
12	Education	50,000,000.00	50,000,000.00		49,911,454.00	88,546.00		88,546
13	Food Security	50,000,000.00	50,000,000.00		40,546,934.00	9,453,066.00	8,500,000	953,066.00
14	Transport And Logistics	50,000,000.00	50,000,000.00		18,905,000.00	31,095,000.00	31,095,000.00	
15	Competition and Fair Trade Commission	50,000,000.00	50,000,000.00		38,110,000.00	11,890,000.00	11,890,000.00	
16	Local Government	30,000,000.00	30,000,000.00		29,805,000.00	195,000.00		195,000.00
	Local Councils							
17	Lilongwe City	50,000,000.00	50,000,000.00		50,000,000.00			

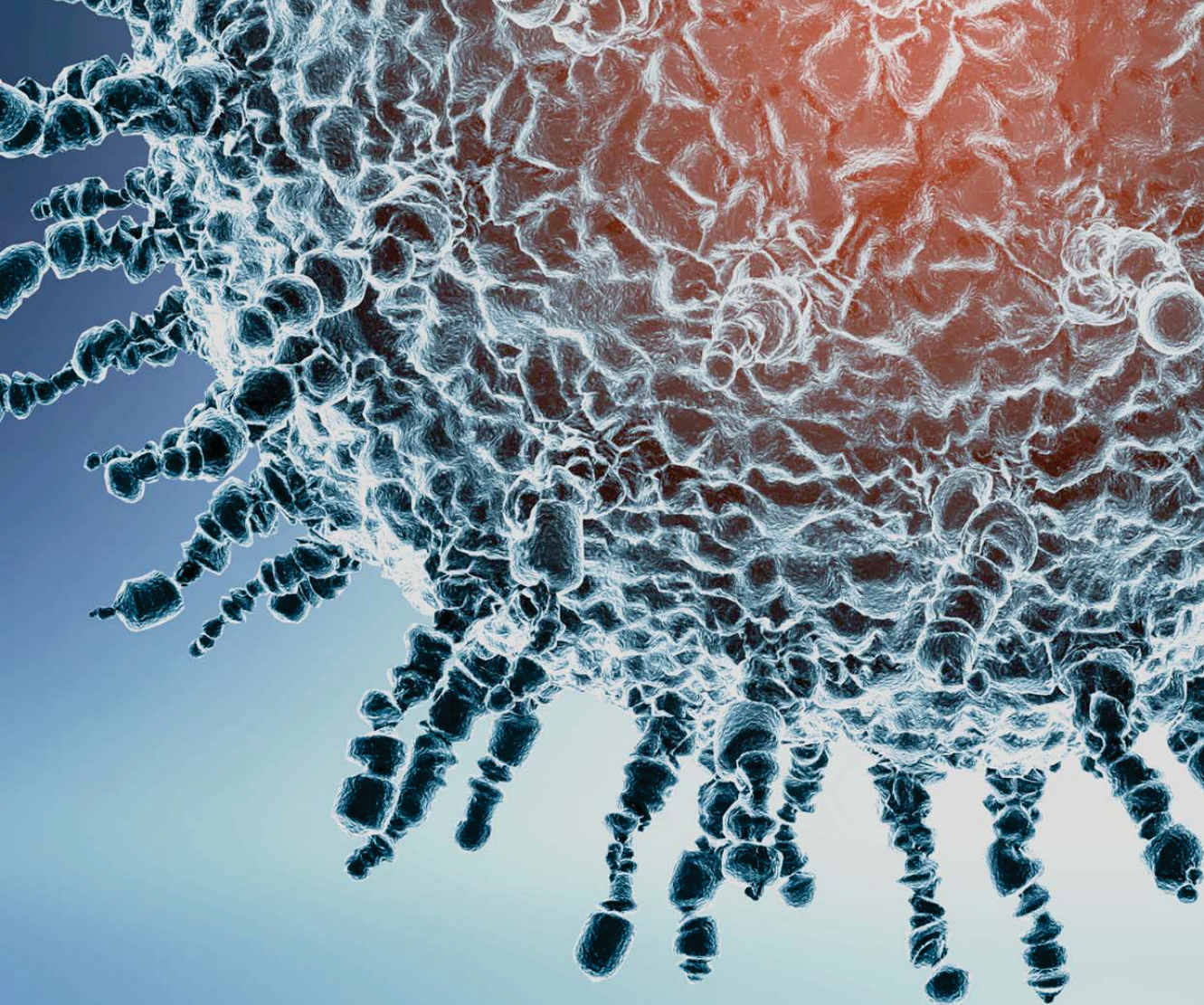
18	Blantyre City	50,000,000.0 0	50,000,000. 00		50,000,000. 00			
19	Zomba City	30,000,000.0 0	30,000,000. 00		30,000,000. 00			
20	Mzuzu City	30,000,000.0 0	30,000,000. 00		30,000,000. 00			
21	Luchenza Town	14,000,000.00	14,000,000. 00		14,000,000.0 0			
22	Mangochi Town	14,000,000.00	14,000,000. 00		14,000,000.0 0			
23	Kasungu Town	14,000,000.00	14,000,000. 00		14,000,000.0 0			
	Total	5,000,000,000.00	5,000,000,0 00.00		4,354,457,37 8.00	645,542,622. 00	608,000,00 0.00	37,542,6 22.00

Table 4: Summary of Returnees

1. Mwanza boarder					
Date	Total Returnees	No. Buses	Positive cases	Negative Cases	Country of Departure/ Remarks
23-May-20	87	2	1	86	RSA
24-May-20	90	2	12	78	Deportees from Zimbabwe
25-May-20	585	13	148	437	RSA
30-May-20	276	5	42	234	RSA
19-Jun-20	457	9	103	354	RSA
02-Jul-20	64	1	34	30	RSA +6 from Zimbabwe
09-Jul-20	478	9	78	400	RSA
12-Jul-20	86	1	38	48	RSA
12-Jul-20	181	4	20	161	RSA
13-Jul-20	58	1	22	36	RSA
17-Jul-20	173	2	37	136	RSA
23-Jul-20	56	1	22	34	RSA
31-Jul-20	45	1	3	42	RSA
02-Aug-20	205	4	13	192	RSA
02-Aug-20	163	4	8	155	RSA
02-Aug-20	206	4	7	199	RSA
04-Aug-20	71	1	1	70	RSA
06-Aug-20	28	1	3	25	RSA
10-Aug-20	81	1	1	80	RSA
12-Aug-20	620	12	16	604	RSA
15-Aug-20	79	1	3	76	RSA
Total Mwanza	4089	79	612	3477	

2.Kamuzu International Airport						
Date	Total Returnees	No. Flights	Positive cases	Negative Cases	Remarks	
29-May-20	292	1	2	290	RSA	
30-May-20	47	1	5	42	From Europe	
12-Jun-20	92	1	0	92	RSA	
13-Jun-20	5	1	0	5	3 Angolans, 2 Mozambicans	
12-Jun-20	162	1	0	162	68 Salima Sugar factory experts and 94 other returnees from India	
13-Jun-20	52	1	9	43	From Kuwait	
16-Jun-20	58	1	0	58	From UK	
19-Jun-20	25	1	1	24	RSA	
04-Jul-20	84	1	1	83	Europe	
18-Jul-20	45	1	0	45	students from Beijing, China	
04-Aug-20	97	1	0	97	various destinations	
Total KIA	959	11	18	941		
Songwe Border						
Date	Total Returnees	No. buses	Positive cases	Negative Cases	Remarks	
18-Jun-20	42	1	2	40	Students from Kenya	
29-Jun-20	22	1	1	21	Students from Saudi Arabia	
Total Songwe	64	2	3	61		
GRAND TOTAL	5112	92	633	4479		

The contents of this publication are the sole responsibility of the Office of the Ombudsman and can never be construed as representing views of the European Union or those of the Open Society Initiative for Southern Africa.



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